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## **Federal Compliance Audit Jay Maine June 30, 2009**

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Federal Compliance Audit

Town of Jay, Maine

June 30, 2009



*Proven Expertise and Integrity*

TOWN OF JAY, MAINE

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JUNE 30, 2009

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## INDEPENDENT AUDITORS' REPORT

August 21, 2009

Board of Selectmen  
Town of Jay  
Jay, Maine

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Jay, Maine, as of and for the year ended June 30 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that 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 Town of Jay, Maine as of June 30, 2009, 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.

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In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2009, on our consideration of the Town of Jay, Maine's internal control over financial reporting and on our tests of its compliance with certain laws and provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the budgetary comparison information on pages 3 through 10 and are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiring management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Certified Public Accountants

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009**

**(UNAUDITED)**

The following management's discussion and analysis of the Town of Jay's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2009. Please read it in conjunction with the Town's financial statements.

**Financial Statement Overview**

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

**Basic Financial Statements**

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

**Government - Wide Financial Statements**

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

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

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



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

- *Governmental activities* – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, public safety, public works, education, insurance, recreation and culture and other unclassified.
- *Business-type activities* – These activities are normally intended to recover all or a significant portion of their costs through user fees and / or charges to external users for goods and / or services. These activities for the Town of Jay include the sewer and school lunch 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 Town of Jay, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Jay can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

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

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

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

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

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Fiduciary Fund Financial Statements.

### **Required Supplementary Information**

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

### **Other Supplementary Information**

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

## Government-Wide Financial Analysis

Our analysis below focuses on the net assets, and changes in net assets of the Town's governmental and business-type activities. The Town's total net assets for governmental activities increased by \$564,660 from \$20.9 million to \$21.5 million. The Town's total net assets for business-type activities decreased by \$61,878 from \$1.23 million to \$1.17 million.

Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased for governmental activities to a balance of \$6,455,805 at the end of this year. Unrestricted net assets for business-type activities decreased to a balance of \$2,348,360.

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
<b>Assets:</b>				
Current and other assets	\$ 10,648,645	\$ 10,757,987	\$ 128,106	\$ 100,733
Capital Assets	15,240,750	15,390,856	1,381,983	1,493,668
Other Assets	-	-	3,075,554	3,075,554
<b>Total Assets</b>	<b>\$ 25,889,395</b>	<b>\$ 26,148,843</b>	<b>\$ 4,585,643</b>	<b>\$ 4,669,955</b>
<b>Liabilities:</b>				
Current Liabilities	\$ 931,714	\$ 1,404,266	\$ 1,111,225	\$ 877,734
Long-term Debt Outstanding	3,504,236	3,855,792	2,303,321	2,559,246
<b>Total Liabilities</b>	<b>\$ 4,435,950</b>	<b>\$ 5,260,058</b>	<b>\$ 3,414,546</b>	<b>\$ 3,436,980</b>
<b>Net Assets:</b>				
Invested in Capital Assets, Net of related Debt	\$ 11,172,831	\$ 11,065,267	\$ (1,177,263)	\$ (1,321,503)
Restricted General Fund	1,394,151	1,308,933	-	-
Special Revenue	2,335,831	2,172,324	-	-
Permanent Fund	94,827	153,949	-	-
Unrestricted	6,455,805	6,188,312	2,348,360	2,554,478
<b>Total Net Assets</b>	<b>\$ 21,453,445</b>	<b>\$ 20,888,785</b>	<b>\$ 1,171,097</b>	<b>\$ 1,232,975</b>

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b>Revenues</b>				
Taxes:				
Property	\$ 14,804,812	\$ 15,808,939	\$ -	\$ -
Excise	672,376	694,000	-	-
Intergovernmental	2,927,183	2,096,009	180,791	170,944
Charges for services	501,966	519,421	407,204	342,732
State of Maine on behalf payments	1,049,006	1,008,583	-	-
Miscellaneous	1,324,425	1,301,825	2,668	40,267
Total Revenues	<u>21,279,768</u>	<u>21,428,777</u>	<u>590,663</u>	<u>553,943</u>
<b>Expenses</b>				
Current:				
General government	561,521	563,247	-	-
Public safety	1,272,080	1,262,977	-	-
Public works	1,398,961	1,210,962	-	-
Health and welfare	1,010,078	1,055,116	-	-
Social Services	26,655	21,379	-	-
Recreation and culture	211,740	207,931	-	-
Education	9,642,602	9,209,845	-	-
County tax	883,737	863,625	-	-
Insurance	139,181	155,207	-	-
TIF	2,866,574	3,095,271	-	-
Depreciation	42,390	13,273	-	-
State of Maine on behalf payments	1,049,006	1,008,583	-	-
Unclassified	1,317,949	1,485,286	945,175	968,488
Total Expenses	<u>20,422,474</u>	<u>20,152,702</u>	<u>945,175</u>	<u>968,488</u>
Change in Net Assets	857,294	1,276,075	(354,512)	(414,545)
Transfers	(292,634)	(329,455)	292,634	329,455
Net Assets - July 1	<u>20,888,785</u>	<u>19,942,165</u>	<u>1,232,975</u>	<u>1,318,065</u>
Net Assets - June 30	<u>\$ 21,453,445</u>	<u>\$ 20,888,785</u>	<u>\$ 1,171,097</u>	<u>\$ 1,232,975</u>

## Revenues and Expenses

Revenues for the Town's governmental activities decreased by .70%, while total expenses increased by 1.34%. Revenues and expenses were consistent with the prior year.

The intergovernmental revenue for the governmental funds increased this year while property taxes decreased due to the fact that the school department's subsidy increased which in turn lowered the local assessment.

The increase in revenues for the proprietary fund was both in intergovernmental and charges for service.

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

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

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

	2009	2008
General Fund:		
Unreserved		
Designated	\$ 1,394,151	\$ 1,308,933
Undesignated	6,351,161	6,116,189
Total General Fund	\$ 7,745,312	\$ 7,425,122
Nonmajor Funds:		
Permanent funds	\$ 94,827	\$ 153,949
Special revenue funds	2,321,027	2,123,652
Total Nonmajor Funds	\$ 2,415,854	\$ 2,277,601

The general fund total fund balance increased by \$320,190 over the prior fiscal year. The non-major fund balances increased by \$138,253 over the prior fiscal year. Most of the increase in the general fund came as a result of increased revenue from the intergovernmental sources and under-spent appropriations in public safety, public works and overlay. The increase in the non-major fund balances came as a result of environmental reserves and educational grants.

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

The school lunch fund, which is a proprietary fund, had a fund balance for the current year of \$22,936. This was an increase of \$46 from the prior year. The sewer fund which is the other fund classified as a proprietary fund had a fund balance for the current year of \$1,148,701. This was a decrease of \$61,924 from the prior year.

### **Budgetary Highlights**

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

The general fund actual revenues exceeded the budget by \$266,756. This was a result of charges for services and other intergovernmental revenue. FEMA under intergovernmental is not a budgetary revenue collected \$167,191.

The general fund actual expenditures were under the budget by \$2,049,410. The following expenditures were under budget which accounts for most of the balance:

Education	\$1,394,151
Overlay	305,959
Public safety	187,127

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

#### **Capital Assets**

As of June 30, 2009, the net book value of capital assets recorded by the Town decreased by \$261,791 over the prior year. This decrease is the result of capital additions of \$706,930 less current year depreciation expense of \$898,304 and less dispositions of \$70,417.

**Table 4**  
**Town of Jay, Maine**  
**Capital Assets**  
**For the Year Ended June 30,**  
**(Net of Depreciation)**

	<u>2009</u>	<u>2008</u>
Land and improvements	\$ 884,618	\$ 891,018
Buildings and improvements	10,049,462	10,401,272
Furniture and Fixtures	12,986	18,844
Machinery and equipment	754,970	768,690
Vehicles	1,215,576	1,233,030
Art works & Historical Treasures	40,000	40,000
Infrastructure	<u>3,665,121</u>	<u>3,531,670</u>
Total	<u>\$ 16,622,733</u>	<u>\$ 16,884,524</u>

#### **Debt**

At June 30, 2009, the Town had \$6.34 million in bonds outstanding versus \$7.02 million last year, a decrease of 10.44%, as shown in Note 5 of the financial statements.

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

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

#### **Requests for Information**

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

## STATEMENT A

## TOWN OF JAY, MAINE

STATEMENT OF NET ASSETS  
JUNE 30, 2009

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash	\$ 6,919,498	\$ 72,245	\$ 6,991,743
Investments	2,635,158	-	2,635,158
Accounts receivable (net allowance for uncollectibles):			
Taxes	152,354	26,940	179,294
Liens	48,984	7,208	56,192
Other	65,265	8,122	73,387
Inventory	-	13,591	13,591
Prepays	3,250	-	3,250
Due from other funds	824,136	-	824,136
<b>Total current assets</b>	<b>10,648,645</b>	<b>128,106</b>	<b>10,776,751</b>
Noncurrent assets:			
Capital assets:			
Non depreciable assets	845,833	27,435	873,268
Depreciated assets net of accumulated depreciation	14,394,917	1,354,548	15,749,465
<b>Total noncurrent assets</b>	<b>15,240,750</b>	<b>1,381,983</b>	<b>16,622,733</b>
Other assets:			
Investment in joint venture	-	3,075,554	3,075,554
<b>TOTAL ASSETS</b>	<b>\$ 25,889,395</b>	<b>\$ 4,585,643</b>	<b>\$ 30,475,038</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 252,039	\$ 30,155	\$ 282,194
Accrued Expenses	61,745	1,009	62,754
Due to other funds	-	824,136	824,136
Due to other governments	9,573	-	9,573
Prepaid taxes	3,758	-	3,758
Other liabilities	25,644	-	25,644
Current portion of long-term obligations	578,955	255,925	834,880
<b>Total current liabilities</b>	<b>931,714</b>	<b>1,111,225</b>	<b>2,042,939</b>
Noncurrent liabilities			
Noncurrent portion of long-term obligations:			
Bonds payable	3,360,000	2,303,321	5,663,321
Capital lease payable	128,964	-	128,964
Accrued compensated absences	15,272	-	15,272
<b>Total noncurrent liabilities</b>	<b>3,504,236</b>	<b>2,303,321</b>	<b>5,807,557</b>
<b>TOTAL LIABILITIES</b>	<b>4,435,950</b>	<b>3,414,546</b>	<b>7,850,496</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	11,172,831	(1,177,263)	9,995,568
Restricted:			
General Fund	1,394,151	-	1,394,151
Special Revenues	2,335,831	-	2,335,831
Permanent Funds	94,827	-	94,827
Unrestricted	6,455,805	2,348,360	8,804,165
<b>TOTAL NET ASSETS</b>	<b>21,453,445</b>	<b>1,171,097</b>	<b>22,624,542</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 25,889,395</b>	<b>\$ 4,585,643</b>	<b>\$ 30,475,038</b>

See accompanying independent auditors' report and notes to financial statements



## STATEMENT B

## TOWN OF JAY, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009

Functions/Programs	Program Revenues			Net (Expense) Revenue & Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities							
Current:							
General government	\$ 561,521	\$ 24,931	\$ -	\$ -	\$ (536,590)	\$ -	\$ (536,590)
Public safety	1,272,080	1,278	-	-	(1,270,802)	-	(1,270,802)
Public works	1,398,961	74,897	94,952	-	(1,229,112)	-	(1,229,112)
Health and welfare	1,010,078	392,016	-	-	(618,062)	-	(618,062)
Social services	26,655	-	-	-	(26,655)	-	(26,655)
Recreation and culture	211,740	8,844	-	-	(202,896)	-	(202,896)
Education	9,642,602	-	1,743,819	-	(7,898,783)	-	(7,898,783)
County tax	883,737	-	-	-	(883,737)	-	(883,737)
Insurance	139,181	-	-	-	(139,181)	-	(139,181)
Tax increment financing agree.	2,866,574	-	-	-	(2,866,574)	-	(2,866,574)
State of Maine on-behalf payments	1,049,006	-	1,049,006	-	-	-	-
Unallocated depreciation	42,390	-	-	-	(42,390)	-	(42,390)
Unclassified	1,317,949	-	-	-	(1,317,949)	-	(1,317,949)
Total governmental activities	20,422,474	501,966	2,887,777	-	(17,032,731)	-	(17,032,731)
Business-type activities:							
Sewer department	634,283	287,792	-	-	-	(346,491)	(346,491)
School lunch program	310,892	119,412	180,791	-	-	(10,689)	(10,689)
Total business-type activities	945,175	407,204	180,791	-	-	(357,180)	(357,180)
Total governmental and business-type	21,367,649	909,170	3,068,568	-	(17,032,731)	(357,180)	(17,389,911)

STATEMENT B (CONTINUED)  
TOWN OF JAY, MAINE

STATEMENT OF ACTIVITIES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Changes in net assets:			
Net (expense) revenue	<u>(17,032,731)</u>	<u>(357,180)</u>	<u>(17,389,911)</u>
General revenue:			
Taxes			
Property taxes, levied for general purposes	14,804,812	-	14,804,812
Excise taxes, levied for general purposes	672,376	-	672,376
Grants and contributions not restricted to specific programs	1,088,412	-	1,088,412
Charges for services	-	-	-
Miscellaneous	<u>1,324,425</u>	<u>2,668</u>	<u>1,327,093</u>
Total general revenue and transfers	<u>17,890,025</u>	<u>2,668</u>	<u>17,892,693</u>
Change in net assets	857,294	(354,512)	502,782
Transfers	(292,634)	292,634	-
NET ASSETS - JULY 1, 2009	<u>20,888,785</u>	<u>1,232,975</u>	<u>22,121,760</u>
NET ASSETS - JUNE 30, 2009	<u>\$ 21,453,445</u>	<u>\$ 1,171,097</u>	<u>\$ 22,624,542</u>

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

## TOWN OF JAY, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2009

	General Fund	Nonmajor Funds	Totals Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash	\$ 6,905,623	\$ 13,875	\$ 6,919,498
Investments	449,041	2,186,117	2,635,158
Receivables (net of allowance for			
Taxes	152,354	-	152,354
Liens	48,984	-	48,984
Other	55,105	10,160	65,265
Prepays	3,250	-	3,250
Due from other funds	975,276	443,691	1,418,967
<b>TOTAL ASSETS</b>	<u><u>\$ 8,589,633</u></u>	<u><u>\$ 2,653,843</u></u>	<u><u>\$ 11,243,476</u></u>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>Liabilities</b>			
Accounts payable	\$ 165,190	\$ 86,849	\$ 252,039
Accrued payroll	61,745	-	61,745
Due to other funds	443,691	151,140	594,831
Due to other governments	9,573	-	9,573
Deferred tax revenues	134,720	-	134,720
Other liabilities	25,644	-	25,644
Prepaid taxes	3,758	-	3,758
<b>TOTAL LIABILITIES</b>	<u><u>844,321</u></u>	<u><u>237,989</u></u>	<u><u>1,082,310</u></u>
<b>Fund Equity</b>			
Reserved, reported in:			
Permanent funds	-	94,827	94,827
Unreserved, reported in:			
General Fund:			
Designated	1,394,151	-	1,394,151
Undesignated	6,351,161	-	6,351,161
Special Revenue Fund:			
Designated	-	2,335,831	2,335,831
Undesignated	-	(14,804)	(14,804)
<b>TOTAL FUND EQUITY</b>	<u><u>7,745,312</u></u>	<u><u>2,415,854</u></u>	<u><u>10,161,166</u></u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u><u>\$ 8,589,633</u></u>	<u><u>\$ 2,653,843</u></u>	<u><u>\$ 11,243,476</u></u>

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

## TOWN OF JAY, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2009

	<u>Total Governmental Funds</u>
Total Fund Equity	\$ 10,161,166
Amounts reported for governmental activities in the statement are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	15,240,750
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	134,720
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(3,780,000)
Capital lease payable	(287,919)
Accrued compensated absences	<u>(15,272)</u>
 Net assets of governmental activities	 <u><u>\$ 21,453,445</u></u>

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

## TOWN OF JAY, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009

	General Fund	Nonmajor Funds	Totals Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
REVENUES			
Taxes	\$ 14,801,772	\$ -	\$ 14,801,772
Excise taxes	672,376	-	672,376
Intergovernmental	2,927,183	-	2,927,183
Charges for services	501,966	-	501,966
Miscellaneous revenues	141,507	1,182,918	1,324,425
TOTAL REVENUES	<u>19,044,804</u>	<u>1,182,918</u>	<u>20,227,722</u>
EXPENDITURES			
Current:			
General government	561,521	-	561,521
Public safety	1,184,216	-	1,184,216
Public works	1,186,770	-	1,186,770
Health and welfare	950,709	-	950,709
Social services	26,655	-	26,655
Recreation and culture	183,757	-	183,757
Education	9,600,826	-	9,600,826
County tax	883,737	-	883,737
Insurance	139,181	-	139,181
Tax increment financing agree.	2,866,574	-	2,866,574
Capital outlay	-	-	-
Unclassified	143,661	1,749,038	1,892,699
TOTAL EXPENDITURES	<u>17,727,607</u>	<u>1,749,038</u>	<u>19,476,645</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>1,317,197</u>	<u>(566,120)</u>	<u>751,077</u>
OTHER FINANCING SOURCES			
Transfers in	-	769,296	769,296
Transfers out	(997,007)	(64,923)	(1,061,930)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(997,007)</u>	<u>704,373</u>	<u>(292,634)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	320,190	138,253	458,443
FUND BALANCES - JULY 1	<u>7,425,122</u>	<u>2,277,601</u>	<u>9,702,723</u>
FUND BALANCES - JUNE 30	<u>\$ 7,745,312</u>	<u>\$ 2,415,854</u>	<u>\$ 10,161,166</u>

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

## TOWN OF JAY, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2009

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 458,443</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	622,500
Capital asset disposed	(3,973)
Depreciation expense	<u>(768,633)</u>
	<u>(150,106)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported.	
Taxes and liens receivable	<u>3,040</u>
Debt proceeds provide current financial resources to governmental funds, but long-term liabilities in the Statement of Net Assets.	
	<u>(327,013)</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>584,683</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	<u>(4,387)</u>
Change in net assets of governmental activities (Statement B)	<u><u>\$ 564,660</u></u>

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

## STATEMENT G

## TOWN OF JAY, MAINE

BALANCE SHEET – PROPRIETARY FUNDS  
JUNE 30, 2009

	Sewer Department	School Lunch Program	Totals
<b>ASSETS</b>			
Current assets:			
Cash	\$ -	\$ 72,245	\$ 72,245
Accounts receivable (net allowance for uncollectibles):			
Taxes	26,940	-	26,940
Liens	7,208	-	7,208
Other	-	8,122	8,122
Inventory	-	13,591	13,591
Total current assets	<u>34,148</u>	<u>93,958</u>	<u>128,106</u>
Noncurrent assets:			
Land and buildings	1,285,435	-	1,285,435
Vehicles and equipment	83,462	142,954	226,416
Infrastructure	4,727,065	-	4,727,065
Total capital assets	<u>6,095,962</u>	<u>142,954</u>	<u>6,238,916</u>
Less: accumulated depreciation	<u>(4,743,539)</u>	<u>(113,394)</u>	<u>(4,856,933)</u>
Net capital assets	<u>1,352,423</u>	<u>29,560</u>	<u>1,381,983</u>
Other assets:			
Investment in joint venture	<u>3,075,554</u>	-	<u>3,075,554</u>
<b>TOTAL ASSETS</b>	<u>\$ 4,462,125</u>	<u>\$ 123,518</u>	<u>\$ 4,585,643</u>
<b>LIABILITIES AND NET ASSETS</b>			
Current liabilities:			
Accounts payable	\$ 30,155	\$ -	\$ 30,155
Accrued payroll	1,009	-	1,009
Due to other funds	723,014	101,122	824,136
Bonds payable	255,925	-	255,925
Total current liabilities	<u>1,010,103</u>	<u>101,122</u>	<u>1,111,225</u>
Noncurrent liabilities			
Noncurrent portion of long-term obligations:			
Bonds payable	<u>2,303,321</u>	-	<u>2,303,321</u>
Total Liabilities	<u>3,313,424</u>	<u>101,122</u>	<u>3,414,546</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	(1,206,823)	29,560	(1,177,263)
Unrestricted	<u>2,355,524</u>	<u>(7,164)</u>	<u>2,348,360</u>
<b>TOTAL NET ASSETS</b>	<u>1,148,701</u>	<u>22,396</u>	<u>1,171,097</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 4,462,125</u>	<u>\$ 123,518</u>	<u>\$ 4,585,643</u>

See accompanying independent auditors' report and notes to financial statements

## TOWN OF JAY, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET IN NET ASSETS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2009

	Sewer Department	School Lunch Program	Totals
<b>OPERATING REVENUES</b>			
Intergovernmental revenue	\$ -	\$ 180,791	\$ 180,791
Charges for services	287,792	119,412	407,204
Other	100	-	100
<b>TOTAL OPERATING REVENUES</b>	<b><u>287,892</u></b>	<b><u>300,203</u></b>	<b><u>588,095</u></b>
<b>OPERATING EXPENSES</b>			
Payroll and related benefits	148,418	174,012	322,430
Food	-	111,071	111,071
Treatment fees	198,046	-	198,046
Contracted services	17,359	-	17,359
Supplies	3,971	16,106	20,077
Utilities	56,546	-	56,546
Depreciation	170,148	3,300	173,448
Other	13,086	6,403	19,489
<b>TOTAL OPERATING EXPENSES</b>	<b><u>607,574</u></b>	<b><u>310,892</u></b>	<b><u>918,466</u></b>
<b>OPERATING INCOME (LOSS)</b>	<b><u>(319,682)</u></b>	<b><u>(10,689)</u></b>	<b><u>(330,371)</u></b>
<b>NON-OPERATING INCOME (EXPENSE)</b>			
Transfers in	282,634	10,000	292,634
Transfers out	-	-	-
Interest income	1,833	735	2,568
Interest expense	(26,709)	-	(26,709)
<b>TOTAL NON-OPERATING INCOME (EXPENSE)</b>	<b><u>257,758</u></b>	<b><u>10,735</u></b>	<b><u>268,493</u></b>
<b>EXCESS OF OPERATING INCOME (LOSS) OVER NON-OPERATING INCOME (EXPENSE)</b>	<b>(61,924)</b>	<b>46</b>	<b>(61,878)</b>
<b>NET ASSETS - JULY 1</b>	<b><u>1,210,625</u></b>	<b><u>22,350</u></b>	<b><u>1,232,975</u></b>
<b>NET ASSETS - JUNE 30</b>	<b><u>\$ 1,148,701</u></b>	<b><u>\$ 22,396</u></b>	<b><u>\$ 1,171,097</u></b>

See accompanying independent auditors' report and notes to financial statements



## TOWN OF JAY, MAINE

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2009

	Sewer Department	School Lunch Program	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 283,211	\$ 121,491	\$ 404,702
Intergovernmental receipts	-	180,791	180,791
Internal activity - receipts (payments) from/to other funds	-	-	-
Payments to suppliers and employees	(223,281)	(288,246)	(511,527)
Net cash provide by operating activities	<u>59,930</u>	<u>14,036</u>	<u>73,966</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for purchases of fixed assets	(61,763)	-	(61,763)
Operating transfers in	282,634	10,000	292,634
Interest income	1,833	735	2,568
Net cash provided by investing activities	<u>222,704</u>	<u>10,735</u>	<u>233,439</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Principal payments on bond payable	(255,925)	-	(255,925)
Interest payments on bond payable	(26,709)	-	(26,709)
Net cash provided by financing activities	<u>(282,634)</u>	<u>-</u>	<u>(282,634)</u>
NET INCREASE (DECREASE) IN CASH	<u>-</u>	<u>24,771</u>	<u>24,771</u>
CASH - JULY 1	-	47,474	47,474
CASH - JUNE 30	<u>\$ -</u>	<u>\$ 72,245</u>	<u>\$ 72,245</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating income (loss) and other financing	\$ (319,682)	\$ (10,689)	\$ (330,371)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	170,148	3,300	173,448
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	(4,681)	2,079	(2,602)
(Increase) decrease in inventory	-	-	-
(Increase) decrease in prepays	-	-	-
(Decrease) increase in accounts payable	6,083	(190)	5,893
(Decrease) increase in accrued payroll	(496)	(405)	(901)
(Decrease) increase in due to other funds	208,558	19,941	228,499
NET CASH PROVIDED (USED) BY ACTIVITIES	<u>\$ 59,930</u>	<u>\$ 14,036</u>	<u>\$ 73,966</u>

See accompanying independent auditors' report and notes to financial statements

## TOWN OF JAY, MAINE

STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 JUNE 30, 2009

	<u>Agency Funds</u>
ASSETS	
Current assets:	
Cash	\$ 60,232
TOTAL ASSETS	<u>\$ 60,232</u>
 LIABILITIES	
Deposits held for others	\$ 60,232
TOTAL LIABILITIES	<u>60,232</u>
 NET ASSETS	
Held in trust for special purposes	-
TOTAL NET ASSETS	<u>-</u>
 TOTAL LIABILITIES AND NET ASSETS	<u>\$ 60,232</u>

See accompanying independent auditors' report and notes to financial statements

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Reporting Entity***

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

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

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

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

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

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

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

The following fund types are used by the Town:

1. Governmental Funds:

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

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Proprietary Funds

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

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

3. Fiduciary Funds:

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

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**Basis of Accounting**

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

1. Accrual

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

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Budget**

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

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

Revenues per budgetary basis	\$ 19,044,804
Add: On-behalf payments	<u>1,049,006</u>
Total GAAP basis	<u>\$ 20,093,810</u>
Expenditures per budgetary basis	\$ 18,724,614
Add: On-behalf basis	<u>1,049,006</u>
Total GAAP basis	<u>\$ 19,773,620</u>

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

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

TOWN OF JAY, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Deposits and Investments**

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

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

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

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

**Inventories**

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

**Interfund Receivables and Payables**

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

**Transactions Between Funds**

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

**Allowance for Uncollectible Accounts**

The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2009.



TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals, and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

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

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

Estimated useful lives are as follows:

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

**Long-term Obligations**

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

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

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Compensated Absences**

The Town's policies regarding vacation time do permit employees to accumulate earned but unused vacation leave. However, the school department allows certain teachers to accumulated unused sick time. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2009 the Town's liability for compensated absences is \$15,272.

**Reserves**

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

**Net Assets**

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

**Revenue Recognition - Property Taxes - Modified Accrual Basis**

The Town's property tax for the current year was levied August 11, 2008 on the assessed value listed as of April 1, 2008, for all real and personal property located in the Town. Taxes were due in two installments on October 1, 2008 and April 1, 2009. Interest on unpaid taxes commenced on October 2, 2008 and April 2, 2009, at 8% per annum.

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$305,959 for the year ended June 30, 2009. For the current year overlay was at 1.5% of total budget.

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

**Program Revenues**

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

**Operating/Non-operating Proprietary Fund Revenues**

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

**Encumbrance Accounting**

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

**Use of Estimates**

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

NOTE 2 – DEPOSITS AND INVESTMENTS

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

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

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

At June 30, 2009, the Town’s cash balance of \$7,051,975 was comprised of deposits amounting to \$7,460,232. This amount was comprised of \$7,460,232 which was insured by federal depository insurance or collateralized with securities held in the entity’s name and thus not exposed to custodial credit risk.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 340,149
Savings	7,120,083
	<u>\$ 7,460,232</u>

At June 30, 2009, the Town’s investments were comprised of \$2,716,910 of which were insured by federal depository insurance and mutual funds.

<u>Investment Type</u>	<u>Market Value</u>
Certificate of deposits	\$ 81,752
Mutual Funds	2,635,158
	<u>\$ 2,716,910</u>

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

NOTE 3 – INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2009 consisted of the following individual fund receivables and payables:

	<u>Receivables (Due from)</u>	<u>Payables (Due to)</u>
General fund	\$ 975,276	\$ 443,691
Special revenue fund	443,691	150,340
Permanent fund	-	800
Enterprise fund	-	824,136
	<u>\$ 1,418,967</u>	<u>\$ 1,418,967</u>

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets at June 30, 2009:

	<u>Balance, 7/1/08</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance, 6/30/09</u>
Governmental activities				
Non-depreciated assets:				
Land	\$ 805,833	\$ -	\$ -	\$ 805,833
Art works & historical treasures	40,000	-	-	40,000
	<u>845,833</u>	<u>-</u>	<u>-</u>	<u>845,833</u>
Depreciated assets:				
Land Improvements	72,000	-	-	72,000
Buildings	15,663,704	36,530	-	15,700,234
Building improvements	410,996	-	-	410,996
Furniture & fixtures	396,339	-	-	396,339
Machinery & equipment	3,252,692	140,700	-	3,393,392
Vehicles	2,627,119	123,200	(47,750)	2,702,569
Infrastructure	5,012,464	322,070	-	5,334,534
	<u>27,435,314</u>	<u>622,500</u>	<u>(47,750)</u>	<u>28,010,064</u>
Less: accumulated depreciation	<u>(12,890,291)</u>	<u>(768,633)</u>	<u>43,777</u>	<u>(13,615,147)</u>
	<u>14,545,023</u>	<u>(146,133)</u>	<u>(3,973)</u>	<u>14,394,917</u>
Net capital assets	<u>\$ 15,390,856</u>	<u>\$ (146,133)</u>	<u>\$ (3,973)</u>	<u>\$ 15,240,750</u>

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	Balance, 7/1/08	Additions	Disposals	Balance, 6/30/09
Business-type activities				
Non-depreciated assets:				
Land	\$ 27,435	\$ -	\$ -	\$ 27,435
	<u>27,435</u>	<u>-</u>	<u>-</u>	<u>27,435</u>
Depreciated assets:				
Land Improvements	64,000	-	-	64,000
Buildings	1,105,000	5,000	-	1,110,000
Building improvements	84,000	-	-	84,000
Machinery & equipment	179,286	7,575	-	186,861
Vehicles	50,367	11,855	(22,667)	39,555
Infrastructure	4,667,065	60,000	-	4,727,065
	<u>6,149,718</u>	<u>84,430</u>	<u>(22,667)</u>	<u>6,211,481</u>
Less: accumulated depreciation	(4,683,485)	(196,115)	22,667	(4,856,933)
	<u>1,466,233</u>	<u>(111,685)</u>	<u>-</u>	<u>1,354,548</u>
Net capital assets	<u>\$ 1,493,668</u>	<u>\$ (111,685)</u>	<u>\$ -</u>	<u>\$ 1,381,983</u>
Police				\$ 10,370
Fire				77,494
Highway				251,581
Recycling				59,369
Recreation				4,943
Library				23,040
Town-wide				42,390
School Department				299,446
Subtotal government wide depreciation				<u>768,633</u>
Sewer Department				192,815
School Lunch Program				3,300
Subtotal business-type depreciation				<u>196,115</u>
Total depreciation expense				<u>\$ 964,748</u>

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

NOTE 5 - LONG-TERM DEBT

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

	Balance, 7/1/08	Additions	Deletions	Balance, 6/30/09	Current Portion
Bonds payable	\$ 7,015,171	\$ -	\$ (675,925)	\$ 6,339,246	\$ 675,925
Capital leases payable	125,589	327,013	(164,683)	287,919	158,955
Accrued compensated absences	10,885	4,387	-	15,272	-
<b>Totals</b>	<b>\$ 7,151,645</b>	<b>\$ 331,400</b>	<b>\$ (840,608)</b>	<b>\$ 6,642,437</b>	<b>\$ 834,880</b>

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a summary of notes outstanding as of June 30, 2009:

\$8,400,000, 1997 General Obligation Note due in annual principal payments of \$420,000, through November, 2017. Interest is charged at a rate varying from 5.401% to 5.776% per annum.	\$ 3,780,000
\$4,094,795, 2003 General Obligation Note due in annual principal payments of \$255,925, through November, 2018. Interest is charged at a rate of 1.45% per annum.	2,559,246
<b>Total Long-Term Debt</b>	<b>\$ 6,339,246</b>

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

	Principal	Interest	Total Debt Service
2010	\$ 675,925	\$ 227,114	\$ 903,039
2011	675,925	201,571	877,496
2012	675,925	175,713	851,638
2013	675,925	149,645	825,570
2014	675,925	123,157	799,082
2015-2019	2,959,621	225,870	3,185,491
	<b>\$ 6,339,246</b>	<b>\$ 1,103,070</b>	<b>\$ 7,442,316</b>

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a summary leases outstanding as of June 30, 2009:

Lease payable for air packs. The lease is for three years with annual payments of \$33,688. The effective interest rate is 4.18% per annum.

Lease payable for a bus. The lease is for five years with annual payments of \$12,741. The effective interest rate is 5.30% per annum.

Lease payable for a bus. The lease is for five years with annual payments of \$17,746. The effective interest rate is 4.793% per annum.

Lease payable for copiers. The lease is for three years with annual payments of \$23,996. The effective interest rate is 4.50% per annum.

Lease payable for technology equipment. The lease is for three years with annual payments of \$54,850. The effective interest rate is 3.75% per annum.

Lease payable for software. The lease is for three years with annual payments of \$12,651. The effective interest rate is 3.80% per annum.

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

Lease payable for copiers. The lease is for three years with annual payments of \$21,329. The effective interest rate is 3.80% per annum.

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

2010	\$ 170,453
2011	105,520
2012	15,170
2013	15,170
2014	-
Total minimum lease payments	<u>306,313</u>
Less: Amount representing interest	<u>(18,394)</u>
Present value of future minimum lease payments	<u>\$ 287,919</u>

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



TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

NOTE 6 – OVERLAPPING DEBT

The Town is liable for its proportional share of any defaulted debt issued by entities in which it is a member. The overlapping bonded debt applicable to the Town as of June 30, 2009 is as follows: \$0.

NOTE 7 - RESERVED FUND BALANCE

The following net assets have been reserved at June 30, 2009 for the following purposes:

Reserved for general fund designated balances	\$ 1,394,151
Reserved for special revenue funds	2,335,831
Reserved for permanent funds	94,827
	<u>\$ 3,824,809</u>

NOTE 8 – GENERAL FUND DESIGNATED FUND EQUITY

At June 30, 2009, the general fund designated fund balance was made up of the following account balances carried forward into the subsequent year's budget.

Education	\$ 1,394,151
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NOTE 9 – RISK MANAGEMENT

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

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

NOTE 10 – DEFINED BENEFIT PENSION PLAN

**Plan Description**

The Town participates in the ICMA Retirement System, a cost sharing multi-employer defined benefit pension plan which covers employees who work at least 40 hours per week. The system requires that both employees and the Town contribute, and provides retirement.

**Funding Policy**

Employees are eligible for normal retirement upon reaching the age of sixty and early retirement after completing twenty-five or more years of credited service. The Town's contributions to the plan including employee contributions for 2009, 2008, and 2007 were \$86,557, \$80,145, and \$96,540, respectively.

**Unfunded Actuarial Accrued Liability**

The Town has no actuarial accrued liability.

**Employees Retirement**

All school teachers, plus other qualified educators and Town employees, participate in the Maine State Retirement System's teacher group. 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 18.76% for the current fiscal year.

The school department's payroll for employees covered by this group was approximately \$5,591,715 for the year ended June 30, 2009. The State of Maine is required to contribute the employer contribution which amounts to 18.76% of compensation for federally funded employees. Contributions paid by the State were approximately \$1,049,006 for the year ended June 30, 2009. There is no contribution required by the Department, except for federally funded teachers. For the year ended June 30, 2009, the Department contributed approximately \$40,985 for these federally funded employees. The funding status and progress for the System may be obtained by contacting the Maine State Retirement System.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

NOTE 11 – DEFERRED COMPENSATION PLAN

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

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

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

NOTE 12 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

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

NOTE 13 - OVERSPENT APPROPRIATIONS

The Town had no overspent appropriations.

NOTE 14 – DEFICIT FUND BALANCE

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

Paving Reserve	\$ 14,804
	<u>\$ 14,804</u>

The Town will be receiving some local road assistance funds to cover the overage in this fund.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

NOTE 15 – CONTINGENCIES

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

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

NOTE 16 – JOINT VENTURES

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

Summarized financial information for the joint venture as of and for the year ended June 30, 2009 is as follows:

Total Assets	\$ 6,031,040
Total Equity	\$ 6,018,238
Total Expenses (net of depreciation on assets purchased with contributed capital)	\$ 427,754
Net Income	\$ (60,976)

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

### Required Supplementary Information

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

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

## TOWN OF JAY, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS  
 BUDGET AND ACTUAL – GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 7,425,122	\$ 7,425,122	\$ 7,425,122	\$ -
Revenues (Inflows):				
Property taxes	14,800,036	14,800,036	14,801,772	1,736
Excise taxes	675,000	675,000	672,376	(2,624)
Intergovernmental	2,826,246	2,741,314	2,927,183	185,869
Charges for services	466,698	466,698	501,966	35,268
Miscellaneous revenues	95,000	95,000	141,507	46,507
Transfers from other funds	-	-	-	-
Amounts Available for Appropriation	26,288,102	26,203,170	26,469,926	266,756
Charges to Appropriation (Outflows):				
Current:				
General government	610,086	610,086	561,521	48,565
Public safety	1,371,343	1,371,343	1,184,216	187,127
Public works	1,319,500	1,319,500	1,186,770	132,730
Health and welfare	999,122	999,122	950,709	48,413
Social services	26,655	26,655	26,655	-
Recreation & culture	186,359	186,359	183,757	2,602
Education	9,728,933	10,994,977	9,600,826	1,394,151
County tax	883,737	883,737	883,737	-
Insurance	149,130	149,130	139,181	9,949
Tax Increment Financing Agreement	2,866,574	2,866,574	2,866,574	-
Unclassified	454,771	454,771	143,661	311,110
Transfers to other funds	911,770	911,770	997,007	(85,237)
Total Charges to Appropriations	19,507,980	20,774,024	18,724,614	2,049,410
Budgetary Fund Balance, June 30	\$ 6,780,122	\$ 5,429,146	\$ 7,745,312	\$ 2,316,166
Utilization of undesignated fund balance	\$ 645,000	\$ 645,000	\$ -	\$ (645,000)
Utilization of designated fund balance	-	1,350,976	-	(1,350,976)
	\$ 645,000	\$ 1,995,976	\$ -	\$ (1,995,976)

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
- Schedule of Revenues Budget and Actual – General Fund
- Schedule of School Revenues, Expenditures and changes in Fund Balance – Budget to Actual
- 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 Balance s- 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

## TOWN OF JAY, MAINE

BUDGETARY COMPARISON SCHEDULE REVENUES – BUDGETARY BASIS  
 BUDGET AND ACTUAL – GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amount	Actual Amounts	Variance Positive (Negative)
Revenues (Inflows):			
Taxes:			
Property taxes	\$ 14,800,036	\$ 14,801,772	\$ 1,736
Auto excise	675,000	668,854	(6,146)
Boat excise	-	3,522	3,522
Intergovernmental revenues:			
State revenue sharing	475,000	511,742	36,742
Homestead reimbursement	126,484	126,530	46
Highway block grant	-	94,952	94,952
State education subsidy	1,941,219	1,743,819	(197,400)
Tree growth	10,140	9,545	(595)
BETE reimbursement	273,403	273,404	1
Veteran's / other reimbursement	-	167,191	167,191
Charges for services			
Solid waste fees	316,000	277,229	(38,771)
Recycling fees	68,000	69,268	1,268
Demolition fees	25,000	22,462	(2,538)
Contract fees	16,000	17,293	1,293
Administration fees	27,000	24,931	(2,069)
Dumpsters	3,000	4,228	1,228
Tires	2,500	1,379	(1,121)
Garbage bags	2,000	1,536	(464)
Police	3,800	1,278	(2,522)
Gravel pit	-	73,518	73,518
Other	3,398	8,844	5,446
Miscellaneous revenues			
Tax lien interest	-	18,787	18,787
Investment interest	95,000	85,502	(9,498)
Lien fees	-	6,591	6,591
Other	-	30,627	30,627
Transfers from other funds	-	-	-
Fund balance	645,000	-	(645,000)
Amounts Available for Appropriation	<u>19,507,980</u>	<u>19,044,804</u>	<u>(463,176)</u>

See accompanying independent auditors' report.



SCHEDULE A

TOWN OF JAY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2009

	2008 Carry- forwards	Budget	Applied Revenues	Total Available	Actual	Balance
<b>EXPENDITURES</b>						
General government:						
Administration	\$ -	\$ 500,550	\$ -	\$ 500,550	\$ 464,021	\$ 36,529
Town boards	-	2,500	-	2,500	1,546	954
Board of Selectmen	-	11,015	-	11,015	10,961	54
Buildings & grounds	-	96,021	-	96,021	84,993	11,028
	-	610,086	-	610,086	561,521	48,565
Public safety:						
Police department	-	785,108	-	785,108	685,425	99,683
Fire department	-	239,963	-	239,963	157,352	82,611
Ambulance	-	54,452	-	54,452	54,388	64
Hydrants/Water	-	291,820	-	291,820	287,051	4,769
	-	1,371,343	-	1,371,343	1,184,216	187,127
Public works:						
Road Maintenance	-	1,319,500	-	1,319,500	1,186,770	132,730
	-	1,319,500	-	1,319,500	1,186,770	132,730
Health and sanitation:						
Transfer station	-	999,122	-	999,122	950,709	48,413
	-	999,122	-	999,122	950,709	48,413
Social services						
Agencies	-	26,655	-	26,655	26,655	-
	-	26,655	-	26,655	26,655	-
Recreation and culture:						
Recreation	-	23,426	-	23,426	20,824	2,602
Library	-	162,933	-	162,933	162,933	-
	-	186,359	-	186,359	183,757	2,602

SCHEDULE A (CONTINUED)

TOWN OF JAY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2009

	2008 Carry- forwards	Budget	Applied Revenues	Total Available	Actual	Balance
Education	1,308,933	9,728,933	(42,889)	10,994,977	9,600,826	1,394,151
County tax	-	883,737	-	883,737	883,737	-
Insurance	-	149,130	-	149,130	139,181	9,949
TIF	-	2,866,574	-	2,866,574	2,866,574	-
Unclassified:						
Industrial revaluation	-	30,000	-	30,000	16,000	14,000
Audit	-	12,000	-	12,000	17,165	(5,165)
Building inspector	-	10,676	-	10,676	8,038	2,638
Assessing	-	26,500	-	26,500	25,462	1,038
AVCOG	-	11,815	-	11,815	11,815	-
Dues & fees	-	8,706	-	8,706	8,517	189
Plumbing inspect.	-	1,080	-	1,080	1,000	80
Other	-	35	-	35	35	-
Overlay	-	305,959	-	305,959	7,629	298,330
Legal fees	-	48,000	-	48,000	48,000	-
	-	454,771	-	454,771	143,661	311,110
Transfers						
Special revenue	-	604,895	-	604,895	704,373	(99,478)
Enterprise funds	-	306,875	-	306,875	292,634	14,241
	-	911,770	-	911,770	997,007	(85,237)
Total Expenditures	\$ 1,308,933	\$ 19,507,980	\$ (42,889)	\$ 20,774,024	\$ 18,724,614	\$ 2,049,410

See accompanying independent auditors' report.

## TOWN OF JAY, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2009

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash	\$ -	\$ 13,875	\$ 13,875
Investments	2,104,365	81,752	2,186,117
Accounts receivable	10,160	-	10,160
Due from other funds	443,691	-	443,691
Total assets	<u>\$ 2,558,216</u>	<u>\$ 95,627</u>	<u>\$ 2,653,843</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 86,849	\$ -	\$ 86,849
Due to other funds	150,340	800	151,140
Total liabilities	<u>237,189</u>	<u>800</u>	<u>237,989</u>
<b>FUND EQUITY</b>			
Fund balance:			
Unreserved:			
Designated for subsequent years' expenditures	2,335,831	94,827	2,430,658
Undesignated	(14,804)	-	(14,804)
Total fund equity	<u>2,321,027</u>	<u>94,827</u>	<u>2,415,854</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 2,558,216</u>	<u>\$ 95,627</u>	<u>\$ 2,653,843</u>

See accompanying independent auditors' report.

## TOWN OF JAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2009

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES	<u>\$ 1,175,222</u>	<u>\$ 7,696</u>	<u>\$ 1,182,918</u>
TOTAL EXPENDITURES	<u>1,739,723</u>	<u>9,315</u>	<u>1,749,038</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(564,501)</u>	<u>(1,619)</u>	<u>(566,120)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	769,296	-	769,296
Transfers Out	<u>(7,420)</u>	<u>(57,503)</u>	<u>(64,923)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>761,876</u>	<u>(57,503)</u>	<u>704,373</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	197,375	(59,122)	138,253
FUND BALANCE, JULY 1	<u>2,123,652</u>	<u>153,949</u>	<u>2,277,601</u>
FUND BALANCE, JUNE 30	<u><u>\$ 2,321,027</u></u>	<u><u>\$ 94,827</u></u>	<u><u>\$ 2,415,854</u></u>

See accompanying independent auditors' report.

## Special Revenue Funds

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

SCHEDULE D

TOWN OF JAY, MAINE

COMBINING BALANCE SHEET -  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2009

	Recycling Reserve	Tax Increment Financing	Highway Department Reserve	Police Reserve	Recycling Facility Reserve	Small Comm. Grant	Recreation Reserve	Taylor Made
ASSETS								
Investments	\$ 104,158	\$ 415	\$ 243,895	\$ 9,562	\$ 45,318	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-	-	-	-	-
Due from other funds	20	12	69,627	-	-	2,724	-	5,000
<b>TOTAL ASSETS</b>	<b>\$ 104,178</b>	<b>\$ 427</b>	<b>\$ 313,522</b>	<b>\$ 9,562</b>	<b>\$ 45,318</b>	<b>\$ 2,724</b>	<b>\$ -</b>	<b>\$ 5,000</b>
LIABILITIES AND FUND EQUITY								
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ 53,408	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	74	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>53,408</b>	<b>74</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
FUND EQUITY								
Fund balance:								
Unreserved:								
Designated for subsequent years' expenditures	104,178	427	260,114	9,488	45,318	2,724	-	5,000
Undesignated	-	-	-	-	-	-	-	-
<b>TOTAL FUND EQUITY</b>	<b>104,178</b>	<b>427</b>	<b>260,114</b>	<b>9,488</b>	<b>45,318</b>	<b>2,724</b>	<b>-</b>	<b>5,000</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 104,178</b>	<b>\$ 427</b>	<b>\$ 313,522</b>	<b>\$ 9,562</b>	<b>\$ 45,318</b>	<b>\$ 2,724</b>	<b>\$ -</b>	<b>\$ 5,000</b>

SCHEDULE D (CONTINUED)

TOWN OF JAY, MAINE

COMBINING BALANCE SHEET -  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2009

	SCGP Furst	Animal Control	Officer Vehicle	Environmental Reserve	Tower Fund	Jay Community Development	School Grants	Clock Tower	Cemetery
<b>ASSETS</b>									
Investments	\$ -	\$ -	\$ 1,215,924	\$ -	\$ -	\$ 14,167	\$ -	\$ -	\$ 50,623
Accounts receivable	-	-	-	-	-	-	240	-	-
Due from other funds	516	-	-	29,511	16,718	309,946	104	-	-
<b>TOTAL ASSETS</b>	<b>\$ 516</b>	<b>\$ -</b>	<b>\$ 1,215,924</b>	<b>\$ 29,511</b>	<b>\$ 29,511</b>	<b>\$ 30,885</b>	<b>\$ 104</b>	<b>\$ 104</b>	<b>\$ 50,623</b>
<b>LIABILITIES AND FUNDEQUITY</b>									
<b>LIABILITIES</b>									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,441	\$ -	\$ -
Due to other funds	-	-	71,882	-	-	-	-	-	5,395
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>71,882</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,441</b>	<b>-</b>	<b>5,395</b>
<b>FUND EQUITY</b>									
Fund balance:									
Unreserved:									
Designated for subsequent years' expenditures	516	-	1,144,042	29,511	30,885	276,745	104	45,228	-
Undesignated	-	-	-	-	-	-	-	-	-
<b>TOTAL FUND EQUITY</b>	<b>516</b>	<b>-</b>	<b>1,144,042</b>	<b>29,511</b>	<b>30,885</b>	<b>276,745</b>	<b>104</b>	<b>45,228</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 516</b>	<b>\$ -</b>	<b>\$ 1,215,924</b>	<b>\$ 29,511</b>	<b>\$ 30,885</b>	<b>\$ 310,186</b>	<b>\$ 104</b>	<b>\$ 104</b>	<b>\$ 50,623</b>

SCHEDULE D (CONTINUED)

TOWN OF JAY, MAINE

COMBINING BALANCE SHEET -  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2009

	Paving Reserve	Pulp & Paper	Sewer Treatment Plant	Fire Department Reserve	Town Fall Fund	EAP Program	Buildings & Grounds	SCGP Couture
<b>ASSETS</b>								
Investments	\$ 38,604	\$ -	\$ 210,408	\$ 114,342	\$ -	\$ -	\$ 13,360	\$ -
Accounts receivable	-	-	7,920	2,000	-	-	-	-
Due from other funds	-	-	-	-	3,263	380	1,646	712
<b>TOTAL ASSETS</b>	<b>\$ 38,604</b>	<b>\$ -</b>	<b>\$ 218,328</b>	<b>\$ 116,342</b>	<b>\$ 3,263</b>	<b>\$ 380</b>	<b>\$ 15,006</b>	<b>\$ 712</b>
<b>LIABILITIES AND FUNDEQUITY</b>								
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	53,408	-	16,104	230	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>\$ 53,408</b>	<b>\$ -</b>	<b>\$ 16,104</b>	<b>\$ 230</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>FUND EQUITY</b>								
Fund balance:								
Unreserved:								
Designated for subsequent years' expenditures	-	-	202,224	116,112	3,263	380	15,006	712
Undesignated	(14,804)	-	-	-	-	-	-	-
<b>TOTAL FUND EQUITY</b>	<b>(14,804)</b>	<b>\$ -</b>	<b>\$ 202,224</b>	<b>\$ 116,112</b>	<b>\$ 3,263</b>	<b>\$ 380</b>	<b>\$ 15,006</b>	<b>\$ 712</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 38,604</b>	<b>\$ -</b>	<b>\$ 218,328</b>	<b>\$ 116,342</b>	<b>\$ 3,263</b>	<b>\$ 380</b>	<b>\$ 15,006</b>	<b>\$ 712</b>



SCHEDULE D (CONTINUED)

TOWN OF JAY, MAINE

COMBINING BALANCE SHEET -  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2009

	Admin Reserve	Veterans Memorial Fund	PP Coalition	Wellness Works	IP Memorial	Employee Assistance	Jay Comm Playground	Totals
<b>ASSETS</b>								
Investments	\$ 26,688	\$ 16,901	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,104,365
Accounts receivable	-	-	-	-	-	-	-	10,160
Due from other funds	-	-	-	1,852	-	-	1,660	443,691
<b>TOTAL ASSETS</b>	<b>\$ 26,688</b>	<b>\$ 16,901</b>	<b>\$ -</b>	<b>\$ 1,852</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,660</b>	<b>\$ 2,558,216</b>
<b>LIABILITIES AND FUNDEQUITY</b>								
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 86,849
Due to other funds	20	3,227	-	-	-	-	-	150,340
<b>TOTAL LIABILITIES</b>	<b>20</b>	<b>3,227</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>237,189</b>
<b>FUND EQUITY</b>								
Fund balance:								
Unreserved:								
Designated for subsequent years' expenditures	26,668	13,674	-	1,852	-	-	1,660	2,335,831
Undesignated	-	-	-	-	-	-	-	(14,804)
<b>TOTAL FUND EQUITY</b>	<b>26,668</b>	<b>13,674</b>	<b>-</b>	<b>1,852</b>	<b>-</b>	<b>-</b>	<b>1,660</b>	<b>2,321,027</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 26,688</b>	<b>\$ 16,901</b>	<b>\$ -</b>	<b>\$ 1,852</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,660</b>	<b>\$ 2,558,216</b>

See accompanying independent auditors' report.

SCHEDULE E

TOWN OF JAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR YEAR ENDED JUNE 30, 2009

	Recycling Reserve	TIF	Highway Department Reserve	Police Reserve	Recycling Facility Reserve	Small Comm. Grant	Recreation Reserve	Taylor Made
REVENUES	\$ 963	\$ 3	\$ 8,188	\$ 145	\$ 383	\$ -	\$ 6	\$ -
EXPENDITURES	-	-	170,940	18,086	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	963	3	(162,752)	(17,941)	383	-	6	-
OTHER FINANCING SOURCES (USES)								
Operating Transfers In	15,000	-	75,000	25,000	15,000	-	-	-
Operating Transfers Out	-	-	-	-	-	-	(956)	-
TOTAL OTHER FINANCING SOURCES (USES)	15,000	-	75,000	25,000	15,000	-	(956)	-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	15,963	3	(87,752)	7,059	15,383	-	(950)	-
FUND BALANCE, JULY 1	88,215	424	347,866	2,429	29,935	2,724	950	5,000
FUND BALANCE, JUNE 30	\$ 104,178	\$ 427	\$ 260,114	\$ 9,488	\$ 45,318	\$ 2,724	\$ -	\$ 5,000

SCHEDULE E (CONTINUED)

TOWN OF JAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR YEAR ENDED JUNE 30, 2009

	Animal Control Officer Vehicle	Environmental Reserve	Tower Fund	Jay Community Develop.	School Grants	Clock Tower Cemetery
REVENUES	\$ 4,933	\$ 315,171	\$ 1,339	\$ 14,167	\$ 783,067	\$ 1,579
EXPENDITURES	4,417	209,619	-	-	673,583	10,084
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	516	(2,944)	1,339	14,167	109,484	(8,505)
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	-	956	-	-	-
Operating Transfers Out	-	(2)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(2)	956	-	-	-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	516	(2,946)	2,295	14,167	109,484	(8,505)
FUND BALANCE, JULY 1	-	2,946	1,038,490	16,718	167,261	8,609
FUND BALANCE, JUNE 30	\$ 516	\$ -	\$ 1,144,042	\$ 30,885	\$ 276,745	\$ 104
						\$ 45,228

SCHEDULE E (CONTINUED)

TOWN OF JAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR YEAR ENDED JUNE 30, 2009

	Paving Reserve	Pulp & Paper	Sewer Treatment Plant	Fire Department Reserve	Town Fall Fund	EAP Program	Buildings & Grounds	SCGP Couture
REVENUES	\$ 1,886	\$ -	\$ 4,417	\$ 7,481	\$ 107	\$ -	\$ 6,145	\$ 6,334
EXPENDITURES	461,642	1,000	66,856	68,683	30,347	-	5,882	5,622
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(459,756)	(1,000)	(62,439)	(61,202)	(30,240)	-	263	712
OTHER FINANCING SOURCES (USES)								
Operating Transfers In	445,496	6,000	-	80,000	-	-	2	-
Operating Transfers Out	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	445,496	6,000	-	80,000	-	-	2	-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(14,260)	5,000	(62,439)	18,798	(30,240)	-	265	712
FUND BALANCE, JULY 1	(544)	(5,000)	264,663	97,314	33,503	380	14,741	-
FUND BALANCE, JUNE 30	\$ (14,804)	\$ -	\$ 202,224	\$ 116,112	\$ 3,263	\$ 380	\$ 15,006	\$ 712

SCHEDULE E (CONTINUED)

TOWN OF JAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR YEAR ENDED JUNE 30, 2009

	Admin Reserve	Veterans Memorial Fund	PP Coalition	Wellness Works	IP Memorial	Safety Enhancement	Jay Comm Play Ground	Totals
REVENUES	\$ 239	\$ 16,901	\$ -	\$ 1,259	\$ -	\$ -	\$ -	\$ 1,175,222
EXPENDITURES	-	-	-	1,753	481	-	-	1,739,723
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	239	16,901	-	(494)	(481)	-	-	(564,501)
OTHER FINANCING SOURCES (USES)								
Operating Transfers In	9,500	-	32,481	1,230	6,462	4,666	-	769,296
Operating Transfers Out	-	(6,462)	-	-	-	-	-	(7,420)
TOTAL OTHER FINANCING SOURCES (USES)	9,500	(6,462)	32,481	1,230	6,462	4,666	-	761,876
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	9,739	10,439	32,481	736	5,981	4,666	-	197,375
FUND BALANCE, JULY 1	16,929	3,235	(32,481)	1,116	(5,981)	(4,666)	1,660	2,123,652
FUND BALANCE, JUNE 30	\$ 26,668	\$ 13,674	\$ -	\$ 1,852	\$ -	\$ -	\$ 1,660	\$ 2,321,027

See accompanying independent auditors' report.

### Permanent Funds

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

TOWN OF JAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
JUNE 30, 2009

	Poland Sullivan Fund	Cemetery Fund	Ministerial Fund	Scholarships	Total
<b>ASSETS</b>					
Cash	\$ -	\$ -	\$ 2,587	\$ 11,288	\$ 13,875
Investments	20,030	-	-	61,722	81,752
Due from other funds	-	-	-	-	-
<b>Total assets</b>	<u>\$ 20,030</u>	<u>\$ -</u>	<u>\$ 2,587</u>	<u>\$ 73,010</u>	<u>\$ 95,627</u>
<b>LIABILITIES</b>					
Due to other funds	\$ 800	\$ -	\$ -	\$ -	\$ 800
<b>Total liabilities</b>	<u>800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>800</u>
<b>FUND EQUITY</b>					
Fund balance:					
Unreserved:					
Designated for subsequent years'	19,230	-	2,587	73,010	94,827
<b>Total fund equity</b>	<u>19,230</u>	<u>-</u>	<u>2,587</u>	<u>73,010</u>	<u>94,827</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 20,030</u>	<u>\$ -</u>	<u>\$ 2,587</u>	<u>\$ 73,010</u>	<u>\$ 95,627</u>

See accompanying independent auditors' report.

SCHEDULE G

TOWN OF JAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – NONMAJOR PERMANENT FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009

	Poland Sullivan Fund	Cemetery Fund	Ministerial Fund	Scholarships	Total
REVENUES					
Interest	\$ 2,979	\$ -	\$ 9	\$ 4,708	\$ 7,696
TOTAL REVENUES	<u>2,979</u>	<u>-</u>	<u>9</u>	<u>4,708</u>	<u>7,696</u>
EXPENDITURES					
Scholarships	-	-	-	8,515	8,515
Other	800	-	-	-	800
TOTAL EXPENDITURES	<u>800</u>	<u>-</u>	<u>-</u>	<u>8,515</u>	<u>9,315</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,179</u>	<u>-</u>	<u>9</u>	<u>(3,807)</u>	<u>(1,619)</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	(57,503)	-	-	(57,503)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(57,503)</u>	<u>-</u>	<u>-</u>	<u>(57,503)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER)					
EXPENDITURES AND OTHER USES	2,179	(57,503)	9	(3,807)	(59,122)
FUND BALANCES - JULY 1	<u>17,051</u>	<u>57,503</u>	<u>2,578</u>	<u>76,817</u>	<u>153,949</u>
FUND BALANCES - JUNE 30	<u>\$ 19,230</u>	<u>\$ -</u>	<u>\$ 2,587</u>	<u>\$ 73,010</u>	<u>\$ 94,827</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.

SCHEDULE H

TOWN OF JAY, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION  
JUNE 30, 2009

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
Police	\$ -	-	\$ 261,772	-	\$ 261,772
Fire	24,215	580,132	1,552,853	-	2,157,200
Highway	15,000	773,320	1,551,520	5,334,534	7,674,374
Recycling	48,500	974,170	664,400	-	1,687,070
Recreation	65,400	-	34,600	-	100,000
Library	-	-	562,238	-	562,238
Town-wide	596,568	1,228,992	67,886	-	1,893,446
School Department	96,150	12,626,616	1,797,031	-	14,519,797
Sewer Department	27,435	1,258,000	83,462	4,727,065	6,095,962
School Lunch Program	-	-	142,954	-	142,954
<b>Total General Capital Assets</b>	<b>873,268</b>	<b>17,441,230</b>	<b>6,718,716</b>	<b>10,061,599</b>	<b>35,094,813</b>
<b>Less: Accumulated Depreciation</b>	<b>-</b>	<b>(7,340,418)</b>	<b>(4,735,184)</b>	<b>(6,396,478)</b>	<b>(18,472,080)</b>
<b>Net General Capital Assets</b>	<b>\$ 873,268</b>	<b>\$ 10,100,812</b>	<b>\$ 1,983,532</b>	<b>\$ 3,665,121</b>	<b>\$ 16,622,733</b>

See accompanying independent auditors' report.

SCHEDULE I

TOWN OF JAY, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION  
FOR THE YEAR ENDED JUNE 30, 2009

	General Capital Assets 7/1/08	Additions	Deletions	General Capital Assets 6/30/09
Police	\$ 261,772	\$ -	\$ -	\$ 261,772
Fire	2,157,200	-	-	2,157,200
Highway	7,167,909	585,970	(79,505)	7,674,374
Recycling	1,687,070	-	-	1,687,070
Recreation	100,000	-	-	100,000
Library	562,238	-	-	562,238
Town-wide	1,825,161	68,285	-	1,893,446
School Department	14,519,797	-	-	14,519,797
Sewer Department	6,034,199	84,430	(22,667)	6,095,962
School Lunch Program	142,954	-	-	142,954
<b>Total General Capital Assets</b>	<b>34,458,300</b>	<b>738,685</b>	<b>(102,172)</b>	<b>35,094,813</b>
<b>Less: Accumulated Depreciation</b>	<b>(17,573,776)</b>	<b>(964,748)</b>	<b>66,444</b>	<b>(18,472,080)</b>
<b>Net General Capital Assets</b>	<b>\$ 16,884,524</b>	<b>\$ (226,063)</b>	<b>\$ (35,728)</b>	<b>\$ 16,622,733</b>

See accompanying independent auditors' report.

TOWN OF JAY, MAINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009

Federal Grantor Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Number	Federal Expenditures
U.S. Department of Agriculture			
Passed Through State of Maine -			
Department of Education and Cultural Services			
Food Distribution	10.550	N/A	\$ 111,071
School Breakfast Program	10.553	013-05A-712-05	62,687
School Lunch Program	10.555	013-05A-7128-95	110,054
Total Department of Agriculture			<u>283,812</u>
U.S. Department of Education			
Passed Through State of Maine -			
Department of Education and Cultural Services			
Title IA - Educationally Deprived Handicapped Programs - Local Entitlement	84.010	013-05A-6334-13	246,081
Local Entitlement Part B - Section 619	84.027	013-05A-6334-13	251,104
Title V - Innovative Education	84.173	013-05A-6334-13	7,597
Rural Low Income	84.298	013-05A-6334-13	2,195
Title IID Grant	84.358	013-05A-6334-13	21,414
State Stabilization	84.318	013-05A-6334-13	3,266
Teaching Quality Grant		020-05A-6334-01	42,000
Total Department of Education	84.367	013-05A-6334-13	<u>625,388</u>
U.S. Department of Mental Health, Mental Retardation, and Substance Abuse Services			
Passed Through State of Maine -			
Department of Mental Health, Mental Retardation, and Substance Abuse Services			
Drug Free Schools Act	84.186	013-075-6346-57	<u>5,147</u>
Total Department of Mental Health, Mental Retardation, and Substance Abuse Services			<u>5,147</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 914,347</u>

TOWN OF JAY, MAINE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009

1. General

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

2. Basis of Accounting

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

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

- 1) 10.555 – School Lunch program
- 2) 84.027 – Local Entitlement



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

August 21, 2009

Board of Selectmen  
Town of Jay  
Jay, Maine

We have audited the financial statements of the Town of Jay, Maine, as of and for the year ended June 30, 2009, and have issued our report thereon dated August 21, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the Town of Jay, Maine, internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town's internal control.

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

#### Compliance and Other Matters

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

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

*RHR Smith & Co.*

Certified Public Accountants



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

August 21, 2009

Board of Selectmen  
Town of Jay  
Jay, Maine

Compliance

We have audited the compliance of the Town of Jay, Maine, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. Town of Jay, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town of Jay, Maine's management. Our responsibility is to express an opinion on the Town of Jay, Maine's compliance based on our audit.

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

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In our opinion, the Town of Jay, Maine complied in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2009.

### Internal Control over Compliance

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

*RHR Smith & Co.*

Certified Public Accountants

TOWN OF JAY, MAINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

**Summary of Auditors' Results:**

- 1) We have issued an unqualified report dated August 21, 2009 on the financial statements of the Town which can be found on pages 1-2.
- 2) Our statement of significant deficiencies and material weaknesses can be found on pages 65 - 66 as they pertain to the audit of the financial statements for the Town. Our audit disclosed no significant deficiencies or material weaknesses in regards to the federal programs tested for June 30, 2009.
- 3) Our statement of non-compliance can be found on pages 65 - 66 as they pertain to the audit of the financial statements for the Town. Our audit disclosed no instances of non-compliance in regards to the federal programs tested for June 30, 2009.
- 4) Our statement of significant deficiencies and material weaknesses over major programs can be found on pages 67 – 68 as they pertain to the audit of the financial statements for the Town. Our audit disclosed no significant deficiencies or material weaknesses in regards to the major federal programs tested for June 30, 2009.
- 5) We have issued an unqualified report dated August 21, 2009 on compliance for major programs of the Town on pages 67 - 68.
- 6) Our statements disclosed no audit findings.
- 7) The following major program were audited an June 30, 2009
  - 1) School lunch program 10.555
  - 2) Local Entitlement 84.027
- 8) The dollar threshold used to determine Type A programs and Type B programs as defined by OMB Circular A-133 is \$300,000.
- 9) The auditee did qualify as low risk as defined by OMB Circular A-133.
- 10) There were no findings related to the financial statements of the Town in accordance with GAGAS.
- 11) There were no findings or questioned costs for Federal Awards of the Town for the year ended June 30, 2009.



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## INDEPENDENT AUDITORS' REPORT ON STATE REQUIREMENTS

August 21, 2009

Board of Selectmen  
Town of Jay  
Jay, Maine

We have audited the financial statements of the Town of Jay for the year ended June 30, 2009 and have issued our report thereon dated August 21, 2009. 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, 2009 and the Town's compliance with applicable provisions of the Maine Finance Act as noted under MRSA Title 20A, section 6051 as we considered necessary in obtaining our understanding.

The results of our procedures indicate that with respect to the items tested, the Town of Jay 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 Town of Jay was in noncompliance with, or in violation of, those provisions.

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

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

*RHR Smith & Co.*  
Certified Public Accountants

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TOWN OF JAY, MAINE

RECONCILIATION OF MEDMS ANNUAL REPORT TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

	General Fund (100)	Special Revenue Funds (200)	Totals
June 30 balance per MEDMS financial system	\$ 1,409,093	\$ 273,679	\$ 1,682,772
<b>Revenue Adjustments:</b>			
Unallocated adjustment	1,090	-	1,090
<b>Expenditure Adjustments:</b>			
Variance IDEA Preschool MEDMS to Financials	-	-	-
Not Shown on MEDMS - Academic fund reserve	-	-	-
Not Shown on MEDMS - Title VI DFS	-	-	-
Accounts payable adjustment	(16,032)	-	(16,032)
Audited GAAP Basis Fund balance June 30	<u>\$ 1,394,151</u>	<u>\$ 273,679</u>	<u>\$ 1,667,830</u>