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Audited Financial Statements and
Other Supplementary Information

Town of Jay, Maine

June 30, 2017



Proven Expertise and Integrity

TOWN OF JAY, MAINE

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JUNE 30, 2017

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INDEPENDENT AUDITORS' REPORT

Board of Selectmen
Town of Jay
Jay, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, 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, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Jay, Maine as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information on pages 4 through 12 and 57 through 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Jay, Maine's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2017, on our consideration of the Town of Jay, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Jay, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
November 20, 2017

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

(UNAUDITED)

The following management's discussion and analysis of the Town of Jay, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2017. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

The Town of Jay, Maine'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 pension schedules, 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 Position – this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities – this statement presents information that shows how the government's net position changed during the period. All changes in net position 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 library and unclassified.
- *Business-type activities* – These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. These activities for the Town of Jay include the Sewer Fund.

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 two categories: governmental funds and proprietary funds.

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

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds 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 funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental fund is the general fund. All other funds are shown as nonmajor and are combined in the "Nonmajor Funds" column on these statements.

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

Proprietary Funds: The Town of Jay maintains one proprietary fund, the sewer fund. This fund is 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.

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 Statement of Cash Flows - Proprietary Funds.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions and Notes to Required Supplementary Information.

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 net position, and the changes in net position of the Town's governmental and business-type activities. The Town's total net position for governmental activities decreased by \$791,130 from \$16.11 million to \$15.32 million. The Town's total net position for business-type activities increased by \$149,468 from \$1.95 million to \$2.10 million.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - decreased for governmental activities to a balance of \$7,131,949 at the end of this year. Unrestricted net position for business-type activities increased to a balance of \$1,876,103.

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

	Governmental Activities		Business-type Activities	
	2017	2016 (Restated)	2017	2016 (Restated)
Assets:				
Current Assets	\$ 8,173,808	\$ 8,609,933	\$ 67,853	\$ 82,972
Capital Assets	8,817,032	9,709,690	1,776,600	1,821,654
Other Assets	-	-	2,807,449	2,841,214
Total Assets	16,990,840	18,319,623	4,651,902	4,745,840
Deferred Outflows of Resources:				
Deferred Amount on Pensions	628,816	364,275	-	-
Total Deferred Inflows of Resources	628,816	364,275	-	-
Liabilities:				
Current Liabilities	549,094	683,708	1,275,790	2,065,532
Long-term Debt Outstanding	1,470,579	1,503,500	1,274,519	728,183
Total Liabilities	2,019,673	2,187,208	2,550,309	2,793,715
Deferred Inflows of Resources:				
Prepaid taxes	9,676	6,571	-	-
Deferred Amount on Pensions	269,697	378,379	-	-
Total Deferred Inflows of Resources	279,373	384,950	-	-
Net Position:				
Net Investment in Capital Assets	7,931,670	8,350,415	225,490	817,880
Restricted: Special Revenue	250,056	242,149	-	-
Permanent Fund	6,935	8,513	-	-
Unrestricted	7,131,949	7,510,663	1,876,103	1,134,245
Total Net Position	\$ 15,320,610	\$ 16,111,740	\$ 2,101,593	\$ 1,952,125

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

	Governmental Activities		Business-type Activities	
	2017	2016	2017	2016
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 211,363	\$ 117,218	\$ 425,291	\$ 427,839
Operating grants and contributions	83,468	83,852	-	-
<i>General Revenues:</i>				
Property taxes	10,931,086	13,304,802	-	-
Excise taxes	801,678	773,242	-	-
Grants and contributions not restricted to specific programs	1,257,965	1,263,384	-	-
Miscellaneous	106,597	90,465	357	1,000
Total Revenues	13,392,157	15,632,963	425,648	428,839
Expenses				
General government	715,116	879,266	-	-
Public safety	1,371,287	1,319,390	-	-
Public works	1,586,709	1,508,575	-	-
Transfer station	509,021	488,164	-	-
Donations	18,300	28,150	-	-
Recreation and library	172,520	181,581	-	-
Education	7,960,859	8,970,148	-	-
County tax	1,011,582	938,282	-	-
Insurance	123,239	125,643	-	-
TIF	133,901	965,818	-	-
Unallocated depreciation (Note 4)	46,486	49,132	-	-
Sewer department	-	-	672,827	707,601
Unclassified	137,620	268,702	-	-
Total Expenses	13,786,640	15,722,851	672,827	707,601
Transfers	(396,647)	(437,374)	396,647	437,374
Change in Net Position	(791,130)	(527,262)	149,468	158,612
Net Position - July 1, Restated	16,111,740	16,639,002	1,952,125	1,793,513
Net Position - June 30	\$ 15,320,610	\$ 16,111,740	\$ 2,101,593	\$ 1,952,125

Revenues and Expenses

Revenues for the Town's governmental activities decreased by 14.33%, while total expenses also decreased by 12.31%. The largest decrease in revenues was in property taxes. The biggest decrease in expenses was in education.

Revenues for the Town's business-type activities decreased by 0.74%, while total expenses decreased by 4.91%.

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, unassigned 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,

	2017	2016
General Fund:		
Nonspendable	\$ -	\$ 500
Committed	140,000	-
Unassigned	4,995,931	5,750,578
Total General Fund	\$ 5,135,931	\$ 5,751,078
Nonmajor Funds:		
Special revenue funds:		
Restricted	\$ 250,056	\$ 242,149
Committed	2,492,385	2,185,826
Permanent funds:		
Restricted	6,935	8,513
Total Nonmajor Funds	\$ 2,749,376	\$ 2,436,488

The general fund total fund balance decreased by \$615,147 from the prior fiscal year. The nonmajor funds total fund balances increased by \$312,888 from the prior fiscal year.

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 sewer fund, a proprietary fund had net position for the current year of \$2,101,593. This was an increase of \$149,468 from the prior year.

Budgetary Highlights

There was no significant difference between the original and final budget for the general fund. Minor differences consist of budget adjustments made by the town resulting from town meeting, adjustments to departments or applied receipts.

The general fund actual revenues were under budget by \$1,166,174. This was mostly a result of property taxes that were significantly under budget due to a large abatement of taxes.

The general fund actual expenditures were under budget by \$551,027. All expenditure categories were under budget.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2017, the net book value of capital assets recorded by the Town decreased by \$466,379 when compared to the prior year. This decrease is the result of capital additions of \$281,105 less current year depreciation expense of \$747,484.

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

	<u>2017</u>	<u>2016</u>
Land and nondepreciable assets	\$ 777,118	\$ 1,448,108
Buildings, building and land improvements	1,927,131	2,058,119
Furniture and fixtures	1,498	1,852
Machinery and equipment	183,131	233,408
Vehicles	684,176	860,048
Infrastructure	6,138,581	5,539,961
Construction in progress	-	36,518
Total	<u>\$ 9,711,635</u>	<u>\$ 10,178,014</u>

Debt

At June 30, 2017, the Town had \$2.43 million in bonds outstanding versus \$2.36 million last year, an increase of 3.22%. Other obligations include capital leases payable, accrued vacation and floating holidays and net pension liability. Refer to Note 7 of Notes to Financial Statements for more detailed information.

Economic Factors and Next Year's Budgets and Rates

To further promote and ensure the financial well-being and fiscal stability of the Town, the Jay Board of Selectmen adopted an Unassigned Fund Balance Policy in August of 2012. The Town's management designed the policy around maintaining an appropriate level of Unassigned Fund Balance with the intent to provide a source of funding for unforeseen emergencies, cash flow to offset the need for borrowing in anticipation of tax receipts and evidence to the Town's bondholders and bond rating agencies of financial stability and credit worthiness. Funds may also be used with the approval of a special or annual Town Meeting.

The policy requires that the target balance for unassigned fund balance consist of three tiers:

1. A minimum level of unassigned fund balance level equal to 60-days of the current year's approved expense appropriation for the municipal budget (or the approved municipal budget divided by the number of calendar days in that year, multiplied by 60 days).
2. A target level of unassigned fund balance equal to 90-days of the current year's approved expense appropriation for the municipal budget (or the approved municipal budget divided by the number of calendar days in that year, multiplied by 90 days).
3. A maximum level of unassigned fund balance level equal to 90-days of the current year's approved expense appropriation for the municipal budget (or the approved municipal budget divided by the number of calendar days in that year, multiplied by 90 days).

The policy also includes a provision for the suggested utilization of excess funds as an offset to the budgetary impact on the Town's mil rate or for other valid purposes which benefit the taxpayer including response to emergency funding needs. All uses of excess unassigned fund balance must receive prior Town Meeting approval.

For the fiscal year ended 2017, the Town recognizes that the Balance in Excess of the Maximum Level is approximately \$1,472,170 and has determined that the increased level is reasonable and responsible in light of the fact that a very large portion of the Town's tax base is concentrated in the Androscoggin Mill. The Town also recognizes the current vulnerability of the paper industry and has issued an abatement of taxes for Verso Paper in the amount of \$1,333,334, which will be credited against the 2017-2018 taxes. For this reason, the Town is choosing to maintain the excess balance at this time.

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 Department at 340 Main Street, Jay, Maine 04239.

STATEMENT A

TOWN OF JAY, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 6,766,071	\$ -	\$ 6,766,071
Investments	30,148	-	30,148
Accounts receivable (net of allowance for uncollectibles):			
Taxes	226,133	49,753	275,886
Liens	93,185	18,100	111,285
Other	88,732	-	88,732
Internal balances	969,539	(969,539)	-
Total current assets	<u>8,173,808</u>	<u>(901,686)</u>	<u>7,272,122</u>
Noncurrent assets:			
Receivable for long-term debt obligations from RSU No. 73	881,997	-	881,997
Capital assets:			
Non depreciable assets	749,683	27,435	777,118
Depreciated assets net of accumulated depreciation	<u>7,185,352</u>	<u>1,749,165</u>	<u>8,934,517</u>
Total noncurrent assets	<u>8,817,032</u>	<u>1,776,600</u>	<u>10,593,632</u>
Other assets:			
Investment in joint venture	-	2,807,449	2,807,449
TOTAL ASSETS	<u>16,990,840</u>	<u>3,682,363</u>	<u>20,673,203</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on pensions	628,816	-	628,816
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>628,816</u>	<u>-</u>	<u>628,816</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 17,619,656</u>	<u>\$ 3,682,363</u>	<u>\$ 21,302,019</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 30,005	\$ 28,871	\$ 58,876
Accrued payroll	28,648	789	29,437
Current portion of long-term obligations	490,441	276,591	767,032
Total current liabilities	<u>549,094</u>	<u>306,251</u>	<u>855,345</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	410,664	1,274,519	1,685,183
Capital lease payable	686	-	686
Net pension liability	<u>1,059,229</u>	<u>-</u>	<u>1,059,229</u>
Total noncurrent liabilities	<u>1,470,579</u>	<u>1,274,519</u>	<u>2,745,098</u>
TOTAL LIABILITIES	<u>2,019,673</u>	<u>1,580,770</u>	<u>3,600,443</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	9,676	-	9,676
Deferred amount on pensions	<u>269,697</u>	<u>-</u>	<u>269,697</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>279,373</u>	<u>-</u>	<u>279,373</u>
NET POSITION			
Net investment in capital assets	7,931,670	225,490	8,157,160
Restricted: Special Revenue Funds	250,056	-	250,056
Permanent Funds	6,935	-	6,935
Unrestricted	<u>7,131,949</u>	<u>1,876,103</u>	<u>9,008,052</u>
TOTAL NET POSITION	<u>15,320,610</u>	<u>2,101,593</u>	<u>17,422,203</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 17,619,656</u>	<u>\$ 3,682,363</u>	<u>\$ 21,302,019</u>

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

TOWN OF JAY, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
General government	\$ 715,116	\$ 39,588	\$ -	\$ -	\$ (675,528)	\$ -	\$ (675,528)
Public safety	1,371,287	86,722	-	-	(1,284,565)	-	(1,284,565)
Public works	1,586,709	71,689	83,468	-	(1,431,552)	-	(1,431,552)
Transfer station	509,021	13,364	-	-	(495,657)	-	(495,657)
Donations	18,300	-	-	-	(18,300)	-	(18,300)
Recreation and library	172,520	-	-	-	(172,520)	-	(172,520)
Education	7,960,859	-	-	-	(7,960,859)	-	(7,960,859)
County tax	1,011,582	-	-	-	(1,011,582)	-	(1,011,582)
Insurance	123,239	-	-	-	(123,239)	-	(123,239)
TIF	133,901	-	-	-	(133,901)	-	(133,901)
Unallocated depreciation*	46,486	-	-	-	(46,486)	-	(46,486)
Unclassified	137,620	-	-	-	(137,620)	-	(137,620)
Total governmental activities	<u>13,786,640</u>	<u>211,363</u>	<u>83,468</u>	<u>-</u>	<u>(13,491,809)</u>	<u>-</u>	<u>(13,491,809)</u>
Business-type activities:							
Sewer department	672,827	425,291	-	-	-	(247,536)	(247,536)
Total business-type activities	<u>672,827</u>	<u>425,291</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(247,536)</u>	<u>(247,536)</u>
Total government	<u>\$ 14,459,467</u>	<u>\$ 636,654</u>	<u>\$ 83,468</u>	<u>\$ -</u>	<u>(13,491,809)</u>	<u>(247,536)</u>	<u>(13,739,345)</u>

* This amount excludes the depreciation that is included in the direct expenses of the various programs.

TOWN OF JAY, MAINE

STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

	Governmental Activities	Business- type Activities	Total
	<u> </u>	<u> </u>	<u> </u>
Changes in net position:			
Net (expense) revenue	<u>(13,491,809)</u>	<u>(247,536)</u>	<u>(13,739,345)</u>
General revenues:			
Taxes:			
Property taxes, levied for general purposes	10,931,086	-	10,931,086
Excise taxes	801,678	-	801,678
Grants and contributions not restricted to specific programs	1,257,965	-	1,257,965
Miscellaneous	106,597	357	106,954
Transfers - internal activities	<u>(396,647)</u>	<u>396,647</u>	<u>-</u>
Total general revenues and transfers	<u>12,700,679</u>	<u>397,004</u>	<u>13,097,683</u>
Change in net position	(791,130)	149,468	(641,662)
NET POSITION - JULY 1, RESTATED	<u>16,111,740</u>	<u>1,952,125</u>	<u>18,063,865</u>
NET POSITION - JUNE 30	<u>\$ 15,320,610</u>	<u>\$ 2,101,593</u>	<u>\$ 17,422,203</u>

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

TOWN OF JAY, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Nonmajor Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 4,269,930	\$ 2,496,141	\$ 6,766,071
Investments	-	30,148	30,148
Accounts receivable (net of allowance for uncollectibles):			
Taxes	226,133	-	226,133
Liens	93,185	-	93,185
Other	80,132	8,600	88,732
Due from other funds	984,428	229,376	1,213,804
TOTAL ASSETS	\$ 5,653,808	\$ 2,764,265	\$ 8,418,073
LIABILITIES			
Accounts payable	\$ 30,005	\$ -	\$ 30,005
Accrued payroll	28,648	-	28,648
Due to other funds	229,376	14,889	244,265
TOTAL LIABILITIES	288,029	14,889	302,918
DEFERRED INFLOWS OF RESOURCES			
Deferred tax revenues	220,172	-	220,172
Prepaid taxes	9,676	-	9,676
TOTAL DEFERRED INFLOWS OF RESOURCES	229,848	-	229,848
FUND BALANCES			
Restricted	-	256,991	256,991
Committed	140,000	2,492,385	2,632,385
Unassigned	4,995,931	-	4,995,931
TOTAL FUND BALANCES	5,135,931	2,749,376	7,885,307
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 5,653,808	\$ 2,764,265	\$ 8,418,073

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 POSITION
JUNE 30, 2017

	Total Governmental Funds
Total Fund Balances	\$ 7,885,307
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	7,935,035
Long-term assets are not available in the current period and therefore are not reported as assets in the funds:	
Receivable for long-term debt obligations from RSU No. 73	881,997
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	220,172
Deferred outflows of resources are not financial resources and therefore are not reported in the funds	628,816
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(881,997)
Capital lease payable	(3,365)
Accrued compensated absences	(16,429)
Net pension liability	(1,059,229)
Deferred inflows of resources are not financial resources and therefore are not reported in the funds	(269,697)
Net position of governmental activities	\$ 15,320,610

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, 2017

	General Fund	Nonmajor Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 10,931,086	\$ -	\$ 10,931,086
Excise taxes	801,678	-	801,678
Intergovernmental	1,109,521	231,912	1,341,433
Charges for services	211,363	-	211,363
Miscellaneous revenues	52,987	53,610	106,597
TOTAL REVENUES	<u>13,106,635</u>	<u>285,522</u>	<u>13,392,157</u>
EXPENDITURES			
Current:			
General government	540,864	110,686	651,550
Public safety	1,268,119	25,543	1,293,662
Public works	1,130,974	195,551	1,326,525
Transfer station	447,927	21,754	469,681
Donations	18,300	-	18,300
Recreation and library	170,850	-	170,850
Education	7,960,859	-	7,960,859
County tax	1,011,582	-	1,011,582
Insurance	123,239	-	123,239
Tax increment financing agreement	133,901	-	133,901
Unclassified	136,020	1,600	137,620
TOTAL EXPENDITURES	<u>12,942,635</u>	<u>355,134</u>	<u>13,297,769</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>164,000</u>	<u>(69,612)</u>	<u>94,388</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	18,000	400,500	418,500
Transfers (out)	(797,147)	(18,000)	(815,147)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(779,147)</u>	<u>382,500</u>	<u>(396,647)</u>
NET CHANGE IN FUND BALANCES	(615,147)	312,888	(302,259)
FUND BALANCES - JULY 1	<u>5,751,078</u>	<u>2,436,488</u>	<u>8,187,566</u>
FUND BALANCES - JUNE 30	<u>\$ 5,135,931</u>	<u>\$ 2,749,376</u>	<u>\$ 7,885,307</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, 2017

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (302,259)</u>
<p>Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:</p>	
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:</p>	
Capital asset acquisitions	195,373
Depreciation expense	<u>(616,698)</u>
	<u>(421,325)</u>
Receivable for long-term debt obligations from RSU No. 73	<u>(471,333)</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds.	<u>264,541</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 Position	<u>473,913</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	(3,288)
Net pension liability	<u>(440,061)</u>
	<u>(443,349)</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds.	<u>108,682</u>
Change in net position of governmental activities (Statement B)	<u>\$ (791,130)</u>

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

TOWN OF JAY, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2017

	Business-type Activities Enterprise Funds Sewer Department
ASSETS	
Current assets:	
Accounts receivable (net of allowance for uncollectibles):	
Taxes	\$ 49,753
Liens	18,100
Total current assets	<u>67,853</u>
Noncurrent assets:	
Capital assets:	
Land and buildings	1,285,435
Vehicles, machinery and equipment	130,464
Infrastructure	6,197,011
Total capital assets	<u>7,612,910</u>
Less: accumulated depreciation	<u>(5,836,310)</u>
Net capital assets	<u>1,776,600</u>
Other assets:	
Investment in joint venture	<u>2,807,449</u>
Total noncurrent assets	<u>4,584,049</u>
TOTAL ASSETS	<u><u>\$ 4,651,902</u></u>
LIABILITIES AND NET POSITION	
Current liabilities:	
Accounts payable	\$ 28,871
Accrued payroll	789
Due to other funds	969,539
Bonds payable, current portion	276,591
Total current liabilities	<u>1,275,790</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable, net of current portion	<u>1,274,519</u>
Total noncurrent liabilities	<u>1,274,519</u>
TOTAL LIABILITIES	<u>2,550,309</u>
NET POSITION	
Net investment in capital assets	225,490
Unrestricted	<u>1,876,103</u>
TOTAL NET POSITION	<u>2,101,593</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 4,651,902</u></u>

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

TOWN OF JAY, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Business-type Activities Enterprise Funds
	Sewer Department
OPERATING REVENUES	
Charges for services	\$ 425,291
Miscellaneous	357
TOTAL OPERATING REVENUES	425,648
OPERATING EXPENSES	
Payroll and related benefits	173,226
Treatment fees	227,545
Repairs and maintenance	5,760
Supplies	48,307
Utilities	41,057
Depreciation	130,786
TOTAL OPERATING EXPENSES	626,681
OPERATING INCOME (LOSS)	(201,033)
NONOPERATING REVENUES (EXPENSES)	
Transfers in	396,647
Transfers (out)	-
Interest expense	(12,381)
Increase (decrease) in fund balance of joint venture	(33,765)
TOTAL NONOPERATING REVENUES (EXPENSES)	350,501
NET CHANGE IN NET POSITION	149,468
NET POSITION - JULY 1, RESTATED	1,952,125
NET POSITION - JUNE 30	\$ 2,101,593

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, 2017

	Business-type Activities Enterprise Funds Sewer Department
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 440,767
Payments to suppliers	(380,006)
Payments to employees	(173,059)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(112,298)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Transfer in from general fund - debt service	263,627
Transfer in from general fund - capital contribution	133,020
Purchases of capital assets	(85,732)
Bond payable addition	1,189
Principal payments on bonds and notes payable	(277,106)
Interest payments on bonds and notes payable	(12,381)
Bond anticipation note payable addition	89,681
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>112,298</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-
CASH AND CASH EQUIVALENTS - JULY 1	-
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (201,033)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	130,786
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	15,119
(Decrease) increase in accounts payable	28,013
(Decrease) increase in accrued payroll	167
(Decrease) increase in due to other funds	(85,350)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (112,298)</u>

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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).

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 Statements No. 39 and No. 61.

Implementation of New Accounting Standards

During the year ended June 30, 2017, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*". The objective of the Statement is to improve financial reporting by instituting a single framework for the presentation of information about pensions, thereby expanding the comparability of pension-related information reported by state and local governments. Management has determined that this Statement is not applicable.

Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*". The objective of the Statement is to improve the disclosure of information about benefits other than pensions (other postemployment benefits or OPEB) included in financial statements of state and local governments. This Statement will improve financial reporting through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts that meet specified criteria. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 77, "*Tax Abatement Disclosures*". The objective of the Statement is to improve disclosure of information about the nature and magnitude of tax abatements, making these transactions more transparent to financial statement users. As such, users will be better equipped to understand (1) how tax abatements affect a government's future

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 80, "*Blending Requirements for Certain Component Units*". The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 81, "*Irrevocable Split-Interest Agreements*". The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements - in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. As such, this Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 82, "*Pension Issues*". The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Management has determined the impact of this Statement is not material to the financial statements.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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).

In the government-wide Statement of Net Position, the governmental 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 position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

Both the government-wide and fund financial statements categorize primary activities as governmental. The Town categorizes all activities of the entity as governmental.

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 position 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, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

Major Funds

- 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.

Nonmajor Funds

- 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 that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

2. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, 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:

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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.

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, deferred outflows of resources, liabilities, deferred inflows of resources, 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, 2017

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.

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.

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. For the statement of cash flows purposes, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. 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

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

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.

Receivables

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$88,732 for the year ended June 30, 2017. The allowance for uncollectible amounts is estimated to be \$0 as of June 30, 2017.

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 asset 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 retroactively recorded infrastructure.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimated useful lives are as follows:

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

Long-term Obligations

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

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term debt consists primarily of bonds payable, capital leases payable, compensated absences and net pension liability.

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.

Compensated Absences

The Town's policies regarding paid time off do permit employees to accumulate limited earned but unused leave. The liability for accrued 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, 2017, the Town's liability for compensated absences is \$16,429.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Participating Local District (PLD) Consolidated Plan and additions to/deductions from the PLD Consolidated Plan's fiduciary net position have been determined on the same basis as they are reported by the PLD Consolidated Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net position invested in capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town only has one type of this item, deferred amounts on pensions that qualifies for reporting in this category. This item is reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has only one type of item, deferred tax revenues, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes also qualify for reporting in this category. This item is reported in both the statements of net position and governmental funds balance sheet. Deferred inflows related to pensions qualify for reporting in this category as well. This item is reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied August 30, 2016 on the assessed value listed as of April 1, 2016, for all real and personal property located in the Town. Taxes were due in two installments on October 3, 2016 and April 3, 2017. Interest on unpaid taxes commenced on October 4, 2016 and April 4, 2017, at 7% per annum.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 \$140,201 for the year ended June 30, 2017.

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 (charges to customers or applicants for goods, services, or privileges provided, operating or capital grants and contributions, including special assessments).

Operating/Non-Operating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS

The Town's investment policies, which follow state statutes, require that all investments be made considering the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Town funds.

Deposits:

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. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At June 30, 2017, the Town's deposits amounting to \$6,766,071 were comprised of bank deposits of \$7,009,962. Of these bank deposits, \$138,827 was fully insured by federal depository insurance and consequently not exposed to custodial credit risk. The remaining deposits of \$6,871,135 were collateralized with securities held by the financial institution in the Town's name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 138,827
Insured sweep	6,871,135
	<u>\$ 7,009,962</u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

At June 30, 2017, the Town's investments of \$30,148 of certificates of deposit were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investment Type	Fair Value	Not Applicable	Less Than 1 Year	1 - 5 Years
Certificates of Deposit	\$ 30,148	\$ -	\$ -	\$ 30,148
	<u>\$ 30,148</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,148</u>

Credit risk – Statutes for the State of Maine authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. Generally, the Town invests excess funds in cash management accounts and various insured certificates of deposit.

Interest rate risk – is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2017 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General fund	\$ 984,428	\$ 229,376
Special revenue funds	229,376	13,689
Permanent funds	-	1,200
Enterprise fund	-	969,539
	<u>\$ 1,213,804</u>	<u>\$ 1,213,804</u>

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2017:

	Balance, 7/1/16 (Restated)	Additions	Disposals	Balance, 6/30/17
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 749,683	\$ -	\$ -	\$ 749,683
Construction in progress	-	-	-	-
	<u>749,683</u>	<u>-</u>	<u>-</u>	<u>749,683</u>
Depreciated assets:				
Land improvements	62,000	-	-	62,000
Buildings	3,078,618	-	-	3,078,618
Building improvements	421,971	-	-	421,971
Furniture & fixtures	2,792	-	-	2,792
Machinery & equipment	2,784,349	3,980	(8,779)	2,779,550
Vehicles	2,507,641	-	-	2,507,641
Infrastructure	8,552,454	191,393	-	8,743,847
	<u>17,409,825</u>	<u>195,373</u>	<u>(8,779)</u>	<u>17,596,419</u>
Less: accumulated depreciation	<u>(9,803,148)</u>	<u>(616,698)</u>	<u>8,779</u>	<u>(10,411,067)</u>
	<u>7,606,677</u>	<u>(421,325)</u>	<u>-</u>	<u>7,185,352</u>
Net capital assets	<u>\$ 8,356,360</u>	<u>\$ (421,325)</u>	<u>\$ -</u>	<u>\$ 7,935,035</u>

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	Balance, 7/1/16 (Restated)	Additions	Disposals	Balance, 6/30/17
<u>Business-type activities</u>				
Non-depreciated assets:				
Land	\$ 27,435	\$ -	\$ -	\$ 27,435
Construction in progress	681,819	-	(681,819)	-
	<u>709,254</u>	<u>-</u>	<u>(681,819)</u>	<u>27,435</u>
Depreciated assets:				
Land improvements	64,000	-	-	64,000
Buildings	1,105,000	-	-	1,105,000
Building improvements	89,000	-	-	89,000
Machinery & equipment	43,581	-	-	43,581
Vehicles	86,883	-	-	86,883
Infrastructure	5,429,460	767,551	-	6,197,011
	6,817,924	767,551	-	7,585,475
Less: accumulated depreciation	(5,705,524)	(130,786)	-	(5,836,310)
	<u>1,112,400</u>	<u>636,765</u>	<u>-</u>	<u>1,749,165</u>
Net capital assets	<u>\$ 1,821,654</u>	<u>\$ 636,765</u>	<u>\$ (681,819)</u>	<u>\$ 1,776,600</u>
<u>Current year depreciation</u>				
Police				\$ 21,088
Fire				56,537
Highway				451,577
Recycling				34,064
Recreation				1,670
Town-wide				46,486
Transfer station				5,276
Subtotal governmental depreciation				<u>616,698</u>
Sewer Department				130,786
Subtotal business-type depreciation				<u>130,786</u>
Total depreciation expense				<u>\$ 747,484</u>

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 - LONG-TERM RECEIVABLE

As of July 1, 2011, the Jay School Department became a member of Regional School Unit (RSU) No. 73. The RSU Plan requires that the RSU be responsible for payment of all school-related long-term debt on behalf of the Town. As of June 30, 2017, a long-term receivable has been recorded for \$881,997, which represents school-related general obligation bonds of \$881,997. The State of Maine Department of Education is responsible for paying approximately 87 percent of the debt service on general obligation bonds directly to the Maine Municipal Bond Bank. The remaining debt service for bonds is paid by the RSU.

NOTE 6 - SHORT-TERM DEBT

On February 28, 2014, the Town issued a bond anticipation note to pay the costs of designing, financing, construction, installation, equipping and replacement of a sewage transmission line and functionally related and subordinate improvements. On November 12, 2015, the Town requested an extension of the bond anticipation note. Maturity of the principal and interest is on February 28, 2017 or upon receipt of the proceeds from a bond issue. Interest is payable at a rate of 1.56%. The balance outstanding on the note as of June 30, 2017 was \$0. Interest in the amount of \$3,825 was paid for the year ended June 30, 2017.

Short-term debt activity for the year ended June 30, 2017, was as follows:

	Balance, (Restated)	Additions	Deletions	Balance, 6/30/17
Bond anticipation note	\$ 733,572	\$ 89,681	\$ (823,253)	\$ -

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7 - LONG-TERM DEBT

A summary of long-term debt for the year ended June 30, 2017 is as follows:

Governmental activities:	Balance, 7/1/16	Additions	Deletions	Balance, 6/30/17	Current Portion
Bonds payable	\$ 1,353,330	\$ -	\$ (471,333)	\$ 881,997	\$ 471,333
Capital leases payable	5,945	-	(2,580)	3,365	2,679
Accrued compensated absences	13,141	3,288	-	16,429	16,429
Net pension liability	619,168	440,061	-	1,059,229	-
Totals	\$ 1,991,584	\$ 443,349	\$ (473,913)	\$ 1,961,020	\$ 490,441

Business-type activities:	Balance, 7/1/16	Additions	Deletions	Balance, 6/30/17	Current Portion
Bonds payable	\$ 1,003,774	\$ 824,442	\$ (277,106)	\$ 1,551,110	\$ 276,591
Totals	\$ 1,003,774	\$ 824,442	\$ (277,106)	\$ 1,551,110	\$ 276,591

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7 - LONG-TERM DEBT (CONTINUED)

The following is a summary of bonds outstanding as of June 30, 2017:

Governmental activities:

\$8,400,000, 1997 General Obligation Bond due in annual principal payments of \$420,000, through November, 2017. Interest is charged at a rate varying from 5.401% to 5.776% per annum.	\$ 420,000
\$770,000, 2011 General Obligation Bond due in annual principal payments and semiannual interest payments through November 2025. Interest is charged at a rate from 2.125% to 5.625%.	<u>461,997</u>
Total governmental activities	<u><u>\$ 881,997</u></u>

Business-type activities:

\$4,094,795, 2003 General Obligation Bond due in annual principal payments of \$255,925, through November, 2018. Interest is charged at a rate of 1.45% per annum.	\$ 510,335
\$295,000, 2012 General Obligation Bond due in annual principal payments of \$19,667, through October, 2027. Interest is charged at a rate of 1.00% per annum.	216,333
\$824,442, 2016 General Obligation Bond due in annual installments and semiannual interest intallments through September 2026. Interest is charged at a rate of 1.00%	<u>824,442</u>
Total business-type activities	<u><u>\$ 1,551,110</u></u>

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7 - LONG-TERM DEBT (CONTINUED)

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

	Governmental Activities		Business-type Activities		Total Debt Service
	Bonds		Bonds		
	Principal	Interest	Principal	Interest	
2018	\$ 471,333	\$ 16,253	\$ 276,591	\$ 17,066	\$ 781,243
2019	51,333	15,162	275,077	15,494	357,066
2020	51,333	13,673	122,472	8,264	195,742
2021	51,333	11,286	122,472	8,006	193,097
2022	51,333	8,398	122,472	7,749	189,952
2023-2027	205,332	10,918	612,360	33,465	862,075
2028-2032	-	1,090	19,666	1,087	21,843
	<u>\$ 881,997</u>	<u>\$ 76,780</u>	<u>\$ 1,551,110</u>	<u>\$ 91,131</u>	<u>\$ 2,601,018</u>

No interest costs were capitalized during the period. The amount of interest costs incurred and charged to business-type activities expense for the year ended June 30, 2017 was \$12,381.

The following is a summary of leases outstanding as of June 30, 2017:

The Town has entered into a 2013 capital lease for a copier with a cost of \$12,600. The lease is for five years with monthly payments of \$230 through November of 2018. The effective interest rate is 3.766% per annum.

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

2018	\$ 2,760
2019	690
Total minimum lease payments	<u>3,450</u>
Less: Amount representing interest	<u>(85)</u>
Present value of future minimum lease payments	<u>\$ 3,365</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, 2017

NOTE 8 - OPERATING LEASES

The Town leases voting equipment from the State of Maine under a non-cancellable lease agreement. The term of the lease is for a five year period ending in 2019. Annual payments are \$589.

The Town leases a postage meter from FP Mailing Solutions under a non-cancellable lease agreement. The term of the lease is for a five year period ending in 2022. Annual payments are \$624.

Than annual costs to amortize the operating leases for the years ended June 30 are as follows:

2018	\$	1,212
2019		918
2020		624
2021		624
2022		416
Total minimum lease payments	\$	<u>3,794</u>

NOTE 9 - RESTRICTED FUND BALANCES

The Town has the following restricted fund balances at June 30, 2017:

Nonmajor Special Revenue Funds (See Schedule D)	\$	250,056
Nonmajor Permanent Funds (See Schedule F)		6,935
	\$	<u>256,991</u>

NOTE 10 - COMMITTED FUND BALANCES

The Town has the following committed fund balances at June 30, 2017:

General Fund:		
FY 18 budget	\$	140,000
Nonmajor Special Revenue Funds (See Schedule D)		2,492,385
	\$	<u>2,632,385</u>

NOTE 11 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town participates in a public entity risk pool sponsored by the Maine Municipal Association. The Maine Municipal Association Group Risk Pool is a state chartered pool established

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11 - RISK MANAGEMENT (CONTINUED)

exclusively for Maine municipalities. The pool provides certain property, liability, fidelity and vehicle coverage. If the assets of the pool are at any time actuarially determined to be insufficient to enable the pool to discharge its legal obligations, other obligations, and actuarially sound reserves, the pool has the power to make up the deficiency by the levy of a prorated assessment. There have been no deficiencies during the past three years and management believes that no deficiency exists at June 30, 2017.

The Town is a member of the Maine Municipal Association – Property and Casualty Pool and pays an annual premium for its coverage. Under the property portion of the policy, coverage is provided after a per occurrence deductible is met. The limit of coverage for liability claims brought under the Maine Tort Claims Act is \$400,000 per occurrence. A \$2,000,000 limit of liability is provided for liability claims outside the Maine Tort Claims Act. There is no aggregate liability limit. Coverage for Public Officials Liability, including Employment Practices, is a part of the program. Coverage is on an occurrence basis, rather than a “claims made” form. A \$2,000,000 limit of liability is provided for all claims for Wrongful Acts seeking monetary damages pursuant to federal or state law for which the Maine Tort Claims Act does not provide immunity or limitations. Each member has a \$4,000,000 annual aggregate limit. An annual sublimit of \$100,000 per member applies for all back wages and/or future salary awards for employment related claims, subject to a \$5,000 retention and a 10% contribution by the member.

The Town is also 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 companies’ reinsurance contracts, coverage for claims in excess of \$1,000,000.

NOTE 12 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description

Town employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan’s advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at www.maineopers.org or by contacting the System at 1-800-451-9800.

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 5.0%.

Contributions

The contribution requirements of plan members and the Town are established and may be amended by the Maine State Legislature. The Town's police department employees are part of special plan "2C" with cost-of-living adjustment and are required to contribute 8.0% of their annual salary. The town manager, department heads, office workers, highway, transfer station and sewer department employees are part of regular plan "AC" and are required to contribute 8.0% of their annual salary. The Town is required to contribute 9.1% of special plan "2C" members' covered payroll and 9.5% of regular plan "AC" members' covered payroll annually to the system. The Town's contributions to the plan including employee contributions for the fiscal years ended June 30, 2017, 2016 and 2015 were \$180,713, \$172,291, and \$135,840, respectively.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the Town reported a liability of \$1,059,229 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2016, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2016, the Town's proportion was 0.199354%, which was an increase of 0.00529% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Town recognized total pension revenue of \$26,621. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,841	\$ 68,129
Changes of assumptions	113,552	-
Net difference between projected and actual earnings on pension plan investments	391,420	162,904
Changes in proportion and differences between contributions and proportionate share of contributions	13,599	38,664
Contributions subsequent to the measurement date	<u>97,404</u>	<u>-</u>
Total	<u>\$ 628,816</u>	<u>\$ 269,697</u>

\$97,404 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan
Year ended June 30:	
2017	\$ 34,731
2018	30,803
2019	135,133
2020	61,048
2021	-
Thereafter	-

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2016, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits, and dividing it by the value, also as of the member's entry age, of his or her expected future salary. The normal cost for each employee is the product of his or her pay and his or her normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

Asset Valuation Method

The actuarial valuation employs a technique for determining the actuarial value of assets which dampens the swing in the market value. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the actuarial assumption for investment return.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions (Continued)

Amortization

The net pension liability of the PLD Consolidated Plan is amortized on a level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gain or loss for that year.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2016 are as follows:

Investment Rate of Return - For the PLD Plan, 6.875% per annum, compounded annually; 7.125% was used for the period ended June 30, 2015.

Salary Increases, Merit and Inflation - Members of the consolidated plan for PLDs, 2.75% to 9.00% per year.

Mortality Rates - For participating local districts, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.

Cost of Living Benefit Increases - 2.20%; 2.55% was used for the period ended June 30, 2015.

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as June 30, 2016 are summarized in the following table. Assets for the defined benefit plan are comingled for investment purposes.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions (Continued)

Asset Class	PLD Plan	
	Target Allocation	Long-term Expected Real Rate of Return
US equities	20%	5.7%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real assets:		
Real estate	10%	5.2%
Infrastructure	10%	5.3%
Hard assets	5%	5.0%
Fixed income	25%	2.9%

Discount Rate

The discount rate used to measure the collective total pension liability was 6.875% for 2016. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability/(asset) as of June 30, 2016 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.875% for the PLD Consolidated Plan.

	1% Decrease	Discount Rate	1% Increase
PLD Plan:			
Discount rate	5.875%	6.875%	7.875%
Town's proportionate share of the net pension liability	\$ 1,758,129	\$ 1,059,229	\$ 401,239

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in Net Pension Liability

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2016 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2016 with the following exceptions.

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For 2016, this was 4 years for the PLD Consolidated Plan.

Differences between Projected and Actual Investment Earnings on Pension Plan Investments

Differences between projected and actual investment earnings were recognized in pension expense using a straight-line amortization method over a closed five-year period. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2016 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. Please refer to the Actuarial Methods and Assumptions section for information relating to changes of assumptions. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in Net Pension Liability (Continued)

method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2016 Comprehensive Annual Financial Report available online at www.maineopers.org or by contacting the System at (207) 512-3100.

NOTE 13 - DEFERRED COMPENSATION PLANS

INTERNATIONAL CITY/COUNTY MANAGEMENT RETIREMENT CORPORATION

Plan Description

The Town contributes to a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457 through the International City/County Management Association Retirement Corporation (ICMA-RC). The plan, available to Town employees as part of a collective bargaining agreement, Town management and professional level employees, permits them to defer a portion of their salary, in addition to Town contributions, 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.

Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Town's Board of Select Board. The Town will contribute 1% of annual salary for professional level employees that participate in the Town's defined

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13 - DEFERRED COMPENSATION PLANS (CONTINUED)

benefit plan. For professional employees that choose to participate in the 457 plan alone, the Town will contribute an amount equal to the required employer contribution for the defined benefit plan plus 1.00%. For the Town's office workers, highway and police department employees that choose not to join the Town's defined benefit plan, the Town will contribute an amount up to 5.3% of their annual salary.

The Town's contributions to the plan including employee contributions for 2017, 2016 and 2015 were \$72,411, \$165,616 and \$94,923, respectively. These amounts include loans.

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM - 457 DEFERRED
COMPENSATION PLAN

Plan Description

The Town contributes to a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457 through the Maine Public Employees Retirement System (MainePERS). The plan, available to Town employees as part of a collective bargaining agreement, Town management and professional level employees, permits them to defer a portion of their salary, in addition to Town contributions, 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.

Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Town's Board of Selectmen. The Town will contribute 1% of annual salary for professional level employees that participate in the Town's defined benefit plan. For professional employees that choose to participate in the 457 plan alone, the Town will contribute an amount equal to the required employer contribution for the defined benefit plan plus 1.00%. For the Town's office workers, highway and police department employees that choose not to join the Town's defined benefit plan, the Town will contribute an amount up to 5.3% of their annual salary. The employee's and the Town's matching contribution vests 100% with the employee when contributed.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13 - DEFERRED COMPENSATION PLANS (CONTINUED)

The Town's contributions to the plan including employee contributions for 2017, 2016, and 2015 were \$1,915, \$1,448 and \$1,380, respectively.

NOTE 14 - 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 15 - OVERSPENT APPROPRIATIONS

The Town had no overspent appropriations at June 30, 2017.

NOTE 16 - CONTINGENCIES & COMMITMENTS

With regard to 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.

The Town contracts with Archie's Inc. for curbside pick-up of garbage and recyclables. The contract is valid beginning December 2015 through June 30, 2018. The annual payments under this contract are \$120,000 per year. The contract is renewable for an additional three years at an annual rate of \$123,000 from July 1, 2018 through June 30, 2020. For the contract period of July 1, 2020 through June 30, 2021 the annual rate is \$124,230. For the year ended June 30, 2017 the Town paid \$85,000 for disposal services.

NOTE 17 - 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. Together, both towns are obligated by contract to fund a reserve account to cover the cost of major repairs or replacements at the facilities. As of the fiscal year ended June 30, 2016, the most recent information available, the balance in the reserve account was \$100,477. Operating, maintenance, and administrative costs for the sewerage treatment

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 17 - JOINT VENTURES (CONTINUED)

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, 2016 is as follows:

Total Assets	\$ 5,757,028
Total Fund Balance	\$ 5,708,306
Total Expenses (net of depreciation on assets purchased with contributed capital)	\$ 448,879
Operating Income (Loss)	\$ (64,560)

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 52.3% 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 Livermore Falls-Jay Sewerage Treatment Plant, 2 Main Street, Livermore Falls, Maine 04254 or at the Jay, Maine Town Office.

NOTE 18 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of County and School District debt. As of June 30, 2017, the Town's share was as follows:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
RSU No. 73	\$ 1,676,997	65.67%	\$ 1,101,284
Franklin County	463,483	15.95%	73,926
			<u>\$ 1,175,209</u>

NOTE 19 - TAX INCREMENT FINANCING DISTRICT & ABATEMENTS

Tax Increment Financing District

The Town has established a tax increment financing district in accordance with Maine statutes to finance economic development programs located in the Town of Jay, Maine. The expenditures from these development programs will be recovered in future years through an incremental tax levied upon the districts' so called "captured assessed

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 19 - TAX INCREMENT FINANCING DISTRICT & ABATEMENTS (CONTINUED)

value". A portion of the incremental tax revenues will be returned to the district to repay principal and interest on any indebtedness, to fund the expenditures of the development program, and to finance future expansion.

International Paper Company and Tax Increment Financing District Development Program

On March 8, 2003, the Jay Board of Selectmen, as well as the Maine Department of Economic and Community Development, approved a Tax Increment Financing District to expand and diversify the Town's tax base and improve its economy. The area of the District is approximately 292,600 square feet of land, divided into two separate districts: the TIF2003-PM3, consisting of approximately 138,600 square feet of land; and the TIF2003-Transformers, consisting of approximately 16,100 square feet of land. The projects implemented under this Development Program include: improvements to buildings and structures, machinery and equipment and economic development planning and administrative expenses associated with the development effort. The original assessed value of the property is \$119,550,535. The Development Program provides for 100% of the increase in assessed value of the District to be captured and designated as captured assessed value for 20 years. The tax increment revenues will be deposited by the Town into the Development Program Fund for a period of 20 years. The Development Program Fund is pledged to and charged with the payment of the project costs in the manner provided in 30-A M.R.S.A. §5801.

The TIF District will remain in place for a period of 20 years from adoption. The allocation of tax increment revenues, through a credit enhancement agreement, to be paid to owners/developers of specified property, will commence by agreement between the Town and the owner/developer and will continue for a period not to exceed 20 years or the remainder of the term of the District designation, whichever is less. No more than 60% of the property taxes to be generated on the improvements within the District will be returned to the developer. The remaining amount will be retained by the Town and used to fund the development plan of the District. The Selectmen shall determine, in its discretion, whether it is necessary or appropriate to enter any Credit Enhancement Agreement to grant these abatements. The state law does not provide for the recapture of abated taxes in the event an abatement recipient does not fill the commitment it makes in return for the tax abatement. The Town reserves the right to incur indebtedness to finance, in part or in whole, the projects within the Development Program. Any projects financed through municipal bonded indebtedness must be completed within five years of the approval of the District.

Abatements

The Town has not made any commitments as part of the Credit Enhancement Agreements other than to reduce taxes. The Town is not subject to any tax abatement agreements entered into by other governmental entities. The Town currently only has one

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 19 - TAX INCREMENT FINANCING DISTRICT & ABATEMENTS (CONTINUED)

tax abatement agreement, the International Paper Company and Tax Increment Financing District, which is summarized below:

International Paper Company and Tax Increment Financing District

On March 8, 2003, the Town of Jay entered into a credit enhancement agreement with International Paper Company for the design, construction, operation, maintenance and upgrades of the TIF2003-PM3 and TIF2003-Transformers Districts. The agreement is effective for 20 years. The original valuation of the property was \$119,550,535. 60% of the property taxes to be generated on the improvements within the District will be returned to the developer. The remaining amount will be retained by the Town and used to fund the development plan of the District.

In 2016, the Town settled a dispute with Verso Paper regarding their tax assessment. As part of the settlement, Jay agreed to a tax credit of \$1.3 million for three years. Funding for the first year came from the Town's undesignated reserve account. For fiscal years 2017 and 2018, funds will be raised through the budget process.

For the fiscal year ended June 30, 2017, the Town abated property taxes for the following program:

<u>Tax Abatement Program</u>	<u>Percentage of Taxes Abated During the Fiscal Year</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>
Verso Paper	60%	\$ 1,333,334

NOTE 20 - RELATED PARTIES

For the year ended June 30, 2017, the Town paid \$11,043 to Thomas Goding Contracting for repairs to the fire station.

For the year ended June 30, 2017, the Town paid \$415 to Selectperson, Judy Diaz, for the construction of two picnic tables.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 21 - RESTATEMENT

The beginning net position for the governmental activities has been restated as of July 1, 2016. This balance was restated to correct the capital asset balance. The governmental activities were restated by (\$17,638).

The beginning net position for the business-type activities has been restated as of July 1, 2016. This balance was restated to correct the capital asset balance. The business-type activities were restated by \$17,638.

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
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions
- Notes to Required Supplementary Information

TOWN OF JAY, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 5,751,078	\$ 5,751,078	\$ 5,751,078	\$ -
Resources (Inflows):				
Property taxes	12,267,015	12,267,015	10,931,086	(1,335,929)
Excise taxes	675,000	675,000	801,678	126,678
Intergovernmental	1,072,371	1,088,971	1,109,521	20,550
Charges for services	41,600	196,752	211,363	14,611
Miscellaneous revenues	53,000	63,071	52,987	(10,084)
Transfers from other funds	-	-	18,000	18,000
Amounts Available for Appropriation	<u>19,860,064</u>	<u>20,041,887</u>	<u>18,875,713</u>	<u>(1,166,174)</u>
Charges to Appropriations (Outflows):				
General government	575,436	576,234	540,864	35,370
Public safety	1,277,640	1,362,532	1,268,119	94,413
Public works	1,202,000	1,272,198	1,130,974	141,224
Transfer station	477,000	477,856	447,927	29,929
Donations	18,300	18,300	18,300	-
Recreation & library	170,850	170,850	170,850	-
Education	7,960,859	7,960,859	7,960,859	-
County tax	1,011,582	1,011,582	1,011,582	-
Insurance	166,000	171,914	123,239	48,675
TIF	133,901	133,901	133,901	-
Unclassified	295,246	314,411	136,020	178,391
Transfer to other funds	820,172	820,172	797,147	23,025
Total Charges to Appropriations	<u>14,108,986</u>	<u>14,290,809</u>	<u>13,739,782</u>	<u>551,027</u>
Budgetary Fund Balance, June 30	<u>\$ 5,751,078</u>	<u>\$ 5,751,078</u>	<u>\$ 5,135,931</u>	<u>\$ (615,147)</u>

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

TOWN OF JAY, MAINE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS*

	2017	2016	2015	2014
<u>PLD Plan:</u>				
Proportion of the net pension liability (asset)	0.20%	0.19%	0.21%	0.22%
Proportionate share of the net pension liability (asset)	\$ 1,059,229	\$ 619,168	\$ 328,347	\$ 693,408
Covered-employee payroll	1,050,106	1,976,829	1,021,441	1,115,635
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	100.87%	31.32%	32.15%	62.15%
Plan fiduciary net position as a percentage of the total pension liability	81.61%	88.30%	94.10%	87.50%

* The amounts presented for each fiscal year were determined as of June 30, and are for those years for which information is available.

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

TOWN OF JAY, MAINE

SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>PLD Plan:</u>				
Contractually required contribution	\$ 97,404	\$ 93,459	\$ 135,840	\$ 71,058
Contributions in relation to the contractually required contribution	<u>(97,404)</u>	<u>(93,459)</u>	<u>(135,840)</u>	<u>(71,058)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,041,529	\$ 1,050,106	\$ 1,976,829	\$ 1,021,441
Contributions as a percentage of covered-employee payroll	9.35%	8.90%	6.87%	6.96%

* The amounts presented for each fiscal year are for those years for which information is available.

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

TOWN OF JAY, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017

Changes of Assumptions

There was a change in the investment rate of return assumption this year from 7.125% to 6.875%. Annual salary increases, including inflation, changed from 3.50% - 9.50% to 2.75% - 9.00%, for the PLD Consolidated Plan. There was also a change in the cost of living benefit increase from 2.55% to 2.20%. Finally, the mortality rates for active members, nondisabled retirees and recipients of disability benefits, were determined using the RP2014 Total Dataset Healthy Annuitant Mortality Table and the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, compared to the RP2000 Tables projected forward and the Revenue Ruling 96-7 Disabled Mortality Table used in the prior year.

Other Supplementary Information

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

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

TOWN OF JAY, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues (Inflows):				
Taxes:				
Property taxes	\$ 12,267,015	\$ 12,267,015	\$ 10,931,086	\$ (1,335,929)
Auto excise	671,250	671,250	798,344	127,094
Boat excise	3,750	3,750	3,334	(416)
Intergovernmental revenues:				
State revenue sharing	240,000	240,000	257,673	17,673
Homestead reimbursement	227,640	227,640	227,640	-
Tree growth	6,400	6,400	7,828	1,428
BETE reimbursement	594,731	594,731	594,791	60
General assistance	-	7,256	7,256	-
Veteran's/other reimbursement	3,600	12,944	14,333	1,389
Charges for services:				
Recycling fees	10,000	10,856	13,364	2,508
Administration fees	22,000	22,000	21,759	(241)
Building rent	5,600	5,600	7,700	2,100
MDEA agent	-	77,278	77,278	-
Police	400	440	2,169	1,729
Highway revenue	-	70,198	71,689	1,491
Fire revenue	-	6,770	7,275	505
Other	3,600	3,610	10,129	6,519
Miscellaneous revenues:				
Tax lien interest	16,000	16,000	20,965	4,965
Investment interest	10,000	14,577	19,232	4,655
Lien fees	9,000	9,000	10,600	1,600
Sale of fixed assets	-	-	1,678	1,678
Other	18,000	23,494	512	(22,982)
Transfers from other funds	-	-	18,000	18,000
Amounts Available for Appropriation	<u>\$ 14,108,986</u>	<u>\$ 14,290,809</u>	<u>\$ 13,124,635</u>	<u>\$ (1,166,174)</u>

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

TOWN OF JAY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General government:					
Administration	\$ 488,276	\$ 798	\$ 489,074	\$ 455,902	\$ 33,172
Town boards	860	-	860	722	138
Board of Selectmen	12,265	-	12,265	11,113	1,152
Buildings & grounds	74,035	-	74,035	73,127	908
	<u>575,436</u>	<u>798</u>	<u>576,234</u>	<u>540,864</u>	<u>35,370</u>
Public safety:					
Police department	734,844	78,112	812,956	760,136	52,820
Fire department	166,720	6,780	173,500	133,260	40,240
Ambulance	56,000	-	56,000	55,988	12
Hydrants/water	320,076	-	320,076	318,735	1,341
	<u>1,277,640</u>	<u>84,892</u>	<u>1,362,532</u>	<u>1,268,119</u>	<u>94,413</u>
Public works:					
Road/building maintenance	1,202,000	70,198	1,272,198	1,130,974	141,224
	<u>1,202,000</u>	<u>70,198</u>	<u>1,272,198</u>	<u>1,130,974</u>	<u>141,224</u>
Transfer station:					
Transfer station	477,000	856	477,856	447,927	29,929
	<u>477,000</u>	<u>856</u>	<u>477,856</u>	<u>447,927</u>	<u>29,929</u>
Donations:					
Agencies	18,300	-	18,300	18,300	-
	<u>18,300</u>	<u>-</u>	<u>18,300</u>	<u>18,300</u>	<u>-</u>

TOWN OF JAY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Recreation and library:					
Recreation	12,000	-	12,000	12,000	-
Library	158,850	-	158,850	158,850	-
	<u>170,850</u>	<u>-</u>	<u>170,850</u>	<u>170,850</u>	<u>-</u>
Education	7,960,859	-	7,960,859	7,960,859	-
County tax	1,011,582	-	1,011,582	1,011,582	-
Insurance	166,000	5,914	171,914	123,239	48,675
TIF	133,901	-	133,901	133,901	-
Unclassified:					
Industrial revaluation	25,000	-	25,000	25,000	-
Audit	13,000	-	13,000	14,200	(1,200)
Assessing	31,700	-	31,700	31,684	16
AVCOG	11,220	-	11,220	11,216	4
MMA	9,000	-	9,000	8,993	7
Plumbing inspect.	1,000	-	1,000	1,000	-
Chamber of Commerce	45	-	45	40	5
Andy Valley	-	9,344	9,344	9,344	-
General assistance	4,000	7,256	11,256	9,599	1,657
Overlay	140,201	-	140,201	-	140,201
Grants	-	2,518	2,518	-	2,518
Tax acquired	-	-	-	784	(784)
Legal fees	60,000	47	60,047	24,083	35,964
General expenses	80	-	80	77	3
	<u>295,246</u>	<u>19,165</u>	<u>314,411</u>	<u>136,020</u>	<u>178,391</u>

TOWN OF JAY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Transfers:					
Admin reserve	2,500	-	2,500	2,500	-
Police reserve	18,000	-	18,000	18,000	-
Highway department reserve	45,000	-	45,000	45,000	-
Highway building reserve	5,000	-	5,000	5,000	-
Paving reserve	200,000	-	200,000	200,000	-
Fire dept. reserve	80,000	-	80,000	80,000	-
Town revaluation	50,000	-	50,000	50,000	-
Enterprise funds	419,672	-	419,672	396,647	23,025
	<u>820,172</u>	<u>-</u>	<u>820,172</u>	<u>797,147</u>	<u>23,025</u>
 Total Expenditures	 <u>\$ 14,108,986</u>	 <u>\$ 181,823</u>	 <u>\$ 14,290,809</u>	 <u>\$ 13,739,782</u>	 <u>\$ 551,027</u>

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

TOWN OF JAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 2,496,141	\$ -	\$ 2,496,141
Investments	22,013	8,135	30,148
Accounts receivable (net of allowance for uncollectibles)	8,600	-	8,600
Due from other funds	229,376	-	229,376
TOTAL ASSETS	<u><u>\$ 2,756,130</u></u>	<u><u>\$ 8,135</u></u>	<u><u>\$ 2,764,265</u></u>
LIABILITIES			
Due to other funds	<u>\$ 13,689</u>	<u>\$ 1,200</u>	<u>\$ 14,889</u>
TOTAL LIABILITIES	<u>13,689</u>	<u>1,200</u>	<u>14,889</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	250,056	6,935	256,991
Committed	2,492,385	-	2,492,385
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>2,742,441</u>	<u>6,935</u>	<u>2,749,376</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 2,756,130</u></u>	<u><u>\$ 8,135</u></u>	<u><u>\$ 2,764,265</u></u>

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

SCHEDULE D

TOWN OF JAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 231,912	\$ -	\$ 231,912
Interest	8,909	22	8,931
Other	44,679	-	44,679
TOTAL REVENUES	<u>285,500</u>	<u>22</u>	<u>285,522</u>
EXPENDITURES			
Current:			
General government	110,686	-	110,686
Public safety	25,543	-	25,543
Public works	195,551	-	195,551
Health and welfare	21,754	-	21,754
Other	-	1,600	1,600
TOTAL EXPENDITURES	<u>353,534</u>	<u>1,600</u>	<u>355,134</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(68,034)</u>	<u>(1,578)</u>	<u>(69,612)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	400,500	-	400,500
Transfers (out)	(18,000)	-	(18,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>382,500</u>	<u>-</u>	<u>382,500</u>
NET CHANGE IN FUND BALANCES	314,466	(1,578)	312,888
FUND BALANCES - JULY 1	<u>2,427,975</u>	<u>8,513</u>	<u>2,436,488</u>
FUND BALANCES - JUNE 30	<u>\$ 2,742,441</u>	<u>\$ 6,935</u>	<u>\$ 2,749,376</u>

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

Special Revenue Funds

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

TOWN OF JAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

	Recycling Reserve	Highway Department Reserve	Police Reserve	Recycling Facility Reserve	Police Training	Public Works Fuel Reserve	Small Comm. Grant	Taylor Made
ASSETS								
Cash and cash equivalents	\$ 201,939	\$ 195,019	\$ 44,539	\$ 95,223	\$ -	\$ 2,921	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	24,300	-	2,724	5,000
TOTAL ASSETS	\$ 201,939	\$ 195,019	\$ 44,539	\$ 95,223	\$ 24,300	\$ 2,921	\$ 2,724	\$ 5,000
LIABILITIES								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-	-	-	-
FUND BALANCES								
Restricted	-	-	-	-	-	-	2,724	5,000
Committed	201,939	195,019	44,539	95,223	24,300	2,921	-	-
TOTAL FUND BALANCES	201,939	195,019	44,539	95,223	24,300	2,921	2,724	5,000
TOTAL LIABILITIES AND FUND BALANCES	\$ 201,939	\$ 195,019	\$ 44,539	\$ 95,223	\$ 24,300	\$ 2,921	\$ 2,724	\$ 5,000

TOWN OF JAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2017

	Garbage Bags	Environmental Reserve	Tower Fund	Jay Community Development	Cemetery	Paving Reserve	Sewer Treatment Plant	Fire Department Reserve
ASSETS								
Cash and cash equivalents	\$ -	\$ 753,285	\$ -	\$ 9,242	\$ 29,003	\$ 136,927	\$ 328,507	\$ 417,646
Investments	-	-	-	22,013	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-	-
Due from other funds	9,828	-	177,605	-	-	-	1,154	-
TOTAL ASSETS	\$ 9,828	\$ 753,285	\$ 177,605	\$ 31,255	\$ 29,003	\$ 136,927	\$ 329,661	\$ 417,646
LIABILITIES								
Due to other funds	\$ -	\$ 4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,085
TOTAL LIABILITIES	-	4	-	-	-	-	-	5,085
FUND BALANCES								
Restricted	-	-	177,605	31,255	29,003	-	-	-
Committed	9,828	753,281	-	-	-	136,927	329,661	412,561
TOTAL FUND BALANCES	9,828	753,281	177,605	31,255	29,003	136,927	329,661	412,561
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,828	\$ 753,285	\$ 177,605	\$ 31,255	\$ 29,003	\$ 136,927	\$ 329,661	\$ 417,646

TOWN OF JAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2017

	SK EMS	Buildings & Grounds	Jay Historical Society	Admin Reserve	Police Grants	H.C. Coalition	Veterans Memorial Fund	Wellness Works
ASSETS								
Cash and cash equivalents	\$ -	\$ 42,446	\$ 1,050	\$ 58,762	\$ -	\$ -	\$ 2,566	\$ -
Investments	-	-	-	-	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	8,600	-	-	-
Due from other funds	10	1,050	-	-	655	2,500	-	1,903
TOTAL ASSETS	\$ 10	\$ 43,496	\$ 1,050	\$ 58,762	\$ 9,255	\$ 2,500	\$ 2,566	\$ 1,903
LIABILITIES								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 8,600	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	8,600	-	-	-
FUND BALANCES								
Restricted	-	-	-	-	-	-	2,566	1,903
Committed	10	43,496	1,050	58,762	655	2,500	-	-
TOTAL FUND BALANCES	10	43,496	1,050	58,762	655	2,500	2,566	1,903
TOTAL LIABILITIES AND FUND BALANCES	\$ 10	\$ 43,496	\$ 1,050	\$ 58,762	\$ 9,255	\$ 2,500	\$ 2,566	\$ 1,903

TOWN OF JAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2017

	Sled - in Fest	Highway Buidling Reserve	Jay Gazebo	CDBG	Town Revaluation	Asset Forfeiture	NBRC	Total
ASSETS								
Cash and cash equivalents	\$ -	\$ 59,473	\$ 5,754	\$ -	\$ 59,970	\$ 4,141	\$ 47,728	\$ 2,496,141
Investments	-	-	-	-	-	-	-	22,013
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-	8,600
Due from other funds	2,647	-	-	-	-	-	-	229,376
TOTAL ASSETS	<u>\$ 2,647</u>	<u>\$ 59,473</u>	<u>\$ 5,754</u>	<u>\$ -</u>	<u>\$ 59,970</u>	<u>\$ 4,141</u>	<u>\$ 47,728</u>	<u>\$ 2,756,130</u>
LIABILITIES								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,689
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,689</u>
FUND BALANCES								
Restricted	-	-	-	-	-	-	-	250,056
Committed	2,647	59,473	5,754	-	59,970	4,141	47,728	2,492,385
TOTAL FUND BALANCES	<u>2,647</u>	<u>59,473</u>	<u>5,754</u>	<u>-</u>	<u>59,970</u>	<u>4,141</u>	<u>47,728</u>	<u>2,742,441</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,647</u>	<u>\$ 59,473</u>	<u>\$ 5,754</u>	<u>\$ -</u>	<u>\$ 59,970</u>	<u>\$ 4,141</u>	<u>\$ 47,728</u>	<u>\$ 2,756,130</u>

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

TOWN OF JAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR YEAR ENDED JUNE 30, 2017

	Recycling Reserve	Highway Department Reserve	Police Reserve	Recycling Facility Reserve	Police Training	Public Works Fuel Reserve	Small Comm. Grant	Taylor Made
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 24,300	\$ -	\$ -	\$ -
Interest	619	560	89	286	-	1	-	-
Other	-	-	-	-	-	2,920	-	-
TOTAL REVENUES	619	560	89	286	24,300	2,921	-	-
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	619	560	89	286	24,300	2,921	-	-
OTHER FINANCING SOURCES (USES)								
Transfers in	-	45,000	18,000	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	45,000	18,000	-	-	-	-	-
NET CHANGE IN FUND BALANCES	619	45,560	18,089	286	24,300	2,921	-	-
FUND BALANCES - JULY 1	201,320	149,459	26,450	94,937	-	-	2,724	5,000
FUND BALANCES - JUNE 30	<u>\$ 201,939</u>	<u>\$ 195,019</u>	<u>\$ 44,539</u>	<u>\$ 95,223</u>	<u>\$ 24,300</u>	<u>\$ 2,921</u>	<u>\$ 2,724</u>	<u>\$ 5,000</u>

TOWN OF JAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR YEAR ENDED JUNE 30, 2017

	Garbage Bags	Enviro- mental Reserve	Tower Fund	Jay Community Develop.	Cemetery	Paving Reserve	Sewer Treatment Plant	Fire Department Reserve
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 83,468	\$ -	\$ -
Interest	-	2,334	-	184	57	368	971	1,210
Other	210	-	12,947	-	2,900	758	20,413	-
TOTAL REVENUES	<u>210</u>	<u>2,334</u>	<u>12,947</u>	<u>184</u>	<u>2,957</u>	<u>84,594</u>	<u>21,384</u>	<u>1,210</u>
EXPENDITURES								
Current:								
General government	-	-	7,812	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	5,080
Public works	-	-	-	-	-	195,551	-	-
Health and welfare	-	11,915	-	-	-	-	9,839	-
TOTAL EXPENDITURES	<u>-</u>	<u>11,915</u>	<u>7,812</u>	<u>-</u>	<u>-</u>	<u>195,551</u>	<u>9,839</u>	<u>5,080</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>210</u>	<u>(9,581)</u>	<u>5,135</u>	<u>184</u>	<u>2,957</u>	<u>(110,957)</u>	<u>11,545</u>	<u>(3,870)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	200,000	-	80,000
Transfers (out)	(18,000)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(18,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>80,000</u>
NET CHANGE IN FUND BALANCES	<u>(17,790)</u>	<u>(9,581)</u>	<u>5,135</u>	<u>184</u>	<u>2,957</u>	<u>89,043</u>	<u>11,545</u>	<u>76,130</u>
FUND BALANCES - JULY 1	<u>27,618</u>	<u>762,862</u>	<u>172,470</u>	<u>31,071</u>	<u>26,046</u>	<u>47,884</u>	<u>318,116</u>	<u>336,431</u>
FUND BALANCES - JUNE 30	<u>\$ 9,828</u>	<u>\$ 753,281</u>	<u>\$ 177,605</u>	<u>\$ 31,255</u>	<u>\$ 29,003</u>	<u>\$ 136,927</u>	<u>\$ 329,661</u>	<u>\$ 412,561</u>

TOWN OF JAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR YEAR ENDED JUNE 30, 2017

	SK EMS	Buildings & Grounds	Jay Historical Society	Admin Reserve	Police Grants	H.C. Coalition	Veterans Memorial Fund	Wellness Works
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 20,378	\$ 2,500	\$ -	\$ -
Interest	-	123	-	175	-	-	8	-
Other	-	1,950	22	-	-	-	-	-
TOTAL REVENUES	-	2,073	22	175	20,378	2,500	8	-
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	377
Public safety	-	-	-	-	19,723	-	-	-
Public works	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	19,723	-	-	377
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	2,073	22	175	655	2,500	8	(377)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	2,500	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	2,500	-	-	-	-
NET CHANGE IN FUND BALANCES	-	2,073	22	2,675	655	2,500	8	(377)
FUND BALANCES - JULY 1	10	41,423	1,028	56,087	-	-	2,558	2,280
FUND BALANCES - JUNE 30	\$ 10	\$ 43,496	\$ 1,050	\$ 58,762	\$ 655	\$ 2,500	\$ 2,566	\$ 1,903

TOWN OF JAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR YEAR ENDED JUNE 30, 2017

	Sled - in Fest	Highway Building Reserve	Jay Gazebo	CDBG	Town Revaluation	Asset Forfeiture	NBRC	Total
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ 100,000	\$ -	\$ -	\$ 1,266	\$ 231,912
Interest	-	176	-	-	87	1,507	154	8,909
Other	2,239	-	320	-	-	-	-	44,679
TOTAL REVENUES	2,239	176	320	100,000	87	1,507	1,420	285,500
EXPENDITURES								
Current:								
General government	775	-	-	100,000	-	-	1,722	110,686
Public safety	-	-	-	-	-	740	-	25,543
Public works	-	-	-	-	-	-	-	195,551
Health and welfare	-	-	-	-	-	-	-	21,754
TOTAL EXPENDITURES	775	-	-	100,000	-	740	1,722	353,534
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,464	176	320	-	87	767	(302)	(68,034)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	5,000	-	-	50,000	-	-	400,500
Transfers (out)	-	-	-	-	-	-	-	(18,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	5,000	-	-	50,000	-	-	382,500
NET CHANGE IN FUND BALANCES	1,464	5,176	320	-	50,087	767	(302)	314,466
FUND BALANCES - JULY 1	1,183	54,297	5,434	-	9,883	3,374	48,030	2,427,975
FUND BALANCES - JUNE 30	\$ 2,647	\$ 59,473	\$ 5,754	\$ -	\$ 59,970	\$ 4,141	\$ 47,728	\$ 2,742,441

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

Permanent Funds

Permanent funds are used to account for assets held by the Town of Jay, Maine that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Town or its citizenry. These funds have been established for various purposes including the provision of scholarships for resident students and the support of public schools in the Town of Jay.

TOWN OF JAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2017

	Poland Sullivan Fund	Total
	<u> </u>	<u> </u>
ASSETS		
Investments	\$ 8,135	\$ 8,135
TOTAL ASSETS	<u>\$ 8,135</u>	<u>\$ 8,135</u>
LIABILITIES		
Due to other funds	\$ 1,200	\$ 1,200
TOTAL LIABILITIES	<u>1,200</u>	<u>1,200</u>
FUND BALANCES		
Restricted	6,935	6,935
TOTAL FUND BALANCES	<u>6,935</u>	<u>6,935</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 8,135</u>	<u>\$ 8,135</u>

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

TOWN OF JAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Poland Sullivan Fund	Total
REVENUES		
Interest	\$ 22	\$ 22
TOTAL REVENUES	<u>22</u>	<u>22</u>
EXPENDITURES		
Other	1,600	1,600
TOTAL EXPENDITURES	<u>1,600</u>	<u>1,600</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,578)</u>	<u>(1,578)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	-
Transfers (out)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(1,578)	(1,578)
FUND BALANCES - JULY 1	<u>8,513</u>	<u>8,513</u>
FUND BALANCES - JUNE 30	<u>\$ 6,935</u>	<u>\$ 6,935</u>

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

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 position.

TOWN OF JAY, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2017

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
Police	\$ -	\$ -	\$ 321,734	\$ -	\$ 321,734
Fire	24,215	580,132	1,590,873	-	2,195,220
Highway	15,000	784,295	1,996,117	8,742,452	11,537,864
Recycling	48,500	974,170	677,148	1,350	1,701,168
Recreation	65,400	-	8,346	-	73,746
Library	-	-	562,238	-	562,238
Town-wide	596,568	1,223,992	84,144	-	1,904,704
Transfer station	-	-	49,428	-	49,428
Sewer Department	27,435	1,258,000	130,464	6,197,011	7,612,910
Total General Capital Assets	777,118	4,820,589	5,420,492	14,940,813	25,959,012
Less: Accumulated Depreciation	-	(2,893,458)	(4,551,687)	(8,802,232)	(16,247,377)
Net General Capital Assets	\$ 777,118	\$ 1,927,131	\$ 868,805	\$ 6,138,581	\$ 9,711,635

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

TOWN OF JAY, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2017

	General Capital Assets (7/1/16)	Additions	Deletions	General Capital Assets 6/30/17
Police	\$ 324,444	\$ -	\$ (2,710)	\$ 321,734
Fire	2,195,220	-	-	2,195,220
Highway	11,346,471	191,393	-	11,537,864
Recycling	1,701,468	-	(300)	1,701,168
Recreation	73,746	-	-	73,746
Library	562,238	-	-	562,238
Town-wide	1,906,493	3,980	(5,769)	1,904,704
Transfer station	49,428	-	-	49,428
Sewer Department	7,527,178	85,732	-	7,612,910
Total General Capital Assets	25,686,686	281,105	(8,779)	25,959,012
Less: Accumulated Depreciation	<u>(15,508,672)</u>	<u>(747,484)</u>	<u>8,779</u>	<u>(16,247,377)</u>
Net General Capital Assets	<u>\$ 10,178,014</u>	<u>\$ (466,379)</u>	<u>\$ -</u>	<u>\$ 9,711,635</u>

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



Proven Expertise and Integrity

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

Board of Selectmen
Town of Jay
Jay, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2017, and the related notes to the financial statements, which collectively comprise the Town of Jay, Maine's basic financial statements, and have issued our report thereon dated November 20, 2017.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
November 20, 2017