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Audited Financial Statements and
Other Supplementary Information

Town of Jay, Maine

June 30, 2018



Proven Expertise and Integrity

TOWN OF JAY, MAINE

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JUNE 30, 2018

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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, 2018, 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, 2018, 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 and OPEB information on pages 4 through 12 and 67 through 73 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 28, 2018, 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 28, 2018

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

(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, 2018. 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, pension and OPEB 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, transfer station, 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 "Other Governmental Funds" column on these statements.

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

Proprietary Funds: The Town of Jay maintains 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 - Pensions, Schedule of Changes in Net OPEB Liability, Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of Contributions - OPEB 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 increased by \$439,149 from \$15,073,212 to \$15,512,361. The Town's total net position for business-type activities increased by \$129,362 from \$2,101,593 to \$2,230,955.

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 - increased for governmental activities to a balance of \$7,501,707 at the end of this year. Unrestricted net position for business-type activities decreased to a balance of \$1,802,206.

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

	Governmental Activities		Business-type Activities	
	2018	2017 (Restated)	2018	2017
Assets:				
Current Assets	\$ 8,794,916	\$ 8,173,808	\$ 65,920	\$ 67,853
Capital Assets	8,184,259	8,817,032	1,703,268	1,776,600
Other Assets	-	-	2,748,656	2,807,449
Total Assets	16,979,175	16,990,840	4,517,844	4,651,902
Deferred Outflows of Resources:				
Deferred Amount on Pensions	436,595	628,816	-	-
Total Deferred Inflows of Resources	436,595	628,816	-	-
Liabilities:				
Current Liabilities	179,856	549,094	1,287,447	1,275,790
Non-current Liabilities	1,207,988	1,717,977	999,442	1,274,519
Total Liabilities	1,387,844	2,267,071	2,286,889	2,550,309
Deferred Inflows of Resources:				
Prepaid taxes	6,523	9,676	-	-
Deferred Amount on Pensions	366,029	269,697	-	-
Deferred Amount on OPEB	143,013	-	-	-
Total Deferred Inflows of Resources	515,565	279,373	-	-
Net Position:				
Net Investment in Capital Assets	7,772,909	7,931,670	428,749	225,490
Restricted: Special Revenue	232,391	250,056	-	-
Permanent Fund	5,354	6,935	-	-
Unrestricted	7,501,707	6,884,551	1,802,206	1,876,103
Total Net Position	\$ 15,512,361	\$ 15,073,212	\$ 2,230,955	\$ 2,101,593

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 201,760	\$ 211,363	\$ 479,078	\$ 425,291
Operating grants and contributions	178,918	83,468	-	-
<i>General Revenues:</i>				
Property taxes	11,737,672	10,931,086	-	-
Excise taxes	816,870	801,678	-	-
Grants and contributions not restricted to specific programs	1,184,789	1,257,965	-	-
Miscellaneous	157,933	106,597	-	357
Total Revenues	<u>14,277,942</u>	<u>13,392,157</u>	<u>479,078</u>	<u>425,648</u>
Expenses				
General government	593,112	962,514	-	-
Public safety	1,269,926	1,371,287	-	-
Public works	1,413,613	1,586,709	-	-
Transfer station	454,534	509,021	-	-
Donations	-	18,300	-	-
Recreation and library	144,635	172,520	-	-
Education	7,098,261	7,960,859	-	-
County tax	844,883	1,011,582	-	-
Insurance	97,216	123,239	-	-
TIF	47,236	133,901	-	-
Unallocated depreciation (Note 4)	45,055	46,486	-	-
Sewer department	-	-	707,674	672,827
Unclassified	1,472,364	137,620	-	-
Total Expenses	<u>13,480,835</u>	<u>14,034,038</u>	<u>707,674</u>	<u>672,827</u>
Transfers	<u>(357,958)</u>	<u>(396,647)</u>	<u>357,958</u>	<u>396,647</u>
Change in Net Position	439,149	(1,038,528)	129,362	149,468
Net Position - July 1, Restated	<u>15,073,212</u>	<u>16,111,740</u>	<u>2,101,593</u>	<u>1,952,125</u>
Net Position - June 30	<u>\$ 15,512,361</u>	<u>\$ 15,073,212</u>	<u>\$ 2,230,955</u>	<u>\$ 2,101,593</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 6.61%, while total expenses also decreased by 3.94%. The largest increase in revenues was in property taxes. The biggest decrease in expenses was in education.

Revenues for the Town's business-type activities increased by 12.55%, while total expenses increased by 5.18%.

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,

	2018	2017
General Fund:		
Committed	\$ -	\$ 140,000
Unassigned	5,727,533	4,995,931
Total General Fund	\$ 5,727,533	\$ 5,135,931
Nonmajor Funds:		
Special revenue funds:		
Restricted	\$ 232,391	\$ 250,056
Committed	2,517,449	2,492,385
Permanent funds:		
Restricted	5,354	6,935
Total Nonmajor Funds	\$ 2,755,194	\$ 2,749,376

The general fund total fund balance increased by \$591,602 from the prior fiscal year. The nonmajor funds total fund balances increased by \$5,818 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 \$2,230,955. This was an increase of \$129,362 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 over budget by \$236,997. This was mostly a result of excise taxes and miscellaneous revenues that were over budget.

The general fund actual expenditures were under budget by \$494,605. All expenditure categories were within or under budget.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2018, the net book value of capital assets recorded by the Town decreased by \$234,772 when compared to the prior year. This decrease is the result of capital additions of \$490,839 less net disposals of \$600 and current year depreciation expense of \$725,011.

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

	<u>2018</u>	<u>2017</u>
Land and nondepreciable assets	\$ 777,118	\$ 777,118
Buildings, building and land improvements	1,845,546	1,927,131
Furniture and fixtures	1,089	1,498
Machinery and equipment	140,955	183,131
Vehicles	552,791	684,176
Infrastructure	6,066,213	6,138,581
Construction in progress	93,151	-
Total	<u>\$ 9,476,863</u>	<u>\$ 9,711,635</u>

Debt

At June 30, 2018, the Town had \$1,685,183 in bonds outstanding versus \$2,433,107 last year, a decrease of 30.74%. Other obligations include a capital lease payable, accrued compensated absences, net pension liability and net OPEB liability. Refer to Note 6 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 2018, the Town recognizes that the Balance in Excess of the Maximum Level is approximately \$2,291,232 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 2018-2019 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, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 7,390,551	\$ -	\$ 7,390,551
Investments	28,765	-	28,765
Accounts receivable (net of allowance for uncollectibles):			
Taxes	214,214	47,851	262,065
Liens	78,856	18,069	96,925
Other	88,585	-	88,585
Due from other governments	48	-	48
Internal balances	993,897	(993,897)	-
Total current assets	<u>8,794,916</u>	<u>(927,977)</u>	<u>7,866,939</u>
Noncurrent assets:			
Receivable for long-term debt obligations from RSU No. 73	410,664	-	410,664
Capital assets:			
Non depreciable assets	842,834	27,435	870,269
Depreciated assets net of accumulated depreciation	6,930,761	1,675,833	8,606,594
Total noncurrent assets	<u>8,184,259</u>	<u>1,703,268</u>	<u>9,887,527</u>
Other assets:			
Investment in joint venture	-	2,748,656	2,748,656
TOTAL ASSETS	<u>16,979,175</u>	<u>3,523,947</u>	<u>20,503,122</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	436,595	-	436,595
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>436,595</u>	<u>-</u>	<u>436,595</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 17,415,770</u>	<u>\$ 3,523,947</u>	<u>\$ 20,939,717</u>

STATEMENT A (CONTINUED)
TOWN OF JAY, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 93,727	\$ 17,000	\$ 110,727
Accrued payroll	17,782	1,473	19,255
Current portion of long-term obligations	68,347	275,077	343,424
Total current liabilities	179,856	293,550	473,406
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	359,331	999,442	1,358,773
Net pension liability	778,094	-	778,094
Net OPEB liability	70,563	-	70,563
Total noncurrent liabilities	1,207,988	999,442	2,207,430
TOTAL LIABILITIES	1,387,844	1,292,992	2,680,836
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	6,523	-	6,523
Deferred inflows of resources related to pensions	366,029	-	366,029
Deferred inflows of resources related to OPEB	143,013	-	143,013
TOTAL DEFERRED INFLOWS OF RESOURCES	515,565	-	515,565
NET POSITION			
Net investment in capital assets	7,772,909	428,749	8,201,658
Restricted: Special Revenue Funds	232,391	-	232,391
Permanent Funds	5,354	-	5,354
Unrestricted	7,501,707	1,802,206	9,303,913
TOTAL NET POSITION	15,512,361	2,230,955	17,743,316
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 17,415,770	\$ 3,523,947	\$ 20,939,717

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

TOWN OF JAY, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

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	\$ 593,112	\$ 34,711	\$ -	\$ -	\$ (558,401)	\$ -	\$ (558,401)
Public safety	1,269,926	81,808	11,553	-	(1,176,565)	-	(1,176,565)
Public works	1,413,613	67,718	167,365	-	(1,178,530)	-	(1,178,530)
Transfer station	454,534	17,523	-	-	(437,011)	-	(437,011)
Recreation and library	144,635	-	-	-	(144,635)	-	(144,635)
Education	7,098,261	-	-	-	(7,098,261)	-	(7,098,261)
County tax	844,883	-	-	-	(844,883)	-	(844,883)
Insurance	97,216	-	-	-	(97,216)	-	(97,216)
TIF	47,236	-	-	-	(47,236)	-	(47,236)
Unallocated depreciation (Note 4)*	45,055	-	-	-	(45,055)	-	(45,055)
Unclassified	1,472,364	-	-	-	(1,472,364)	-	(1,472,364)
Total governmental activities	<u>13,480,835</u>	<u>201,760</u>	<u>178,918</u>	<u>-</u>	<u>(13,100,157)</u>	<u>-</u>	<u>(13,100,157)</u>
Business-type activities:							
Sewer department	707,674	479,078	-	-	-	(228,596)	(228,596)
Total business-type activities	<u>707,674</u>	<u>479,078</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(228,596)</u>	<u>(228,596)</u>
Total government	<u>\$ 14,188,509</u>	<u>\$ 680,838</u>	<u>\$ 178,918</u>	<u>\$ -</u>	<u>(13,100,157)</u>	<u>(228,596)</u>	<u>(13,328,753)</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, 2018

	Governmental Activities	Business- type Activities	Total
Changes in net position:			
Net (expense) revenue	(13,100,157)	(228,596)	(13,328,753)
General revenues:			
Taxes:			
Property taxes, levied for general purposes	11,737,672	-	11,737,672
Excise taxes	816,870	-	816,870
Grants and contributions not restricted to specific programs	1,184,789	-	1,184,789
Miscellaneous	157,933	-	157,933
Transfers - internal activities	(357,958)	357,958	-
Total general revenues and transfers	<u>13,539,306</u>	<u>357,958</u>	<u>13,897,264</u>
Change in net position	439,149	129,362	568,511
NET POSITION - JULY 1, RESTATED	<u>\$ 15,073,212</u>	<u>\$ 2,101,593</u>	<u>\$ 17,422,203</u>
NET POSITION - JUNE 30	<u>\$ 15,512,361</u>	<u>\$ 2,230,955</u>	<u>\$ 17,990,714</u>

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

TOWN OF JAY, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Nonmajor Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 4,864,342	\$ 2,526,209	\$ 7,390,551
Investments	-	28,765	28,765
Accounts receivable (net of allowance for uncollectibles):			
Taxes	214,214	-	214,214
Liens	78,856	-	78,856
Other	88,585	-	88,585
Due from other governments	48	-	48
Due from other funds	1,006,221	212,544	1,218,765
TOTAL ASSETS	\$ 6,252,266	\$ 2,767,518	\$ 9,019,784
LIABILITIES			
Accounts payable	\$ 93,727	\$ -	\$ 93,727
Accrued payroll	17,782	-	17,782
Due to other funds	212,544	12,324	224,868
TOTAL LIABILITIES	324,053	12,324	336,377
DEFERRED INFLOWS OF RESOURCES			
Deferred tax revenues	194,157	-	194,157
Prepaid taxes	6,523	-	6,523
TOTAL DEFERRED INFLOWS OF RESOURCES	200,680	-	200,680
FUND BALANCES			
Restricted	-	237,745	237,745
Committed	-	2,517,449	2,517,449
Unassigned	5,727,533	-	5,727,533
TOTAL FUND BALANCES	5,727,533	2,755,194	8,482,727
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 6,252,266	\$ 2,767,518	\$ 9,019,784

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, 2018

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 8,482,727
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	7,773,595
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	410,664
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	194,157
Deferred outflows of resources are not financial resources and therefore are not reported in the funds	436,595
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(410,664)
Capital lease payable	(686)
Accrued compensated absences	(16,328)
Net pension liability	(778,094)
Net OPEB liability	(70,563)
Deferred inflows of resources are not financial resources and therefore are not reported in the funds	
Pensions	(366,029)
OPEB	(143,013)
Net position of governmental activities	<u>\$ 15,512,361</u>

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

TOWN OF JAY, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Nonmajor Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 11,737,672	\$ -	\$ 11,737,672
Excise taxes	816,870	-	816,870
Intergovernmental	1,184,789	178,918	1,363,707
Charges for services	201,760	-	201,760
Miscellaneous revenues	89,506	68,427	157,933
TOTAL REVENUES	14,030,597	247,345	14,277,942
EXPENDITURES			
Current:			
General government	472,073	123,008	595,081
Public safety	1,186,089	9,300	1,195,389
Public works	1,091,376	322,599	1,413,975
Transfer station	402,679	12,515	415,194
Recreation and library	142,965	-	142,965
Education	7,098,261	-	7,098,261
County tax	844,883	-	844,883
Insurance	97,216	-	97,216
Tax increment financing agreement	47,236	-	47,236
Unclassified	1,470,764	1,600	1,472,364
TOTAL EXPENDITURES	12,853,542	469,022	13,322,564
EXCESS REVENUES OVER (UNDER) EXPENDITURES	1,177,055	(221,677)	955,378
OTHER FINANCING SOURCES (USES)			
Transfers in	2,510	230,005	232,515
Transfers (out)	(587,963)	(2,510)	(590,473)
TOTAL OTHER FINANCING SOURCES (USES)	(585,453)	227,495	(357,958)
NET CHANGE IN FUND BALANCES	591,602	5,818	597,420
FUND BALANCES - JULY 1	5,135,931	2,749,376	7,885,307
FUND BALANCES - JUNE 30	\$ 5,727,533	\$ 2,755,194	\$ 8,482,727

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, 2018

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 597,420</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	434,539
Depreciation expense	<u>(595,379)</u>
	<u>(161,440)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported.	
Taxes and liens receivable	<u>(26,015)</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>(192,221)</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>474,012</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	101
Net pension liability	281,135
Net OPEB liability	<u>176,835</u>
	<u>458,071</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:	
Pensions	(96,332)
OPEB	<u>(143,013)</u>
	<u>(239,345)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 439,149</u>

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

TOWN OF JAY, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2018

	Business-type Activities Enterprise Funds <u>Sewer Department</u>
ASSETS	
Current assets:	
Accounts receivable (net of allowance for uncollectibles):	
Taxes	\$ 47,851
Liens	18,069
Total current assets	<u>65,920</u>
Noncurrent assets:	
Capital assets:	
Land and buildings	1,324,435
Vehicles, machinery and equipment	118,609
Infrastructure	6,214,311
Total capital assets	<u>7,657,355</u>
Less: accumulated depreciation	(5,954,087)
Net capital assets	<u>1,703,268</u>
Other assets:	
Investment in joint venture	<u>2,748,656</u>
Total noncurrent assets	<u>4,451,924</u>
TOTAL ASSETS	<u>\$ 4,517,844</u>
LIABILITIES AND NET POSITION	
Current liabilities:	
Accounts payable	\$ 17,000
Accrued payroll	1,473
Due to other funds	993,897
Bonds payable, current portion	275,077
Total current liabilities	<u>1,287,447</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable, net of current portion	<u>999,442</u>
Total noncurrent liabilities	<u>999,442</u>
TOTAL LIABILITIES	<u>2,286,889</u>
NET POSITION	
Net investment in capital assets	428,749
Unrestricted	1,802,206
TOTAL NET POSITION	<u>2,230,955</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 4,517,844</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, 2018

	Business-type Activities Enterprise Funds <hr/> Sewer Department <hr/>
OPERATING REVENUES	
Charges for services	\$ 479,078
TOTAL OPERATING REVENUES	<hr/> 479,078 <hr/>
OPERATING EXPENSES	
Payroll and related benefits	158,788
Treatment fees	258,148
Repairs and maintenance	6,000
Supplies	6,396
Utilities	40,052
Depreciation	129,632
Other	31,718
TOTAL OPERATING EXPENSES	<hr/> 630,734 <hr/>
OPERATING INCOME (LOSS)	<hr/> (151,656) <hr/>
NONOPERATING REVENUES (EXPENSES)	
Transfers in	357,958
Interest expense	(18,147)
Increase (decrease) in fund balance of joint venture	(58,793)
TOTAL NONOPERATING REVENUES (EXPENSES)	<hr/> 281,018 <hr/>
NET CHANGE IN NET POSITION	<hr/> 129,362 <hr/>
NET POSITION - JULY 1	<hr/> 2,101,593 <hr/>
NET POSITION - JUNE 30	<hr/> <u>\$ 2,230,955</u> <hr/>

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, 2018

	Business-type Activities Enterprise Funds <u>Sewer Department</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 481,011
Payments to suppliers	(329,827)
Payments to employees	(158,104)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(6,920)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Transfer in from general fund - debt service	261,138
Transfer in from general fund - capital contribution	96,820
Purchases of capital assets	(56,300)
Principal payments on bonds and notes payable	(276,591)
Interest payments on bonds and notes payable	(18,147)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>6,920</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-
CASH AND CASH EQUIVALENTS - JULY 1	<u>-</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (151,656)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	129,632
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	1,933
(Decrease) increase in accounts payable	(11,871)
(Decrease) increase in accrued payroll	684
(Decrease) increase in due to other funds	24,358
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (6,920)</u>

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.*" The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. 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.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 85, "Omnibus 2017." The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 86, "Certain Debt Extinguishment Issues." The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. Management has determined the impact of this Statement is not material to the financial statements.

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.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities (general government, public safety, etc.) excluding fiduciary activities. 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. 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 Fund

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

- 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.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deposits and Investments

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

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. 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

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 \$88,633 for the year ended June 30, 2018. The allowance for uncollectible amounts is estimated to be \$0 as of June 30, 2018.

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 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.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

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

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated fixed assets are valued at their estimated fair market value on the date received. All 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.

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, a capital lease payable, compensated absences, net pension liability and net OPEB 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.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The Town's policies regarding paid time off does 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, 2018, the Town's liability for compensated absences is \$16,328.

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.

OPEB

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, management received and relied on an actuarial report provided to them by the Maine Municipal Employees Health Trust (MMEHT), which determined the Town's fiduciary net position as a single employer defined benefit plan based on information provided solely by MMEHT to complete the actuarial report. Additions to/deductions from the MMEHT OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by MMEHT. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Deferred tax revenues, which arises only under a modified accrual basis of accounting, 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 and OPEB qualify for reporting in this category as well. These items are 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 15, 2017 on the assessed value listed as of April 1, 2017, for all real and personal property located in the Town. Taxes were due in two installments on October 2, 2017 and April 2, 2018. Interest on unpaid taxes commenced on October 3, 2017 and April 3, 2018, at 7% per annum.

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

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 \$100,090 for the year ended June 30, 2018.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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/Nonoperating 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.

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.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2018, the Town's deposits amounting to \$7,390,551 were comprised of bank deposits of \$7,556,828. Of these bank deposits, \$2,608,749 was fully insured by federal depository insurance and consequently not exposed to custodial credit risk. The remaining deposits of \$4,948,079 were collateralized with securities held by the financial institution in the Town's name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 146,509
Insured sweep	4,948,079
ICS	<u>2,462,240</u>
	<u><u>\$ 7,556,828</u></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, 2018, the Town's investments of \$28,765 of certificates of deposit were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Not Applicable</u>	<u>Less Than 1 Year</u>	<u>1 - 5 Years</u>
Certificates of Deposit	<u>\$ 28,765</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,765</u>
	<u><u>\$ 28,765</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 28,765</u></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.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2018 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General fund	\$ 1,006,221	\$ 212,544
Nonmajor special revenue funds	212,544	11,124
Nonmajor permanent funds	-	1,200
Enterprise fund	-	993,897
	<u>\$ 1,218,765</u>	<u>\$ 1,218,765</u>

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2018:

	Balance, 7/1/17	Additions	Disposals	Balance, 6/30/18
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 749,683	\$ -	\$ -	\$ 749,683
Construction in progress	-	93,151	-	93,151
	<u>749,683</u>	<u>93,151</u>	<u>-</u>	<u>842,834</u>
Depreciated assets:				
Land improvements	62,000	-	-	62,000
Buildings	3,078,618	-	(10,000)	3,068,618
Building improvements	421,971	18,300	-	440,271
Furniture and fixtures	2,792	-	-	2,792
Machinery and equipment	2,779,550	14,815	(6,395)	2,787,970
Vehicles	2,507,641	-	-	2,507,641
Infrastructure	8,743,847	308,273	-	9,052,120
	<u>17,596,419</u>	<u>341,388</u>	<u>(16,395)</u>	<u>17,921,412</u>
Less: accumulated depreciation	<u>(10,411,067)</u>	<u>(595,379)</u>	<u>15,795</u>	<u>(10,990,651)</u>
	<u>7,185,352</u>	<u>(253,991)</u>	<u>(600)</u>	<u>6,930,761</u>
Net capital assets	<u>\$ 7,935,035</u>	<u>\$ (160,840)</u>	<u>\$ (600)</u>	<u>\$ 7,773,595</u>

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	Balance, 7/1/17	Additions	Disposals	Balance, 6/30/18
<u>Business-type activities</u>				
Non-depreciated assets:				
Land	\$ 27,435	\$ -	\$ -	\$ 27,435
Construction in progress	-	-	-	-
	<u>27,435</u>	<u>-</u>	<u>-</u>	<u>27,435</u>
Depreciated assets:				
Land improvements	64,000	-	-	64,000
Buildings	1,105,000	39,000	-	1,144,000
Building improvements	89,000	-	-	89,000
Machinery and equipment	43,581	-	-	43,581
Vehicles	86,883	-	(11,855)	75,028
Infrastructure	6,197,011	17,300	-	6,214,311
	<u>7,585,475</u>	<u>56,300</u>	<u>(11,855)</u>	<u>7,629,920</u>
Less: accumulated depreciation	<u>(5,836,310)</u>	<u>(129,632)</u>	<u>11,855</u>	<u>(5,954,087)</u>
	<u>1,749,165</u>	<u>(73,332)</u>	<u>-</u>	<u>1,675,833</u>
Net capital assets	<u>\$ 1,776,600</u>	<u>\$ (73,332)</u>	<u>\$ -</u>	<u>\$ 1,703,268</u>
<u>Current year depreciation</u>				
Police				\$ 21,088
Fire				53,449
Highway				434,177
Recycling				34,064
Recreation				1,670
Town-wide				45,655
Transfer station				5,276
Subtotal governmental depreciation				<u>595,379</u>
Sewer Department				129,632
Subtotal business-type depreciation				<u>129,632</u>
Total depreciation expense				<u>\$ 725,011</u>

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018, a long-term receivable has been recorded for \$410,664, which represents school-related general obligation bonds of \$410,664. 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 - LONG-TERM DEBT

A summary of long-term debt for the year ended June 30, 2018 is as follows:

Governmental activities:	Balance, 7/1/17 (Restated)	Additions	Deletions	Balance, 6/30/18	Current Portion
Bonds payable	\$ 881,997	\$ -	\$ (471,333)	\$ 410,664	\$ 51,333
Capital lease payable	3,365	-	(2,679)	686	686
Accrued compensated absences	16,429	-	(101)	16,328	16,328
Net pension liability	1,059,229	-	(281,135)	778,094	-
Net OPEB liability	247,398	-	(176,835)	70,563	-
Totals	\$ 2,208,418	\$ -	\$ (932,083)	\$ 1,276,335	\$ 68,347

Business-type activities:	Balance, 7/1/17	Additions	Deletions	Balance, 6/30/18	Current Portion
Bonds payable	\$ 1,551,110	\$ -	\$ (276,591)	\$ 1,274,519	\$ 275,077
Totals	\$ 1,551,110	\$ -	\$ (276,591)	\$ 1,274,519	\$ 275,077

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - LONG-TERM DEBT (CONTINUED)

The following is a summary of bonds outstanding as of June 30, 2018:

Governmental activities:

\$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%.

\$ 410,664

Total governmental activities

\$ 410,664

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.

\$ 254,410

\$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.

196,667

\$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%

823,442

Total business-type activities

\$ 1,274,519

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	
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	51,333	5,511	122,472	7,491	186,807
2024-2028	153,999	5,509	509,554	27,061	696,123
2029-2033	-	988	-	-	988
	<u>\$ 410,664</u>	<u>\$ 60,527</u>	<u>\$ 1,274,519</u>	<u>\$ 74,065</u>	<u>\$ 1,819,775</u>

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - LONG-TERM DEBT (CONTINUED)

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, 2018 was \$18,147.

The following is a summary of leases outstanding as of June 30, 2018:

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 year ending June 30 is as follows:

2019	\$	690
Total minimum lease payments		690
Less: Amount representing interest		(4)
Present value of future minimum lease payments	\$	<u>686</u>

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

NOTE 7 - 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:

2019	\$	918
2020		624
2021		624
2022		416
Total minimum lease payments	\$	<u>2,582</u>

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 - RESTRICTED FUND BALANCES

The Town has the following restricted fund balances at June 30, 2018:

Nonmajor Special Revenue Funds (Schedule E)	\$ 232,391
Nonmajor Permanent Funds (Schedule G)	5,354
	<u>\$ 237,745</u>

NOTE 9 - COMMITTED FUND BALANCES

The Town has the following committed fund balances at June 30, 2018:

Nonmajor Special Revenue Funds (Schedule E)	<u>\$ 2,517,449</u>
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NOTE 10 - 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 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, 2018.

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.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 - RISK MANAGEMENT (CONTINUED)

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 11 - 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 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 (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.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 2.45% as of June 30, 2017.

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 10.1% of special plan "2C" members' covered payroll and 9.6% 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, 2018, 2017 and 2016 were \$169,357, \$180,713, and \$172,291, respectively.

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

At June 30, 2018, the Town reported a liability of \$778,094 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2017, 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, 2017, the Town's proportion was 0.190041%, which was a decrease of 0.009313% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town recognized total pension revenue of \$7,418. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 37,381
Changes of assumptions	66,211	-
Net difference between projected and actual earnings on pension plan investments	268,153	289,550
Changes in proportion and differences between contributions and proportionate share of contributions	9,066	39,098
Contributions subsequent to the measurement date	93,165	-
Total	<u>\$ 436,595</u>	<u>\$ 366,029</u>

\$93,165 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PLD Plan
Plan year ended June 30:	
2018	\$ (37,485)
2019	62,643
2020	5,220
2021	(52,976)
2022	-
Thereafter	-

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2017, using the following methods and assumptions applied to all periods included in the measurement:

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions (Continued)

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.

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, 2017 are as follows:

Investment Rate of Return - For the PLD Plan, 6.875% per annum, compounded annually.

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions (Continued)

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%

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, 2017 are summarized in the following table. Assets for the defined benefit plan are comingled for investment purposes.

Asset Class	PLD Plan	
	Target Allocation	Long-term Expected Real Rate of Return
Public equities	30.0%	6.0%
US government	7.5%	2.3%
Non-US equities		
Private equity	15.0%	7.6%
Real assets:		
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	7.5%	3.0%
Alternative credit	5.0%	4.2%
Diversifiers	10.0%	5.9%

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions (Continued)

Discount Rate

The discount rate used to measure the collective total pension liability was 6.875% for 2017. 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, 2017 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
<u>PLD Plan:</u>			
Discount rate	5.875%	6.875%	7.875%
Town's proportionate share of the net pension liability	\$ 1,561,104	\$ 778,098	\$ 188,616

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, 2017 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, 2017 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 2017, this was three years for the PLD Consolidated Plan; prior to 2017, this was four years for the PLD Consolidated Plan.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in Net Pension Liability (Continued)

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 are 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, 2017 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. 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. There were no changes in assumptions for the fiscal year ended June 30, 2017.

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 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' 2017 Comprehensive Annual Financial Report available online at www.mainebers.org or by contacting the System at (207) 512-3100.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 - 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 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 2018, 2017 and 2016 were \$152,586, \$72,411 and \$165,616, respectively. These amounts include loans.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 - DEFERRED COMPENSATION PLANS (CONTINUED)

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.

The Town's contributions to the plan including employee contributions for 2018, 2017, and 2016 were \$1,973, \$1,915 and \$1,448, respectively.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

Plan Description

The Town and Town retirees contribute to the Town's OPEB Plan with the Maine Municipal Employees Health Trust (MMEHT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the Town and/or the Town retirees. MMEHT is a fully funded, self-insured trust which provides benefits to municipal and quasi-municipal organizations and county governments and acts as the agent to the Town concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MMEHT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MMEHT participants and are administered by a number of third-party administrators contracted by MMEHT. MMEHT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by MMEHT at (800) 852-8300.

Benefits Provided

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their surviving spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable Medicare statutes and regulations. The Plan also provides an automatic life insurance benefit of \$2,000 to participants which includes a surviving spouse benefit for the same. The employee must meet the minimum requirement of age 55 with at least 5 years of service at retirement to be eligible for the Plan. The retiree must enroll when first eligible and continue coverage without interruption.

Employees Covered by Benefit Terms

At January 1, 2018, the following employees were covered by the benefit terms:

Active members	4
Retirees and spouses	<u>3</u>
Total	<u><u>7</u></u>

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Contributions

Retiree and spouse premium amounts are funded by the retiree at the rate for the coverage elected by the retiree. Premium rates are those determined by the MMEHT's Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage. Retirees and spouses must contribute 100% of the premium amounts. Medical benefits are provided for the life of the retiree and surviving spouses.

Retiree Premium Amounts:

The following monthly premium amounts were reported on the individual data file. Actual plan election was reflected in expected retiree premium amounts.

<u>Pre-Medicare</u>	<u>Single Coverage</u>	<u>Family Coverage</u>
PPO 500	\$925.31	\$2,075.59
<u>Medicare</u>		
Medicare-Eligible Retirees	\$527.65	\$1,055.29

Total OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the Town reported a liability of \$70,563 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2018 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2018, the Town recognized OPEB expense of \$22,773. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	MMEHT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 138,444
Changes of assumptions	-	4,569
Net difference between projected and actual earnings on OPEB plan investments	-	-
Total	<u>\$ -</u>	<u>\$ 143,013</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	MMEHT
Plan year ended June 30:	
2019	\$ (35,753)
2020	(35,753)
2021	(35,753)
2022	(35,754)
2023	-
Thereafter	-

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of January 1, 2018. The discount rate determination is based on the high quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 3.44% per annum for December 31, 2018 was based upon a measurement date of December 31, 2017. The sensitivity of net OPEB liability to changes in discount rate are as follows:

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
	2.44%	3.44%	4.44%
Total OPEB liability	\$ 78,967	\$ 70,563	\$ 63,635
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 78,967</u>	<u>\$ 70,563</u>	<u>\$ 63,635</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Healthcare Trend

The healthcare trend is the assumed dollar increase in dollar-related values in the future due to the increase in the cost of health care. The healthcare cost trend rate is the rate of change in per capita health claim costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments. The sensitivity of net OPEB liability to changes in healthcare cost trend rates are as follows:

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 63,587	\$ 70,563	\$ 79,237
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 63,587</u>	<u>\$ 70,563</u>	<u>\$ 79,237</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Actuarial Methods and Assumptions

The total OPEB 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 Cost Method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for this Plan. The

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

For medical and pharmacy, historical claims and census records were assembled and provided through June 30, 2017. Medicare and non-Medicare eligible medical and prescription experience were analyzed. It was assumed that current enrollment distribution of benefit options would remain constant in the future for retirees. The cost was distributed based on the current covered population and the actuary's standard age curves which vary by age, gender and Medicare status. Children costs are converted to a load on the non-Medicare retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

Amortization

The total OPEB liability of this Plan is amortized on an open 30-year period. The amortization method is a level dollar amortization method.

Assumptions

The actuarial assumptions used in the January 1, 2018 actuarial valuation was based on economic, demographic and claim and expense assumptions that resulted from actuarial studies conducted for the period of December 31, 2017 and December 31, 2018.

Significant actuarial assumptions employed by the actuary for economic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2018, they are as follows:

Discount Rate - 3.44% per annum.

Trend Assumptions:

- Pre-Medicare Medical - Initial trend of 8.20% applied in 2018 grading over 14 years to 4.00% per annum.
- Pre-Medicare Drug - Initial trend of 9.60% applied in 2018 grading over 14 years to 4.00% per annum.
- Medicare Medical - Initial trend of 4.93% applied in 2018 grading over 14 years to 4.00% per annum.
- Medicare Drug - Initial trend of 9.60% applied in 2017 grading over 14 years to 4.00% per annum.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Administrative and claims expense - 3% per annum.

Medical and drug trends were blended to develop non-Medicare and Medicare trends based on experience weight as listed below.

FYE	Non-Medicare		Medicare		Non-Medicare	Medicare
	Medical	Drug	Medical	Drug	Blended	Blended
2018	8.20%	9.60%	4.93%	9.60%	8.46%	8.27%
2019	7.90%	9.20%	4.87%	9.20%	8.15%	8.00%
2020	7.60%	8.80%	4.80%	8.80%	7.83%	7.72%
2021	7.30%	8.40%	4.73%	8.40%	7.51%	7.44%
2022	7.00%	8.00%	4.67%	8.00%	7.20%	7.15%
2023	6.70%	7.60%	4.60%	7.60%	6.88%	6.85%
2024	6.40%	7.20%	4.53%	7.20%	6.56%	6.55%
2025	6.10%	6.80%	4.47%	6.80%	6.24%	6.24%
2026	5.80%	6.40%	4.40%	6.40%	5.92%	5.93%
2027	5.50%	6.00%	4.33%	6.00%	5.60%	5.61%
2028	5.20%	5.60%	4.27%	5.60%	5.28%	5.29%
2029	4.90%	5.20%	4.20%	5.20%	4.96%	4.97%
2030	4.60%	4.80%	4.13%	4.80%	4.64%	4.65%
2031	4.30%	4.40%	4.07%	4.40%	4.32%	4.33%
2032	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%

Future plan changes - Assumes that the current Plan and cost-sharing structure remain in place for all future years.

Significant actuarial assumptions employed by the actuary for demographic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2018, they are as follows:

Retirement Rates - Rates vary for plans with no explicit employer subsidy (or payment) versus those plans defining an explicit employer subsidy (or payment). The rates are based on assumptions from the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Age	Tier 1 (Those hired before 7/1/14)		Tier 2 (Those hired on or after 7/1/14)	
	No Additional Employer Payment	With Additional Employer Payment	No Additional Employer Payment	With Additional Employer Payment
55	5%	5%	5%	5.5%
56	5%	5%	5%	5.5%
57	5%	5%	5%	5.5%
58	5%	5%	5%	5.5%
59	20%	20%	5%	5.5%
60	20%	25%	5%	5.5%
61	20%	25%	5%	5.5%
62	20%	25%	5%	5.5%
63	20%	25%	5%	5.5%
64	20%	25%	20%	25%
65	25%	45%	20%	40%
66	25%	30%	20%	25%
67	25%	30%	20%	25%
68	25%	30%	20%	25%
69	25%	30%	20%	25%
70	100%	100%	100%	100%

Retirement Contribution Increases - Assumed to increase at the same rate as incurred claims.

Family Enrollment Composition - For males, 50% of future retirees under the age of 65 and 50% of current retirees are married and elect spousal coverage while females are at 30% for both. 25% of male and female future retirees over the age of 65 are married and elect spousal coverage.

Age Difference of Spouses - Husbands are assumed to be 3 years older than wives.

Administrative expenses - Included in the per capita claims cost.

Rates of Turnover - Termination rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Years of Service	Revised
0	25.0%
1	20.0%
2	15.0%
3	12.0%
4	10.0%
5	9.0%
6	6.0%
7+	4.0%

Disability Incidence - Disabled lives will be considered active employees and will not be valued separately.

Salary Increase Rate - 2.75% per year assumed using the level percentage of pay entry age method.

Dates of Hire - Needed to be assumed for some employees and will be based on the average age at hire for similar employees.

Rate of Mortality - Based on 104% and 120% of the RP2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP2014 Total Dataset Employee Mortality Table for ages prior to the start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC_2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in the year 2020. These rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

Participation Rates –

Age	No Additional Employer Payment	With Additional Employer Payment
55	5%	80%
56	8%	80%
57	11%	80%
58	14%	80%
59	17%	80%
60	20%	80%
61	22%	90%
62	24%	90%
63	26%	90%
64	29%	90%

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Age	No Additional Employer Payment	With Additional Employer Payment
65	32%	90%
66	34%	90%
67	36%	90%
68	38%	90%
69	40%	90%
70	50%	90%

Retiree Continuation Percentage:

- Medicare participant retirees - 100% assumed to continue in the plan elected.
- Pre-Medicare plan retirees and active participants - 75% assumed to continue coverage once Medicare-eligible
- Pre-Medicare plan spouses and spouses of active participants - 50% assumed to continue coverage once Medicare-eligible

Significant actuarial assumptions employed by the actuary for Claim and Expense Assumptions as of January 1, 2018 are as follows:

Monthly Per Capita Claims and Expense Cost - For all medical and prescription drug benefits for the year 2018 is expressed per adult covered beneficiary.

Age	POS A				POS 200			
	Medical		Rx		Medical		Rx	
	Male	Female	Male	Female	Male	Female	Male	Female
40	\$311	\$565	\$99	\$122	\$296	\$538	\$95	\$118
45	\$411	\$585	\$128	\$146	\$391	\$557	\$123	\$141
50	\$539	\$674	\$163	\$173	\$513	\$641	\$157	\$166
55	\$694	\$824	\$203	\$202	\$660	\$784	\$195	\$195
60	\$878	\$971	\$248	\$234	\$835	\$923	\$239	\$226
64	\$1,045	\$986	\$288	\$262	\$993	\$938	\$278	\$253
65	\$120	\$110	\$457	\$446	\$120	\$110	\$457	\$446
70	\$144	\$124	\$514	\$467	\$144	\$124	\$514	\$467
75	\$176	\$148	\$502	\$458	\$176	\$148	\$502	\$458
80	\$209	\$174	\$454	\$432	\$209	\$174	\$454	\$432

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Age	POS C				PPO 500			
	Medical		Rx		Medical		Rx	
	Male	Female	Male	Female	Male	Female	Male	Female
40	\$306	\$556	\$99	\$122	\$289	\$524	\$95	\$118
45	\$404	\$575	\$128	\$146	\$381	\$542	\$123	\$141
50	\$530	\$662	\$163	\$173	\$499	\$624	\$157	\$166
55	\$683	\$811	\$203	\$202	\$643	\$764	\$195	\$195
60	\$863	\$955	\$248	\$234	\$813	\$899	\$239	\$226
64	\$1,027	\$969	\$288	\$262	\$968	\$913	\$278	\$253
65	\$120	\$110	\$457	\$446	\$120	\$110	\$457	\$446
70	\$144	\$124	\$514	\$467	\$144	\$124	\$514	\$467
75	\$176	\$148	\$502	\$458	\$176	\$148	\$502	\$458
80	\$209	\$174	\$454	\$432	\$209	\$174	\$454	\$432

Age	PPO 1000				PPO 1500			
	Medical		Rx		Medical		Rx	
	Male	Female	Male	Female	Male	Female	Male	Female
40	\$281	\$510	\$95	\$118	\$273	\$495	\$95	\$118
45	\$371	\$528	\$123	\$141	\$360	\$512	\$123	\$141
50	\$486	\$608	\$157	\$166	\$472	\$589	\$157	\$166
55	\$627	\$744	\$195	\$195	\$608	\$722	\$195	\$195
60	\$792	\$876	\$239	\$226	\$768	\$850	\$239	\$226
64	\$943	\$890	\$278	\$253	\$914	\$863	\$278	\$253
65	\$120	\$110	\$457	\$446	\$120	\$110	\$457	\$446
70	\$144	\$124	\$514	\$467	\$144	\$124	\$514	\$467
75	\$176	\$148	\$502	\$458	\$176	\$148	\$502	\$458
80	\$209	\$174	\$454	\$432	\$209	\$174	\$454	\$432

Age	PPO 2500			
	Medical		Rx	
	Male	Female	Male	Female
40	\$261	\$474	\$95	\$118
45	\$345	\$491	\$123	\$141
50	\$452	\$565	\$157	\$166
55	\$583	\$692	\$195	\$195
60	\$737	\$815	\$239	\$226
64	\$877	\$828	\$278	\$253
65	\$120	\$110	\$457	\$446
70	\$144	\$124	\$514	\$467
75	\$176	\$148	\$502	\$458
80	\$209	\$174	\$454	\$432

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Claims reflect all medical and prescription plans offered based on completed incurred experience through June 30, 2017 and projected to 2018 and associate enrollment in the various programs options offered.

Annual administrative and claims adjudication expenses are assumed to be \$430 per period for the year 2018.

Claims below age 65 have been loaded 4.3% for medical and 2.8% for drugs for the cost of children enrolled as dependent of eligible retirees. This figure is based on the expected cost for children of the current retirees. This assumption implicitly assumes that future retirees will have the same child distribution as current retirees.

No covered persons under 65 are assumed to be on Medicare and participants age 65 or older are assumed to be enrolled in Medicare.

Affordable Care Act (ACA) and Healthcare Marketplace - A 2.5% load has been built in to reflect the potential impact of changes from the ACA and its impact on the marketplace and program costs. Some key items are PCORI fees, the extra government subsidies for Medicare Part D that can be enrolled in through an Employer Group Waiver Program, minimum loss ratio requirements that impacted some fully insured programs, federal premium taxes, taxes and requirements on providers in the healthcare system, dynamics of the marketplace with Exchanges, Accountable Care Organizations, etc, and the potential impact of the Excise Tax associated with high-costs employer sponsored health plans.

Medical Plan Election - employees will continue in their current medical plan for their entire career.

Second-to-Die Spousal Life Insurance - not explicitly valued and was estimated to impact roughly 0.2% of the Plan's total liability.

Dependent Children - no liability assumed for dependent children's benefits.

Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2018 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB 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.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The difference between expected and actual experience as of January 1, 2018 was \$138,444.

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB 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 in the June 30, 2017 and June 30, 2016 actuarial valuations were based primarily on those used by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 which were based on the experience study covering the period from June 30, 2012 through June 30, 2015. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period was six years for 2018. For the fiscal year ended June 30, 2018, there were no changes in assumptions with the exception of the claim costs and retiree contributions being updated to reflect current healthcare costs.

Differences between Projected and Actual Earnings on OPEB Plan Investments

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

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to this Plan can be found at the Town office at 340 Main Street, Jay, Maine 04239.

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.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 15 - OVERSPENT APPROPRIATIONS

The Town had no overspent appropriations at June 30, 2018.

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, 2018 the Town paid \$100,000 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, 2017, the most recent information available, the balance in the reserve account was \$129,431. Operating, maintenance, and administrative costs for the sewerage treatment plant and disposal facilities are prorated between the towns based on metered volume of flow.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 17 - JOINT VENTURES (CONTINUED)

Summarized financial information for the joint venture as of and for the year ended June 30, 2017 is as follows:

Total Assets	\$ 5,677,856
Total Fund Balance	\$ 5,595,891
Total Expenses (net of depreciation on assets purchased with contributed capital)	\$ 411,620
Operating Income (Loss)	\$ (112,415)

The Town of Jay accounts for its investments 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 of Livermore Falls owns and operates the waste water treatment facility. An Interlocal Agreement delineates annually how the expenses are determined and the O&M cost sharing amounts based on flow from each Town. Jay's share was 59.6% in 2017-2018. For the 1998-2000 upgrade, Jay's share of the capital cost was 49% of the venture. Jay's share for the pending upgrade is anticipated to be 50%. The joint venture's audited financial statements are available at the Livermore Falls Town Office, 2 Main Street, Livermore Falls, Maine 04239.

NOTE 18 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of County and School District debt. As of June 30, 2018, the Town's share was as follows:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
RSU No. 73	\$ 1,730,664	66.58%	\$ 1,152,276
Franklin County	427,230	13.94%	59,556
			<u>\$ 1,211,832</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, 2018

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, 2018

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, 2018, the Town abated property taxes for the following program:

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

NOTE 20 - RELATED PARTIES

For the year ended June 30, 2018, the Town paid \$25 to Thomas Goding Contracting for a post and hardware for public works.

NOTE 21 - RESTATEMENT

The net position of the governmental activities has been restated at July 1, 2017 to account for the implementation of GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other than Pensions - an amendment of GASB Statement No. 45, as amended (issued 06/04), and GASB Statement No. 57 (issued 12/09). As a result, the beginning balance was restated by \$247,398 from \$15,320,610 to \$15,073,212.

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 - Pensions
- Schedule of Changes in Net OPEB Liability
- Schedule of Changes in Net OPEB Liability and Related Ratios
- Schedule of Contributions - OPEB
- 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, 2018

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 5,135,931	\$ 5,135,931	\$ 5,135,931	\$ -
Resources (Inflows):				
Property taxes	11,717,772	11,717,772	11,737,672	19,900
Excise taxes	705,000	705,000	816,870	111,870
Intergovernmental	1,121,329	1,141,648	1,184,789	43,141
Charges for services	41,800	194,481	201,760	7,279
Miscellaneous revenues	35,000	37,209	89,506	52,297
Transfers from other funds	-	-	2,510	2,510
Amounts Available for Appropriation	18,756,832	18,932,041	19,169,038	236,997
Charges to Appropriations (Outflows):				
General government	499,265	499,265	472,073	27,192
Public safety	1,180,669	1,259,633	1,186,089	73,544
Public works	1,174,150	1,246,258	1,091,376	154,882
Transfer station	450,450	450,450	402,679	47,771
Recreation & library	142,965	142,965	142,965	-
Education	7,098,261	7,098,261	7,098,261	-
County tax	844,883	844,883	844,883	-
Insurance	147,000	148,614	97,216	51,398
TIF	47,236	47,236	47,236	-
Unclassified	1,588,064	1,610,582	1,470,764	139,818
Transfer to other funds	587,958	587,963	587,963	-
Total Charges to Appropriations	13,760,901	13,936,110	13,441,505	494,605
Budgetary Fund Balance, June 30	\$ 4,995,931	\$ 4,995,931	\$ 5,727,533	\$ 731,602
Utilization of committed fund balance	\$ 140,000	\$ 140,000	\$ -	\$ (140,000)

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*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>PLD Plan:</u>					
Proportion of the net pension liability (asset)	0.19%	0.20%	0.19%	0.21%	0.22%
Proportionate share of the net pension liability (asset)	\$ 778,094	\$ 1,059,229	\$ 619,168	\$ 328,347	\$ 693,408
Covered-employee payroll	1,041,529	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	74.71%	100.87%	31.32%	32.15%	62.15%
Plan fiduciary net position as a percentage of the total pension liability	86.43%	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 - PENSIONS
LAST 10 FISCAL YEARS*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>PLD Plan:</u>					
Contractually required contribution	\$ 93,165	\$ 97,404	\$ 93,459	\$ 135,840	\$ 71,058
Contributions in relation to the contractually required contribution	<u>(93,165)</u>	<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>	<u>\$ -</u>
Covered-employee payroll	\$ 952,392	\$ 1,041,529	\$ 1,050,106	\$ 1,976,829	\$ 1,021,441
Contributions as a percentage of covered-employee payroll	9.78%	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

SCHEDULE OF CHANGES IN NET OPEB LIABILITY
FOR THE YEAR ENDD JUNE 30, 2018

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/17 (Reporting December 31, 2017)	\$ 247,398	\$ -	\$ 247,398
Changes for the year:			
Service cost	3,696	-	3,696
Interest	9,284	-	9,284
Changes of benefits	-	-	-
Differences between expected and actual experience	(173,055)	-	(173,055)
Changes of assumptions	(5,711)	-	(5,711)
Contributions - employer	-	11,049	(11,049)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(11,049)	(11,049)	-
Administrative expense	-	-	-
Net changes	(176,835)	-	(176,835)
Balances at 1/1/18 (Reporting December 31, 2018)	<u>\$ 70,563</u>	<u>\$ -</u>	<u>\$ 70,563</u>

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

TOWN OF JAY, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY
AND RELATED RATIOS
LAST 10 FISCAL YEARS*

	2018
<u>Total OPEB liability</u>	
Service cost (BOY)	3,696
Interest (includes interest on service cost)	9,284
Changes of benefit terms	-
Differences between expected and actual experience	(173,055)
Changes of assumptions	(5,711)
Benefit payments, including refunds of member contributions	(11,049)
Net change in total OPEB liability	\$ (176,835)
Total OPEB liability - beginning	\$ 247,398
Total OPEB liability - ending	\$ 70,563
<u>Plan fiduciary net position</u>	
Contributions - employer	11,049
Contributions - member	-
Net investment income	-
Benefit payments, including refunds of member contributions	(11,049)
Administrative expense	-
Net change in fiduciary net position	-
Plan fiduciary net position - beginning	\$ -
Plan fiduciary net position - ending	\$ -
Net OPEB liability - ending	\$ 70,563
Plan fiduciary net position as a percentage of the total OPEB liability	-
Covered employee payroll	\$ 229,988
Net OPEB liability as a percentage of covered payroll	30.7%

* 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

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	<u>2018</u>
<u>MMEHT:</u>	
Employer contributions	\$ 11,049
Benefit payments	(11,049)
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 229,988
Contributions as a percentage of covered- employee payroll	4.80%

* 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, 2018

Changes of Assumptions

Maine Municipal Health Trust

The funding method was changed from Projected Unit Credit funding to Entry Age Normal funding method.

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

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, 2018

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues (Inflows):				
Taxes:				
Property taxes	\$ 11,717,772	\$ 11,717,772	\$ 11,737,672	\$ 19,900
Auto excise	701,000	701,000	813,299	112,299
Boat excise	4,000	4,000	3,571	(429)
Intergovernmental revenues:				
State revenue sharing	325,000	325,000	366,129	41,129
Homestead reimbursement	321,377	321,377	321,377	-
Tree growth	7,000	7,000	8,960	1,960
BETE reimbursement	464,452	464,452	464,504	52
General assistance	-	4,812	4,812	-
Veteran's/other reimbursement	3,500	19,007	19,007	-
Charges for services:				
Solid waste fees	10,000	10,000	17,523	7,523
Administration fees	22,000	22,000	21,579	(421)
Building rent	5,600	5,600	8,525	2,925
MDEA agent	-	80,573	80,573	-
Police	600	600	1,235	635
Highway revenue	-	72,108	67,718	(4,390)
Other	3,600	3,600	4,607	1,007
Miscellaneous revenues:				
Tax lien interest	16,000	16,000	26,360	10,360
Investment interest	10,000	10,000	24,543	14,543
Lien fees	9,000	9,000	10,981	1,981
Sale of fixed assets	-	2,199	27,494	25,295
Other	-	10	128	118
Transfers from other funds	-	-	2,510	2,510
Amounts Available for Appropriation	<u>\$ 13,620,901</u>	<u>\$ 13,796,110</u>	<u>\$ 14,033,107</u>	<u>\$ 236,997</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, 2018

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General government:					
Administration	\$ 446,800	\$ -	\$ 446,800	\$ 421,837	\$ 24,963
Town boards	1,200	-	1,200	581	619
Board of Selectmen	11,265	-	11,265	11,171	94
Buildings & grounds	40,000	-	40,000	38,484	1,516
	<u>499,265</u>	<u>-</u>	<u>499,265</u>	<u>472,073</u>	<u>27,192</u>
Public safety:					
Police department	657,823	78,959	736,782	697,729	39,053
Fire department	165,270	5	165,275	130,674	34,601
Ambulance	37,500	-	37,500	37,262	238
Hydrants/water	320,076	-	320,076	320,424	(348)
	<u>1,180,669</u>	<u>78,964</u>	<u>1,259,633</u>	<u>1,186,089</u>	<u>73,544</u>
Public works:					
Road/building maintenance	1,174,150	72,108	1,246,258	1,091,376	154,882
	<u>1,174,150</u>	<u>72,108</u>	<u>1,246,258</u>	<u>1,091,376</u>	<u>154,882</u>
Transfer station:					
Transfer station	450,450	-	450,450	402,679	47,771
	<u>450,450</u>	<u>-</u>	<u>450,450</u>	<u>402,679</u>	<u>47,771</u>

TOWN OF JAY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Recreation and library:					
Library	142,965	-	142,965	142,965	-
Education	7,098,261	-	7,098,261	7,098,261	-
County tax	844,883	-	844,883	844,883	-
Insurance	147,000	1,614	148,614	97,216	51,398
TIF	47,236	-	47,236	47,236	-
Unclassified:					
Industrial revaluation	25,000	-	25,000	18,950	6,050
Audit	13,000	-	13,000	13,000	-
Local access	-	7,186	7,186	7,187	(1)
Assessing	31,700	-	31,700	31,684	16
AVCOG	11,800	-	11,800	11,789	11
MMA	9,000	-	9,000	8,718	282
Plumbing inspect.	1,000	-	1,000	1,000	-
Chamber of Commerce	60	-	60	60	-
Andy Valley	-	8,320	8,320	8,320	-
General assistance	3,000	4,812	7,812	6,873	939
Overlay	100,090	-	100,090	-	100,090
Tax acquired	-	2,200	2,200	2,200	-
Legal fees	60,000	-	60,000	25,910	34,090
Verso payment	1,333,334	-	1,333,334	1,333,334	-
General expenses	80	-	80	1,739	(1,659)
	<u>1,588,064</u>	<u>22,518</u>	<u>1,610,582</u>	<u>1,470,764</u>	<u>139,818</u>

TOWN OF JAY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Transfers:					
Paving reserve	180,000	-	180,000	180,000	-
Fire dept. reserve	-	5	5	5	-
Route 4 project	32,520	-	32,520	32,520	-
Town revaluation	50,000	-	50,000	50,000	-
Enterprise funds	325,438	-	325,438	325,438	-
	<u>587,958</u>	<u>5</u>	<u>587,963</u>	<u>587,963</u>	<u>-</u>
 Total Departmental Operations	 <u>\$ 13,760,901</u>	 <u>\$ 175,209</u>	 <u>\$ 13,936,110</u>	 <u>\$ 13,441,505</u>	 <u>\$ 494,605</u>

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

TOWN OF JAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 2,526,209	\$ -	\$ 2,526,209
Investments	22,211	6,554	28,765
Due from other funds	212,544	-	212,544
TOTAL ASSETS	<u><u>\$ 2,760,964</u></u>	<u><u>\$ 6,554</u></u>	<u><u>\$ 2,767,518</u></u>
LIABILITIES			
Due to other funds	\$ 11,124	\$ 1,200	\$ 12,324
TOTAL LIABILITIES	<u><u>11,124</u></u>	<u><u>1,200</u></u>	<u><u>12,324</u></u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	232,391	5,354	237,745
Committed	2,517,449	-	2,517,449
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u><u>2,749,840</u></u>	<u><u>5,354</u></u>	<u><u>2,755,194</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 2,760,964</u></u>	<u><u>\$ 6,554</u></u>	<u><u>\$ 2,767,518</u></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 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 178,918	\$ -	\$ 178,918
Interest	12,056	19	12,075
Other	56,352	-	56,352
TOTAL REVENUES	<u>247,326</u>	<u>19</u>	<u>247,345</u>
EXPENDITURES			
Current:			
General government	123,008	-	123,008
Public safety	9,300	-	9,300
Public works	322,599	-	322,599
Health and welfare	12,515	-	12,515
Other	-	1,600	1,600
TOTAL EXPENDITURES	<u>467,422</u>	<u>1,600</u>	<u>469,022</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(220,096)</u>	<u>(1,581)</u>	<u>(221,677)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	230,005	-	230,005
Transfers (out)	(2,510)	-	(2,510)
TOTAL OTHER FINANCING SOURCES (USES)	<u>227,495</u>	<u>-</u>	<u>227,495</u>
NET CHANGE IN FUND BALANCES	7,399	(1,581)	5,818
FUND BALANCES - JULY 1	<u>2,742,441</u>	<u>6,935</u>	<u>2,749,376</u>
FUND BALANCES - JUNE 30	<u>\$ 2,749,840</u>	<u>\$ 5,354</u>	<u>\$ 2,755,194</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, 2018

	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	\$ 202,890	\$ 195,937	\$ 44,741	\$ 95,671	\$ -	\$ 1,653	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	24,300	-	2,724	5,000
TOTAL ASSETS	<u>\$ 202,890</u>	<u>\$ 195,937</u>	<u>\$ 44,741</u>	<u>\$ 95,671</u>	<u>\$ 24,300</u>	<u>\$ 1,653</u>	<u>\$ 2,724</u>	<u>\$ 5,000</u>
LIABILITIES								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES								
Restricted	-	-	-	-	-	-	2,724	5,000
Committed	202,890	195,937	44,741	95,671	24,300	1,653	-	-
TOTAL FUND BALANCES	<u>202,890</u>	<u>195,937</u>	<u>44,741</u>	<u>95,671</u>	<u>24,300</u>	<u>1,653</u>	<u>2,724</u>	<u>5,000</u>
TOTAL LIABILITIES AND FUND BALANCES								
	<u>\$ 202,890</u>	<u>\$ 195,937</u>	<u>\$ 44,741</u>	<u>\$ 95,671</u>	<u>\$ 24,300</u>	<u>\$ 1,653</u>	<u>\$ 2,724</u>	<u>\$ 5,000</u>

TOWN OF JAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2018

	Garbage Bags	Environmental Reserve	Tower Fund	Jay Community Development	Cemetery	Paving Reserve	Sewer Treatment Plant	Fire Department Reserve
ASSETS								
Cash and cash equivalents	\$ -	\$ 744,366	\$ -	\$ 9,284	\$ 29,936	\$ 85,686	\$ 364,840	\$ 419,617
Investments	-	-	-	22,211	-	-	-	-
Due from other funds	9,963	-	158,791	-	150	-	1,154	-
TOTAL ASSETS	\$ 9,963	\$ 744,366	\$ 158,791	\$ 31,495	\$ 30,086	\$ 85,686	\$ 365,994	\$ 419,617
LIABILITIES								
Due to other funds	\$ -	\$ 4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,085
TOTAL LIABILITIES	-	4	-	-	-	-	-	5,085
FUND BALANCES								
Restricted	-	-	158,791	31,495	30,086	-	-	-
Committed	9,963	744,362	-	-	-	85,686	365,994	414,532
TOTAL FUND BALANCES	9,963	744,362	158,791	31,495	30,086	85,686	365,994	414,532
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,963	\$ 744,366	\$ 158,791	\$ 31,495	\$ 30,086	\$ 85,686	\$ 365,994	\$ 419,617

TOWN OF JAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2018

	SK EMS	Buildings & Grounds	Jay Historical Society	Admin Reserve	Police Grants	H.C. Coalition	Veterans Memorial Fund	Wellness Works
ASSETS								
Cash and cash equivalents	\$ -	\$ 42,646	\$ 1,065	\$ 59,039	\$ -	\$ -	\$ 2,577	\$ -
Investments	-	-	-	-	-	-	-	-
Due from other funds	-	1,050	-	-	3,640	-	-	1,718
TOTAL ASSETS	\$ -	\$ 43,696	\$ 1,065	\$ 59,039	\$ 3,640	\$ -	\$ 2,577	\$ 1,718
LIABILITIES								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-	-	-	-
FUND BALANCES								
Restricted	-	-	-	-	-	-	2,577	1,718
Committed	-	43,696	1,065	59,039	3,640	-	-	-
TOTAL FUND BALANCES	-	43,696	1,065	59,039	3,640	-	2,577	1,718
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 43,696	\$ 1,065	\$ 59,039	\$ 3,640	\$ -	\$ 2,577	\$ 1,718

TOWN OF JAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2018

	Sled - in Fest	Music in the Park	Highway Buidling Reserve	Jay Gazebo	Town Revaluation	Asset Forfeiture	NBRC	Total
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ 59,753	\$ 5,974	\$ 110,376	\$ 3,427	\$ 46,731	\$ 2,526,209
Investments	-	-	-	-	-	-	-	22,211
Due from other funds	3,529	525	-	-	-	-	-	212,544
TOTAL ASSETS	<u>\$ 3,529</u>	<u>\$ 525</u>	<u>\$ 59,753</u>	<u>\$ 5,974</u>	<u>\$ 110,376</u>	<u>\$ 3,427</u>	<u>\$ 46,731</u>	<u>\$ 2,760,964</u>
LIABILITIES								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,035	\$ 11,124
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,035</u>	<u>11,124</u>
FUND BALANCES								
Restricted	-	-	-	-	-	-	-	232,391
Committed	3,529	525	59,753	5,974	110,376	3,427	40,696	2,517,449
TOTAL FUND BALANCES	<u>3,529</u>	<u>525</u>	<u>59,753</u>	<u>5,974</u>	<u>110,376</u>	<u>3,427</u>	<u>40,696</u>	<u>2,749,840</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,529</u>	<u>\$ 525</u>	<u>\$ 59,753</u>	<u>\$ 5,974</u>	<u>\$ 110,376</u>	<u>\$ 3,427</u>	<u>\$ 46,731</u>	<u>\$ 2,760,964</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, 2018

	Recycling Reserve	Highway Department Reserve	Police Reserve	Recycling Facility Reserve	Police Training	Public Works Fuel Reserve	Small Comm. Grant	Taylor Made
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	951	918	202	448	-	12	-	-
Other	-	-	-	-	-	4,920	-	-
TOTAL REVENUES	<u>951</u>	<u>918</u>	<u>202</u>	<u>448</u>	<u>-</u>	<u>4,932</u>	<u>-</u>	<u>-</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	6,200	-	-
Health and welfare	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,200</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>951</u>	<u>918</u>	<u>202</u>	<u>448</u>	<u>-</u>	<u>(1,268)</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	951	918	202	448	-	(1,268)	-	-
FUND BALANCES - JULY 1	<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>
FUND BALANCES - JUNE 30	<u>\$ 202,890</u>	<u>\$ 195,937</u>	<u>\$ 44,741</u>	<u>\$ 95,671</u>	<u>\$ 24,300</u>	<u>\$ 1,653</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, 2018

	Garbage Bags	Enviro- mental Reserve	Tower Fund	Jay Community Develop.	Cemetery	Paving Reserve	Sewer Treatment Plant	Fire Department Reserve
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84,800	\$ -	\$ -
Interest	-	3,596	-	240	133	334	1,607	1,966
Other	159	-	12,351	-	1,050	-	34,726	-
TOTAL REVENUES	159	3,596	12,351	240	1,183	85,134	36,333	1,966
EXPENDITURES								
Current:								
General government	-	-	31,165	-	100	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public works	24	-	-	-	-	316,375	-	-
Health and welfare	-	12,515	-	-	-	-	-	-
TOTAL EXPENDITURES	24	12,515	31,165	-	100	316,375	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	135	(8,919)	(18,814)	240	1,083	(231,241)	36,333	1,966
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	180,000	-	5
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	180,000	-	5
NET CHANGE IN FUND BALANCES	135	(8,919)	(18,814)	240	1,083	(51,241)	36,333	1,971
FUND BALANCES - JULY 1	\$ 9,828	\$ 753,281	\$ 177,605	\$ 31,255	\$ 29,003	\$ 136,927	\$ 329,661	\$ 412,561
FUND BALANCES - JUNE 30	\$ 9,963	\$ 744,362	\$ 158,791	\$ 31,495	\$ 30,086	\$ 85,686	\$ 365,994	\$ 414,532

TOWN OF JAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR YEAR ENDED JUNE 30, 2018

	SK EMS	Buildings & Grounds	Jay Historical Society	Admin Reserve	Police Grants	H.C. Coalition	Veterans Memorial Fund	Wellness Works
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 11,553	\$ -	\$ -	\$ -
Interest	-	200	15	277	-	-	11	-
Other	-	-	-	-	-	-	-	-
TOTAL REVENUES	-	200	15	277	11,553	-	11	-
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	185
Public safety	-	-	-	-	8,568	-	-	-
Public works	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	8,568	-	-	185
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	200	15	277	2,985	-	11	(185)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	(10)	-	-	-	-	(2,500)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(10)	-	-	-	-	(2,500)	-	-
NET CHANGE IN FUND BALANCES	(10)	200	15	277	2,985	(2,500)	11	(185)
FUND BALANCES - JULY 1	\$ 10	\$ 43,496	\$ 1,050	\$ 58,762	\$ 655	\$ 2,500	\$ 2,566	\$ 1,903
FUND BALANCES - JUNE 30	\$ -	\$ 43,696	\$ 1,065	\$ 59,039	\$ 3,640	\$ -	\$ 2,577	\$ 1,718

TOWN OF JAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR YEAR ENDED JUNE 30, 2018

	Sled - in Fest	Music in the Park	Highway Building Reserve	Jay Gazebo	Town Revaluation	Asset Forfeiture	NBRC	Total
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,565	\$ 178,918
Interest	-	-	280	220	406	18	222	12,056
Other	1,671	1,475	-	-	-	-	-	56,352
TOTAL REVENUES	1,671	1,475	280	220	406	18	82,787	247,326
EXPENDITURES								
Current:								
General government	789	950	-	-	-	-	89,819	123,008
Public safety	-	-	-	-	-	732	-	9,300
Public works	-	-	-	-	-	-	-	322,599
Health and welfare	-	-	-	-	-	-	-	12,515
TOTAL EXPENDITURES	789	950	-	-	-	732	89,819	467,422
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	882	525	280	220	406	(714)	(7,032)	(220,096)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	50,000	-	-	230,005
Transfers (out)	-	-	-	-	-	-	-	(2,510)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	50,000	-	-	227,495
NET CHANGE IN FUND BALANCES	882	525	280	220	50,406	(714)	(7,032)	7,399
FUND BALANCES - JULY 1	\$ 2,647	\$ -	\$ 59,473	\$ 5,754	\$ 59,970	\$ 4,141	\$ 47,728	\$ 2,742,441
FUND BALANCES - JUNE 30	\$ 3,529	\$ 525	\$ 59,753	\$ 5,974	\$ 110,376	\$ 3,427	\$ 40,696	\$ 2,749,840

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, 2018

	Poland Sullivan Fund	Total
ASSETS		
Investments	\$ 6,554	\$ 6,554
TOTAL ASSETS	\$ 6,554	\$ 6,554
LIABILITIES		
Due to other funds	\$ 1,200	\$ 1,200
TOTAL LIABILITIES	1,200	1,200
FUND BALANCES		
Restricted	5,354	5,354
TOTAL FUND BALANCES	5,354	5,354
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,554	\$ 6,554

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, 2018

	Poland Sullivan Fund	Total
REVENUES		
Interest	\$ 19	\$ 19
TOTAL REVENUES	<u>19</u>	<u>19</u>
EXPENDITURES		
Other	<u>1,600</u>	<u>1,600</u>
TOTAL EXPENDITURES	<u>1,600</u>	<u>1,600</u>
NET CHANGE IN FUND BALANCES	(1,581)	(1,581)
FUND BALANCES - JULY 1	<u>\$ 6,935</u>	<u>\$ 6,935</u>
FUND BALANCES - JUNE 30	<u>\$ 5,354</u>	<u>\$ 5,354</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, 2018

	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	108,151	802,595	2,010,932	9,050,725	11,972,403
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	1,213,992	77,749	-	1,888,309
Transfer station	-	-	49,428	-	49,428
Sewer Department	27,435	1,297,000	118,609	6,214,311	7,657,355
Total General Capital Assets	870,269	4,867,889	5,417,057	15,266,386	26,421,601
Less: Accumulated Depreciation	-	(3,022,343)	(4,722,222)	(9,200,173)	(16,944,738)
Net General Capital Assets	\$ 870,269	\$ 1,845,546	\$ 694,835	\$ 6,066,213	\$ 9,476,863

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, 2018

	General Capital Assets 7/1/17	Additions	Deletions	General Capital Assets 6/30/18
Police	\$ 321,734	\$ -	\$ -	\$ 321,734
Fire	2,195,220	-	-	2,195,220
Highway	11,537,864	434,539	-	11,972,403
Recycling	1,701,168	-	-	1,701,168
Recreation	73,746	-	-	73,746
Library	562,238	-	-	562,238
Town-wide	1,904,704	-	(16,395)	1,888,309
Transfer station	49,428	-	-	49,428
Sewer Department	7,612,910	56,300	(11,855)	7,657,355
Total General Capital Assets	25,959,012	490,839	(28,250)	26,421,601
Less: Accumulated Depreciation	(16,247,377)	(725,011)	27,650	(16,944,738)
Net General Capital Assets	<u>\$ 9,711,635</u>	<u>\$ (234,172)</u>	<u>\$ (600)</u>	<u>\$ 9,476,863</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, 2018, 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 28, 2018.

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.

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

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 28, 2018