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Audited Financial Statements and
Other Financial Information

Town of Jay, Maine

June 30, 2019



Proven Expertise & Integrity

TOWN OF JAY, MAINE

CONTENTS

JUNE 30, 2019

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 12
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	13 - 14
STATEMENT B - STATEMENT OF ACTIVITIES	15 - 16
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	17
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	18
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	19
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	20
STATEMENT G - STATEMENT OF NET POSITION - PROPRIETARY FUNDS	21
STATEMENT H - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS	22
STATEMENT I - STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS	23
NOTES TO FINANCIAL STATEMENTS	24 - 59
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	60
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	61

SCHEDULE 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	62
SCHEDULE 3 - SCHEDULE OF CONTRIBUTIONS - PENSION	63
SCHEDULE 4 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY	64
SCHEDULE 5 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS	65
SCHEDULE 6 - SCHEDULE OF CONTRIBUTIONS - OPEB	66
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	67
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	68
SCHEDULE A - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - GENERAL FUND REVENUES	69
SCHEDULE B - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	70 - 72
SCHEDULE C - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	73
SCHEDULE D - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	74
SPECIAL REVENUE FUNDS DESCRIPTION	75
SCHEDULE E - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	76 - 79
SCHEDULE F - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	80 - 83
PERMANENT FUNDS DESCRIPTION	84
SCHEDULE G - COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS	85
SCHEDULE H - COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR PERMANENT FUNDS	86

GENERAL CAPITAL ASSETS DESCRIPTION	87
SCHEDULE I - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	88
SCHEDULE J - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	89

FEDERAL COMPLIANCE

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 <i>GOVERNMENT AUDITING STANDARDS</i>	90 - 91
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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, 2019 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, 2019 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, pension and OPEB information on pages 4 through 12 and 61 through 67 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 26, 2019, 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 26, 2019

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

(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, 2019. 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 regard 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, recreation and library, education, insurance, TIF 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 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 - Pension, 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 regard 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 \$951,841 from \$15,523,410 to \$16,475,251. The Town's total net position for business-type activities increased by \$266,486 from a deficit balance of \$517,701 to a deficit balance of \$251,215.

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 \$7,833,251 at the end of this year. Unrestricted net position for business-type activities decreased to a deficit balance of \$1,180,294.

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

	Governmental Activities		Business-type Activities	
	2019	2018 (Restated)	2019	2018 (Restated)
Assets:				
Current Assets	\$ 8,852,563	\$ 8,794,916	\$ 76,647	\$ 65,920
Noncurrent Assets	8,763,564	8,184,259	1,928,521	1,703,268
Total Assets	17,616,127	16,979,175	2,005,168	1,769,188
Deferred Outflows of Resources:				
Deferred Outflows Related to Pensions	161,991	436,595	-	-
Deferred Outflows Related to OPEB	4,875	11,049	-	-
Total Deferred Inflows of Resources	166,866	447,644	-	-
Liabilities:				
Current Liabilities	158,649	179,856	1,379,413	1,287,447
Noncurrent Liabilities	846,625	1,207,988	876,970	999,442
Total Liabilities	1,005,274	1,387,844	2,256,383	2,286,889
Deferred Inflows of Resources:				
Prepaid taxes	3,155	6,523	-	-
Deferred Amount on Pensions	188,358	366,029	-	-
Deferred Amount on OPEB	110,955	143,013	-	-
Total Deferred Inflows of Resources	302,468	515,565	-	-
Net Position:				
Net Investment in Capital Assets	8,404,233	7,772,909	929,079	428,749
Restricted: Special Revenue	219,919	232,391	-	-
Permanent Fund	17,848	5,354	-	-
Unrestricted (Deficit)	7,833,251	7,512,756	(1,180,294)	(946,450)
Total Net Position	\$ 16,475,251	\$ 15,523,410	\$ (251,215)	\$ (517,701)

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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 254,210	\$ 201,760	\$ 475,085	\$ 479,078
Operating grants and contributions	271,774	178,918	-	-
<i>General Revenues:</i>				
Property taxes	10,337,297	11,737,672	-	-
Excise taxes	845,142	816,870	-	-
Grants and contributions not restricted to specific programs	1,354,902	1,184,789	-	-
Miscellaneous	119,380	157,933	32,800	-
Total Revenues	<u>13,182,705</u>	<u>14,277,942</u>	<u>507,885</u>	<u>479,078</u>
Expenses				
General government	495,461	593,112	-	-
Public safety	1,299,736	1,269,926	-	-
Public works	1,780,741	1,413,613	-	-
Transfer station	51,772	454,534	-	-
Recreation and library	148,140	144,635	-	-
Education	5,706,027	7,098,261	-	-
County tax	768,537	844,883	-	-
Insurance	89,540	97,216	-	-
Unallocated depreciation (Note 4)	40,069	45,055	-	-
Sewer department	-	-	594,069	707,674
Unclassified	1,498,171	1,519,600	-	-
Total Expenses	<u>11,878,194</u>	<u>13,480,835</u>	<u>594,069</u>	<u>707,674</u>
Transfers	<u>(352,670)</u>	<u>(357,958)</u>	<u>352,670</u>	<u>357,958</u>
Change in Net Position	951,841	439,149	266,486	129,362
Net Position - July 1, Restated	<u>15,523,410</u>	<u>15,084,261</u>	<u>(517,701)</u>	<u>(647,063)</u>
Net Position - June 30	<u>\$ 16,475,251</u>	<u>\$ 15,523,410</u>	<u>\$ (251,215)</u>	<u>\$ (517,701)</u>

Revenues and Expenses

Revenues for the Town's governmental activities decreased by 7.67%, while total expenses also decreased by 11.89%. The largest decrease in revenues was in property taxes. The biggest decrease in expenses was in education.

Revenues for the Town's business-type activities increased by 6.01%, while total expenses decreased by 16.05%.

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,

	2019	2018
General Fund:		
Nonspendable	\$ 293	\$ -
Assigned	218,585	-
Unassigned	5,966,264	5,727,533
Total General Fund	\$ 6,185,142	\$ 5,727,533
Nonmajor Funds:		
Special revenue funds:		
Restricted	\$ 219,919	\$ 232,391
Committed	2,130,713	2,517,449
Permanent funds:		
Restricted	17,848	5,354
Total Nonmajor Funds	\$ 2,368,480	\$ 2,755,194

The general fund total fund balance increased by \$457,609 from the prior fiscal year as a result of revenues that exceeded expenditures and transfers to other funds. The nonmajor funds total fund balances decreased by \$386,714 from the prior fiscal year primarily due to expenditures and transfers to other funds that exceeded revenues and transfers from other funds.

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 a deficit net position for the current year of \$251,215. This was an increase of \$266,486 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 results, adjustments to departments or applied receipts and use of unassigned fund balance.

The general fund actual revenues were over budget by \$176,975. This was a result of all revenue categories that were over budget.

The general fund actual expenditures were under budget by \$294,249. All expenditure categories were within or under budget.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2019, the net book value of capital assets recorded by the Town increased by \$855,891 when compared to the prior year. This increase is the result of capital additions of \$1,501,449 less current year depreciation expense of \$645,558.

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

	2019	2018
Land and nondepreciable assets	\$ 777,118	\$ 777,118
Buildings, building and land improvements	1,758,103	1,845,546
Furniture and fixtures	726	1,089
Machinery and equipment	291,494	140,955
Vehicles	924,549	552,791
Infrastructure	6,334,060	6,066,213
Construction in progress	246,704	93,151
Total	\$ 10,332,754	\$ 9,476,863

Debt

At June 30, 2019, the Town had \$1,358,773 in bonds outstanding versus \$1,685,183 last year, a decrease of 19.37%. 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 2019, the Town recognizes that the Balance in Excess of the Maximum Level is approximately \$2,838,539 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 2019-2020 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, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 7,430,724	\$ 4	\$ 7,430,728
Investments	40,347	-	40,347
Accounts receivable (net of allowance for uncollectibles):			
Taxes	216,573	55,746	272,319
Liens	81,394	20,897	102,291
Other	1,888	-	1,888
Due from other governments	74,191	-	74,191
Internal balances	1,007,153	(1,007,153)	-
Total current assets	<u>8,852,563</u>	<u>(930,506)</u>	<u>7,922,057</u>
Noncurrent assets:			
Receivable for long-term debt obligations from RSU No. 73	359,331	-	359,331
Capital assets:			
Non depreciable assets	749,683	274,139	1,023,822
Depreciated assets net of accumulated depreciation	7,654,550	1,654,382	9,308,932
Total noncurrent assets	<u>8,763,564</u>	<u>1,928,521</u>	<u>10,692,085</u>
TOTAL ASSETS	<u>17,616,127</u>	<u>998,015</u>	<u>18,614,142</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	161,991	-	161,991
Deferred outflows of resources related to OPEB	4,875	-	4,875
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>166,866</u>	<u>-</u>	<u>166,866</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 17,782,993</u>	<u>\$ 998,015</u>	<u>\$ 18,781,008</u>

STATEMENT A (CONTINUED)
TOWN OF JAY, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 89,733	\$ 1,241	\$ 90,974
Accrued payroll	16,792	1,843	18,635
Current portion of long-term obligations	52,124	122,472	174,596
Total current liabilities	<u>158,649</u>	<u>372,260</u>	<u>530,909</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	307,998	876,970	1,184,968
Accrued compensated absences	15,034	-	15,034
Net pension liability	459,305	-	459,305
Net OPEB liability	64,288	-	64,288
Total noncurrent liabilities	<u>846,625</u>	<u>876,970</u>	<u>1,723,595</u>
TOTAL LIABILITIES	<u>1,005,274</u>	<u>1,249,230</u>	<u>2,254,504</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	3,155	-	3,155
Deferred inflows of resources related to pensions	188,358	-	188,358
Deferred inflows of resources related to OPEB	110,955	-	110,955
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>302,468</u>	<u>-</u>	<u>302,468</u>
NET POSITION			
Net investment in capital assets	8,404,233	929,079	9,333,312
Restricted: Special Revenue Funds	219,919	-	219,919
Permanent Funds	17,848	-	17,848
Unrestricted (deficit)	7,833,251	(1,180,294)	6,652,957
TOTAL NET POSITION	<u>16,475,251</u>	<u>(251,215)</u>	<u>16,224,036</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 17,782,993</u>	<u>\$ 998,015</u>	<u>\$ 18,781,008</u>

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

TOWN OF JAY, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
General government	\$ 495,461	\$ 30,753	\$ -	\$ -	\$ (464,708)	\$ -	\$ (464,708)
Public safety	1,299,736	87,457	6,360	-	(1,205,919)	-	(1,205,919)
Public works	1,780,741	119,772	265,414	-	(1,395,555)	-	(1,395,555)
Transfer station	51,772	16,228	-	-	(35,544)	-	(35,544)
Recreation and library	148,140	-	-	-	(148,140)	-	(148,140)
Education	5,706,027	-	-	-	(5,706,027)	-	(5,706,027)
County tax	768,537	-	-	-	(768,537)	-	(768,537)
Insurance	89,540	-	-	-	(89,540)	-	(89,540)
Unallocated depreciation (Note 4)*	40,069	-	-	-	(40,069)	-	(40,069)
Unclassified	1,498,171	-	-	-	(1,498,171)	-	(1,498,171)
Total governmental activities	<u>11,878,194</u>	<u>254,210</u>	<u>271,774</u>	<u>-</u>	<u>(11,352,210)</u>	<u>-</u>	<u>(11,352,210)</u>
Business-type activities:							
Sewer department	594,069	475,085	-	-	-	(118,984)	(118,984)
Total business-type activities	<u>594,069</u>	<u>475,085</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(118,984)</u>	<u>(118,984)</u>
Total government	<u>\$ 12,472,263</u>	<u>\$ 729,295</u>	<u>\$ 271,774</u>	<u>\$ -</u>	<u>(11,352,210)</u>	<u>(118,984)</u>	<u>(11,471,194)</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, 2019

	Governmental Activities	Business- type Activities	Total
Changes in net position:			
Net (expense) revenue	<u>(11,352,210)</u>	<u>(118,984)</u>	<u>(11,471,194)</u>
General revenues:			
Taxes:			
Property taxes, levied for general purposes	10,337,297	-	10,337,297
Excise taxes	845,142	-	845,142
Grants and contributions not restricted to specific programs	1,354,902	-	1,354,902
Miscellaneous	119,380	32,800	152,180
Transfers - internal activities	<u>(352,670)</u>	<u>352,670</u>	<u>-</u>
Total general revenues and transfers	<u>12,304,051</u>	<u>385,470</u>	<u>12,689,521</u>
Change in net position	951,841	266,486	1,218,327
NET POSITION - JULY 1, RESTATED	<u>15,523,410</u>	<u>(517,701)</u>	<u>17,422,203</u>
NET POSITION - JUNE 30	<u>\$ 16,475,251</u>	<u>\$ (251,215)</u>	<u>\$ 18,640,530</u>

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

TOWN OF JAY, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 5,269,525	\$ 2,161,199	\$ 7,430,724
Investments	-	40,347	40,347
Accounts receivable (net of allowance for uncollectibles):			
Taxes	216,573	-	216,573
Liens	81,394	-	81,394
Other	1,888	-	1,888
Prepaid items	293	-	293
Due from other governments	74,191	-	74,191
Due from other funds	1,012,414	172,195	1,184,609
TOTAL ASSETS	<u><u>\$ 6,656,278</u></u>	<u><u>\$ 2,373,741</u></u>	<u><u>\$ 9,030,019</u></u>
LIABILITIES			
Accounts payable	\$ 89,733	\$ -	\$ 89,733
Accrued payroll	16,792	-	16,792
Due to other funds	172,195	5,261	177,456
TOTAL LIABILITIES	<u><u>278,720</u></u>	<u><u>5,261</u></u>	<u><u>283,981</u></u>
DEFERRED INFLOWS OF RESOURCES			
Deferred tax revenues	189,261	-	189,261
Prepaid taxes	3,155	-	3,155
TOTAL DEFERRED INFLOWS OF RESOURCES	<u><u>192,416</u></u>	<u><u>-</u></u>	<u><u>192,416</u></u>
FUND BALANCES			
Nonspendable	293	-	293
Restricted	-	237,767	237,767
Committed	-	2,130,713	2,130,713
Assigned	218,585	-	218,585
Unassigned	5,966,264	-	5,966,264
TOTAL FUND BALANCES	<u><u>6,185,142</u></u>	<u><u>2,368,480</u></u>	<u><u>8,553,622</u></u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 6,656,278</u></u>	<u><u>\$ 2,373,741</u></u>	<u><u>\$ 9,030,019</u></u>

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

TOWN OF JAY, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 8,553,622
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	8,404,233
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	359,331
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	189,261
Deferred outflows of resources are not financial resources and therefore are not reported in the funds:	
Pension	161,991
OPEB	4,875
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(359,331)
Accrued compensated absences	(15,825)
Net pension liability	(459,305)
Net OPEB liability	(64,288)
Deferred inflows of resources are not financial resources and therefore are not reported in the funds:	
Pension	(188,358)
OPEB	<u>(110,955)</u>
Net position of governmental activities	<u>\$ 16,475,251</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, 2019

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 10,342,193	\$ -	\$ 10,342,193
Excise taxes	845,142	-	845,142
Intergovernmental	1,333,842	292,834	1,626,676
Charges for services	254,210	-	254,210
Miscellaneous revenues	72,636	46,744	119,380
TOTAL REVENUES	12,848,023	339,578	13,187,601
EXPENDITURES			
Current:			
General government	455,571	268,721	724,292
Public safety	1,216,072	365,983	1,582,055
Public works	1,679,314	479,063	2,158,377
Transfer station	-	12,432	12,432
Recreation and library	148,140	-	148,140
Education	5,706,027	-	5,706,027
County tax	768,537	-	768,537
Insurance	89,540	-	89,540
Tax increment financing agreement	43,347	-	43,347
Unclassified	1,496,963	1,208	1,498,171
TOTAL EXPENDITURES	11,603,511	1,127,407	12,730,918
EXCESS REVENUES OVER (UNDER) EXPENDITURES	1,244,512	(787,829)	456,683
OTHER FINANCING SOURCES (USES)			
Transfers in	-	752,799	752,799
Transfers (out)	(753,785)	(351,684)	(1,105,469)
TOTAL OTHER FINANCING SOURCES (USES)	(753,785)	401,115	(352,670)
NET CHANGE IN FUND BALANCES	490,727	(386,714)	104,013
FUND BALANCES - JULY 1	5,727,533	2,755,194	8,482,727
FUND BALANCES - JUNE 30	\$ 6,218,260	\$ 2,368,480	\$ 8,586,740

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, 2019

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 70,895</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	1,183,260
Depreciation expense	<u>(552,622)</u>
	<u>630,638</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported.	
Taxes and liens receivable	<u>(4,896)</u>
Receivable for long-term debt obligations from RSU No. 73	<u>(51,333)</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:	
Pension	(274,604)
OPEB	<u>(6,174)</u>
	<u>(280,778)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	<u>52,019</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	503
Net pension liability	318,789
Net OPEB liability	<u>6,275</u>
	<u>325,567</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	177,671
OPEB	<u>32,058</u>
	<u>209,729</u>
Change in net position of governmental activities (Statement B)	<u>\$ 951,841</u>

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

STATEMENT G

TOWN OF JAY, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2019

	Business-type Activities Enterprise Funds <u>Sewer Department</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 4
Accounts receivable (net of allowance for uncollectibles):	
Taxes	55,746
Liens	20,897
Total current assets	<u>76,647</u>
Noncurrent assets:	
Capital assets:	
Construction in progress	246,704
Land and buildings	1,324,435
Vehicles, machinery and equipment	190,094
Infrastructure	6,214,311
Total capital assets	<u>7,975,544</u>
Less: accumulated depreciation	<u>(6,047,023)</u>
Net capital assets	<u>1,928,521</u>
Total noncurrent assets	<u>1,928,521</u>
TOTAL ASSETS	<u>\$ 2,005,168</u>
LIABILITIES AND NET POSITION	
Current liabilities:	
Accounts payable	\$ 1,241
Accrued payroll	1,843
Due to other funds	1,007,153
Bond anticipation note payable	246,704
Bonds payable, current portion	122,472
Total current liabilities	<u>1,379,413</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable, net of current portion	<u>876,970</u>
Total noncurrent liabilities	<u>876,970</u>
TOTAL LIABILITIES	<u>2,256,383</u>
NET POSITION	
Net investment in capital assets	929,079
Unrestricted	<u>(1,180,294)</u>
TOTAL NET POSITION	<u>(251,215)</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 2,005,168</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, 2019

	Business-type Activities Enterprise Funds <hr/> Sewer Department <hr/>
OPERATING REVENUES	
Charges for services	\$ 475,085
Miscellaneous	32,800
TOTAL OPERATING REVENUES	<hr/> <u>507,885</u>
OPERATING EXPENSES	
Payroll and related benefits	153,007
Treatment fees	238,201
Repairs and maintenance	6,000
Supplies	56,926
Utilities	36,265
Depreciation	92,936
TOTAL OPERATING EXPENSES	<hr/> <u>583,335</u>
OPERATING INCOME (LOSS)	<hr/> <u>(75,450)</u>
NONOPERATING REVENUES (EXPENSES)	
Transfers in	352,670
Interest expense	(15,496)
Interest income	4,762
TOTAL NONOPERATING REVENUES (EXPENSES)	<hr/> <u>341,936</u>
NET CHANGE IN NET POSITION	266,486
NET POSITION - JULY 1, RESTATED	<hr/> <u>(517,701)</u>
NET POSITION - JUNE 30	<hr/> <u>\$ (251,215)</u>

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, 2019

	Business-type Activities Enterprise Funds
	<u>Sewer Department</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 497,162
Payments to suppliers	(339,895)
Payments to employees	(152,637)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>4,630</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Transfer in from general fund - debt service	258,267
Transfer in from general fund - capital contribution	94,403
Purchases of capital assets	(318,189)
Principal payments on bonds and notes payable	(275,077)
Interest payments on bonds and notes payable	(15,496)
Interest income	4,762
Bond anticipation note payable addition	246,704
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(4,626)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4
CASH AND CASH EQUIVALENTS - JULY 1	<u>-</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ 4</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (75,450)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	92,936
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	(10,723)
(Decrease) increase in accounts payable	(15,759)
(Decrease) increase in accrued payroll	370
(Decrease) increase in due to other funds	13,256
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 4,630</u>

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 83 "Certain Asset Retirement Obligations." This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

government's minority shares of AROs. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 88 "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements." This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences and significant subjective acceleration clauses. 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 and business-type activities columns are (a) presented on a consolidated basis by column and (b) are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts – net investment in capital assets; restricted net position and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

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

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and 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.

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.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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"

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$76,079 for the year ended June 30, 2019. The allowance for uncollectible amounts is estimated to be \$0 as of June 30, 2019.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

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.

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.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 obligations depend 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 obligations to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term obligations consist of bonds payable, accrued 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.

Pensions

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 has two types of this item, deferred amounts on pension and OPEB that qualify for reporting in this category. These items are 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 pension and OPEB

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 21, 2018 on the assessed value listed as of April 1, 2018, for all real and personal property located in the Town. Taxes were due in two installments on October 1, 2018 and April 1, 2019. Interest on unpaid taxes commenced on October 2, 2018 and April 2, 2019, 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 \$218,585 for the year ended June 30, 2019.

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.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2019, the Town's cash balances amounting to \$7,430,728 were comprised of bank deposits of \$7,718,160. Of these bank deposits, \$4,924,140 were fully insured by federal depository insurance and consequently not exposed to custodial credit risk. The remaining deposits of \$2,794,020 were collateralized with securities held by the financial institution in the Town's name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 108,378
Insured sweep	2,794,020
ICS	4,815,762
	<u>\$ 7,718,160</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.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2019, the Town's investments of \$40,347 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	\$ 40,347	\$ -	\$ 22,499	\$ 17,848

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

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

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2019 consisted of the following individual fund receivables and payables:

	<u>Receivables (Due from)</u>	<u>Payables (Due to)</u>
General fund	\$ 1,012,414	\$ 172,195
Nonmajor special revenue funds	172,195	5,261
Enterprise fund	-	1,007,153
	<u>\$ 1,184,609</u>	<u>\$ 1,184,609</u>

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2019:

	Balance, 7/1/18	Additions	Disposals	Balance, 6/30/19
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 749,683	\$ -	\$ -	\$ 749,683
Construction in progress	93,151	-	(93,151)	-
	<u>842,834</u>	<u>-</u>	<u>(93,151)</u>	<u>749,683</u>
Depreciated assets:				
Land improvements	62,000	-	-	62,000
Buildings	3,068,618	-	-	3,068,618
Building improvements	440,271	16,974	-	457,245
Furniture and fixtures	2,792	-	-	2,792
Machinery and equipment	2,787,970	109,000	(33,709)	2,863,261
Vehicles	2,507,641	471,684	(99,880)	2,879,445
Infrastructure	9,052,120	678,753	-	9,730,873
	<u>17,921,412</u>	<u>1,276,411</u>	<u>(133,589)</u>	<u>19,064,234</u>
Less: accumulated depreciation	<u>(10,990,651)</u>	<u>(552,622)</u>	<u>133,589</u>	<u>(11,409,684)</u>
	<u>6,930,761</u>	<u>723,789</u>	<u>-</u>	<u>7,654,550</u>
Net capital assets	<u>\$ 7,773,595</u>	<u>\$ 723,789</u>	<u>\$ (93,151)</u>	<u>\$ 8,404,233</u>
<u>Business-type activities</u>				
Non-depreciated assets:				
Land	\$ 27,435	\$ -	\$ -	\$ 27,435
Construction in progress	-	246,704	-	246,704
	<u>27,435</u>	<u>246,704</u>	<u>-</u>	<u>274,139</u>
Depreciated assets:				
Land improvements	64,000	-	-	64,000
Buildings	1,144,000	-	-	1,144,000
Building improvements	89,000	-	-	89,000
Machinery and equipment	43,581	71,485	-	115,066
Vehicles	75,028	-	-	75,028
Infrastructure	6,214,311	-	-	6,214,311
	<u>7,629,920</u>	<u>71,485</u>	<u>-</u>	<u>7,701,405</u>
Less: accumulated depreciation	<u>(5,954,087)</u>	<u>(92,936)</u>	<u>-</u>	<u>(6,047,023)</u>
	<u>1,675,833</u>	<u>(21,451)</u>	<u>-</u>	<u>1,654,382</u>
Net capital assets	<u>\$ 1,703,268</u>	<u>\$ 225,253</u>	<u>\$ -</u>	<u>\$ 1,928,521</u>

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Current year depreciation

Police	\$ 9,976
Fire	52,315
Highway	410,922
Recycling	34,064
Town-wide	40,069
Transfer station	5,276
Subtotal governmental depreciation	<u>552,622</u>
Sewer Department	<u>92,936</u>
Subtotal business-type depreciation	<u>92,936</u>
Total depreciation expense	<u>\$ 645,558</u>

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, 2019, a long-term receivable has been recorded for \$359,331, which represents school-related general obligation bonds of \$359,331. The State of Maine Department of Education is responsible for paying approximately 87 percent of the debt service on general obligation bonds directly to the Maine Municipal Bond Bank. The remaining debt service for bonds is paid by the RSU.

NOTE 6 - SHORT-TERM DEBT

On November 7, 2018, the Town issued a bond anticipation note through Androscoggin Bank in anticipation of a bond. The note allowed principal draws up to \$3,900,000 at 3.41% interest with a maturity date of November 30, 2020.

A summary of the short-term debt for the year ended June 30, 2019 is as follows:

	Balance, 7/1/18	Additions	Deletions	Balance, 6/30/19
Bond anticipation note	\$ -	\$ 246,704	\$ -	\$ 246,704

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7 - LONG-TERM DEBT

A summary of long-term debt for the year ended June 30, 2019 is as follows:

	Balance, 7/1/18	Additions	Deletions	Balance, 6/30/19	Current Portion
Governmental activities:					
Bonds payable	\$ 410,664	\$ -	\$ (51,333)	\$ 359,331	\$ 51,333
Note from direct borrowings payable	686	-	(686)	-	-
Totals	<u>\$ 411,350</u>	<u>\$ -</u>	<u>\$ (52,019)</u>	<u>\$ 359,331</u>	<u>\$ 51,333</u>
Business-type activities:					
Bonds payable	<u>\$ 1,274,519</u>	<u>\$ -</u>	<u>\$ (275,077)</u>	<u>\$ 999,442</u>	<u>\$ 122,472</u>

The following is a summary of bonds outstanding as of June 30, 2019:

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 fixed rate ranging from 2.125% to 5.625%.

\$ 359,331

Total governmental activities

\$ 359,331

Business-type activities:

\$295,000, 2012 General Obligation Bond due in annual principal payments of \$19,667, through October, 2027. Interest is charged at a fixed rate of 1.00% per annum.

\$ 177,000

\$824,442, 2016 General Obligation Bond due in annual installments and semiannual interest intallments through September 2026. Interest is charged at a fixed rate of 1.00%

822,442

Total business-type activities

\$ 999,442

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7 - LONG-TERM DEBT (CONTINUED)

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

	Governmental Activities		Business-type Activities		Total Debt Service
	Bonds Payable		Bonds Payable		
	Principal	Interest	Principal	Interest	
2020	\$ 51,333	\$ 13,673	\$ 122,472	\$ 8,265	\$ 195,743
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	51,333	3,125	122,472	3,681	180,611
2025-2029	102,666	3,372	387,082	23,381	516,501
	<u>\$ 359,331</u>	<u>\$ 45,365</u>	<u>\$ 999,442</u>	<u>\$ 58,573</u>	<u>\$ 1,462,711</u>

No interest costs were capitalized during the period. The amount of interest costs incurred and charged to business-type activities expense for the year ended June 30, 2019 was \$15,496.

NOTE 8 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2019 is as follows:

	Balance, 7/1/18	Additions	Deletions	Balance, 6/30/19	Current Portion
Accrued compensated absences	\$ 16,328	\$ -	\$ (503)	\$ 15,825	\$ 791
Net pension liability	778,094	177,671	(496,460)	459,305	-
Net OPEB liability	70,563	32,058	(38,333)	64,288	-
	<u>\$ 864,985</u>	<u>\$ 209,729</u>	<u>\$ (535,296)</u>	<u>\$ 539,418</u>	<u>\$ 791</u>

Refer to Notes 9, 15 and 17 for more detailed information regarding other long-term obligations.

NOTE 9 - ACCRUED 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 obligations 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, 2019, the Town's liability for compensated absences is \$15,825.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 10 - NONSPENDABLE FUND BALANCE

The Town has the following nonspendable fund balance at June 30, 2019:

General Fund:	
Prepaid items	<u>\$ 293</u>

NOTE 11 - RESTRICTED FUND BALANCES

The Town has the following restricted fund balances at June 30, 2019:

Nonmajor Special Revenue Funds (Schedule E)	\$ 219,919
Nonmajor Permanent Funds (Schedule G)	<u> 17,848</u>
	<u>\$ 237,767</u>

NOTE 12 - COMMITTED FUND BALANCES

The Town has the following committed fund balances at June 30, 2019:

Nonmajor Special Revenue Funds (Schedule E)	<u>\$ 2,130,713</u>
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NOTE 13 - ASSIGNED FUND BALANCE

General Fund:	
FY 20 budget	<u>\$ 218,585</u>

NOTE 14 - 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, 2019.

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 - RISK MANAGEMENT (CONTINUED)

occurrence. A \$2,000,000 limit of liability is provided for liability claims outside the Maine Tort Claims Act. There is no aggregate liability limit. Coverage for Public Officials Liability, including Employment Practices, is a part of the program. Coverage is on an occurrence basis, rather than a "claims made" form. A \$2,000,000 limit of liability is provided for all claims for Wrongful Acts seeking monetary damages pursuant to federal or state law for which the Maine Tort Claims Act does not provide immunity or limitations. Each member has a \$4,000,000 annual aggregate limit. An annual sublimit of \$100,000 per member applies for all back wages and/or future salary awards for employment related claims, subject to a \$5,000 retention and a 10% contribution by the member.

The Town is also a member of the Maine Municipal Association – Worker Compensation Trust Fund ("Fund"). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain lower costs for worker's compensation coverage and develop a comprehensive loss control program. The Town pays an annual premium to the fund for its worker's compensation coverage. The Town's agreement with the Fund provides that the fund will be self-sustaining through member premiums and will provide, through commercial companies' reinsurance contracts, coverage for claims in excess of \$1,000,000.

NOTE 15 - 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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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. As of June 30, 2018, there were 304 employers in the plan.

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 2.4%.

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 10.5% of special plan "2C" members' covered payroll and 10.0% of regular plan "AC" members' covered payroll annually to the system. The Town's contributions to the plan for the fiscal year ended June 30, 2019 was \$82,711.

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

At June 30, 2019, the Town reported a liability of \$459,305 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2018 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, 2018, the Town's proportion was 0.167828%, which was a decrease of 0.02221% from its proportion measured as of June 30, 2017.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the year ended June 30, 2019, the Town recognized total pension revenue of \$221,856. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>PLD Plan</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,438	\$ 5,044
Changes of assumptions	73,309	-
Net difference between projected and actual earnings on pension plan investments	-	110,904
Changes in proportion and differences between contributions and proportionate share of contributions	4,533	72,410
Contributions subsequent to the measurement date	<u>82,711</u>	<u>-</u>
Total	<u>\$ 161,991</u>	<u>\$ 188,358</u>

\$82,711 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>PLD Plan</u>
Plan year ended June 30:	
2019	\$ 22,414
2020	(27,382)
2021	(75,447)
2022	(28,664)
2023	-
Thereafter	-

Actuarial Methods and Assumptions

The respective collective total pension liability for the plans was determined by an actuarial valuation as of June 30, 2018, using the following methods and assumptions applied to all periods included in the measurement:

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 15 - DEFINED BENEFIT PENSION PLAN (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, 2018 are as follows:

Investment Rate of Return - 6.75% per annum for the year ended June 30, 2018; the rate was 6.875% in 2017, compounded annually.

Salary Increases, Merit and Inflation - 2.75% to 9.00% per year

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Mortality Rates - For active members and non-disabled retirees of the PLD Consolidated and State Employee and Teacher Plans, 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 - 1.91%; in 2017 the rate was 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, 2018 are summarized in the following table. Assets for each of the defined benefit plans are commingled 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%
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%

Discount Rate

The discount rate used to measure the collective total pension liability was 6.75% for 2018 for the Plan. 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.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

The following table shows how the collective net pension liability as of June 30, 2018 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 6.75% for each of the Plans.

	<u>Decrease</u>	<u>Rate</u>	<u>Increase</u>
<u>PLD Plan:</u>			
Discount rate	5.75%	6.75%	7.75%
Town's proportionate share of the net pension liability	\$ 1,082,520	\$ 459,305	\$ (123,231)

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, 2018 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, 2018 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 resource. For 2018, this was three years; prior to 2018, this was four years for the PLD Consolidated Plan.

Differences between Expected and Actual Investment Earnings

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.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2018 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. Please refer to the *Actuarial Methods and Assumptions* section for information relating to changes of assumptions. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

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

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization 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' 2018 Comprehensive Annual Financial Report available online at www.maineopers.org or by contacting the System at (207) 512-3100

NOTE 16 - 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 OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 16 - DEFERRED COMPENSATION PLANS (CONTINUED)

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 2019, 2018 and 2017 were \$60,721, \$152,586 and \$72,411, respectively. These amounts include loans.

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM - 457 DEFERRED
COMPENSATION PLAN

Plan Description

The Town contributes to a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457 through the Maine Public Employees Retirement System (MainePERS). The plan, available to Town employees as part of a collective bargaining agreement, Town management and professional level employees, permits them to defer a portion of their salary, in addition to Town contributions, until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 16 - DEFERRED COMPENSATION PLANS (CONTINUED)

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 2019, 2018 and 2017 were \$2,205, \$1,973, and \$1,915, respectively.

NOTE 17 - 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. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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, 2019, the following employees were covered by the benefit terms:

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

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

At June 30, 2019, the Town reported a liability of \$64,288 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, 2019, the Town recognized OPEB revenue of \$32,159. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	MMEHT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 103,833
Changes of assumptions	-	7,122
Net difference between projected and actual earnings on OPEB plan investments	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	4,875	-
Total	<u>\$ 4,875</u>	<u>\$ 110,955</u>

\$4,875 were reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	<u>MMEHT</u>
Plan year ended June 30:	
2020	\$ (36,677)
2021	(36,677)
2022	(36,678)
2023	(923)
2024	-
Thereafter	-

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of the valuation date 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 4.10% per annum for June 30, 2019 was based upon a measurement date of December 27, 2018. The sensitivity of net OPEB liability to changes in discount rate are as follows:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	3.10%	4.10%	5.10%
Total OPEB liability	\$ 71,528	\$ 64,288	\$ 58,303
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 71,528</u>	<u>\$ 64,288</u>	<u>\$ 58,303</u>

Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
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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:

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 57,750	\$ 64,288	\$ 72,358
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 57,750</u>	<u>\$ 64,288</u>	<u>\$ 72,358</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 January 1, 2018, 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 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.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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 - 4.10% 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.

Administrative and claims expense - 3% per annum.

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.

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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.

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.

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

Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2019 with the following exceptions:

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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. 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, 2019 was \$103,833.

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.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 18 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

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

NOTE 19 - OVERSPENT APPROPRIATIONS

The Town had no overspent appropriations at June 30, 2019.

NOTE 20 - CONTINGENCIES AND 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, 2019 the Town paid \$123,000 for disposal services.

NOTE 21 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of County and School District debt. As of June 30, 2019, the Town's share was as follows:

	Outstanding Debt	Town's Percentage	Total Share
RSU No. 73	\$ 6,756,278	60.44%	\$ 4,083,494
Franklin County	410,600	13.86%	56,909
			<u>\$ 4,140,404</u>

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 22 - 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 district's so called "captured assessed 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.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 22 - TAX INCREMENT FINANCING DISTRICT & ABATEMENTS (CONTINUED)

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 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 tax increment arising from this captured value is to be used expressly for credit enhancement project costs.

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, 2019, the Town abated property taxes for the following program:

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

NOTE 23 - RELATED PARTIES

For the year ended June 30, 2019, the Town paid \$23,706 to Thomas Goding Contracting, which is owned by a Select board member, for a post and hardware for public works.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 24 - RESTATEMENT

The net position of the governmental activities has been restated at July 1, 2018 to correct the deferred outflows related to OPEB. As a result, the beginning balance was restated by \$11,049 from \$15,512,361 to \$15,523,410.

The net position of the business-type activities has been restated at July 1, 2018 to account for the removal of the Town's participation in the Livermore Falls/Jay Sewer Treatment Plant. The net position of the business-type activities was restated by a decrease of \$2,748,656 from \$2,230,955 to a deficit balance of \$517,701.

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 - Pension
- 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, 2019

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 5,727,533	\$ 5,727,533	\$ 5,727,533	\$ -
Resources (Inflows):				
Property taxes	10,332,530	10,332,530	10,342,193	9,663
Excise taxes	770,000	770,000	845,142	75,142
Intergovernmental	1,253,570	1,278,927	1,333,842	54,915
Charges for services	40,000	244,991	254,210	9,219
Miscellaneous revenues	44,600	44,600	72,636	28,036
Amounts Available for Appropriation	18,168,233	18,398,581	18,575,556	176,975
Charges to Appropriations (Outflows):				
General government	458,965	458,965	455,571	3,394
Public safety	1,176,380	1,259,822	1,249,190	10,632
Public works	1,566,500	1,686,272	1,679,314	6,958
Recreation and library	148,140	148,140	148,140	-
Education	5,706,027	5,706,027	5,706,027	-
County tax	768,537	768,537	768,537	-
Insurance	126,000	127,777	89,540	38,237
Unclassified	1,706,634	1,731,991	1,496,963	235,028
Transfer to other funds	783,517	797,132	797,132	-
Total Charges to Appropriations	12,440,700	12,684,663	12,390,414	294,249
Budgetary Fund Balance, June 30	\$ 5,727,533	\$ 5,713,918	\$ 6,185,142	\$ 471,224
Utilization of unassigned fund balance	\$ -	\$ 13,615	\$ -	\$ (13,615)

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*

	2019	2018	2017	2016	2015	2014
<u>PLD Plan:</u>						
Proportion of the net pension liability (asset)	0.17%	0.19%	0.20%	0.19%	0.21%	0.22%
Proportionate share of the net pension liability (asset)	\$ 459,305	\$ 778,094	\$ 1,059,229	\$ 619,168	\$ 328,347	\$ 693,408
Covered payroll	952,392	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	48.23%	74.71%	100.87%	31.32%	32.15%	62.15%
Plan fiduciary net position as a percentage of the total pension liability	91.14%	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 - PENSION
LAST 10 FISCAL YEARS*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>PLD Plan:</u>						
Contractually required contribution	\$ 82,711	\$ 93,165	\$ 97,404	\$ 93,459	\$ 135,840	\$ 71,058
Contributions in relation to the contractually required contribution	<u>(82,711)</u>	<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>	<u>\$ -</u>
Covered payroll	\$ 809,695	\$ 952,392	\$ 1,041,529	\$ 1,050,106	\$ 1,976,829	\$ 1,021,441
Contributions as a percentage of covered payroll	10.22%	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 ENDED JUNE 30, 2019

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/18 (Reporting December 31, 2018)	\$ 70,563	\$ -	\$ 70,563
Changes for the year:			
Service cost	846	-	846
Interest	2,373	-	2,373
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	(4,619)	-	(4,619)
Contributions - employer	-	4,875	(4,875)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(4,875)	(4,875)	-
Administrative expense	-	-	-
Net changes	<u>(6,275)</u>	<u>-</u>	<u>(6,275)</u>
Balances at 1/1/18 (Reporting December 31, 2018)	<u>\$ 64,288</u>	<u>\$ -</u>	<u>\$ 64,288</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*

	<u>2019</u>	<u>2018</u>
<u>Total OPEB liability</u>		
Service cost (BOY)	846	3,696
Interest (includes interest on service cost)	2,373	9,284
Changes of benefit terms	-	-
Differences between expected and actual experience	-	(173,055)
Changes of assumptions	(4,619)	(5,711)
Benefit payments, including refunds of member contributions	(4,875)	(11,049)
Net change in total OPEB liability	<u>\$ (6,275)</u>	<u>\$ (176,835)</u>
Total OPEB liability - beginning	\$ 70,563	\$ 247,398
Total OPEB liability - ending	\$ 64,288	\$ 70,563
<u>Plan fiduciary net position</u>		
Contributions - employer	4,875	11,049
Contributions - member	-	-
Net investment income	-	-
Benefit payments, including refunds of member contributions	(4,875)	(11,049)
Administrative expense	-	-
Net change in fiduciary net position	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	\$ -	\$ -
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending	<u>\$ 64,288</u>	<u>\$ 70,563</u>
Plan fiduciary net position as a percentage of the total OPEB liability	-	-
Covered payroll	\$ 229,988	\$ 229,988
Net OPEB liability as a percentage of covered payroll	28.0%	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>2019</u>	<u>2018</u>
<u>MMEHT:</u>		
Employer contributions	\$ 4,875	\$ 11,049
Benefit payments	<u>(4,875)</u>	<u>(4,875)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 6,174</u>
Covered payroll	\$ 229,988	\$ 229,988
Contributions as a percentage of covered- employee payroll	2.12%	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, 2019

Changes of Assumptions

Maine Public Employees Retirement System

For the PLD Consolidated Plan, the discount rate was reduced from 6.875% to 6.75%. In addition, the cost of living benefit increases for the PLD Plan decreased from 2.20% to 1.91%.

Maine Municipal Health Trust

There was a change in the discount rate from 3.44% to 4.10% per GASB 75 discount rate selection.

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, 2019

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues (Inflows):				
Taxes:				
Property taxes	\$ 10,332,530	\$ 10,332,530	\$ 10,342,193	\$ 9,663
Auto excise	766,500	766,500	841,276	74,776
Boat excise	3,500	3,500	3,866	366
Intergovernmental revenues:				
State revenue sharing	340,000	340,000	391,157	51,157
Homestead reimbursement	373,519	373,519	373,519	-
Tree growth	7,500	7,500	9,762	2,262
BETE reimbursement	529,051	529,051	529,101	50
General assistance	-	5,232	5,512	280
Veteran's/other reimbursement	3,500	23,625	24,791	1,166
Charges for services:				
Solid waste fees	11,000	11,000	16,228	5,228
Administration fees	20,000	20,000	21,923	1,923
Building rent	8,400	8,400	8,800	400
MDEA agent	-	85,204	85,204	-
Police	600	600	2,253	1,653
Highway revenue	-	119,772	119,772	-
Other	-	15	30	15
Miscellaneous revenues:				
Tax lien interest	18,500	18,500	21,171	2,671
Investment interest	13,000	13,000	36,088	23,088
Lien fees	9,500	9,500	10,106	606
Sale of fixed assets	-	-	50	50
Other	3,600	3,600	5,221	1,621
Amounts Available for Appropriation	<u>\$ 12,440,700</u>	<u>\$ 12,671,048</u>	<u>\$ 12,848,023</u>	<u>\$ 176,975</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, 2019

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General government:					
Administration	\$ 446,500	\$ -	\$ 446,500	\$ 443,997	\$ 2,503
Town boards	1,200	-	1,200	495	705
Board of Selectmen	11,265	-	11,265	11,079	186
	<u>458,965</u>	<u>-</u>	<u>458,965</u>	<u>455,571</u>	<u>3,394</u>
Public safety:					
Police department	632,960	83,427	716,387	715,639	748
Fire department	165,920	15	165,935	165,935	-
Ambulance	37,500	-	37,500	37,220	280
Hydrants/water	340,000	-	340,000	330,396	9,604
	<u>1,176,380</u>	<u>83,442</u>	<u>1,259,822</u>	<u>1,249,190</u>	<u>10,632</u>
Public works:					
Road/building maintenance	1,443,500	119,772	1,563,272	1,556,314	6,958
Curbside pickup	123,000	-	123,000	123,000	-
	<u>1,566,500</u>	<u>119,772</u>	<u>1,686,272</u>	<u>1,679,314</u>	<u>6,958</u>

TOWN OF JAY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Recreation and library:					
Library	148,140	-	148,140	148,140	-
Education	5,706,027	-	5,706,027	5,706,027	-
County tax	768,537	-	768,537	768,537	-
Insurance	126,000	1,777	127,777	89,540	38,237
Unclassified:					
Industrial revaluation	25,000	-	25,000	18,950	6,050
Audit	13,000	-	13,000	15,500	(2,500)
Local access	-	10,155	10,155	10,155	-
Assessing	32,000	-	32,000	31,600	400
AVCOG	11,800	-	11,800	11,539	261
MMA	8,800	-	8,800	5,710	3,090
Plumbing inspect.	8,500	-	8,500	8,289	211
Animal welfare	10,200	-	10,200	9,703	497
Donations	500	-	500	500	-
Andy Valley	-	9,970	9,970	9,970	-
General assistance	3,000	5,232	8,232	7,317	915
Overlay	218,585	-	218,585	3,632	214,953
Legal fees	40,000	-	40,000	29,027	10,973
Verso payment	1,333,334	-	1,333,334	1,333,334	-
General expenses	1,915	-	1,915	1,737	178
	<u>1,706,634</u>	<u>25,357</u>	<u>1,731,991</u>	<u>1,496,963</u>	<u>235,028</u>

TOWN OF JAY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Transfers:					
Admin reserve	2,500	-	2,500	2,500	-
Police reserve	10,000	-	10,000	10,000	-
Highway department reserve	50,000	-	50,000	50,000	-
Highway building reserve	5,000	-	5,000	5,000	-
Paving reserve	250,000	-	250,000	250,000	-
Fire dept. reserve	40,000	-	40,000	40,000	-
Town revaluation	30,000	-	30,000	30,000	-
IP TIF development program fund	43,347	-	43,347	43,347	-
Poland Sullivan		13,615	13,615	13,615	-
Enterprise funds	352,670	-	352,670	352,670	-
	<u>783,517</u>	<u>13,615</u>	<u>797,132</u>	<u>797,132</u>	<u>-</u>
 Total Departmental Operations	 <u>\$ 12,440,700</u>	 <u>\$ 243,963</u>	 <u>\$ 12,684,663</u>	 <u>\$ 12,390,414</u>	 <u>\$ 294,249</u>

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

TOWN OF JAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 2,161,199	\$ -	\$ 2,161,199
Investments	22,499	17,848	40,347
Due from other funds	172,195	-	172,195
TOTAL ASSETS	<u><u>\$ 2,355,893</u></u>	<u><u>\$ 17,848</u></u>	<u><u>\$ 2,373,741</u></u>
LIABILITIES			
Due to other funds	\$ 5,261	\$ -	\$ 5,261
TOTAL LIABILITIES	<u><u>5,261</u></u>	<u><u>-</u></u>	<u><u>5,261</u></u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	219,919	17,848	237,767
Committed	2,130,713	-	2,130,713
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u><u>2,350,632</u></u>	<u><u>17,848</u></u>	<u><u>2,368,480</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 2,355,893</u></u>	<u><u>\$ 17,848</u></u>	<u><u>\$ 2,373,741</u></u>

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

SCHEDULE D

TOWN OF JAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 292,834	\$ -	\$ 292,834
Interest	17,380	87	17,467
Other	29,277	-	29,277
TOTAL REVENUES	<u>339,491</u>	<u>87</u>	<u>339,578</u>
EXPENDITURES			
Current:			
General government	312,068	-	312,068
Public safety	365,983	-	365,983
Public works	479,063	-	479,063
Health and welfare	12,432	-	12,432
Other	-	1,208	1,208
TOTAL EXPENDITURES	<u>1,169,546</u>	<u>1,208</u>	<u>1,170,754</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(830,055)</u>	<u>(1,121)</u>	<u>(831,176)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	782,531	13,615	796,146
Transfers (out)	<u>(351,684)</u>	<u>-</u>	<u>(351,684)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>430,847</u>	<u>13,615</u>	<u>444,462</u>
NET CHANGE IN FUND BALANCES	(399,208)	12,494	(386,714)
FUND BALANCES - JULY 1	<u>2,749,840</u>	<u>5,354</u>	<u>2,755,194</u>
FUND BALANCES - JUNE 30	<u>\$ 2,350,632</u>	<u>\$ 17,848</u>	<u>\$ 2,368,480</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, 2019

	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	\$ -	\$ 367,149	\$ 3	\$ -	\$ -	\$ 5,732	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	2,724	5,000
TOTAL ASSETS	\$ -	\$ 367,149	\$ 3	\$ -	\$ -	\$ 5,732	\$ 2,724	\$ 5,000
LIABILITIES								
Due to other funds	\$ -	\$ 49	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	49	-	-	-	-	-	-
FUND BALANCES								
Restricted	-	-	-	-	-	-	2,724	5,000
Committed	-	367,100	3	-	-	5,732	-	-
TOTAL FUND BALANCES	-	367,100	3	-	-	5,732	2,724	5,000
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 367,149	\$ 3	\$ -	\$ -	\$ 5,732	\$ 2,724	\$ 5,000

TOWN OF JAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019

	Garbage Bags	Environmental Reserve	Tower Fund	Jay Community Development	Cemetery	Paving Reserve	Sewer Treatment Plant	Fire Department Reserve
ASSETS								
Cash and cash equivalents	\$ -	\$ 736,910	\$ -	\$ 9,346	\$ 33,324	\$ 48,904	\$ 355,424	\$ 185,945
Investments	-	-	-	22,499	-	-	-	-
Due from other funds	10,029	-	142,847	-	-	9	1,154	-
TOTAL ASSETS	\$ 10,029	\$ 736,910	\$ 142,847	\$ 31,845	\$ 33,324	\$ 48,913	\$ 356,578	\$ 185,945
LIABILITIES								
Due to other funds	\$ -	\$ 4	\$ -	\$ -	\$ 108	\$ -	\$ -	\$ 5,100
TOTAL LIABILITIES	-	4	-	-	108	-	-	5,100
FUND BALANCES								
Restricted	-	-	142,847	31,845	33,216	-	-	-
Committed	10,029	736,906	-	-	-	48,913	356,578	180,845
TOTAL FUND BALANCES	10,029	736,906	142,847	31,845	33,216	48,913	356,578	180,845
TOTAL LIABILITIES AND FUND BALANCES	\$ 10,029	\$ 736,910	\$ 142,847	\$ 31,845	\$ 33,324	\$ 48,913	\$ 356,578	\$ 185,945

TOWN OF JAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2019

	Public Works Contracted Services	Buildings and Grounds	Jay Historical Society	Admin Reserve	Police Grants	H.C. Coalition	Veterans Memorial Fund	Wellness Works
ASSETS								
Cash and cash equivalents	\$ 5,032	\$ -	\$ 1,133	\$ 104,620	\$ -	\$ -	\$ 2,594	\$ -
Investments	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	2,799	-	-	1,693
TOTAL ASSETS	\$ 5,032	\$ -	\$ 1,133	\$ 104,620	\$ 2,799	\$ -	\$ 2,594	\$ 1,693
LIABILITIES								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-	-	-	-
FUND BALANCES								
Restricted	-	-	-	-	-	-	2,594	1,693
Committed	5,032	-	1,133	104,620	2,799	-	-	-
TOTAL FUND BALANCES	5,032	-	1,133	104,620	2,799	-	2,594	1,693
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,032	\$ -	\$ 1,133	\$ 104,620	\$ 2,799	\$ -	\$ 2,594	\$ 1,693

TOWN OF JAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2019

	Sled - in Fest	Music in the Park	Highway Building Reserve	Jay Gazebo	Town Revaluation	IP TIF Development Program Fund	Asset Forfeiture	NBRC	Total
ASSETS									
Cash and cash equivalents	\$ -	\$ -	\$ 156,447	\$ 6,292	\$ 141,296	\$ -	\$ 1,048	\$ -	\$ 2,161,199
Investments	-	-	-	-	-	-	-	-	22,499
Due from other funds	4,451	1,489	-	-	-	-	-	-	172,195
TOTAL ASSETS	\$ 4,451	\$ 1,489	\$ 156,447	\$ 6,292	\$ 141,296	\$ -	\$ 1,048	\$ -	\$ 2,355,893
LIABILITIES									
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,261
TOTAL LIABILITIES	-	-	-	-	-	-	-	-	5,261
FUND BALANCES									
Restricted	-	-	-	-	-	-	-	-	219,919
Committed	4,451	1,489	156,447	6,292	141,296	-	1,048	-	2,130,713
TOTAL FUND BALANCES	4,451	1,489	156,447	6,292	141,296	-	1,048	-	2,350,632
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,451	\$ 1,489	\$ 156,447	\$ 6,292	\$ 141,296	\$ -	\$ 1,048	\$ -	\$ 2,355,893

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, 2019

	Recycling Reserve	Highway Department Reserve	Police Reserve	Recycling Facility Reserve	Police Training	Public Works Fuel Reserve	Small Comm. Grant	Taylor Made
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	2,729	213	-	-	26	-	-
Other	-	-	-	-	-	4,053	-	-
TOTAL REVENUES	-	2,729	213	-	-	4,079	-	-
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	54,951	-	24,300	-	-	-
Public works	-	84,456	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	84,456	54,951	-	24,300	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(81,727)	(54,738)	-	(24,300)	4,079	-	-
OTHER FINANCING SOURCES (USES)								
Transfers in	-	252,890	10,000	-	-	-	-	-
Transfers (out)	(202,890)	-	-	(95,671)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(202,890)	252,890	10,000	(95,671)	-	-	-	-
NET CHANGE IN FUND BALANCES	(202,890)	171,163	(44,738)	(95,671)	(24,300)	4,079	-	-
FUND BALANCES - JULY 1	202,890	195,937	44,741	95,671	24,300	1,653	2,724	5,000
FUND BALANCES - JUNE 30	\$ -	\$ 367,100	\$ 3	\$ -	\$ -	\$ 5,732	\$ 2,724	\$ 5,000

TOWN OF JAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR YEAR ENDED JUNE 30, 2019

	Garbage Bags	Enviro- mental Reserve	Tower Fund	Jay Community Develop.	Cemetery	Paving Reserve	Sewer Treatment Plant	Fire Department Reserve
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 83,908	\$ 21,060	\$ -
Interest	-	4,976	-	350	215	553	2,324	2,844
Other	66	-	13,390	-	6,725	-	-	-
TOTAL REVENUES	<u>66</u>	<u>4,976</u>	<u>13,390</u>	<u>350</u>	<u>6,940</u>	<u>84,461</u>	<u>23,384</u>	<u>2,844</u>
EXPENDITURES								
Current:								
General government	-	-	29,334	-	3,810	-	-	-
Public safety	-	-	-	-	-	-	-	276,531
Public works	-	-	-	-	-	361,807	32,800	-
Health and welfare	-	12,432	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>12,432</u>	<u>29,334</u>	<u>-</u>	<u>3,810</u>	<u>361,807</u>	<u>32,800</u>	<u>276,531</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>66</u>	<u>(7,456)</u>	<u>(15,944)</u>	<u>350</u>	<u>3,130</u>	<u>(277,346)</u>	<u>(9,416)</u>	<u>(273,687)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	250,000	-	40,000
Transfers (out)	-	-	-	-	-	(9,427)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>240,573</u>	<u>-</u>	<u>40,000</u>
NET CHANGE IN FUND BALANCES	66	(7,456)	(15,944)	350	3,130	(36,773)	(9,416)	(233,687)
FUND BALANCES - JULY 1	<u>9,963</u>	<u>744,362</u>	<u>158,791</u>	<u>31,495</u>	<u>30,086</u>	<u>85,686</u>	<u>365,994</u>	<u>414,532</u>
FUND BALANCES - JUNE 30	<u>\$ 10,029</u>	<u>\$ 736,906</u>	<u>\$ 142,847</u>	<u>\$ 31,845</u>	<u>\$ 33,216</u>	<u>\$ 48,913</u>	<u>\$ 356,578</u>	<u>\$ 180,845</u>

TOWN OF JAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR YEAR ENDED JUNE 30, 2019

	Public Works Contracted Services	Buildings and Grounds	Jay Historical Society	Admin Reserve	Police Grants	H.C. Coalition	Veterans Memorial Fund	Wellness Works
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 6,360	\$ -	\$ -	\$ -
Interest	32	-	8	703	-	-	17	-
Other	-	-	60	-	-	-	-	-
TOTAL REVENUES	<u>32</u>	<u>-</u>	<u>68</u>	<u>703</u>	<u>6,360</u>	<u>-</u>	<u>17</u>	<u>-</u>
EXPENDITURES								
Current:								
General government	-	-	-	1,318	-	-	-	25
Public safety	-	-	-	-	7,201	-	-	-
Public works	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,318</u>	<u>7,201</u>	<u>-</u>	<u>-</u>	<u>25</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>32</u>	<u>-</u>	<u>68</u>	<u>(615)</u>	<u>(841)</u>	<u>-</u>	<u>17</u>	<u>(25)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	5,000	-	-	46,196	-	-	-	-
Transfers (out)	-	(43,696)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,000</u>	<u>(43,696)</u>	<u>-</u>	<u>46,196</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	5,032	(43,696)	68	45,581	(841)	-	17	(25)
FUND BALANCES - JULY 1	<u>-</u>	<u>43,696</u>	<u>1,065</u>	<u>59,039</u>	<u>3,640</u>	<u>-</u>	<u>2,577</u>	<u>1,718</u>
FUND BALANCES - JUNE 30	<u>\$ 5,032</u>	<u>\$ -</u>	<u>\$ 1,133</u>	<u>\$ 104,620</u>	<u>\$ 2,799</u>	<u>\$ -</u>	<u>\$ 2,594</u>	<u>\$ 1,693</u>

TOWN OF JAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR YEAR ENDED JUNE 30, 2019

	Sled - in Fest	Music in the Park	Highway Building Reserve	Jay Gazebo	Town Revaluation	IP TIF Development Program Fund	Asset Forfeiture	NBRC	Total
REVENUES									
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 181,506	\$ 292,834
Interest	-	-	1,023	41	920	-	369	37	17,380
Other	1,845	2,609	-	277	-	-	252	-	29,277
TOTAL REVENUES	1,845	2,609	1,023	318	920	-	621	181,543	339,491
EXPENDITURES									
Current:									
General government	923	1,645	-	-	-	43,347	-	231,666	312,068
Public safety	-	-	-	-	-	-	3,000	-	365,983
Public works	-	-	-	-	-	-	-	-	479,063
Health and welfare	-	-	-	-	-	-	-	-	12,432
TOTAL EXPENDITURES	923	1,645	-	-	-	43,347	3,000	231,666	1,169,546
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	922	964	1,023	318	920	(43,347)	(2,379)	(50,123)	(830,055)
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	95,671	-	30,000	43,347	-	9,427	782,531
Transfers (out)	-	-	-	-	-	-	-	-	(351,684)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	95,671	-	30,000	43,347	-	9,427	430,847
NET CHANGE IN FUND BALANCES	922	964	96,694	318	30,920	-	(2,379)	(40,696)	(399,208)
FUND BALANCES - JULY 1	3,529	525	59,753	5,974	110,376	-	3,427	40,696	2,749,840
FUND BALANCES - JUNE 30	\$ 4,451	\$ 1,489	\$ 156,447	\$ 6,292	\$ 141,296	\$ -	\$ 1,048	\$ -	\$ 2,350,632

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, 2019

	Poland Sullivan Fund	Total
	<u> </u>	<u> </u>
ASSETS		
Investments	\$ 17,848	\$ 17,848
TOTAL ASSETS	<u>\$ 17,848</u>	<u>\$ 17,848</u>
LIABILITIES		
Due to other funds	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
FUND BALANCES		
Restricted	17,848	17,848
TOTAL FUND BALANCES	<u>17,848</u>	<u>17,848</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 17,848</u>	<u>\$ 17,848</u>

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

TOWN OF JAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	Poland Sullivan Fund	Total
REVENUES		
Interest	\$ 87	\$ 87
TOTAL REVENUES	<u>87</u>	<u>87</u>
EXPENDITURES		
Other	<u>1,208</u>	<u>1,208</u>
TOTAL EXPENDITURES	<u>1,208</u>	<u>1,208</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,121)</u>	<u>(1,121)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	13,615	13,615
Transfers (out)	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>13,615</u>	<u>13,615</u>
NET CHANGE IN FUND BALANCES	12,494	12,494
FUND BALANCES - JULY 1	<u>5,354</u>	<u>5,354</u>
FUND BALANCES - JUNE 30	<u>\$ 17,848</u>	<u>\$ 17,848</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, 2019

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
Police	\$ -	\$ -	\$ 311,431	\$ -	\$ 311,431
Fire	24,215	580,132	1,906,424	-	2,510,771
Highway	15,000	802,595	2,152,779	9,729,478	12,699,852
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	1,230,966	77,749	-	1,905,283
Transfer station	-	-	49,428	-	49,428
Sewer Department	274,139	1,297,000	190,094	6,214,311	7,975,544
Total General Capital Assets	1,023,822	4,884,863	5,935,637	15,945,139	27,789,461
Less: Accumulated Depreciation	-	(3,126,760)	(4,718,868)	(9,611,079)	(17,456,707)
Net General Capital Assets	\$ 1,023,822	\$ 1,758,103	\$ 1,216,769	\$ 6,334,060	\$ 10,332,754

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, 2019

	General Capital Assets 7/1/18	Additions	Deletions	General Capital Assets 6/30/19
Police	\$ 321,734	\$ 62,177	\$ (72,480)	\$ 311,431
Fire	2,195,220	315,551	-	2,510,771
Highway	11,972,403	788,558	(61,109)	12,699,852
Recycling	1,701,168	-	-	1,701,168
Recreation	73,746	-	-	73,746
Library	562,238	-	-	562,238
Town-wide	1,888,309	16,974	-	1,905,283
Transfer station	49,428	-	-	49,428
Sewer Department	7,657,355	318,189	-	7,975,544
Total General Capital Assets	26,421,601	1,501,449	(133,589)	27,789,461
Less: Accumulated Depreciation	<u>(16,944,738)</u>	<u>(645,558)</u>	<u>133,589</u>	<u>(17,456,707)</u>
Net General Capital Assets	<u>\$ 9,476,863</u>	<u>\$ 855,891</u>	<u>\$ -</u>	<u>\$ 10,332,754</u>

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



Proven Expertise & 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, 2019 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 26, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Jay, Maine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of Town of Jay, Maine in a separate letter dated November 26, 2019.

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 26, 2019