

Federal Compliance Audit

Town of Jay, Maine

June 30, 2021



Proven Expertise & Integrity

TOWN OF JAY, MAINE

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JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

Selectboard
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, 2021 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, 2021 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and OPEB information on pages 4 through 12 and 66 through 72 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is also 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, capital asset schedules and the schedule of expenditures of federal awards 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, capital asset schedules and the schedule of expenditures of federal awards 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 February 9, 2022, 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
February 9, 2022

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

(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, 2021. 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 \$579,338 from \$17,281,631 to \$17,860,969. The Town's total net position for business-type activities increased by \$3,128,913 from a deficit balance of \$38,668 to a balance of \$3,090,245.

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 \$9,588,707 at the end of this year. Unrestricted net position for business-type activities increased to a deficit balance of \$802,584.

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

	Governmental Activities		Business-type Activities	
	2021	2020 (Restated)	2021	2020 (Restated)
Assets:				
Current Assets	\$ 10,426,031	\$ 9,625,622	\$ 65,980	\$ 93,148
Noncurrent Assets				
Capital Assets	8,041,521	8,342,653	6,036,445	4,675,299
Other Assets	256,665	307,998	-	-
Total Assets	18,724,217	18,276,273	6,102,425	4,768,447
Deferred Outflows of Resources:				
Deferred Outflows Related to Pensions	147,414	153,445	-	-
Deferred Outflows Related to OPEB	13,469	11,119	-	-
Total Deferred Inflows of Resources	160,883	164,564	-	-
Liabilities:				
Current Liabilities	100,161	103,753	1,047,708	4,190,283
Noncurrent Liabilities	779,728	758,212	1,964,472	616,832
Total Liabilities	879,889	861,965	3,012,180	4,807,115
Deferred Inflows of Resources:				
Prepaid taxes	19,598	12,551	-	-
Deferred Amount on Pensions	83,006	205,365	-	-
Deferred Amount on OPEB	41,638	79,325	-	-
Total Deferred Inflows of Resources	144,242	297,241	-	-
Net Position (Deficit):				
Net Investment in Capital Assets	8,041,521	8,342,653	3,892,829	893,354
Restricted: Special Revenue	229,615	242,944	-	-
Permanent Fund	1,126	751	-	-
Unrestricted (Deficit)	9,588,707	8,695,283	(802,584)	(932,022)
Total Net Position (Deficit)	\$ 17,860,969	\$ 17,281,631	\$ 3,090,245	\$ (38,668)

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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 156,080	\$ 206,251	\$ 495,351	\$ 508,923
Operating grants and contributions	93,628	197,166	1,915,735	-
<i>General Revenues:</i>				
Property taxes	9,251,367	9,668,614	-	-
Excise taxes	937,049	829,244	-	-
Grants and contributions not restricted to specific programs	1,923,575	1,622,096	-	-
Miscellaneous	279,043	226,805	1,102,805	-
Total Revenues	<u>12,640,742</u>	<u>12,750,176</u>	<u>3,513,891</u>	<u>508,923</u>
Expenses				
General government	417,211	473,753	-	-
Public safety	1,493,617	1,423,857	-	-
Public works	2,187,044	2,221,032	-	-
Transfer station	39,761	41,295	-	-
Recreation and library	168,691	174,386	-	-
Education	6,189,977	6,206,281	-	-
County tax	723,558	708,146	-	-
Insurance	98,192	100,516	-	-
TIF	38,477	40,513	-	-
Interest expense	11,286	6,365	-	-
Capital Outlay	211,226	-	-	-
Unallocated depreciation (Note 4)	38,815	40,742	-	-
Sewer department	-	-	637,978	657,434
Unclassified	190,549	168,797	-	-
Total Expenses	<u>11,808,404</u>	<u>11,605,683</u>	<u>637,978</u>	<u>657,434</u>
Transfers	<u>(253,000)</u>	<u>(355,692)</u>	<u>253,000</u>	<u>355,692</u>
Change in Net Position	579,338	788,801	3,128,913	207,181
Net Position - July 1, Restated	<u>17,281,631</u>	<u>16,492,830</u>	<u>(38,668)</u>	<u>(245,849)</u>
Net Position - June 30	<u>\$ 17,860,969</u>	<u>\$ 17,281,631</u>	<u>\$ 3,090,245</u>	<u>\$ (38,668)</u>

Revenues and Expenses

Revenues for the Town's governmental activities decreased by 0.86%, while total expenses increased by 1.75%. The largest decreases in revenues were in operating grants, charges for services and property taxes. The largest increase in expenses was in capital outlay.

Revenues for the Town's business-type activities increased by 590.46%, while total expenses decreased by 2.96%. The increase in revenue was due to a principal loan forgiveness on the 2019 sewer bond of \$1,000,000 and a State of Maine grant of \$1,915,735.

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,

	2021	2020 (Restated)	Increase/ (Decrease)
General Fund:			
Nonspendable	\$ 21,933	\$ 293	\$ 21,640
Assigned	127,466	218,585	(91,119)
Unassigned	7,681,281	6,698,810	982,471
Total General Fund	\$ 7,830,680	\$ 6,917,688	\$ 912,992
Nonmajor Funds:			
Special revenue funds:			
Restricted	\$ 229,615	\$ 229,262	\$ 353
Committed	2,201,219	2,190,810	10,409
Assigned	12,133	-	12,133
Unassigned	(5,818)	-	(5,818)
Permanent funds:			
Nonspendable	17,500	17,500	-
Restricted	1,126	751	375
Total Nonmajor Funds	\$ 2,455,775	\$ 2,438,323	\$ 17,452

The changes to total fund balances for the general fund and the nonmajor funds occurred due to the regular activity of operations.

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 net position for the current year of \$3,090,245. This was an increase of \$3,128,913 from the prior year. This increase is due to an increase in the net investment in capital assets.

Budgetary Highlights

The only differences between the original and final budget for the general fund were the use of applied receipts.

The general fund actual revenues were over budget by \$468,711. This was a result of all revenue categories being receipted over budgeted amounts.

The general fund actual expenditures were under budget by \$448,281. All expenditure categories were within or under budgeted amounts with the exception of transfers to other funds.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2021, the net book value of capital assets recorded by the Town increased by \$1,060,014 when compared to the prior year. This increase is the result of capital additions of \$1,963,423, less current year depreciation expense of \$695,367 and net disposals of \$208,042.

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

	2021	2020 (Restated)
Land	\$ 777,118	\$ 777,118
Construction in progress	1,408,639	6,615
Buildings, building and land improvements	1,563,050	1,654,488
Furniture and fixtures	-	363
Machinery and equipment	378,969	265,293
Vehicles	847,770	1,114,575
Infrastructure	9,102,420	9,199,500
Total	\$ 14,077,966	\$ 13,017,952

Debt

At June 30, 2021, the Town had \$2,400,281 in bonds payable outstanding versus \$1,027,635 last year, an increase of 133.57%. Refer to Note 8 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 Selectboard 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.

Currently Known Facts, Decisions or Conditions

The outbreak of COVID-19 has been declared a pandemic and led to a national state of emergency in the United States. Refer to Note 1 of Notes to Financial Statements for more detailed information.

At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Town of Jay, Maine. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the Town of Jay, Maine.

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, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 8,603,980	\$ 304	\$ 8,604,284
Investments	646,421	-	646,421
Accounts receivable (net of allowance for uncollectibles):			
Taxes	148,033	43,173	191,206
Liens	48,243	22,503	70,746
Other	109,248	-	109,248
Prepaid items	21,933	-	21,933
Internal balances	848,173	(848,173)	-
Total current assets	<u>10,426,031</u>	<u>(782,193)</u>	<u>9,643,838</u>
Noncurrent assets:			
Capital assets:			
Non depreciable assets	749,683	4,515,773	5,265,456
Depreciated assets net of accumulated depreciation	7,291,838	1,520,672	8,812,510
Receivable for long-term debt obligations from RSU No. 73	256,665	-	256,665
Total noncurrent assets	<u>8,298,186</u>	<u>6,036,445</u>	<u>14,077,966</u>
TOTAL ASSETS	<u>18,724,217</u>	<u>5,254,252</u>	<u>23,978,469</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	147,414	-	147,414
Deferred outflows of resources related to OPEB	13,469	-	13,469
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>160,883</u>	<u>-</u>	<u>160,883</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 18,885,100</u>	<u>\$ 5,254,252</u>	<u>\$ 24,139,352</u>

STATEMENT A (CONTINUED)

TOWN OF JAY, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 26,672	\$ 19,859	\$ 46,531
Accrued payroll	21,457	532	21,989
Due to other governments	699	-	699
Current portion of long-term obligations	51,333	179,144	230,477
Total current liabilities	<u>100,161</u>	<u>199,535</u>	<u>299,696</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	205,332	1,964,472	2,169,804
Accrued compensated absences	19,507	-	19,507
Net pension liability	485,862	-	485,862
Net OPEB liability	69,027	-	69,027
Total noncurrent liabilities	<u>779,728</u>	<u>1,964,472</u>	<u>2,744,200</u>
TOTAL LIABILITIES	<u>879,889</u>	<u>2,164,007</u>	<u>3,043,896</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	19,598	-	19,598
Deferred inflows of resources related to pensions	83,006	-	83,006
Deferred inflows of resources related to OPEB	41,638	-	41,638
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>144,242</u>	<u>-</u>	<u>144,242</u>
NET POSITION			
Net investment in capital assets	8,041,521	3,892,829	11,934,350
Restricted: Special Revenue Funds	229,615	-	229,615
Permanent Funds	1,126	-	1,126
Unrestricted (deficit)	9,588,707	(802,584)	8,786,123
TOTAL NET POSITION	<u>17,860,969</u>	<u>3,090,245</u>	<u>20,951,214</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 18,885,100</u>	<u>\$ 5,254,252</u>	<u>\$ 24,139,352</u>

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

TOWN OF JAY, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

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	\$ 417,211	\$ 31,507	\$ -	\$ -	\$ (385,704)	\$ -	\$ (385,704)
Public safety	1,493,617	105,165	13,744	-	(1,374,708)	-	(1,374,708)
Public works	2,187,044	-	79,884	-	(2,107,160)	-	(2,107,160)
Transfer station	39,761	19,408	-	-	(20,353)	-	(20,353)
Recreation and library	168,691	-	-	-	(168,691)	-	(168,691)
Education	6,189,977	-	-	-	(6,189,977)	-	(6,189,977)
County tax	723,558	-	-	-	(723,558)	-	(723,558)
Insurance	98,192	-	-	-	(98,192)	-	(98,192)
Tax increment financing agreement	38,477	-	-	-	(38,477)	-	(38,477)
Interest expense	11,286	-	-	-	(11,286)	-	(11,286)
Capital outlay	211,226	-	-	-	(211,226)	-	(211,226)
Unallocated depreciation*	38,815	-	-	-	(38,815)	-	(38,815)
Unclassified	190,549	-	-	-	(190,549)	-	(190,549)
Total governmental activities	11,808,404	156,080	93,628	-	(11,558,696)	-	(11,558,696)
Business-type activities:							
Sewer department	637,978	495,351	1,915,735	1,000,000	-	2,773,108	2,773,108
Total business-type activities	637,978	495,351	1,915,735	1,000,000	-	2,773,108	2,773,108
Total government	\$ 12,446,382	\$ 651,431	\$ 2,009,363	\$ 1,000,000	(11,558,696)	2,773,108	(8,785,588)

TOWN OF JAY, MAINE

STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

	Governmental Activities	Business- type Activities	Total
	<u> </u>	<u> </u>	<u> </u>
Changes in net position:			
Net (expense) revenue	<u>(11,558,696)</u>	<u>2,773,108</u>	<u>(8,785,588)</u>
General revenues:			
Taxes:			
Property taxes, levied for general purposes	9,251,367	-	9,251,367
Excise taxes	937,049	-	937,049
Grants and contributions not restricted to specific programs	1,923,575	-	1,923,575
Miscellaneous	279,043	102,805	381,848
Total general revenues	<u>12,391,034</u>	<u>102,805</u>	<u>12,493,839</u>
Transfers	<u>(253,000)</u>	<u>253,000</u>	<u>-</u>
Change in net position	579,338	3,128,913	3,708,251
NET POSITION - JULY 1, RESTATED	<u>17,281,631</u>	<u>(38,668)</u>	<u>17,242,963</u>
NET POSITION - JUNE 30	<u>\$ 17,860,969</u>	<u>\$ 3,090,245</u>	<u>\$ 20,951,214</u>

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

TOWN OF JAY, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 6,931,540	\$ 1,672,440	\$ 8,603,980
Investments	-	646,421	646,421
Accounts receivable (net of allowance for uncollectibles):			
Taxes	148,033	-	148,033
Liens	48,243	-	48,243
Other	109,248	-	109,248
Prepaid items	21,933	-	21,933
Due from other funds	899,603	188,344	1,087,947
TOTAL ASSETS	<u>\$ 8,158,600</u>	<u>\$ 2,507,205</u>	<u>\$ 10,665,805</u>
LIABILITIES			
Accounts payable	\$ 26,672	\$ -	\$ 26,672
Accrued payroll	21,457	-	21,457
Due to other governments	699	-	699
Due to other funds	188,344	51,430	239,774
TOTAL LIABILITIES	<u>237,172</u>	<u>51,430</u>	<u>288,602</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred tax revenues	71,150	-	71,150
Prepaid taxes	19,598	-	19,598
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>90,748</u>	<u>-</u>	<u>90,748</u>
FUND BALANCES			
Nonspendable	21,933	17,500	39,433
Restricted	-	230,741	230,741
Committed	-	2,201,219	2,201,219
Assigned	127,466	12,133	139,599
Unassigned	7,681,281	(5,818)	7,675,463
TOTAL FUND BALANCES	<u>7,830,680</u>	<u>2,455,775</u>	<u>10,286,455</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 8,158,600</u>	<u>\$ 2,507,205</u>	<u>\$ 10,665,805</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, 2021

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 10,286,455
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	8,041,521
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	256,665
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	71,150
Deferred outflows of resources are not financial resources and therefore are not reported in the funds:	
Pension	147,414
OPEB	13,469
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(256,665)
Accrued compensated absences	(19,507)
Net pension liability	(485,862)
Net OPEB liability	(69,027)
Deferred inflows of resources are not financial resources and therefore are not reported in the funds:	
Pension	(83,006)
OPEB	<u>(41,638)</u>
Net position of governmental activities	<u>\$ 17,860,969</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, 2021

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 9,384,857	\$ -	\$ 9,384,857
Excise taxes	937,049	-	937,049
Intergovernmental	1,916,096	101,107	2,017,203
Charges for services	156,080	-	156,080
Miscellaneous revenues	222,565	56,478	279,043
TOTAL REVENUES	12,616,647	157,585	12,774,232
EXPENDITURES			
Current:			
General government	475,295	25,432	500,727
Public safety	1,418,623	252	1,418,875
Public works	1,545,807	-	1,545,807
Transfer station	-	16,987	16,987
Recreation and library	168,691	-	168,691
Education	6,138,644	-	6,138,644
County tax	723,558	-	723,558
Insurance	98,192	-	98,192
Tax increment financing agreement	38,477	-	38,477
Unclassified	190,549	-	190,549
Debt service:			
Principal	51,333	-	51,333
Interest	11,286	-	11,286
Capital outlay	-	687,662	687,662
TOTAL EXPENDITURES	10,860,455	730,333	11,590,788
EXCESS REVENUES OVER (UNDER) EXPENDITURES	1,756,192	(572,748)	1,183,444
OTHER FINANCING SOURCES (USES)			
Transfers in	-	590,200	590,200
Transfers (out)	(843,200)	-	(843,200)
TOTAL OTHER FINANCING SOURCES (USES)	(843,200)	590,200	(253,000)
NET CHANGE IN FUND BALANCES	912,992	17,452	930,444
FUND BALANCES - JULY 1, RESTATED	6,917,688	2,438,323	9,356,011
FUND BALANCES - JUNE 30	\$ 7,830,680	\$ 2,455,775	\$ 10,286,455

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, 2021

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 930,444</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	483,051
Capital asset disposals	(165,201)
Depreciation expense	<u>(618,982)</u>
	<u>(301,132)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported.	
Taxes and liens receivable	<u>(133,490)</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	(6,031)
OPEB	2,350
	<u>(3,681)</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>51,333</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	1,259
Net pension liability	(70,218)
Net OPEB liability	<u>(3,890)</u>
	<u>(72,849)</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:	
Pension	122,359
OPEB	37,687
	<u>160,046</u>
Change in net position of governmental activities (Statement B)	<u>\$ 579,338</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, 2021

	Business-type Activities Enterprise Funds Sewer Department
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 304
Accounts receivable (net of allowance for uncollectibles):	
Taxes	43,173
Liens	22,503
Total current assets	<u>65,980</u>
Noncurrent assets:	
Capital assets:	
Construction in progress	4,488,338
Land and buildings	1,299,435
Vehicles, machinery and equipment	253,307
Infrastructure	6,146,531
Total capital assets	<u>12,187,611</u>
Less: accumulated depreciation	<u>(6,151,166)</u>
Net capital assets	<u>6,036,445</u>
 Total noncurrent assets	 <u>6,036,445</u>
TOTAL ASSETS	\$ <u>6,102,425</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 19,859
Accrued payroll	532
Due to other funds	848,173
Bonds payable, current portion	179,144
Total current liabilities	<u>1,047,708</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable, net of current portion	1,964,472
Total noncurrent liabilities	<u>1,964,472</u>
TOTAL LIABILITIES	<u>3,012,180</u>
NET POSITION	
Net investment in capital assets	3,892,829
Unrestricted (deficit)	(802,584)
TOTAL NET POSITION	<u>3,090,245</u>
TOTAL LIABILITIES AND NET POSITION	\$ <u>6,102,425</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, 2021

	Business-type Activities Enterprise Funds <hr/> Sewer Department <hr/>
OPERATING REVENUES	
Intergovernmental revenue	\$ 1,915,735
Charges for services	495,351
TOTAL OPERATING REVENUES	<hr/> <u>2,411,086</u>
OPERATING EXPENSES	
Payroll and related benefits	168,072
Treatment fees	231,123
Repairs and maintenance	82,417
Supplies	629
Utilities	36,511
Depreciation	76,385
TOTAL OPERATING EXPENSES	<hr/> <u>595,137</u>
OPERATING INCOME (LOSS)	<hr/> <u>1,815,949</u>
NONOPERATING REVENUES (EXPENSES)	
Transfers in	273,000
Transfers (out)	(20,000)
Gain (loss) on disposal of assets	(42,841)
Loan forgiveness	1,000,000
Interest income	102,805
TOTAL NONOPERATING REVENUES (EXPENSES)	<hr/> <u>1,312,964</u>
NET CHANGE IN NET POSITION	3,128,913
NET POSITION - JULY 1	<hr/> <u>(38,668)</u>
NET POSITION - JUNE 30	<hr/> <u>\$ 3,090,245</u>

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

TOWN OF JAY, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR JUNE 30, 2021

	Business-type Activities Enterprise Funds
	<u>Sewer Department</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 2,438,322
Payments to suppliers	(3,566,591)
Payments to employees	(171,075)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(1,299,344)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Transfer in from general fund - debt service	273,000
Purchases of capital assets	(1,437,531)
Bond payable addition	1,526,784
Principal payments on bonds and notes payable	(102,805)
Interest payments on bonds and notes payable	-
Interest income	102,805
Gain (loss) sale of asset	(42,841)
Loan forgiveness	1,000,000
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>1,319,412</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	68
CASH AND CASH EQUIVALENTS - JULY 1	<u>236</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ 304</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ 1,815,949
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	76,385
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	27,236
(Decrease) increase in accounts payable	5,313
(Decrease) increase in accrued payroll	(3,003)
(Decrease) increase in due to other funds	(158,916)
(Decrease) increase in bond anticipation note	(3,062,308)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (1,299,344)</u>

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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 Selectboard-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.

COVID-19 Outbreak

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization and led to a national state of emergency in the United States. The State of Maine, along with other state and local governments, declared states of emergency and issued multiple public health emergency orders that severely restrict movement and limit businesses and activities to essential functions. These actions and effects of COVID-19 have disrupted economic activity at all levels and impacted the processes and procedures for almost all businesses, including municipal and quasi-municipal entities.

In response to the health crisis created by COVID-19 since early March of 2020, the Governor of Maine issued multiple executive orders and declarations to protect the public health in an effort to reduce community spread of the virus and protect citizens. These measures have included, among others, closing or restricting access to certain business and activities, issuing a "stay at home" directive for most citizens, restricting nonessential travel and limiting movement of all persons in Maine to those necessary to obtain or provide essential services or activities. The state of emergency expired on June 30, 2021.

Impact on and Results of Operations

On March 17, 2020 Maine LD 2167 was issued and executed by the Governor of Maine. In accordance with Executive Order 8, issued by the Governor of Maine on August 26, 2020, the Town took required measures to further reduce the risk of exposure to voters, poll workers and election officials participating in the state primary and in municipal and school district elections by holding all local and State elections at the Spruce Mountain School to allow for greater social distancing.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Extended deadlines

The Town of Jay's deadline for vehicle and dog registrations were extended based on the State of Maine approved extensions related to COVID. The Town also delayed the filing of tax and sewer liens that were typically put on at the end of July to the beginning of September in accordance with the Governor's Executive Order and in compliance with lien filing deadlines.

Impact on Finances

The Town of Jay does not currently anticipate any additional FY 2021 expenditures due to COVID-19 that would not be covered by existing resources including authorized Coronavirus, Aid, Relief and Economic Security ("CARES") Act American Rescue Plan Act ("ARPA") funding and applicable Federal and/or State programs.

Expected Federal/State Support

The Town of Jay may have to take action to meet certain requirements to receive any additional Federal or State funding for budgetary or economic relief related to the challenges presented by COVID-19. However, the Town of Jay expects that if those actions are necessary, that the Town of Jay would qualify and satisfy the various conditions required to receive applicable Federal or State funds.

Conclusion

The ongoing effects of COVID-19, including the financial impact to the Town of Jay and its inhabitants, may change significantly as events and circumstances evolve locally, nationally and worldwide. At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Town of Jay. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the Town of Jay.

Implementation of New Accounting Standards

During the year ended June 30, 2021, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 84 "Fiduciary Activities". This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval or condition is required to be taken or met by the beneficiary to release the assets. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 90 "Majority Equity Interests". This Statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. Management has determined the impact of this Statement is not material to the financial statements.

Statement No 93 "Replacement of Interbank Offered Rates (paragraphs 4-11a)." The primary objectives of paragraphs 4-11a concern hedging derivative instruments (specifically exceptions to termination of hedge accounting, modifications to hedged items, probability of expected transactions and appropriate benchmark interest rates). The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of IBORs with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. Management has determined the impact of this Statement is not material to the financial statements.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

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

In the government-wide Statement of Net Position, the governmental 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.

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,

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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. Nonoperating 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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

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

Basis of Accounting

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

1. Accrual

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

2. Modified Accrual

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

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:

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 deposit and other evidence of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

Receivables

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. The allowance for uncollectible amounts is estimated to be \$0 as of June 30, 2021. Accounts receivable netted with allowances for uncollectible accounts were \$109,248 for the year ended June 30, 2021.

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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 capital assets are reported at their estimated fair market value on the date received. All asset retirements have been recorded by eliminating the net carrying values.

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

Estimated useful lives are as follows:

Land improvements	20 - 50 years
Buildings	20 - 50 years
Building improvements	20 - 50 years
Furniture and fixtures	5 - 20 years
Machinery and equipment	3 - 50 years
Vehicles	3 - 25 years
Infrastructure	50 - 100 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.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All long-term obligations to be repaid from governmental and business-type resources are 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.

Pension

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

OPEB

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net position invested in capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows 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.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance

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

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

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

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

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

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

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

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 25, 2020 on the assessed value listed as of April 1, 2020, for all real and personal property located in the Town. Taxes were due in two installments on October 1, 2020 and April 1, 2021. Interest on unpaid taxes commenced on October 2, 2020 and April 2, 2021, 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 \$127,466 for the year ended June 30, 2021.

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.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program Revenues

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services or privileges provided, operating or capital grants and contributions, including special assessments).

Operating/Nonoperating Proprietary Fund Revenues

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

Encumbrance Accounting

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

Use of Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

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, 2021, the Town's cash balances amounting to \$8,604,284 were comprised of bank deposits of \$9,437,148. Bank deposits and cash equivalents are adjusted primarily

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

by outstanding checks and deposits in transit to reconcile to the Town's cash and cash equivalents balance. Of these bank deposits, \$7,051,866 were fully insured by federal depository insurance and consequently not exposed to custodial credit risk. The remaining deposits of \$2,385,282 were collateralized with securities held by the financial institution in the Town's name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 10,964
NOW accounts	148,038
Insured sweep	2,385,282
ICS	6,892,864
	<u>\$ 9,437,148</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.

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. Certificates of deposit held with local financial institutions for \$646,421 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value.

At June 30, 2021, the Town's investments of \$646,421 of certificates of deposit were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk.

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2021 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General fund	\$ 899,603	\$ 188,344
Nonmajor special revenue funds	188,344	51,430
Enterprise fund	-	848,173
	<u>\$ 1,087,947</u>	<u>\$ 1,087,947</u>

The result of amounts owed between funds are considered to be in the course of normal operations by the Town. Reconciliation of the amounts owed between funds may or may not be expected to be repaid within one year in their entirety due to the recurring nature of these transactions during operations.

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2021 consisted of the following:

	Transfers From	Transfers To
General fund	\$ 843,200	\$ -
Enterprise fund	20,000	273,000
Nonmajor Special Revenue Funds	-	590,200
	<u>\$ 863,200</u>	<u>\$ 863,200</u>

Interfund transfers are the results of legally authorized activity and are considered to be in the course of normal operations. Significant transfers that occurred were from the General Fund to the Enterprise fund, Highway department, and Paving reserve.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2021:

	Balance, 7/1/20 (Restated)	Additions	Disposals	Balance, 6/30/21
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 749,683	\$ -	\$ -	\$ 749,683
Construction in progress	6,615	-	(6,615)	-
	<u>756,298</u>	<u>-</u>	<u>(6,615)</u>	<u>749,683</u>
Depreciated assets:				
Land improvements	62,000	-	-	62,000
Buildings	3,068,618	-	(21,414)	3,047,204
Building improvements	457,245	15,947	-	473,192
Furniture and fixtures	2,792	-	-	2,792
Machinery and equipment	2,879,670	71,653	(923,794)	2,027,529
Vehicles	2,946,549	36,534	(834,398)	2,148,685
Infrastructure	9,926,677	365,532	-	10,292,209
	19,343,551	489,666	(1,779,606)	18,053,611
Less: accumulated depreciation	(11,757,196)	(618,982)	1,614,405	(10,761,773)
	<u>7,586,355</u>	<u>(129,316)</u>	<u>(165,201)</u>	<u>7,291,838</u>
Net capital assets	<u>\$ 8,342,653</u>	<u>\$ (129,316)</u>	<u>\$ (171,816)</u>	<u>\$ 8,041,521</u>

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	Balance, 7/1/2020 (Restated)	Additions	Disposals	Balance, 6/30/21
<u>Business-type activities</u>				
Non-depreciated assets:				
Land	\$ 27,435	\$ -	\$ -	\$ 27,435
Construction in progress	3,079,699	1,408,639	-	4,488,338
	<u>3,107,134</u>	<u>1,408,639</u>	<u>-</u>	<u>4,515,773</u>
Depreciated assets:				
Land improvements	64,000	-	-	64,000
Buildings	1,144,000	-	(25,000)	1,119,000
Building improvements	89,000	-	-	89,000
Machinery and equipment	115,066	71,733	(2,820)	183,979
Vehicles	75,028	-	(5,700)	69,328
Infrastructure	6,214,311	-	(67,780)	6,146,531
	<u>7,701,405</u>	<u>71,733</u>	<u>(101,300)</u>	<u>7,671,838</u>
Less: accumulated depreciation	<u>(6,133,240)</u>	<u>(76,385)</u>	<u>58,459</u>	<u>(6,151,166)</u>
	<u>1,568,165</u>	<u>(4,652)</u>	<u>(42,841)</u>	<u>1,520,672</u>
Net capital assets	<u>\$ 4,675,299</u>	<u>\$ 1,403,987</u>	<u>\$ (42,841)</u>	<u>\$ 6,036,445</u>
<u>Current year depreciation</u>				
Police				\$ 10,138
Fire				64,604
Highway				482,651
Recycling				18,423
Town-wide				38,815
Transfer station				4,351
Subtotal governmental depreciation				<u>618,982</u>
Sewer Department				76,385
Subtotal business-type depreciation				<u>76,385</u>
Total depreciation expense				<u>\$ 695,367</u>

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 - 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, 2021, a long-term receivable has been recorded for \$256,665, which represents school-related general obligation bonds of \$256,665. 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 7 - 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. This note was paid off with the following Maine Municipal Bond Bank BAN:

On January 15, 2019, the Town issued a bond anticipation note through Maine Municipal Bond 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, 2021 is as follows:

	Balance, 7/1/20	Additions	Deletions	Balance, 6/30/21
BAN (MMBB)	3,062,308	1,380,211	(4,442,519)	-
Totals	<u>\$ 3,062,308</u>	<u>\$ 1,380,211</u>	<u>\$ (4,442,519)</u>	<u>\$ -</u>

NOTE 8 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2021:

	Balance, 7/1/2020	Additions	Deletions	Balance, 6/30/21	Current Portion
Governmental activities:					
Bonds payable	\$ 307,998	\$ -	\$ (51,333)	\$ 256,665	\$ 51,333
Business-type activities:					
Bonds payable	<u>\$ 719,637</u>	<u>\$ 1,526,784</u>	<u>\$ (102,805)</u>	<u>\$ 2,143,616</u>	<u>\$ 179,144</u>

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 - LONG-TERM DEBT (CONTINUED)

The following is a summary of bonds outstanding as of June 30, 2021:

Governmental activities:

\$770,000, 2011 General Obligation Bond due in annual principal payments of \$51,333 and semiannual interest payments through November 2025. Interest is charged at a fixed rate ranging from 2.125% to 5.625%.	\$ 256,665
Total governmental activities	<u>\$ 256,665</u>

Business-type activities:

\$824,442, 2016 General Obligation Bond due in annual installments of \$102,805 and semiannual interest installments through September 2026. Interest is charged at a fixed rate of 1.00% per annum.	\$ 616,832
\$878,909, 2019 Clean Water State Revolving Fund Bond due in annual principal payments of \$43,945 through September 2040. Interest is charged at a fixed rate of 1.00% per annum.	878,909
\$1,647,875, with principal forgiveness of \$1,000,000 2019 Clean Water State Revolving Fund Bond due in annual installments of \$32,394 and semiannual interest installments through September 2040. Interest is charged at a fixed rate of 1.00%	<u>647,875</u>
Total business-type activities	<u>\$ 2,143,616</u>

The following is a summary of outstanding bond principal and interest requirements for the following fiscal years ending June 30:

	Governmental Activities		Business-type Activities		Total Debt Service
	Bonds Payable		Bonds Payable		
	Principal	Interest	Principal	Interest	
2022	\$ 51,333	\$ 8,398	\$ 179,145	\$ 23,675	\$ 262,551
2023	51,333	5,511	179,144	24,069	260,057
2024	51,333	3,125	179,144	23,216	256,818
2025	51,333	1,637	179,144	18,810	250,924
2026	51,333	546	179,144	23,081	254,104
2027-2031	-	-	484,503	80,139	564,642
2032-2036	-	-	381,696	49,143	430,839
2037-2041	-	-	381,696	29,104	410,800
	<u>\$ 256,665</u>	<u>\$ 19,217</u>	<u>\$ 2,143,616</u>	<u>\$ 271,237</u>	<u>\$ 2,690,735</u>

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 - LONG-TERM DEBT (CONTINUED)

No interest costs were capitalized during the period. The amount of interest costs incurred and charged to business-type activities expense for the year ended June 30, 2021 was \$12,157.

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

NOTE 9 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2021 is as follows:

	Balance, 7/1/2020	Additions	Deletions	Balance, 6/30/21	Current Portion
Accrued compensated absences	\$ 20,766	\$ -	\$ (1,259)	\$ 19,507	\$ -
Net pension liability	415,644	162,891	(92,673)	485,862	-
Net OPEB liability	65,137	40,037	(36,147)	69,027	-
	<u>\$ 501,547</u>	<u>\$ 202,928</u>	<u>\$ (130,079)</u>	<u>\$ 574,396</u>	<u>\$ -</u>

Refer to Notes 10, 16 and 18 for more detailed information regarding other long-term obligations.

NOTE 10 - 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, 2021, the Town's liability for compensated absences is \$19,507.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 11 - RESTRICTED NET POSITION

At June 30, 2021, the Town had the following amounts restricted in net position:

Special revenue funds:	
Wellness works	\$ 1,693
Small community grant	2,724
Taylor made	3,560
Tower fund	154,945
Jay community development	32,802
Cemetery	31,287
Veteran's memorial fund	2,604
Permanent funds:	
Poland Sullivan	1,126
	<u>\$ 230,741</u>

NOTE 12 - NONSPENDABLE FUND BALANCE

The Town has the following nonspendable fund balance at June 30, 2021:

General Fund:	
Prepaid items	\$ 21,933
Nonmajor Permanent Funds (Schedule G)	17,500
	<u>\$ 39,433</u>

NOTE 13 - RESTRICTED FUND BALANCES

The Town has the following restricted fund balances at June 30, 2021:

Nonmajor Special Revenue Funds (Schedule E)	\$ 229,615
Nonmajor Permanent Funds (Schedule G)	1,126
	<u>\$ 230,741</u>

NOTE 14 - COMMITTED FUND BALANCES

The Town has the following committed fund balances at June 30, 2021:

Nonmajor Special Revenue Funds (Schedule E)	<u>\$ 2,201,219</u>
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TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 - ASSIGNED FUND BALANCE

The Town has the following assigned fund balances at June 30, 2021:

General Fund:	
FY 22 budget	\$ 127,466
Nonmajor Special Revenue Funds (See Schedule D)	12,133
	<u>\$ 139,599</u>

NOTE 16 - 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, 2021.

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

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES' RETIREMENT SYSTEM

PARTICIPATING LOCAL DISTRICT CONSOLIDATED PLAN

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 (207) 512-3100.

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten-year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60, 62 or 65. 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, 2020, there were 301 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 1.92%.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Town's 2C plan members are required to contribute 8.1% of their annual covered salary and the Town's AC plan members are also required to contribute 8.0% of their annual salary. The Town is required to contribute at an actuarially determined rate. The current rate is 10.8% for the 2C plan and 10.1% for the AC plan of covered payroll. The contribution rates of plan members and the Town are established and may be amended by the Maine Public Employee Retirement Systems advisory group. The Town's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2021 was \$86,642.

Pension Liabilities

PLD Consolidated Plan

At June 30, 2021, the Town reported a liability of \$485,862 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2020, 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, 2020, the Town's proportion was 0.122287%, which was a decrease of 0.13598% from its proportion measured as of June 30, 2019.

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

For the year ended June 30, 2021, the Town recognized total pension revenue of \$46,110 for the PLD plan. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 29,156	\$ 5,342
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	31,616	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	77,664
Contributions subsequent to the measurement date	<u>86,642</u>	<u>-</u>
Total	<u>\$ 147,414</u>	<u>\$ 83,006</u>

\$86,642 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, 2022. 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:	
2021	\$ (55,046)
2022	(20,957)
2023	26,854
2024	26,914
2025	-
Thereafter	-

Actuarial Methods and Assumptions

The respective collective total pension liability for the plans was determined by an actuarial valuation as of June 30, 2020, using the following methods and assumptions applied to all periods included in the measurement:

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 - 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., actual decreases or increases in liabilities and/or in assets which differ 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 reduces the impact of short-term volatility 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, 2020 are as follows:

Investment Rate of Return - 6.75% per annum for the year ended June 30, 2020, compounded annually.

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

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.

Cost of Living Benefit Increases - 1.91%

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, 2020 are summarized in the following table.

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%	7.2%
Diversifiers	10.0%	5.9%

Discount Rate

The discount rate used to measure the collective total pension liability was 6.75% for 2020 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, 2021

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

The following table shows how the collective net pension liability as of June 30, 2020 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.

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.75%	6.75%	7.75%
Town's proportionate share of the net pension liability	\$ 1,021,086	\$ 485,862	\$ 47,742

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, 2020 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, 2020 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 2020, this was three years for the PLD Consolidated Plan. For 2019, this was four years for the PLD Consolidated Plan. For 2018 and 2017, this was three years; prior to 2017, 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.

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 2020 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' 2020 Comprehensive Annual Financial Report available online at www.maineopers.org or by contacting the System at (207) 512-3100

NOTE 18 - DEFERRED COMPENSATION PLANS

MISSIONSQUARE RETIREMENT

Plan Description

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

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 18 - DEFERRED COMPENSATION PLANS (CONTINUED)

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 Selectboard. 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 2021, 2020 and 2019 were \$70,947, \$64,866 and \$60,721, respectively. These amounts include loans.

**MAINE PUBLIC EMPLOYEES' RETIREMENT SYSTEM - 457 DEFERRED
COMPENSATION PLAN**

Plan Description

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

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 18 - DEFERRED COMPENSATION PLANS (CONTINUED)

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 Selectboard. 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 2021, 2020 and 2019 were \$2,405, \$2,055 and \$2,205, respectively.

NOTE 19 - 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 criterion of paragraph 4 of GASB 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.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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, 2021, the following employees were covered by the benefit terms:

Active members	4
Retirees and spouses	0
Total	<u>4</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	\$1,029.68	\$2,309.71
<u>Medicare</u>		
Medicare-Eligible Retirees	\$589.25	\$1,178.50

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 19 - 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, 2021, the Town reported a liability of \$69,027 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2021 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, 2021, the Town recognized OPEB revenue of \$36,147. At June 30, 2021, 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	\$ -	\$ 38,648
Changes of assumptions	9,860	2,990
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	3,609	-
Total	<u>\$ 13,469</u>	<u>\$ 41,638</u>

\$3,609 were reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. 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, 2021

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	<u>MMEHT</u>
Plan year ended June 30:	
2022	\$ (35,380)
2023	375
2024	1,298
2025	1,300
2026	629
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, 2021. 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 2.12% per annum for June 30, 2021 was based upon a measurement date of December 31, 2020. 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>
	1.12%	2.12%	3.12%
Total OPEB liability	\$ 79,007	\$ 69,027	\$ 60,854
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 79,007</u>	<u>\$ 69,027</u>	<u>\$ 60,854</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, 2021

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 60,257	\$ 69,027	\$ 80,139
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 60,257</u>	<u>\$ 69,027</u>	<u>\$ 80,139</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, 2021, 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, 2019. 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, 2021

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Assumptions

The actuarial assumptions used in the January 1, 2021 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, 2021, they are as follows:

Discount Rate - 2.12% per annum for year end 2021 reporting. 2.74% per annum for 2020 year end reporting.

Trend Assumptions:

Medical Trend assumptions were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 2007 and version 2020_b was used for this valuation. The following assumptions were input into this model:

Variable Rate

Rate of Inflation	2.00%
Rate of Growth in Real Income/GDP per capital 2029+	1.25%
Extra Trend due to Taste/Technology 2029+	1.10%
Expected Health Share of GDP 2029	20.00%
Health Share of GDP Resistance Point	25.00%
Year for Limiting Cost Growth to GDP Growth	2040

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgements of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group. The rate for the extra trend for taste and technology was set above the baseline of 1.1% (to 1.2%) to move closer to the 30-year average to reflect the future projections from the Centers for Medicare and Medicaid Services Office of the Actuary (CMS OACT). The Medicare Trustee Report and CBO Long-Term Budget Outlook.

The trends selected from 2020 to 2023 were based on plan design, population weighting, renewal projections, and market analysis. For years 2024 - 2028, these are

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

interpolated from 2023 to 2029 (which is the product of the inflation, GDP and extra trend rate assumptions).

Deductibles, Co-payments and Out of Pocket Maximums are assumed to increase at the above trend rates. The ultimate trend rate reflects an assumed nominal per capital GDP growth.

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, 2021, 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.

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.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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, 2021 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. 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, 2020 was \$38,648.

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Differences between Projected and Actual Earnings on OPEB Plan Investments

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

OPEB Plan Fiduciary Net Position

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

NOTE 20 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The Town of Jay's landfill is at 100% capacity as of 2019. 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 21 - OVERSPENT APPROPRIATIONS

The Town had no overspent appropriations at June 30, 2021.

NOTE 22 - 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 was 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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 22 - CONTINGENCIES AND COMMITMENTS (CONTINUED)

through June 30, 2019. For the contract period of July 1, 2019 through June 30, 2021 the annual rate is \$124,230. For the year ended June 30, 2021 the Town paid \$124,230 for disposal services.

NOTE 23 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of County and School District debt. As of June 30, 2021, the Town's share was as follows:

	Outstanding Debt	Town's Percentage	Total Share
RSU No. 73	\$ 10,619,017	58.40%	\$ 6,201,263
Franklin County	\$ 347,799	12.41%	\$ 43,165
			<u>\$ 6,244,428</u>

NOTE 24 - TAX INCREMENT FINANCING DISTRICT

Tax Increment Financing District

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 24 - TAX INCREMENT FINANCING DISTRICT (CONTINUED)

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 Selectboard 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.

NOTE 25 - RELATED PARTIES

For the year ended June 30, 2021, the Town paid Selectman Thomas Goding (Thomas Goding Contracting) a total amount of \$3,290. The payments were for roof repairs on the sand shed.

NOTE 26 - RESTATEMENT

The net position of the business-type activities has been restated at July 1, 2020 from (\$44,034) to (\$38,668) to account for the change in useful lives on two assets.

The fund balance of two special revenue funds have been restated at July 1, 2020 by \$13,682. The Police Reserve fund was restated by \$13,981 from \$4,293 to \$18,274 and the Police Training fund was restated by (\$299) from \$24,852 to \$24,553.

The governmental activities capital assets have been restated at July 1, 2020 from \$8,615,287 to \$8,342,653 to account for a \$3,897 adjustment in depreciation and the removal of \$276,531 from Construction in progress as it was already accounted for in the Fire Department.

The business-type activities capital assets have been restated at July 1, 2020 from \$4,669,933 to \$4,675,299 to account for a \$5,366 adjustment in depreciation.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 26 - RESTATEMENT

In total, the net position for governmental activities was restated by (\$258,952) from \$17,540,583 to \$17,281,969. The net position for business-type activities was restated by \$5,366 from (\$44,034) to (\$38,668).

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental 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, 2021

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 6,917,688	\$ 6,917,688	\$ 6,917,688	\$ -
Resources (Inflows):				
Property taxes	9,257,453	9,257,453	9,384,857	127,404
Excise taxes	823,500	823,500	937,049	113,549
Intergovernmental	1,697,785	1,721,624	1,916,096	194,472
Charges for services	43,700	147,688	156,080	8,392
Miscellaneous revenues	63,800	197,671	222,565	24,894
Amounts Available for Appropriation	18,803,926	19,065,624	19,534,335	468,711
Charges to Appropriations (Outflows):				
General government	489,540	489,540	475,295	14,245
Public safety	1,312,620	1,474,322	1,418,623	55,699
Public works	1,673,920	1,737,142	1,545,807	191,335
Recreation and library	181,691	181,691	168,691	13,000
Education	6,138,644	6,138,644	6,138,644	-
County tax	723,558	723,558	723,558	-
Insurance	116,000	118,286	98,192	20,094
Tax increment financing agreement	38,477	38,477	38,477	-
Unclassified	319,969	344,457	190,549	153,908
Debt service:				
Principal	51,333	51,333	51,333	-
Interest	11,286	11,286	11,286	-
Transfer to other funds	829,200	839,200	843,200	(4,000)
Total Charges to Appropriations	11,886,238	12,147,936	11,703,655	444,281
Budgetary Fund Balance, June 30	\$ 6,917,688	\$ 6,917,688	\$ 7,830,680	\$ 912,992

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*

	2021	2020	2019	2018	2017	2016	2015	2014
<u>PLD Plan:</u>								
Proportion of the net pension liability (asset)	0.12%	0.14%	0.17%	0.19%	0.20%	0.19%	0.21%	0.22%
Proportionate share of the net pension liability (asset)	\$ 485,862	\$ 415,644	\$ 459,305	\$ 778,094	\$ 1,059,229	\$ 619,168	\$ 328,347	\$ 693,408
Covered payroll	768,247	809,695	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 payroll	63.24%	51.33%	48.23%	74.71%	100.87%	31.32%	32.15%	62.15%
Plan fiduciary net position as a percentage of the total pension liability	88.35%	90.62%	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*

	2021	2020	2019	2018	2017	2016	2015	2014
<u>PLD Plan:</u>								
Contractually required contribution	\$ 86,642	\$ 78,992	\$ 82,711	\$ 93,165	\$ 97,404	\$ 93,459	\$ 135,840	\$ 71,058
Contributions in relation to the contractually required contribution	(86,642)	(78,992)	(82,711)	(93,165)	(97,404)	(93,459)	(135,840)	(71,058)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 830,262	\$ 768,247	\$ 809,695	\$ 952,392	\$ 1,041,529	\$ 1,050,106	\$ 1,976,829	\$ 1,021,441
Contributions as a percentage of covered payroll	10.44%	10.28%	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, 2021

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/19 (Reporting 12/31/2019)	\$ 65,137	\$ -	\$ 65,137
Changes for the year:			
Service cost	1,104	-	1,104
Interest	1,777	-	1,777
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	3,774	-	3,774
Contributions - employer	-	2,765	(2,765)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(2,765)	(2,765)	-
Administrative expense	-	-	-
Net changes	<u>3,890</u>	<u>-</u>	<u>3,890</u>
Balances at 1/1/20 (Reporting December 31, 2020)	<u>\$ 69,027</u>	<u>\$ -</u>	<u>\$ 69,027</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*

	2021	2020	2019	2018
<u>Total OPEB liability</u>				
Service cost (BOY)	\$ 1,104	\$ 717	\$ 846	\$ 3,696
Interest (includes interest on service cost)	1,777	2,562	2,373	9,284
Changes of benefit terms	-	(1,376)	-	-
Differences between expected and actual experience	-	(6,057)	-	(173,055)
Changes of assumptions	3,774	10,073	(4,619)	(5,711)
Benefit payments, including refunds of member contributions	(2,765)	(5,070)	(4,875)	(11,049)
Net change in total OPEB liability	<u>\$ 3,890</u>	<u>\$ 849</u>	<u>\$ (6,275)</u>	<u>\$ (176,835)</u>
Total OPEB liability - beginning	\$ 65,137	\$ 64,288	\$ 70,563	\$ 247,398
Total OPEB liability - ending	\$ 69,027	\$ 65,137	\$ 64,288	\$ 70,563
<u>Plan fiduciary net position</u>				
Contributions - employer	2,765	5,070	4,875	11,049
Contributions - member	-	-	-	-
Net investment income	-	-	-	-
Benefit payments, including refunds of member contributions	(2,765)	(5,070)	(4,875)	(11,049)
Administrative expense	-	-	-	-
Net change in fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	\$ 65,137	\$ 64,288	\$ 70,563	\$ 247,398
Plan fiduciary net position - ending	<u>\$ 69,027</u>	<u>\$ 65,137</u>	<u>\$ 64,288</u>	<u>\$ 70,563</u>
Net OPEB liability - ending	<u>\$ 69,027</u>	<u>\$ 65,137</u>	<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	\$ 229,988	\$ 229,988
Net OPEB liability as a percentage of covered payroll	30.0%	28.3%	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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>MMEHT:</u>				
Employer contributions	\$ 2,765	\$ 5,070	\$ 4,875	\$ 11,049
Benefit payments	(2,765)	(5,070)	(4,875)	(11,049)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 229,988	\$ 229,988	\$ 229,988	\$ 229,988
Contributions as a percentage of covered payroll	1.20%	2.20%	2.12%	2.12%

* 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, 2021

Changes of Assumptions

MEPERS PLD Plan:

There have been no changes in actuarial assumptions since the last measurement date.

Maine Municipal Health Trust:

There was a change in the discount rate from 2.74% to 2.12% per GASB 75 discount rate selection. In addition, medical and prescription drug trend arrays were updated.

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 Governmental 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, 2021

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues (Inflows):				
Taxes:				
Property taxes	\$ 9,257,453	\$ 9,257,453	\$ 9,384,857	\$ 127,404
Auto excise	820,000	820,000	932,850	112,850
Boat excise	3,500	3,500	4,199	699
Intergovernmental revenues:				
State revenue sharing	500,000	500,000	688,807	188,807
Homestead reimbursement	436,154	436,154	436,154	-
Tree growth	9,500	9,500	15,264	5,764
BETE reimbursement	748,131	748,131	748,191	60
General assistance	-	2,086	2,086	-
Veteran's/other reimbursement	4,000	25,753	25,594	(159)
Charges for services:				
Solid waste fees	16,000	16,000	19,408	3,408
MDEA agent	-	103,938	103,938	-
Administration fees	20,000	20,000	22,082	2,082
Building rent	6,200	6,200	9,425	3,225
Police	1,500	1,500	1,177	(323)
Fire revenue	-	50	50	-
Miscellaneous revenues:				
Tax lien interest	20,000	20,000	22,179	2,179
Investment interest	30,000	30,000	42,436	12,436
Lien fees	10,000	10,000	9,845	(155)
Sale of fixed assets	-	649	11,131	10,482
Other	3,800	137,022	136,974	(48)
Amounts Available for Appropriation	<u>\$ 11,886,238</u>	<u>\$ 12,147,936</u>	<u>\$ 12,616,647</u>	<u>\$ 468,711</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, 2021

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General government:					
Administration	\$ 475,575	\$ -	\$ 475,575	\$ 464,718	\$ 10,857
Town boards	1,200	-	1,200	280	920
Board of Selectmen	12,765	-	12,765	10,297	2,468
	<u>489,540</u>	<u>-</u>	<u>489,540</u>	<u>475,295</u>	<u>14,245</u>
Public safety:					
Police department	757,700	161,652	919,352	885,714	33,638
Fire department	170,920	50	170,970	168,360	2,610
Ambulance	38,000	-	38,000	37,649	351
Hydrants/water	346,000	-	346,000	326,900	19,100
	<u>1,312,620</u>	<u>161,702</u>	<u>1,474,322</u>	<u>1,418,623</u>	<u>55,699</u>
Public works:					
Road/building maintenance	1,549,690	63,222	1,612,912	1,421,577	191,335
Curbside pickup	124,230	-	124,230	124,230	-
	<u>1,673,920</u>	<u>63,222</u>	<u>1,737,142</u>	<u>1,545,807</u>	<u>191,335</u>
Recreation and library:					
Recreation	13,000	-	13,000	-	13,000
Library	168,691	-	168,691	168,691	-
	<u>181,691</u>	<u>-</u>	<u>181,691</u>	<u>168,691</u>	<u>13,000</u>
Education	<u>6,138,644</u>	<u>-</u>	<u>6,138,644</u>	<u>6,138,644</u>	<u>-</u>
County tax	<u>723,558</u>	<u>-</u>	<u>723,558</u>	<u>723,558</u>	<u>-</u>
Insurance	<u>116,000</u>	<u>2,286</u>	<u>118,286</u>	<u>98,192</u>	<u>20,094</u>
TIF	<u>38,477</u>	<u>-</u>	<u>38,477</u>	<u>38,477</u>	<u>-</u>
Debt service:					
Principal	51,333	-	51,333	51,333	-
Interest	11,286	-	11,286	11,286	-
	<u>62,619</u>	<u>-</u>	<u>62,619</u>	<u>62,619</u>	<u>-</u>

SCHEDULE B (CONTINUED)

TOWN OF JAY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Unclassified:					
Industrial revaluation	21,000	-	21,000	18,950	2,050
Audit	14,250	-	14,250	14,750	(500)
Local access	-	12,093	12,093	12,093	-
Assessing	61,868	-	61,868	62,078	(210)
AVCOG	10,100	-	10,100	10,095	5
MMA	5,800	-	5,800	5,615	185
Plumbing inspect.	8,725	-	8,725	8,725	-
Animal welfare	11,200	-	11,200	10,672	528
Donations	16,000	-	16,000	16,000	-
Andy Valley	-	9,660	9,660	9,660	-
General assistance	3,000	2,086	5,086	3,030	2,056
Grave care	500	-	500	500	-
Overlay	127,466	-	127,466	-	127,466
Tax acquired	-	649	649	2,195	(1,546)
Legal fees	40,000	-	40,000	16,126	23,874
General expenses	60	-	60	60	-
	<u>319,969</u>	<u>24,488</u>	<u>344,457</u>	<u>190,549</u>	<u>153,908</u>
Transfers:					
Admin reserve	5,000	-	5,000	5,000	-
Police reserve	36,200	-	36,200	36,200	-
Highway department reserve	100,000	-	100,000	100,000	-
SRO training reserve	-	-	-	4,000	(4,000)
Paving reserve	325,000	-	325,000	325,000	-
Fire dept. reserve	70,000	-	70,000	70,000	-
Grave care	-	-	-	-	-
General expense	-	-	-	-	-
Town revaluation	20,000	-	20,000	20,000	-
Public works contracted	-	10,000	10,000	10,000	-
Enterprise funds	273,000	-	273,000	273,000	-
	<u>829,200</u>	<u>10,000</u>	<u>839,200</u>	<u>843,200</u>	<u>(4,000)</u>
Total Departmental Operations	<u>\$ 11,886,238</u>	<u>\$ 261,698</u>	<u>\$ 12,147,936</u>	<u>\$ 11,703,655</u>	<u>\$ 444,281</u>

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

TOWN OF JAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 1,653,814	\$ 18,626	\$ 1,672,440
Investments	646,421	-	646,421
Due from other funds	188,344	-	188,344
TOTAL ASSETS	<u>\$ 2,488,579</u>	<u>\$ 18,626</u>	<u>\$ 2,507,205</u>
LIABILITIES			
Due to other funds	\$ 51,430	-	\$ 51,430
TOTAL LIABILITIES	<u>51,430</u>	<u>-</u>	<u>51,430</u>
FUND BALANCES			
Nonspendable	-	17,500	17,500
Restricted	229,615	1,126	230,741
Committed	2,201,219	-	2,201,219
Assigned	12,133	-	12,133
Unassigned	(5,818)	-	(5,818)
TOTAL FUND BALANCES	<u>2,437,149</u>	<u>18,626</u>	<u>2,455,775</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,488,579</u>	<u>\$ 18,626</u>	<u>\$ 2,507,205</u>

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

TOWN OF JAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 101,107	\$ -	\$ 101,107
Interest	16,537	375	16,912
Other	39,566	-	39,566
TOTAL REVENUES	<u>157,210</u>	<u>375</u>	<u>157,585</u>
EXPENDITURES			
Current:			
General government	25,432	-	25,432
Public safety	252	-	252
Health and welfare	16,987	-	16,987
Capital Outlay	687,662	-	687,662
TOTAL EXPENDITURES	<u>730,333</u>	<u>-</u>	<u>730,333</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(573,123)</u>	<u>375</u>	<u>(572,748)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	590,200	-	590,200
TOTAL OTHER FINANCING SOURCES (USES)	<u>590,200</u>	<u>-</u>	<u>590,200</u>
NET CHANGE IN FUND BALANCES	17,077	375	17,452
FUND BALANCES - JULY 1, RESTATED	<u>2,420,072</u>	<u>18,251</u>	<u>2,438,323</u>
FUND BALANCES - JUNE 30	<u>\$ 2,437,149</u>	<u>\$ 18,626</u>	<u>\$ 2,455,775</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, 2021

	Highway Department Reserve	Police Reserve	Wellness Works	Police Training	Public Works Fuel Reserve	Small Comm. Grant	Taylor Made
ASSETS							
Cash and cash equivalents	\$ 259,857	\$ 38,697	\$ -	\$ 23,364	\$ 12,133	\$ -	\$ -
Investments	-	-	-	-	-	-	-
Due from other funds	-	736	1,693	-	-	2,724	3,560
TOTAL ASSETS	\$ 259,857	\$ 39,433	\$ 1,693	\$ 23,364	\$ 12,133	\$ 2,724	\$ 3,560
LIABILITIES							
Due to other funds	\$ 24,603	\$ -	\$ -	\$ 1,103	\$ -	\$ -	\$ -
TOTAL LIABILITIES	24,603	-	-	1,103	-	-	-
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	1,693	-	-	2,724	3,560
Committed	235,254	39,433	-	22,261	-	-	-
Assigned	-	-	-	-	12,133	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	235,254	39,433	1,693	22,261	12,133	2,724	3,560
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 259,857	\$ 39,433	\$ 1,693	\$ 23,364	\$ 12,133	\$ 2,724	\$ 3,560

TOWN OF JAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021

	Garbage Bags	Environmental Reserve	Tower Fund	Jay Community Development	Cemetery	Paving Reserve	Sewer Treatment Plant
ASSETS							
Cash and cash equivalents	\$ -	\$ 250,102	\$ -	\$ 9,457	\$ 31,195	\$ 1,003	\$ 292,477
Investments	-	471,226	-	23,345	-	-	101,786
Due from other funds	10,069	46	154,945	-	92	1,209	-
TOTAL ASSETS	\$ 10,069	\$ 721,374	\$ 154,945	\$ 32,802	\$ 31,287	\$ 2,212	\$ 394,263
LIABILITIES							
Due to other funds	\$ -	\$ 4	\$ -	\$ -	\$ -	\$ -	\$ 14,756
TOTAL LIABILITIES	-	4	-	-	-	-	14,756
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	154,945	32,802	31,287	-	-
Committed	10,069	721,370	-	-	-	2,212	379,507
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	10,069	721,370	154,945	32,802	31,287	2,212	379,507
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 10,069	\$ 721,374	\$ 154,945	\$ 32,802	\$ 31,287	\$ 2,212	\$ 394,263

TOWN OF JAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2021

	Public Works Contracted Services	Fire Department Reserve	Jay Historical Society	Admin Reserve	Police Grants	Veterans Memorial Fund	Sled - in Fest
ASSETS							
Cash and cash equivalents	\$ 25,250	\$ 305,498	\$ 1,247	\$ 53,121	\$ -	\$ 2,625	\$ -
Investments	-	-	-	50,064	-	-	-
Due from other funds	-	-	-	-	-	-	5,309
TOTAL ASSETS	\$ 25,250	\$ 305,498	\$ 1,247	\$ 103,185	\$ -	\$ 2,625	\$ 5,309
LIABILITIES							
Due to other funds	\$ -	\$ 5,125	\$ -	\$ -	\$ 5,818	\$ 21	\$ -
TOTAL LIABILITIES	-	5,125	-	-	5,818	21	-
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	2,604	-
Committed	25,250	300,373	1,247	103,185	-	-	5,309
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(5,818)	-	-
TOTAL FUND BALANCES (DEFICITS)	25,250	300,373	1,247	103,185	(5,818)	2,604	5,309
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 25,250	\$ 305,498	\$ 1,247	\$ 103,185	\$ -	\$ 2,625	\$ 5,309

TOWN OF JAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2021

	Music in the Park	Highway Building Reserve	Jay Gazebo	Town Revaluation	Asset Forfeiture	CDBG Grant	Police SRO	Maine Trails Coalition Grant	Total
ASSETS									
Cash and cash equivalents	\$ -	\$ 133,214	\$ 3,511	\$ 203,519	\$ 3,538	\$ -	\$ 4,006	\$ -	\$ 1,653,814
Investments	-	-	-	-	-	-	-	-	646,421
Due from other funds	2,410	-	-	-	551	-	-	5,000	188,344
TOTAL ASSETS	\$ 2,410	\$ 133,214	\$ 3,511	\$ 203,519	\$ 4,089	\$ -	\$ 4,006	\$ 5,000	\$ 2,488,579
LIABILITIES									
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51,430
TOTAL LIABILITIES	-	-	-	-	-	-	-	-	51,430
FUND BALANCES (DEFICITS)									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	229,615
Committed	2,410	133,214	3,511	203,519	4,089	-	4,006	5,000	2,201,219
Assigned	-	-	-	-	-	-	-	-	12,133
Unassigned	-	-	-	-	-	-	-	-	(5,818)
TOTAL FUND BALANCES (DEFICITS)	2,410	133,214	3,511	203,519	4,089	-	4,006	5,000	2,437,149
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 2,410	\$ 133,214	\$ 3,511	\$ 203,519	\$ 4,089	\$ -	\$ 4,006	\$ 5,000	\$ 2,488,579

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, 2021

	Highway Department Reserve	Police Reserve	Wellness Works	Police Training	Public Works Fuel Reserve	Small Comm. Grant	Taylor Made
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 3,467	\$ -	\$ -
Interest	1,160	159	-	174	47	-	-
Other	-	-	-	-	-	-	-
TOTAL REVENUES	<u>1,160</u>	<u>159</u>	<u>-</u>	<u>174</u>	<u>3,514</u>	<u>-</u>	<u>-</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	1,440
Public safety	-	-	-	252	-	-	-
Health and welfare	-	-	-	-	-	-	-
Capital Outlay	84,091	-	-	17,414	550	-	-
TOTAL EXPENDITURES	<u>84,091</u>	<u>-</u>	<u>-</u>	<u>17,666</u>	<u>550</u>	<u>-</u>	<u>1,440</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(82,931)</u>	<u>159</u>	<u>-</u>	<u>(17,492)</u>	<u>2,964</u>	<u>-</u>	<u>(1,440)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	100,000	21,000	-	15,200	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>100,000</u>	<u>21,000</u>	<u>-</u>	<u>15,200</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	17,069	21,159	-	(2,292)	2,964	-	(1,440)
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>218,185</u>	<u>18,274</u>	<u>1,693</u>	<u>24,553</u>	<u>9,169</u>	<u>2,724</u>	<u>5,000</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 235,254</u>	<u>\$ 39,433</u>	<u>\$ 1,693</u>	<u>\$ 22,261</u>	<u>\$ 12,133</u>	<u>\$ 2,724</u>	<u>\$ 3,560</u>

TOWN OF JAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR YEAR ENDED JUNE 30, 2021

	Garbage Bags	Enviro- mental Reserve	Tower Fund	Jay Community Develop.	Cemetery	Paving Reserve	Sewer Treatment Plant
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 79,884	\$ 3,407
Interest	-	7,184	-	500	141	308	2,604
Other	57	50	13,844	-	550	-	19,840
TOTAL REVENUES	<u>57</u>	<u>7,234</u>	<u>13,844</u>	<u>500</u>	<u>691</u>	<u>80,192</u>	<u>25,851</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Health and welfare	-	16,937	-	-	50	-	-
Capital Outlay	-	-	13,183	-	-	476,775	52,592
TOTAL EXPENDITURES	<u>-</u>	<u>16,937</u>	<u>13,183</u>	<u>-</u>	<u>50</u>	<u>476,775</u>	<u>52,592</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>57</u>	<u>(9,703)</u>	<u>661</u>	<u>500</u>	<u>641</u>	<u>(396,583)</u>	<u>(26,741)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	325,000	20,000
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>325,000</u>	<u>20,000</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>57</u>	<u>(9,703)</u>	<u>661</u>	<u>500</u>	<u>641</u>	<u>(71,583)</u>	<u>(6,741)</u>
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>10,012</u>	<u>731,073</u>	<u>154,284</u>	<u>32,302</u>	<u>30,646</u>	<u>73,795</u>	<u>386,248</u>
FUND BALANCES (DEFICITS)- JUNE 30	<u>\$ 10,069</u>	<u>\$ 721,370</u>	<u>\$ 154,945</u>	<u>\$ 32,802</u>	<u>\$ 31,287</u>	<u>\$ 2,212</u>	<u>\$ 379,507</u>

TOWN OF JAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR YEAR ENDED JUNE 30, 2021

	Public Works Contracted Services	Fire Department Reserve	Jay Historical Society	Admin Reserve	Police Grants	Veterans Memorial Fund	Sled - in Fest
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 13,744	\$ -	\$ -
Interest	110	1,380	5	1,118	-	12	-
Other	-	-	40	-	-	-	-
TOTAL REVENUES	<u>110</u>	<u>1,380</u>	<u>45</u>	<u>1,118</u>	<u>13,744</u>	<u>12</u>	<u>-</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	20,271	21	-
Public safety	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Capital Outlay	-	14,373	-	5,500	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>14,373</u>	<u>-</u>	<u>5,500</u>	<u>20,271</u>	<u>21</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>110</u>	<u>(12,993)</u>	<u>45</u>	<u>(4,382)</u>	<u>(6,527)</u>	<u>(9)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	10,000	70,000	-	5,000	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>10,000</u>	<u>70,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	10,110	57,007	45	618	(6,527)	(9)	-
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>15,140</u>	<u>243,366</u>	<u>1,202</u>	<u>102,567</u>	<u>709</u>	<u>2,613</u>	<u>5,309</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 25,250</u>	<u>\$ 300,373</u>	<u>\$ 1,247</u>	<u>\$ 103,185</u>	<u>\$ (5,818)</u>	<u>\$ 2,604</u>	<u>\$ 5,309</u>

TOWN OF JAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR YEAR ENDED JUNE 30, 2021

	Music in the Park	Highway Building Reserve	Jay Gazebo	Town Revaluation	Asset Forfeiture	CDBG Grant	Police SRO	Maine Trails Coalition Grant	Total
REVENUES									
Intergovernmental	\$ -	\$ -	\$ 388	\$ -	\$ -	\$ 217	\$ -	\$ -	\$ 101,107
Interest	-	666	33	913	17	-	6	-	16,537
Other	185	-	-	-	-	-	-	5,000	39,566
TOTAL REVENUES	185	666	421	913	17	217	6	5,000	157,210
EXPENDITURES									
Current:									
General government	-	-	3,483	-	-	217	-	-	25,432
Public safety	-	-	-	-	-	-	-	-	252
Health and welfare	-	-	-	-	-	-	-	-	16,987
Capital Outlay	-	23,184	-	-	-	-	-	-	687,662
TOTAL EXPENDITURES	-	23,184	3,483	-	-	217	-	-	730,333
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	185	(22,518)	(3,062)	913	17	-	6	5,000	(573,123)
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	20,000	-	-	4,000	-	590,200
Transfers (out)	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	20,000	-	-	4,000	-	590,200
NET CHANGE IN FUND BALANCES (DEFICITS)	185	(22,518)	(3,062)	20,913	17	-	4,006	5,000	17,077
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	2,225	155,732	6,573	182,606	4,072	-	-	-	2,420,072
FUND BALANCES (DEFICITS) - JUNE 30	\$ 2,410	\$ 133,214	\$ 3,511	\$ 203,519	\$ 4,089	\$ -	\$ 4,006	\$ 5,000	\$ 2,437,149

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, 2021

	Poland Sullivan Fund	Total
ASSETS		
Cash and cash equivalents	\$ 18,626	\$ 18,626
TOTAL ASSETS	<u>\$ 18,626</u>	<u>\$ 18,626</u>
LIABILITIES		
Due to other funds	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
FUND BALANCES		
Nonspendable	17,500	17,500
Restricted	1,126	1,126
Committed	-	-
Assigned	-	-
Unassigned	-	-
TOTAL FUND BALANCES	<u>18,626</u>	<u>18,626</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 18,626</u>	<u>\$ 18,626</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, 2021

	Poland Sullivan Fund	Total
REVENUES		
Interest	\$ 375	\$ 375
TOTAL REVENUES	<u>375</u>	<u>375</u>
EXPENDITURES		
Other	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>375</u>	<u>375</u>
NET CHANGE IN FUND BALANCES	375	375
FUND BALANCES - JULY 1	<u>18,251</u>	<u>18,251</u>
FUND BALANCES - JUNE 30	<u><u>\$ 18,626</u></u>	<u><u>\$ 18,626</u></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, 2021

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
Police	\$ -	\$ -	\$ 278,786	\$ -	\$ 278,786
Fire	24,215	580,132	1,192,696	-	1,797,043
Highway	15,000	781,181	2,013,886	10,290,859	13,100,926
Recycling	48,500	974,170	585,560	1,350	1,609,580
Recreation	65,400	-	8,346	-	73,746
Library	-	16,974	-	-	16,974
Town-wide	596,568	1,213,992	51,494	-	1,862,054
Transfer station	-	15,947	48,238	-	64,185
Sewer Department	4,515,773	1,272,000	253,307	6,146,531	12,187,611
Total General Capital Assets	5,265,456	4,854,396	4,432,313	16,438,740	30,990,905
Less: Accumulated Depreciation	-	(3,291,346)	(3,205,574)	(10,416,019)	(16,912,939)
Net General Capital Assets	\$ 5,265,456	\$ 1,563,050	\$ 1,226,739	\$ 6,022,721	\$ 14,077,966

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, 2021

	General Capital Assets 7/1/20	Additions	Deletions	General Capital Assets 6/30/21
Police	\$ 311,431	\$ -	\$ (32,645)	\$ 278,786
Fire	2,578,710	-	(781,667)	1,797,043
Highway	12,949,600	461,604	(310,278)	13,100,926
Recycling	1,701,168	-	(91,588)	1,609,580
Recreation	73,746	-	-	73,746
Library	579,212	-	(562,238)	16,974
Town-wide	1,856,554	5,500	-	1,862,054
Transfer station	49,428	15,947	(1,190)	64,185
Sewer Department	10,808,539	1,480,372	(101,300)	12,187,611
Total General Capital Assets	30,908,388	1,963,423	(1,880,906)	30,990,905
Less: Accumulated Depreciation	<u>(17,890,436)</u>	<u>(695,367)</u>	<u>1,672,864</u>	<u>(16,912,939)</u>
Net General Capital Assets	<u>\$ 13,017,952</u>	<u>\$ 1,268,056</u>	<u>\$ (208,042)</u>	<u>\$ 14,077,966</u>

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

TOWN OF JAY, MAINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor Pass-through Grantor Program or Cluster Title	Assistance Listing Number	Pass-through Grantor Number	Expenditures to Subrecipients	Federal Expenditures
U.S. Department of Agriculture Forestry Service Passed through State of Maine - Department of Agriculture, Conservation & Forestry: Cooperative Forestry Assistance	10.664	N/A	\$ -	\$ 1,302
Total U.S. Department of Agriculture			-	1,302
U.S. Department of Housing and Urban Development Passed through State of Maine - Department of Economic and Community Development: Community Development Block Grants	14.228	N/A	-	217
Total U.S. Department of Housing and Urban Development			-	217
U.S. Department of Justice, Office of Justice Programs Passed through State of Maine - Department of Public Safety: Coronavirus Emergency Supplemental Funding	16.034	N/A	-	7,800
Total U.S. Department of Justice			-	7,800
U.S. Department of Environmental Protection Passed through State of Maine - Department Environmental Protection and Department of Health and Human Services: Clean Water State Revolving Fund Cluster: Capitalization Grants for Clean Water State Revolving Funds	66.458	N/A	-	1,241,159
Total Clean Water State Revolving Fund Cluster			-	1,241,159
Total Environmental Protection Agency			-	1,241,159
U.S. Department of Homeland Security Passed through Franklin County Emergency Management Agency: Homeland Security Grant Program FY2020	97.067	N/A	-	5,000
Total U.S. Department of Homeland Security			-	5,000
TOTAL FEDERAL ASSISTANCE			\$ -	\$ 1,255,478

TOWN OF JAY, MAINE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

1. Basis of Presentation

- a. The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Jay, Maine under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Jay, Maine, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Jay, Maine.

2. Summary of Significant Accounting Policies

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Federal Clean Water Revolving Loan Program

The federal clean water revolving loan program listed subsequently is administered directly by the Town of Jay, Maine and balances and transactions relating to this program is included in the Town of Jay, Maine's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at June 30, 2021 consists of:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Outstanding Balance at June 30, 2021</u>
66.458	Clean Water Revolving Loan	\$ 822,442

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



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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

Selectboard
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, 2021 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 February 9, 2022.

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.

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*.

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 the Town of Jay, Maine in a separate letter dated August 20, 2021.

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
February 9, 2022



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE REQUIRED BY THE UNIFORM GUIDANCE

Selectboard
Town of Jay
Jay, Maine

Report on Compliance for Each Major Federal Program

We have audited the Town of Jay, Maine's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Town of Jay, Maine major federal programs for the year ended June 30, 2021. The Town of Jay, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to each of its major federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Jay, Maine's major federal programs based on our audit of the type of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Jay, Maine's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Town of Jay, Maine's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Jay, Maine, complied in all material respects, with the type of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Town of Jay, Maine is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Jay, Maine's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Jay, Maine's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency or combination of deficiencies, in internal control over compliance requirements of a federal program will not be prevented or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
February 9, 2022

TOWN OF JAY, MAINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Section I - Summary of Auditor's Results

• *Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no
- Noncompliance material to financial statements noted? yes no

• *Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported
In accordance with §200.516 of Uniform Guidance? yes no

Identification of major programs:

<u>AL Numbers</u>	<u>Name of Federal Program or Cluster</u>
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between type A and B: \$750,000

Auditee qualified as low-risk auditee? yes no

Section II – Financial Statement Findings

None

Section III – Federal Awards Findings and Questioned Costs

None