

Audited Financial Statements  
and Other Supplementary Information

Town of Jay, Maine

June 30, 2014



*Proven Expertise and Integrity*

TOWN OF JAY, MAINE

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JUNE 30, 2014

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## INDEPENDENT AUDITORS' REPORT

Board of Selectmen  
Town of Jay  
Jay, Maine

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Jay, Maine, as of and for the year ended June 30, 2014, 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. 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 includes examining, on a test basis, evidence supporting 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 assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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

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, 2014, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity 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 on pages 4 through 12 and budgetary comparison information on page 48 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 combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements 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. The 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 combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*RHR Smith & Company*

Buxton, Maine  
July 25, 2014

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014**

**(UNAUDITED)**

The following management's discussion and analysis of the Town of Jay's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the Town's financial statements.

**Financial Statement Overview**

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

**Basic Financial Statements**

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

**Government-Wide Financial Statements**

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

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

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

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

- *Governmental activities* – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, public safety, public works, education, insurance, recreation and library and other unclassified.
- *Business-type activities* – These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. These activities for the Town of Jay include the Sewer 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 three categories: governmental funds, proprietary funds and fiduciary funds.

*Governmental funds:* Most of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the 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 fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

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

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

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

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

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

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

### **Other Supplementary Information**

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

## Government-Wide Financial Analysis

Our analysis below focuses on net position, and the changes in net position of the Town's governmental and business-type activities. The Town's total net position for governmental activities increased by \$477,105 from \$17.57 million to \$18.05 million. The Town's total net position for business-type activities increased by \$159,405 from \$1.41 million to \$1.57 million.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased for governmental activities to a balance of \$9,083,371 at the end of this year. Unrestricted net position for business-type activities increased to a balance of \$520,647.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Assets:</b>				
Current and Other Assets	\$ 9,443,092	\$ 8,976,276	\$ 85,208	\$ 70,329
Capital Assets	11,025,077	11,418,519	1,327,600	1,395,986
Other Assets	-	-	2,862,165	2,862,165
<b>Total Assets</b>	<u>20,468,169</u>	<u>20,394,795</u>	<u>4,274,973</u>	<u>3,245,039</u>
<b>Liabilities:</b>				
Current Liabilities	566,486	229,182	1,422,694	1,360,015
Long-term Debt Outstanding	1,853,058	2,592,489	1,279,365	1,554,956
<b>Total Liabilities</b>	<u>2,419,544</u>	<u>2,821,671</u>	<u>2,702,059</u>	<u>1,831,530</u>
<b>Deferred Inflows of Resources:</b>				
Prepaid taxes	2,276	3,880	-	-
<b>Total Deferred Inflows of Resources</b>	<u>2,276</u>	<u>3,880</u>	<u>-</u>	<u>-</u>
<b>Net Position:</b>				
Invested in Capital Assets, Net of Related Debt	8,715,841	8,643,393	1,052,267	1,100,986
Restricted: Special Revenue	233,276	240,930	-	-
Permanent Fund	13,861	15,430	-	-
Unrestricted	9,083,371	8,669,491	520,647	312,523
<b>Total Net Position</b>	<u>\$ 18,046,349</u>	<u>\$ 17,569,244</u>	<u>\$ 1,572,914</u>	<u>\$ 1,413,509</u>

**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>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Revenues</b>				
<i>Program Revenues:</i>				
Charges for services	\$ 139,952	\$ 179,265	\$ 396,300	\$ 389,734
Operating grants and contributions	90,476	109,500	14,046	-
<i>General Revenues:</i>				
Property taxes	15,079,958	15,198,561	-	-
Excise taxes	705,098	683,595	-	-
Grants and contributions not restricted to specific programs	1,749,975	1,601,204	-	-
Miscellaneous	101,629	127,594	-	9,633
<b>Total Revenues</b>	<u>17,867,088</u>	<u>17,899,719</u>	<u>410,346</u>	<u>399,367</u>
<b>Expenses</b>				
General government	624,250	566,220	-	-
Public safety	1,345,972	1,336,916	-	-
Public works	1,745,205	919,196	-	-
Transfer station	580,143	688,870	-	-
Donations	27,857	22,368	-	-
Recreation and library	185,546	173,550	-	-
Education	8,479,413	8,874,035	-	-
County tax	1,064,823	1,002,577	-	-
Insurance	109,173	117,257	-	-
TIF	2,406,244	2,364,252	-	-
Unallocated depreciation (Note 4)	48,908	43,325	-	-
Sewer department	-	-	661,071	645,727
Unclassified	362,319	986,954	-	-
<b>Total Expenses</b>	<u>16,979,853</u>	<u>17,095,520</u>	<u>661,071</u>	<u>645,727</u>
Change in Net Position	887,235	804,199	(250,725)	(246,360)
Transfers	(410,130)	(434,195)	410,130	434,195
Net Position - July 1	<u>17,569,244</u>	<u>17,199,240</u>	<u>1,413,509</u>	<u>1,225,674</u>
Net Position - June 30	<u>\$ 18,046,349</u>	<u>\$ 17,569,244</u>	<u>\$ 1,572,914</u>	<u>\$ 1,413,509</u>

## Revenues and Expenses

Revenues for the Town's governmental activities decreased by .18%, while total expenses decreased by .68%.

Revenues for the Town's business-type activities increased by 2.75%, while total expenses increased by 2.38%.

### 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,**

	2014	2013
General Fund:		
Nonspendable	\$ -	\$ 5,400
Assigned	3,438	-
Unassigned	6,721,490	6,756,444
Total General Fund	\$ 6,724,928	\$ 6,761,844
Nonmajor Funds:		
Special revenue funds:		
Restricted	\$ 233,276	\$ 240,930
Committed	2,289,091	1,755,727
Assigned	1,660	1,660
Unassigned	(74,381)	(30)
Permanent funds:		
Restricted	13,861	15,430
Total Nonmajor Funds	\$ 2,463,507	\$ 2,013,717

The general fund total fund balance decreased by \$36,916 from the prior fiscal year. The non-major fund balances increased by \$449,790 from the prior fiscal year. This increase was due to the excess of transfers in from the general fund that were greater than expenditures net of revenues.

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

The sewer fund, a proprietary fund had net position for the current year of \$1,572,914. This was an increase of \$159,405 from the prior year.

### **Budgetary Highlights**

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

The general fund actual revenues were over budget by \$250,169. This was mostly a result of all revenue categories being receipted in excess of budgeted amounts.

The general fund actual expenditures were under budget by \$852,162. All expenditure categories were under budget.

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

#### **Capital Assets**

As of June 30, 2014, the net book value of capital assets recorded by the Town increased by \$9,505 when compared to the prior year. This increase is the result of capital additions of \$793,040 less current year depreciation expense of \$760,866 and net capital disposals of \$22,669.

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

	<b>2014</b>	<b>2013</b>
Land and improvements	\$ 796,768	\$ 803,068
Buildings and improvements	2,333,013	2,472,077
Furniture and fixtures	2,649	143
Machinery and equipment	411,837	501,315
Vehicles	1,123,289	1,327,163
Infrastructure	5,371,487	4,925,772
Construction in progress	17,638	17,638
<b>Total</b>	<b>\$ 10,056,681</b>	<b>\$ 10,047,176</b>

## **Debt**

At June 30, 2014, the Town had \$3.85 million in bonds outstanding versus \$4.60 million last year, a decrease of 16.24%. Other obligations include capital leases payable and accrued vacation and floating holidays. Refer to Note 7 of Notes to Financial Statements for more detailed information.

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

To further promote and ensure the financial well-being and fiscal stability of the Town, the Jay Board of Selectmen adopted an Unassigned Fund Balance Policy in August of 2012. The Town's management designed the policy around maintaining an appropriate level of Unassigned Fund Balance with the intent to provide a source of funding for unforeseen emergencies, cash flow to offset the need for borrowing in anticipation of tax receipts and evidence to the Town's bond holders 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 (or 1/6) of the current year's approved expense appropriation for the municipal budget.
2. A target level of unassigned fund balance equal to 90-days (or 1/4) of the current year's approved expense appropriation for the municipal budget.
3. A maximum level of unassigned fund balance level equal to 90-days (or 1/4) of the current year's approved expense appropriation for the municipal budget.

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

For the fiscal year ended 2014, the Town recognizes that the Balance in Excess of the Maximum Level is approximately \$2,032,000 and has determined that the increased level is reasonable and responsible in light of the fact that a very large portion of the Town's tax base is concentrated in the Androscoggin Mill. The Town also recognizes the current vulnerability of the paper industry and is in legal review of an abatement request by Verso Paper, which includes the potential for a significantly reduced taxable value and a resulting impact on the mil rate in coming years. For this reason, the Town is choosing to maintain the excess balance at this time.

## **Requests for Information**

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

## STATEMENT A

## TOWN OF JAY, MAINE

STATEMENT OF NET POSITION  
JUNE 30, 2014

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 8,080,587	\$ -	\$ 8,080,587
Investments	35,408	-	35,408
Accounts receivable (net of allowance for uncollectibles):			
Taxes	171,112	61,303	232,415
Liens	60,917	23,905	84,822
Other	34,076	-	34,076
Internal balances	1,060,992	(1,060,992)	-
Total current assets	<u>9,443,092</u>	<u>(975,784)</u>	<u>8,467,308</u>
Noncurrent assets:			
Receivable for long-term debt obligations from RSU No. 73	2,295,996	-	2,295,996
Capital assets:			
Non depreciable assets	767,321	27,435	794,756
Depreciated assets net of accumulated depreciation	<u>7,961,760</u>	<u>1,300,165</u>	<u>9,261,925</u>
Total noncurrent assets	<u>11,025,077</u>	<u>1,327,600</u>	<u>12,352,677</u>
Other assets:			
Investment in joint venture	-	2,862,165	2,862,165
<b>TOTAL ASSETS</b>	<u><u>\$ 20,468,169</u></u>	<u><u>\$ 3,213,981</u></u>	<u><u>\$ 23,682,150</u></u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 59,560	\$ 33,629	\$ 93,189
Accrued expenses	31,908	1,190	33,098
Bond anticipation note payable	-	51,292	51,292
Current portion of long-term obligations	475,018	275,591	750,609
Total current liabilities	<u>566,486</u>	<u>361,702</u>	<u>928,188</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	1,824,663	1,279,365	3,104,028
Capital lease payable	9,555	-	9,555
Accrued compensated absences	18,840	-	18,840
Total noncurrent liabilities	<u>1,853,058</u>	<u>1,279,365</u>	<u>3,132,423</u>
<b>TOTAL LIABILITIES</b>	<u>2,419,544</u>	<u>1,641,067</u>	<u>4,060,611</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	2,276	-	2,276
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>2,276</u>	<u>-</u>	<u>2,276</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	8,715,841	1,052,267	9,768,108
Restricted:			
Special Revenue Funds	233,276	-	233,276
Permanent Funds	13,861	-	13,861
Unrestricted	9,083,371	520,647	9,604,018
<b>TOTAL NET POSITION</b>	<u>18,046,349</u>	<u>1,572,914</u>	<u>19,619,263</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u><u>\$ 20,468,169</u></u>	<u><u>\$ 3,213,981</u></u>	<u><u>\$ 23,682,150</u></u>

See accompanying independent auditors' report and notes to financial statements

## TOWN OF JAY, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
General government	\$ 624,250	\$ 44,069	\$ -	\$ -	\$ (580,181)	\$ -	\$ (580,181)
Public safety	1,348,887	1,357	-	-	(1,347,530)	-	(1,347,530)
Public works	1,745,205	94,526	90,476	-	(1,560,203)	-	(1,560,203)
Transfer station	580,143	-	-	-	(580,143)	-	(580,143)
Donations	27,857	-	-	-	(27,857)	-	(27,857)
Recreation and library	185,546	-	-	-	(185,546)	-	(185,546)
Education	8,479,413	-	-	-	(8,479,413)	-	(8,479,413)
County tax	1,064,823	-	-	-	(1,064,823)	-	(1,064,823)
Insurance	109,173	-	-	-	(109,173)	-	(109,173)
TIF	2,406,244	-	-	-	(2,406,244)	-	(2,406,244)
Unallocated depreciation*	48,908	-	-	-	(48,908)	-	(48,908)
Unclassified	349,719	-	-	-	(349,719)	-	(349,719)
Total governmental activities	<u>16,970,168</u>	<u>139,952</u>	<u>90,476</u>	<u>-</u>	<u>(16,739,740)</u>	<u>-</u>	<u>(16,739,740)</u>
Business-type activities:							
Sewer department	661,071	396,300	14,046	-	-	(250,725)	(250,725)
Total business-type activities	<u>661,071</u>	<u>396,300</u>	<u>14,046</u>	<u>-</u>	<u>-</u>	<u>(250,725)</u>	<u>(250,725)</u>
Total government	<u>\$ 17,631,239</u>	<u>\$ 536,252</u>	<u>\$ 104,522</u>	<u>\$ -</u>	<u>(16,739,740)</u>	<u>(250,725)</u>	<u>(16,990,465)</u>

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

## TOWN OF JAY, MAINE

STATEMENT OF ACTIVITIES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2014

	Governmental Activities	Business- type Activities	Totals
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Changes in net position:			
Net (expense) revenue	<u>(16,739,740)</u>	<u>(250,725)</u>	<u>(16,990,465)</u>
General revenues:			
Taxes:			
Property taxes, levied for general purposes	15,079,958	-	15,079,958
Excise taxes	705,098	-	705,098
Grants and contributions not restricted to specific programs	1,749,975	-	1,749,975
Miscellaneous	101,629	-	101,629
Transfers - internal activities	<u>(410,130)</u>	<u>410,130</u>	<u>-</u>
Total general revenues and transfers	<u>17,226,530</u>	<u>410,130</u>	<u>17,636,660</u>
Change in net position	486,790	159,405	646,195
NET POSITION - JULY 1	<u>17,569,244</u>	<u>1,413,509</u>	<u>18,982,753</u>
NET POSITION - JUNE 30	<u>\$ 18,056,034</u>	<u>\$ 1,572,914</u>	<u>\$ 19,628,948</u>

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

## TOWN OF JAY, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2014

	General Fund	Nonmajor Funds	Totals Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,805,282	\$ 2,275,305	\$ 8,080,587
Investments	-	35,408	35,408
Accounts receivable (net of allowance for uncollectibles):			
Taxes	171,112	-	171,112
Liens	60,917	-	60,917
Other	34,076	-	34,076
Due from other funds	1,060,992	267,358	1,328,350
<b>TOTAL ASSETS</b>	<b><u>\$ 7,132,379</u></b>	<b><u>\$ 2,578,071</u></b>	<b><u>\$ 9,710,450</u></b>
<b>LIABILITIES</b>			
Accounts payable	\$ 59,560	\$ -	\$ 59,560
Accrued payroll	31,908	-	31,908
Due to other funds	152,794	114,564	267,358
<b>TOTAL LIABILITIES</b>	<b><u>244,262</u></b>	<b><u>114,564</u></b>	<b><u>358,826</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred tax revenues	160,913	-	160,913
Prepaid taxes	2,276	-	2,276
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b><u>163,189</u></b>	<b><u>-</u></b>	<b><u>163,189</u></b>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted	-	247,137	247,137
Committed	-	2,289,091	2,289,091
Assigned	3,438	1,660	5,098
Unassigned	6,721,490	(74,381)	6,647,109
<b>TOTAL FUND BALANCES</b>	<b><u>6,724,928</u></b>	<b><u>2,463,507</u></b>	<b><u>9,188,435</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$ 7,132,379</u></b>	<b><u>\$ 2,578,071</u></b>	<b><u>\$ 9,710,450</u></b>

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, 2014

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 9,188,435
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	8,729,081
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	2,295,996
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	160,913
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(2,295,996)
Capital lease payable	(3,555)
Accrued compensated absences	<u>(18,840)</u>
Net position of governmental activities	<u>\$ 18,056,034</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, 2014

	General Fund	Nonmajor Funds	Totals Governmental Funds
REVENUES			
Property taxes	\$ 15,086,681	\$ -	\$ 15,086,681
Excise taxes	705,098	-	705,098
Intergovernmental	1,840,451	-	1,840,451
Charges for services	139,952	-	139,952
Miscellaneous revenues	73,972	27,657	101,629
TOTAL REVENUES	<u>17,846,154</u>	<u>27,657</u>	<u>17,873,811</u>
EXPENDITURES			
Current:			
General government	566,423	61,457	627,880
Public safety	1,265,410	-	1,265,410
Public works	1,308,346	21,441	1,329,787
Transfer station	480,957	40,544	521,501
Donations	27,857	-	27,857
Recreation and library	178,933	-	178,933
Education	8,479,413	-	8,479,413
County tax	1,064,823	-	1,064,823
Insurance	109,173	-	109,173
Tax increment financing agreement	2,406,244	-	2,406,244
Unclassified	320,629	1,600	322,229
Capital outlay	-	717,557	717,557
TOTAL EXPENDITURES	<u>16,208,208</u>	<u>842,599</u>	<u>17,050,807</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>1,637,946</u>	<u>(814,942)</u>	<u>823,004</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	37,498	1,310,230	1,347,728
Operating transfers (out)	<u>(1,712,360)</u>	<u>(45,498)</u>	<u>(1,757,858)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,674,862)</u>	<u>1,264,732</u>	<u>(410,130)</u>
NET CHANGE IN FUND BALANCES	(36,916)	449,790	412,874
FUND BALANCES - JULY 1	<u>6,761,844</u>	<u>2,013,717</u>	<u>8,775,561</u>
FUND BALANCES - JUNE 30	<u>\$ 6,724,928</u>	<u>\$ 2,463,507</u>	<u>\$ 9,188,435</u>

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

## TOWN OF JAY, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 412,874</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 purchases	726,172
Capital asset disposals	(22,669)
Depreciation expense	<u>(625,612)</u>
	<u>77,891</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported.	
Taxes and liens receivable	<u>(6,723)</u>
Receivable for long-term debt obligations from RSU No. 73	<u>(471,333)</u>
Debt proceeds provide current financial resources to governmental funds, but long-term liabilities in the Statement of Net Position.	
	<u>-</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	
	<u>475,575</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	<u>(1,494)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 486,790</u></u>

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

## TOWN OF JAY, MAINE

STATEMENT OF NET POSITION – PROPRIETARY FUNDS  
JUNE 30, 2014

	Business-type Activities Enterprise Funds Sewer Department
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ -
Accounts receivable (net of allowance for uncollectibles):	
Taxes	61,303
Liens	23,905
Total current assets	<u>85,208</u>
Noncurrent assets:	
Capital assets:	
Land and buildings	1,285,435
Vehicles, machinery and equipment	130,464
Infrastructure	5,339,915
Total capital assets	<u>6,755,814</u>
Less: accumulated depreciation	<u>(5,428,214)</u>
Net capital assets	<u>1,327,600</u>
Other assets:	
Investment in joint venture	<u>2,862,165</u>
Total noncurrent assets	<u>4,189,765</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 4,274,973</u></u>
<b>LIABILITIES AND NET POSITION</b>	
Current liabilities:	
Accounts payable	\$ 33,629
Accrued payroll	1,190
Due to other funds	1,060,992
Bond anticipation note payable	51,292
Bonds payable, current portion	275,591
Total current liabilities	<u>1,422,694</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable, net of current portion	<u>1,279,365</u>
Total noncurrent liabilities	<u>1,279,365</u>
<b>TOTAL LIABILITIES</b>	<u>2,702,059</u>
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	1,052,267
Unrestricted	520,647
<b>TOTAL NET POSITION</b>	<u>1,572,914</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 4,274,973</u></u>

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

## TOWN OF JAY, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2014

	Business-type Activities <u>Enterprise Funds</u> Sewer <u>Department</u>
OPERATING REVENUES	
Intergovernmental revenue	\$ 14,046
Charges for services	396,300
TOTAL OPERATING REVENUES	<u>410,346</u>
OPERATING EXPENSES	
Payroll and related benefits	173,358
Treatment fees	213,831
Repairs and maintenance	6,000
Supplies	68,556
Utilities	43,094
Depreciation	135,254
TOTAL OPERATING EXPENSES	<u>640,093</u>
OPERATING INCOME (LOSS)	<u>(229,747)</u>
NON-OPERATING INCOME (EXPENSE)	
Operating transfers in	460,130
Operating transfers (out)	(50,000)
Interest expense	(20,978)
TOTAL NON-OPERATING INCOME (EXPENSE)	<u>389,152</u>
NET CHANGE IN NET POSITION	159,405
NET POSITION - JULY 1	<u>1,413,509</u>
NET POSITION - JUNE 30	<u><u>\$ 1,572,914</u></u>

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

## TOWN OF JAY, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

	Business-type Activities Enterprise Funds Sewer Department
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 395,467
Payments to suppliers	(320,301)
Payments to employees	(173,150)
Net cash provided (used) by operating activities	<u>(97,984)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer out to special revenue funds	<u>(50,000)</u>
Net cash provided (used) by noncapital financing activities	<u>(50,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Transfer in from general fund - debt service	304,570
Transfer in from general fund - capital contribution	155,560
Purchases of capital assets	(66,868)
Change in bond anticipation note payable	51,292
Principal payments on bonds and notes payable	(275,592)
Interest payments on bonds and notes payable	(20,978)
Net cash provided (used) by financing activities	<u>147,984</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-
CASH AND CASH EQUIVALENTS - JULY 1	<u>-</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (229,747)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	135,254
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	(14,879)
(Decrease) increase in accounts payable	33,629
(Decrease) increase in accrued payroll	208
(Decrease) increase in due to other funds	(22,449)
NET CASH PROVIDED (USED) BY ACTIVITIES	<u>\$ (97,984)</u>

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

## TOWN OF JAY, MAINE

STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2014

	Private- Purpose Trust
<b>ASSETS</b>	
Accounts receivable-employees	\$ -
Investments, at fair value - mutual funds	1,458,286
<b>TOTAL ASSETS</b>	<b>\$ 1,458,286</b>
 <b>LIABILITIES</b>	
Accounts payable	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>
 <b>NET POSITION</b>	
Restricted - held in trust for special purposes	1,458,286
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 1,458,286</b>

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

## TOWN OF JAY, MAINE

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Private- Purpose Trust</u>
ADDITIONS	
Contributions	\$ 90,947
Net increase (decrease) in the fair value of investments	103,594
Miscellaneous	<u>1</u>
Total additions	<u>194,542</u>
DEDUCTIONS	
Distributions	127,551
Service fees	<u>814</u>
Total deductions	<u>128,365</u>
Change in net position	66,177
NET POSITION - JULY 1	<u>1,392,109</u>
NET POSITION - JUNE 30	<u><u>\$ 1,458,286</u></u>

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Reporting Entity***

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

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

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

***Government-Wide and Fund Financial Statements***

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

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

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, 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:

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Permanent Funds are used to account for assets held by the Town that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

2. Proprietary Funds

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

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

3. Fiduciary Funds:

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

The Town's fiduciary funds are presented in the fiduciary fund financial statements by type (private-purpose). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements. The Town has no component units that are fiduciary in nature.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**Basis of Accounting**

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

1. Accrual

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

2. Modified Accrual

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

**Budget**

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

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

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. A meeting of the inhabitants of the Town was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.
4. The Town does not adopt budgets for Special Revenue Funds.

**Deposits and Investments**

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

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. For statement of cash flows purposes, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

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

**Inventories**

Inventories of supplies are considered to be expenditures at the time of purchase and are not included in the general fund balance sheet.

**Interfund Receivables and Payables**

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Transactions Between Funds**

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

**Allowance for Uncollectible Accounts**

The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2014.

**Capital Assets**

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

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

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

Estimated useful lives are as follows:

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

**Long-term Obligations**

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

**Compensated Absences**

The Town's policies regarding paid time off do permit employees to accumulate limited earned but unused leave. The liability for accrued compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2014, the Town's liability for compensated absences is \$18,840.

**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 related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets, and adding back unspent proceeds. Net 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.

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

The Town's property tax for the current year was levied August 26, 2013 on the assessed value listed as of April 1, 2013, for all real and personal property located in the Town. Taxes were due in two installments on October 1, 2013 and April 1, 2014. Interest on unpaid taxes commenced on October 2, 2013 and April 2, 2014, at 7% per annum.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$410,996 for the year ended June 30, 2014.

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

**Program Revenues**

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

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

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

**Encumbrance Accounting**

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

**Use of Estimates**

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

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, 2014, the Town's deposits amounting to \$8,080,587 were comprised of bank deposits of \$8,211,391. Of these bank deposits, \$8,003,884 was fully insured by federal depository insurance and consequently not exposed to custodial credit risk. The remaining bank deposits of \$207,507 were collateralized with securities held by the financial institution in the Town's name

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 22,694
NOW accounts	9,228
Insured sweep	1,603,373
Money market accounts	457,507
Savings	4,418
ICS	6,114,171
	<u>\$ 8,211,391</u>

**Investments:**

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

At June 30, 2014, the Town's investments of \$35,408 of certificates of deposit were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk. The Town's investment of \$1,458,286 of mutual funds were either covered by Securities Investor Protection Corporation (SIPC) or fully insured.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Not Applicable</u>	<u>Less Than 1 Year</u>	<u>1 - 5 Years</u>
Certificates of Deposit	\$ 35,408	\$ -	\$ 13,950	\$ 21,458
ICMA - mutual funds	1,458,286	1,458,286		
	<u>\$ 1,493,694</u>	<u>\$ 1,458,286</u>	<u>\$ 13,950</u>	<u>\$ 21,458</u>

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

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

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2014 consisted of the following individual fund receivables and payables:

	<u>Receivables (Due from)</u>	<u>Payables (Due to)</u>
General fund	\$ 1,060,992	\$ 152,794
Special revenue fund	267,358	114,564
Enterprise fund	-	1,060,992
	<u>\$ 1,328,350</u>	<u>\$ 1,328,350</u>

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets at June 30, 2014:

	Balance, 7/1/13	Additions	Disposals	Balance, 6/30/14
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 749,683	\$ -	\$ -	\$ 749,683
Art works & historical treasures	-	-	-	-
Construction in progress	17,638	-	-	17,638
	<u>767,321</u>	<u>-</u>	<u>-</u>	<u>767,321</u>
Depreciated assets:				
Land Improvements	62,000	-	-	62,000
Buildings	3,078,618	-	-	3,078,618
Building improvements	421,971	-	-	421,971
Furniture & fixtures	250	2,542	-	2,792
Machinery & equipment	2,741,737	26,785	(1,800)	2,766,722
Vehicles	2,679,836	20,333	(31,380)	2,668,789
Infrastructure	7,070,241	676,512	-	7,746,753
	<u>16,054,653</u>	<u>726,172</u>	<u>(33,180)</u>	<u>16,747,645</u>
Less: accumulated depreciation	<u>(8,170,784)</u>	<u>(625,612)</u>	<u>10,511</u>	<u>(8,785,885)</u>
	<u>7,883,869</u>	<u>100,560</u>	<u>(22,669)</u>	<u>7,961,760</u>
Net capital assets	<u>\$ 8,651,190</u>	<u>\$ 100,560</u>	<u>\$ (22,669)</u>	<u>\$ 8,729,081</u>
<u>Business-type activities</u>				
Non-depreciated assets:				
Land	\$ 27,435	\$ -	\$ -	\$ 27,435
	<u>27,435</u>	<u>-</u>	<u>-</u>	<u>27,435</u>
Depreciated assets:				
Land Improvements	64,000	-	-	64,000
Buildings	1,105,000	-	-	1,105,000
Building improvements	89,000	-	-	89,000
Machinery & equipment	43,581	-	-	43,581
Vehicles	108,883	-	(22,000)	86,883
Infrastructure	5,273,047	66,868	-	5,339,915
	<u>6,683,511</u>	<u>66,868</u>	<u>(22,000)</u>	<u>6,728,379</u>
Less: accumulated depreciation	<u>(5,314,960)</u>	<u>(135,254)</u>	<u>22,000</u>	<u>(5,428,214)</u>
	<u>1,368,551</u>	<u>(68,386)</u>	<u>-</u>	<u>1,300,165</u>
Net capital assets	<u>\$ 1,395,986</u>	<u>\$ (68,386)</u>	<u>\$ -</u>	<u>\$ 1,327,600</u>

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Current year depreciation

Police	\$ 11,410
Fire	79,575
Highway	415,418
Recycling	47,390
Recreation	6,613
Town-wide	48,908
Transfer station	16,298
Subtotal government wide depreciation	<u>625,612</u>
Sewer Department	<u>135,254</u>
Subtotal business-type depreciation	<u>135,254</u>
Total depreciation expense	<u>\$ 760,866</u>

NOTE 5 - LONG-TERM RECEIVABLE

As of July 1, 2011, the Jay school department became a member of Regional School Unit (RSU) No. 73. The RSU Plan requires that the RSU be responsible for payment of all school-related long-term debt on behalf of the Town. As of June 30, 2014, a long-term receivable has been recorded for \$2,295,996, which represents school-related general obligation bonds of \$2,295,996. The State of Maine Department of Education is responsible for paying approximately 87 percent of the debt service on general obligation bonds directly to the Maine Municipal Bond Bank. The remaining debt service for bonds is paid by the RSU.

NOTE 6 - SHORT-TERM DEBT

On February 28, 2014, the Town issued a bond anticipation note to pay the costs of designing, financing, construction, installation, equipping and replacement of a sewage transmission line and functionally related and subordinate improvements. Interest is payable at a rate of 1.14%. Maturity of the principal and interest is on November 1, 2014 or upon receipt of the proceeds from a bond issue. The balance outstanding on the note as of June 30, 2014 was \$51,292.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 6 - SHORT-TERM DEBT (CONTINUED)

Short-term debt activity for the year ended June 30, 2014, was as follows:

	Balance, 7/1/13	Additions	Deletions	Balance, 6/30/14
Bond anticipation note	\$ -	\$ 65,337	\$ (14,045)	\$ 51,292
Totals	<u>\$ -</u>	<u>\$ 65,337</u>	<u>\$ (14,045)</u>	<u>\$ 51,292</u>

NOTE 7 - LONG-TERM DEBT

A summary of long-term debt is as follows:

<b>Governmental activities:</b>	Balance, 7/1/13	Additions	Deletions	Balance, 6/30/14	Current Portion
Bonds payable	\$ 2,767,329	\$ -	\$ (471,333)	\$ 2,295,996	\$ 471,333
Capital leases payable	7,797	12,600	(7,157)	13,240	3,685
Accrued compensated absences	17,346	1,494	-	18,840	-
Totals	<u>\$ 2,792,472</u>	<u>\$ 14,094</u>	<u>\$ (478,490)</u>	<u>\$ 2,328,076</u>	<u>\$ 475,018</u>
	Balance, 7/1/13	Additions	Deletions	Balance, 6/30/14	Current Portion
<b>Business-type activities:</b>					
Bonds payable	\$ 1,830,548	\$ -	\$ (275,592)	\$ 1,554,956	\$ 275,591
Totals	<u>\$ 1,830,548</u>	<u>\$ -</u>	<u>\$ (275,592)</u>	<u>\$ 1,554,956</u>	<u>\$ 275,591</u>

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 7 - LONG-TERM DEBT (CONTINUED)

The following is a summary of bonds outstanding as of June 30, 2014:

**Governmental activities:**

\$8,400,000, 1997 General Obligation Bond due in annual principal payments of \$420,000, through November, 2017. Interest is charged at a rate varying from 5.401% to 5.776% per annum.	\$ 1,680,000
\$770,000, 2011 General Obligation Bond due in annual principal payments and semiannual interest payments through November 2025. Interest is charged at a rate from 2.125% to 5.625%.	<u>615,996</u>
Total governmental activities	<u><u>\$ 2,295,996</u></u>

**Business-type activities:**

\$4,094,795, 2003 General Obligation Bond due in annual principal payments of \$255,925, through November, 2018. Interest is charged at a rate of 1.45% per annum.	1,279,623
\$295,000, 2012 General Obligation Bond due in annual principal payments of \$19,667, through October, 2027. Interest is charged at a rate of 1.00% per annum.	<u>275,333</u>
Total business-type activities	<u><u>\$ 1,554,956</u></u>

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

	Governmental Activities		Business-type Activities		Total Debt Service
	Bonds		Bonds		
	Principal	Interest	Principal	Interest	
2015	\$ 471,333	\$ 98,285	\$ 275,591	\$ 17,580	\$ 862,789
2016	471,333	73,426	275,591	13,832	834,182
2017	471,333	48,114	275,591	11,060	806,098
2018	471,333	22,832	275,591	8,365	778,121
2019	51,333	15,162	275,591	5,288	347,374
2020-2024	256,665	41,993	98,334	11,628	408,620
2025-2028	102,666	2,182	78,667	5,585	104,848
	<u>\$ 2,295,996</u>	<u>\$ 301,994</u>	<u>\$ 1,554,956</u>	<u>\$ 73,338</u>	<u>\$ 4,142,032</u>

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 7 - LONG-TERM DEBT (CONTINUED)

The following is a summary of leases outstanding as of June 30, 2014:

The Town has entered into a 2013 capital lease for a copier with a cost of \$12,600. The lease is for five years with monthly payments of \$230 through November of 2014. The effective interest rate is 3.766% per annum.

The Town has entered into a 2011 capital lease for a copier with a cost of \$6,900. The lease is for five years with annual payments of \$1,380 through May of 2016. This is an interest free lease.

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

2015	\$	4,140
2016		3,910
2017		2,760
2018		2,760
2019		690
Total minimum lease payments		<u>14,260</u>
Less: Amount representing interest		<u>(1,020)</u>
Present value of future minimum lease payments	\$	<u><u>13,240</u></u>

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

NOTE 8 - OPERATING LEASES

The Town leases a postage machine from Neopost under a non-cancellable lease agreement. The term of the lease is for a 7 year period ending in 2015. Annual payments are \$900.

The Town leases voting equipment from the State of Maine under a non-cancellable lease agreement. The term of the lease is for a 5 year period ending in 2017. Annual payments are \$589.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 9 – RESTRICTED FUND BALANCES

The Town has the following restricted fund balances at June 30, 2014:

Special Revenue Funds (See Schedule D)	\$ 233,276
Permanent Funds (See Schedule F)	13,861
	<u>\$ 247,137</u>

NOTE 10 - COMMITTED FUND BALANCES

The Town has the following committed fund balances at June 30, 2014:

Special Revenue Funds (See Schedule D)	<u>\$ 2,289,091</u>
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NOTE 11 - ASSIGNED FUND BALANCES

The Town has the following assigned fund balances at June 30, 2014:

Plaza lot	\$ 3,438
Special Revenue Funds (See Schedule D)	1,660
	<u>\$ 5,098</u>

NOTE 12 - RISK MANAGEMENT

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

The Town is also a member of the Maine Municipal Association – Property and Casualty Pool. The Town pays an annual premium for its property and liability coverage. Under the property coverage portion of the Pool, coverage is provided after the deductible is met, to \$26,000,000. Under the liability portion of the Pool, coverage is provided after the deductible is met, to \$1,000,000.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 12 - RISK MANAGEMENT (CONTINUED)

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2014. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 13 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

A. Plan Description

The Town participates in the Maine Public Employees Retirement System Consolidated Plan, a cost-sharing multiple-employer defined benefit pension plan established by the Maine State legislature. The Maine Public Employees Retirement System Consolidated Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Maine State Legislature. 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 by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333 or by calling (800) 451-9800.

B. Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Maine State Legislature. The Town's police department employees are part of special plan "2C" with cost-of-living adjustment and are required to contribute 6.5% of their annual salary. The town manager, department heads, office workers, highway, transfer station and sewer department employees are part of regular plan "AC" and are required to contribute 6.5% of their annual salary. The Town is required to contribute 7.9% of special plan "2C" members' covered payroll and 6.5% of regular plan "AC" members' covered payroll annually to the system. The Town's contributions to the plan including employee contributions for the fiscal years ended June 30, 2014, 2013, and 2012 were \$137,382, \$138,784, and \$125,911, respectively.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Initial Unpooled Unfunded Actuarial Liability**

The Town had no initial unpooled unfunded actuarial liability.

NOTE 14 - DEFERRED COMPENSATION PLANS

INTERNATIONAL CITY MANAGEMENT ASSOCIATION-RETIREMENT CORPORATION

A. Plan Description

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

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

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

B. Funding Policy

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

The Town's contributions to the plan including employee contributions for 2014, 2013, and 2012 were \$90,947, \$98,470, and \$101,199, respectively. These amounts include loans.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 14 - DEFERRED COMPENSATION PLANS (CONTINUED)

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM - 457 DEFERRED  
COMPENSATION PLAN

A. Plan Description

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

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

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

B. Funding Policy

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

The Town's contributions to the plan including employee contributions for 2014, 2013, and 2012 were \$1,426, \$1,557, and \$1,476, respectively.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 15 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

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

NOTE 16 - OVERSPENT APPROPRIATIONS

The following appropriations were exceeded by actual expenditures at June 30, 2014:

General assistance	\$ 1,817
	<u>\$ 1,817</u>

NOTE 17 - CONTINGENCIES

With regard to litigation, the Town has brought a claim in arbitration against a party for failure to pay expenses related to a current cost-sharing agreement for a jointly funded municipal facility. The party has brought a counterclaim against the Town alleging the Town's culpability in the matter. In the opinion of Legal Counsel for the Town, the likely outcome is that the Town's claim will prevail, yet a final outcome is unknown at this time. Management believes, however, that a settlement amount, if any, will not have a material adverse effect on the Town's financial position.

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.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 18 - JOINT VENTURES

The Town is a member of a joint venture with the Town of Livermore Falls, Maine for the purpose of constructing, operating, and maintaining sewerage treatment facilities. Together, both towns are obligated by contract to fund a reserve account in an amount up to \$100,000 to cover the cost of major repairs or replacements at the facilities. As of the fiscal year ended June 30, 2013, the most recent information available, the balance in the reserve account was \$99,662. Operating, maintenance, and administrative costs for the sewerage treatment plant and disposal facilities are prorated between the towns based on metered volume of flow.

Summarized financial information for the joint venture as of and for the year ended June 30, 2013 is as follows:

Total Assets	\$ 5,797,057
Total Fund Balance	\$ 5,776,011
Total Expenses (net of depreciation on assets purchased with contributed capital)	\$ 397,717
Operating Income (Loss)	\$ (65,327)

The Town of Jay accounts for its investment in the joint venture using the equity method. The equity method requires the original investment to be recorded at cost. Subsequently, the carrying amount of the investment is adjusted for the investee's proportionate share of the joint venture income/loss. The Town's share of capital cost was agreed to be 49% of the joint venture. Operating income/losses have been allocated based on the capital contribution ratio. The joint venture's audited financial statements are available at Livermore Falls-Jay Sewerage Treatment Plant, 2 Main Street, Livermore Falls, Maine 04254 or at the Jay, Maine Town Office.

NOTE 19 - DEFICIT FUND BALANCES

At June 30, 2014, the Town had the following funds showing deficit fund balances:

Paving Reserve	\$ 74,351
EAP Program	30
	<u>\$ 74,381</u>

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 20 - RELATED PARTY TRANSACTIONS

One of the Town's Selectmen owns businesses that provide the following to the Town: welding and food services. In addition, another of the Town's Selectmen is a vendor that is wood harvesting for the Town. In each instance, we believe the Selectmen recuse themselves in any matters concerning the related parties. During the fiscal year ended June 30, 2014, payments to these vendors for welding, food services and automotive parts totaled \$8,432, \$8,427, \$343, respectively.

NOTE 21 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of County and School District debt. As of June 30, 2014, the Town's share was as follows:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
RSU No. 73	\$ 5,879,829	71.62%	\$ 4,211,134
Franklin County	566,048	21.48%	121,587
			<u>\$ 4,332,721</u>

### Required Supplementary Information

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

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

## TOWN OF JAY, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS  
 BUDGET AND ACTUAL – GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 6,761,844	\$ 6,761,844	\$ 6,761,844	\$ -
Revenues (Inflows):				
Property taxes	15,084,041	15,084,041	15,086,681	2,640
Excise taxes	650,000	650,000	705,098	55,098
Intergovernmental	1,727,509	1,743,172	1,840,451	97,279
Charges for services	80,608	96,270	139,952	43,682
Miscellaneous revenues	60,000	60,000	73,972	13,972
Transfers from other funds	-	-	37,498	37,498
Amounts Available for Appropriation	<u>24,364,002</u>	<u>24,395,327</u>	<u>24,645,496</u>	<u>250,169</u>
Charges to Appropriations (Outflows):				
General government	628,365	628,365	566,423	61,942
Public safety	1,343,894	1,343,929	1,265,410	78,519
Public works	1,349,000	1,444,782	1,308,346	136,436
Transfer station	592,100	601,795	480,957	120,838
Donations	27,857	27,857	27,857	-
Recreation & library	178,933	178,933	178,933	-
Education	8,479,413	8,479,413	8,479,413	-
County tax	1,064,823	1,064,823	1,064,823	-
Insurance	151,000	151,000	109,173	41,827
TIF	2,406,244	2,406,244	2,406,244	-
Unclassified	586,669	733,229	320,629	412,600
Transfer to other funds	1,405,860	1,712,360	1,712,360	-
Total Charges to Appropriations	<u>18,214,158</u>	<u>18,772,730</u>	<u>17,920,568</u>	<u>852,162</u>
Budgetary Fund Balance, June 30	<u>\$ 6,149,844</u>	<u>\$ 5,622,597</u>	<u>\$ 6,724,928</u>	<u>\$ 1,102,331</u>
Utilization of unassigned fund balance	<u>\$ 612,000</u>	<u>\$ 1,139,247</u>	<u>\$ -</u>	<u>\$ (1,139,247)</u>

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

## Other Supplementary Information

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

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

## TOWN OF JAY, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS  
 BUDGET AND ACTUAL – GENERAL FUND REVENUES  
 FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues (Inflows):				
Taxes:				
Property taxes	\$ 15,084,041	\$ 15,084,041	\$ 15,086,681	\$ 2,640
Auto excise	650,000	650,000	701,400	51,400
Boat excise	-	-	3,698	3,698
Intergovernmental revenues:				
State revenue sharing	180,000	180,000	186,752	6,752
Homestead reimbursement	104,786	104,786	104,786	-
Highway block grant	-	-	90,476	90,476
Tree growth	8,013	8,013	7,525	(488)
BETE reimbursement	1,431,029	1,431,029	1,430,723	(306)
Veteran's/other reimbursement	3,681	19,344	20,189	845
Charges for services:				
Solid waste fees	30,000	39,695	39,695	-
Recycling fees	-	-	30,210	30,210
Demolition fees	-	-	9,278	9,278
Administration fees	22,000	22,000	24,106	2,106
Building rent	-	-	8,719	8,719
Wood harvest	26,608	26,608	15,343	(11,265)
Police	2,000	2,000	1,357	(643)
Cable TV	-	5,897	5,897	-
Other	-	70	5,347	5,277
Miscellaneous revenues:				
Tax lien interest	20,000	20,000	16,432	(3,568)
Investment interest	40,000	40,000	10,407	(29,593)
Lien fees	-	-	9,701	9,701
Other	-	-	37,432	37,432
Transfers from other funds	-	-	37,498	37,498
Use of unassigned fund balance	612,000	1,139,247	-	(1,139,247)
Amounts Available for Appropriation	<u>\$ 18,214,158</u>	<u>\$ 18,772,730</u>	<u>\$ 17,883,652</u>	<u>\$ (889,078)</u>

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

TOWN OF JAY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General government:					
Administration	\$ 512,100	\$ -	\$ 512,100	\$ 484,380	\$ 27,720
Town boards	1,000	-	1,000	346	654
Board of Selectmen	13,015	-	13,015	10,765	2,250
Buildings & grounds	102,250	-	102,250	70,932	31,318
	<u>628,365</u>	<u>-</u>	<u>628,365</u>	<u>566,423</u>	<u>61,942</u>
Public safety:					
Police department	820,525	-	820,525	762,289	58,236
Fire department	171,720	35	171,755	156,926	14,829
Ambulance	53,599	-	53,599	53,599	-
Hydrants/water	298,050	-	298,050	292,596	5,454
	<u>1,343,894</u>	<u>35</u>	<u>1,343,929</u>	<u>1,265,410</u>	<u>78,519</u>
Public works:					
Road/building maintenance	1,349,000	95,782	1,444,782	1,308,346	136,436
	<u>1,349,000</u>	<u>95,782</u>	<u>1,444,782</u>	<u>1,308,346</u>	<u>136,436</u>
Transfer station:					
Transfer station	592,100	9,695	601,795	480,957	120,838
	<u>592,100</u>	<u>9,695</u>	<u>601,795</u>	<u>480,957</u>	<u>120,838</u>
Donations:					
Agencies	27,857	-	27,857	27,857	-
	<u>27,857</u>	<u>-</u>	<u>27,857</u>	<u>27,857</u>	<u>-</u>

TOWN OF JAY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Recreation and library:					
Recreation	12,000	-	12,000	12,000	-
Library	166,933	-	166,933	166,933	-
	<u>178,933</u>	<u>-</u>	<u>178,933</u>	<u>178,933</u>	<u>-</u>
Education	8,479,413	-	8,479,413	8,479,413	-
County tax	1,064,823	-	1,064,823	1,064,823	-
Insurance	151,000	-	151,000	109,173	41,827
TIF	2,406,244	-	2,406,244	2,406,244	-
Unclassified:					
Industrial revaluation	20,000	125,000	145,000	145,000	-
Audit	12,000	-	12,000	15,700	(3,700)
Local access	-	5,897	5,897	5,897	-
Assessing	31,600	-	31,600	31,619	(19)
AVCOG	11,223	-	11,223	11,223	-
MMA	9,035	-	9,035	8,835	200
Plumbing inspect.	1,080	-	1,080	1,138	(58)
Chamber of Commerce	35	-	35	40	(5)
Professional services	24,200	-	24,200	22,341	1,859
Andy Valley	-	9,272	9,272	9,272	-
General assistance	6,500	6,391	12,891	14,708	(1,817)
Overlay	410,996	-	410,996	-	410,996
Legal fees	60,000	-	60,000	54,856	5,144
	<u>586,669</u>	<u>146,560</u>	<u>733,229</u>	<u>320,629</u>	<u>412,600</u>

TOWN OF JAY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Highway dept. reserve	100,000	-	100,000	100,000	-
Highway bldg. reserve	15,000	-	15,000	15,000	-
Recycling reserve	47,000	-	47,000	47,000	-
Recycling facility reserve	11,500	-	11,500	11,500	-
Paving reserve	450,000	-	450,000	450,000	-
Fire dept. reserve	85,000	-	85,000	85,000	-
Buildings and grounds	5,000	-	5,000	5,000	-
Wellness works	1,230	-	1,230	1,230	-
Sewer treatment plant	-	6,500	6,500	6,500	-
Hyde Road project	200,000	-	200,000	200,000	-
Property revaluation reserve	-	300,000	300,000	300,000	-
Enterprise funds	452,130	-	452,130	452,130	-
	<u>1,405,860</u>	<u>306,500</u>	<u>1,712,360</u>	<u>1,712,360</u>	<u>-</u>
Total Expenditures	<u>\$ 18,214,158</u>	<u>\$ 558,572</u>	<u>\$ 18,772,730</u>	<u>\$ 17,920,568</u>	<u>\$ 852,162</u>

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

## TOWN OF JAY, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2014

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,272,703	\$ 2,602	\$ 2,275,305
Investments	24,149	11,259	35,408
Due from other funds	267,358	-	267,358
<b>TOTAL ASSETS</b>	<u>\$ 2,564,210</u>	<u>\$ 13,861</u>	<u>\$ 2,578,071</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	114,564	-	114,564
<b>TOTAL LIABILITIES</b>	<u>114,564</u>	<u>-</u>	<u>114,564</u>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted	233,276	13,861	247,137
Committed	2,289,091	-	2,289,091
Assigned	1,660	-	1,660
Unassigned	(74,381)	-	(74,381)
<b>TOTAL FUND BALANCES</b>	<u>2,449,646</u>	<u>13,861</u>	<u>2,463,507</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 2,564,210</u>	<u>\$ 13,861</u>	<u>\$ 2,578,071</u>

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

SCHEDULE C

TOWN OF JAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ -	\$ -	\$ -
Interest	6,918	3	6,921
Other	20,708	28	20,736
TOTAL REVENUES	<u>27,626</u>	<u>31</u>	<u>27,657</u>
EXPENDITURES			
Current:			
General government	61,457	-	61,457
Public safety	-	-	-
Public works	21,441	-	21,441
Health and welfare	40,544	-	40,544
Other	-	1,600	1,600
Capital Outlay	717,557	-	717,557
TOTAL EXPENDITURES	<u>840,999</u>	<u>1,600</u>	<u>842,599</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(813,373)</u>	<u>(1,569)</u>	<u>(814,942)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	1,310,230	-	1,310,230
Operating transfers (out)	(45,498)	-	(45,498)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,264,732</u>	<u>-</u>	<u>1,264,732</u>
NET CHANGE IN FUND BALANCES	451,359	(1,569)	449,790
FUND BALANCES - JULY 1	<u>1,998,287</u>	<u>15,430</u>	<u>2,013,717</u>
FUND BALANCES - JUNE 30	<u><u>\$ 2,449,646</u></u>	<u><u>\$ 13,861</u></u>	<u><u>\$ 2,463,507</u></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, 2014

	Recycling Reserve	TIF	Highway Department Reserve	Police Reserve	Recycling Facility Reserve	Small Comm. Grant	Curbside Reserve	Taylor Made
<b>ASSETS</b>								
Cash and cash equivalents	\$ 152,794	\$ 591	\$ 272,536	\$ 19,937	\$ 80,608	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	2,724	-	5,000
<b>TOTAL ASSETS</b>	<b>\$ 152,794</b>	<b>\$ 591</b>	<b>\$ 272,536</b>	<b>\$ 19,937</b>	<b>\$ 80,608</b>	<b>\$ 2,724</b>	<b>\$ -</b>	<b>\$ 5,000</b>
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	591	-	-	-	2,724	-	5,000
Committed	152,794	-	272,536	19,937	80,608	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>152,794</b>	<b>591</b>	<b>272,536</b>	<b>19,937</b>	<b>80,608</b>	<b>2,724</b>	<b>-</b>	<b>5,000</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 152,794</b>	<b>\$ 591</b>	<b>\$ 272,536</b>	<b>\$ 19,937</b>	<b>\$ 80,608</b>	<b>\$ 2,724</b>	<b>\$ -</b>	<b>\$ 5,000</b>

TOWN OF JAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2014

	Garbage Bags	Environmental Reserve	Tower Fund	Jay Community Development	Cemetery	Paving Reserve	Sewer Treatment Plant	Fire Department Reserve
<b>ASSETS</b>								
Cash and cash equivalents	\$ -	\$ 783,222	\$ -	\$ 9,228	\$ 29,252	\$ 16,125	\$ 303,783	\$ 203,173
Investments	-	-	-	21,458	-	-	-	-
Due from other funds	19,953	816	159,281	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 19,953</b>	<b>\$ 784,038</b>	<b>\$ 159,281</b>	<b>\$ 30,686</b>	<b>\$ 29,252</b>	<b>\$ 16,125</b>	<b>\$ 303,783</b>	<b>\$ 203,173</b>
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	40	-	-	-	90,476	-	40
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>40</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>90,476</b>	<b>-</b>	<b>40</b>
<b>FUND BALANCES</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	159,281	30,686	29,252	-	-	-
Committed	19,953	783,998	-	-	-	-	303,783	203,133
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(74,351)	-	-
<b>TOTAL FUND BALANCES</b>	<b>19,953</b>	<b>783,998</b>	<b>159,281</b>	<b>30,686</b>	<b>29,252</b>	<b>(74,351)</b>	<b>303,783</b>	<b>203,133</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 19,953</b>	<b>\$ 784,038</b>	<b>\$ 159,281</b>	<b>\$ 30,686</b>	<b>\$ 29,252</b>	<b>\$ 16,125</b>	<b>\$ 303,783</b>	<b>\$ 203,173</b>

SCHEDULE D (CONTINUED)

TOWN OF JAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2014

	SK EMS	EAP Program	Buildings & Grounds	Jay Historical Society	Admin Reserve	Veterans Memorial Fund	Wellness Works
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ 27,473	\$ 905	\$ 50,927	\$ -	\$ -
Investments	-	-	-	-	-	2,691	-
Due from other funds	10	-	450	-	-	-	3,104
<b>TOTAL ASSETS</b>	<b>\$ 10</b>	<b>\$ -</b>	<b>\$ 27,923</b>	<b>\$ 905</b>	<b>\$ 50,927</b>	<b>\$ 2,691</b>	<b>\$ 3,104</b>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	30	-	-	-	53	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>30</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53</b>	<b>-</b>
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	2,638	3,104
Committed	10	-	27,923	905	50,927	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	(30)	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>10</b>	<b>(30)</b>	<b>27,923</b>	<b>905</b>	<b>50,927</b>	<b>2,638</b>	<b>3,104</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 10</b>	<b>\$ -</b>	<b>\$ 27,923</b>	<b>\$ 905</b>	<b>\$ 50,927</b>	<b>\$ 2,691</b>	<b>\$ 3,104</b>

TOWN OF JAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2014

	Jay Comm Playground	Highway Buidling Reserve	Jay Gazebo	Hyde Rd Route 133 Project	Town Revaluation	Totals
<b>ASSETS</b>						
Cash and cash equivalent	\$ -	\$ 34,144	\$ 5,317	\$ -	\$ 282,688	\$ 2,272,703
Investments	-	-	-	-	-	24,149
Due from other funds	1,660	-	-	74,360	-	267,358
<b>TOTAL ASSETS</b>	<b>\$ 1,660</b>	<b>\$ 34,144</b>	<b>\$ 5,317</b>	<b>\$ 74,360</b>	<b>\$ 282,688</b>	<b>\$ 2,564,210</b>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	23,925	114,564
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,925</b>	<b>114,564</b>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	233,276
Committed	-	34,144	5,317	74,360	258,763	2,289,091
Assigned	1,660	-	-	-	-	1,660
Unassigned	-	-	-	-	-	(74,381)
<b>TOTAL FUND BALANCES</b>	<b>1,660</b>	<b>34,144</b>	<b>5,317</b>	<b>74,360</b>	<b>258,763</b>	<b>2,449,646</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,660</b>	<b>\$ 34,144</b>	<b>\$ 5,317</b>	<b>\$ 74,360</b>	<b>\$ 282,688</b>	<b>\$ 2,564,210</b>

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, 2014

	Recycling Reserve	TIF	Highway Department Reserve	Police Reserve	Recycling Facility Reserve	Small Comm. Grant	Curbside Reserve	Taylor Made
<b>REVENUES</b>								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	222	1	394	43	2,683	-	-	-
Other	-	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>222</b>	<b>1</b>	<b>394</b>	<b>43</b>	<b>2,683</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES</b>								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Capital Outlay	-	-	3,920	27,364	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>3,920</b>	<b>27,364</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>222</b>	<b>1</b>	<b>(3,526)</b>	<b>(27,321)</b>	<b>2,683</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Operating transfers in	47,000	-	100,000	32,000	11,500	-	-	-
Operating transfers (out)	-	-	-	-	-	-	(14)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>47,000</b>	<b>-</b>	<b>100,000</b>	<b>32,000</b>	<b>11,500</b>	<b>-</b>	<b>(14)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>47,222</b>	<b>1</b>	<b>96,474</b>	<b>4,679</b>	<b>14,183</b>	<b>-</b>	<b>(14)</b>	<b>-</b>
<b>FUND BALANCES - JULY 1</b>	<b>105,572</b>	<b>590</b>	<b>176,062</b>	<b>15,258</b>	<b>66,425</b>	<b>2,724</b>	<b>14</b>	<b>5,000</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 152,794</b>	<b>\$ 591</b>	<b>\$ 272,536</b>	<b>\$ 19,937</b>	<b>\$ 80,608</b>	<b>\$ 2,724</b>	<b>\$ -</b>	<b>\$ 5,000</b>

TOWN OF JAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR YEAR ENDED JUNE 30, 2014

	Garbage Bags	Enviro- mental Reserve	Tower Fund	Jay Community Develop.	Cemetery	Paving Reserve	Sewer Treatment Plant	Fire Department Reserve
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	2,349	-	69	50	146	448	293
Other	5,618	-	9,261	-	600	838	-	-
TOTAL REVENUES	<u>5,618</u>	<u>2,349</u>	<u>9,261</u>	<u>69</u>	<u>650</u>	<u>984</u>	<u>448</u>	<u>293</u>
EXPENDITURES								
Current:								
General government	-	-	5,722	805	11,642	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	21,441	-	-
Health and welfare	-	40,544	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	594,716	-	3,401
TOTAL EXPENDITURES	<u>-</u>	<u>40,544</u>	<u>5,722</u>	<u>805</u>	<u>11,642</u>	<u>616,157</u>	<u>-</u>	<u>3,401</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>5,618</u>	<u>(38,195)</u>	<u>3,539</u>	<u>(736)</u>	<u>(10,992)</u>	<u>(615,173)</u>	<u>448</u>	<u>(3,108)</u>
OTHER FINANCING SOURCES (USES)								
Operating transfers in	-	-	-	-	-	480,000	26,500	85,000
Operating transfers (out)	-	-	-	-	-	-	(8,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>480,000</u>	<u>18,500</u>	<u>85,000</u>
NET CHANGE IN FUND BALANCES	<u>5,618</u>	<u>(38,195)</u>	<u>3,539</u>	<u>(736)</u>	<u>(10,992)</u>	<u>(135,173)</u>	<u>18,948</u>	<u>81,892</u>
FUND BALANCES - JULY 1	<u>14,335</u>	<u>822,193</u>	<u>155,742</u>	<u>31,422</u>	<u>40,244</u>	<u>60,822</u>	<u>284,835</u>	<u>121,241</u>
FUND BALANCES - JUNE 30	<u>\$ 19,953</u>	<u>\$ 783,998</u>	<u>\$ 159,281</u>	<u>\$ 30,686</u>	<u>\$ 29,252</u>	<u>\$ (74,351)</u>	<u>\$ 303,783</u>	<u>\$ 203,133</u>

TOWN OF JAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR YEAR ENDED JUNE 30, 2014

	SK EMS	EAP Program	Buildings & Grounds	Jay Historical Society	Admin Reserve	Veterans Memorial Fund	Wellness Works
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-	75	8	-
Other	-	-	2,627	271	-	-	1,259
TOTAL REVENUES	-	-	2,627	271	75	8	1,259
EXPENDITURES							
Current:							
General government	-	-	-	-	-	54	1,909
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	-	54	1,909
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	2,627	271	75	(46)	(650)
OTHER FINANCING SOURCES (USES)							
Operating transfers in	-	-	5,000	-	7,000	-	1,230
Operating transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	5,000	-	7,000	-	1,230
NET CHANGE IN FUND BALANCES	-	-	7,627	271	7,075	(46)	580
FUND BALANCES - JULY 1	10	(30)	20,296	634	43,852	2,684	2,524
FUND BALANCES - JUNE 30	\$ 10	\$ (30)	\$ 27,923	\$ 905	\$ 50,927	\$ 2,638	\$ 3,104

TOWN OF JAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR YEAR ENDED JUNE 30, 2014

	Jay Comm Playground	Highway Building Reserve	Jay Gazebo	Hyde Rd Route 133 Project	Town Revaluation	Totals
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	49	-	-	88	6,918
Other	-	-	234	-	-	20,708
<b>TOTAL REVENUES</b>	<b>-</b>	<b>49</b>	<b>234</b>	<b>-</b>	<b>88</b>	<b>27,626</b>
EXPENDITURES						
Current:						
General government	-	-	-	-	41,325	61,457
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	21,441
Health and welfare	-	-	-	-	-	40,544
Other	-	-	-	-	-	-
Capital Outlay	-	-	-	88,156	-	717,557
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>88,156</b>	<b>41,325</b>	<b>840,999</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	49	234	(88,156)	(41,237)	(813,373)
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	15,000	-	200,000	300,000	1,310,230
Operating transfers (out)	-	-	-	(37,484)	-	(45,498)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>15,000</b>	<b>-</b>	<b>162,516</b>	<b>300,000</b>	<b>1,264,732</b>
NET CHANGE IN FUND BALANCES	-	15,049	234	74,360	258,763	451,359
FUND BALANCES - JULY 1	1,660	19,095	5,083	-	-	1,998,287
FUND BALANCES - JUNE 30	\$ 1,660	\$ 34,144	\$ 5,317	\$ 74,360	\$ 258,763	\$ 2,449,646

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, 2014

	Poland Sullivan Fund	Ministerial Fund	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 2,602	\$ 2,602
Investments	11,259	-	11,259
Due from other funds	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 11,259</u>	<u>\$ 2,602</u>	<u>\$ 13,861</u>
<b>LIABILITIES</b>			
Due to other funds	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted	11,259	2,602	13,861
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>11,259</u>	<u>2,602</u>	<u>13,861</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 11,259</u>	<u>\$ 2,602</u>	<u>\$ 13,861</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, 2014

	Poland Sullivan Fund	Ministerial Fund	Totals
REVENUES			
Interest	\$ -	\$ 3	\$ 3
Other	28	-	28
TOTAL REVENUES	<u>28</u>	<u>3</u>	<u>31</u>
EXPENDITURES			
Other	1,600	-	1,600
TOTAL EXPENDITURES	<u>1,600</u>	<u>-</u>	<u>1,600</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,572)</u>	<u>3</u>	<u>(1,569)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	-
Operating transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(1,572)	3	(1,569)
FUND BALANCES - JULY 1	<u>12,831</u>	<u>2,599</u>	<u>15,430</u>
FUND BALANCES - JUNE 30	<u>\$ 11,259</u>	<u>\$ 2,602</u>	<u>\$ 13,861</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, 2014

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Totals
Police	\$ -	\$ -	\$ 304,763	\$ -	\$ 304,763
Fire	24,215	580,132	1,603,144	-	2,207,491
Highway	32,638	784,295	1,841,621	7,745,403	10,403,957
Recycling	48,500	974,170	772,522	1,350	1,796,542
Recreation	65,400	-	42,946	-	108,346
Library	-	-	562,238	-	562,238
Town-wide	596,568	1,223,992	86,301	-	1,906,861
Transfer station	-	-	224,768	-	224,768
Sewer Department	27,435	1,258,000	130,464	5,339,915	6,755,814
<b>Total General Capital Assets</b>	<b>794,756</b>	<b>4,820,589</b>	<b>5,568,767</b>	<b>13,086,668</b>	<b>24,270,780</b>
<b>Less: Accumulated Depreciation</b>	<b>-</b>	<b>(2,467,926)</b>	<b>(4,030,992)</b>	<b>(7,715,181)</b>	<b>(14,214,099)</b>
<b>Net General Capital Assets</b>	<b>\$ 794,756</b>	<b>\$ 2,352,663</b>	<b>\$ 1,537,775</b>	<b>\$ 5,371,487</b>	<b>\$ 10,056,681</b>

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, 2014

	General Capital Assets 7/1/13	Additions	Deletions	General Capital Assets 6/30/14
Police	\$ 305,513	\$ 30,630	\$ (31,380)	\$ 304,763
Fire	2,206,791	2,500	(1,800)	2,207,491
Highway	9,721,085	682,872	-	10,403,957
Recycling	1,796,120	422	-	1,796,542
Recreation	108,346	-	-	108,346
Library	562,238	-	-	562,238
Town-wide	1,901,737	5,124	-	1,906,861
Transfer station	220,144	4,624	-	224,768
Sewer Department	6,710,946	66,868	(22,000)	6,755,814
Total General Capital Assets	23,532,920	793,040	(55,180)	24,270,780
Less: Accumulated Depreciation	(13,485,744)	(760,866)	32,511	(14,214,099)
Net General Capital Assets	<u>\$ 10,047,176</u>	<u>\$ 32,174</u>	<u>\$ (22,669)</u>	<u>\$ 10,056,681</u>

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