

Audited Financial Statements and
Other Financial Information

Town of Jay, Maine

June 30, 2023



Proven Expertise & Integrity

TOWN OF JAY, MAINE

CONTENTS

JUNE 30, 2023

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 - 4
MANAGEMENT'S DISCUSSION AND ANALYSIS	5 - 12
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	13 - 14
STATEMENT B - STATEMENT OF ACTIVITIES	15 - 16
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	17
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	18
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	19
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	20
STATEMENT G - STATEMENT OF NET POSITION - PROPRIETARY FUNDS	21
STATEMENT H - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS	22
STATEMENT I - STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS	23
NOTES TO FINANCIAL STATEMENTS	24 - 61
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	62
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	63

SCHEDULE 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	64
SCHEDULE 3 - SCHEDULE OF CONTRIBUTIONS - PENSION	65
SCHEDULE 4 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY	66
SCHEDULE 5 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS	67
SCHEDULE 6 - SCHEDULE OF CONTRIBUTIONS - OPEB	68
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	69
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	70
SCHEDULE A - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - GENERAL FUND REVENUES	71
SCHEDULE B - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	72 - 73
SCHEDULE C - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	74
SCHEDULE D - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	75
SPECIAL REVENUE FUNDS DESCRIPTION	76
SCHEDULE E - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	77 - 80
SCHEDULE F - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	81 - 84
PERMANENT FUNDS DESCRIPTION	85
SCHEDULE G - COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS	86
SCHEDULE H - COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR PERMANENT FUNDS	87

GENERAL CAPITAL ASSETS DESCRIPTION	88
SCHEDULE I - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	89
SCHEDULE J - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	90
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	91 - 92



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INDEPENDENT AUDITOR'S REPORT

Selectboard
Town of Jay
Jay, Maine

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Jay, Maine, as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2023 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Jay, Maine and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Jay, Maine's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal controls relevant to the audit 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 Town of Jay, Maine's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise doubt about the Town of Jay, Maine's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and OPEB information on pages 5 through 12 and 63 through 69 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.

Supplementary Information

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

Such information is the responsibility of management and was derived from and relates 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 Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2024, on our consideration of the Town of Jay, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Town of Jay, Maine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Jay, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
April 22, 2024

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

(UNAUDITED)

The following management's discussion and analysis of the Town of Jay, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

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

Basic Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Jay, like other local governments, uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Jay can be divided into two categories: governmental funds and proprietary funds.

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

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

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

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Cash Flows - Proprietary Funds.

Required Supplementary Information

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

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on net position and the changes in net position of the Town's governmental and business-type activities. The Town's total net position for governmental activities increased by \$494,706 from \$17,059,111 to \$17,553,817. The Town's total net position for business-type activities decreased by \$169,118 from a balance of \$3,580,211 to a balance of \$3,411,093.

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 \$9,393,065 at the end of this year. Unrestricted net position for business-type activities decreased to a deficit balance of \$747,224.

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

	Governmental Activities		Business-type Activities	
	2023	2022 (Restated)	2023	2022 (Restated)
Assets:				
Current Assets	\$ 9,920,163	\$ 9,052,710	\$ 51,120	\$ 55,337
Noncurrent Assets				
Capital Assets	7,990,571	8,430,965	5,943,645	6,221,152
Other Assets	153,999	247,116	-	-
Total Assets	<u>18,064,733</u>	<u>17,730,791</u>	<u>5,994,765</u>	<u>6,276,489</u>
Deferred Outflows of Resources:				
Deferred Outflows Related to Pensions	309,899	297,782	-	-
Deferred Outflows Related to OPEB	42,462	9,282	-	-
Total Deferred Inflows of Resources	<u>352,361</u>	<u>307,064</u>	<u>-</u>	<u>-</u>
Liabilities:				
Current Liabilities	127,481	120,074	977,488	910,950
Noncurrent Liabilities	551,904	231,871	1,606,184	1,785,328
Total Liabilities	<u>679,385</u>	<u>351,945</u>	<u>2,583,672</u>	<u>2,696,278</u>
Deferred Inflows of Resources:				
Prepaid taxes	6,361	-	-	-
Deferred Amount on Pensions	158,874	611,205	-	-
Deferred Amount on OPEB	18,657	15,594	-	-
Total Deferred Inflows of Resources	<u>183,892</u>	<u>626,799</u>	<u>-</u>	<u>-</u>
Net Position:				
Net Investment in Capital Assets	7,836,572	8,225,633	4,158,317	4,256,680
Restricted: Special Revenue	305,197	238,230	-	-
Permanent Fund	18,983	18,697	-	-
Unrestricted (Deficit)	9,393,065	8,576,551	(747,224)	(676,469)
Total Net Position	<u>\$ 17,553,817</u>	<u>\$ 17,059,111</u>	<u>\$ 3,411,093</u>	<u>\$ 3,580,211</u>

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

	Governmental Activities		Business-type Activities	
	2023	2022	2023	2022
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 169,809	\$ 156,708	\$ 481,777	\$ 500,747
Operating grants and contributions	166,814	93,477	-	80,928
<i>General Revenues:</i>				
Property taxes	7,298,835	7,099,714	-	-
Excise taxes	899,531	896,089	-	-
Grants and contributions not restricted to specific programs	2,483,699	2,271,487	-	-
Miscellaneous	388,242	284,344	-	-
Total Revenues	11,406,930	10,801,819	481,777	581,675
Expenses				
General government	348,076	376,091	-	-
Public safety	1,614,294	1,453,731	-	-
Public works	2,556,261	2,287,976	-	-
Transfer station	-	23,508	-	-
Recreation and library	194,600	172,778	-	-
Education	4,488,178	6,139,915	-	-
County tax	797,979	771,852	-	-
Insurance	116,317	98,665	-	-
TIF	-	13,791	-	-
Capital outlay	147,690	-	-	-
Unallocated depreciation (Note 5)	43,653	39,915	-	-
Sewer department	-	-	744,217	445,040
Unclassified	511,854	180,288	-	-
Total Expenses	10,818,902	11,558,510	744,217	445,040
Transfers	(93,322)	(203,885)	93,322	203,885
Change in Net Position	494,706	(960,576)	(169,118)	340,520
Net Position - July 1, Restated	17,059,111	18,019,687	3,580,211	3,239,691
Net Position - June 30	\$ 17,553,817	\$ 17,059,111	\$ 3,411,093	\$ 3,580,211

Revenues and Expenses

Revenues for the Town's governmental activities increased by 5.60%, while total expenses decreased by 6.40%. The largest increases in revenues were in property taxes, grants and contributions not restricted to specific programs and miscellaneous revenue. The largest decrease in expenses was in education.

Revenues for the Town's business-type activities decreased by 17.17%, while total expenses increased by 67.22%.

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,

	2023	2022	Increase/ (Decrease)
General Fund:			
Nonspendable	\$ 39,549	\$ -	\$ 39,549
Assigned	118,500	115,000	3,500
Unassigned	6,883,409	6,047,874	835,535
Total General Fund	<u>\$ 7,041,458</u>	<u>\$ 6,162,874</u>	<u>\$ 878,584</u>
Nonmajor Funds:			
Special revenue funds:			
Restricted	\$ 305,197	\$ 238,230	\$ 66,967
Committed	2,321,248	2,442,355	(121,107)
Assigned	19,990	16,339	3,651
Unassigned	(6,168)	(8,512)	2,344
Permanent funds:			
Nonspendable	17,500	17,500	-
Restricted	1,483	1,197	286
Total Nonmajor Funds	<u>\$ 2,659,250</u>	<u>\$ 2,707,109</u>	<u>\$ (47,859)</u>

The changes to total fund balances for the general fund was due to the planned utilization of fund balance and the nonmajor funds change occurred due to the regular activity of operations.

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

The sewer fund, a proprietary fund had a net position for the current year of \$3,411,093. This was a decrease of \$169,118 from the prior year.

Budgetary Highlights

The difference between the original and final budget for the general fund was the use of applied receipts.

The general fund actual revenues were over budget by \$661,861. This was a result of all revenue categories being receipted over budgeted amounts with the exception of property taxes.

The general fund actual expenditures were under budget by \$331,723. All expenditure categories were within or under budgeted amounts with the exception of public safety and transfers to other funds.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2023, the net book value of capital assets recorded by the Town decreased by \$717,901 when compared to the prior year. This decrease is the result of capital additions of \$313,550, less current year depreciation expense of \$939,461 and net disposals of \$91,990.

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

	2023	2022 (Restated)
Land	\$ 778,978	\$ 778,978
Construction in progress	127,854	28,932
Buildings, building and land improvements	1,516,506	1,523,241
Machinery and equipment	402,999	443,196
Vehicles	993,598	1,180,637
Infrastructure	10,114,281	10,697,133
Total	\$ 13,934,216	\$ 14,652,117

Debt

At June 30, 2023, the Town had \$1,939,327 in bonds payable outstanding versus \$2,169,804 last year, a decrease of 10.62%. 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 Selectboard adopted an Unassigned Fund Balance Policy in August of 2012. The Town's management designed the policy around maintaining an appropriate level of Unassigned Fund Balance with the intent to provide a source of funding for unforeseen emergencies, cash flow to offset the need for borrowing in anticipation of tax receipts and evidence to the Town's bondholders and bond rating agencies of financial stability and credit worthiness. Funds may also be used with the approval of a special or annual Town Meeting.

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

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

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

Currently Known Facts, Decisions or Conditions

On March 9, 2023, Pixelle Specialty Solutions ceased all operations in the Town of Jay. As of June 30, 2023, the mill was being marketed for sale but with restrictions on future paper making. Closure of the mill will affect the Town's tax valuation and ultimately the mil rate. The Town will be filing for Sudden and Severe Valuation Loss with Maine Revenue following the commitment of taxes in August. If approved, this will result in additional State funding for education and revenue sharing which will help to reduce the burden on the taxpayers. The Town maintains a healthy unassigned fund balance for situations such as this and it is likely that the Board will use some of this unassigned funds to stabilize the tax rate in August.

Requests for Information

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

TOWN OF JAY, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 8,396,805	\$ -	\$ 8,396,805
Investments	249,653	-	249,653
Accounts receivable (net of allowance for uncollectibles):			
Taxes	186,237	41,230	227,467
Liens	35,391	9,890	45,281
Other	221,466	-	221,466
Prepaid items	39,549	-	39,549
Internal balances	791,062	(791,062)	-
Total current assets	<u>9,920,163</u>	<u>(739,942)</u>	<u>9,180,221</u>
Noncurrent assets:			
Capital assets:			
Non depreciable assets	879,397	27,435	906,832
Depreciated assets net of accumulated depreciation	7,111,174	5,916,210	13,027,384
Receivable for long-term debt obligations from RSU No. 73	153,999	-	153,999
Total noncurrent assets	<u>8,144,570</u>	<u>5,943,645</u>	<u>14,088,215</u>
TOTAL ASSETS	<u>18,064,733</u>	<u>5,203,703</u>	<u>23,268,436</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	309,899	-	309,899
Deferred outflows of resources related to OPEB	42,462	-	42,462
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>352,361</u>	<u>-</u>	<u>352,361</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 18,417,094</u>	<u>\$ 5,203,703</u>	<u>\$ 23,620,797</u>

STATEMENT A (CONTINUED)
TOWN OF JAY, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 37,883	\$ 7,011	\$ 44,894
Accrued payroll	37,308	271	37,579
Current portion of long-term obligations	52,290	179,144	231,434
Total current liabilities	<u>127,481</u>	<u>186,426</u>	<u>313,907</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	102,666	1,606,184	1,708,850
Accrued compensated absences	18,185	-	18,185
Net pension liability	378,536	-	378,536
Net OPEB liability	52,517	-	52,517
Total noncurrent liabilities	<u>551,904</u>	<u>1,606,184</u>	<u>2,158,088</u>
TOTAL LIABILITIES	<u>679,385</u>	<u>1,792,610</u>	<u>2,471,995</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	6,361	-	6,361
Deferred inflows of resources related to pensions	158,874	-	158,874
Deferred inflows of resources related to OPEB	18,657	-	18,657
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>183,892</u>	<u>-</u>	<u>183,892</u>
NET POSITION			
Net investment in capital assets	7,836,572	4,158,317	11,994,889
Restricted: Special Revenue Funds	305,197	-	305,197
Permanent Funds	18,983	-	18,983
Unrestricted (deficit)	<u>9,393,065</u>	<u>(747,224)</u>	<u>8,645,841</u>
TOTAL NET POSITION	<u>17,553,817</u>	<u>3,411,093</u>	<u>20,964,910</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 18,417,094</u>	<u>\$ 5,203,703</u>	<u>\$ 23,620,797</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF JAY, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
General government	\$ 348,076	\$ 35,589	\$ -	\$ -	\$ (312,487)	\$ -	\$ (312,487)
Public safety	1,614,294	117,685	81,718	-	(1,414,891)	-	(1,414,891)
Public works	2,556,261	16,535	85,096	-	(2,454,630)	-	(2,454,630)
Recreation and library	194,600	-	-	-	(194,600)	-	(194,600)
Education	4,488,178	-	-	-	(4,488,178)	-	(4,488,178)
County tax	797,979	-	-	-	(797,979)	-	(797,979)
Insurance	116,317	-	-	-	(116,317)	-	(116,317)
Capital outlay	147,690	-	-	-	(147,690)	-	(147,690)
Unallocated depreciation* (Note 5)	43,653	-	-	-	(43,653)	-	(43,653)
Unclassified	511,854	-	-	-	(511,854)	-	(511,854)
Total governmental activities	10,818,902	169,809	166,814	-	(10,482,279)	-	(10,482,279)
Business-type activities:							
Sewer department	744,217	481,777	-	-	-	(262,440)	(262,440)
Total business-type activities	744,217	481,777	-	-	-	(262,440)	(262,440)
Total government	\$11,563,119	\$651,586	\$ 166,814	\$ -	(10,482,279)	(262,440)	(10,744,719)

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

TOWN OF JAY, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Changes in net position:			
Net (expense) revenue	<u>(10,482,279)</u>	<u>(262,440)</u>	<u>(10,744,719)</u>
General revenues:			
Taxes:			
Property taxes, levied for general purposes	7,298,835	-	7,298,835
Excise taxes	899,531	-	899,531
Grants and contributions not restricted to specific programs	2,483,699	-	2,483,699
Miscellaneous	<u>388,242</u>	<u>-</u>	<u>388,242</u>
Total general revenues	<u>11,070,307</u>	<u>-</u>	<u>11,070,307</u>
Transfers	<u>(93,322)</u>	<u>93,322</u>	<u>-</u>
Change in net position	494,706	(169,118)	325,588
NET POSITION - JULY 1, RESTATED	<u>17,059,111</u>	<u>3,580,211</u>	<u>20,639,322</u>
NET POSITION - JUNE 30	<u>\$ 17,553,817</u>	<u>\$ 3,411,093</u>	<u>\$ 20,964,910</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF JAY, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 7,382,537	\$ 1,014,268	\$ 8,396,805
Investments	-	249,653	249,653
Accounts receivable (net of allowance for uncollectibles):			
Taxes	186,237	-	186,237
Liens	35,391	-	35,391
Other	190,273	31,193	221,466
Prepaid items	39,549	-	39,549
Due from other funds	870,158	1,443,232	2,313,390
TOTAL ASSETS	\$ 8,704,145	\$ 2,738,346	\$ 11,442,491
LIABILITIES			
Accounts payable	\$ 37,883	\$ -	\$ 37,883
Accrued expenses	37,308	-	37,308
Due to other funds	1,443,232	79,096	1,522,328
TOTAL LIABILITIES	1,518,423	79,096	1,597,519
DEFERRED INFLOWS OF RESOURCES			
Deferred tax revenues	137,903	-	137,903
Prepaid taxes	6,361	-	6,361
TOTAL DEFERRED INFLOWS OF RESOURCES	144,264	-	144,264
FUND BALANCES			
Nonspendable	39,549	17,500	57,049
Restricted	-	306,680	306,680
Committed	-	2,321,248	2,321,248
Assigned	118,500	19,990	138,490
Unassigned	6,883,409	(6,168)	6,877,241
TOTAL FUND BALANCES	7,041,458	2,659,250	9,700,708
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 8,704,145	\$ 2,738,346	\$ 11,442,491

See accompanying independent auditor's 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, 2023

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 9,700,708
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	7,990,571
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	153,999
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	137,903
Deferred outflows of resources are not financial resources and therefore are not reported in the funds:	
Pension	309,899
OPEB	42,462
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(153,999)
Accrued compensated absences	(19,142)
Net pension liability	(378,536)
Net OPEB liability	(52,517)
Deferred inflows of resources are not financial resources and therefore are not reported in the funds:	
Pension	(158,874)
OPEB	<u>(18,657)</u>
Net position of governmental activities	<u><u>\$ 17,553,817</u></u>

See accompanying independent auditor's 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, 2023

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 7,274,918	\$ -	\$ 7,274,918
Excise taxes	899,531	-	899,531
Intergovernmental	2,444,306	206,207	2,650,513
Charges for services	169,809	-	169,809
Miscellaneous revenues	371,601	67,974	439,575
TOTAL REVENUES	11,160,165	274,181	11,434,346
EXPENDITURES			
Current:			
General government	494,391	25,476	519,867
Public safety	1,547,229	38,102	1,585,331
Public works	1,761,127	387,356	2,148,483
Recreation and library	194,600	-	194,600
Education	4,488,178	-	4,488,178
County tax	797,979	-	797,979
Insurance	116,317	-	116,317
Unclassified	218,238	293,616	511,854
Capital outlay	-	147,690	147,690
TOTAL EXPENDITURES	9,618,059	892,240	10,510,299
EXCESS REVENUES OVER (UNDER) EXPENDITURES	1,542,106	(618,059)	924,047
OTHER FINANCING SOURCES (USES)			
Transfers in	-	570,200	570,200
Transfers (out)	(663,522)	-	(663,522)
TOTAL OTHER FINANCING SOURCES (USES)	(663,522)	570,200	(93,322)
NET CHANGE IN FUND BALANCES	878,584	(47,859)	830,725
FUND BALANCES - JULY 1	6,162,874	2,707,109	8,869,983
FUND BALANCES - JUNE 30	\$ 7,041,458	\$ 2,659,250	\$ 9,700,708

See accompanying independent auditor's 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, 2023

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 830,725</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	313,550
Capital asset disposals	(25,669)
Depreciation expense	<u>(728,275)</u>
	<u>(440,394)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported.	
Taxes and liens receivable	<u>23,917</u>
Receivable for long-term debt obligations from RSU No. 73	<u>(51,333)</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pension	12,117
OPEB	<u>33,180</u>
	<u>45,297</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	
	<u>51,333</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	1,291
Net pension liability	(420,320)
Net OPEB liability	<u>4,922</u>
	<u>(414,107)</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pension	452,331
OPEB	<u>(3,063)</u>
	<u>449,268</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 494,706</u></u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF JAY, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2023

	Business-type Activities Enterprise Funds <u>Sewer Department</u>
ASSETS	
Current assets:	
Taxes	\$ 41,230
Liens	9,890
Total current assets	<u>51,120</u>
Noncurrent assets:	
Capital assets:	
Land and buildings	1,284,435
Vehicles, machinery and equipment	261,236
Infrastructure	10,832,376
Total capital assets	<u>12,378,047</u>
Less: accumulated depreciation	<u>(6,434,402)</u>
Net capital assets	<u>5,943,645</u>
Total noncurrent assets	<u>5,943,645</u>
TOTAL ASSETS	<u><u>\$ 5,994,765</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 7,011
Accrued expenses	271
Due to other funds	791,062
Bonds payable, current portion	179,144
Total current liabilities	<u>977,488</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable, net of current portion	<u>1,606,184</u>
Total noncurrent liabilities	<u>1,606,184</u>
TOTAL LIABILITIES	<u>2,583,672</u>
NET POSITION	
Net investment in capital assets	4,158,317
Unrestricted (deficit)	<u>(747,224)</u>
TOTAL NET POSITION	<u>3,411,093</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 5,994,765</u></u>

See accompanying independent auditor's 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, 2023

	Business-type Activities <u>Enterprise Funds</u> Sewer <u>Department</u>
OPERATING REVENUES	
Charges for services	\$ 481,777
TOTAL OPERATING REVENUES	<u>481,777</u>
OPERATING EXPENSES	
Payroll and related benefits	160,640
Treatment fees	220,471
Repairs and maintenance	25,015
Supplies	200
Utilities	31,740
Depreciation	211,186
Capital Outlay	9,998
TOTAL OPERATING EXPENSES	<u>659,250</u>
OPERATING INCOME (LOSS)	<u>(177,473)</u>
NONOPERATING REVENUES (EXPENSES)	
Transfers in	93,322
Gain (loss) on disposal of assets	(66,321)
Interest (expense)	(18,646)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>8,355</u>
NET CHANGE IN NET POSITION	(169,118)
NET POSITION - JULY 1, RESTATED	<u>3,580,211</u>
NET POSITION - JUNE 30	<u><u>\$ 3,411,093</u></u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF JAY, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR JUNE 30, 2023

	Business-type Activities Enterprise Funds <u>Sewer Department</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 485,994
Payments to suppliers	(221,157)
Payments to employees	(160,369)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>104,468</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Transfer in from general fund - debt service	93,322
Principal payments on bonds and notes payable	(179,144)
Interest payments on bonds and notes payable	(18,646)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(104,468)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-
CASH AND CASH EQUIVALENTS - JULY 1	-
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (177,473)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	211,186
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	4,217
(Decrease) increase in accounts payable	7,011
(Decrease) increase in accrued payroll	271
(Decrease) increase in due to other funds	59,256
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 104,468</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

Implementation of New Accounting Standards

During the year ended June 30, 2023, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 94 "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services and the prices or rates that can be charged for the services and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 96 "Subscription-Based Information Technology Arrangements". This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 99 "Omnibus 2022". The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are to provide clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset and identification of lease incentives, clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset, clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA and recognition and measurement of a subscription liability, extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt, accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP), disclosures related to nonmonetary transactions, pledges of future revenues when resources are not received by the pledging government, clarification of provisions in Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as amended, related to the focus of the government-wide financial statements, terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position and terminology used in Statement 53 to refer to resource flows statements. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Both the government-wide and fund financial statements categorizes primary activities as either governmental or business-type. The Town's Sewer fund is categorized as a business-type activity. All other activities of the Town are categorized as governmental.

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

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

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

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

Measurement Focus - Basic Financial Statements and Fund Financial Statements

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Town:

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

Major Fund

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

Nonmajor Funds

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

2. Proprietary Funds:

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

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

Basis of Accounting

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

1. Accrual

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

2. Modified Accrual

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

Budget

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

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Town was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.

Deposits and Investments

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

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

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

Receivables

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. The allowance for uncollectible amounts is estimated to be \$0 as of June 30, 2023. Accounts receivable netted with allowances for uncollectible accounts were \$221,466 for the year ended June 30, 2023.

Interfund Receivables and Payables

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as “internal balances”.

Transactions Between Funds

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

Capital Assets

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

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

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

Estimated useful lives are as follows:

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

Long-term Obligations

The accounting treatment of long-term obligations 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, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The long-term obligations consist of bonds payable, accrued compensated absences, net pension liability and net OPEB liability.

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

Pension

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

OPEB

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

Net Position

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Fund Balance

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

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

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

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

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

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

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has two types of this item, deferred outflows related to pension and OPEB that qualify for reporting in this category. These items are reported in the statement of net position.

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

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied August 16, 2022 on the assessed value listed as of April 1, 2022, for all real and personal property located in the Town. Taxes were due in two installments on October 3, 2022 and April 3, 2023. Interest on unpaid taxes commenced on October 4, 2022 and April 4, 2023, at 4% per annum.

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$118,659 for the year ended June 30, 2023.

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program Revenues

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

Operating/Nonoperating Proprietary Fund Revenues

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

Encumbrance Accounting

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

Use of Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At June 30, 2023, the Town's cash balances amounting to \$8,396,805 were comprised of

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

bank deposits of \$8,737,039. Bank deposits and cash equivalents are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash and cash equivalents balance. Of these bank deposits, \$6,972,981 were fully insured by federal depository insurance and consequently not exposed to custodial credit risk. The remaining deposits of \$1,764,058 were collateralized with securities held by the financial institution in the Town's name.

<u>Account Type</u>	<u>Bank Balance</u>
NOW accounts	\$ 17,757
Insured sweep	1,764,058
ICS	6,955,224
	<u>\$ 8,737,039</u>

Investments:

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

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates. Certificates of deposit held with local financial institutions for \$249,653 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value.

At June 30, 2023, the Town's investments of \$249,653 of certificates of deposit were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk.

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2023 consisted of the following individual fund receivables and payables:

	<u>Receivables (Due from)</u>	<u>Payables (Due to)</u>
General Fund	\$ 870,158	\$ 1,443,232
Nonmajor Special Revenue Funds	1,443,232	79,096
Enterprise Fund	-	791,062
	<u>\$ 2,313,390</u>	<u>\$ 2,313,390</u>

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

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2023 consisted of the following:

	<u>Transfers From</u>	<u>Transfers To</u>
General Fund	\$ 663,522	\$ -
Enterprise Fund	-	93,322
Nonmajor Special Revenue Funds	-	570,200
	<u>\$ 663,522</u>	<u>\$ 663,522</u>

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2023:

	Balance, 7/1/22 (Restated)	Additions	Disposals	Balance, 6/30/23
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 751,543	\$ -	\$ -	\$ 751,543
Construction in progress	28,932	127,854	(28,932)	127,854
	<u>780,475</u>	<u>127,854</u>	<u>(28,932)</u>	<u>879,397</u>
Depreciated assets:				
Land improvements	62,000	-	-	62,000
Buildings	3,047,204	-	(30,000)	3,017,204
Building improvements	473,192	159,542	(33,260)	599,474
Furniture and fixtures	2,792	-	(2,792)	-
Machinery and equipment	2,020,595	41,487	(232,335)	1,829,747
Vehicles	2,381,575	-	(122,700)	2,258,875
Infrastructure	10,759,402	13,599	(1,350)	10,771,651
	<u>18,746,760</u>	<u>214,628</u>	<u>(422,437)</u>	<u>18,538,951</u>
Less: accumulated depreciation	<u>(11,096,270)</u>	<u>(728,275)</u>	<u>396,768</u>	<u>(11,427,777)</u>
	<u>7,650,490</u>	<u>(513,647)</u>	<u>(25,669)</u>	<u>7,111,174</u>
Net capital assets	<u>\$ 8,430,965</u>	<u>\$ (385,793)</u>	<u>\$ (54,601)</u>	<u>\$ 7,990,571</u>
<u>Business-type activities</u>				
Non-depreciated assets:				
Land	\$ 27,435	\$ -	\$ -	\$ 27,435
Depreciated assets:				
Land improvements	64,000	-	-	64,000
Buildings	1,104,000	-	-	1,104,000
Building improvements	89,000	-	-	89,000
Machinery and equipment	291,589	-	(84,681)	206,908
Vehicles	54,328	-	-	54,328
Infrastructure	10,832,376	-	-	10,832,376
	<u>12,435,293</u>	<u>-</u>	<u>(84,681)</u>	<u>12,350,612</u>
Less: accumulated depreciation	<u>(6,241,576)</u>	<u>(211,186)</u>	<u>18,360</u>	<u>(6,434,402)</u>
	<u>6,193,717</u>	<u>(211,186)</u>	<u>(66,321)</u>	<u>5,916,210</u>
Net capital assets	<u>\$ 6,221,152</u>	<u>\$ (211,186)</u>	<u>\$ (66,321)</u>	<u>\$ 5,943,645</u>

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Current year depreciation

Police	\$ 21,855
Fire	82,347
Highway	561,888
Recycling	17,735
Town-wide	43,653
Transfer station	797
Subtotal governmental depreciation	<u>728,275</u>
Sewer department	<u>211,186</u>
Subtotal business-type depreciation	<u>211,186</u>
Total depreciation expense	<u>\$ 939,461</u>

NOTE 6 - LONG-TERM RECEIVABLE

As of July 1, 2011, the Jay School Department became a member of Regional School Unit (RSU) No. 73. The RSU Plan requires that the RSU be responsible for payment of all school-related long-term debt on behalf of the Town. As of June 30, 2023, a long-term receivable has been recorded for \$153,999, which represents school-related general obligation bonds of \$153,999. The State of Maine Department of Education is responsible for paying approximately 87 percent of the debt service on general obligation bonds directly to the Maine Municipal Bond Bank. The remaining debt service for bonds is paid by the RSU.

NOTE 7 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2023:

	Balance, 7/1/22	Additions	Deletions	Balance, 6/30/23	Current Portion
Governmental activities:					
Bond payable	<u>\$ 205,332</u>	<u>\$ -</u>	<u>\$ (51,333)</u>	<u>\$ 153,999</u>	<u>\$ 51,333</u>
Business-type activities:					
Bonds payable	<u>\$1,964,472</u>	<u>\$ -</u>	<u>\$ (179,144)</u>	<u>\$1,785,328</u>	<u>\$179,144</u>

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 - LONG-TERM DEBT (CONTINUED)

The following is a summary of bonds outstanding as of June 30, 2023:

Governmental activities:

\$770,000, 2011 General Obligation Bond due in annual principal payments of \$51,333 and semiannual interest payments through November 2025. Interest is charged at a fixed rate ranging from 2.125% to 5.625% per annum. Debt payments made directly by RSU No. 73.

\$ 153,999

Total governmental activities

\$ 153,999

Business-type activities:

\$824,442, 2016 General Obligation Bond due in annual installments of \$102,805 and semiannual interest installments through September 2026. Interest is charged at a fixed rate of 1.00% per annum.

\$ 411,222

\$878,909, 2019 Clean Water State Revolving Fund Bond due in annual principal payments of \$43,945 through September 2040. Interest is charged at a fixed rate of 1.00% per annum.

791,019

\$1,647,875, with principal forgiveness of \$1,000,000 2019 Clean Water State Revolving Fund Bond due in annual installments of \$32,394 and semiannual interest installments through September 2040. Interest is charged at a fixed rate of 1.00%

583,087

Total business-type activities

\$ 1,785,328

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

	Governmental Activities		Business-type Activities		Total Debt Service
	Bonds Payable		Bonds Payable		
	Principal	Interest	Principal	Interest	
2024	\$ 51,333	\$ 3,125	\$ 179,144	\$ 23,216	\$ 256,818
2025	51,333	1,637	179,144	18,810	250,924
2026	51,333	545	179,144	23,081	254,103
2027	-	-	179,147	26,396	205,543
2028	-	-	76,339	14,638	90,977
2029-2033	-	-	381,696	61,167	442,863
2034-2038	-	-	381,696	41,128	422,824
2039-2043	-	-	229,018	15,058	244,076
	<u>\$ 153,999</u>	<u>\$ 5,307</u>	<u>\$ 1,785,328</u>	<u>\$ 223,494</u>	<u>\$ 2,168,128</u>

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 - LONG-TERM DEBT (CONTINUED)

No interest costs were capitalized during the period. The amount of interest costs incurred and charged to business-type activities expense for the year ended June 30, 2023 was \$18,646.

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

NOTE 8 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2023 is as follows:

	Balance, 7/1/22	Additions	Deletions	Balance, 6/30/23	Current Portion
Accrued compensated absences	\$ 20,433	\$ -	\$ (1,291)	\$ 19,142	\$ 957
Net pension liability/(asset)	(41,784)	550,921	(130,601)	378,536	-
Net OPEB liability	57,439	2,657	(7,579)	52,517	-
	<u>\$ 36,088</u>	<u>\$ 553,578</u>	<u>\$ (139,471)</u>	<u>\$ 450,195</u>	<u>\$ 957</u>

Refer to Notes 9, 17 and 19 for more detailed information regarding other long-term obligations.

NOTE 9 - ACCRUED COMPENSATED ABSENCES

The Town's policies regarding paid time off does permit employees to accumulate limited earned but unused leave. The liability for accrued compensated absences is recorded as long-term obligations in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2023, the Town's liability for compensated absences is \$19,142.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the Town at June 30, 2023:

NET INVESTMENTS IN CAPITAL ASSETS

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Investment in capital assets	\$ 19,418,348	\$12,378,047
Accumulated depreciation	(11,427,777)	(6,434,402)
Outstanding capital related debt	<u>(153,999)</u>	<u>(1,785,328)</u>
	<u>\$ 7,836,572</u>	<u>\$ 4,158,317</u>

NOTE 11 - RESTRICTED NET POSITION

At June 30, 2023, the Town had the following amounts restricted in net position:

Nonmajor Special Revenue Funds (See Schedule E):	
Wellness works	\$ 1,693
Taylor made	3,560
Tower fund	179,309
Jay community development	33,605
Cemetery	32,325
Police grants	52,092
Veteran's memorial fund	2,613
Nonmajor Permanent Funds (Schedule G):	
Poland Sullivan - nonspendable	17,500
Poland Sullivan - restricted	1,483
	<u>\$ 324,180</u>

NOTE 12 - NONSPENDABLE FUND BALANCE

The Town has the following nonspendable fund balance at June 30, 2023:

General Fund:	
Prepaid items	\$ 39,549
Nonmajor Permanent Funds (Schedule G)	17,500
	<u>\$ 57,049</u>

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 13 - RESTRICTED FUND BALANCES

The Town has the following restricted fund balances at June 30, 2023:

Nonmajor Special Revenue Funds (Schedule E)	\$ 305,197
Nonmajor Permanent Funds (Schedule G)	<u>1,483</u>
	<u>\$ 306,680</u>

NOTE 14 - COMMITTED FUND BALANCES

The Town has the following committed fund balances at June 30, 2023:

Nonmajor Special Revenue Funds (Schedule E)	<u>\$ 2,321,248</u>
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NOTE 15 - ASSIGNED FUND BALANCE

The Town has the following assigned fund balances at June 30, 2023:

General Fund:	
FY 24 budget	\$ 118,500
Nonmajor Special Revenue Funds (See Schedule E)	<u>19,990</u>
	<u>\$ 138,490</u>

NOTE 16 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Town participates in a public entity risk pool sponsored by the Maine Municipal Association. The Maine Municipal Association Group Risk Pool is a state-chartered pool established exclusively for Maine municipalities. The pool provides certain property, liability, fidelity and vehicle coverage. If the assets of the pool are at any time actuarially determined to be insufficient to enable the pool to discharge its legal obligations, other obligations and actuarially sound reserves, the pool has the power to make up the deficiency by the levy of a prorated assessment. There have been no deficiencies during the past three years and management believes that no deficiency exists at June 30, 2023.

The Town is a member of the Maine Municipal Association - Property and Casualty Pool and pays an annual premium for its coverage. Under the property portion of the policy, coverage is provided after a per occurrence deductible is met. The limit of coverage for liability claims brought under the Maine Tort Claims Act is \$400,000 per occurrence. A \$2,000,000 limit of liability is provided for liability claims outside the Maine Tort Claims Act. There is no aggregate liability limit. Coverage for Public Officials Liability, including Employment Practices, is a part of the program. Coverage is on an occurrence

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - RISK MANAGEMENT (CONTINUED)

basis, rather than a “claims made” form. A \$2,000,000 limit of liability is provided for all claims for Wrongful Acts seeking monetary damages pursuant to federal or state law for which the Maine Tort Claims Act does not provide immunity or limitations. Each member has a \$4,000,000 annual aggregate limit. An annual sublimit of \$100,000 per member applies for all back wages and/or future salary awards for employment related claims, subject to a \$5,000 retention and a 10% contribution by the member.

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

NOTE 17 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES’ RETIREMENT SYSTEM

PARTICIPATING LOCAL DISTRICT CONSOLIDATED PLAN

Plan Description

Town employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan’s advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at www.maineopers.org or by contacting the System at (207) 512-3100.

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System’s retirement programs provide defined retirement benefits based on members’ average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

earning of five years of service credit (effective October 1, 1999, the prior ten-year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60, 62 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions. As of June 30, 2022, there were 311 employers in the plan.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 1.52%.

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Town's 2C plan members are required to contribute 8.4% of their annual covered salary and the Town's AC plan members are also required to contribute 7.8% of their annual salary. The Town is required to contribute at an actuarially determined rate. The current rate is 11.3% for the 2C plan and 10.3% for the AC plan of covered payroll. The contribution rates of plan members and the Town are established and may be amended by the Maine Public Employee Retirement Systems advisory group. The Town's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2023 was \$130,601.

Pension Liabilities/(Assets)

PLD Consolidated Plan

At June 30, 2023, the Town reported a liability of \$378,536 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2022 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2022, the Town's proportion was 0.14239%, which was an increase of 0.01237% from its proportion measured as of June 30, 2021.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

For the year ended June 30, 2023, the Town recognized total pension revenue of \$44,128 for the PLD plan. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>PLD Plan</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 70,348	\$ -
Changes of assumptions	76,830	-
Net difference between projected and actual earnings on pension plan investments	-	158,874
Changes in proportion and differences between contributions and proportionate share of contributions	32,120	-
Contributions subsequent to the measurement date	<u>130,601</u>	<u>-</u>
Total	<u>\$ 309,899</u>	<u>\$ 158,874</u>

\$130,601 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>PLD Plan</u>
Plan year ended June 30:	
2023	\$ 68,327
2024	(23,823)
2025	(98,701)
2026	74,621
2027	-
Thereafter	-

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions

The respective collective total pension liability for the plans was determined by an actuarial valuation as of June 30, 2022, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

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

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

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

Asset Valuation Method

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

Amortization

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

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2022 are as follows:

Investment Rate of Return - 6.50% per annum for the years ended June 30, 2022 and 2021, compounded annually.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Salary Increases, Merit and Inflation - 2.75% to 11.48% per year

Mortality Rates - For the plan, the rates are based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2021 model.

Cost of Living Benefit Increases - 1.91%

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as June 30, 2022 are summarized in the following table.

Asset Class	PLD Plan	
	Target Allocation	Long-term Expected Real Rate of Return
Public equities	30.0%	6.0%
US Government	7.5%	2.3%
Private equity	15.0%	7.6%
Real assets:		
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	7.5%	3.2%
Alternative credit	5.0%	7.4%
Diversifiers	10.0%	5.9%

Discount Rate

The discount rate used to measure the collective total pension liability was 6.50% for 2022 for the Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability as of June 30, 2022 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.50% for each of the Plans.

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.50%	6.50%	7.50%
Town's proportionate share of the net pension liability/(asset)	\$ 1,118,304	\$ 378,536	\$ (232,908)

Changes in Net Pension Liability

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2022 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2022 with the following exceptions.

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resource. For 2022 through 2020, this was three years for the PLD Consolidated Plan. For 2019, this was four years for the PLD Consolidated Plan. For 2018 and 2017, this was three years; prior to 2017, this was four years for the PLD Consolidated Plan.

Differences between Expected and Actual Investment Earnings

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs are recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2022 valuation were based on the results of an actuarial experience study for the period of July 1, 2015 through June 30, 2020. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Please refer to the *Actuarial Methods and Assumptions* section for information relating to the use of assumptions.

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

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

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2022 Annual Comprehensive Financial Report available online at www.maineopers.org or by contacting the System at (207) 512-3100

NOTE 18 - DEFERRED COMPENSATION PLANS

MISSIONSQUARE RETIREMENT

Plan Description

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 18 - DEFERRED COMPENSATION PLANS (CONTINUED)

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

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

Funding Policy

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

The Town's contributions and employee contributions to the plan for 2023, 2022, 2021 and 2020 were \$34,830, \$65,943, \$70,947 and \$64,866, respectively. These amounts include loans.

MAINE PUBLIC EMPLOYEES' RETIREMENT SYSTEM - 457 DEFERRED
COMPENSATION PLAN

Plan Description

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

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 18 - DEFERRED COMPENSATION PLANS (CONTINUED)

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

Funding Policy

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

The Town's contributions to the plan including employee contributions for 2023, 2022, 2021 and 2020 were \$7,980, \$1,079, \$2,405 and \$2,055, respectively.

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

MAINE MUNICIPAL EMPLOYEES' HEALTH TRUST

Plan Description

The Town and Town retirees contribute to the Town's OPEB Plan with the Maine Municipal Employees Health Trust (MMEHT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the Town and/or the Town retirees. MMEHT is a fully funded, self-insured trust which provides benefits to municipal and quasi-municipal organizations and county governments and acts as the agent to the Town concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MMEHT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MMEHT participants and are administered by a number of third-party administrators contracted by MMEHT. No assets are accumulated in a trust that meets the criterion of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. MMEHT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by MMEHT at (800) 852-8300.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

Benefits Provided

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

Employees Covered by Benefit Terms

At January 1, 2023, the following employees were covered by the benefit terms:

Active members	4
Retirees and spouses	<u>0</u>
Total	<u><u>4</u></u>

Contributions

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

Retiree Premium Amounts

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

<u>Pre-Medicare</u>	<u>Single Coverage</u>	<u>Family Coverage</u>
PPO 500	\$1,050.27	\$2,355.90
<u>Medicare</u>		
Medicare-Eligible Retirees	\$600.50	\$1,201.00

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

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

At June 30, 2023, the Town reported a liability of \$52,517 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2023 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2023, the Town recognized OPEB revenue of \$35,039. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	MMEHT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 34,611	\$ 12,205
Changes of assumptions	7,620	6,452
Net difference between projected and actual earnings on OPEB plan investments	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	231	-
Total	<u>\$ 42,462</u>	<u>\$ 18,657</u>

\$231 were reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

	<u>MMEHT</u>
Plan year ended December 31:	
2024	\$ 34,966
2025	(786)
2026	(1,457)
2027	(2,086)
2028	(2,086)
Thereafter	(4,977)

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of the valuation date of January 1, 2023. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 3.72% per annum for June 30, 2023 was based upon a measurement date of December 29, 2022. The sensitivity of net OPEB liability to changes in discount rate are as follows:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	2.72%	3.72%	4.72%
Total OPEB liability	\$ 62,370	\$ 52,517	\$ 44,499
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 62,370</u>	<u>\$ 52,517</u>	<u>\$ 44,499</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Healthcare Trend

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 43,537	\$ 52,517	\$ 64,057
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 43,537</u>	<u>\$ 52,517</u>	<u>\$ 64,057</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of January 1, 2023, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

The Entry Age Normal Actuarial Cost Method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for this Plan. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

For medical and pharmacy, historical claims and census records were assembled and provided through June 30, 2022. Medicare and non-Medicare eligible medical and prescription experience were analyzed. It was assumed that current enrollment distribution of benefit options would remain constant in the future for retirees. The cost was distributed based on the current covered population and the actuary's standard age curves which vary by age, gender and Medicare status. Children costs are converted to a load on the non-Medicare retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

Assumptions

The actuarial assumptions used in the January 1, 2023 actuarial valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2022 and based on the experience study covering the period from June 30, 2016 through June 30, 2021. As of January 1, 2023, they are as follows:

Discount Rate - 3.72% per annum for year end 2023 reporting. 2.06% per annum for year end 2022 reporting.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

Trend Assumptions:

Medical Trend assumptions were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 2007 and version 2023_fl was used for this valuation. The following assumptions were input into this model:

Variable Rate

Rate of Inflation	3.00%
Rate of Growth in Real Income/GDP per capital 2032+	1.50%
Extra Trend due to Taste/Technology 2032+	0.80%
Expected Health Share of GDP 2032	19.80%
Health Share of GDP Resistance Point	19.00%
Year for Limiting Cost Growth to GDP Growth	2043

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgements of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group.

The trends selected from 2023 to 2026 were based on plan design, population weighting, renewal projections and market analysis. For years 2027 to 2031, these are interpolated from 2026 to 2032 (which is the product of the inflation, GDP and extra trend rate assumptions).

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

Administrative and claims expense - 3% per annum.

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

Retirement Rates - Rates vary for plans with no explicit employer subsidy (or payment) versus those plans defining an explicit employer subsidy (or payment). The rates are based on assumptions from the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2021.

Retirement Contribution Increases - Assumed to increase at the same rate as incurred claims. A constant cost sharing in plan design between employer and employees is assumed.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

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

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

Administrative expenses - Included in the per capita claims cost.

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

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

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

Rate of Mortality:

Healthy Annuitant - Based on 112.1% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females. The proposed rates are projected generationally using the RPEC_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95 and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC_2020 model are those included in the published MP-2020 scale. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2022.

Active Employees - Rates of mortality are based on 83.5% and 88.6% of the 2010 Public Plan General Benefits- Weighted Employee Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC_2020 model as described in the healthy annuitant mortality. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2022.

Retiree Continuation Percentage:

Medicare participant retirees - 100% assumed to continue in the plan elected.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

Pre-Medicare plan retirees and active participants - 75% assumed to continue coverage once Medicare-eligible

Pre-Medicare plan spouses and spouses of active participants - 50% assumed to continue coverage once Medicare-eligible

Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2023 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The difference between expected and actual experience as of January 1, 2023 was \$22,406.

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used in the January 1, 2023 actuarial valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2022 and based on the experience study covering the period from June 30, 2016 through June 30, 2021. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Differences between Projected and Actual Earnings on OPEB Plan Investments

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

OPEB Plan Fiduciary Net Position

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 20 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The Town of Jay's landfill is at 100% capacity as of 2019. Therefore, the estimated remaining landfill life is zero years. Federal and state laws require that certain post closure care be met. The Town estimates that on an annual basis, some immaterial costs will be incurred for post closure care. The annual amount will be paid for within the Town's annual operating budget.

NOTE 21 - OVERSPENT APPROPRIATIONS

The Town overspent the following appropriations at June 30, 2023:

Transfers to other funds	<u>\$ 121,198</u>
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NOTE 22 - DEFICIT FUND BALANCE

The Town had the following deficit fund balance at June 30, 2023.

Nonmajor Special Revenue Funds (Schedule E):	
Tax increment financing	<u>\$ 6,168</u>

NOTE 23 - CONTINGENCIES AND COMMITMENTS

With regard to unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Town's financial position.

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

The Town contracts with Archie's Inc. for curbside pick-up of garbage and recyclables. The contract was valid beginning December 2015 through June 30, 2018. The annual payments under this contract are \$120,000 per year. The contract is renewable for an additional three years at an annual rate of \$123,000 from July 1, 2018 through June 30, 2019. For the contract period of July 1, 2019 through June 30, 2023 the annual rate is \$124,230. For the year ended June 30, 2023 the Town paid \$124,230 for disposal services.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 24 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of County and School District debt. As of June 30, 2023, the Town's share was as follows:

	Outstanding Debt	Town's Percentage	Total Share
RSU No. 73	\$ 6,669,254	48.35%	\$ 3,224,584
Franklin County	229,217	12.38%	28,377
			<u>\$ 3,252,961</u>

NOTE 25 - TAX INCREMENT FINANCING DISTRICT

Tax Increment Financing District

The Town has established a tax increment financing district in accordance with Maine statutes to finance economic development programs located in the Town of Jay, Maine. The expenditures from these development programs will be recovered in future years through an incremental tax levied upon the districts' so called "captured assessed value". A portion of the incremental tax revenues will be returned to the district to repay principal and interest on any indebtedness, to fund the expenditures of the development program and to finance future expansion.

International Paper Company and Tax Increment Financing District Development Program

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

The TIF District will remain in place for a period of 20 years from adoption. The allocation of tax increment revenues, through a credit enhancement agreement, to be paid

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 25 - TAX INCREMENT FINANCING DISTRICT (CONTINUED)

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

NOTE 26 - RELATED PARTIES

For the year ended June 30, 2023, the Town paid Selectman Thomas Goding (Thomas Goding Contracting) a total amount of \$144,929. The payments were for various projects.

NOTE 27 - RESTATEMENT

The net position of the governmental and business-type activities have been restated as of July 1, 2022 to correct capital asset balances. The governmental activities beginning net position was restated by \$158,718 from \$16,900,393 to \$17,059,111. The business-type activities beginning net position was restated by \$137,057 from \$3,443,154 to \$3,580,211.

Required Supplementary Information

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

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pension
- Schedule of Changes in Net OPEB Liability
- Schedule of Changes in Net OPEB Liability and Related Ratios
- Schedule of Contributions - OPEB
- Notes to Required Supplementary Information

TOWN OF JAY, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 6,162,874	\$ 6,162,874	\$ 6,162,874	\$ -
Resources (Inflows):				
Property taxes	7,298,913	7,298,913	7,274,918	(23,995)
Excise taxes	823,500	823,500	899,531	76,031
Intergovernmental	2,018,297	2,037,102	2,444,306	407,204
Charges for services	51,400	153,788	169,809	16,021
Miscellaneous revenues	47,000	185,001	371,601	186,600
Amounts Available for Appropriation	<u>16,401,984</u>	<u>16,661,178</u>	<u>17,323,039</u>	<u>661,861</u>
Charges to Appropriations (Outflows):				
General government	511,575	511,575	494,391	17,184
Public safety	1,506,618	1,659,080	1,547,229	111,851
Public works	1,887,150	1,972,419	1,761,127	211,292
Recreation and library	194,600	194,600	194,600	-
Education	4,488,178	4,488,178	4,488,178	-
County tax	797,979	797,979	797,979	-
Insurance	136,000	138,458	116,317	22,141
Unclassified	289,686	308,691	218,238	90,453
Transfer to other funds	542,324	542,324	663,522	(121,198)
Total Charges to Appropriations	<u>10,354,110</u>	<u>10,613,304</u>	<u>10,281,581</u>	<u>331,723</u>
Budgetary Fund Balance, June 30	<u>\$ 6,047,874</u>	<u>\$ 6,047,874</u>	<u>\$ 7,041,458</u>	<u>\$ 993,584</u>
Utilization of unassigned fund balance	<u>\$ 115,000</u>	<u>\$ 115,000</u>	<u>\$ -</u>	<u>\$ (115,000)</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF JAY, MAINE

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>PLD Plan:</u>										
Proportion of the net pension liability/(asset)	0.14%	0.13%	0.12%	0.14%	0.17%	0.19%	0.20%	0.19%	0.21%	0.22%
Proportionate share of the net pension liability/(asset)	\$ 378,536	\$ (41,784)	\$ 485,862	\$ 415,644	\$ 459,305	\$ 778,094	\$ 1,059,229	\$ 619,168	\$ 328,347	\$ 693,408
Covered payroll	1,074,725	830,262	768,247	809,695	952,392	1,041,529	1,050,106	1,976,829	1,021,441	1,115,635
Proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	35.22%	-5.03%	63.24%	51.33%	48.23%	74.71%	100.87%	31.32%	32.15%	62.15%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	93.26%	100.86%	88.35%	90.62%	91.14%	86.43%	81.61%	88.30%	94.10%	87.50%

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

See accompanying independent auditor's report and notes to financial statements.

TOWN OF JAY, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSION
LAST 10 FISCAL YEARS*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>PLD Plan:</u>										
Contractually required contribution	\$ 130,601	\$ 112,294	\$ 86,642	\$ 78,992	\$ 82,711	\$ 93,165	\$ 97,404	\$ 93,459	\$ 135,840	\$ 71,058
Contributions in relation to the contractually required contribution	<u>(130,601)</u>	<u>(112,294)</u>	<u>(86,642)</u>	<u>(78,992)</u>	<u>(82,711)</u>	<u>(93,165)</u>	<u>(97,404)</u>	<u>(93,459)</u>	<u>(135,840)</u>	<u>(71,058)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,205,561	\$ 1,074,725	\$ 830,262	\$ 768,247	\$ 809,695	\$ 952,392	\$ 1,041,529	\$ 1,050,106	\$ 1,976,829	\$ 1,021,441
Contributions as a percentage of covered payroll	10.83%	10.45%	10.44%	10.28%	10.22%	9.78%	9.35%	8.90%	6.87%	6.96%

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

See accompanying independent auditor's report and notes to financial statements.

TOWN OF JAY, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2023

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
	<u> </u>	<u> </u>	<u> </u>
Balances at 1/1/22 (Reporting December 31, 2022)	\$ 57,439	\$ -	\$ 57,439
Changes for the year:			
Service cost	1,447	-	1,447
Interest	1,210	-	1,210
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	(7,258)	-	(7,258)
Contributions - employer	-	321	(321)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(321)	(321)	-
Administrative expense	-	-	-
Net changes	<u>(4,922)</u>	<u>-</u>	<u>(4,922)</u>
Balances at 1/1/23 (Reporting December 31, 2023)	<u>\$ 52,517</u>	<u>\$ -</u>	<u>\$ 52,517</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF JAY, MAINE

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

	2023	2022	2021	2020	2019	2018
<u>Total OPEB liability</u>						
Service cost (BOY)	\$ 1,447	\$ 1,342	\$ 1,104	\$ 717	\$ 846	\$ 3,696
Interest (includes interest on service cost)	1,210	1,461	1,777	2,562	2,373	9,284
Changes of benefit terms	-	-	-	(1,376)	-	-
Differences between expected and actual experience	-	(13,100)	-	(6,057)	-	(173,055)
Changes of assumptions	(7,258)	1,585	3,774	10,073	(4,619)	(5,711)
Benefit payments, including refunds of member contributions	(321)	(2,876)	(2,765)	(5,070)	(4,875)	(11,049)
Net change in total OPEB liability	<u>\$ (4,922)</u>	<u>\$ (11,588)</u>	<u>\$ 3,890</u>	<u>\$ 849</u>	<u>\$ (6,275)</u>	<u>\$ (176,835)</u>
Total OPEB liability - beginning	\$ 57,439	\$ 69,027	\$ 65,137	\$ 64,288	\$ 70,563	\$ 247,398
Total OPEB liability - ending	<u>\$ 52,517</u>	<u>\$ 57,439</u>	<u>\$ 69,027</u>	<u>\$ 65,137</u>	<u>\$ 64,288</u>	<u>\$ 70,563</u>
<u>Plan fiduciary net position</u>						
Contributions - employer	321	2,876	2,765	5,070	4,875	11,049
Contributions - member	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(321)	(2,876)	(2,765)	(5,070)	(4,875)	(11,049)
Administrative expense	-	-	-	-	-	-
Net change in fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	\$ 57,439	\$ 69,027	\$ 65,137	\$ 64,288	\$ 70,563	\$ 247,398
Plan fiduciary net position - ending	<u>\$ 52,517</u>	<u>\$ 57,439</u>	<u>\$ 69,027</u>	<u>\$ 65,137</u>	<u>\$ 64,288</u>	<u>\$ 70,563</u>
Net OPEB liability - ending	<u>\$ 52,517</u>	<u>\$ 57,439</u>	<u>\$ 69,027</u>	<u>\$ 65,137</u>	<u>\$ 64,288</u>	<u>\$ 70,563</u>
Plan fiduciary net position as a percentage of the total OPEB liability	-	-	-	-	-	-
Covered payroll	\$ 275,242	\$ 275,242	\$ 229,988	\$ 229,988	\$ 229,988	\$ 229,988
Net OPEB liability as a percentage of covered payroll	19.1%	20.9%	30.0%	28.3%	28.0%	30.7%

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

See accompanying independent auditor's report and notes to financial statements.

TOWN OF JAY, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>MMEHT:</u>						
Employer contributions	\$ 321	\$ 2,876	\$ 2,765	\$ 5,070	\$ 4,875	\$ 11,049
Benefit payments	(321)	(2,876)	(2,765)	(5,070)	(4,875)	(11,049)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 275,242	\$ 275,242	\$ 229,988	\$ 229,988	\$ 229,988	\$ 229,988
Contributions as a percentage of covered payroll	0.12%	1.04%	1.20%	2.20%	2.12%	2.12%

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

See accompanying independent auditor's report and notes to financial statements.

TOWN OF JAY, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023

Changes of Assumptions

MEPERS PLD Plan:

There were no changes of assumptions.

Maine Municipal Health Trust:

There was a change in the discount rate from 2.06% to 3.72% per GASB 75 discount rate selection. Ultimate medical trends were aligned to the higher inflation environment for the roll forward as of this measurement date.

See accompanying independent auditor's report and notes to financial statements.

Other Supplementary Information

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

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

TOWN OF JAY, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues (Inflows):				
Taxes:				
Property taxes	\$ 7,298,913	\$ 7,298,913	\$ 7,274,918	\$ (23,995)
Auto excise	820,000	820,000	896,189	76,189
Boat excise	3,500	3,500	3,342	(158)
Intergovernmental revenues:				
State revenue sharing	1,100,000	1,100,000	1,493,684	393,684
Homestead reimbursement	527,818	527,818	527,818	-
Tree growth	9,500	9,500	9,507	7
BETE reimbursement	377,479	377,479	377,537	58
General assistance	-	5,835	11,049	5,214
Veteran's/other reimbursement	3,500	16,470	24,711	8,241
Charges for services:				
Solid waste fees	17,000	17,000	16,535	(465)
MDEA agent	-	102,388	117,095	14,707
Administration fees	20,000	20,000	20,548	548
Building rent	9,900	9,900	10,025	125
Police	500	500	575	75
Fire revenue	-	-	15	15
Other	4,000	4,000	5,016	1,016
Miscellaneous revenues:				
Tax lien interest	20,000	20,000	13,683	(6,317)
Investment interest	20,000	20,000	45,310	25,310
Lien fees	7,000	7,000	8,707	1,707
Sale of fixed assets	-	-	38,981	38,981
Other	-	138,001	264,920	126,919
Amounts Available for Appropriation	<u>\$ 10,239,110</u>	<u>\$ 10,498,304</u>	<u>\$ 11,160,165</u>	<u>\$ 661,861</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF JAY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General government:					
Administration	\$ 498,050	\$ -	\$ 498,050	\$ 483,211	\$ 14,839
Town boards	760	-	760	380	380
Selectboard	12,765	-	12,765	10,800	1,965
	<u>511,575</u>	<u>-</u>	<u>511,575</u>	<u>494,391</u>	<u>17,184</u>
Public safety:					
Police department	824,729	152,462	977,191	955,717	21,474
Fire department	301,139	-	301,139	212,561	88,578
Ambulance	40,000	-	40,000	39,993	7
Hydrants/water	340,750	-	340,750	338,958	1,792
	<u>1,506,618</u>	<u>152,462</u>	<u>1,659,080</u>	<u>1,547,229</u>	<u>111,851</u>
Public works:					
Road/building maintenance	1,741,550	85,269	1,826,819	1,615,527	211,292
Curbside pickup	145,600	-	145,600	145,600	-
	<u>1,887,150</u>	<u>85,269</u>	<u>1,972,419</u>	<u>1,761,127</u>	<u>211,292</u>
Recreation and library:					
Recreation	13,000	-	13,000	13,000	-
Library	181,600	-	181,600	181,600	-
	<u>194,600</u>	<u>-</u>	<u>194,600</u>	<u>194,600</u>	<u>-</u>
Education	<u>4,488,178</u>	<u>-</u>	<u>4,488,178</u>	<u>4,488,178</u>	<u>-</u>
County tax	<u>797,979</u>	<u>-</u>	<u>797,979</u>	<u>797,979</u>	<u>-</u>
Insurance	<u>136,000</u>	<u>2,458</u>	<u>138,458</u>	<u>116,317</u>	<u>22,141</u>

TOWN OF JAY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Unclassified:					
Industrial revaluation	19,000	-	19,000	18,950	50
Audit	13,250	-	13,250	18,150	(4,900)
Local access	-	12,970	12,970	12,970	-
Assessing	41,510	-	41,510	41,401	109
AVCOG	9,050	-	9,050	9,013	37
MMA	5,850	-	5,850	5,351	499
Plumbing inspect.	9,500	-	9,500	9,355	145
Animal welfare	10,700	-	10,700	10,354	346
Donations	19,107	-	19,107	19,107	-
Andy Valley	-	-	-	7,633	(7,633)
General assistance	2,500	5,835	8,335	11,533	(3,198)
Grave care	500	200	700	500	200
Overlay	118,659	-	118,659	-	118,659
Tax acquired	-	-	-	1,177	(1,177)
Legal fees	40,000	-	40,000	40,000	-
Gravel pit wood lot	-	-	-	12,684	(12,684)
Hail storm 2022	-	-	-	-	-
General expenses	60	-	60	60	-
	<u>289,686</u>	<u>19,005</u>	<u>308,691</u>	<u>218,238</u>	<u>90,453</u>
Transfers:					
Admin reserve	-	-	-	5,000	(5,000)
Police reserve	17,200	-	17,200	40,200	(23,000)
Highway department reserve	-	-	-	100,000	(100,000)
Paving reserve	325,000	-	325,000	325,000	-
Fire dept. reserve	-	-	-	70,000	(70,000)
Town revaluation	20,000	-	20,000	20,000	-
Public works contracted	10,000	-	10,000	10,000	-
Tax increment financing	12,335	-	12,335	-	12,335
Enterprise funds	157,789	-	157,789	93,322	64,467
	<u>542,324</u>	<u>-</u>	<u>542,324</u>	<u>663,522</u>	<u>(121,198)</u>
Total Departmental Operations	<u>\$ 10,366,445</u>	<u>\$ 259,194</u>	<u>\$ 10,625,639</u>	<u>\$ 10,281,581</u>	<u>\$ 344,058</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF JAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 1,014,268	\$ -	\$ 1,014,268
Investments	230,670	18,983	249,653
Due from other funds	1,443,232	-	1,443,232
TOTAL ASSETS	<u>\$ 2,719,363</u>	<u>\$ 18,983</u>	<u>\$ 2,738,346</u>
LIABILITIES			
Due to other funds	\$ 79,096	\$ -	\$ 79,096
TOTAL LIABILITIES	<u>79,096</u>	<u>-</u>	<u>79,096</u>
FUND BALANCES			
Nonspendable	-	17,500	17,500
Restricted	305,197	1,483	306,680
Committed	2,321,248	-	2,321,248
Assigned	19,990	-	19,990
Unassigned	(6,168)	-	(6,168)
TOTAL FUND BALANCES	<u>2,640,267</u>	<u>18,983</u>	<u>2,659,250</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,719,363</u>	<u>\$ 18,983</u>	<u>\$ 2,738,346</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF JAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 206,207	\$ -	\$ 206,207
Interest	6,518	286	6,804
Other	61,170	-	61,170
TOTAL REVENUES	<u>273,895</u>	<u>286</u>	<u>274,181</u>
EXPENDITURES			
Current:			
General government	25,476	-	25,476
Public safety	38,102	-	38,102
Public works	387,356	-	387,356
Other	293,616	-	293,616
Capital Outlay	147,690	-	147,690
TOTAL EXPENDITURES	<u>892,240</u>	<u>-</u>	<u>892,240</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(618,345)</u>	<u>286</u>	<u>(618,059)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	570,200	-	570,200
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>570,200</u>	<u>-</u>	<u>570,200</u>
NET CHANGE IN FUND BALANCES	(48,145)	286	(47,859)
FUND BALANCES - JULY 1	<u>2,688,412</u>	<u>18,697</u>	<u>2,707,109</u>
FUND BALANCES - JUNE 30	<u>\$ 2,640,267</u>	<u>\$ 18,983</u>	<u>\$ 2,659,250</u>

See accompanying independent auditor's 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, 2023

	Highway Department Reserve	Police Reserve	Wellness Works	Police Training	Public Works Fuel Reserve	Tax Increment Financing	Marijuana Fees	Taylor Made
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 312	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-	-
Due from other funds	188,042	47,193	1,693	48,613	19,478	-	200	3,560
TOTAL ASSETS	\$ 188,042	\$ 47,193	\$ 1,693	\$ 48,613	\$ 19,790	\$ -	\$ 200	\$ 3,560
LIABILITIES								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,168	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-	6,168	-	-
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	1,693	-	-	-	-	3,560
Committed	188,042	47,193	-	48,613	-	-	-	-
Assigned	-	-	-	-	19,790	-	200	-
Unassigned	-	-	-	-	-	(6,168)	-	-
TOTAL FUND BALANCES (DEFICITS)	188,042	47,193	1,693	48,613	19,790	(6,168)	200	3,560
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 188,042	\$ 47,193	\$ 1,693	\$ 48,613	\$ 19,790	\$ -	\$ 200	\$ 3,560

TOWN OF JAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2023

	Garbage Bags	Environmental Reserve	Tower Fund	Jay Community Development	Cemetery	Paving Reserve	Sewer Treatment Plant
ASSETS							
Cash and cash equivalents	\$ -	\$ 713,235	\$ -	\$ 9,532	\$ -	\$ -	\$ 291,189
Investments	-	-	-	24,073	-	-	155,329
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-
Due from other funds	10,249	-	179,309	-	32,325	65,829	-
TOTAL ASSETS	\$ 10,249	\$ 713,235	\$ 179,309	\$ 33,605	\$ 32,325	\$ 65,829	\$ 446,518
LIABILITIES							
Due to other funds	\$ -	\$ 14,117	\$ -	\$ -	\$ -	\$ -	\$ 27,618
TOTAL LIABILITIES	-	14,117	-	-	-	-	27,618
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	179,309	33,605	32,325	-	-
Committed	10,249	699,118	-	-	-	65,829	418,900
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	10,249	699,118	179,309	33,605	32,325	65,829	418,900
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 10,249	\$ 713,235	\$ 179,309	\$ 33,605	\$ 32,325	\$ 65,829	\$ 446,518

TOWN OF JAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2023

	Public Works Contracted Services	Fire Department Reserve	FEMA 2023 Disaster Relief	Admin Reserve	Police Grants	Veterans Memorial Fund	Fire Cost Recovery	Sled - in Fest
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	51,268	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	-	31,193	-	-	-	-	-
Due from other funds	45,375	219,143	-	32,861	52,092	2,613	8,503	5,309
TOTAL ASSETS	<u>\$ 45,375</u>	<u>\$ 219,143</u>	<u>\$ 31,193</u>	<u>\$ 84,129</u>	<u>\$ 52,092</u>	<u>\$ 2,613</u>	<u>\$ 8,503</u>	<u>\$ 5,309</u>
LIABILITIES								
Due to other funds	\$ -	\$ -	\$ 31,193	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>31,193</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	52,092	2,613	-	-
Committed	45,375	219,143	-	84,129	-	-	8,503	5,309
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>45,375</u>	<u>219,143</u>	<u>-</u>	<u>84,129</u>	<u>52,092</u>	<u>2,613</u>	<u>8,503</u>	<u>5,309</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 45,375</u>	<u>\$ 219,143</u>	<u>\$ 31,193</u>	<u>\$ 84,129</u>	<u>\$ 52,092</u>	<u>\$ 2,613</u>	<u>\$ 8,503</u>	<u>\$ 5,309</u>

TOWN OF JAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2023

	Music in the Park	Highway Building Reserve	Jay Gazebo	Town Revaluation	Asset Forfeiture	ARPA Grant	Police SRO	Maine Trails Coalition Grant	Total
ASSETS									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,014,268
Investments	-	-	-	-	-	-	-	-	230,670
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-	-	31,193
Due from other funds	3,901	112,208	186	224,144	4,970	122,665	8,027	4,744	1,443,232
TOTAL ASSETS	\$ 3,901	\$ 112,208	\$ 186	\$ 224,144	\$ 4,970	\$ 122,665	\$ 8,027	\$ 4,744	\$ 2,719,363
LIABILITIES									
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 79,096
TOTAL LIABILITIES	-	-	-	-	-	-	-	-	79,096
FUND BALANCES (DEFICITS)									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	305,197
Committed	3,901	112,208	186	224,144	4,970	122,665	8,027	4,744	2,321,248
Assigned	-	-	-	-	-	-	-	-	19,990
Unassigned	-	-	-	-	-	-	-	-	(6,168)
TOTAL FUND BALANCES (DEFICITS)	3,901	112,208	186	224,144	4,970	122,665	8,027	4,744	2,640,267
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 3,901	\$ 112,208	\$ 186	\$ 224,144	\$ 4,970	\$ 122,665	\$ 8,027	\$ 4,744	\$ 2,719,363

See accompanying independent auditor's 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, 2023

	Highway Department Reserve	Police Reserve	Wellness Works	Police Training	Public Works Fuel Reserve	Tax Increment Financing	Marijuana Fees	Taylor Made
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	287	32	-	44	-	-	-	-
Other	-	-	-	-	4,001	-	200	-
TOTAL REVENUES	287	32	-	44	4,001	-	200	-
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	6,988	-	-	-	-	-	-
Public works	-	-	-	-	550	-	-	-
Other	-	-	-	-	-	6,168	-	-
Capital Outlay	134,874	-	-	-	-	-	-	-
TOTAL EXPENDITURES	134,874	6,988	-	-	550	6,168	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(134,587)	(6,956)	-	44	3,451	(6,168)	200	-
OTHER FINANCING SOURCES (USES)								
Transfers in	100,000	23,000	-	15,200	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	100,000	23,000	-	15,200	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(34,587)	16,044	-	15,244	3,451	(6,168)	200	-
FUND BALANCES (DEFICITS) - JULY 1	222,629	31,149	1,693	33,369	16,339	-	-	3,560
FUND BALANCES (DEFICITS) - JUNE 30	\$ 188,042	\$ 47,193	\$ 1,693	\$ 48,613	\$ 19,790	\$ (6,168)	\$ 200	\$ 3,560

TOWN OF JAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR YEAR ENDED JUNE 30, 2023

	Garbage Bags	Enviro- mental Reserve	Tower Fund	Jay Community Develop.	Cemetery	Paving Reserve	Sewer Treatment Plant
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85,096	\$ -
Interest	54	-	-	-	40	11	4,574
Other	-	3,986	14,993	509	800	-	22,589
TOTAL REVENUES	54	3,986	14,993	509	840	85,107	27,163
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	-	-	1,270	-	200	354,143	-
Other	-	14,263	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	14,263	1,270	-	200	354,143	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	54	(10,277)	13,723	509	640	(269,036)	27,163
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	325,000	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	325,000	-
NET CHANGE IN FUND BALANCES (DEFICITS)	54	(10,277)	13,723	509	640	55,964	27,163
FUND BALANCES (DEFICITS) - JULY 1	10,195	709,395	165,586	33,096	31,685	9,865	391,737
FUND BALANCES (DEFICITS) - JUNE 30	\$ 10,249	\$ 699,118	\$ 179,309	\$ 33,605	\$ 32,325	\$ 65,829	\$ 418,900

TOWN OF JAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR YEAR ENDED JUNE 30, 2023

	Public Works Contracted Services	Fire Department Reserve	FEMA 2023 Disaster Relief	Admin Reserve	Police Grants	Veterans Memorial Fund	Fire Cost Recovery	Sled - in Fest
REVENUES								
Intergovernmental	\$ -	\$ -	\$ 31,193	\$ -	\$ 81,718	\$ -	\$ 7,099	\$ -
Interest	45	402	-	-	-	3	-	-
Other	-	-	-	1,034	10,000	-	-	-
TOTAL REVENUES	45	402	31,193	1,034	91,718	3	7,099	-
EXPENDITURES								
Current:								
General government	-	-	-	5,300	-	-	-	-
Public safety	-	-	-	-	31,114	-	-	-
Public works	-	-	31,193	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Capital Outlay	-	3,900	-	-	-	-	-	-
TOTAL EXPENDITURES	-	3,900	31,193	5,300	31,114	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	45	(3,498)	-	(4,266)	60,604	3	7,099	-
OTHER FINANCING SOURCES (USES)								
Transfers in	10,000	70,000	-	5,000	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	10,000	70,000	-	5,000	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	10,045	66,502	-	734	60,604	3	7,099	-
FUND BALANCES (DEFICITS) - JULY 1	35,330	152,641	-	83,395	(8,512)	2,610	1,404	5,309
FUND BALANCES (DEFICITS) - JUNE 30	\$ 45,375	\$ 219,143	\$ -	\$ 84,129	\$ 52,092	\$ 2,613	\$ 8,503	\$ 5,309

TOWN OF JAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR YEAR ENDED JUNE 30, 2023

	Music in the Park	Highway Building Reserve	Jay Gazebo	Town Revaluation	Asset Forfeiture	ARPA Grant	Police SRO	Maine Trails Coalition Grant	Total
REVENUES									
Intergovernmental	\$ -	\$ 1,101	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 206,207
Interest	-	153	-	289	-	576	8	-	6,518
Other	2,185	-	-	-	873	-	-	-	61,170
TOTAL REVENUES	2,185	1,254	-	289	873	576	8	-	273,895
EXPENDITURES									
Current:									
General government	-	-	-	20,176	-	-	-	-	25,476
Public safety	-	-	-	-	-	-	-	-	38,102
Public works	-	-	-	-	-	-	-	-	387,356
Other	1,200	-	-	-	-	271,985	-	-	293,616
Capital Outlay	-	8,916	-	-	-	-	-	-	147,690
TOTAL EXPENDITURES	1,200	8,916	-	20,176	-	271,985	-	-	892,240
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	985	(7,662)	-	(19,887)	873	(271,409)	8	-	(618,345)
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	20,000	-	-	2,000	-	570,200
Transfers (out)	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	20,000	-	-	2,000	-	570,200
NET CHANGE IN FUND BALANCES (DEFICITS)	985	(7,662)	-	113	873	(271,409)	2,008	-	(48,145)
FUND BALANCES (DEFICITS) - JULY 1	2,916	119,870	186	224,031	4,097	394,074	6,019	4,744	2,688,412
FUND BALANCES (DEFICITS) - JUNE 30	\$ 3,901	\$ 112,208	\$ 186	\$ 224,144	\$ 4,970	\$ 122,665	\$ 8,027	\$ 4,744	\$ 2,640,267

See accompanying independent auditor's 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, 2023

	Poland Sullivan Fund	Total
ASSETS		
Investments	\$ 18,983	\$ 18,983
TOTAL ASSETS	<u>\$ 18,983</u>	<u>\$ 18,983</u>
LIABILITIES		
Due to other funds	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
FUND BALANCES		
Nonspendable	17,500	17,500
Restricted	1,483	1,483
Committed	-	-
Assigned	-	-
Unassigned	-	-
TOTAL FUND BALANCES	<u>18,983</u>	<u>18,983</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 18,983</u>	<u>\$ 18,983</u>

See accompanying independent auditor’s 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, 2023

	Poland Sullivan Fund	Total
	<u> </u>	<u> </u>
REVENUES		
Interest	\$ 286	\$ 286
TOTAL REVENUES	<u> 286</u>	<u> 286</u>
EXPENDITURES		
Other	<u> -</u>	<u> -</u>
TOTAL EXPENDITURES	<u> -</u>	<u> -</u>
NET CHANGE IN FUND BALANCES	286	286
FUND BALANCES - JULY 1	<u> 18,697</u>	<u> 18,697</u>
FUND BALANCES - JUNE 30	<u><u> \$ 18,983</u></u>	<u><u> \$ 18,983</u></u>

See accompanying independent auditor's 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, 2023

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
Police	\$ -	\$ -	\$ 190,590	\$ 13,599	\$ 204,189
Fire	24,215	670,704	1,377,125	-	2,072,044
Highway	142,854	810,151	1,996,946	10,758,052	13,708,003
Recycling	48,500	940,910	424,593	-	1,414,003
Recreation	-	-	8,346	-	8,346
Town-wide	663,828	1,240,966	42,884	-	1,947,678
Transfer station	-	15,947	48,138	-	64,085
Sewer department	27,435	1,257,000	261,236	10,832,376	12,378,047
Total General Capital Assets	906,832	4,935,678	4,349,858	21,604,027	31,796,395
Less: Accumulated Depreciation	-	(3,419,172)	(2,953,261)	(11,489,746)	(17,862,179)
Net General Capital Assets	<u>\$ 906,832</u>	<u>\$ 1,516,506</u>	<u>\$ 1,396,597</u>	<u>\$ 10,114,281</u>	<u>\$ 13,934,216</u>

See accompanying independent auditor's 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, 2023

	Capital Assets 7/1/22 (Restated)	Additions	Deletions	General Capital Assets 6/30/23
Police	\$ 279,750	\$ -	\$ (75,561)	\$ 204,189
Fire	2,022,972	75,239	(26,167)	2,072,044
Highway	13,764,467	198,311	(254,775)	13,708,003
Recycling	1,449,587	-	(35,584)	1,414,003
Recreation	8,346	-	-	8,346
Town-wide	1,937,928	40,000	(30,250)	1,947,678
Transfer station	64,185	-	(100)	64,085
Sewer department	12,462,728	-	(84,681)	12,378,047
Total General Capital Assets	31,989,963	313,550	(507,118)	31,796,395
Less: Accumulated Depreciation	<u>(17,337,846)</u>	<u>(939,461)</u>	<u>415,128</u>	<u>(17,862,179)</u>
Net General Capital Assets	<u>\$ 14,652,117</u>	<u>\$ (625,911)</u>	<u>\$ (91,990)</u>	<u>\$ 13,934,216</u>

See accompanying independent auditor's report and notes to financial statements.



Proven Expertise & Integrity

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

Selectboard
Town of Jay
Jay, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Jay, Maine as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Town of Jay, Maine's basic financial statements and have issued our report thereon dated April 22, 2024.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. We noted certain other matters that we reported to management of the Town of Jay, Maine in a separate letter dated April 22, 2024.

Purpose of this Report

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

A handwritten signature in cursive script that reads "RHR Smith & Company".

Buxton, Maine
April 22, 2024