

Audited Financial Statements  
and Other Financial Information

**Town of Gray, Maine**

June 30, 2019



*Proven Expertise & Integrity*

TOWN OF GRAY, MAINE

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JUNE 30, 2019

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## INDEPENDENT AUDITORS' REPORT

Town Council  
Town of Gray  
Gray, Maine

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Gray, Maine, as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Town of Gray, Maine's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Gray, Maine as of June 30, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 11 and 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

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

The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying

accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2020, on our consideration of the Town of Gray, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Gray, Maine's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
February 20, 2020

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

**(UNAUDITED)**

The following management's discussion and analysis of Town of Gray, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2019. Please read it in conjunction with the Town's financial statements.

**Financial Statement Overview**

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

**Basic Financial Statements**

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

**Government-Wide Financial Statements**

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

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

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



The above-mentioned financial statements have one column for the Town's activity. The type of activity presented for the Town of Gray is:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). All of the Town's basic services are reported in governmental activities, which include administration services, council, boards and committees, public safety, library, parks and recreation, public works, municipal finances, education, insurance claims, other grants, community services and program expenses.

### **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 Gray, 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 Gray are considered governmental funds.

*Governmental funds:* All 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 Gray 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.

### **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 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

### **Required Supplementary Information**

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund.

### **Other Supplementary Information**

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

### **Government-Wide Financial Analysis**

Our analysis below focuses on the net position and changes in net position of the Town's governmental activity. The Town's total net position for governmental activities decreased by \$670,304 from \$17,812,664 to \$17,142,360.

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 - decreased for governmental activities to a balance of \$5,637,078 at the end of this year.

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

	<b>2019</b>	<b>2018</b>
<b>Assets:</b>		
Current Assets	\$ 11,545,650	\$ 8,020,075
Noncurrent Assets	15,386,874	15,693,250
Total Assets	<u>26,932,524</u>	<u>23,713,325</u>
<b>Deferred Outflows of Resources:</b>		
Deferred Amortization	46,538	50,769
Total Deferred Outflows of Resources	<u>46,538</u>	<u>50,769</u>
<b>Liabilities:</b>		
Current Liabilities	1,195,204	1,054,780
Noncurrent Liabilities	8,467,737	4,740,233
Total Liabilities	<u>9,662,941</u>	<u>5,795,013</u>
<b>Deferred Inflows of Resources:</b>		
Prepaid Taxes	58,789	62,308
Deferred Revenue	114,972	94,109
Total Deferred Inflows of Resources	<u>173,761</u>	<u>156,417</u>
<b>Net Position:</b>		
Net Investment in Capital Assets	6,259,874	10,396,171
Restricted: Special Revenue Funds	1,576,304	1,237,234
Capital Projects Funds	3,518,466	61,460
Permanent Funds	150,638	150,394
Unrestricted	5,637,078	5,967,405
Total Net Position	<u>\$ 17,142,360</u>	<u>\$ 17,812,664</u>

### **Revenues and Expenses**

Revenues for the Town's governmental activities increased by 5.61%, while total expenses increased 13.34%. The largest increases in revenues were primarily due to taxes, grants and contributions not restricted to specific programs and bond premium. The largest increases in expenses were in capital outlay, education, public works and interest on long-term debt.

**Table 2**  
**Town of Gray, Maine**  
**Changes in Net Position**  
**For the Years Ended June 30,**

	<u>2019</u>	<u>2018</u>
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for services	\$ 1,048,215	\$ 1,296,120
Operating grants and contributions	147,595	145,591
<i>General Revenues:</i>		
Taxes	17,102,413	16,636,839
Grants and contributions not restricted to specific programs	840,541	432,479
Interest income	124,553	74,769
Bond premium	332,717	-
Miscellaneous	286,950	241,158
Total Revenues	<u>19,882,984</u>	<u>18,826,956</u>
<b>Expenses</b>		
Administration services	1,343,491	1,356,382
Council, boards and committees	48,827	47,795
Public safety	1,566,894	1,463,886
Library, parks and recreation	364,268	338,532
Public works	3,265,641	3,024,558
Municipal finances	808,248	768,483
County assessment	644,903	617,664
Education	9,937,133	9,565,620
Insurance claims	35,578	1,372
Other grants	39,737	13,399
Community services	27,800	29,050
Program expenses	743,145	673,187
Overlay	35,948	-
Capital outlay	1,341,137	86,862
Bond issuance costs	77,790	-
Interest on long-term debt	272,748	147,717
Total Expenses	<u>20,553,288</u>	<u>18,134,507</u>
Change in Net Position	(670,304)	692,449
Net Position - July 1	<u>17,812,664</u>	<u>17,120,215</u>
Net Position - June 30	<u><u>\$ 17,142,360</u></u>	<u><u>\$ 17,812,664</u></u>

## 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 Gray, Maine**  
**Fund Balances - Governmental Funds**  
**June 30,**

	<u>2019</u>	<u>2018</u>
General Fund:		
Nonspendable	\$ 34,996	\$ 33,519
Committed	483,000	82,616
Unassigned	4,524,947	4,318,975
Total General Fund	<u>\$ 5,042,943</u>	<u>\$ 4,435,110</u>
Nonmajor Funds:		
Special Revenue Funds:		
Nonspendable	\$ 998	\$ 1,687
Restricted	1,576,304	1,237,234
Committed	24,175	524,586
Assigned	226,513	186,254
Unassigned	(20,240)	(20,240)
Capital Projects Funds:		
Restricted	3,518,466	61,460
Committed	393,789	410,326
Assigned	162,474	344,141
Unassigned	(358,299)	(24,973)
Permanent Funds:		
Nonspendable - principal	109,687	109,687
Restricted	40,951	40,707
Total Nonmajor Funds	<u>\$ 5,674,818</u>	<u>\$ 2,870,869</u>

The general fund total fund balance increased by \$607,833 from the prior fiscal year mainly due to revenues exceeding expenditures and transfers to other funds. The nonmajor total fund balance increased by \$2,803,949 from the prior fiscal year primarily due to bond proceeds and net transfers in from other funds that exceeded expenditures.

## Budgetary Highlights

The only difference between the original and final budget for the general fund was related to the correction of the original tax commitment, which had the revenue sharing estimate included twice.

The general fund actual revenues exceeded budget by \$288,166. All revenue categories were received in excess of budgeted amounts except property taxes, charges for services and transfers from other funds.

The general fund actual expenditures were under budget in total by \$681,899. When excluding overlay of \$603,585, the general fund expenditures remained under budget by \$78,314 despite cost overruns in insurance claims and other grants.

## Capital Asset and Debt Administration

### Capital Assets

As of June 30, 2019, the net book value of capital assets recorded by the Town decreased by \$306,376 from the prior year. This decrease is the result of capital additions of \$1,174,339 less current year depreciation expense of \$1,480,715.

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

	<u>2019</u>	<u>2018</u>
Land and Non-Depreciable Assets	\$ 124,803	\$ 124,803
Buildings and Improvements	6,991,222	7,351,056
Furniture and Equipment	1,137,654	712,974
Vehicles	1,884,839	2,105,537
Infrastructure	5,248,356	5,398,880
Total	<u>\$ 15,386,874</u>	<u>\$ 15,693,250</u>

### Debt

At June 30, 2019, the Town had \$9,127,000 in bonds outstanding versus \$5,040,000 in the prior year. Refer to Note 5 of Notes to Financial Statements for 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 Gray Town Council adopted an Unassigned General Fund Balance Policy in February of 2004. The Town's management established the policy as a guideline to ensure the well-being of the Town's financial administration in a manner that assists in providing for a positive cash flow, reducing short-term borrowing costs and meeting the Town's long-term capital investment objectives while ensuring that year-to-year fluctuations do not allow accumulation of an excessive unassigned fund balance. The policy also includes a provision for the suggested utilization of excess funds on future capital improvements and/or distribution to various reserve accounts. The Town's management designed the policy around maintaining a level of funding in Unassigned General Fund Balance that assures the fiscal integrity of the Town into the near future. In addition, the policy will provide direction to the Town Manager during annual budget preparation.

The policy requires that the Town Treasurer maintain the Unassigned General Fund Balance (as determined in accordance with applicable government accounting standards) at a level not less than two twelfths (or  $1/6$ ) and up to three twelfths (or  $1/4$ ) of the Town's net assessment for commitment, excluding any and all TIF plan amount assessment. Utilization of the Unassigned General Fund Balance is restricted and may in no circumstance be appropriated to below the two twelfths (or  $1/6$ ) level as described above without the favorable vote of a Town Meeting. Such a resolution for utilization shall also contain a plan to restore the Unassigned General Fund Balance to the level detailed above within a five (5) year period should such utilization cause the Unassigned General Fund Balance to fall below the level detailed above. The Town maintained balances in excess of the required minimum level for the fiscal year ended 2019.

At any time during any budget year the Town Council may, after notice, call a special Town Meeting for the purpose of making appropriation(s) from Unassigned General Fund Balance in excess of the two twelfths (or  $1/6$ ) level as described above. The proposed appropriation(s) shall meet an essential municipal need to protect the public health, safety and welfare. The needs may be caused by severe economic decline, any natural disaster or sudden event outside the control of the Town Council. Such appropriation(s) shall be adopted by a favorable vote of a special Town Meeting, with the vote specifically identifying the public necessity and containing the precise use of the appropriation(s).

## **Contacting the Town's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, 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 Office at 24 Main St., Gray, Maine 04039.

## STATEMENT A

TOWN OF GRAY, MAINE  
STATEMENT OF NET POSITION  
JUNE 30, 2019

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 10,898,733
Accounts receivable (net of allowance for uncollectibles)	
Taxes	51,234
Liens	448,318
Other	111,017
Prepaid items	24,912
Inventory	11,436
Total current assets	<u>11,545,650</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	124,803
Buildings and equipment, net of accumulated depreciation	15,262,071
Total noncurrent assets	<u>15,386,874</u>
TOTAL ASSETS	<u>26,932,524</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amortization on bond refunding	46,538
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>46,538</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 26,979,062</u>



STATEMENT A (CONTINUED)

TOWN OF GRAY, MAINE

STATEMENT OF NET POSITION  
JUNE 30, 2019

	Governmental Activities
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 96,325
Accrued expenses	63,148
Accrued payroll	47,071
Current portion of long-term obligations	988,660
Total current liabilities	<u>1,195,204</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	8,227,307
Accrued compensated absences	240,430
Total noncurrent liabilities	<u>8,467,737</u>
TOTAL LIABILITIES	<u>9,662,941</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	58,789
Deferred revenue	114,972
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>173,761</u>
NET POSITION	
Net investment in capital assets	6,259,874
Restricted: Special revenue funds	1,576,304
Capital projects funds	3,518,466
Permanent funds	150,638
Unrestricted	5,637,078
TOTAL NET POSITION	<u>17,142,360</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 26,979,062</u>

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

## TOWN OF GRAY, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
Administration services	\$ 1,343,491	\$ 235,059	\$ 7,187	\$ -	\$ (1,101,245)
Council, boards and committees	48,827	31,485	-	-	(17,342)
Public safety	1,566,894	201,636	-	-	(1,365,258)
Library, parks and recreation	364,268	8,054	-	-	(356,214)
Public works	3,265,641	146,081	140,408	-	(2,979,152)
Municipal finances	808,248	-	-	-	(808,248)
County assessment	644,903	-	-	-	(644,903)
Education	9,937,133	-	-	-	(9,937,133)
Insurance claims	35,578	-	-	-	(35,578)
Other grants	39,737	-	-	-	(39,737)
Community services	27,800	-	-	-	(27,800)
Program expenses	743,145	425,900	-	-	(317,245)
Overlay	35,948	-	-	-	(35,948)
Capital outlay	1,341,137	-	-	-	(1,341,137)
Bond issuance costs	77,790	-	-	-	(77,790)
Interest on long-term debt	272,748	-	-	-	(272,748)
Total government	<u>\$ 20,553,288</u>	<u>\$ 1,048,215</u>	<u>\$ 147,595</u>	<u>\$ -</u>	<u>(19,357,478)</u>

STATEMENT B (CONTINUED)  
TOWN OF GRAY, MAINE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(19,357,478)</u>
General revenues:	
Taxes:	
Property taxes, levied for general purposes	15,234,266
Excise taxes	1,868,148
Grants and contributions not restricted to specific programs	840,541
Interest income	124,553
Premiums on issuance	332,717
Miscellaneous	286,950
Total general revenues	<u>18,687,174</u>
Change in net position	(670,304)
NET POSITION - JULY 1	<u>17,812,664</u>
NET POSITION - JUNE 30	<u><u>\$ 17,142,360</u></u>

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

## STATEMENT C

## TOWN OF GRAY, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2019

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 7,115,663	\$ 3,783,070	\$ 10,898,733
Accounts receivable (net of allowance for uncollectibles):			
Taxes	51,234	-	51,234
Liens	448,318	-	448,318
Other	111,017	-	111,017
Prepaid items	23,560	1,352	24,912
Inventory	11,436	-	11,436
Due from other funds	530,151	2,650,982	3,181,133
TOTAL ASSETS	<u>\$ 8,291,379</u>	<u>\$ 6,435,404</u>	<u>\$ 14,726,783</u>
LIABILITIES			
Accounts payable	\$ 95,724	\$ 601	\$ 96,325
Accrued expenses	63,148	-	63,148
Accrued payroll	45,166	1,905	47,071
Due to other funds	2,533,390	647,743	3,181,133
TOTAL LIABILITIES	<u>2,737,428</u>	<u>650,249</u>	<u>3,387,677</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	58,789	-	58,789
Deferred revenue	4,635	110,337	114,972
Deferred property tax	447,584	-	447,584
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>511,008</u>	<u>110,337</u>	<u>621,345</u>
FUND BALANCES			
Nonspendable - prepaid items, inventory and principal	34,996	110,685	145,681
Restricted	-	5,135,721	5,135,721
Committed	483,000	417,964	900,964
Assigned	-	388,987	388,987
Unassigned	4,524,947	(378,539)	4,146,408
TOTAL FUND BALANCES	<u>5,042,943</u>	<u>5,674,818</u>	<u>10,717,761</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 8,291,379</u>	<u>\$ 6,435,404</u>	<u>\$ 14,726,783</u>

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

## TOWN OF GRAY, MAINE

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

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 10,717,761
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	15,386,874
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	447,584
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(9,127,000)
Accrued compensated absences	<u>(282,859)</u>
Net position of governmental activities	<u><u>\$ 17,142,360</u></u>

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

## TOWN OF GRAY, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes:			
Property	\$ 15,166,249	\$ -	\$ 15,166,249
Excise	1,868,148	-	1,868,148
Intergovernmental	988,136	-	988,136
Interest income	104,843	19,710	124,553
Charges for services	622,315	425,900	1,048,215
Miscellaneous	201,975	84,975	286,950
TOTAL REVENUES	<u>18,951,665</u>	<u>530,585</u>	<u>19,482,250</u>
EXPENDITURES			
Current:			
Administration services	1,169,349	-	1,169,349
Council, boards and committees	48,827	-	48,827
Public safety	1,308,001	-	1,308,001
Library, parks and recreation	333,300	-	333,300
Public works	2,235,123	-	2,235,123
Municipal finances	808,248	-	808,248
County assessment	644,903	-	644,903
Education	9,937,133	-	9,937,133
Insurance claims	35,578	-	35,578
Other grants	39,737	-	39,737
Community services	27,800	-	27,800
Program expenses	-	743,145	743,145
Overlay	35,948	-	35,948
Debt service:			
Principal	-	832,079	832,079
Interest	-	272,748	272,748
Capital outlay	-	2,515,476	2,515,476
TOTAL EXPENDITURES	<u>16,623,947</u>	<u>4,363,448</u>	<u>20,987,395</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,327,718</u>	<u>(3,832,863)</u>	<u>(1,505,145)</u>
OTHER FINANCING SOURCES (USES)			
Bond/lease proceeds	-	4,662,000	4,662,000
Premiums on issuance	-	332,717	332,717
Bond issuance costs	-	(77,790)	(77,790)
Transfers in	-	2,257,363	2,257,363
Transfers (out)	(1,719,885)	(537,478)	(2,257,363)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,719,885)</u>	<u>6,636,812</u>	<u>4,916,927</u>
NET CHANGE IN FUND BALANCES	607,833	2,803,949	3,411,782
FUND BALANCES - JULY 1	<u>4,435,110</u>	<u>2,870,869</u>	<u>7,305,979</u>
FUND BALANCES - JUNE 30	<u>\$ 5,042,943</u>	<u>\$ 5,674,818</u>	<u>\$ 10,717,761</u>

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

## TOWN OF GRAY, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 3,411,782</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 to be allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	1,174,339
Depreciation expense	<u>(1,480,715)</u>
	<u>(306,376)</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position	<u>(4,662,000)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Taxes and liens receivable	<u>68,017</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>832,079</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	<u>(13,806)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ (670,304)</u></u>

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

The Town of Gray was incorporated under the laws of the State of Maine. The Town operates under the council-manager form of government and provides the following services: administration services, council, boards and committees, public safety, library, parks and recreation, public works, municipal finances, education, insurance claims, other grants, community services and program expenses.

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

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

**Implementation of New Accounting Standards**

During the year ended June 30, 2019, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 83 "Certain Asset Retirement Obligations". This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a



TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 88 "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements". This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences and significant subjective acceleration clauses. Management has determined the impact of this Statement is not material to the financial statements.

**Government-Wide and Fund Financial Statements**

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

Both the government-wide and fund financial statements categorize primary activities as governmental.

In the government-wide Statement of Net Position, the governmental activities column is (a) presented on a consolidated basis by column and (b) is 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.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions (administration services, 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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

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.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- c. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- d. 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.

The emphasis in fund financial statements is on the major funds in the governmental activities category. Nonmajor 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.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Budget**

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

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

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

**Deposits and Investments**

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

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

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

The Town of Gray, Maine has a formal investment policy and also follows the State of Maine Statutes.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Receivables**

Receivables include amounts due from governmental agencies, rescue receivables and local businesses. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$111,017 for the year ended June 30, 2019. The allowance for uncollectible accounts is estimated to be \$10,000 as of June 30, 2019.

**Prepaid Items**

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

**Inventories**

Inventories consist of expendable supplies held for consumption and are valued at cost which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method). The general fund inventory consists of diesel fuel and gasoline.

**Interfund Receivables and Payables**

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

**Transactions Between Funds**

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Capital Assets**

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

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

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

Estimated useful lives are as follows:

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

**Long-term Obligations**

The accounting treatment of long-term 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.

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

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Net Position**

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

**Fund Balance**

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

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

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

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

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

**Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial 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 only one type of item, deferred amortization on bond refunding. This item is reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has deferred tax revenues, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes and other deferred revenue also qualify for reporting in this category. These items are reported in both the statements of net position and governmental funds balance sheet. 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 28, 2018 on the assessed value listed as of April 1, 2018, for all real and personal property located in the Town. Taxes were due in two installments on October 1, 2018 and April 1, 2019. Interest on unpaid taxes commenced on October 2, 2018 and April 2, 2019, at 7% per annum.



TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The property tax collection rate was 97.5% and 98.0% for the years ended June 30, 2019 and 2018, respectively.

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.

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 \$639,533 for the year ended June 30, 2019.

**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).

**Encumbrance Accounting**

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

**Use of Estimates**

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS

State statutes require that all investments made by the Town consider 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. The Town does have a policy covering custodial credit risk for deposits. The Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes.

At June 30, 2019, the \$10,898,733 were comprised of deposits of \$10,998,248. All of these bank deposits were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 5,510
Sweep accounts	4,611,996
ICS savings accounts	6,380,743
	<u>\$ 10,998,248</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. Currently, the Town does have a policy for custodial credit risk for investments. The Town seeks to minimize custodial credit risk by doing business with authorized institutions, depositories and brokers/dealers.

At June 30, 2019, the Town had no investments.

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

# TOWN OF GRAY, MAINE

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

### NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does have an investment policy on credit risk. The Town mitigates this risk by limiting investments to authorized types of securities, using qualified financial institutions authorized by the finance committee and diversifying the investment portfolio to meet the Town's current and future cash flow needs. Generally, the Town invests excess funds in cash management accounts and various insured certificates of deposit.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does have a formal investment policy that mitigates interest rate risk by limiting investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

### NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

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

	Receivables (Due From)	Payables (Due To)
Major funds:		
General fund	\$ 530,151	\$ 2,533,390
Nonmajor funds:		
Special revenue funds	1,939,710	20,240
Capital projects funds	597,352	627,503
Permanent funds	113,920	-
	<u>\$ 3,181,133</u>	<u>\$ 3,181,133</u>

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 4 - CAPITAL ASSETS

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

	Balance 7/1/18	Additions	Disposals	Balance 6/30/19
Non-depreciated assets:				
Land	\$ 124,803	\$ -	\$ -	\$ 124,803
	<u>124,803</u>	<u>-</u>	<u>-</u>	<u>124,803</u>
Depreciated assets:				
Buildings and improvements	10,883,483	31,390	-	10,914,873
Furniture and equipment	2,916,966	566,402	(8,700)	3,474,668
Vehicles	7,603,068	54,773	(51,200)	7,606,641
Infrastructure	13,727,659	521,774	-	14,249,433
	<u>35,131,176</u>	<u>1,174,339</u>	<u>(59,900)</u>	<u>36,245,615</u>
Less accumulated depreciation:				
Buildings and improvements	(3,532,427)	(391,224)	-	(3,923,651)
Furniture and equipment	(2,203,992)	(141,722)	8,700	(2,337,014)
Vehicles	(5,497,531)	(275,471)	51,200	(5,721,802)
Infrastructure	(8,328,779)	(672,298)	-	(9,001,077)
	<u>(19,562,729)</u>	<u>(1,480,715)</u>	<u>59,900</u>	<u>(20,983,544)</u>
Net depreciated assets	<u>15,568,447</u>	<u>(306,376)</u>	<u>-</u>	<u>15,262,071</u>
Net capital assets	<u>\$ 15,693,250</u>	<u>\$ (306,376)</u>	<u>\$ -</u>	<u>\$ 15,386,874</u>
Current year depreciation:				
General government				\$ 81,848
Pennell				78,488
Library				9,425
Parks and recreation				21,543
Public safety				258,893
Public works				986,327
Buildings and grounds				19,536
Solid waste				24,655
Total depreciation expense				<u>\$ 1,480,715</u>

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 5 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2019:

	Balance 7/1/18	Additions	Deletions	Balance 6/30/19	Current Year Portion
Bonds payable	\$ 5,040,000	\$ 4,662,000	\$ (575,000)	\$ 9,127,000	\$ 942,000
Notes from direct borrowings payable	257,079	-	(257,079)	-	-
	<u>\$ 5,297,079</u>	<u>\$ 4,662,000</u>	<u>\$ (832,079)</u>	<u>\$ 9,127,000</u>	<u>\$ 942,000</u>

The following is a summary of the outstanding bonds payable:

\$2,880,000, 2014 General Obligation Refunding Bond due in annual principal installments and semiannual interest installments through July of 2023. Interest is charged at a varying fixed rate from 2.00% to 4.00% per annum. Annual principal installments vary from \$160,000 to \$335,000.	\$ 1,440,000
\$5,600,000, 2009 General Obligation Bond due in annual principal installments and semiannual interest installments through October of 2019. Interest is charged at a varying fixed rate from 2.50% to 4.25% per annum. Annual principal installments are \$280,000.	280,000
\$2,745,000, 2017 General Obligation Refunding Bond due in annual installments through October of 2029. Interest is charged at a varying fixed rate of 2.50% to 4.00% per annum. Annual principal installments vary from \$270,000 to \$285,000.	2,745,000
\$4,662,000, 2018 General Obligation Bond due in annual principal installments and semiannual interest installments through October 2038. Interest is charged at a varying fixed rate from 3.125% to 4.00% per annum. Annual principal installments vary from \$105,000 to \$365,000.	<u>4,662,000</u>
Total Bonds Payable	<u>\$ 9,127,000</u>

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 5 - LONG-TERM DEBT (CONTINUED)

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

	Principal	Interest	Total Debt Service
2020	\$ 942,000	\$ 313,665	\$ 1,255,665
2021	965,000	281,525	1,246,525
2022	970,000	250,220	1,220,220
2023	975,000	217,125	1,192,125
2024	795,000	186,525	981,525
2025-2029	3,155,000	561,575	3,716,575
2030-2034	800,000	137,206	937,206
2035-2039	525,000	42,656	567,656
	<u>\$ 9,127,000</u>	<u>\$ 1,990,497</u>	<u>\$ 11,117,497</u>

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

NOTE 6 - OTHER LONG-TERM OBLIGATIONS

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

	Balance 7/1/18	Additions	Deletions	Balance 6/30/19	Current Year Portion
Accrued compensated absences	<u>\$ 269,053</u>	<u>\$ 13,806</u>	<u>\$ -</u>	<u>\$ 282,859</u>	<u>\$ 42,429</u>

Please see Note 7 for detailed information on the other long-term obligations.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 7 - ACCRUED COMPENSATED ABSENCES

The Town's policies regarding vacation and sick time permits employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term obligations debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2019, the Town's liability for compensated absences is \$282,859.

NOTE 8 - EXPENDITURES OVER APPROPRIATIONS

At June 30, 2019, the Town had no overspent appropriations. The Town budget was approved in total by one article and the total actual expenditures did not exceed this amount.

NOTE 9 - NONSPENDABLE FUND BALANCES

At June 30, 2019, the Town had the following nonspendable fund balances:

General fund:	
Prepaid items	\$ 23,560
Inventory	11,436
Nonmajor special revenue funds (Schedule E)	998
Nonmajor permanent funds (Schedule J)	109,687
	<u>\$ 145,681</u>

NOTE 10 - RESTRICTED FUND BALANCES

At June 30, 2019, the Town had the following restricted fund balances:

Nonmajor special revenue funds (Schedule E)	\$ 1,576,304
Nonmajor capital projects funds (Schedule H)	3,518,466
Nonmajor permanent funds (Schedule J)	40,951
	<u>\$ 5,135,721</u>

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 11 - COMMITTED FUND BALANCES

At June 30, 2019, the Town had the following committed fund balances:

General fund:

Use of fund balance capital projects funds	\$ 483,000
Nonmajor special revenue funds (Schedule E)	24,175
Nonmajor capital projects funds (Schedule H)	393,789
	<u>\$ 900,964</u>

NOTE 12 - ASSIGNED FUND BALANCES

At June 30, 2019, the Town had the following assigned fund balances:

Nonmajor special revenue funds (Schedule E)	\$ 226,513
Nonmajor capital projects funds (Schedule H)	162,474
	<u>\$ 388,987</u>

NOTE 13 - TAX INCREMENT FINANCING DISTRICTS AND ABATEMENTS

The Town has established two tax increment financing districts in accordance with Maine statutes to finance development programs located in the Town of Gray. The expenditures from these development programs will be recovered in future years through an incremental tax levied upon the districts' so called "captured asset 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.

Northbrook Tax Increment Financing District

The Town has entered into an inducement agreement and a credit enhancement agreement with Enercon, Advance Realty, M 34 Associates, M 35 Associates and M 36 Associates (referred to individually and collectively as the "Company"), whereby the Town has issued revenue obligation bonds on behalf of the Company amounting to \$2,800,000. These bonds are not general obligation bonds of the Town and do not constitute a debt or obligation of the Town of Gray, Maine. The bonds will be paid solely by the revenue of the project provided by the companies. In 2019, \$176,074 of tax was captured and \$101,785 was returned to the companies. Additionally, the Town of Gray, Maine entered into an agreement with the Gray Water District to extend the waterline to the Northbrook campus. The Town's share of this project was capped at 30% or a maximum of \$200,000. The debt will be serviced by captured asset value within the district.



## TOWN OF GRAY, MAINE

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

#### NOTE 13 - TAX INCREMENT FINANCING DISTRICTS AND ABATEMENTS (CONTINUED)

The TIF District will remain in place for a period of 30 years from adoption. The allocation of tax increment revenues, through a credit enhancement agreement, to be paid to owners/developers of specified property, will commence by agreement between the Town and the owner/developer and will continue for a period not to exceed 30 years or the remainder of the term of the District designation, whichever is less. No more than 9% of the property taxes to be generated on the improvements within the District will be returned to the developer for 30 years. The remaining amount will be retained by the Town and used to fund the development plan of the District. The Town Council 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 approved in advance by the Gray voters.

##### South Gray Tax Increment Financing District

The Town has entered into a contract with the Gray Water District where the Town will reimburse the Gray Water District 100% of the debt service on debt issued by the District to finance the costs of construction (including design and engineering) of a 16" public water line and related facilities running up to 2.4 miles from Gray Village along Route 100 toward Whitney Road. The combined principal amount of the bonds or notes issued by the Town and by the Gray Water District for such purpose shall not exceed \$1,650,000.

##### Village Tax Increment Financing District

In May 2018, the Town received approval from the Maine Department of Economic and Community Development to create a municipal development and tax increment financing district located within and along certain rights of way known as Shaker Road (Route 26), Main Street (Route 202), Portland Road (Route 100), Yarmouth Road (Route 115), West Gray Road (Route 115/202), and Lewiston Road (Route 202), and as designated it as the Village Area Improvement Municipal Development District. The Village TIF was approved for a duration of 30 years beginning with tax year, April 1, 2018.

The District was created to assist in improving the Town's infrastructure and public utilities within said rights of way and to expand and diversify the Town's tax base in order to improve its economy. This Development Program will provide the infrastructure and planning necessary for commercial development of property within

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 13 - TAX INCREMENT FINANCING DISTRICTS AND ABATEMENTS  
(CONTINUED)

the District, as well as certain public improvements within and outside the District that will enable additional commercial development within the Town, thereby expanding and diversifying the Town's tax base.

The taxable Original Assessed Value of the District is \$22,181,400 and consists of 543 acres and 124 parcels, only fourteen of which are public properties. Therefore, the majority of the property within the District is privately owned and subject to independent development consistent with the Town's Zoning Ordinance and Comprehensive Plan.

**Abatements**

The Town has not made any commitments as part of the Credit Enhancement Agreements other than to reduce taxes. The Town is not subject to any tax abatement agreements entered into by other governmental entities. The Town currently has one tax abatement agreement and an amendment, the Enercon Inc. Credit Enhancement Agreement and the First Amendment, which are summarized below:

*Enercon, Inc. Credit Enhancement Agreement and the First Amendment*

On September 19, 1997, the Town of Gray entered into a credit enhancement agreement with the Company for the design, construction and operation of business development/manufacturing facilities. On February 2, 2012, the Town of Gray entered into a credit enhancement agreement amendment with M36 Associates, Inc. to extend the term of the original agreement, provide for the share of BETE reimbursement, the marketing of Northbrook and next major expansion of Northbrook. The original valuation of the property was \$164,076. No more than 95%, of the property taxes to be generated on the improvements within the District will be returned to the developer for 30 years. The remaining amount will be retained by the Town and used to fund the development plan of the District.

For the fiscal year ended June 30, 2019, the Town abated property taxes for the following programs:

<u>Tax Abatement Program</u>	<u>Percentage of Taxes Abated During the Fiscal Year</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>
Enercon Inc. Credit Enhancement Agreement	56%	<u>\$ 101,785</u>

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 14 - LANDFILL CLOSURE FUNDS

The Town of Gray closed its solid waste landfill as per State requirements in June of 1992. The Town has reserved \$125,460 for any capital repairs or improvements during the post closure period. The Town considers any liability for post closure monitoring to be immaterial and therefore has not recorded a liability in the entity-wide statements.

NOTE 15 - OVERLAPPING DEBT

The Town is contingently liable for its proportionate share of any defaulted debt by entities of which it is a member. At June 30, 2019, the Town's share was approximately:

	<u>Outstanding Debt</u>	<u>Percentage</u>	<u>Amount</u>
Gray Water District	\$ 572,078	35.14%	\$ 201,028
County of Cumberland	37,893,997	2.20%	831,963
MSAD #15	6,838,621	64.54%	4,413,646
			<u>\$ 5,446,637</u>

NOTE 16 - CONTINGENCIES

With regard to pending legal claims or any 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.

NOTE 17 - 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

## TOWN OF GRAY, MAINE

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

#### NOTE 17 - RISK MANAGEMENT (CONTINUED)

actuarially determined to be insufficient to enable the pool to discharge its legal obligations, other obligations and actuarially sound reserves, the pool has the power to make up the deficiency by the levy of a prorated assessment. There have been no deficiencies during the past three years and management believes that no deficiency exists at June 30, 2019.

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

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

The Town is also a member of the Maine Municipal Association - Unemployment Compensation Group Fund ("MMA UC Fund"). The MMA UC Fund was created to assist in meeting members' obligations under the Employment Security Act in an efficient and cost-effective manner. The Fund is composed of individual municipalities and other public and related non-profit entities that are individually self-insured but administered as a group. Within the Fund, each member has a separate account. As such, the Town makes quarterly payments into their account, based on rates developed by MMA's consulting actuary. Claims, if any, are paid out of the Town's own account. The Maine Department of Labor classifies MMA's UC Fund members as Direct Reimbursement Employers. In other words, the Fund reimburses the Maine DOL on the Town's behalf only when the Town has unemployment claims from present or former employees.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 17 - RISK MANAGEMENT (CONTINUED)

Occasionally, the Town may have layoffs or resignations or even a part-time employee losing a primary job, that lead to larger claims payments than anticipated. When claims exceed the balance of the Town's account, the UC Fund continues to pay the Town's claims with no regard for the negative balance. Repayment of a negative balance is spread out over a period of years to avoid a financial hardship to the Town.

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2019. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 18 - DEFERRED COMPENSATION PLAN

INTERNATIONAL CITY MANAGEMENT ASSOCIATION - RETIREMENT CORP.

A. Plan Description

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and maintained by International City Managers Association Retirement Corporation (ICMA). The plan, available to employees who are in certain employee groups, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency.

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

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

B. Funding Policy

Under the defined contribution plan, employees may elect to participate. The Town will match an eligible employee's contribution to the ICMA-RC Plan at 6% and will increase the contribution to 7.5% for 10 years of service, 8% for 15 years of service, 8.5% for 20 years of service and a maximum of 9% for 25 years of service of the employee's gross wages.

The Town's contributions to the plan for 2019 were \$111,855.

## TOWN OF GRAY, MAINE

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

#### NOTE 19 - JOINT VENTURES

The Town is a member of a joint venture with 45 other municipalities throughout Cumberland, Oxford and York counties. ecomaine is a solid waste management corporation that creates electricity through its processing of waste and also operates as an extensive recycling program. A joint committee, made up of the Town of Gray and 20 other member communities owns and controls the corporation. Interlocal (waste handling) agreements between ecomaine and participating communities obligate the members to deliver certain solid waste produced within the community to ecomaine for processing and to make service payments and pay tipping fees for such processing. The Town has no explicit, measurable equity interest and therefore has not reported an asset in the financial statements in connection with its participation in ecomaine. The Town of Gray has an owner membership of 3.97% in ecomaine as of June 30, 2019 (the most current period available).

ecomaine has issued bonds to fund the design, construction and start-up of a resource recovery system. The bonds are special revenue obligations of ecomaine, payable from and secured by a pledge of ecomaine revenues. The bonds do not constitute a debt or liability within the meaning of any constitutional or statutory provision of the State of Maine, or a pledge of the full faith and credit of a political subdivision of the State of Maine. ecomaine has no taxing power. The obligations of the participating municipalities under the Waste Handling Agreements are secured by the full faith and credit of the participating municipalities subject to certain limitations. On June 30, 2019 (the most current period available), ecomaine had no outstanding debt. Additionally, the Town's share of the projected landfill closure and post closure cost relating to ecomaine is estimated to be \$598,568.

#### NOTE 20 - COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Town's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

### Required Supplementary Information

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

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

## TOWN OF GRAY, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Budgetary Fund Balance, July 1	\$ 4,435,110	\$ 4,435,110	\$ 4,435,110	\$ -
Resources (Inflows):				
Property taxes	15,556,186	15,175,916	15,166,249	(9,668)
Excise taxes	1,722,000	1,722,000	1,868,148	146,148
Intergovernmental	903,359	921,397	988,136	66,739
Charges for services	655,186	655,186	622,315	(32,871)
Interest income	65,000	65,000	104,843	39,843
Other revenue	121,000	121,000	201,975	80,975
Transfers from other funds	3,000	3,000	-	(3,000)
Amounts Available for Appropriation	<u>23,460,841</u>	<u>23,098,609</u>	<u>23,386,775</u>	<u>288,166</u>
Charges to Appropriations (Outflows):				
Administration services	1,251,960	1,205,390	1,169,349	36,041
Council, boards and committees	54,045	54,045	48,827	5,218
Public safety	1,311,878	1,315,579	1,308,001	7,578
Library/parks & recreation	325,204	333,494	333,300	194
Public works	2,225,936	2,260,515	2,235,123	25,392
Municipal finances	887,454	887,454	808,248	79,206
County assessment	644,903	644,903	644,903	-
Education	9,937,133	9,937,133	9,937,133	-
Insurance claims	-	-	35,578	(35,578)
Other grants	-	-	39,737	(39,737)
Community services	27,800	27,800	27,800	-
Overlay	639,533	639,533	35,948	603,585
Transfers to other funds	1,719,885	1,719,885	1,719,885	-
Total Charges to Appropriations	<u>19,025,731</u>	<u>19,025,731</u>	<u>18,343,832</u>	<u>681,899</u>
Budgetary Fund Balance, June 30	<u>\$ 4,435,110</u>	<u>\$ 4,072,878</u>	<u>\$ 5,042,943</u>	<u>\$ 970,065</u>

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



### Other Supplementary Information

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

- Budgetary Comparison Schedule - Budgetary 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 Schedule of Activity - Recreation Fund
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects 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 GRAY, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND REVENUES  
 FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 15,556,186	\$ 15,175,916	\$ 15,166,249	\$ (9,668)
Auto excise	1,700,000	1,700,000	1,847,821	147,821
Boat excise	22,000	22,000	20,327	(1,673)
Subtotal	<u>17,278,186</u>	<u>16,897,916</u>	<u>17,034,396</u>	<u>136,480</u>
Intergovernmental revenues:				
Animal waste facility	1,350	1,350	905	(445)
BETE	-	49,795	35,129	(14,666)
General assistance	16,000	16,000	7,187	(8,813)
Homestead exemption	-	330,475	387,199	56,724
LRAP	137,448	137,448	140,408	2,960
Snowmobiles	3,000	3,000	2,734	(266)
State revenue sharing	719,061	356,829	373,276	16,447
Tree growth	21,000	21,000	21,772	772
Veterans' exemption	5,500	5,500	6,400	900
Miscellaneous	-	-	13,126	13,126
Subtotal	<u>903,359</u>	<u>921,397</u>	<u>988,136</u>	<u>66,739</u>
Charges for services:				
Blueberry Festival	6,355	6,355	7,214	859
Building fees	147,000	147,000	118,173	(28,827)
Clerk fees	37,250	37,250	36,502	(748)
Code enforcement	-	-	20,075	20,075
Community development miscellaneous	2,000	2,000	1,253	(747)
Dog control	6,000	6,000	5,717	(283)
Driveway opening	4,900	4,900	3,952	(948)
Electric fees	18,500	18,500	18,882	382
Gravel pits	2,000	2,000	1,600	(400)
Junkyard fees	50	50	50	-
Land use fines	-	-	200	200
Library fines	9,500	9,500	8,054	(1,446)
Planning board fees	17,500	17,500	25,835	8,335
Plumbing fees	30,000	30,000	25,868	(4,133)
Public communications	800	800	-	(800)
Public works misc	-	-	5,827	5,827
Recycling	123,081	123,081	131,253	8,172
Rescue fees	243,750	243,750	201,636	(42,114)
Septic	-	-	1,175	1,175
Shoreland application fees	2,000	2,000	4,350	2,350
Tree removal	2,500	2,500	3,450	950
Zoning board applications	2,000	2,000	1,250	(750)
Subtotal	<u>655,186</u>	<u>655,186</u>	<u>622,315</u>	<u>(32,871)</u>

SCHEDULE A (CONTINUED)

TOWN OF GRAY, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
BUDGET AND ACTUAL - GENERAL FUND REVENUES  
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Interest income:				
Interest income	15,000	15,000	45,853	30,853
Tax interest	50,000	50,000	58,990	8,990
Subtotal	<u>65,000</u>	<u>65,000</u>	<u>104,843</u>	<u>39,843</u>
Miscellaneous revenues:				
Cable franchise fees	90,000	90,000	103,384	13,384
Grants	-	-	72,889	72,889
Insurance claims	-	-	30,742	30,742
Payment rebates	6,000	6,000	4,127	(1,873)
Proceeds from sale of assets	-	-	808	808
Other miscellaneous	25,000	25,000	(9,975)	(34,975)
Subtotal	<u>121,000</u>	<u>121,000</u>	<u>201,975</u>	<u>80,975</u>
Transfers from other funds	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>(3,000)</u>
Amounts Available for Appropriation	<u>\$ 19,025,731</u>	<u>\$ 18,663,499</u>	<u>\$ 18,951,665</u>	<u>\$ 288,166</u>

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

## TOWN OF GRAY, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
ADMINISTRATION SERVICES:					
Administration	\$ 508,516	\$ -	\$ 508,516	\$ 508,301	\$ 215
Community development	268,247	(46,570)	221,677	219,620	2,057
Assessing	124,615	-	124,615	113,811	10,804
Code enforcement	161,409	-	161,409	155,937	5,472
General assistance	20,903	-	20,903	11,147	9,756
Public communications	156,274	-	156,274	150,725	5,549
Elections	11,996	-	11,996	9,808	2,188
Totals	1,251,960	(46,570)	1,205,390	1,169,349	36,041
COUNCIL, BOARDS AND COMMITTEES:					
Council	44,720	-	44,720	44,449	271
Zoning Board of Appeals	3,700	-	3,700	557	3,143
Planning Board	4,625	-	4,625	3,796	829
Economic development	1,000	-	1,000	25	975
Totals	54,045	-	54,045	48,827	5,218
PUBLIC SAFETY:					
County sheriff	135,387	-	135,387	137,003	(1,616)
County dispatch	4,573	-	4,573	56,014	(51,441)
Public safety services	998,734	3,701	1,002,435	945,959	56,476
Utilities	173,184	-	173,184	169,025	4,159
Totals	1,311,878	3,701	1,315,579	1,308,001	7,578

## TOWN OF GRAY, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
LIBRARY, PARKS AND RECREATION:					
Library	298,348	8,290	306,638	306,052	586
Parks and recreation administration	26,856	-	26,856	27,248	(392)
Totals	325,204	8,290	333,494	333,300	194
PUBLIC WORKS:					
Winter roads	471,053	-	471,053	456,178	14,875
Summer roads	388,858	-	388,858	431,034	(42,176)
Additional roadwork	97,235	34,579	131,814	136,380	(4,566)
Garage	278,453	-	278,453	271,636	6,817
Recycling	684,060	-	684,060	637,867	46,193
Buildings and grounds	306,277	-	306,277	302,028	4,249
Totals	2,225,936	34,579	2,260,515	2,235,123	25,392
MUNICIPAL FINANCES:					
General insurance	887,454	-	887,454	808,248	79,206
Totals	887,454	-	887,454	808,248	79,206
COUNTY ASSESSMENT	644,903	-	644,903	644,903	-
EDUCATION	9,937,133	-	9,937,133	9,937,133	-
INSURANCE CLAIMS	-	-	-	35,578	(35,578)
OTHER GRANTS	-	-	-	39,737	(39,737)

## TOWN OF GRAY, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
COMMUNITY SERVICES	27,800	-	27,800	27,800	-
OVERLAY	639,533	-	639,533	35,948	603,585
TRANSFERS TO OTHER FUNDS:					
Northbrook TIF	176,074	-	176,074	176,074	-
South Gray TIF	292,956	-	292,956	292,956	-
Village TIF	100,855	-	100,855	100,855	-
Capital reserves	1,150,000	-	1,150,000	1,150,000	-
Totals	1,719,885	-	1,719,885	1,719,885	-
TOTAL DEPARTMENTAL OPERATIONS	\$ 19,025,731	\$ -	\$ 19,025,731	\$ 18,343,832	\$ 681,899

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

## TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2019

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 125	\$ 3,746,227	\$ 36,718	\$ 3,783,070
Prepaid items	998	354	-	1,352
Due from other funds	1,939,710	597,352	113,920	2,650,982
<b>TOTAL ASSETS</b>	<u>\$ 1,940,833</u>	<u>\$ 4,343,933</u>	<u>\$ 150,638</u>	<u>\$ 6,435,404</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 601	\$ -	\$ -	\$ 601
Accrued payroll	1,905	-	-	1,905
Due to other funds	20,240	627,503	-	647,743
<b>TOTAL LIABILITIES</b>	<u>22,746</u>	<u>627,503</u>	<u>-</u>	<u>650,249</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue	110,337	-	-	110,337
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>110,337</u>	<u>-</u>	<u>-</u>	<u>110,337</u>
<b>FUND BALANCES</b>				
Nonspendable - prepaid items and principal	998	-	109,687	110,685
Restricted	1,576,304	3,518,466	40,951	5,135,721
Committed	24,175	393,789	-	417,964
Assigned	226,513	162,474	-	388,987
Unassigned	(20,240)	(358,299)	-	(378,539)
<b>TOTAL FUND BALANCES</b>	<u>1,807,750</u>	<u>3,716,430</u>	<u>150,638</u>	<u>5,674,818</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 1,940,833</u>	<u>\$ 4,343,933</u>	<u>\$ 150,638</u>	<u>\$ 6,435,404</u>

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

## TOWN OF GRAY, MAINE

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

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Investment income, net of unrealized gains/(losses)	\$ 3,136	\$ 16,330	\$ 244	\$ 19,710
Charges for services	425,900	-	-	425,900
Other income	84,975	-	-	84,975
TOTAL REVENUES	<u>514,011</u>	<u>16,330</u>	<u>244</u>	<u>530,585</u>
EXPENDITURES				
Debt service:				
Principal	-	832,079	-	832,079
Interest	-	272,748	-	272,748
Capital outlay	-	2,515,476	-	2,515,476
Other	743,145	-	-	743,145
TOTAL EXPENDITURES	<u>743,145</u>	<u>3,620,303</u>	<u>-</u>	<u>4,363,448</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(229,134)</u>	<u>(3,603,973)</u>	<u>244</u>	<u>(3,832,863)</u>
OTHER FINANCING SOURCES (USES)				
Bond/lease proceeds	-	4,662,000	-	4,662,000
Premiums on issuance	-	332,717	-	332,717
Bond issuance costs	-	(77,790)	-	(77,790)
Transfers in	607,363	1,650,000	-	2,257,363
Transfers (out)	(500,000)	(37,478)	-	(537,478)
TOTAL OTHER FINANCING SOURCES (USES)	<u>107,363</u>	<u>6,529,449</u>	<u>-</u>	<u>6,636,812</u>
NET CHANGE IN FUND BALANCES	(121,771)	2,925,476	244	2,803,949
FUND BALANCES - JULY 1	<u>1,929,521</u>	<u>790,954</u>	<u>150,394</u>	<u>2,870,869</u>
FUND BALANCES - JUNE 30	<u>\$ 1,807,750</u>	<u>\$ 3,716,430</u>	<u>\$ 150,638</u>	<u>\$ 5,674,818</u>

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



## Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than fiduciary trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

## SCHEDULE E

## TOWN OF GRAY, MAINE

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

	Northbrook TIF	South Gray TIF	Village TIF	Recreation Fund	Parks and Recreation Fundraiser	Dry Mills Schoolhouse	Rescue Kilby Fund
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 125	\$ -	\$ -	\$ -
Prepaid items	-	-	-	998	-	-	-
Due from other funds	361,045	759,855	100,855	216,966	4,931	9,154	9,039
TOTAL ASSETS	<u>\$ 361,045</u>	<u>\$ 759,855</u>	<u>\$ 100,855</u>	<u>\$ 218,089</u>	<u>\$ 4,931</u>	<u>\$ 9,154</u>	<u>\$ 9,039</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 601	\$ -	\$ -
Accrued payroll	-	-	-	1,905	-	-	-
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,905</u>	<u>601</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue	-	-	-	110,337	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,337</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable - prepaid items	-	-	-	998	-	-	-
Restricted	361,045	759,855	100,855	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	104,849	4,330	9,154	9,039
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>361,045</u>	<u>759,855</u>	<u>100,855</u>	<u>105,847</u>	<u>4,330</u>	<u>9,154</u>	<u>9,039</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ 361,045</u>	<u>\$ 759,855</u>	<u>\$ 100,855</u>	<u>\$ 218,089</u>	<u>\$ 4,931</u>	<u>\$ 9,154</u>	<u>\$ 9,039</u>

## SCHEDULE E (CONTINUED)

## TOWN OF GRAY, MAINE

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

	Penn Cable	Gray Employee Safety and Wellness	Subdivision Recreation Fund	Library Reserve	Landfill Closure	Water Quality
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid items	-	-	-	-	-	-
Due from other funds	525	4,518	82,308	3,727	125,460	6,151
TOTAL ASSETS	<u>\$ 525</u>	<u>\$ 4,518</u>	<u>\$ 82,308</u>	<u>\$ 3,727</u>	<u>\$ 125,460</u>	<u>\$ 6,151</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable - prepaid items	-	-	-	-	-	-
Restricted	525	-	82,308	-	125,460	-
Committed	-	-	-	-	-	-
Assigned	-	4,518	-	3,727	-	6,151
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>525</u>	<u>4,518</u>	<u>82,308</u>	<u>3,727</u>	<u>125,460</u>	<u>6,151</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ 525</u>	<u>\$ 4,518</u>	<u>\$ 82,308</u>	<u>\$ 3,727</u>	<u>\$ 125,460</u>	<u>\$ 6,151</u>

## SCHEDULE E (CONTINUED)

## TOWN OF GRAY, MAINE

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

	Pennell Town Clock	Stimson Hall	Library Appeal	Gray Fire and Rescue Mem. Fund	Marketing	Valt Phase I
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid items	-	-	-	-	-	-
Due from other funds	7,400	21,287	1,959	17,330	1,000	1,583
TOTAL ASSETS	<u>\$ 7,400</u>	<u>\$ 21,287</u>	<u>\$ 1,959</u>	<u>\$ 17,330</u>	<u>\$ 1,000</u>	<u>\$ 1,583</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable - prepaid items	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	21,287	-	-	-	1,583
Assigned	7,400	-	1,959	17,330	1,000	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>7,400</u>	<u>21,287</u>	<u>1,959</u>	<u>17,330</u>	<u>1,000</u>	<u>1,583</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ 7,400</u>	<u>\$ 21,287</u>	<u>\$ 1,959</u>	<u>\$ 17,330</u>	<u>\$ 1,000</u>	<u>\$ 1,583</u>

## SCHEDULE E (CONTINUED)

## TOWN OF GRAY, MAINE

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

	GEO Plan	Library Fund	Planning Board Escrow	S/Dugas Pit Reclamation	Maxwell Gravel Pit Reclamation
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid items	-	-	-	-	-
Due from other funds	392	11,515	123,908	8,507	5,065
TOTAL ASSETS	<u>\$ 392</u>	<u>\$ 11,515</u>	<u>\$ 123,908</u>	<u>\$ 8,507</u>	<u>\$ 5,065</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Nonspendable - prepaid items	-	-	-	-	-
Restricted	-	-	123,908	8,507	5,065
Committed	-	-	-	-	-
Assigned	392	11,515	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>392</u>	<u>11,515</u>	<u>123,908</u>	<u>8,507</u>	<u>5,065</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ 392</u>	<u>\$ 11,515</u>	<u>\$ 123,908</u>	<u>\$ 8,507</u>	<u>\$ 5,065</u>

## SCHEDULE E (CONTINUED)

## TOWN OF GRAY, MAINE

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

	Training Site	Hose Roller	Henry Pennell Municipal Complex	Ladder Truck Reserve	Libby Recreation Scholarship	Gray Matters
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid items	-	-	-	-	-	-
Due from other funds	1,129	1,305	8,025	-	328	2,035
TOTAL ASSETS	<u>\$ 1,129</u>	<u>\$ 1,305</u>	<u>\$ 8,025</u>	<u>\$ -</u>	<u>\$ 328</u>	<u>\$ 2,035</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable - prepaid items	-	-	-	-	-	-
Restricted	-	-	8,025	-	-	-
Committed	-	1,305	-	-	-	-
Assigned	1,129	-	-	-	328	2,035
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>1,129</u>	<u>1,305</u>	<u>8,025</u>	<u>-</u>	<u>328</u>	<u>2,035</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ 1,129</u>	<u>\$ 1,305</u>	<u>\$ 8,025</u>	<u>\$ -</u>	<u>\$ 328</u>	<u>\$ 2,035</u>

## SCHEDULE E (CONTINUED)

## TOWN OF GRAY, MAINE

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

	Gray Fire/Rescue Education	Shannon Ronan Mem Fund	Mazur Parks/Rec Mem Fund	Grants	Parks and Recreation Scholarship Fund	Recreation Facility	Total
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125
Prepaid items	-	-	-	-	-	-	998
Due from other funds	9,637	-	751	-	1,432	30,588	1,939,710
TOTAL ASSETS	<u>\$ 9,637</u>	<u>\$ -</u>	<u>\$ 751</u>	<u>\$ -</u>	<u>\$ 1,432</u>	<u>\$ 30,588</u>	<u>\$ 1,940,833</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 601
Accrued payroll	-	-	-	-	-	-	1,905
Due to other funds	-	-	-	20,240	-	-	20,240
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,240</u>	<u>-</u>	<u>-</u>	<u>22,746</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue	-	-	-	-	-	-	110,337
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,337</u>
FUND BALANCES (DEFICITS)							
Nonspendable - prepaid items	-	-	-	-	-	-	998
Restricted	-	-	751	-	-	-	1,576,304
Committed	-	-	-	-	-	-	24,175
Assigned	9,637	-	-	-	1,432	30,588	226,513
Unassigned	-	-	-	(20,240)	-	-	(20,240)
TOTAL FUND BALANCES (DEFICITS)	<u>9,637</u>	<u>-</u>	<u>751</u>	<u>(20,240)</u>	<u>1,432</u>	<u>30,588</u>	<u>1,807,750</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ 9,637</u>	<u>\$ -</u>	<u>\$ 751</u>	<u>\$ -</u>	<u>\$ 1,432</u>	<u>\$ 30,588</u>	<u>\$ 1,940,833</u>

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

## TOWN OF GRAY, MAINE

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

	Northbrook TIF	South Gray TIF	Village TIF	Recreation Fund	Parks and Recreation Fundraiser	Dry Mills Schoolhouse	Rescue Kilby Fund
REVENUES							
Interest income	\$ -	\$ 3,136	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	425,900	-	-	-
Other income	-	-	-	875	2,056	1,583	2,359
TOTAL REVENUES	-	3,136	-	426,775	2,056	1,583	2,359
EXPENDITURES							
Other	101,785	130,383	-	419,682	-	613	4,338
TOTAL EXPENDITURES	101,785	130,383	-	419,682	-	613	4,338
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(101,785)	(127,247)	-	7,093	2,056	970	(1,979)
OTHER FINANCING SOURCES (USES)							
Transfers in	176,074	292,956	100,855	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	176,074	292,956	100,855	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	74,289	165,709	100,855	7,093	2,056	970	(1,979)
FUND BALANCES (DEFICITS) - JULY 1	286,756	594,146	-	98,754	2,274	8,184	11,018
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 361,045</u>	<u>\$ 759,855</u>	<u>\$ 100,855</u>	<u>\$ 105,847</u>	<u>\$ 4,330</u>	<u>\$ 9,154</u>	<u>\$ 9,039</u>



## SCHEDULE F (CONTINUED)

## TOWN OF GRAY, MAINE

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

	Penn Cable	Gray Employee Safety and Wellness	Subdivision Recreation Fund	Library Reserve	Landfill Closure	Water Quality
REVENUES						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Other income	-	-	20,000	132	-	-
TOTAL REVENUES	-	-	20,000	132	-	-
EXPENDITURES						
Other	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	20,000	132	-	-
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	20,000	132	-	-
FUND BALANCES (DEFICITS) - JULY 1	525	4,518	62,308	3,595	125,460	6,151
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 525</u>	<u>\$ 4,518</u>	<u>\$ 82,308</u>	<u>\$ 3,727</u>	<u>\$ 125,460</u>	<u>\$ 6,151</u>

## SCHEDULE F (CONTINUED)

## TOWN OF GRAY, MAINE

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

	Pennell Town Clock	Stimson Hall	Library Appeal	Gray Fire and Rescue Mem. Fund	Marketing	Valt Phase I
REVENUES						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Other income	-	-	-	1,500	-	-
TOTAL REVENUES	-	-	-	1,500	-	-
EXPENDITURES						
Other	2,150	-	-	-	-	411
TOTAL EXPENDITURES	2,150	-	-	-	-	411
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,150)	-	-	1,500	-	(411)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(2,150)	-	-	1,500	-	(411)
FUND BALANCES (DEFICITS) - JULY 1	9,550	21,287	1,959	15,830	1,000	1,994
FUND BALANCES (DEFICITS) - JUNE 30	\$ 7,400	\$ 21,287	\$ 1,959	\$ 17,330	\$ 1,000	\$ 1,583

## TOWN OF GRAY, MAINE

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

	<u>GEO Plan</u>	<u>Library Fund</u>	<u>Planning Board Escrow</u>	<u>S/Dugas Pit Reclamation</u>	<u>Maxwell Gravel Pit Reclamation</u>
REVENUES					
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-
Other income	-	-	54,825	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>54,825</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Other	-	-	75,795	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>75,795</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(20,970)</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	(20,970)	-	-
FUND BALANCES (DEFICITS) - JULY 1	<u>392</u>	<u>11,515</u>	<u>144,878</u>	<u>8,507</u>	<u>5,065</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 392</u>	<u>\$ 11,515</u>	<u>\$ 123,908</u>	<u>\$ 8,507</u>	<u>\$ 5,065</u>

## SCHEDULE F (CONTINUED)

## TOWN OF GRAY, MAINE

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

	Training Site	Hose Roller	Henry Pennell Municipal Complex	Ladder Truck Reserve	Libby Recreation Scholarship	Gray Matters
REVENUES						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Other income	1,091	-	250	-	-	-
TOTAL REVENUES	<u>1,091</u>	<u>-</u>	<u>250</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Other	-	-	1,063	-	-	35
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>1,063</u>	<u>-</u>	<u>-</u>	<u>35</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,091</u>	<u>-</u>	<u>(813)</u>	<u>-</u>	<u>-</u>	<u>(35)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	(500,000)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(500,000)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	1,091	-	(813)	(500,000)	-	(35)
FUND BALANCES (DEFICITS) - JULY 1	<u>38</u>	<u>1,305</u>	<u>8,838</u>	<u>500,000</u>	<u>328</u>	<u>2,070</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 1,129</u>	<u>\$ 1,305</u>	<u>\$ 8,025</u>	<u>\$ -</u>	<u>\$ 328</u>	<u>\$ 2,035</u>

## SCHEDULE F (CONTINUED)

## TOWN OF GRAY, MAINE

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

	Gray Fire/Rescue Education	Shannon Ronan Mem Fund	Mazur Parks/Rec Mem Fund	Grants	Parks and Recreation Scholarship Fund	Recreation Facility	Total
REVENUES							
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,136
Charges for services	-	-	-	-	-	-	425,900
Other income	-	-	-	-	304	-	84,975
TOTAL REVENUES	-	-	-	-	304	-	514,011
EXPENDITURES							
Other	-	-	-	-	-	6,890	743,145
TOTAL EXPENDITURES	-	-	-	-	-	6,890	743,145
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	304	(6,890)	(229,134)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	37,478	607,363
Transfers (out)	-	-	-	-	-	-	(500,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	37,478	107,363
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	-	-	304	30,588	(121,771)
FUND BALANCES (DEFICITS) - JULY 1	9,637	-	751	(20,240)	1,128	-	1,929,521
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 9,637</u>	<u>\$ -</u>	<u>\$ 751</u>	<u>\$ (20,240)</u>	<u>\$ 1,432</u>	<u>\$ 30,588</u>	<u>\$ 1,807,750</u>

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

## TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF ACTIVITY - RECREATION FUND  
FOR THE YEAR ENDED JUNE 30, 2019

	Balance, 7/1/2018	Revenue	Expenditures	Balance, 6/30/2019
<b>ADMINISTRATION:</b>				
FICA/Medicare	\$ -	\$ -	\$ 9,774	\$ (9,774)
Full-time personnel	-	-	136,794	(136,794)
Overtime	-	-	674	(674)
Retirement	-	-	6,584	(6,584)
Wilkes Beach attendant	-	-	7,094	(7,094)
Total Administration	-	-	160,920	(160,920)
<b>PROGRAMS:</b>				
<b>Operations</b>				
Administrative/merchant fees	-	14,290	8,043	6,247
Cell phone	-	-	676	(676)
Grants	-	875	-	875
Totals	-	15,165	8,720	6,446
<b>Supplies and equipment</b>				
Equipment	-	-	10,329	(10,329)
Totals	-	-	10,329	(10,329)
<b>Adult fitness</b>				
Basketball	-	469	7,984	(7,515)
Basketball 4X4	-	8,129	207	7,922
Pickleball	-	136	26	110
Bodyshred	-	2,373	1,677	696
Country heat	-	-	52	(52)
Day trips	-	239	-	239
Total body conditioning	-	(9)	-	(9)
Volleyball	-	1,365	-	1,365
Zumba	-	1,905	1,021	884
Totals	-	14,608	10,968	3,640
<b>Youth fitness</b>				
Fall soccer	-	7,523	6,897	626
Gymnastics	-	8,403	2,743	5,659
Junior basketball	-	4,336	1,613	2,723
Junior soccer	-	3,307	2,087	1,220
Foot skills	-	-	977	(977)
Lacrosse	-	-	124	(124)
Track and field	-	1,314	299	1,015
Travel field hockey	-	412	-	412
Zumba for kids	-	79	22	57
Youth Volleyball	-	(234)	-	(234)
Happy hands	-	123	-	123
Totals	-	25,261	14,762	10,500
<b>Youth classes</b>				
American Red Cross babysit	-	868	296	572
Broadway for beginners	-	9,846	6,004	3,842
Music movement	-	-	319	(319)
Ukulele lessons	-	2,596	1,734	863
Little songbirds	-	574	-	574
Home alone safety	-	42	-	42
Totals	-	13,926	8,353	5,573

SCHEDULE G (CONTINUED)

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF ACTIVITY - RECREATION FUND  
FOR THE YEAR ENDED JUNE 30, 2019

	Balance, 7/1/2018	Revenue	Expenditures	Balance, 6/30/2019
<b>PROGRAMS (CONTINUED):</b>				
<b>Childcare services</b>				
Day camp	-	112,287	82,713	29,574
Day camp before/after care	-	3,405	-	3,405
Day camp trips	-	17,278	11,567	5,711
In service days	-	2,896	247	2,649
Kid's Club	-	159,138	67,287	91,850
Leaders in training	-	19,796	16,463	3,334
Snack shack	-	4,884	3,266	1,618
Vacation camp	-	19,699	9,258	10,441
Totals	-	339,382	190,800	148,582
<b>Camps/clinics</b>				
Family pick-up basketball and open gym	-	614	904	(290)
Field hockey	-	-	225	(225)
Mad science	-	9,611	8,420	1,191
Lacrosse	-	532	-	532
Theater	-	970	1,166	(196)
Soccer	-	630	1,267	(637)
Parents night out	-	2,274	-	2,274
Family yoga	-	-	120	(120)
Volleyball	-	(194)	123	(317)
Totals	-	14,437	12,226	2,211
<b>Rentals</b>				
Newbegin and grounds	-	3,944	100	3,844
Totals	-	3,944	100	3,844
<b>Special events</b>				
Special events	-	52	1,803	(1,751)
Halloween	-	-	527	(527)
Easter egg	-	-	175	(175)
Totals	-	52	2,505	(2,453)
 Total programs	-	426,775	258,762	168,013
Subtotal - Recreation Department Activity	-	426,775	419,682	7,093
Beginning Fund Balance	98,754	-	-	98,754
Total Recreation Department Activity	\$ 98,754	\$ 426,775	\$ 419,682	\$ 105,847

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

### Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds. The projects also include significant purchases of vehicles and equipment, as well as the servicing of leases and bonds associated with those purchases. Projects are generally segregated by the related Town department managing the project.



## TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2019

	Lease Purchases	Fire and Public Safety	PW and Town Vehicles and Equipment	Sidewalks	Bridges/Road Bond
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	61,460	390,716	3,073	-	-
Prepaid items	-	-	-	-	-
TOTAL ASSETS	<u>\$ 61,460</u>	<u>\$ 390,716</u>	<u>\$ 3,073</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ 9,652	\$ 11,460
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,652</u>	<u>11,460</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	61,460	-	-	-	-
Committed	-	390,716	3,073	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	(9,652)	(11,460)
TOTAL FUND BALANCES (DEFICITS)	<u>61,460</u>	<u>390,716</u>	<u>3,073</u>	<u>(9,652)</u>	<u>(11,460)</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 61,460</u>	<u>\$ 390,716</u>	<u>\$ 3,073</u>	<u>\$ -</u>	<u>\$ -</u>

## SCHEDULE H (CONTINUED)

## TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2019

	Debt Service	Misc.	Public Buildings	Technology	Road Resurfacing
ASSETS					
Cash and cash equivalents	\$ 94,360	\$ 8,088	\$ -	\$ 8,088	\$ 24,264
Due from other funds	-	10,641	131,462	-	-
Prepaid items	-	354	-	-	-
TOTAL ASSETS	<u>\$ 94,360</u>	<u>\$ 19,083</u>	<u>\$ 131,462</u>	<u>\$ 8,088</u>	<u>\$ 24,264</u>
LIABILITIES					
Due to other funds	\$ 82,431	\$ -	\$ -	\$ 61,864	\$ 307,675
TOTAL LIABILITIES	<u>82,431</u>	<u>-</u>	<u>-</u>	<u>61,864</u>	<u>307,675</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	11,929	19,083	131,462	-	-
Unassigned	-	-	-	(53,776)	(283,411)
TOTAL FUND BALANCES (DEFICITS)	<u>11,929</u>	<u>19,083</u>	<u>131,462</u>	<u>(53,776)</u>	<u>(283,411)</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 94,360</u>	<u>\$ 19,083</u>	<u>\$ 131,462</u>	<u>\$ 8,088</u>	<u>\$ 24,264</u>

## SCHEDULE H (CONTINUED)

## TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2019

	Bond CP Fire and Public Safety	Bond CP PW, Vehicles and Equipment	Bond CP Public Buildings	Bond CP Misc Interest	Total
ASSETS					
Cash and cash equivalents	\$ 1,183,655	\$ 1,979,986	\$ 261,391	\$ 186,395	\$ 3,746,227
Due from other funds	-	-	-	-	597,352
Prepaid items	-	-	-	-	354
TOTAL ASSETS	<u>\$ 1,183,655</u>	<u>\$ 1,979,986</u>	<u>\$ 261,391</u>	<u>\$ 186,395</u>	<u>\$ 4,343,933</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ 154,421	\$ 627,503
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>154,421</u>	<u>627,503</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	1,183,655	1,979,986	261,391	31,974	3,518,466
Committed	-	-	-	-	393,789
Assigned	-	-	-	-	162,474
Unassigned	-	-	-	-	(358,299)
TOTAL FUND BALANCES (DEFICITS)	<u>1,183,655</u>	<u>1,979,986</u>	<u>261,391</u>	<u>31,974</u>	<u>3,716,430</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 1,183,655</u>	<u>\$ 1,979,986</u>	<u>\$ 261,391</u>	<u>\$ 186,395</u>	<u>\$ 4,343,933</u>

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

## TOWN OF GRAY, MAINE

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

	Lease Purchases	Fire and Public Safety	PW and Town Vehicles and Equipment	Sidewalks	Bridges/Road Bond
REVENUES					
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-	-	-
EXPENDITURES					
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	-	16,537	-	-	-
TOTAL EXPENDITURES	-	16,537	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(16,537)	-	-	-
OTHER FINANCING SOURCES (USES)					
Bond/lease proceeds	-	-	-	-	-
Premiums on issuance	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(16,537)	-	-	-
FUND BALANCES (DEFICITS) - JULY 1	61,460	407,253	3,073	(9,652)	(11,460)
FUND BALANCES (DEFICITS) - JUNE 30	\$ 61,460	\$ 390,716	\$ 3,073	\$ (9,652)	\$ (11,460)

## SCHEDULE I (CONTINUED)

## TOWN OF GRAY, MAINE

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

	<u>Debt Service</u>	<u>Misc.</u>	<u>Public Buildings</u>	<u>Technology</u>	<u>Road Resurfacing</u>
REVENUES					
Investment income, net of unrealized gains/(losses)	\$ 11,431	\$ 980	\$ -	\$ 980	\$ 2,939
TOTAL REVENUES	<u>11,431</u>	<u>980</u>	<u>-</u>	<u>980</u>	<u>2,939</u>
EXPENDITURES					
Debt service:					
Principal	832,079	-	-	-	-
Interest	272,748	-	-	-	-
Capital outlay	-	55,503	8,779	75,369	358,553
TOTAL EXPENDITURES	<u>1,104,827</u>	<u>55,503</u>	<u>8,779</u>	<u>75,369</u>	<u>358,553</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,093,396)</u>	<u>(54,523)</u>	<u>(8,779)</u>	<u>(74,389)</u>	<u>(355,614)</u>
OTHER FINANCING SOURCES (USES)					
Bond/lease proceeds	-	-	-	-	-
Premiums on issuance	-	-	-	-	-
Bond issuance costs	(40,814)	-	-	-	-
Transfers in	1,150,000	-	-	-	-
Transfers (out)	-	-	(37,478)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,109,186</u>	<u>-</u>	<u>(37,478)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	15,790	(54,523)	(46,257)	(74,389)	(355,614)
FUND BALANCES (DEFICITS) - JULY 1	<u>(3,861)</u>	<u>73,606</u>	<u>177,719</u>	<u>20,613</u>	<u>72,203</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 11,929</u>	<u>\$ 19,083</u>	<u>\$ 131,462</u>	<u>\$ (53,776)</u>	<u>\$ (283,411)</u>

## SCHEDULE I (CONTINUED)

## TOWN OF GRAY, MAINE

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

	Bond CP Fire and Public Safety	Bond CP PW, Vehicles and Equipment	Bond CP Public Buildings	Bond CP Misc Interest	Total
REVENUES					
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ -	\$ -	\$ 16,330
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,330</u>
EXPENDITURES					
Debt service:					
Principal	-	-	-	-	832,079
Interest	-	-	-	-	272,748
Capital outlay	<u>1,674,604</u>	<u>136,022</u>	<u>190,109</u>	<u>-</u>	<u>2,515,476</u>
TOTAL EXPENDITURES	<u>1,674,604</u>	<u>136,022</u>	<u>190,109</u>	<u>-</u>	<u>3,620,303</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,674,604)</u>	<u>(136,022)</u>	<u>(190,109)</u>	<u>-</u>	<u>(3,603,973)</u>
OTHER FINANCING SOURCES (USES)					
Bond/lease proceeds	2,247,000	2,116,000	299,000	-	4,662,000
Premiums on issuance	111,259	8	152,500	68,950	332,717
Bond issuance costs	-	-	-	(36,976)	(77,790)
Transfers in	500,000	-	-	-	1,650,000
Transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,478)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,858,259</u>	<u>2,116,008</u>	<u>451,500</u>	<u>31,974</u>	<u>6,529,449</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	1,183,655	1,979,986	261,391	31,974	2,925,476
FUND BALANCES (DEFICITS) - JULY 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>790,954</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 1,183,655</u>	<u>\$ 1,979,986</u>	<u>\$ 261,391</u>	<u>\$ 31,974</u>	<u>\$ 3,716,430</u>

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

### Permanent Funds

Permanent funds are used to account for assets held by the Town of Gray, 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 scholarships and the provision and/or maintenance of cemeteries.

## TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
JUNE 30, 2019

	<u>Cemetery</u>	<u>George Doughty</u>	<u>Helen Frank Cemetery</u>	<u>Monument and Christian Temple</u>	<u>Pennell</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	22,798	10,000	33,580	3,063	34,614
<b>TOTAL ASSETS</b>	<u><u>\$ 22,798</u></u>	<u><u>\$ 10,000</u></u>	<u><u>\$ 33,580</u></u>	<u><u>\$ 3,063</u></u>	<u><u>\$ 34,614</u></u>
<b>LIABILITIES</b>					
Due to others funds	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable - principal	22,798	10,000	33,580	-	-
Restricted	-	-	-	3,063	34,614
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>22,798</u>	<u>10,000</u>	<u>33,580</u>	<u>3,063</u>	<u>34,614</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 22,798</u></u>	<u><u>\$ 10,000</u></u>	<u><u>\$ 33,580</u></u>	<u><u>\$ 3,063</u></u>	<u><u>\$ 34,614</u></u>



## TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
JUNE 30, 2019

	Charles W. Barker Scholarship	Grange Scholarship	Common School	Stimson Cemetery	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 22,261	\$ 14,457	\$ -	\$ -	\$ 36,718
Due from other funds	-	-	2,865	7,000	113,920
<b>TOTAL ASSETS</b>	<u>\$ 22,261</u>	<u>\$ 14,457</u>	<u>\$ 2,865</u>	<u>\$ 7,000</u>	<u>\$ 150,638</u>
<b>LIABILITIES</b>					
Due to others funds	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable - principal	22,013	14,296	-	7,000	109,687
Restricted	248	161	2,865	-	40,951
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>22,261</u>	<u>14,457</u>	<u>2,865</u>	<u>7,000</u>	<u>150,638</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 22,261</u>	<u>\$ 14,457</u>	<u>\$ 2,865</u>	<u>\$ 7,000</u>	<u>\$ 150,638</u>

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

## TOWN OF GRAY, MAINE

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

	<u>Cemetery</u>	<u>George Doughty</u>	<u>Helen Frank Cemetery</u>	<u>Monument and Christian Temple</u>	<u>Pennell</u>
REVENUES					
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Other	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	-	-	-
FUND BALANCES - JULY 1	<u>22,798</u>	<u>10,000</u>	<u>33,580</u>	<u>3,063</u>	<u>34,614</u>
FUND BALANCES - JUNE 30	<u>\$ 22,798</u>	<u>\$ 10,000</u>	<u>\$ 33,580</u>	<u>\$ 3,063</u>	<u>\$ 34,614</u>

## TOWN OF GRAY, MAINE

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

	Charles W. Barker Scholarship	Grange Scholarship	Common School	Stimson Cemetery	Total
REVENUES					
Interest income	\$ 148	\$ 96	\$ -	\$ -	\$ 244
TOTAL REVENUES	<u>148</u>	<u>96</u>	<u>-</u>	<u>-</u>	<u>244</u>
EXPENDITURES					
Other	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	148	96	-	-	244
FUND BALANCES - JULY 1	<u>22,113</u>	<u>14,361</u>	<u>2,865</u>	<u>7,000</u>	<u>150,394</u>
FUND BALANCES - JUNE 30	<u>\$ 22,261</u>	<u>\$ 14,457</u>	<u>\$ 2,865</u>	<u>\$ 7,000</u>	<u>\$ 150,638</u>

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

### General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position.

## TOWN OF GRAY, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION  
JUNE 30, 2019

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
General Government	\$ 14,280	\$ 994,269	\$ 724,428	\$ 147,326	\$ 1,880,303
Pennell	-	1,569,524	-	-	1,569,524
Library	34,563	1,823,133	418,923	-	2,276,619
Parks and Recreation	3,850	349,972	73,332	53,500	480,654
Public Safety	30,885	1,240,419	5,500,181	9,100	6,780,585
Public Works	11,225	4,584,643	4,002,897	13,597,289	22,196,054
Buildings and Grounds	30,000	147,659	25,800	393,646	597,105
Solid Waste	-	205,254	335,748	48,572	589,574
Total General Capital Assets	124,803	10,914,873	11,081,309	14,249,433	36,370,418
Less: Accumulated Depreciation	-	(3,923,651)	(8,058,816)	(9,001,077)	(20,983,544)
Net General Capital Assets	\$ 124,803	\$ 6,991,222	\$ 3,022,493	\$ 5,248,356	\$ 15,386,874

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

## TOWN OF GRAY, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION  
FOR THE YEAR ENDED JUNE 30, 2019

	General Capital Assets 7/1/18	Additions	Deletions	General Capital Assets 6/30/19
General Government	\$ 1,766,818	\$ 113,485	\$ -	\$ 1,880,303
Pennell	1,569,524	-	-	1,569,524
Library	2,276,619	-	-	2,276,619
Parks and Recreation	480,654	-	-	480,654
Public Safety	6,384,007	396,578	-	6,780,585
Public Works	21,582,978	664,276	(51,200)	22,196,054
Buildings and Grounds	605,805	-	(8,700)	597,105
Solid Waste	589,574	-	-	589,574
Total General Capital Assets	35,255,979	1,174,339	(59,900)	36,370,418
Less: Accumulated Depreciation	(19,562,729)	(1,480,715)	59,900	(20,983,544)
Net General Capital Assets	<u>\$ 15,693,250</u>	<u>\$ (306,376)</u>	<u>\$ -</u>	<u>\$ 15,386,874</u>

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



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

Town Council  
Town of Gray  
Gray, 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, each major fund and the aggregate remaining fund information of the Town of Gray, Maine as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Town of Gray, Maine's basic financial statements, and have issued our report thereon dated February 20, 2020.

Internal Control Over Financial Reporting

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

#### Purpose of this Report

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

A handwritten signature in black ink that reads "RHR Smith & Company". The signature is written in a cursive, flowing style.

Buxton, Maine  
February 20, 2020