

Audited Financial Statements
and Other Financial Information

Town of Gray, Maine

June 30, 2021



Proven Expertise & Integrity

TOWN OF GRAY, MAINE

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JUNE 30, 2021

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 12 and 49 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 March 17, 2022, 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
March 17, 2022

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

(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, 2021. 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 increased by \$978,705 from \$19,057,774 to \$20,036,479.

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 \$7,153,856 at the end of this year.

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

	<u>2021</u>	<u>2020</u>
Assets:		
Current Assets	\$ 11,000,507	\$ 11,291,341
Noncurrent Assets - Capital Assets	16,975,387	16,660,207
Total Assets	<u>27,975,894</u>	<u>27,951,548</u>
Deferred Outflows of Resources:		
Deferred Amortization	42,307	42,307
Total Deferred Outflows of Resources	<u>42,307</u>	<u>42,307</u>
Liabilities:		
Current Liabilities	1,239,765	1,271,409
Noncurrent Liabilities	6,549,141	7,537,890
Total Liabilities	<u>7,788,906</u>	<u>8,809,299</u>
Deferred Inflows of Resources:		
Prepaid Taxes	127,148	80,091
Deferred Revenue	65,668	46,691
Total Deferred Inflows of Resources	<u>192,816</u>	<u>126,782</u>
Net Position:		
Net Investment in Capital Assets	9,755,387	8,475,207
Restricted: Special Revenue Funds	454,458	350,611
Capital Projects Funds	2,521,485	2,501,792
Permanent Funds	151,293	151,124
Unrestricted	7,153,856	7,579,040
Total Net Position	<u>\$ 20,036,479</u>	<u>\$ 19,057,774</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 6.65%, while total expenses increased 12.25%. The largest increases in revenues were general revenues - grants and contributions not restricted to specific programs and general revenues - miscellaneous. The largest decreases in expenses were in administration services and public works.

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

	<u>2021</u>	<u>2020</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 1,250,660	\$ 1,083,136
Operating grants and contributions	138,980	148,213
<i>General Revenues:</i>		
Taxes	18,630,133	18,618,620
Grants and contributions not restricted to specific programs	1,335,516	588,180
Interest income	119,909	161,858
Miscellaneous	839,648	322,775
Total Revenues	<u>22,314,846</u>	<u>20,922,782</u>
Expenses		
Administration services	1,471,798	1,716,192
Council, boards and committees	45,544	51,708
Public safety	1,275,715	244,251
Library, parks and recreation	368,310	258,165
Public works	1,765,914	3,466,886
Municipal finances	976,920	953,893
County assessment	756,334	705,647
Education	10,412,484	10,442,222
Law enforcement	251,172	-
Insurance claims	299,718	9,359
Other grants	56,601	-
Community services	31,131	29,530
Program expenses	972,050	773,396
Overlay	19,304	38,254
Capital outlay	2,355,183	-
Interest on long-term debt	277,963	317,865
Total Expenses	<u>21,336,141</u>	<u>19,007,368</u>
Change in Net Position	978,705	1,915,414
Net Position - July 1	<u>19,057,774</u>	<u>17,142,360</u>
Net Position - June 30	<u><u>\$ 20,036,479</u></u>	<u><u>\$ 19,057,774</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>2021</u>	<u>2020</u>	<u>Increase/ (Decrease)</u>
General Fund:			
Nonspendable	\$ 123,032	\$ 49,699	\$ 73,333
Committed	500,000	681,000	(181,000)
Unassigned	5,407,686	4,386,841	1,020,845
Total General Fund	<u>\$ 6,030,718</u>	<u>\$ 5,117,540</u>	<u>\$ 913,178</u>
Nonmajor Funds:			
Special Revenue Funds:			
Nonspendable	\$ 16,339	\$ 6,427	\$ 9,912
Restricted	454,458	350,611	103,847
Committed	32,042	32,042	-
Assigned	2,225,008	1,752,760	472,248
Unassigned	(33,045)	(21,782)	(11,263)
Capital Projects Funds:			
Nonspendable	354	2,070	(1,716)
Restricted	2,521,485	2,501,792	19,693
Committed	122,655	481,179	(358,524)
Assigned	276,062	421,206	(145,144)
Unassigned	(1,637,295)	(366,139)	(1,271,156)
Permanent Funds:			
Nonspendable - principal	109,687	109,687	-
Restricted	41,606	41,437	169
Total Nonmajor Funds	<u>\$ 4,129,356</u>	<u>\$ 5,311,290</u>	<u>\$ (1,181,934)</u>

The changes to total fund balances for the general fund, nonmajor special revenue funds and nonmajor permanent funds occurred due to the regular activity of

operations. The change in the nonmajor capital projects funds was due to capital outlay expenditures.

Budgetary Highlights

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

The general fund actual revenues were in excess of budgeted amounts by \$811,596. All revenue categories were received within or in excess of budgeted amounts.

The general fund actual expenditures were under budget in total by \$782,582. All expenditures were within or under budget with the exception of insurance claims.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2021, the net book value of capital assets recorded by the Town increased by \$315,180 from the prior year. This increase is the result of capital additions of \$2,232,339, less net disposals of \$312,992 and current year depreciation expense of \$1,604,167.

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

	<u>2021</u>	<u>2020</u>
Land and Non-Depreciable Assets	\$ 715,117	\$ 124,803
Buildings and Improvements	6,588,463	6,780,913
Furniture and Equipment	1,043,529	1,139,191
Vehicles	3,957,395	3,729,545
Infrastructure	4,670,883	4,885,755
Total	<u>\$ 16,975,387</u>	<u>\$ 16,660,207</u>

Debt

At June 30, 2021, the Town had \$7,220,000 in bonds outstanding versus \$8,185,000 in the prior year. Refer to Note 6 of Notes to Financial Statements for detailed information.

Currently Known Facts, Decisions or Conditions

COVID-19

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

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

The Town has also noted a subsequent event as a currently known fact. Refer to Note 24 of Notes to Financial Statements for more detailed information.

Economic Factors and Next Year's Budgets and Rates

To further promote and ensure the financial well-being and fiscal stability of the Town, the 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 $\frac{1}{6}$) and up to three twelfths (or $\frac{1}{4}$) 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 $\frac{1}{6}$) 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 2020.

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, 2021

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 9,722,840
Accounts receivable (net of allowance for uncollectibles)	
Taxes	356,177
Liens	197,071
Other	584,694
Prepaid items	90,268
Inventory	49,457
Total current assets	<u>11,000,507</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	715,117
Buildings and equipment, net of accumulated depreciation	<u>16,260,270</u>
Total noncurrent assets	<u>16,975,387</u>
TOTAL ASSETS	<u>27,975,894</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amortization on bond refunding	42,307
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>42,307</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 28,018,201</u></u>

STATEMENT A (CONTINUED)

TOWN OF GRAY, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>Governmental Activities</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 138,556
Accrued expenses	34,665
Accrued payroll	79,523
Current portion of long-term obligations	987,021
Total current liabilities	<u>1,239,765</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	6,292,307
Accrued compensated absences	256,834
Total noncurrent liabilities	<u>6,549,141</u>
TOTAL LIABILITIES	<u>7,788,906</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	127,148
Deferred revenue	65,668
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>192,816</u>
NET POSITION	
Net investment in capital assets	9,755,387
Restricted: Special revenue funds	454,458
Capital projects funds	2,521,485
Permanent funds	151,293
Unrestricted	7,153,856
TOTAL NET POSITION	<u>20,036,479</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 28,018,201</u>

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

TOWN OF GRAY, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues			Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
Administration services	\$ 1,471,798	\$ 287,258	\$ 4,088	\$ -	\$ (1,180,452)
Council, boards and committees	45,544	35,074	-	-	(10,470)
Public safety	1,275,715	277,844	-	-	(997,871)
Library, parks and recreation	368,310	4,134	-	-	(364,176)
Public works	1,765,914	156,536	134,892	-	(1,474,486)
Municipal finances	976,920	-	-	-	(976,920)
County assessment	756,334	-	-	-	(756,334)
Education	10,412,484	-	-	-	(10,412,484)
Insurance claims	299,718	-	-	-	(299,718)
Law enforcement	251,172	-	-	-	(251,172)
Other grants	56,601	-	-	-	(56,601)
Community services	31,131	-	-	-	(31,131)
Program expenses	972,050	489,814	-	-	(482,236)
Overlay	19,304	-	-	-	(19,304)
Capital outlay	2,355,183	-	-	-	(2,355,183)
Interest on long-term debt	277,963	-	-	-	(277,963)
Total government	<u>\$ 21,336,141</u>	<u>\$ 1,250,660</u>	<u>\$ 138,980</u>	<u>\$ -</u>	<u>(19,946,501)</u>

STATEMENT B (CONTINUED)
TOWN OF GRAY, MAINE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(19,946,501)</u>
General revenues:	
Taxes:	
Property taxes, levied for general purposes	16,493,825
Excise taxes	2,136,308
Grants and contributions not restricted to specific programs	1,335,516
Interest income	119,909
Miscellaneous	839,648
Total general revenues	<u>20,925,206</u>
Change in net position	978,705
NET POSITION - JULY 1	<u>19,057,774</u>
NET POSITION - JUNE 30	<u><u>\$ 20,036,479</u></u>

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

STATEMENT C

TOWN OF GRAY, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 5,466,856	\$ 4,255,984	\$ 9,722,840
Accounts receivable (net of allowance for uncollectibles):			
Taxes	356,177	-	356,177
Liens	197,071	-	197,071
Other	584,452	242	584,694
Prepaid items	73,575	16,693	90,268
Inventory	49,457	-	49,457
Due from other funds	3,265,149	3,190,874	6,456,023
TOTAL ASSETS	<u>\$ 9,992,737</u>	<u>\$ 7,463,793</u>	<u>\$ 17,456,530</u>
LIABILITIES			
Accounts payable	\$ 134,369	\$ 4,187	\$ 138,556
Accrued expenses	34,665	-	34,665
Accrued payroll	74,629	4,894	79,523
Due to other funds	3,190,874	3,265,149	6,456,023
TOTAL LIABILITIES	<u>3,434,537</u>	<u>3,274,230</u>	<u>6,708,767</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	127,148	-	127,148
Deferred revenue	5,461	60,207	65,668
Deferred property tax	394,873	-	394,873
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>527,482</u>	<u>60,207</u>	<u>587,689</u>
FUND BALANCES			
Nonspendable	123,032	126,380	249,412
Restricted	-	3,017,549	3,017,549
Committed	500,000	154,697	654,697
Assigned	-	2,501,070	2,501,070
Unassigned	5,407,686	(1,670,340)	3,737,346
TOTAL FUND BALANCES	<u>6,030,718</u>	<u>4,129,356</u>	<u>10,160,074</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 9,992,737</u>	<u>\$ 7,463,793</u>	<u>\$ 17,456,530</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, 2021

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 10,160,074
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	16,975,387
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	394,873
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(7,220,000)
Accrued compensated absences	<u>(273,855)</u>
Net position of governmental activities	<u><u>\$ 20,036,479</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, 2021

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes:			
Property	\$ 16,546,536	\$ -	\$ 16,546,536
Excise	2,136,308	-	2,136,308
Intergovernmental	1,474,496	-	1,474,496
Interest income	98,069	21,840	119,909
Charges for services	760,846	489,814	1,250,660
Miscellaneous	471,363	368,285	839,648
TOTAL REVENUES	<u>21,487,618</u>	<u>879,939</u>	<u>22,367,557</u>
EXPENDITURES			
Current:			
Administration services	1,372,617	-	1,372,617
Council, boards and committees	45,544	-	45,544
Public safety	1,287,480	-	1,287,480
Library, parks and recreation	360,103	-	360,103
Public works	2,196,709	-	2,196,709
Municipal finances	976,920	-	976,920
County assessment	756,334	-	756,334
Education	10,412,484	-	10,412,484
Insurance claims	299,718	-	299,718
Other grants	56,601	-	56,601
Law enforcement	251,172	-	251,172
Community services	31,131	-	31,131
Program expenses	-	972,050	972,050
Overlay	19,304	-	19,304
Debt service:			
Principal	-	965,000	965,000
Interest	-	277,963	277,963
Capital outlay	-	2,355,183	2,355,183
TOTAL EXPENDITURES	<u>18,066,117</u>	<u>4,570,196</u>	<u>22,636,313</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,421,501</u>	<u>(3,690,257)</u>	<u>(268,756)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	500	2,508,823	2,509,323
Transfers (out)	(2,508,823)	(500)	(2,509,323)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,508,323)</u>	<u>2,508,323</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	913,178	(1,181,934)	(268,756)
FUND BALANCES - JULY 1	<u>5,117,540</u>	<u>5,311,290</u>	<u>10,428,830</u>
FUND BALANCES - JUNE 30	<u>\$ 6,030,718</u>	<u>\$ 4,129,356</u>	<u>\$ 10,160,074</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, 2021

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (268,756)</u>
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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	2,232,339
Capital asset disposals	(312,992)
Depreciation expense	<u>(1,604,167)</u>
	<u>315,180</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>(52,711)</u>
	<u>(52,711)</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>965,000</u>
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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>19,992</u>
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Change in net position of governmental activities (Statement B)	<u><u>\$ 978,705</u></u>
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See accompanying independent auditors' report and notes to financial statements.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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.

COVID-19 Outbreak

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

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact on and Results of Operations

On March 17, 2020 Maine LD 2167 was issued and executed by the Governor of Maine. In accordance with Executive Order 8, issued by the Governor of Maine on August 26, 2020, the Town took required measures to further reduce the risk of exposure to voters, poll workers and election officials participating in t municipal and school district elections on June 8, 2021 by changing and/or increased polling locations, conducting Town meeting remotely.

Impact on Finances

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

Expected Federal/State Support

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

Conclusion

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

Implementation of New Accounting Standards

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

Statement No. 84 "Fiduciary Activities". This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

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

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 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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Town:

1. Governmental Funds:

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

Major Fund

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

Nonmajor Funds

- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. 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.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

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

1. Accrual

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

2. Modified Accrual

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

Budget

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

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

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 deposit and other evidence 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.

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. The allowance for uncollectible accounts is estimated to be \$10,000 as of June 30, 2021. Accounts receivable netted with allowances for uncollectible accounts were \$584,694 for the year ended June 30, 2021.

Prepaid Items

Certain insurance and other payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Capital Assets

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

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated capital assets are reported at their estimated fair market value on the date received. All 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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 September 9, 2020 on the assessed value listed as of April 1, 2020, for all real and personal property located in the Town. Taxes were due in two installments on October 1, 2020 and April 1, 2021. Interest on unpaid taxes commenced on October 2, 2020 and April 2, 2021, at 8% per annum.

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

The property tax collection rate was 96.1% and 99.8% for the years ended June 30, 2021 and 2020, 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 \$95,685 for the year ended June 30, 2021.

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).

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrance Accounting

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

Use of Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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, 2021, the Town's cash balances of \$9,722,840 were comprised of deposits amounting to \$10,365,332. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash balance. All of these bank deposits were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 8,617
Sweep accounts	5,175,736
ICS savings accounts	5,180,979
	<u>\$ 10,365,332</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.

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.

At June 30, 2021, 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 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.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

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

	<u>Receivables (Due From)</u>	<u>Payables (Due To)</u>
Major funds:		
General fund	\$ 3,265,149	\$ 3,190,874
Nonmajor funds:		
Special revenue funds	2,780,429	33,045
Capital projects funds	296,306	3,232,104
Permanent funds	114,139	-
	<u>\$ 6,456,023</u>	<u>\$ 6,456,023</u>

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

NOTE 4 -INTERFUND TRANSFERS

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

	<u>Transfers From</u>	<u>Transfers To</u>
Major funds:		
General fund	\$ 2,508,823	\$ 500
Nonmajor funds:		
Special revenue funds	500	708,823
Capital projects funds	-	1,800,000
	<u>\$ 2,509,323</u>	<u>\$ 2,509,323</u>

Interfund transfers are the results of legally authorized activity and are considered to be in the course of normal operations.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 - CAPITAL ASSETS

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

	Balance 7/1/20	Additions	Disposals	Balance 6/30/21
Non-depreciated assets:				
Land	\$ 124,803	\$ -	\$ -	\$ 124,803
Construction in progress	-	590,314	-	590,314
	<u>124,803</u>	<u>590,314</u>	<u>-</u>	<u>715,117</u>
Depreciated assets:				
Buildings and improvements	11,084,375	193,987	-	11,278,362
Furniture and equipment	3,476,567	210,432	(169,286)	3,517,713
Vehicles	7,712,576	779,896	(764,691)	7,727,781
Infrastructure	14,540,037	457,710	-	14,997,747
	<u>36,813,555</u>	<u>1,642,025</u>	<u>(933,977)</u>	<u>37,521,603</u>
Less accumulated depreciation:				
Buildings and improvements	(4,303,462)	(386,437)	-	(4,689,899)
Furniture and equipment	(2,337,376)	(191,080)	54,272	(2,474,184)
Vehicles	(3,983,031)	(354,068)	566,713	(3,770,386)
Infrastructure	(9,654,282)	(672,582)	-	(10,326,864)
	<u>(20,278,151)</u>	<u>(1,604,167)</u>	<u>620,985</u>	<u>(21,261,333)</u>
Net depreciated assets	<u>16,535,404</u>	<u>37,858</u>	<u>(312,992)</u>	<u>16,260,270</u>
Net capital assets	<u>\$ 16,660,207</u>	<u>\$ 628,172</u>	<u>\$ (312,992)</u>	<u>\$ 16,975,387</u>
<u>Current year depreciation:</u>				
General government				\$ 183,264
Library				9,287
Parks and recreation				24,843
Public safety				318,383
Public works				1,040,045
Buildings and grounds				18,301
Solid waste				10,044
Total depreciation expense				<u>\$ 1,604,167</u>

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 - LONG-TERM DEBT

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

	Balance 7/1/20	Additions	Deletions	Balance 6/30/21	Current Year Portion
Bonds payable	<u>\$ 8,185,000</u>	<u>\$ -</u>	<u>\$ (965,000)</u>	<u>\$ 7,220,000</u>	<u>\$ 970,000</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.	\$ 820,000
\$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.	2,460,000
\$4,662,000, 2018 General Obligation Bond due in annual principal installments and semiannual interest installments through October 2039. 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>3,940,000</u>
Total Bonds Payable	<u>\$ 7,220,000</u>

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
2022	\$ 970,000	\$ 250,200	1,220,200
2023	975,000	217,125	1,192,125
2024	795,000	186,525	981,525
2025	635,000	160,675	795,675
2026	630,000	138,025	768,025
2027-2030	2,270,000	305,581	2,575,581
2031-2035	525,000	109,856	634,856
2036-2039	420,000	27,300	447,300
	<u>\$ 7,220,000</u>	<u>\$ 1,395,287</u>	<u>\$ 8,615,287</u>

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

NOTE 6 - LONG-TERM DEBT (CONTINUED)

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

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

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

	Balance 7/1/20	Additions	Deletions	Balance 6/30/21	Current Year Portion
Accrued compensated absences	<u>\$ 293,847</u>	<u>\$ -</u>	<u>\$ (19,992)</u>	<u>\$ 273,855</u>	<u>\$ 17,021</u>

Please see Note 8 for detailed information on the other long-term obligations.

NOTE 8 - 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, 2021, the Town's liability for compensated absences is \$273,855.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 - DEFICIT FUND BALANCES

At June 30, 2021, the Town had the following overspent appropriations:

Nonmajor special revenue funds (Schedule E)	
Grants fund	\$ 21,782
Clockdial	11,263
Nonmajor capital projects funds (Schedule H)	
PW and town vehicles and equipment	630,596
Sidewalks	499,892
Bridges/road bond fund	11,460
Public buildings	121,973
Technology fund	146,256
Road resurfacing fund	227,118
	<u>\$ 1,670,340</u>

NOTE 10 - EXPENDITURES OVER APPROPRIATIONS

At June 30, 2021, the Town had the following overspent appropriations:

Administration services - public communications	\$ 76
Public safety - utilities	9,251
Insurance claims	8,427
	<u>\$ 17,754</u>

TOWN OF GRAY, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 11 - RESTRICTED NET POSITION

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

Nonmajor special revenue funds:	
Penn cable	\$ 525
Subdivision recreation fund	106,923
Landfill closure	125,460
Planning board escrow	199,872
S/Dugas pit reclamation	8,507
Maxwell gravel pit reclamation	5,065
Henry Pennell municipal complex	7,355
Mazur parks/rec mem fund	751
Nonmajor capital projects funds:	
Lease purchases	61,460
Bond CP fire and public safety	1,168,548
Bond CP PW vehicles and equipment	1,084,666
Bond CP public building	102,469
Bond CP misc interest	104,342
Nonmajor permanent funds:	
Cemetery	23,017
George Doughty	10,000
Helen Frank cemetery	33,580
Monument and Christian Temple	3,063
Pennell	34,614
Charles W. Barker scholarship	22,525
Grange scholarship	14,629
Common school	2,865
Stimson cemetery	7,000
	<u>\$ 3,127,236</u>

NOTE 12 - NONSPENDABLE FUND BALANCES

At June 30, 2021, the Town had the following nonspendable fund balances:

General fund:	
Prepaid items	\$ 73,575
Inventory	49,457
Nonmajor special revenue funds (Schedule E)	16,339
Nonmajor capital projects funds (Schedule H)	354
Nonmajor permanent funds (Schedule J)	109,687
	<u>\$ 249,412</u>

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13 - RESTRICTED FUND BALANCES

At June 30, 2021, the Town had the following restricted fund balances:

Nonmajor special revenue funds (Schedule E)	\$ 454,458
Nonmajor capital projects funds (Schedule H)	2,521,485
Nonmajor permanent funds (Schedule J)	41,606
	<u>\$ 3,017,549</u>

NOTE 14 - COMMITTED FUND BALANCES

At June 30, 2021, the Town had the following committed fund balances:

General fund:	
Use of fund balance	\$ 500,000
Nonmajor special revenue funds (Schedule E)	32,042
Nonmajor capital projects funds (Schedule H)	122,655
	<u>\$ 654,697</u>

NOTE 15 - ASSIGNED FUND BALANCES

At June 30, 2021, the Town had the following assigned fund balances:

Nonmajor special revenue funds (Schedule E)	\$ 2,225,008
Nonmajor capital projects funds (Schedule H)	276,062
	<u>\$ 2,501,070</u>

NOTE 16 - 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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

NOTE 16 - TAX INCREMENT FINANCING DISTRICTS AND ABATEMENTS (CONTINUED)

\$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 2020, \$244,910 of tax was captured and \$179,825 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.

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 2019, 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),

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - TAX INCREMENT FINANCING DISTRICTS AND ABATEMENTS
(CONTINUED)

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, 2019.

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 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.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

NOTE 16 - TAX INCREMENT FINANCING DISTRICTS AND ABATEMENTS (CONTINUED)

For the fiscal year ended June 30, 2021, 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	52%	<u>\$ 179,825</u>

NOTE 17 - 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 18 - 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, 2021, the Town's share was approximately:

	<u>Outstanding Debt</u>	<u>Percentage</u>	<u>Amount</u>
MSAD #15	\$ 5,545,309	65.18%	\$ 3,614,432
County of Cumberland	33,370,194	2.21%	870,081
EcoMaine	15,619,055	4.03%	629,448
Gray Water District	377,572	35.14%	136,679
			<u>\$ 5,250,640</u>

NOTE 19 - 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.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

NOTE 19 - CONTINGENCIES (CONTINUED)

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 20 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town participates in a public entity risk pool sponsored by the Maine Municipal Association. The Maine Municipal Association Group Risk Pool is a state-chartered pool established exclusively for Maine municipalities. The pool provides certain property, liability, fidelity and vehicle coverage. If the assets of the pool are at any time actuarially determined to be insufficient to enable the pool to discharge its legal obligations, other obligations and actuarially sound reserves, the pool has the power to make up the deficiency by the levy of a prorated assessment. There have been no deficiencies during the past three years and management believes that no deficiency exists at June 30, 2021.

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

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

NOTE 20 - RISK MANAGEMENT (CONTINUED)

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.

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, 2021. 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 21 - DEFERRED COMPENSATION PLAN

MISSIONSQUARE RETIREMENT

A. Plan Description

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and maintained by MissionSquare Retirement. 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.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 21 - DEFERRED COMPENSATION PLAN (CONTINUED)

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

B. Funding Policy

Under the defined contribution plan, employees may elect to participate. The Town will match an eligible employee's contribution to the MissionSquare Retirement 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 2021 were \$468,671.

NOTE 22 - 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 4.03% in Ecomaine as of June 30, 2021 (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, 2021 (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 \$629,448.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 23 - 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.

NOTE 24 - SUBSEQUENT EVENTS

On July 16, 2021, the Town issued a bond anticipation note to provide liquidity for governmental operations financed by property taxes. The bond anticipation note was in the amount of \$500,000 at 4.00% fixed interest rate with a maturity date of July 16, 2022.

Required Supplementary Information

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

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

TOWN OF GRAY, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Budgetary Fund Balance, July 1	\$ 5,117,540	\$ 5,117,540	\$ 5,117,540	\$ -
Resources (Inflows):				
Property taxes	16,401,916	16,401,916	16,546,536	144,620
Excise taxes	1,796,000	1,796,000	2,136,308	340,308
Intergovernmental	1,360,978	1,360,978	1,474,496	113,518
Charges for services	573,830	573,830	760,846	187,016
Interest income	75,000	75,000	98,069	23,069
Other revenue	110,000	468,298	471,363	3,065
Transfers from other funds	500	500	500	-
Amounts Available for Appropriation	<u>25,435,764</u>	<u>25,794,062</u>	<u>26,605,658</u>	<u>811,596</u>
Charges to Appropriations (Outflows):				
Administration services	1,369,971	1,433,169	1,372,617	60,552
Council, boards and committees	65,340	65,340	45,544	19,796
Public safety	1,326,913	1,337,367	1,287,480	49,887
Library/parks and recreation	388,922	396,194	360,103	36,091
Public works	2,483,998	2,513,074	2,196,709	316,365
Municipal finances	1,305,837	1,195,837	976,920	218,917
County assessment	756,334	756,334	756,334	-
Education	10,412,484	10,412,484	10,412,484	-
Insurance claims	-	291,291	299,718	(8,427)
Other grants	-	67,007	56,601	10,406
Community services	31,131	31,131	31,131	-
Law enforcement	253,786	253,786	251,172	2,614
Overlay	95,685	95,685	19,304	76,381
Transfers to other funds	2,508,823	2,508,823	2,508,823	-
Total Charges to Appropriations	<u>20,999,224</u>	<u>21,357,522</u>	<u>20,574,940</u>	<u>782,582</u>
Budgetary Fund Balance, June 30	<u>\$ 4,436,540</u>	<u>\$ 4,436,540</u>	<u>\$ 6,030,718</u>	<u>\$ 1,594,178</u>
Utilization of committed fund balance	<u>\$ 681,000</u>	<u>\$ 681,000</u>	<u>\$ -</u>	<u>\$ (681,000)</u>

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

Other Supplementary Information

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

- Budgetary Comparison Schedule - 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

SCHEDULE A

TOWN OF GRAY, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 16,401,916	\$ 16,401,916	\$ 16,546,536	\$ 144,620
Auto excise	1,775,000	1,775,000	2,110,631	335,631
Boat excise	21,000	21,000	25,677	4,677
Subtotal	<u>18,197,916</u>	<u>18,197,916</u>	<u>18,682,844</u>	<u>484,928</u>
Intergovernmental revenues:				
Animal waste facility	900	900	953	53
BETE	92,005	92,005	92,137	132
General assistance	10,000	10,000	4,088	(5,912)
Homestead exemption	504,341	504,341	504,341	-
LRAP	144,000	144,000	134,892	(9,108)
Snowmobiles	3,000	3,000	2,893	(107)
State revenue sharing	580,027	580,027	713,879	133,852
Tree growth	21,700	21,700	21,313	(387)
Veterans' exemption	5,005	5,005	-	(5,005)
Subtotal	<u>1,360,978</u>	<u>1,360,978</u>	<u>1,474,496</u>	<u>113,518</u>
Charges for services:				
Batteries	1,750	1,750	2,924	1,174
Blueberry Festival	4,200	4,200	4,841	641
Building fees	120,000	120,000	148,484	28,484
Bulky waste	9,000	9,000	12,660	3,660
Clerk fees	39,100	39,100	52,245	13,145
Code enforcement	2,000	2,000	12,000	10,000
Commercial haulers	800	800	200	(600)
Community development miscellaneous	1,500	1,500	879	(621)
Dog control	7,000	7,000	3,420	(3,580)
Driveway opening	4,250	4,250	5,500	1,250
Electric fees	18,500	18,500	24,902	6,402
Gravel pits	1,100	1,100	1,600	500
Junkyard fees	16,050	16,050	14,970	(1,080)
Library fines	7,030	7,030	4,134	(2,896)
Planning board fees	15,000	15,000	14,854	(146)
Plumbing fees	30,000	30,000	37,513	7,513
Recycling	86,700	86,700	130,226	43,526
Rescue fees	200,000	200,000	277,844	77,844
Septic	850	850	50	(800)
Shoreland application fees	4,000	4,000	2,700	(1,300)
Tree removal	4,500	4,500	6,350	1,850
Zoning board applications	500	500	2,550	2,050
Subtotal	<u>573,830</u>	<u>573,830</u>	<u>760,846</u>	<u>187,016</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, 2021

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Interest income:				
Interest income	25,000	25,000	30,738	5,738
Tax interest	50,000	50,000	67,331	17,331
Subtotal	<u>75,000</u>	<u>75,000</u>	<u>98,069</u>	<u>23,069</u>
Miscellaneous revenues:				
Cable franchise fees	100,000	100,000	102,632	2,632
Grants	-	67,007	67,007	-
Insurance claims	-	291,291	290,528	(763)
Use of reserve funds	681,000	681,000	-	(681,000)
Other miscellaneous	10,000	10,000	11,196	1,196
Subtotal	<u>791,000</u>	<u>1,149,298</u>	<u>471,363</u>	<u>(677,935)</u>
Transfers from other funds	<u>500</u>	<u>500</u>	<u>500</u>	<u>-</u>
Amounts Available for Appropriation	<u>\$ 20,999,224</u>	<u>\$ 21,357,522</u>	<u>\$ 21,488,118</u>	<u>\$ 130,596</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, 2021

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
ADMINISTRATION SERVICES:					
Administration	\$ 572,764	\$ 36,352	\$ 609,116	\$ 587,120	\$ 21,996
Community development	224,032	9,714	233,746	232,063	1,683
Assessing	136,338	7,017	143,355	141,651	1,704
Code enforcement	202,462	2,276	204,738	185,630	19,108
General assistance	24,298	-	24,298	12,143	12,155
Public communications	193,988	7,839	201,827	201,903	(76)
Elections	16,089	-	16,089	12,107	3,982
Totals	1,369,971	63,198	1,433,169	1,372,617	60,552
COUNCIL, BOARDS AND COMMITTEES:					
Council	47,615	-	47,615	33,709	13,906
Zoning Board of Appeals	3,900	-	3,900	1,019	2,881
Planning Board	4,725	-	4,725	2,997	1,728
Economic development	9,100	-	9,100	7,819	1,281
Totals	65,340	-	65,340	45,544	19,796
PUBLIC SAFETY:					
Public safety services	1,104,479	10,454	1,114,933	1,055,795	59,138
Utilities	222,434	-	222,434	231,685	(9,251)
Totals	1,326,913	10,454	1,337,367	1,287,480	49,887

SCHEDULE B (CONTINUED)

TOWN OF GRAY, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
LIBRARY, PARKS AND RECREATION:					
Library	321,568	7,272	328,840	317,053	11,787
Parks and recreation administration	67,354	-	67,354	43,050	24,304
Totals	388,922	7,272	396,194	360,103	36,091
PUBLIC WORKS:					
Winter roads	515,314	1,437	516,751	345,894	170,857
Summer roads	463,216	1,432	464,648	399,107	65,541
Additional roadwork	146,095	-	146,095	141,093	5,002
Garage	240,827	4,713	245,540	201,446	44,094
Recycling	776,983	15,364	792,347	768,724	23,623
Buildings and grounds	341,563	6,130	347,693	340,445	7,248
Totals	2,483,998	29,076	2,513,074	2,196,709	316,365
MUNICIPAL FINANCES:					
General insurance	1,170,837	-	1,170,837	952,350	218,487
Annual wage adjustments	110,000	(110,000)	-	-	-
Contingency fund	25,000	-	25,000	24,570	430
Totals	1,305,837	(110,000)	1,195,837	976,920	218,917
COUNTY ASSESSMENT	756,334	-	756,334	756,334	-
EDUCATION	10,412,484	-	10,412,484	10,412,484	-
INSURANCE CLAIMS	-	291,291	291,291	299,718	(8,427)
OTHER GRANTS	-	67,007	67,007	56,601	10,406

TOWN OF GRAY, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
LAW ENFORCEMENT	253,786	-	253,786	251,172	2,614
COMMUNITY SERVICES	31,131	-	31,131	31,131	-
OVERLAY	95,685	-	95,685	19,304	76,381
TRANSFERS TO OTHER FUNDS:					
Northbrook TIF	244,910	-	244,910	244,910	-
South Gray TIF	333,820	-	333,820	333,820	-
Village TIF	130,093	-	130,093	130,093	-
Capital reserves	1,800,000	-	1,800,000	1,800,000	-
Totals	2,508,823	-	2,508,823	2,508,823	-
TOTAL DEPARTMENTAL OPERATIONS	\$ 20,999,224	\$ 358,298	\$ 21,357,522	\$ 20,574,940	\$ 782,582

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

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 125	\$ 4,218,705	\$ 37,154	\$ 4,255,984
Accounts receivable (net of allowance for uncollectibles)	242	-	-	242
Prepaid items	16,339	354	-	16,693
Due from other funds	2,780,429	296,306	114,139	3,190,874
TOTAL ASSETS	<u>\$ 2,797,135</u>	<u>\$ 4,515,365</u>	<u>\$ 151,293</u>	<u>\$ 7,463,793</u>
LIABILITIES				
Accounts payable	\$ 4,187	\$ -	\$ -	\$ 4,187
Accrued payroll	4,894	-	-	4,894
Due to other funds	33,045	3,232,104	-	3,265,149
TOTAL LIABILITIES	<u>42,126</u>	<u>3,232,104</u>	<u>-</u>	<u>3,274,230</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	60,207	-	-	60,207
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>60,207</u>	<u>-</u>	<u>-</u>	<u>60,207</u>
FUND BALANCES				
Nonspendable	16,339	354	109,687	126,380
Restricted	454,458	2,521,485	41,606	3,017,549
Committed	32,042	122,655	-	154,697
Assigned	2,225,008	276,062	-	2,501,070
Unassigned	(33,045)	(1,637,295)	-	(1,670,340)
TOTAL FUND BALANCES	<u>2,694,802</u>	<u>1,283,261</u>	<u>151,293</u>	<u>4,129,356</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 2,797,135</u>	<u>\$ 4,515,365</u>	<u>\$ 151,293</u>	<u>\$ 7,463,793</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, 2021

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Investment income, net of unrealized gains/(losses)	\$ 1,978	\$ 19,693	\$ 169	\$ 21,840
Charges for services	489,814	-	-	489,814
Other income	346,679	21,606	-	368,285
TOTAL REVENUES	<u>838,471</u>	<u>41,299</u>	<u>169</u>	<u>879,939</u>
EXPENDITURES				
Debt service:				
Principal	-	965,000	-	965,000
Interest	-	277,963	-	277,963
Capital outlay	-	2,355,183	-	2,355,183
Other	972,050	-	-	972,050
TOTAL EXPENDITURES	<u>972,050</u>	<u>3,598,146</u>	<u>-</u>	<u>4,570,196</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(133,579)</u>	<u>(3,556,847)</u>	<u>169</u>	<u>(3,690,257)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	708,823	1,800,000	-	2,508,823
Transfers (out)	(500)	-	-	(500)
TOTAL OTHER FINANCING SOURCES (USES)	<u>708,323</u>	<u>1,800,000</u>	<u>-</u>	<u>2,508,323</u>
NET CHANGE IN FUND BALANCES	574,744	(1,756,847)	169	(1,181,934)
FUND BALANCES - JULY 1	<u>2,120,058</u>	<u>3,040,108</u>	<u>151,124</u>	<u>5,311,290</u>
FUND BALANCES - JUNE 30	<u>\$ 2,694,802</u>	<u>\$ 1,283,261</u>	<u>\$ 151,293</u>	<u>\$ 4,129,356</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, 2021

	Northbrook TIF	South Gray TIF	Village TIF	Recreation Fund	Parks and Recreation Fundraiser	Dry Mills Schoolhouse
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 125	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	242	-	-
Prepaid items	-	-	-	16,339	-	-
Due from other funds	405,490	1,163,502	365,148	214,289	4,553	9,593
TOTAL ASSETS	<u>\$ 405,490</u>	<u>\$ 1,163,502</u>	<u>\$ 365,148</u>	<u>\$ 230,995</u>	<u>\$ 4,553</u>	<u>\$ 9,593</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	4,894	-	-
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,894</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	-	-	-	60,207	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,207</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	16,339	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	405,490	1,163,502	365,148	149,555	4,553	9,593
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>405,490</u>	<u>1,163,502</u>	<u>365,148</u>	<u>165,894</u>	<u>4,553</u>	<u>9,593</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ 405,490</u>	<u>\$ 1,163,502</u>	<u>\$ 365,148</u>	<u>\$ 230,995</u>	<u>\$ 4,553</u>	<u>\$ 9,593</u>

SCHEDULE E (CONTINUED)

TOWN OF GRAY, MAINE

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

	Penn Cable	Gray Employee Safety and Wellness	Subdivision Recreation Fund	Library Reserve	Landfill Closure	Water Quality
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Due from other funds	525	4,518	106,923	4,143	125,460	6,151
TOTAL ASSETS	\$ 525	\$ 4,518	\$ 106,923	\$ 4,143	\$ 125,460	\$ 6,151
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	525	-	106,923	-	125,460	-
Committed	-	-	-	-	-	-
Assigned	-	4,518	-	4,143	-	6,151
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	525	4,518	106,923	4,143	125,460	6,151
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 525	\$ 4,518	\$ 106,923	\$ 4,143	\$ 125,460	\$ 6,151

SCHEDULE E (CONTINUED)

TOWN OF GRAY, MAINE

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

	Pennell Town Clock	Stimson Hall	Library Appeal	Gray Fire and Rescue Mem. Fund	Marketing	Valt Phase I
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Due from other funds	17,700	21,287	1,959	17,775	1,000	1,583
TOTAL ASSETS	<u>\$ 17,700</u>	<u>\$ 21,287</u>	<u>\$ 1,959</u>	<u>\$ 17,775</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	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	21,287	-	-	-	1,583
Assigned	17,700	-	1,959	17,775	1,000	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>17,700</u>	<u>21,287</u>	<u>1,959</u>	<u>17,775</u>	<u>1,000</u>	<u>1,583</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ 17,700</u>	<u>\$ 21,287</u>	<u>\$ 1,959</u>	<u>\$ 17,775</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, 2021

	GEO Plan	Rescue Kilby Fund	Library Fund	Planning Board Escrow	S/Dugas Pit Reclamation	Maxwell Gravel Pit Reclamation
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Due from other funds	392	18,988	11,515	199,872	8,507	5,065
TOTAL ASSETS	<u>\$ 392</u>	<u>\$ 18,988</u>	<u>\$ 11,515</u>	<u>\$ 199,872</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>	<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	-	-	-	-	-	-
Restricted	-	-	-	199,872	8,507	5,065
Committed	-	-	-	-	-	-
Assigned	392	18,988	11,515	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>392</u>	<u>18,988</u>	<u>11,515</u>	<u>199,872</u>	<u>8,507</u>	<u>5,065</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ 392</u>	<u>\$ 18,988</u>	<u>\$ 11,515</u>	<u>\$ 199,872</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, 2021

	Training Site	Hose Roller	Henry Pennell Municipal Complex	Gray Fire/Rescue Education	Libby Recreation Scholarship	Gray Matters
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Due from other funds	1,129	-	7,355	9,172	478	1,677
TOTAL ASSETS	<u>\$ 1,129</u>	<u>\$ -</u>	<u>\$ 7,355</u>	<u>\$ 9,172</u>	<u>\$ 478</u>	<u>\$ 1,677</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	-	-	-	-	-	-
Restricted	-	-	7,355	-	-	-
Committed	-	-	-	9,172	-	-
Assigned	1,129	-	-	-	478	1,677
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>1,129</u>	<u>-</u>	<u>7,355</u>	<u>9,172</u>	<u>478</u>	<u>1,677</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ 1,129</u>	<u>\$ -</u>	<u>\$ 7,355</u>	<u>\$ 9,172</u>	<u>\$ 478</u>	<u>\$ 1,677</u>

SCHEDULE E (CONTINUED)

TOWN OF GRAY, MAINE

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

	Shannon Ronan Mem Fund	Mazur Parks/Rec Mem Fund	Grants	Parks and Recreation Scholarship Fund	Recreation Facility	Blackthorne Rd Association	Clockdial	Total
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-	242
Prepaid items	-	-	-	-	-	-	-	16,339
Due from other funds	-	751	-	2,008	34,775	7,146	-	2,780,429
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 751</u>	<u>\$ -</u>	<u>\$ 2,008</u>	<u>\$ 34,775</u>	<u>\$ 7,146</u>	<u>\$ -</u>	<u>\$ 2,797,135</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 4,187	\$ -	\$ -	\$ 4,187
Accrued payroll	-	-	-	-	-	-	-	4,894
Due to other funds	-	-	21,782	-	-	-	11,263	33,045
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>21,782</u>	<u>-</u>	<u>4,187</u>	<u>-</u>	<u>11,263</u>	<u>42,126</u>
DEFERRED INFLOWS OF RESOURCES								
Deferred revenue	-	-	-	-	-	-	-	60,207
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,207</u>
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	16,339
Restricted	-	751	-	-	-	-	-	454,458
Committed	-	-	-	-	-	-	-	32,042
Assigned	-	-	-	2,008	30,588	7,146	-	2,225,008
Unassigned	-	-	(21,782)	-	-	-	(11,263)	(33,045)
TOTAL FUND BALANCES (DEFICITS)	<u>-</u>	<u>751</u>	<u>(21,782)</u>	<u>2,008</u>	<u>30,588</u>	<u>7,146</u>	<u>(11,263)</u>	<u>2,694,802</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ 751</u>	<u>\$ -</u>	<u>\$ 2,008</u>	<u>\$ 34,775</u>	<u>\$ 7,146</u>	<u>\$ -</u>	<u>\$ 2,797,135</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, 2021

	Northbrook TIF	South Gray TIF	Village TIF	Recreation Fund	Parks and Recreation Fundraiser	Dry Mills Schoolhouse
REVENUES						
Interest income	\$ -	\$ 1,978	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	489,814	-	-
Other income	-	-	-	-	516	100
TOTAL REVENUES	-	1,978	-	489,814	516	100
EXPENDITURES						
Other	179,825	129,690	-	435,931	526	21
TOTAL EXPENDITURES	179,825	129,690	-	435,931	526	21
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(179,825)	(127,712)	-	53,883	(10)	79
OTHER FINANCING SOURCES (USES)						
Transfers in	244,910	333,820	130,093	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	244,910	333,820	130,093	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	65,085	206,108	130,093	53,883	(10)	79
FUND BALANCES (DEFICITS) - JULY 1	340,405	957,394	235,055	112,011	4,563	9,514
FUND BALANCES (DEFICITS) - JUNE 30	\$ 405,490	\$ 1,163,502	\$ 365,148	\$ 165,894	\$ 4,553	\$ 9,593

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, 2021

	Penn Cable	Gray Employee Safety and Wellness	Subdivision Recreation Fund	Library Reserve	Landfill Closure	Water Quality
REVENUES						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Other income	-	-	24,400	-	-	-
TOTAL REVENUES	-	-	24,400	-	-	-
EXPENDITURES						
Other	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	24,400	-	-	-
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	24,400	-	-	-
FUND BALANCES (DEFICITS) - JULY 1	525	4,518	82,523	4,143	125,460	6,151
FUND BALANCES (DEFICITS) - JUNE 30	\$ 525	\$ 4,518	\$ 106,923	\$ 4,143	\$ 125,460	\$ 6,151

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, 2021

	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	11,600	-	-	20	-	-
TOTAL REVENUES	11,600	-	-	20	-	-
EXPENDITURES						
Other	650	-	-	-	-	-
TOTAL EXPENDITURES	650	-	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	10,950	-	-	20	-	-
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	10,950	-	-	20	-	-
FUND BALANCES (DEFICITS) - JULY 1	6,750	21,287	1,959	17,755	1,000	1,583
FUND BALANCES (DEFICITS) - JUNE 30	\$ 17,700	\$ 21,287	\$ 1,959	\$ 17,775	\$ 1,000	\$ 1,583

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, 2021

	GEO Plan	Rescue Kilby Fund	Library Fund	Planning Board Escrow	S/Dugas Pit Reclamation	Maxwell Gravel Pit Reclamation
REVENUES						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Other income	-	19,847	-	208,556	-	-
TOTAL REVENUES	-	19,847	-	208,556	-	-
EXPENDITURES						
Other	-	11,203	-	128,639	-	-
TOTAL EXPENDITURES	-	11,203	-	128,639	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	8,644	-	79,917	-	-
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	8,644	-	79,917	-	-
FUND BALANCES (DEFICITS) - JULY 1	392	10,344	11,515	119,955	8,507	5,065
FUND BALANCES (DEFICITS) - JUNE 30	\$ 392	\$ 18,988	\$ 11,515	\$ 199,872	\$ 8,507	\$ 5,065

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, 2021

	Training Site	Hose Roller	Henry Pennell Municipal Complex	Gray Fire/Rescue Education	Libby Recreation Scholarship	Gray Matters
REVENUES						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Other income	-	-	350	-	150	-
TOTAL REVENUES	-	-	350	-	150	-
EXPENDITURES						
Other	-	-	320	-	-	128
TOTAL EXPENDITURES	-	-	320	-	-	128
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	30	-	150	(128)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	(500)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(500)	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	(470)	-	150	(128)
FUND BALANCES (DEFICITS) - JULY 1	1,129	-	7,825	9,172	328	1,805
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 1,129</u>	<u>\$ -</u>	<u>\$ 7,355</u>	<u>\$ 9,172</u>	<u>\$ 478</u>	<u>\$ 1,677</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, 2021

	Shannon Ronan Mem Fund	Mazur Parks/Rec Mem Fund	Grants	Parks and Recreation Scholarship Fund	Recreation Facility	Blackthorne Rd Association	Clockdial	Total
REVENUES								
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,978
Charges for services	-	-	-	-	-	-	-	489,814
Other income	-	-	-	140	-	81,000	-	346,679
TOTAL REVENUES	-	-	-	140	-	81,000	-	838,471
EXPENDITURES								
Other	-	-	-	-	-	73,854	11,263	972,050
TOTAL EXPENDITURES	-	-	-	-	-	73,854	11,263	972,050
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	140	-	7,146	(11,263)	(133,579)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	708,823
Transfers (out)	-	-	-	-	-	-	-	(500)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	708,323
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	-	140	-	7,146	(11,263)	574,744
FUND BALANCES (DEFICITS) - JULY 1	-	751	(21,782)	1,868	30,588	-	-	2,120,058
FUND BALANCES (DEFICITS) - JUNE 30	\$ -	\$ 751	\$ (21,782)	\$ 2,008	\$ 30,588	\$ 7,146	\$ (11,263)	\$ 2,694,802

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, 2021

	Balance, 7/1/20	Revenue	Expenditures	Balance, 6/30/21
ADMINISTRATION:				
FICA/Medicare	\$ -	\$ -	\$ 11,885	\$ (11,885)
Full-time personnel	-	-	139,755	(139,755)
Overtime	-	-	412	(412)
Part-time personnel	-	-	22	(22)
Retirement	-	-	6,523	(6,523)
Total Administration	-	-	158,597	(158,597)
PROGRAMS:				
Operations				
Administrative/merchant fees	-	16,710	8,093	8,617
Cell phone	-	-	764	(764)
Grants	-	650	-	650
Totals	-	17,360	8,857	8,503
Adult fitness				
Zumba	-	802	428	374
Totals	-	802	428	374
Youth fitness				
Fall soccer	-	6,029	5,144	885
Gymnastics	-	3,933	677	3,256
Junior soccer	-	160	-	160
Foot skills	-	-	774	(774)
Lacrosse	-	1,483	-	1,483
Mini hoops	-	-	187	(187)
Track and field	-	815	59	756
Middle school sports	-	1,515	-	1,515
Totals	-	13,935	6,841	7,094
Youth classes				
American Red Cross babysit	-	804	-	804
Cheering	-	5,101	976	4,125
Totals	-	5,905	976	4,929

SCHEDULE G (CONTINUED)

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF ACTIVITY - RECREATION FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Balance, 7/1/20	Revenue	Expenditures	Balance, 6/30/21
PROGRAMS (CONTINUED):				
Childcare services				
Day camp	-	64,362	32,033	32,329
Kid's Club	-	363,840	214,466	149,374
Snack shack	-	2,904	2,563	341
Vacation camp	-	16,868	10,148	6,720
Totals	-	447,974	259,210	188,764
Camps/clinics				
Field hockey	-	-	227	(227)
Parents night out	-	1,030	553	477
Speed, agility, quickness	-	590	-	590
Volleyball	-	-	225	(225)
Totals	-	1,620	1,005	615
Rentals				
Newbegin and grounds	-	2,218	17	2,201
Totals	-	2,218	17	2,201
 Total programs	-	489,814	277,334	212,480
 Subtotal - Recreation Department Activity	-	489,814	435,931	53,883
 Beginning Fund Balance	112,011	-	-	112,011
 Total Recreation Department Activity	\$ 112,011	\$ 489,814	\$ 435,931	\$ 165,894

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, 2021

	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	122,655	-	-	-
Prepaid items	-	-	-	-	-
TOTAL ASSETS	<u>\$ 61,460</u>	<u>\$ 122,655</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ 630,596	\$ 499,892	\$ 11,460
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>630,596</u>	<u>499,892</u>	<u>11,460</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	61,460	-	-	-	-
Committed	-	122,655	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	(630,596)	(499,892)	(11,460)
TOTAL FUND BALANCES (DEFICITS)	<u>61,460</u>	<u>122,655</u>	<u>(630,596)</u>	<u>(499,892)</u>	<u>(11,460)</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 61,460</u>	<u>\$ 122,655</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SCHEDULE H (CONTINUED)

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2021

	Debt Service	Miscellaneous	Land Acquisition	Public Buildings	Technology	Road Resurfacing
ASSETS						
Cash and cash equivalents	\$ -	\$ 1,414,469	\$ -	\$ -	\$ -	\$ -
Due from other funds	12,191	-	100,000	-	-	-
Prepaid items	-	354	-	-	-	-
TOTAL ASSETS	<u>\$ 12,191</u>	<u>\$ 1,414,823</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES						
Due to other funds	\$ -	\$ 1,250,598	\$ -	\$ 121,973	\$ 146,256	\$ 227,118
TOTAL LIABILITIES	<u>-</u>	<u>1,250,598</u>	<u>-</u>	<u>121,973</u>	<u>146,256</u>	<u>227,118</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	354	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	12,191	163,871	100,000	-	-	-
Unassigned	-	-	-	(121,973)	(146,256)	(227,118)
TOTAL FUND BALANCES (DEFICITS)	<u>12,191</u>	<u>164,225</u>	<u>100,000</u>	<u>(121,973)</u>	<u>(146,256)</u>	<u>(227,118)</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 12,191</u>	<u>\$ 1,414,823</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SCHEDULE H (CONTINUED)

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2021

	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	\$ 1,168,548	\$ 1,084,666	\$ 102,469	\$ 448,553	\$ 4,218,705
Due from other funds	-	-	-	-	296,306
Prepaid items	-	-	-	-	354
TOTAL ASSETS	<u>\$ 1,168,548</u>	<u>\$ 1,084,666</u>	<u>\$ 102,469</u>	<u>\$ 448,553</u>	<u>\$ 4,515,365</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ 344,211	\$ 3,232,104
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>344,211</u>	<u>3,232,104</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	354
Restricted	1,168,548	1,084,666	102,469	104,342	2,521,485
Committed	-	-	-	-	122,655
Assigned	-	-	-	-	276,062
Unassigned	-	-	-	-	(1,637,295)
TOTAL FUND BALANCES (DEFICITS)	<u>1,168,548</u>	<u>1,084,666</u>	<u>102,469</u>	<u>104,342</u>	<u>1,283,261</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 1,168,548</u>	<u>\$ 1,084,666</u>	<u>\$ 102,469</u>	<u>\$ 448,553</u>	<u>\$ 4,515,365</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, 2021

	Lease Purchases	Fire and Public Safety	PW and Town Vehicles and Equipment	Sidewalks	Bridges/Road Bond
REVENUES					
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	-
EXPENDITURES					
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	-	269,103	633,669	586,240	-
TOTAL EXPENDITURES	-	269,103	633,669	586,240	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(269,103)	(633,669)	(586,240)	-
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(269,103)	(633,669)	(586,240)	-
FUND BALANCES (DEFICITS) - JULY 1	61,460	391,758	3,073	86,348	(11,460)
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 61,460</u>	<u>\$ 122,655</u>	<u>\$ (630,596)</u>	<u>\$ (499,892)</u>	<u>\$ (11,460)</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, 2021

	Debt Service	Miscellaneous	Land Acquisition	Public Buildings	Technology	Road Resurfacing
REVENUES						
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	21,606	-	-	-	-
TOTAL REVENUES	-	21,606	-	-	-	-
EXPENDITURES						
Debt service:						
Principal	965,000	-	-	-	-	-
Interest	277,963	-	-	-	-	-
Capital outlay	-	22,170	-	310,056	76,235	457,710
TOTAL EXPENDITURES	1,242,963	22,170	-	310,056	76,235	457,710
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,242,963)	(564)	-	(310,056)	(76,235)	(457,710)
OTHER FINANCING SOURCES (USES)						
Transfers in	1,234,750	-	50,000	-	-	515,250
TOTAL OTHER FINANCING SOURCES (USES)	1,234,750	-	50,000	-	-	515,250
NET CHANGE IN FUND BALANCES (DEFICITS)	(8,213)	(564)	50,000	(310,056)	(76,235)	57,540
FUND BALANCES (DEFICITS) - JULY 1	20,404	164,789	50,000	188,083	(70,021)	(284,658)
FUND BALANCES (DEFICITS) - JUNE 30	\$ 12,191	\$ 164,225	\$ 100,000	\$ (121,973)	\$ (146,256)	\$ (227,118)

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, 2021

	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)	\$ -	\$ -	\$ -	\$ 19,693	\$ 19,693
Other	-	-	-	-	21,606
TOTAL REVENUES	-	-	-	19,693	41,299
EXPENDITURES					
Debt service:					
Principal	-	-	-	-	965,000
Interest	-	-	-	-	277,963
Capital outlay	-	-	-	-	2,355,183
TOTAL EXPENDITURES	-	-	-	-	3,598,146
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	19,693	(3,556,847)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	1,800,000
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	1,800,000
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	-	19,693	(1,756,847)
FUND BALANCES (DEFICITS) - JULY 1	1,168,548	1,084,666	102,469	84,649	3,040,108
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 1,168,548</u>	<u>\$ 1,084,666</u>	<u>\$ 102,469</u>	<u>\$ 104,342</u>	<u>\$ 1,283,261</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, 2021

	<u>Cemetery</u>	<u>George Doughty</u>	<u>Helen Frank Cemetery</u>	<u>Monument and Christian Temple</u>	<u>Pennell</u>
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	23,017	10,000	33,580	3,063	34,614
TOTAL ASSETS	<u>\$ 23,017</u>	<u>\$ 10,000</u>	<u>\$ 33,580</u>	<u>\$ 3,063</u>	<u>\$ 34,614</u>
LIABILITIES					
Due to others funds	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	22,798	10,000	33,580	-	-
Restricted	219	-	-	3,063	34,614
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>23,017</u>	<u>10,000</u>	<u>33,580</u>	<u>3,063</u>	<u>34,614</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 23,017</u>	<u>\$ 10,000</u>	<u>\$ 33,580</u>	<u>\$ 3,063</u>	<u>\$ 34,614</u>

SCHEDULE J (CONTINUED)

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2021

	Charles W. Barker Scholarship	Grange Scholarship	Common School	Stimson Cemetery	Total
ASSETS					
Cash and cash equivalents	\$ 22,525	\$ 14,629	\$ -	\$ -	\$ 37,154
Due from other funds	-	-	2,865	7,000	114,139
TOTAL ASSETS	<u>\$ 22,525</u>	<u>\$ 14,629</u>	<u>\$ 2,865</u>	<u>\$ 7,000</u>	<u>\$ 151,293</u>
LIABILITIES					
Due to others funds	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	22,013	14,296	-	7,000	109,687
Restricted	512	333	2,865	-	41,606
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>22,525</u>	<u>14,629</u>	<u>2,865</u>	<u>7,000</u>	<u>151,293</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 22,525</u>	<u>\$ 14,629</u>	<u>\$ 2,865</u>	<u>\$ 7,000</u>	<u>\$ 151,293</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, 2021

	<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>23,017</u>	<u>10,000</u>	<u>33,580</u>	<u>3,063</u>	<u>34,614</u>
FUND BALANCES - JUNE 30	<u>\$ 23,017</u>	<u>\$ 10,000</u>	<u>\$ 33,580</u>	<u>\$ 3,063</u>	<u>\$ 34,614</u>

SCHEDULE K (CONTINUED)

TOWN OF GRAY, MAINE

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

	Charles W. Barker Scholarship	Grange Scholarship	Common School	Stimson Cemetery	Total
REVENUES					
Interest income	\$ 102	\$ 67	\$ -	\$ -	\$ 169
TOTAL REVENUES	<u>102</u>	<u>67</u>	<u>-</u>	<u>-</u>	<u>169</u>
EXPENDITURES					
Other	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	102	67	-	-	169
FUND BALANCES - JULY 1	<u>22,423</u>	<u>14,562</u>	<u>2,865</u>	<u>7,000</u>	<u>151,124</u>
FUND BALANCES - JUNE 30	<u>\$ 22,525</u>	<u>\$ 14,629</u>	<u>\$ 2,865</u>	<u>\$ 7,000</u>	<u>\$ 151,293</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, 2021

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
General Government	\$ 14,280	\$ 1,004,673	\$ 780,231	\$ 147,326	\$ 1,946,510
Pennell	-	1,610,796	-	-	1,610,796
Library	40,150	1,823,133	406,923	11,481	2,281,687
Parks and Recreation	3,850	463,876	40,761	53,500	561,987
Public Safety	30,885	1,345,993	6,163,326	9,100	7,549,304
Public Works	595,952	4,627,658	3,382,096	14,334,122	22,939,828
Buildings and Grounds	30,000	194,165	104,559	393,646	722,370
Solid Waste	-	208,068	367,598	48,572	624,238
Total General Capital Assets	715,117	11,278,362	11,245,494	14,997,747	38,236,720
Less: Accumulated Depreciation		(4,689,899)	(6,244,570)	(10,326,864)	(21,261,333)
Net General Capital Assets	\$ 715,117	\$ 6,588,463	\$ 5,000,924	\$ 4,670,883	\$ 16,975,387

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, 2021

	General Capital Assets 7/1/20	Additions	Deletions	General Capital Assets 6/30/21
General Government	\$ 1,921,851	\$ 53,316	\$ (28,657)	\$ 1,946,510
Pennell	1,573,899	36,897	-	1,610,796
Library	2,276,100	5,587	-	2,281,687
Parks and Recreation	541,651	20,336	-	561,987
Public Safety	7,549,425	350,362	(350,483)	7,549,304
Public Works	21,849,643	1,645,022	(554,837)	22,939,828
Buildings and Grounds	621,401	100,969	-	722,370
Solid Waste	604,388	19,850	-	624,238
Total General Capital Assets	36,938,358	2,232,339	(933,977)	38,236,720
Less: Accumulated Depreciation	<u>(20,278,151)</u>	<u>(1,604,167)</u>	<u>620,985</u>	<u>(21,261,333)</u>
Net General Capital Assets	<u>\$ 16,660,207</u>	<u>\$ 628,172</u>	<u>\$ (312,992)</u>	<u>\$ 16,975,387</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, 2021 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 March 17, 2022.

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*. We noted certain other matters that we reported to management of the Town of Harrison, Maine in a separate letter dated November 18, 2021.

Purpose of this Report

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

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

Buxton, Maine
March 17, 2022