

Audited Financial Statements

Town of Gray, Maine

June 30, 2016



Proven Expertise and Integrity

TOWN OF GRAY, MAINE

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JUNE 30, 2016

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Proven Expertise and Integrity

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, 2016, 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 11 and 40 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 January 11, 2017, 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
January 11, 2017

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

(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, 2016. 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 & committees, public safety, library, parks & recreation, public works, education 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 funds 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 \$560,910 from \$15,274,188 to \$15,835,098.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased for governmental activities to a balance of \$5,462,400 at the end of this year.

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

	<u>2016</u>	<u>2015</u>
Assets:		
Current Assets	\$ 7,519,531	\$ 7,269,215
Capital Assets	15,756,117	16,022,164
Total Assets	<u>23,275,648</u>	<u>23,291,379</u>
Liabilities:		
Current Liabilities	1,610,431	1,349,958
Long-term Debt Outstanding	5,660,000	6,547,560
Total Liabilities	<u>7,270,431</u>	<u>7,897,518</u>
Deferred Inflows of Resources:		
Prepaid Taxes	58,588	22,304
Deferred Revenue	111,531	97,369
Total Deferred Inflows of Resources	<u>170,119</u>	<u>119,673</u>
Net Position:		
Net Investment in Capital Assets	9,208,557	8,602,249
Restricted: Special Revenue Funds	832,079	703,226
Capital Projects Funds	177,840	580,624
Permanent Funds	154,222	154,127
Unrestricted	5,462,400	5,233,962
Total Net Position	<u>\$ 15,835,098</u>	<u>\$ 15,274,188</u>

Revenues and Expenses

Both revenues and expenses for the Town's governmental funds were fairly consistent from the prior year with revenues increasing by \$500,096 or 2.95% primarily due to increases in taxes. Expenses increased by \$244,697 or 1.47%. This increase was primarily due to administration services and education.

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

	<u>2016</u>	<u>2015</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 1,034,365	\$ 990,648
Operating grants and contributions	153,823	146,299
<i>General Revenues:</i>		
Taxes	15,522,561	15,142,251
Grants and contributions not restricted to specific programs	403,723	364,059
Interest income	69,869	67,845
Miscellaneous	256,277	229,420
Total Revenues	<u>17,440,618</u>	<u>16,940,522</u>
Expenses		
Administration services	1,219,810	1,062,353
Council, boards & committees	36,835	31,046
Public safety	1,185,785	1,142,959
Library/parks & recreation	336,920	333,013
Public works	2,795,117	2,940,115
Municipal finances	610,615	556,493
County assessment	575,217	556,042
Education	9,174,348	9,111,989
Insurance claims	3,522	14,181
Other grants	1,292	-
Community services	29,718	30,958
Program expenses	683,984	666,730
Interest on long-term debt	226,545	189,132
Total Expenses	<u>16,879,708</u>	<u>16,635,011</u>
Change in Net Position	560,910	305,511
Net Position - July 1	<u>15,274,188</u>	<u>14,968,677</u>
Net Position - June 30	<u><u>\$ 15,835,098</u></u>	<u><u>\$ 15,274,188</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>2016</u>	<u>2015</u>
General Fund:		
Nonspendable	\$ 63,236	\$ 59,379
Committed	335,000	200,000
Unassigned	4,118,739	3,882,725
Total General Fund	<u>\$ 4,516,975</u>	<u>\$ 4,142,104</u>
Nonmajor Funds:		
Special Revenue Funds:		
Nonspendable	\$ 2,939	\$ 2,166
Restricted	832,079	703,226
Committed	21,287	77,849
Assigned	210,970	197,790
Capital Projects Funds:		
Restricted	177,840	580,624
Committed	372,893	1,135,594
Assigned	164,787	146,771
Unassigned	(10,501)	(651,904)
Permanent Funds:		
Nonspendable - principal	113,637	113,637
Restricted	40,585	40,490
Unassigned	(4,047)	(4,101)
Total Nonmajor Funds	<u>\$ 1,922,469</u>	<u>\$ 2,342,142</u>

The general fund total fund balance increased by \$374,871 from the prior fiscal year. The nonmajor fund balances decreased by \$419,673 from the prior fiscal year.

Budgetary Highlights

There was no significant difference between the original and final budget for the general fund.

The general fund actual revenues exceeded budget by \$421,221. All revenue categories were received in excess of budgeted amounts.

The general fund actual expenditures were under budget in total by \$153,650. When excluding overlay of \$122,541, the general fund expenditures remained under budget by \$31,109 despite cost overruns in municipal finances, insurance claims and other grants.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2016, the net book value of capital assets recorded by the Town decreased by \$266,047 from the prior year. This decrease is the result of capital additions of \$1,077,582 less current year depreciation expense of \$1,210,217 and less net disposals of \$133,412.

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

	<u>2016</u>	<u>2015</u>
Land and Non-Depreciable Assets	\$ 2,560,323	\$ 2,560,323
Buildings and Improvements	5,293,069	5,729,984
Furniture and Equipment	519,002	519,163
Vehicles	1,923,278	1,880,771
Infrastructure	<u>5,460,445</u>	<u>5,331,923</u>
Total	<u>\$ 15,756,117</u>	<u>\$ 16,022,164</u>

Debt

At June 30, 2016, the Town had \$6,225,000 in bonds outstanding versus \$6,780,000 in the prior year. Other obligations include capital leases payable and accrued sick and vacation time. Refer to Note 5 of Notes to Financial Statements for detailed information.

Economic Factors and Next Year's Budgets and Rates

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

The policy requires that the Town Treasurer maintain the Unassigned General Fund Balance (as determined in accordance with applicable government accounting standards) at a level not less than two twelfths (or $1/6$) and up to three twelfths (or $1/4$) of the Town's net assessment for commitment, excluding any and all TIF plan amount assessment. Utilization of the Unassigned General Fund Balance is restricted and may in no circumstance be appropriated to below the two twelfths (or $1/6$) level as described above without the favorable vote of a Town Meeting. Such a resolution for utilization shall also contain a plan to restore the Unassigned General Fund Balance to the level detailed above within a five (5) year period should such utilization cause the Unassigned General Fund Balance to fall below the level detailed above. The Town maintained balances in excess of the required minimum level for the fiscal year ended 2016.

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, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Office at 24 Main St., Gray, Maine 04039.

STATEMENT A

TOWN OF GRAY, MAINE
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 6,909,359
Accounts receivable (net of allowance for uncollectibles)	
Taxes	104,652
Liens	337,305
Other	62,131
Due from other governments	39,909
Prepaid items	57,263
Inventory	8,912
Total current assets	<u>7,519,531</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	2,560,323
Buildings and equipment, net of accumulated depreciation	13,195,794
Total noncurrent assets	<u>15,756,117</u>
TOTAL ASSETS	<u>\$ 23,275,648</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 132,949
Accrued expenses	2,501
Accrued payroll	123,118
Assigned revenue	281,875
Current portion of long-term obligations	1,069,988
Total current liabilities	<u>1,610,431</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	5,660,000
Total noncurrent liabilities	<u>5,660,000</u>
TOTAL LIABILITIES	<u>7,270,431</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	58,588
Deferred revenue	111,531
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>170,119</u>
NET POSITION	
Net investment in capital assets	9,208,557
Restricted: Special revenue funds	832,079
Capital projects funds	177,840
Permanent funds	154,222
Unrestricted	5,462,400
TOTAL NET POSITION	<u>15,835,098</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 23,275,648</u>

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

TOWN OF GRAY, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Total Governmental Activities
Governmental activities:					
Administration services	\$ 1,219,810	\$ 208,237	\$ 17,603	\$ -	\$ (993,970)
Council, boards & committees	36,835	18,322	-	-	(18,513)
Public safety	1,185,785	254,409	-	-	(931,376)
Library/parks & recreation	336,920	10,114	-	-	(326,806)
Public works	2,795,117	134,157	136,220	-	(2,524,740)
Municipal finances	610,615	-	-	-	(610,615)
County assessment	575,217	-	-	-	(575,217)
Education	9,174,348	-	-	-	(9,174,348)
Insurance claims	3,522	-	-	-	(3,522)
Other grants	1,292	-	-	-	(1,292)
Community services	29,718	-	-	-	(29,718)
Program expenses	683,984	409,126	-	-	(274,858)
Interest on long-term debt	226,545	-	-	-	(226,545)
Total government	<u>\$ 16,879,708</u>	<u>\$ 1,034,365</u>	<u>\$ 153,823</u>	<u>\$ -</u>	<u>(15,691,520)</u>

STATEMENT B (CONTINUED)
TOWN OF GRAY, MAINE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(15,691,520)</u>
General revenues:	
Taxes:	
Property taxes, levied for general purposes	13,920,639
Excise taxes	1,601,922
Grants and contributions not restricted to specific programs	403,723
Interest income	69,869
Miscellaneous	<u>256,277</u>
Total general revenues	<u>16,252,430</u>
Change in net position	560,910
NET POSITION - JULY 1	<u>15,274,188</u>
NET POSITION - JUNE 30	<u><u>\$ 15,835,098</u></u>

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

STATEMENT C

TOWN OF GRAY, MAINE

BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 5,881,253	\$ 1,028,106	\$ 6,909,359
Accounts receivable (net of allowance for uncollectibles):			
Taxes	104,652	-	104,652
Liens	337,305	-	337,305
Other	62,010	121	62,131
Due from other governments	39,909	-	39,909
Prepaid items	54,324	2,939	57,263
Inventory	8,912	-	8,912
Due from other funds	6	1,309,219	1,309,225
TOTAL ASSETS	<u>\$ 6,488,371</u>	<u>\$ 2,340,385</u>	<u>\$ 8,828,756</u>
LIABILITIES			
Accounts payable	\$ 119,092	\$ 13,857	\$ 132,949
Accrued expenses	2,501	-	2,501
Accrued payroll	112,471	10,647	123,118
Assigned revenue	-	281,875	281,875
Due to other funds	1,309,219	6	1,309,225
TOTAL LIABILITIES	<u>1,543,283</u>	<u>306,385</u>	<u>1,849,668</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	58,588	-	58,588
Deferred revenue	-	111,531	111,531
Deferred property tax	369,525	-	369,525
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>428,113</u>	<u>111,531</u>	<u>539,644</u>
FUND BALANCES			
Nonspendable	63,236	116,576	179,812
Restricted	-	1,050,504	1,050,504
Committed	335,000	394,180	729,180
Assigned	-	375,757	375,757
Unassigned	4,118,739	(14,548)	4,104,191
TOTAL FUND BALANCES	<u>4,516,975</u>	<u>1,922,469</u>	<u>6,439,444</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 6,488,371</u>	<u>\$ 2,340,385</u>	<u>\$ 8,828,756</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, 2016

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 6,439,444
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	15,756,117
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	369,525
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(6,225,000)
Capital leases payable	(322,560)
Accrued compensated absences	<u>(182,428)</u>
Net position of governmental activities	<u>\$ 15,835,098</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, 2016

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes:			
Property	\$ 13,930,681	\$ -	\$ 13,930,681
Excise	1,601,922	-	1,601,922
Intergovernmental	557,546	-	557,546
Interest income	67,855	2,014	69,869
Charges for services	625,239	409,126	1,034,365
Miscellaneous	159,674	96,603	256,277
TOTAL REVENUES	<u>16,942,917</u>	<u>507,743</u>	<u>17,450,660</u>
EXPENDITURES			
Current:			
Administration services	931,614	-	931,614
Council, boards & committees	36,835	-	36,835
Public safety	993,789	-	993,789
Library/parks & recreation	308,919	-	308,919
Public works	1,988,148	-	1,988,148
Municipal finances	610,615	-	610,615
County assessment	575,217	-	575,217
Education	9,174,348	-	9,174,348
Insurance claims	3,522	-	3,522
Other grants	29,792	-	29,792
Community services	29,718	-	29,718
Program expenses	-	683,984	683,984
Debt service:			
Principal	-	872,355	872,355
Interest	-	226,545	226,545
Capital outlay	-	1,030,061	1,030,061
TOTAL EXPENDITURES	<u>14,682,517</u>	<u>2,812,945</u>	<u>17,495,462</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,260,400</u>	<u>(2,305,202)</u>	<u>(44,802)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	30,965	2,307,515	2,338,480
Transfers (out)	(1,916,494)	(421,986)	(2,338,480)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,885,529)</u>	<u>1,885,529</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	374,871	(419,673)	(44,802)
FUND BALANCES - JULY 1	<u>4,142,104</u>	<u>2,342,142</u>	<u>6,484,246</u>
FUND BALANCES - JUNE 30	<u>\$ 4,516,975</u>	<u>\$ 1,922,469</u>	<u>\$ 6,439,444</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, 2016

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (44,802)</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to be allocated those expenditures over the life of the assets:	
Capital asset acquisitions	1,077,582
Capital asset disposals	(133,412)
Depreciation expense	<u>(1,210,217)</u>
	<u>(266,047)</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>(10,042)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Net Position	
	<u>872,355</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	<u>9,446</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 560,910</u></u>

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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 & committees, public safety, library, parks & recreation, public works, education and program expenses.

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

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

Implementation of New Accounting Standards

During the year ended June 30, 2016, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 72, "*Fair Value Measurement and Application*". The objective of the Statement is to expand comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will improve fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*". The objective of the Statement is to improve financial reporting by instituting a single framework for the presentation of information about pensions, thereby expanding the comparability of pension-related information reported by state and local governments. Management has determined that this Statement is not applicable.

Statement No. 76, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*". The objective of this Statement is to identify-in the

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

context of the current governmental financial reporting environment-the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 79, “*Certain External Investment Pools and Pool Participants*”. This Statement establishes specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. That measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share.

This Statement also establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

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

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

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Measurement Focus - Basic Financial Statements & Fund Financial Statements

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

1. Governmental Funds:

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

Major Funds

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Basis of Accounting

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

1. Accrual

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

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.
4. The Town does not adopt budgets for Special Revenue Funds.

Deposits and Investments

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

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

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Prepaid Items

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

Inventories

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

Interfund Receivables and Payables

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

Transactions Between Funds

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

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is estimated to be \$10,000 as of June 30, 2016. The full amount of the allowance was for uncollectible rescue fees and personal property taxes.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

such as streets, traffic signals, and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

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

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

Estimated useful lives are as follows:

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

Long-term Obligations

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

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

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

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 debt in the government-wide financial

TOWN OF GRAY, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2016, the Town's liability for compensated absences is \$182,428.

Net Position

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

Fund Balance

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

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

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

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 currently has no deferred outflows of resources.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has only one type of item, 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.

TOWN OF GRAY, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied August 12, 2015 on the assessed value listed as of April 1, 2015, for all real and personal property located in the Town. Taxes were due in two installments on October 1, 2015 and April 4, 2016. Interest on unpaid taxes commenced on October 2, 2015 and April 5, 2016, at 7% per annum.

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

The property tax collection rate was 97.6% and 97.1% for the years ended June 30, 2016 and 2015, 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 \$122,541 for the year ended June 30, 2016.

Program Revenues

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

Encumbrance Accounting

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

Use of Estimates

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets,

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2016, the Town's cash balances amounting to \$6,909,359 were comprised of deposits of \$7,339,060. All of these bank deposits were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 6,586
Sweep accounts	1,573,484
ICS savings accounts	5,758,990
	<u>\$ 7,339,060</u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does have a policy for custodial credit risk for investments. The Town seeks to minimize custodial credit risk by doing business with authorized institutions, depositories and brokers/dealers.

At June 30, 2016, the Town had no investments.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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.

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

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2016 consisted of the following individual fund receivables and payables:

	Receivables (Due From)	Payables (Due To)
Major funds:		
General fund	\$ 6	\$ 1,309,219
Nonmajor funds:		
Special revenue funds	1,193,507	-
Capital projects funds	1,749	6
Permanent funds	113,963	-
	<u>\$ 1,309,225</u>	<u>\$ 1,309,225</u>

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2016:

	Balance 7/1/15	Additions	Disposals	Balance 6/30/16
Non-depreciated assets:				
Land	\$ 124,803	\$ -	\$ -	\$ 124,803
Construction in progress	2,435,520	-	-	2,435,520
	<u>2,560,323</u>	<u>-</u>	<u>-</u>	<u>2,560,323</u>
Depreciated assets:				
Buildings & improvements	8,611,194	72,685	(396,107)	8,287,772
Furniture & equipment	2,336,278	115,168	-	2,451,446
Vehicles	6,905,231	230,000	-	7,135,231
Infrastructure	11,948,219	659,729	-	12,607,948
	<u>29,800,922</u>	<u>1,077,582</u>	<u>(396,107)</u>	<u>30,482,397</u>
Less accumulated depreciation:				
Buildings & improvements	(2,881,210)	(376,188)	262,695	(2,994,703)
Furniture & equipment	(1,817,115)	(115,329)	-	(1,932,444)
Vehicles	(5,024,460)	(187,493)	-	(5,211,953)
Infrastructure	(6,616,296)	(531,207)	-	(7,147,503)
	<u>(16,339,081)</u>	<u>(1,210,217)</u>	<u>262,695</u>	<u>(17,286,603)</u>
Net depreciated assets	<u>13,461,841</u>	<u>(132,635)</u>	<u>(133,412)</u>	<u>13,195,794</u>
Net capital assets	<u>\$ 16,022,164</u>	<u>\$ (132,635)</u>	<u>\$ (133,412)</u>	<u>\$ 15,756,117</u>
Current year depreciation:				
General Government				\$ 89,430
Pennell				78,488
Library				9,383
Parks & Recreation				19,992
Public Safety				192,369
Public Works				781,033
Buildings & Grounds				20,066
Solid Waste				<u>19,456</u>
Total depreciation expense				<u>\$ 1,210,217</u>

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2016:

	Balance 7/1/15	Additions	Deletions	Balance 6/30/16	Current Year Portion
Bonds payable	\$ 6,780,000	\$ -	\$ (555,000)	\$ 6,225,000	\$ 565,000
Capital leases payable	639,915	-	(317,355)	322,560	322,560
Accrued compensated absences	191,874	-	(9,446)	182,428	182,428
Totals	<u>\$ 7,611,789</u>	<u>\$ -</u>	<u>\$ (881,801)</u>	<u>\$ 6,729,988</u>	<u>\$ 1,069,988</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 rate from 2.00% to 4.00% per annum. Annual principal installments vary from \$160,000 to \$335,000.	\$ 2,305,000
\$5,600,000, 2009 General Obligation Bond due in annual principal installments and semiannual interest installments through October of 2029. Interest is charged at a varying rate from 2.50% to 4.25% per annum. Annual principal installments are \$280,000.	<u>3,920,000</u>
Total Bonds Payable	<u>\$ 6,225,000</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
2017	\$ 565,000	\$ 202,750	\$ 767,750
2018	565,000	188,650	753,650
2019	575,000	172,975	747,975
2020	585,000	155,575	740,575
2021	595,000	137,875	732,875
2022-2026	2,220,000	409,175	2,629,175
2027-2031	1,120,000	93,800	1,213,800
	<u>\$ 6,225,000</u>	<u>\$ 1,360,800</u>	<u>\$ 7,585,800</u>

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 - LONG-TERM DEBT (CONTINUED)

No interest costs were capitalized during the period. The amount of interest costs incurred and charged to expense for the year ended June 30, 2016 was \$226,545.

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

The following is a summary of capital leases payable for the year ended June 30, 2016:

\$1,280,000, 2013 Capital Lease payable to TD Equipment Finance, Inc. for vehicles due in annual installments through October of 2016. Interest is charged at a rate of 1.64% per annum. Annual payments are \$327,850.	<u>\$ 322,560</u>
Total Capital Leases Payable	<u><u>\$ 322,560</u></u>

The future annual payments for this capital lease for the years ending June 30 are as follows:

2017	\$ 327,850
2018	-
2019	-
2020	-
2021	<u>-</u>
Total minimum lease payments	327,850
Less amount representing interest	<u>(5,290)</u>
Present value of future minimum lease payments	<u><u>\$ 322,560</u></u>

NOTE 6 - EXPENDITURES OVER APPROPRIATIONS

At June 30, 2016, the Town had no overspent appropriations. The Town budget was approved in total by one article and the total actual expenditures did not exceed this amount.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 - NONSPENDABLE FUND BALANCES

At June 30, 2016, the Town had the following nonspendable fund balances:

General fund:	
Prepaid items	\$ 54,324
Inventory	8,912
Nonmajor special revenue funds (Schedule E)	2,939
Nonmajor permanent funds (Schedule J)	113,637
	<u>\$ 179,812</u>

NOTE 8 - RESTRICTED FUND BALANCES

At June 30, 2016, the Town had the following restricted fund balances:

Nonmajor special revenue funds (Schedule E)	\$ 832,079
Nonmajor capital projects funds (Schedule H)	177,840
Nonmajor permanent funds (Schedule J)	40,585
	<u>\$ 1,050,504</u>

NOTE 9 - COMMITTED FUND BALANCES

At June 30, 2016, the Town had the following committed fund balances:

General fund:	
Use of fund balance FY 2017 budget	\$ 335,000
Nonmajor special revenue funds (Schedule E)	21,287
Nonmajor capital projects funds (Schedule H)	372,893
	<u>\$ 729,180</u>

NOTE 10 - ASSIGNED FUND BALANCES

At June 30, 2016, the Town had the following assigned fund balances:

Nonmajor special revenue funds (Schedule E)	\$ 210,970
Nonmajor capital projects funds (Schedule H)	164,787
	<u>\$ 375,757</u>

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 11 - TAX INCREMENT FINANCING DISTRICT

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 and Advance Realty whereby the Town has issued revenue obligation bonds on behalf of Advance Realty amounting to \$2,800,000. These bonds are not general obligation bonds of the Town and do not constitute a debt or obligation of the Town of Gray, Maine. The bonds will be paid solely by the revenue of the project provided by the companies. In 2016, \$118,241 of tax was captured and \$67,062 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.

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.

NOTE 12 - 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.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 13 - 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, 2016, the Town's share was approximately:

	Outstanding Debt	Percentage	Amount
Gray Water District	\$ 2,457,892	35.14%	\$ 863,690
County of Cumberland	35,735,000	2.17%	774,128
MSAD #15	5,181,107	64.27%	3,329,897
			<u>\$ 4,967,716</u>

NOTE 14 - CONTINGENCIES

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

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

NOTE 15 - 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 either carries commercial insurance, participates in a public entity risk pool, or is effectively self-insured. Currently the Town participates in several public-entity and self-insured risk pools sponsored by the Maine Municipal Association.

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, 2016. 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.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 16 - DEFERRED COMPENSATION PLAN

INTERNATIONAL CITY MANAGEMENT ASSOCIATION - RETIREMENT CORP.

A. Plan Description

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

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

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

B. Funding Policy

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

The Town's contributions to the plan including employee contributions for 2016, 2015 and 2014 were \$242,869, \$239,555, and \$242,869, respectively

NOTE 17 - 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 with 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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 17 - JOINT VENTURES (CONTINUED)

asset in the financial statements in connection with its participation in ecomaine. The Town of Gray has an owner membership of 3.852% in ecomaine as of June 30, 2016 (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, 2016 (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 \$645,074.

NOTE 18 - COMPARATIVE DATA/RECLASSIFICATIONS

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

Required Supplementary Information

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

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

TOWN OF GRAY, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
 BUDGET AND ACTUAL – GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Budgetary Fund Balance, July 1	\$ 4,142,104	\$ 4,142,104	\$ 4,142,104	\$ -
Resources (Inflows):				
Property taxes	13,921,184	13,921,184	13,930,681	9,497
Excise taxes	1,403,000	1,403,000	1,601,922	198,922
Intergovernmental	508,412	508,412	557,546	49,134
Charges for services	526,600	526,600	625,239	98,639
Interest income	58,500	58,500	67,855	9,355
Other revenue	104,000	104,000	159,674	55,674
Transfers from other funds	30,965	30,965	30,965	-
Amounts Available for Appropriation	<u>20,694,765</u>	<u>20,694,765</u>	<u>21,115,986</u>	<u>421,221</u>
Charges to Appropriations (Outflows):				
Administration services	961,485	961,485	931,614	29,871
Council, boards & committees	38,215	38,215	36,835	1,380
Public safety	1,021,243	1,021,243	993,789	27,454
Library/parks & recreation	313,167	313,167	308,919	4,248
Public works	2,038,284	2,038,284	1,988,148	50,136
Municipal finances	561,846	561,846	610,615	(48,769)
County assessment	575,217	575,217	575,217	-
Education	9,174,348	9,174,348	9,174,348	-
Insurance claims	-	-	3,522	(3,522)
Other grants	-	-	29,792	(29,792)
Community services	29,718	29,718	29,718	-
Overlay	122,541	122,541	-	122,541
Transfers to other funds	1,916,597	1,916,597	1,916,494	103
Total Charges to Appropriations	<u>16,752,661</u>	<u>16,752,661</u>	<u>16,599,011</u>	<u>153,650</u>
Budgetary Fund Balance, June 30	<u>\$ 3,942,104</u>	<u>\$ 3,942,104</u>	<u>\$ 4,516,975</u>	<u>\$ 574,871</u>
Utilization of committed fund balance	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ (200,000)</u>
	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ (200,000)</u>

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

Other Supplementary Information

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

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

SCHEDULE A

TOWN OF GRAY, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
BUDGET AND ACTUAL – GENERAL FUND REVENUES
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 13,921,184	\$ 13,921,184	\$ 13,930,681	\$ 9,497
Auto excise	1,385,000	1,385,000	1,582,392	197,392
Boat excise	18,000	18,000	19,530	1,530
Subtotal	15,324,184	15,324,184	15,532,603	208,419
Intergovernmental revenues:				
Animal waste facility	-	-	1,364	1,364
Cumberland assessing contract	-	-	27,678	27,678
General assistance	24,850	24,850	17,603	(7,247)
LRAP	134,828	134,828	136,220	1,392
Snowmobiles	2,750	2,750	3,138	388
State revenue sharing	321,484	321,484	342,839	21,355
Tree growth	20,000	20,000	22,981	2,981
Veterans' exemption	4,500	4,500	5,723	1,223
Subtotal	508,412	508,412	557,546	49,134
Charges for services:				
Building fees	62,500	62,500	119,727	57,227
Clerk fees	37,250	37,250	37,676	426
Community development miscellaneous	1,300	1,300	1,736	436
Dog control	9,000	9,000	6,587	(2,413)
Driveway opening	100	100	4,200	4,100
Electric fees	8,500	8,500	16,428	7,928
Gravel pits	1,600	1,600	800	(800)
Junkyard fees	50	50	50	-
Library fines	8,000	8,000	10,114	2,114
Planning board fees	10,000	10,000	13,372	3,372
Plumbing fees	18,000	18,000	25,993	7,993
Public communications	600	600	90	(510)
Public works misc	-	-	1,497	1,497
Recycling	104,700	104,700	125,710	21,010
Rescue fees	260,000	260,000	254,409	(5,591)
Shoreland application fees	2,000	2,000	3,150	1,150
Tree removal	2,000	2,000	1,950	(50)
Zoning board applications	1,000	1,000	1,750	750
Subtotal	526,600	526,600	625,239	98,639

SCHEDULE A (CONTINUED)

TOWN OF GRAY, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
BUDGET AND ACTUAL – GENERAL FUND REVENUES
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Interest income:				
Interest income	6,500	6,500	10,753	4,253
Tax interest	52,000	52,000	57,102	5,102
Subtotal	<u>58,500</u>	<u>58,500</u>	<u>67,855</u>	<u>9,355</u>
Miscellaneous revenues:				
Cable franchise fees	89,000	89,000	85,129	(3,871)
Insurance claims	-	-	3,522	3,522
Payment rebates	-	-	3,102	3,102
Proceeds from sale of assets	-	-	27,285	27,285
Other grants	-	-	29,792	29,792
Other miscellaneous	15,000	15,000	10,844	(4,156)
Subtotal	<u>104,000</u>	<u>104,000</u>	<u>159,674</u>	<u>55,674</u>
Transfers from other funds	<u>30,965</u>	<u>30,965</u>	<u>30,965</u>	<u>-</u>
Amounts Available for Appropriation	<u>\$ 16,552,661</u>	<u>\$ 16,552,661</u>	<u>\$ 16,973,882</u>	<u>\$ 421,221</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, 2016

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
ADMINISTRATION SERVICES:					
Administration	\$ 450,109	\$ -	\$ 450,109	\$ 448,020	\$ 2,089
Community development	181,988	-	181,988	174,828	7,160
Assessing	97,594	-	97,594	107,612	(10,018)
Code enforcement	97,887	-	97,887	96,638	1,249
General assistance	46,388	-	46,388	18,094	28,294
Public communications	77,107	-	77,107	80,509	(3,402)
Elections	10,412	-	10,412	5,913	4,499
Totals	961,485	-	961,485	931,614	29,871
COUNCIL, BOARDS & COMMITTEES:					
Council	29,565	-	29,565	30,760	(1,195)
Zoning Board of Appeals	2,600	-	2,600	457	2,143
Planning Board	4,050	-	4,050	3,618	432
Economic development	2,000	-	2,000	2,000	-
Totals	38,215	-	38,215	36,835	1,380
PUBLIC SAFETY:					
County sheriff	133,851	-	133,851	115,774	18,077
Public safety services	713,708	-	713,708	708,133	5,575
Utilities	173,684	-	173,684	169,882	3,802
Totals	1,021,243	-	1,021,243	993,789	27,454

TOWN OF GRAY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
LIBRARY/ PARKS & RECREATION:					
Library	288,818	-	288,818	284,637	4,181
Parks and recreation administration	24,349	-	24,349	24,282	67
Totals	313,167	-	313,167	308,919	4,248
PUBLIC WORKS:					
Winter roads	441,414	-	441,414	416,146	25,268
Summer roads	352,907	-	352,907	374,344	(21,437)
Additional roadwork	117,714	-	117,714	119,225	(1,511)
Garage	277,703	-	277,703	235,755	41,948
Recycling	593,730	-	593,730	570,113	23,617
Buildings and grounds	254,816	-	254,816	272,565	(17,749)
Totals	2,038,284	-	2,038,284	1,988,148	50,136
MUNICIPAL FINANCES:					
General insurance	561,846	-	561,846	610,615	(48,769)
Totals	561,846	-	561,846	610,615	(48,769)
COUNTY ASSESSMENT	575,217	-	575,217	575,217	-
EDUCATION	9,174,348	-	9,174,348	9,174,348	-
INSURANCE CLAIMS	-	-	-	3,522	(3,522)
OTHER GRANTS	-	-	-	29,792	(29,792)

TOWN OF GRAY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
COMMUNITY SERVICES	29,718	-	29,718	29,718	-
OVERLAY	122,541	-	122,541	-	122,541
TRANSFERS TO OTHER FUNDS:					
Northbrook TIF	118,344	-	118,344	118,241	103
South Gray TIF	237,288	-	237,288	237,288	-
Recreation fund	30,000	-	30,000	30,000	-
Capital reserves	1,530,965	-	1,530,965	1,530,965	-
Totals	1,916,597	-	1,916,597	1,916,494	103
TOTAL EXPENDITURES	\$ 16,752,661	\$ -	\$ 16,752,661	\$ 16,599,011	\$ 153,650

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

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 500	\$ 991,394	\$ 36,212	\$ 1,028,106
Accounts receivable (net of allowance for uncollectibles)	115	6	-	121
Prepaid items	2,939	-	-	2,939
Due from other funds	1,193,507	1,749	113,963	1,309,219
TOTAL ASSETS	<u>\$ 1,197,061</u>	<u>\$ 993,149</u>	<u>\$ 150,175</u>	<u>\$ 2,340,385</u>
LIABILITIES				
Accounts payable	\$ 7,608	\$ 6,249	\$ -	\$ 13,857
Accrued payroll	10,647	-	-	10,647
Assigned revenue	-	281,875	-	281,875
Due to other funds	-	6	-	6
TOTAL LIABILITIES	<u>18,255</u>	<u>288,130</u>	<u>-</u>	<u>306,385</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	111,531	-	-	111,531
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>111,531</u>	<u>-</u>	<u>-</u>	<u>111,531</u>
FUND BALANCES				
Nonspendable	2,939	-	113,637	116,576
Restricted	832,079	177,840	40,585	1,050,504
Committed	21,287	372,893	-	394,180
Assigned	210,970	164,787	-	375,757
Unassigned	-	(10,501)	(4,047)	(14,548)
TOTAL FUND BALANCES	<u>1,067,275</u>	<u>705,019</u>	<u>150,175</u>	<u>1,922,469</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,197,061</u>	<u>\$ 993,149</u>	<u>\$ 150,175</u>	<u>\$ 2,340,385</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, 2016

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Investment income, net of unrealized gains/(losses)	\$ 411	\$ 1,351	\$ 252	\$ 2,014
Charges for services	409,126	-	-	409,126
Other income	42,650	53,953	-	96,603
TOTAL REVENUES	<u>452,187</u>	<u>55,304</u>	<u>252</u>	<u>507,743</u>
EXPENDITURES				
Debt service:				
Principal	-	872,355	-	872,355
Interest	-	226,545	-	226,545
Capital outlay	65,094	964,967	-	1,030,061
Other	655,413	28,468	103	683,984
TOTAL EXPENDITURES	<u>720,507</u>	<u>2,092,335</u>	<u>103</u>	<u>2,812,945</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(268,320)</u>	<u>(2,037,031)</u>	<u>149</u>	<u>(2,305,202)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	385,529	1,921,986	-	2,307,515
Transfers (out)	(30,965)	(391,021)	-	(421,986)
TOTAL OTHER FINANCING SOURCES (USES)	<u>354,564</u>	<u>1,530,965</u>	<u>-</u>	<u>1,885,529</u>
NET CHANGE IN FUND BALANCES	86,244	(506,066)	149	(419,673)
FUND BALANCES - JULY 1	<u>981,031</u>	<u>1,211,085</u>	<u>150,026</u>	<u>2,342,142</u>
FUND BALANCES - JUNE 30	<u><u>\$ 1,067,275</u></u>	<u><u>\$ 705,019</u></u>	<u><u>\$ 150,175</u></u>	<u><u>\$ 1,922,469</u></u>

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

Special Revenue Funds

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

SCHEDULE E

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2016

	Northbrook TIF	South Gray TIF	Recreation Fund	Parks & Recreation Fundraiser	Dry Mills Schoolhouse	Rescue Kilby Fund
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 500	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	115
Prepaid items	-	-	2,939	-	-	-
Due from other funds	230,895	322,916	235,184	5,151	6,052	6,735
TOTAL ASSETS	<u>\$ 230,895</u>	<u>\$ 322,916</u>	<u>\$ 238,623</u>	<u>\$ 5,151</u>	<u>\$ 6,052</u>	<u>\$ 6,850</u>
LIABILITIES						
Accounts payable	\$ -	\$ 2,451	\$ 210	\$ 2,496	\$ -	\$ -
Accrued payroll	-	-	10,647	-	-	-
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>2,451</u>	<u>10,857</u>	<u>2,496</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	-	-	111,531	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>111,531</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	2,939	-	-	-
Restricted	230,895	320,465	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	113,296	2,655	6,052	6,850
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>230,895</u>	<u>320,465</u>	<u>116,235</u>	<u>2,655</u>	<u>6,052</u>	<u>6,850</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 230,895</u>	<u>\$ 322,916</u>	<u>\$ 238,623</u>	<u>\$ 5,151</u>	<u>\$ 6,052</u>	<u>\$ 6,850</u>

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016

	Penn Cable	Gray Employee Safety & 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	390	27,082	3,153	125,460	6,151
TOTAL ASSETS	<u>\$ 525</u>	<u>\$ 390</u>	<u>\$ 27,082</u>	<u>\$ 3,153</u>	<u>\$ 125,460</u>	<u>\$ 6,151</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	525	-	27,082	-	125,460	-
Committed	-	-	-	-	-	-
Assigned	-	390	-	3,153	-	6,151
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>525</u>	<u>390</u>	<u>27,082</u>	<u>3,153</u>	<u>125,460</u>	<u>6,151</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 525</u>	<u>\$ 390</u>	<u>\$ 27,082</u>	<u>\$ 3,153</u>	<u>\$ 125,460</u>	<u>\$ 6,151</u>

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016

	Pennell Town Clock	Stimson Hall	Library Appeal	Gray Fire & Rescue Mem. Fund	Marketing	Revaluation
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Due from other funds	10,050	21,287	1,959	17,143	1,000	-
TOTAL ASSETS	\$ 10,050	\$ 21,287	\$ 1,959	\$ 17,143	\$ 1,000	\$ -
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	21,287	-	-	-	-
Assigned	10,050	-	1,959	17,143	1,000	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	10,050	21,287	1,959	17,143	1,000	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 10,050	\$ 21,287	\$ 1,959	\$ 17,143	\$ 1,000	\$ -

SCHEDULE E (CONTINUED)

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016

	GEO Plan	Tomco	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	541	19,616	11,490	101,963	8,507	5,065
TOTAL ASSETS	<u>\$ 541</u>	<u>\$ 19,616</u>	<u>\$ 11,490</u>	<u>\$ 101,963</u>	<u>\$ 8,507</u>	<u>\$ 5,065</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ 2,451	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,451</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						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	99,512	8,507	5,065
Committed	-	-	-	-	-	-
Assigned	541	19,616	11,490	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>541</u>	<u>19,616</u>	<u>11,490</u>	<u>99,512</u>	<u>8,507</u>	<u>5,065</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 541</u>	<u>\$ 19,616</u>	<u>\$ 11,490</u>	<u>\$ 101,963</u>	<u>\$ 8,507</u>	<u>\$ 5,065</u>

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016

	Training Site	Guardrail Repair	Henry Pennell Municipal Complex	Libby Recreation Scholarship	Gray Matters
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-
Prepaid items	-	-	-	-	-
Due from other funds	-	-	11,709	1,558	2,204
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,709</u>	<u>\$ 1,558</u>	<u>\$ 2,204</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	11,709	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	1,558	2,204
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>11,709</u>	<u>1,558</u>	<u>2,204</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,709</u>	<u>\$ 1,558</u>	<u>\$ 2,204</u>

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016

	Gray Fire/Rescue Education	Shannon Ronan Mem Fund	Mazur Parks/Rec Mem Fund	Grants	Parks & Recreation Scholarship Fund	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	115
Prepaid items	-	-	-	-	-	2,939
Due from other funds	3,687	439	2,151	708	2,736	1,193,507
TOTAL ASSETS	<u>\$ 3,687</u>	<u>\$ 439</u>	<u>\$ 2,151</u>	<u>\$ 708</u>	<u>\$ 2,736</u>	<u>\$ 1,197,061</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,608
Accrued payroll	-	-	-	-	-	10,647
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,255</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	-	-	-	-	-	111,531
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>111,531</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	2,939
Restricted	-	-	2,151	708	-	832,079
Committed	-	-	-	-	-	21,287
Assigned	3,687	439	-	-	2,736	210,970
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>3,687</u>	<u>439</u>	<u>2,151</u>	<u>708</u>	<u>2,736</u>	<u>1,067,275</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 3,687</u>	<u>\$ 439</u>	<u>\$ 2,151</u>	<u>\$ 708</u>	<u>\$ 2,736</u>	<u>\$ 1,197,061</u>

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

TOWN OF GRAY, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Northbrook TIF	South Gray TIF	Recreation Fund	Parks & Recreation Fundraiser	Dry Mills Schoolhouse	Rescue Kilby Fund
REVENUES						
Interest income	\$ -	\$ 411	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	346,541	-	-	-
Other income	-	-	-	4,087	375	2,170
TOTAL REVENUES	<u>-</u>	<u>411</u>	<u>346,541</u>	<u>4,087</u>	<u>375</u>	<u>2,170</u>
EXPENDITURES						
Capital outlay	-	25,907	-	-	-	-
Other	76,785	119,381	327,532	1,432	34	174
TOTAL EXPENDITURES	<u>76,785</u>	<u>145,288</u>	<u>327,532</u>	<u>1,432</u>	<u>34</u>	<u>174</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(76,785)</u>	<u>(144,877)</u>	<u>19,009</u>	<u>2,655</u>	<u>341</u>	<u>1,996</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	118,241	237,288	30,000	-	-	-
Transfers (out)	-	(30,965)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>118,241</u>	<u>206,323</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	41,456	61,446	49,009	2,655	341	1,996
FUND BALANCES - JULY 1	<u>189,439</u>	<u>259,019</u>	<u>67,226</u>	<u>-</u>	<u>5,711</u>	<u>4,854</u>
FUND BALANCES - JUNE 30	<u>\$ 230,895</u>	<u>\$ 320,465</u>	<u>\$ 116,235</u>	<u>\$ 2,655</u>	<u>\$ 6,052</u>	<u>\$ 6,850</u>

TOWN OF GRAY, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Penn Cable	Gray Employee Safety & Wellness	Subdivision Recreation Fund	Library Reserve	Landfill Closure	Water Quality
REVENUES						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Other income	-	-	20,050	-	-	-
TOTAL REVENUES	-	-	20,050	-	-	-
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
Other	-	-	13,133	278	-	-
TOTAL EXPENDITURES	-	-	13,133	278	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	6,917	(278)	-	-
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	6,917	(278)	-	-
FUND BALANCES - JULY 1	525	390	20,165	3,431	125,460	6,151
FUND BALANCES - JUNE 30	\$ 525	\$ 390	\$ 27,082	\$ 3,153	\$ 125,460	\$ 6,151

TOWN OF GRAY, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Pennell Town Clock	Stimson Hall	Library Appeal	Gray Fire & Rescue Mem. Fund	Marketing	Revaluation
REVENUES						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Other income	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	-	-
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
Other	500	575	-	1,159	-	54,325
TOTAL EXPENDITURES	500	575	-	1,159	-	54,325
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(500)	(575)	-	(1,159)	-	(54,325)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	(500)	(575)	-	(1,159)	-	(54,325)
FUND BALANCES - JULY 1	10,550	21,862	1,959	18,302	1,000	54,325
FUND BALANCES - JUNE 30	<u>\$ 10,050</u>	<u>\$ 21,287</u>	<u>\$ 1,959</u>	<u>\$ 17,143</u>	<u>\$ 1,000</u>	<u>\$ -</u>

TOWN OF GRAY, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>GEO Plan</u>	<u>Tomco</u>	<u>Library Fund</u>	<u>Planning Board Escrow</u>	<u>S/Dugas Pit Reclamation</u>	<u>Maxwell Gravel Pit Reclamation</u>
REVENUES						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	62,585	-	-
Other income	-	-	460	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>460</u>	<u>62,585</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Capital outlay	-	-	-	25,907	-	-
Other	1,910	184	1,252	48,632	-	-
TOTAL EXPENDITURES	<u>1,910</u>	<u>184</u>	<u>1,252</u>	<u>74,539</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,910)</u>	<u>(184)</u>	<u>(792)</u>	<u>(11,954)</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(1,910)	(184)	(792)	(11,954)	-	-
FUND BALANCES - JULY 1	<u>2,451</u>	<u>19,800</u>	<u>12,282</u>	<u>111,466</u>	<u>8,507</u>	<u>5,065</u>
FUND BALANCES - JUNE 30	<u>\$ 541</u>	<u>\$ 19,616</u>	<u>\$ 11,490</u>	<u>\$ 99,512</u>	<u>\$ 8,507</u>	<u>\$ 5,065</u>

TOWN OF GRAY, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Training Site	Guardrail Repair	Henry Pennell Municipal Complex	Libby Recreation Scholarship	Gray Matters
REVENUES					
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-
Other income	13,280	666	300	550	-
TOTAL REVENUES	<u>13,280</u>	<u>666</u>	<u>300</u>	<u>550</u>	<u>-</u>
EXPENDITURES					
Capital outlay	13,280	-	-	-	-
Other	216	2,328	50	-	-
TOTAL EXPENDITURES	<u>13,496</u>	<u>2,328</u>	<u>50</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(216)</u>	<u>(1,662)</u>	<u>250</u>	<u>550</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(216)	(1,662)	250	550	-
FUND BALANCES - JULY 1	<u>216</u>	<u>1,662</u>	<u>11,459</u>	<u>1,008</u>	<u>2,204</u>
FUND BALANCES - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,709</u>	<u>\$ 1,558</u>	<u>\$ 2,204</u>

TOWN OF GRAY, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Gray Fire/Rescue Education	Shannon Ronan Mem Fund	Mazur Parks/Rec Mem Fund	Grants	Parks & Recreation Scholarship Fund	Total
REVENUES						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 411
Charges for services	-	-	-	-	-	409,126
Other income	386	-	-	-	326	42,650
TOTAL REVENUES	<u>386</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>326</u>	<u>452,187</u>
EXPENDITURES						
Capital outlay	-	-	-	-	-	65,094
Other	2,086	40	-	-	3,407	655,413
TOTAL EXPENDITURES	<u>2,086</u>	<u>40</u>	<u>-</u>	<u>-</u>	<u>3,407</u>	<u>720,507</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,700)</u>	<u>(40)</u>	<u>-</u>	<u>-</u>	<u>(3,081)</u>	<u>(268,320)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	385,529
Transfers (out)	-	-	-	-	-	(30,965)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>354,564</u>
NET CHANGE IN FUND BALANCES	(1,700)	(40)	-	-	(3,081)	86,244
FUND BALANCES - JULY 1	<u>5,387</u>	<u>479</u>	<u>2,151</u>	<u>708</u>	<u>5,817</u>	<u>981,031</u>
FUND BALANCES - JUNE 30	<u>\$ 3,687</u>	<u>\$ 439</u>	<u>\$ 2,151</u>	<u>\$ 708</u>	<u>\$ 2,736</u>	<u>\$ 1,067,275</u>

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

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF ACTIVITY – RECREATION FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Balance, 7/1/2015	Revenue	Expenditures	Balance, 6/30/2016
ADMINISTRATION:				
FICA/Medicare	\$ -	\$ -	\$ 9,608	\$ (9,608)
Full-time personnel	-	-	102,072	(102,072)
Overtime	-	-	2,882	(2,882)
Part-time personnel	-	-	16,312	(16,312)
Per diem personnel	-	-	636	(636)
Retirement	-	-	6,112	(6,112)
Wilkes Beach attendant	-	-	4,150	(4,150)
Total Administration	-	-	141,772	(141,772)
PROGRAMS:				
Operations				
Administrative fees	-	8,083	7,650	433
Grants	-	1,300	-	1,300
Totals	-	9,383	7,650	1,733
Supplies and equipment				
Brochures/flyers	-	-	409	(409)
Equipment	-	1,099	1,099	-
Software	-	-	3,915	(3,915)
Totals	-	1,099	5,423	(4,324)
Adult fitness				
Basketball	-	9,157	7,920	1,237
Fit after 50	-	106	61	45
Pickleball	-	538	73	465
Softball	-	825	330	495
Total body conditioning	-	1,105	794	311
Totals	-	11,731	9,178	2,553
Adult classes				
Bridge	-	-	34	(34)
Photography	-	32	-	32
Totals	-	32	34	(2)
Youth fitness				
Fall soccer	-	6,147	2,138	4,009
Gymnastics	-	1,845	926	919
Junior basketball	-	3,867	1,250	2,617
Junior soccer	-	3,439	887	2,552
Lacrosse	-	385	148	237
Nerf night	-	465	10	455
Skiing	-	2,341	2,178	163
Track and field	-	2,590	624	1,966
Zumba for kids	-	1,788	759	1,029
Totals	-	22,867	8,920	13,947
Youth classes				
American Red Cross babysit	-	1,515	995	520
Broadway for beginners	-	3,797	2,177	1,620
Gear bots	-	1,788	1,338	450
Home alone safety	-	196	70	126
Mad science	-	5,295	4,408	887
Totals	-	12,591	8,988	3,603

SCHEDULE G (CONTINUED)

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF ACTIVITY – RECREATION FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Balance, 7/1/2015	Revenue	Expenditures	Balance, 6/30/2016
PROGRAMS (CONTINUED):				
Childcare services				
Day camp	-	106,725	65,255	41,470
Day camp trips	-	24,148	19,477	4,671
In service days	-	1,648	744	904
Kindergarten camp	-	-	152	(152)
Kid's Club	-	108,545	34,383	74,162
Leaders in training	-	20,537	13,264	7,273
Snack shack	-	4,324	2,150	2,174
Vacation camp	-	8,826	3,709	5,117
Totals	-	274,753	139,134	135,619
Camps/clinics				
Adventure time	-	251	144	107
Family pick-up basketball and open gym	-	344	-	344
Field hockey	-	2,950	822	2,128
Parents night out	-	1,031	381	650
Volleyball	-	2,899	1,620	1,279
Totals	-	7,475	2,967	4,508
Rentals				
Newbegin and grounds	-	4,226	226	4,000
Totals	-	4,226	226	4,000
Special events				
Easter egg hunt	-	-	349	(349)
Christmas	-	-	475	(475)
Halloween	-	-	983	(983)
Ice Skating	-	-	33	(33)
Movie night	-	2,384	1,400	984
Totals	-	2,384	3,240	(856)
 Total programs	-	346,541	185,760	160,781
 Subtotal - Recreation Department Activity	-	346,541	327,532	19,009
 Transfers In	-	30,000	-	30,000
 Beginning Fund Balance	67,226	-	-	67,226
 Total Recreation Department Activity	\$ 67,226	\$ 376,541	\$ 327,532	\$ 116,235

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, 2016

	Public Works & Transfer Station Project	Town Office Project	Bridge Repair and Replacement	Fire and Public Safety	PW and Town Vehicles and Equipment
ASSETS					
Cash and cash equivalents	\$ 1,121	\$ 6,114	\$ -	\$ 372,893	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-
Due from other funds	-	-	-	-	1,749
TOTAL ASSETS	<u>\$ 1,121</u>	<u>\$ 6,114</u>	<u>\$ -</u>	<u>\$ 372,893</u>	<u>\$ 1,749</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 1,749
Assigned revenue	-	-	-	-	-
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,749</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	1,121	6,114	-	-	-
Committed	-	-	-	372,893	-
Assigned	-	-	-	-	6,000
Unassigned	-	-	-	-	(6,000)
TOTAL FUND BALANCES	<u>1,121</u>	<u>6,114</u>	<u>-</u>	<u>372,893</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,121</u>	<u>\$ 6,114</u>	<u>\$ -</u>	<u>\$ 372,893</u>	<u>\$ 1,749</u>

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2016

	Sidewalks	Library Expansion Project	Debt Service	Bridges/Road Bond	Misc.
ASSETS					
Cash and cash equivalents	\$ 8,265	\$ 2,936	\$ 281,875	\$ 167,669	\$ 41,532
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-
Due from other funds	-	-	-	-	-
TOTAL ASSETS	<u>\$ 8,265</u>	<u>\$ 2,936</u>	<u>\$ 281,875</u>	<u>\$ 167,669</u>	<u>\$ 41,532</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned revenue	-	-	281,875	-	-
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>281,875</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	2,936	-	167,669	-
Committed	-	-	-	-	-
Assigned	8,265	-	-	-	41,532
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>8,265</u>	<u>2,936</u>	<u>-</u>	<u>167,669</u>	<u>41,532</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 8,265</u>	<u>\$ 2,936</u>	<u>\$ 281,875</u>	<u>\$ 167,669</u>	<u>\$ 41,532</u>

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2016

	Public Buildings	Technology	Road Resurfacing	Total
ASSETS				
Cash and cash equivalents	\$ 103,553	\$ -	\$ 5,436	\$ 991,394
Accounts receivable (net of allowance for uncollectibles)	-	-	6	6
Due from other funds	-	-	-	1,749
TOTAL ASSETS	<u>\$ 103,553</u>	<u>\$ -</u>	<u>\$ 5,442</u>	<u>\$ 993,149</u>
LIABILITIES				
Accounts payable	\$ 4,500	\$ -	\$ -	\$ 6,249
Assigned revenue	-	-	-	281,875
Due to other funds	-	-	6	6
TOTAL LIABILITIES	<u>4,500</u>	<u>-</u>	<u>6</u>	<u>288,130</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	-	177,840
Committed	-	-	-	372,893
Assigned	103,554	-	5,436	164,787
Unassigned	(4,501)	-	-	(10,501)
TOTAL FUND BALANCES	<u>99,053</u>	<u>-</u>	<u>5,436</u>	<u>705,019</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 103,553</u>	<u>\$ -</u>	<u>\$ 5,442</u>	<u>\$ 993,149</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, 2016

	Public Works & Transfer Station Project	Town Office Project	Bridge Repair and Replacement	Fire and Public Safety	PW and Town Vehicles and Equipment
REVENUES					
Investment income, net of unrealized gains/(losses)	\$ 2	\$ 10	\$ 115	\$ 827	\$ 284
Other	-	-	-	2,936	-
TOTAL REVENUES	<u>2</u>	<u>10</u>	<u>115</u>	<u>3,763</u>	<u>284</u>
EXPENDITURES					
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	1,400	-	-	259,650	48,634
Other	-	-	-	-	-
TOTAL EXPENDITURES	<u>1,400</u>	<u>-</u>	<u>-</u>	<u>259,650</u>	<u>48,634</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,398)</u>	<u>10</u>	<u>115</u>	<u>(255,887)</u>	<u>(48,350)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	(75,227)	(165,339)	(146,593)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(75,227)</u>	<u>(165,339)</u>	<u>(146,593)</u>
NET CHANGE IN FUND BALANCES	(1,398)	10	(75,112)	(421,226)	(194,943)
FUND BALANCES - JULY 1	<u>2,519</u>	<u>6,104</u>	<u>75,112</u>	<u>794,119</u>	<u>194,943</u>
FUND BALANCES - JUNE 30	<u>\$ 1,121</u>	<u>\$ 6,114</u>	<u>\$ -</u>	<u>\$ 372,893</u>	<u>\$ -</u>

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Sidewalks	Library Expansion Project	Debt Service	Bridges/Road Bond	Misc.
REVENUES					
Investment income, net of unrealized gains/(losses)	\$ 19	\$ 5	\$ 116	\$ 365	\$ 31
Other	-	-	51,017	-	-
TOTAL REVENUES	<u>19</u>	<u>5</u>	<u>51,133</u>	<u>365</u>	<u>31</u>
EXPENDITURES					
Debt service:					
Principal	-	-	736,726	135,629	-
Interest	-	-	191,454	35,091	-
Capital outlay	-	843	-	230,203	-
Other	-	-	-	-	28,468
EXPENDITURES	<u>-</u>	<u>843</u>	<u>928,180</u>	<u>400,923</u>	<u>28,468</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>19</u>	<u>(838)</u>	<u>(877,047)</u>	<u>(400,558)</u>	<u>(28,437)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	825,377	-	34,694
Transfers (out)	(3,862)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,862)</u>	<u>-</u>	<u>825,377</u>	<u>-</u>	<u>34,694</u>
NET CHANGE IN FUND BALANCES	(3,843)	(838)	(51,670)	(400,558)	6,257
FUND BALANCES - JULY 1	<u>12,108</u>	<u>3,774</u>	<u>51,670</u>	<u>568,227</u>	<u>35,275</u>
FUND BALANCES - JUNE 30	<u>\$ 8,265</u>	<u>\$ 2,936</u>	<u>\$ -</u>	<u>\$ 167,669</u>	<u>\$ 41,532</u>

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Public Buildings	Technology	Road Resurfacing	Total
REVENUES				
Investment income, net of unrealized gains/(losses)	\$ (17)	\$ (5)	\$ (401)	\$ 1,351
Other	-	-	-	53,953
TOTAL REVENUES	<u>(17)</u>	<u>(5)</u>	<u>(401)</u>	<u>55,304</u>
EXPENDITURES				
Debt service:				
Principal	-	-	-	872,355
Interest	-	-	-	226,545
Capital outlay	67,585	18,169	338,483	964,967
Other	-	-	-	28,468
EXPENDITURES	<u>67,585</u>	<u>18,169</u>	<u>338,483</u>	<u>2,092,335</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(67,602)</u>	<u>(18,174)</u>	<u>(338,884)</u>	<u>(2,037,031)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	160,221	6,672	895,022	1,921,986
Transfers (out)	-	-	-	(391,021)
TOTAL OTHER FINANCING SOURCES (USES)	<u>160,221</u>	<u>6,672</u>	<u>895,022</u>	<u>1,530,965</u>
NET CHANGE IN FUND BALANCES	92,619	(11,502)	556,138	(506,066)
FUND BALANCES - JULY 1	<u>6,434</u>	<u>11,502</u>	<u>(550,702)</u>	<u>1,211,085</u>
FUND BALANCES - JUNE 30	<u>\$ 99,053</u>	<u>\$ -</u>	<u>\$ 5,436</u>	<u>\$ 705,019</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, 2016

	Cemetery	George Doughty	Helen Frank Cemetery	Monument & Christian Temple	Pennell
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	22,838	10,017	33,639	3,056	34,542
TOTAL ASSETS	<u>\$ 22,838</u>	<u>\$ 10,017</u>	<u>\$ 33,639</u>	<u>\$ 3,056</u>	<u>\$ 34,542</u>
LIABILITIES					
Due to others funds	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable-principal	22,798	10,000	33,580	-	-
Restricted	40	17	59	3,056	34,542
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>22,838</u>	<u>10,017</u>	<u>33,639</u>	<u>3,056</u>	<u>34,542</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 22,838</u>	<u>\$ 10,017</u>	<u>\$ 33,639</u>	<u>\$ 3,056</u>	<u>\$ 34,542</u>

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2016

	Charles W. Barker Scholarship	Grange Scholarship	Common School	Stimson Cemetery	Total
ASSETS					
Cash and cash equivalents	\$ 21,954	\$ 14,258	\$ -	\$ -	\$ 36,212
Due from other funds	-	-	2,859	7,012	113,963
TOTAL ASSETS	<u>\$ 21,954</u>	<u>\$ 14,258</u>	<u>\$ 2,859</u>	<u>\$ 7,012</u>	<u>\$ 150,175</u>
LIABILITIES					
Due to others funds	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable-principal	23,826	16,433	-	7,000	113,637
Restricted	-	-	2,859	12	40,585
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	(1,872)	(2,175)	-	-	(4,047)
TOTAL FUND BALANCES	<u>21,954</u>	<u>14,258</u>	<u>2,859</u>	<u>7,012</u>	<u>150,175</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 21,954</u>	<u>\$ 14,258</u>	<u>\$ 2,859</u>	<u>\$ 7,012</u>	<u>\$ 150,175</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, 2016

	<u>Cemetery</u>	<u>George Doughty</u>	<u>Helen Frank Cemetery</u>	<u>Monument & Christian Temple</u>	<u>Pennell</u>
REVENUES					
Interest income	\$ 40	\$ 17	\$ 59	\$ 5	\$ 60
TOTAL REVENUES	<u>40</u>	<u>17</u>	<u>59</u>	<u>5</u>	<u>60</u>
EXPENDITURES					
Other	<u>32</u>	<u>14</u>	<u>47</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>32</u>	<u>14</u>	<u>47</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>8</u>	<u>3</u>	<u>12</u>	<u>5</u>	<u>60</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	8	3	12	5	60
FUND BALANCES - JULY 1	<u>22,830</u>	<u>10,014</u>	<u>33,627</u>	<u>3,051</u>	<u>34,482</u>
FUND BALANCES - JUNE 30	<u>\$ 22,838</u>	<u>\$ 10,017</u>	<u>\$ 33,639</u>	<u>\$ 3,056</u>	<u>\$ 34,542</u>

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Charles W. Barker Scholarship	Grange Scholarship	Common School	Stimson Cemetery	Total
REVENUES					
Interest income	\$ 33	\$ 21	\$ 5	\$ 12	\$ 252
TOTAL REVENUES	<u>33</u>	<u>21</u>	<u>5</u>	<u>12</u>	<u>252</u>
EXPENDITURES					
Other	-	-	-	10	103
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>10</u>	<u>103</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>33</u>	<u>21</u>	<u>5</u>	<u>2</u>	<u>149</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	33	21	5	2	149
FUND BALANCES - JULY 1	<u>21,921</u>	<u>14,237</u>	<u>2,854</u>	<u>7,010</u>	<u>150,026</u>
FUND BALANCES - JUNE 30	<u>\$ 21,954</u>	<u>\$ 14,258</u>	<u>\$ 2,859</u>	<u>\$ 7,012</u>	<u>\$ 150,175</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, 2016

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
General Government	\$ 14,280	\$ 994,269	\$ 515,248	\$ 147,326	\$ 1,671,123
Pennell	-	1,569,524	-	-	1,569,524
Library	1,543,035	314,661	418,923	-	2,276,619
Parks & Recreation	3,850	343,550	73,332	53,500	474,232
Public Safety	30,885	1,113,624	4,759,860	9,100	5,913,469
Public Works	938,273	3,607,303	3,449,066	12,004,376	19,999,018
Buildings & Grounds	30,000	147,659	34,500	393,646	605,805
Solid Waste	-	197,182	335,748	-	532,930
Total General Capital Assets	2,560,323	8,287,772	9,586,677	12,607,948	33,042,720
Less: Accumulated Depreciation	-	(2,994,703)	(7,144,397)	(7,147,503)	(17,286,603)
Net General Capital Assets	<u>\$ 2,560,323</u>	<u>\$ 5,293,069</u>	<u>\$ 2,442,280</u>	<u>\$ 5,460,445</u>	<u>\$ 15,756,117</u>

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, 2016

	General Capital Assets 7/1/15	Additions	Deletions	General Capital Assets 6/30/16
General Government	\$ 2,038,126	\$ 29,104	\$ (396,107)	\$ 1,671,123
Pennell	1,569,524	-	-	1,569,524
Library	2,275,776	843	-	2,276,619
Parks & Recreation	435,147	39,085	-	474,232
Public Safety	5,635,039	278,430	-	5,913,469
Public Works	19,268,898	730,120	-	19,999,018
Buildings & Grounds	605,805	-	-	605,805
Solid Waste	532,930	-	-	532,930
Total General Capital Assets	32,361,245	1,077,582	(396,107)	33,042,720
Less: Accumulated Depreciation	(16,339,081)	(1,210,217)	262,695	(17,286,603)
Net General Capital Assets	<u>\$ 16,022,164</u>	<u>\$ (132,635)</u>	<u>\$ (133,412)</u>	<u>\$ 15,756,117</u>

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



Proven Expertise and Integrity

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, 2016, 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 January 11, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
January 11, 2017