

Audited Financial Statements
and Other Financial Information

Town of Gray, Maine

June 30, 2020



Proven Expertise & Integrity

TOWN OF GRAY, MAINE

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JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

Town Council
Town of Gray
Gray, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Gray, Maine, as of and for the year ended June 30, 2020 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, 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 12 and 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2021, 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
April 13, 2021

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

(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, 2020. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

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

Basic Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Gray, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Gray are considered governmental funds.

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

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

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

Required Supplementary Information

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

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Town's governmental activity. The Town's total net position for governmental activities increased by \$1,915,414 from \$17,142,360 to \$19,057,774.

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 \$7,579,040 at the end of this year.

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

	2020	2019
Assets:		
Current Assets	\$ 11,291,341	\$ 11,545,650
Noncurrent Assets - Capital Assets	16,660,207	15,386,874
Total Assets	<u>27,951,548</u>	<u>26,932,524</u>
Deferred Outflows of Resources:		
Deferred Amortization	42,307	46,538
Total Deferred Outflows of Resources	<u>42,307</u>	<u>46,538</u>
Liabilities:		
Current Liabilities	1,271,409	1,195,204
Noncurrent Liabilities	7,537,890	8,467,737
Total Liabilities	<u>8,809,299</u>	<u>9,662,941</u>
Deferred Inflows of Resources:		
Prepaid Taxes	80,091	58,789
Deferred Revenue	46,691	114,972
Total Deferred Inflows of Resources	<u>126,782</u>	<u>173,761</u>
Net Position:		
Net Investment in Capital Assets	8,475,207	6,259,874
Restricted: Special Revenue Funds	350,611	1,576,304
Capital Projects Funds	2,501,792	3,518,466
Permanent Funds	151,124	150,638
Unrestricted	7,579,040	5,637,078
Total Net Position	<u>\$ 19,057,774</u>	<u>\$ 17,142,360</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 5.23%, while total expenses decreased 7.52%. The largest increases in revenues were general revenues - taxes. The largest decreases in expenses were in public safety and capital outlay.

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

	<u>2020</u>	<u>2019</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 1,083,136	\$ 1,048,215
Operating grants and contributions	148,213	147,595
<i>General Revenues:</i>		
Taxes	18,618,620	17,102,413
Grants and contributions not restricted to specific programs	588,180	840,541
Interest income	161,858	124,553
Bond premium	-	332,717
Miscellaneous	322,775	286,950
Total Revenues	<u>20,922,782</u>	<u>19,882,984</u>
Expenses		
Administration services	1,716,192	1,343,491
Council, boards and committees	51,708	48,827
Public safety	244,251	1,566,894
Library, parks and recreation	258,165	364,268
Public works	3,466,886	3,265,641
Municipal finances	953,893	808,248
County assessment	705,647	644,903
Education	10,442,222	9,937,133
Insurance claims	9,359	35,578
Other grants	-	39,737
Community services	29,530	27,800
Program expenses	773,396	743,145
Overlay	38,254	35,948
Capital outlay	-	1,341,137
Bond issuance costs	-	77,790
Interest on long-term debt	317,865	272,748
Total Expenses	<u>19,007,368</u>	<u>20,553,288</u>
Change in Net Position	1,915,414	(670,304)
Net Position - July 1	<u>17,142,360</u>	<u>17,812,664</u>
Net Position - June 30	<u><u>\$ 19,057,774</u></u>	<u><u>\$ 17,142,360</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>2020</u>	<u>2019</u>	<u>Increase/ (Decrease)</u>
General Fund:			
Nonspendable	\$ 49,699	\$ 34,996	\$ 14,703
Committed	681,000	483,000	198,000
Unassigned	4,386,841	4,524,947	(138,106)
Total General Fund	<u>\$ 5,117,540</u>	<u>\$ 5,042,943</u>	<u>\$ 74,597</u>
Nonmajor Funds:			
Special Revenue Funds:			
Nonspendable	\$ 6,427	\$ 998	\$ 5,429
Restricted	350,611	1,576,304	(1,225,693)
Committed	32,042	24,175	7,867
Assigned	1,752,760	226,513	1,526,247
Unassigned	(21,782)	(20,240)	(1,542)
Capital Projects Funds:			
Nonspendable	2,070	-	2,070
Restricted	2,501,792	3,518,466	(1,016,674)
Committed	481,179	393,789	87,390
Assigned	421,206	162,474	258,732
Unassigned	(366,139)	(358,299)	(7,840)
Permanent Funds:			
Nonspendable - principal	109,687	109,687	-
Restricted	41,437	40,951	486
Total Nonmajor Funds	<u>\$ 5,311,290</u>	<u>\$ 5,674,818</u>	<u>\$ (363,528)</u>

The changes to total fund balances for the general fund and nonmajor funds occurred due to the regular activity of operations.

Budgetary Highlights

The only difference between the original and final budget for the general fund was the tax commitment.

The general fund actual revenues were under budget by \$881,503. All revenue categories were received in excess of budgeted amounts except intergovernmental and transfers from other funds.

The general fund actual expenditures were under budget in total by \$537,487. All expenditures were within or under budget with the exception of insurance claims.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2020, the net book value of capital assets recorded by the Town increased by \$1,273,333 from the prior year. This increase is the result of capital additions of \$2,817,196, less net disposals of \$71,672 and current year depreciation expense of \$1,472,191.

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

	<u>2020</u>	<u>2019</u>
Land and Non-Depreciable Assets	\$ 124,803	\$ 124,803
Buildings and Improvements	6,780,913	6,991,222
Furniture and Equipment	1,139,191	1,137,654
Vehicles	3,729,545	1,884,839
Infrastructure	4,885,755	5,248,356
Total	<u>\$ 16,660,207</u>	<u>\$ 15,386,874</u>

Debt

At June 30, 2020, the Town had \$8,185,000 in bonds outstanding versus \$9,127,000 in the prior year. Refer to Note 6 of Notes to Financial Statements for detailed information.

Currently Known Facts, Decisions or Conditions

COVID-19

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

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

Economic Factors and Next Year's Budgets and Rates

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

The policy requires that the Town Treasurer maintain the Unassigned General Fund Balance (as determined in accordance with applicable government accounting standards) at a level not less than two twelfths (or $\frac{1}{6}$) and up to three twelfths (or $\frac{1}{4}$) of the Town's net assessment for commitment, excluding any and all TIF plan amount assessment. Utilization of the Unassigned General Fund Balance is restricted and may in no circumstance be appropriated to below the two twelfths (or $\frac{1}{6}$) level as described above without the favorable vote of a Town Meeting. Such a resolution for utilization shall also contain a plan to restore the Unassigned General Fund Balance to the level detailed above within a five (5) year period should such utilization cause the Unassigned General Fund Balance to fall below the level detailed above. The Town maintained balances in excess of the required minimum level for the fiscal year ended 2020.

At any time during any budget year the Town Council may, after notice, call a special Town Meeting for the purpose of making appropriation(s) from Unassigned General Fund Balance in excess of the two twelfths (or $\frac{1}{6}$) level as described above.

The proposed appropriation(s) shall meet an essential municipal need to protect the public health, safety and welfare. The needs may be caused by severe economic decline, any natural disaster or sudden event outside the control of the Town Council. Such appropriation(s) shall be adopted by a favorable vote of a special Town Meeting, with the vote specifically identifying the public necessity and containing the precise use of the appropriation(s).

Contacting the Town's Financial Management

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

TOWN OF GRAY, MAINE
STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 10,146,774
Accounts receivable (net of allowance for uncollectibles)	
Taxes	657,350
Liens	174,077
Other	254,944
Prepaid items	46,760
Inventory	11,436
Total current assets	<u>11,291,341</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	124,803
Buildings and equipment, net of accumulated depreciation	16,535,404
Total noncurrent assets	<u>16,660,207</u>
TOTAL ASSETS	<u>27,951,548</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amortization on bond refunding	42,307
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>42,307</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 27,993,855</u>

STATEMENT A (CONTINUED)

TOWN OF GRAY, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities
	<u> </u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 205,624
Accrued expenses	9,848
Accrued payroll	72,673
Current portion of long-term obligations	983,264
Total current liabilities	<u>1,271,409</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	7,262,307
Accrued compensated absences	275,583
Total noncurrent liabilities	<u>7,537,890</u>
TOTAL LIABILITIES	<u>8,809,299</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	80,091
Deferred revenue	46,691
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>126,782</u>
NET POSITION	
Net investment in capital assets	8,475,207
Restricted: Special revenue funds	350,611
Capital projects funds	2,501,792
Permanent funds	151,124
Unrestricted	7,579,040
TOTAL NET POSITION	<u>19,057,774</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 27,993,855</u>

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

TOWN OF GRAY, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
Administration services	\$ 1,716,192	\$ 220,947	\$ 3,937	\$ -	\$ (1,491,308)
Council, boards and committees	51,708	17,075	-	-	(34,633)
Public safety	244,251	319,010	-	-	74,759
Library, parks and recreation	258,165	4,935	-	-	(253,230)
Public works	3,466,886	119,846	144,276	-	(3,202,764)
Municipal finances	953,893	-	-	-	(953,893)
County assessment	705,647	-	-	-	(705,647)
Education	10,442,222	-	-	-	(10,442,222)
Insurance claims	9,359	-	-	-	(9,359)
Community services	29,530	-	-	-	(29,530)
Program expenses	773,396	401,323	-	-	(372,073)
Overlay	38,254	-	-	-	(38,254)
Interest on long-term debt	317,865	-	-	-	(317,865)
Total government	<u>\$ 19,007,368</u>	<u>\$ 1,083,136</u>	<u>\$ 148,213</u>	<u>\$ -</u>	<u>(17,776,019)</u>

STATEMENT B (CONTINUED)

TOWN OF GRAY, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(17,776,019)</u>
General revenues:	
Taxes:	
Property taxes, levied for general purposes	16,784,452
Excise taxes	1,834,168
Grants and contributions not restricted to specific programs	588,180
Interest income	161,858
Miscellaneous	322,775
Total general revenues	<u>19,691,433</u>
Change in net position	1,915,414
NET POSITION - JULY 1	<u>17,142,360</u>
NET POSITION - JUNE 30	<u><u>\$ 19,057,774</u></u>

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

TOWN OF GRAY, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 6,729,169	\$ 3,417,605	\$ 10,146,774
Accounts receivable (net of allowance for uncollectibles):			
Taxes	657,350	-	657,350
Liens	174,077	-	174,077
Other	254,758	186	254,944
Prepaid items	38,263	8,497	46,760
Inventory	11,436	-	11,436
Due from other funds	1,311,562	3,249,137	4,560,699
TOTAL ASSETS	<u>\$ 9,176,615</u>	<u>\$ 6,675,425</u>	<u>\$ 15,852,040</u>
LIABILITIES			
Accounts payable	\$ 201,647	\$ 3,977	\$ 205,624
Accrued expenses	9,848	-	9,848
Accrued payroll	70,768	1,905	72,673
Due to other funds	3,249,137	1,311,562	4,560,699
TOTAL LIABILITIES	<u>3,531,400</u>	<u>1,317,444</u>	<u>4,848,844</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	80,091	-	80,091
Deferred revenue	-	46,691	46,691
Deferred property tax	447,584	-	447,584
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>527,675</u>	<u>46,691</u>	<u>574,366</u>
FUND BALANCES			
Nonspendable	49,699	118,184	167,883
Restricted	-	2,893,840	2,893,840
Committed	681,000	513,221	1,194,221
Assigned	-	2,173,966	2,173,966
Unassigned	4,386,841	(387,921)	3,998,920
TOTAL FUND BALANCES	<u>5,117,540</u>	<u>5,311,290</u>	<u>10,428,830</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 9,176,615</u>	<u>\$ 6,675,425</u>	<u>\$ 15,852,040</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, 2020

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 10,428,830
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	16,660,207
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	447,584
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(8,185,000)
Accrued compensated absences	<u>(293,847)</u>
Net position of governmental activities	<u><u>\$ 19,057,774</u></u>

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

TOWN OF GRAY, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes:			
Property	\$ 16,784,452	\$ -	\$ 16,784,452
Excise	1,834,168	-	1,834,168
Intergovernmental	736,393	-	736,393
Interest income	105,360	56,498	161,858
Charges for services	681,813	401,323	1,083,136
Miscellaneous	146,401	176,374	322,775
TOTAL REVENUES	<u>20,288,587</u>	<u>634,195</u>	<u>20,922,782</u>
EXPENDITURES			
Current:			
Administration services	1,193,915	-	1,193,915
Council, boards and committees	51,708	-	51,708
Public safety	1,390,576	-	1,390,576
Library, parks and recreation	330,913	-	330,913
Public works	2,298,856	-	2,298,856
Municipal finances	953,893	-	953,893
County assessment	705,647	-	705,647
Education	10,442,222	-	10,442,222
Insurance claims	9,359	-	9,359
Community services	29,530	-	29,530
Program expenses	-	773,396	773,396
Overlay	38,254	-	38,254
Debt service:			
Principal	-	942,000	942,000
Interest	-	317,865	317,865
Capital outlay	-	1,733,579	1,733,579
TOTAL EXPENDITURES	<u>17,444,873</u>	<u>3,766,840</u>	<u>21,211,713</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,843,714</u>	<u>(3,132,645)</u>	<u>(288,931)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	2,854,224	2,854,224
Transfers (out)	(2,769,117)	(85,107)	(2,854,224)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,769,117)</u>	<u>2,769,117</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	74,597	(363,528)	(288,931)
FUND BALANCES - JULY 1	<u>5,042,943</u>	<u>5,674,818</u>	<u>10,717,761</u>
FUND BALANCES - JUNE 30	<u>\$ 5,117,540</u>	<u>\$ 5,311,290</u>	<u>\$ 10,428,830</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, 2020

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (288,931)</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to be allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	2,817,196
Capital asset disposals	(71,672)
Depreciation expense	<u>(1,472,191)</u>
	<u>1,273,333</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	<u>942,000</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>(10,988)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 1,915,414</u></u>

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

COVID-19 Outbreak

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

In response to the health crisis created by COVID-19 since early March, the Governor of Maine issued multiple executive orders and declarations to protect the public health in an effort to reduce community spread of the virus and protect citizens. These measures have included, among others, closing or restricting access to certain business and activities, issuing a "stay at home" directive for most citizens, restricting nonessential travel and limiting movement of all persons in Maine to those necessary to obtain or provide essential services or activities. As of the date of this report, the state of emergency was extended to April 15, 2021 and may be further extended if circumstances warrant. While steps toward reopening the State have begun, the speed and scope of the reopening process will depend upon progress toward limiting the continued spread of the disease.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact on and Results of Operations

On March 17, 2020 Maine LD 2167 was issued and executed by the Governor of Maine. Among other measures, this LD gave guidance concerning municipal budgets and the election process during the state of emergency. The Town needed to use the prior year's approved budget for 14 days time during the new budget year. In accordance with Executive Order 39, issued by the Governor of Maine on April 10, 2020, primary elections (and all applicable dates in coordination with it) were suspended from June 9 to July 14.

In accordance with Executive Order 19, issued by the Governor of Maine on March 24, 2020, Town facilities were temporarily closed to the public and all nonessential services to its inhabitants were suspended from April 1st, 2020 to May 4th, 2020. The Town was required to reduce its staff temporarily/permanently.

Unemployment rates

Closures of Town facilities and staff reduction increased the unemployment expenditures of the Town above budgeted levels for FY 2020. However, the Town was able to compensate for those expenditures with current available resources.

Tax and excise tax 60-day deferred revenue extended

Closures and/or reduced hours of Town facilities have provided limited ability for some taxpayers to remit payments for property and excise taxes that generally would have occurred during the current fiscal year. Executive Order 53, issued by the Governor of Maine on May 12, 2020 (and corrected on May 26 and June 26) allowed municipal officers to extend both tax due dates and interest dates for the fiscal year 2019 property taxes due as well as the option to delay property tax lien filing dates until after the state of emergency has expired. The Town extended tax and/or interest due dates from April 2 to May 5. In consideration of the Town's actions in accordance with this Executive Order, the Town determined that revenue recognition for these revenues, as well as certain excise taxes, will be extended for this one fiscal year from the normal 60-day period to a 90-day period from the date of the fiscal year end.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact on Finances

The Town does not currently anticipate any additional FY 2020 expenditures due to COVID-19 that would not be covered by existing resources including authorized Coronavirus, Aid, Relief and Economic Security ("CARES") Act funding and applicable Federal and /or State programs.

Expected Federal/State Support

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

Conclusion

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

Implementation of New Accounting Standards

During the year ended June 30, 2020, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 95 "Postponement of the Effective Dates of Certain Authoritative Guidance." The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later. (The following pronouncements exclude Statements No. 83 and No. 88 which were implemented prior to this Statement).

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The effective dates of certain provisions contained in the following pronouncements are postponed by one year: Statement No. 84, Fiduciary Activities; Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period; Statement No. 90, Majority Equity Interests; Statement No. 91, Conduit Debt Obligations; Statement No. 92, Omnibus 2020; Statement No. 93, Replacement of Interbank Offered Rates; Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting); Implementation Guide No. 2018-1, Implementation Guidance Update-2018; Implementation Guide No. 2019-1, Implementation Guidance Update-2019 and Implementation Guide No. 2019-2, Fiduciary Activities. The effective dates of the following pronouncements are postponed by 18 months: Statement No. 87, Leases and Implementation Guide No. 2019-3, Leases.

Statement No. 97 "Certain Component Unit Criteria (paragraphs 4 & 5)." The primary objectives of paragraphs 4 & 5 in this Statement are to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

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

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

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions (administration services, public safety, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.).

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

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

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

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

Measurement Focus - Basic Financial Statements and Fund Financial Statements

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

1. Governmental Funds:

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

Major Fund

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

Basis of Accounting

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

1. Accrual

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

2. Modified Accrual

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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.

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, 2020

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.

Receivables

Receivables include amounts due from governmental agencies, rescue receivables and local businesses. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$15,000 as of June 30, 2020. Allowances for uncollectible accounts netted with accounts receivable were \$254,758 for the year ended June 30, 2020.

Prepaid Items

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

Inventories

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

Interfund Receivables and Payables

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

Transactions Between Funds

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

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

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

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

Estimated useful lives are as follows:

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

Long-term Obligations

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

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

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

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

Fund Balance

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

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

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

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

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has only one type of item, deferred amortization on bond refunding. This item is reported in the statement of net position.

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

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied August 28, 2019 on the assessed value listed as of April 1, 2019, for all real and personal property located in the Town. Taxes were due in two installments on October 1, 2019 and April 1, 2020. Interest on unpaid taxes commenced on October 2, 2019 and April 2, 2020, at 9% per annum.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The property tax collection rate was 96.1% and 97.5% for the years ended June 30, 2020 and 2019, 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 \$355,212 for the year ended June 30, 2020.

Program Revenues

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

Encumbrance Accounting

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

Use of Estimates

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020, the Town's cash balances of \$10,146,774 were comprised of deposits amounting to \$10,412,639. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash balance. All of these bank deposits were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 21,123
Sweep accounts	4,147,860
ICS savings accounts	6,243,656
	<u>\$ 10,412,639</u>

Investments:

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

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2020, the Town had no investments.

Credit risk - Statutes for the State of Maine authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does have an investment policy on credit risk. The Town mitigates this risk by limiting investments to authorized types of securities, using qualified financial institutions authorized by the finance committee and diversifying the investment portfolio to meet the Town's current and future cash flow needs. Generally, the Town invests excess funds in cash management accounts and various insured certificates of deposit.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2020 consisted of the following individual fund receivables and payables:

	<u>Receivables (Due From)</u>	<u>Payables (Due To)</u>
Major funds:		
General fund	\$ 1,311,562	\$ 3,249,137
Nonmajor funds:		
Special revenue funds	2,187,675	21,782
Capital projects funds	947,323	1,289,780
Permanent funds	114,139	-
	<u>\$ 4,560,699</u>	<u>\$ 4,560,699</u>

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 -INTERFUND TRANSFERS

Interfund transfers at June 30, 2020 consisted of the following:

	<u>Transfers From</u>	<u>Transfers To</u>
Major funds:		
General fund	\$ 2,769,117	\$ -
Nonmajor funds:		
Special revenue funds	85,107	685,277
Capital projects funds	-	2,168,947
	<u>\$ 2,854,224</u>	<u>\$ 2,854,224</u>

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2020:

	Balance 7/1/19	Additions	Disposals	Balance 6/30/20
Non-depreciated assets:				
Land	\$ 124,803	\$ -	\$ -	\$ 124,803
	<u>124,803</u>	<u>-</u>	<u>-</u>	<u>124,803</u>
Depreciated assets:				
Buildings and improvements	10,914,873	169,502	-	11,084,375
Furniture and equipment	3,474,668	1,899	-	3,476,567
Vehicles	7,606,641	2,355,191	(2,249,256)	7,712,576
Infrastructure	14,249,433	290,604	-	14,540,037
	<u>36,245,615</u>	<u>2,817,196</u>	<u>(2,249,256)</u>	<u>36,813,555</u>
Less accumulated depreciation:				
Buildings and improvements	(3,923,651)	(379,811)	-	(4,303,462)
Furniture and equipment	(2,337,014)	(362)	-	(2,337,376)
Vehicles	(5,721,802)	(438,813)	2,177,584	(3,983,031)
Infrastructure	(9,001,077)	(653,205)	-	(9,654,282)
	<u>(20,983,544)</u>	<u>(1,472,191)</u>	<u>2,177,584</u>	<u>(20,278,151)</u>
Net depreciated assets	<u>15,262,071</u>	<u>1,345,005</u>	<u>(71,672)</u>	<u>16,535,404</u>
Net capital assets	<u>\$ 15,386,874</u>	<u>\$ 1,345,005</u>	<u>\$ (71,672)</u>	<u>\$ 16,660,207</u>
Current year depreciation:				
General government				\$ 181,971
Library				8,522
Parks and recreation				20,164
Public safety				269,724
Public works				963,525
Buildings and grounds				11,695
Solid waste				16,590
Total depreciation expense				<u>\$ 1,472,191</u>

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2020:

	Balance 7/1/19	Additions	Deletions	Balance 6/30/20	Current Year Portion
Bonds payable	<u>\$ 9,127,000</u>	<u>\$ -</u>	<u>\$ (942,000)</u>	<u>\$ 8,185,000</u>	<u>\$ 965,000</u>

The following is a summary of the outstanding bonds payable:

\$2,880,000, 2014 General Obligation Refunding Bond due in annual principal installments and semiannual interest installments through July of 2023. Interest is charged at a varying fixed rate from 2.00% to 4.00% per annum. Annual principal installments vary from \$160,000 to \$335,000.	\$ 1,135,000
\$2,745,000, 2017 General Obligation Refunding Bond due in annual installments through October of 2029. Interest is charged at a varying fixed rate of 2.50% to 4.00% per annum. Annual principal installments vary from \$270,000 to \$285,000.	2,745,000
\$4,662,000, 2018 General Obligation Bond due in annual principal installments and semiannual interest installments through October 2038. Interest is charged at a varying fixed rate from 3.125% to 4.00% per annum. Annual principal installments vary from \$105,000 to \$365,000.	<u>4,305,000</u>
Total Bonds Payable	<u>\$ 8,185,000</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
2021	\$ 965,000	\$ 281,525	\$ 1,246,525
2022	970,000	250,200	1,220,200
2023	975,000	217,125	1,192,125
2024	795,000	186,525	981,525
2025	635,000	160,675	795,675
2026-2030	2,900,000	443,606	3,343,606
2031-2035	525,000	109,856	634,856
2036-2039	420,000	27,300	447,300
	<u>\$ 8,185,000</u>	<u>\$ 1,676,812</u>	<u>\$ 9,861,812</u>

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

NOTE 6 - LONG-TERM DEBT (CONTINUED)

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

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2020 is as follows:

	Balance 7/1/19	Additions	Deletions	Balance 6/30/20	Current Year Portion
Accrued compensated absences	\$ 282,859	\$ 10,988	\$ -	\$ 293,847	\$ 18,264

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

NOTE 8 - ACCRUED COMPENSATED ABSENCES

The Town's policies regarding vacation and sick time permits employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term obligations debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2020, the Town's liability for compensated absences is \$293,847.

NOTE 9 - DEFICIT FUND BALANCES

At June 30, 2020, the Town had the following overspent appropriations:

Nonmajor special revenue funds (Schedule E)	
Grants fund	21,782
Nonmajor capital projects funds (Schedule H)	
Bridges/road bond fund	11,460
Technology fund	70,021
Road resurfacing fund	284,658
	<u>\$ 387,921</u>

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10 - EXPENDITURES OVER APPROPRIATIONS

At June 30, 2020, the Town had the following overspent appropriations:

Insurance claims	\$ 9,359
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NOTE 11 - RESTRICTED NET POSITION

At June 30, 2020, the Town had the following restricted net position:

Nonmajor special revenue funds:

Penn cable	\$ 525
Subdivision recreation fund	82,523
Landfill closure	125,460
Planning board escrow	119,955
S/Dugas pit reclamation	8,507
Maxwell gravel pit reclamation	5,065
Henry Pennell municipal complex	7,825
Mazur parks/rec mem fund	751

Nonmajor capital projects funds:

Lease purchases	61,460
Bond CP fire and public safety	1,168,548
Bond CP PW vehicles and equipment	1,084,666
Bond CP public building	102,469
Bond CP misc interest	84,649

Nonmajor permanent funds:

Cemetery	23,017
George Doughty	10,000
Helen Frank cemetery	33,580
Monument and Christian Temple	3,063
Pennell	34,614
Charles W. Barker scholarship	22,423
Grange scholarship	14,562
Common school	2,865
Stimson cemetery	7,000
	<u>\$ 3,003,527</u>

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 12 - NONSPENDABLE FUND BALANCES

At June 30, 2020, the Town had the following nonspendable fund balances:

General fund:	
Prepaid items	\$ 38,263
Inventory	11,436
Nonmajor special revenue funds (Schedule E)	6,427
Nonmajor capital projects funds (Schedule H)	2,070
Nonmajor permanent funds (Schedule J)	109,687
	<u>\$ 167,883</u>

NOTE 13 - RESTRICTED FUND BALANCES

At June 30, 2020, the Town had the following restricted fund balances:

Nonmajor special revenue funds (Schedule E)	\$ 350,611
Nonmajor capital projects funds (Schedule H)	2,501,792
Nonmajor permanent funds (Schedule J)	41,437
	<u>\$ 2,893,840</u>

NOTE 14 - COMMITTED FUND BALANCES

At June 30, 2020, the Town had the following committed fund balances:

General fund:	
Use of fund balance capital projects funds	\$ 681,000
Nonmajor special revenue funds (Schedule E)	32,042
Nonmajor capital projects funds (Schedule H)	481,179
	<u>\$ 1,194,221</u>

NOTE 15 - ASSIGNED FUND BALANCES

At June 30, 2020, the Town had the following assigned fund balances:

Nonmajor special revenue funds (Schedule E)	\$ 1,752,760
Nonmajor capital projects funds (Schedule H)	421,206
	<u>\$ 2,173,966</u>

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

NOTE 16 - TAX INCREMENT FINANCING DISTRICTS AND ABATEMENTS

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

Northbrook Tax Increment Financing District

The Town has entered into an inducement agreement and a credit enhancement agreement with Enercon, Advance Realty, M 34 Associates, M 35 Associates and M 36 Associates (referred to individually and collectively as the "Company"), whereby the Town has issued revenue obligation bonds on behalf of the Company amounting to \$2,800,000. These bonds are not general obligation bonds of the Town and do not constitute a debt or obligation of the Town of Gray, Maine. The bonds will be paid solely by the revenue of the project provided by the companies. In 2020, \$176,074 of tax was captured and \$101,785 was returned to the companies. Additionally, the Town of Gray, Maine entered into an agreement with the Gray Water District to extend the waterline to the Northbrook campus. The Town's share of this project was capped at 30% or a maximum of \$200,000. The debt will be serviced by captured asset value within the district.

The TIF District will remain in place for a period of 30 years from adoption. The allocation of tax increment revenues, through a credit enhancement agreement, to be paid to owners/developers of specified property, will commence by agreement between the Town and the owner/developer and will continue for a period not to exceed 30 years or the remainder of the term of the District designation, whichever is less. No more than 9% of the property taxes to be generated on the improvements within the District will be returned to the developer for 30 years. The remaining amount will be retained by the Town and used to fund the development plan of the District. The Town Council shall determine, in its discretion, whether it is necessary or appropriate to enter any Credit Enhancement Agreement to grant these abatements. The state law does not provide for the recapture of abated taxes in the event an abatement recipient does not fill the

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

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

commitment it makes in return for the tax abatement. The Town reserves the right to incur indebtedness to finance, in part or in whole, the projects within the Development Program. Any projects financed through municipal bonded indebtedness must be approved in advance by the Gray voters.

South Gray Tax Increment Financing District

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

Village Tax Increment Financing District

In May 2019, the Town received approval from the Maine Department of Economic and Community Development to create a municipal development and tax increment financing district located within and along certain rights of way known as Shaker Road (Route 26), Main Street (Route 202), Portland Road (Route 100), Yarmouth Road (Route 115), West Gray Road (Route 115/202) and Lewiston Road (Route 202) and as designated it as the Village Area Improvement Municipal Development District. The Village TIF was approved for a duration of 30 years beginning with tax year, April 1, 2019.

The District was created to assist in improving the Town's infrastructure and public utilities within said rights of way and to expand and diversify the Town's tax base in order to improve its economy. This Development Program will provide the infrastructure and planning necessary for commercial development of property within the District, as well as certain public improvements within and outside the District that will enable additional commercial development within the Town, thereby expanding and diversifying the Town's tax base.

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

Abatements

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

Enercon, Inc. Credit Enhancement Agreement and the First Amendment

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

For the fiscal year ended June 30, 2020, the Town abated property taxes for the following programs:

<u>Tax Abatement Program</u>	<u>Percentage of Taxes Abated During the Fiscal Year</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>
Enercon Inc. Credit Enhancement Agreement	57%	<u>\$ 131,698</u>

NOTE 17 - LANDFILL CLOSURE FUNDS

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

NOTE 18 - OVERLAPPING DEBT

The Town is contingently liable for its proportionate share of any defaulted debt by entities of which it is a member. At June 30, 2020, the Town's share was approximately:

	Outstanding Debt	Percentage	Amount
MSAD #15	\$ 6,174,717	64.65%	\$ 3,991,955
County of Cumberland	37,893,997	2.20%	831,963
EcoMaine	15,346,550	3.99%	613,033
Gray Water District	507,262	35.14%	178,252
			<u>\$ 5,615,203</u>

NOTE 19 - CONTINGENCIES

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

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

NOTE 20 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town participates in a public entity risk pool sponsored by the Maine Municipal Association. The Maine Municipal Association Group Risk Pool is a state-chartered pool established exclusively for Maine municipalities. The pool provides certain property, liability, fidelity and vehicle coverage. If the assets of the pool are at any time actuarially determined to be insufficient to enable the pool to discharge its legal obligations, other obligations and actuarially sound reserves, the pool has the power to make up the deficiency by the levy of a prorated assessment. There have been no deficiencies during the past three years and management believes that no deficiency exists at June 30, 2020.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

NOTE 20 - RISK MANAGEMENT (CONTINUED)

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

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

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

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 20 - RISK MANAGEMENT (CONTINUED)

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2020. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 21 - DEFERRED COMPENSATION PLAN

INTERNATIONAL CITY MANAGEMENT ASSOCIATION - RETIREMENT CORP.

A. Plan Description

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

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

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

B. Funding Policy

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

The Town's contributions to the plan for 2020 were \$264,026.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

NOTE 22 - JOINT VENTURES

The Town is a member of a joint venture with 45 other municipalities throughout Cumberland, Oxford and York counties. ecomaine is a solid waste management corporation that creates electricity through its processing of waste and also operates as an extensive recycling program. A joint committee, made up of the Town of Gray and 20 other member communities owns and controls the corporation. Interlocal (waste handling) agreements between ecomaine and participating communities obligate the members to deliver certain solid waste produced within the community to ecomaine for processing and to make service payments and pay tipping fees for such processing. The Town has no explicit, measurable equity interest and therefore has not reported an asset in the financial statements in connection with its participation in ecomaine. The Town of Gray has an owner membership of 3.97% in ecomaine as of June 30, 2020 (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, 2020 (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 \$613,033.

NOTE 23 - COMPARATIVE DATA/RECLASSIFICATIONS

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

Required Supplementary Information

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

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

TOWN OF GRAY, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Budgetary Fund Balance, July 1	\$ 5,042,943	\$ 5,042,943	\$ 5,042,943	\$ -
Resources (Inflows):				
Property taxes	16,283,025	16,704,233	16,784,452	80,219
Excise taxes	1,797,000	1,797,000	1,834,168	37,168
Intergovernmental	1,120,307	1,120,307	736,393	(383,914)
Charges for services	679,150	676,550	681,813	5,263
Interest income	65,000	65,000	105,360	40,360
Other revenue	128,000	128,000	146,401	18,401
Transfers from other funds	679,000	679,000	-	(679,000)
Amounts Available for Appropriation	<u>25,794,425</u>	<u>26,213,033</u>	<u>25,331,530</u>	<u>(881,503)</u>
Charges to Appropriations (Outflows):				
Administration services	1,231,012	1,261,273	1,193,915	67,358
Council, boards and committees	58,040	58,040	51,708	6,332
Public safety	1,499,007	1,430,841	1,390,576	40,265
Library/parks and recreation	339,551	351,868	330,913	20,955
Public works	2,323,555	2,353,143	2,298,856	54,287
Municipal finances	1,074,584	994,584	953,893	40,691
County assessment	705,647	705,647	705,647	-
Education	10,442,222	10,442,222	10,442,222	-
Insurance claims	-	-	9,359	(9,359)
Community services	29,530	29,530	29,530	-
Land acquisition reserve	50,000	-	-	-
Overlay	355,212	355,212	38,254	316,958
Transfers to other funds	2,643,117	2,769,117	2,769,117	-
Total Charges to Appropriations	<u>20,751,477</u>	<u>20,751,477</u>	<u>20,213,990</u>	<u>537,487</u>
Budgetary Fund Balance, June 30	<u>\$ 5,042,948</u>	<u>\$ 5,461,556</u>	<u>\$ 5,117,540</u>	<u>\$ (344,016)</u>

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

Other Supplementary Information

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

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

TOWN OF GRAY, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
BUDGET AND ACTUAL - GENERAL FUND REVENUES
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 16,283,025	\$ 16,704,233	\$ 16,784,452	\$ 80,219
Auto excise	1,775,000	1,775,000	1,813,256	38,256
Boat excise	22,000	22,000	20,912	(1,088)
Subtotal	18,080,025	18,501,233	18,618,620	117,387
Intergovernmental revenues:				
Animal waste facility	1,350	1,350	953	(397)
BETE	73,229	73,229	-	(73,229)
General assistance	16,000	16,000	3,937	(12,063)
Homestead exemption	347,984	347,984	-	(347,984)
LRAP	140,000	140,000	144,276	4,276
Snowmobiles	3,000	3,000	2,913	(87)
State revenue sharing	510,844	510,844	552,718	41,874
Tree growth	21,500	21,500	21,745	245
Veterans' exemption	6,400	6,400	9,851	3,451
Subtotal	1,120,307	1,120,307	736,393	(383,914)
Charges for services:				
Blueberry Festival	4,200	4,200	7,974	3,774
Building fees	147,000	147,000	118,275	(28,725)
Bulky waste	6,000	6,000	9,220	3,220
Clerk fees	38,000	38,000	39,722	1,722
Code enforcement	2,000	2,000	-	(2,000)
Commercial haulers	1,000	1,000	1,100	100
Community development miscellaneous	2,000	2,000	1,157	(843)
Dog control	7,000	7,000	4,636	(2,364)
Driveway opening	4,900	4,900	5,050	150
Electric fees	18,500	18,500	18,066	(434)
Gravel pits	2,000	2,000	1,600	(400)
Junkyard fees	50	50	50	-
Library fines	10,500	10,500	4,935	(5,565)
Planning board fees	26,000	26,000	12,175	(13,825)
Plumbing fees	30,000	30,000	30,367	367
Public communications	800	800	-	(800)
Public works misc	99,200	96,600	98,151	1,551
Rescue fees	270,000	270,000	319,010	49,010
Septic	1,000	1,000	750	(250)
Shoreland application fees	4,000	4,000	4,350	350
Tree removal	3,000	3,000	4,725	1,725
Zoning board applications	2,000	2,000	500	(1,500)
Subtotal	679,150	676,550	681,813	5,263

SCHEDULE A (CONTINUED)

TOWN OF GRAY, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
BUDGET AND ACTUAL - GENERAL FUND REVENUES
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Interest income:				
Interest income	15,000	15,000	53,257	38,257
Tax interest	50,000	50,000	52,103	2,103
Subtotal	<u>65,000</u>	<u>65,000</u>	<u>105,360</u>	<u>40,360</u>
Miscellaneous revenues:				
Cable franchise fees	95,000	95,000	102,085	7,085
Grants	2,000	2,000	8,731	6,731
Insurance claims	-	-	18,025	18,025
Payment rebates	6,000	6,000	4,047	(1,953)
Other miscellaneous	25,000	25,000	13,513	(11,487)
Subtotal	<u>128,000</u>	<u>128,000</u>	<u>146,401</u>	<u>18,401</u>
Transfers from other funds	<u>679,000</u>	<u>679,000</u>	<u>-</u>	<u>(679,000)</u>
Amounts Available for Appropriation	<u>\$ 20,751,482</u>	<u>\$ 21,170,090</u>	<u>\$ 20,288,587</u>	<u>\$ (881,503)</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, 2020

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
ADMINISTRATION SERVICES:					
Administration	\$ 526,476	\$ 9,374	\$ 535,850	\$ 517,377	\$ 18,473
Community development	213,986	7,456	221,442	209,130	12,312
Assessing	128,134	5,006	133,140	125,860	7,280
Code enforcement	172,811	4,026	176,837	158,966	17,871
General assistance	21,330	1,800	23,130	12,726	10,404
Public communications	156,198	2,599	158,797	159,807	(1,010)
Elections	12,077	-	12,077	10,049	2,028
Totals	1,231,012	30,261	1,261,273	1,193,915	67,358
COUNCIL, BOARDS AND COMMITTEES:					
Council	48,665	-	48,665	46,302	2,363
Zoning Board of Appeals	3,700	-	3,700	747	2,953
Planning Board	4,675	-	4,675	3,740	935
Economic development	1,000	-	1,000	919	81
Totals	58,040	-	58,040	51,708	6,332
PUBLIC SAFETY:					
County sheriff	311,693	(76,000)	235,693	196,084	39,609
Public safety services	1,021,130	7,834	1,028,964	1,026,602	2,362
Utilities	166,184	-	166,184	167,890	(1,706)
Totals	1,499,007	(68,166)	1,430,841	1,390,576	40,265

SCHEDULE B (CONTINUED)

TOWN OF GRAY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
LIBRARY, PARKS AND RECREATION:					
Library	307,616	12,317	319,933	306,792	13,141
Parks and recreation administration	31,935	-	31,935	24,121	7,814
Totals	339,551	12,317	351,868	330,913	20,955
PUBLIC WORKS:					
Winter roads	483,051	6,778	489,829	466,082	23,747
Summer roads	413,339	7,190	420,529	441,643	(21,114)
Additional roadwork	137,383	-	137,383	138,013	(630)
Garage	239,486	-	239,486	221,155	18,331
Recycling	721,888	9,038	730,926	707,848	23,078
Buildings and grounds	328,408	6,582	334,990	324,115	10,875
Totals	2,323,555	29,588	2,353,143	2,298,856	54,287
MUNICIPAL FINANCES:					
General insurance	969,584	-	969,584	948,974	20,610
Annual wage adjustments	80,000	(80,000)	-	-	-
Contingency fund	25,000	-	25,000	4,919	20,081
Totals	1,074,584	(80,000)	994,584	953,893	40,691
COUNTY ASSESSMENT	705,647	-	705,647	705,647	-
EDUCATION	10,442,222	-	10,442,222	10,442,222	-
INSURANCE CLAIMS	-	-	-	9,359	(9,359)

TOWN OF GRAY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
LAND ACQUISITION RESERVE	50,000	(50,000)	-	-	-
COMMUNITY SERVICES	29,530	-	29,530	29,530	-
OVERLAY	355,212	-	355,212	38,254	316,958
TRANSFERS TO OTHER FUNDS:					
Northbrook TIF	227,117	-	227,117	227,117	-
South Gray TIF	323,960	-	323,960	323,960	-
Village TIF	134,200	-	134,200	134,200	-
Capital reserves	1,957,840	126,000	2,083,840	2,083,840	-
Totals	2,643,117	126,000	2,769,117	2,769,117	-
TOTAL DEPARTMENTAL OPERATIONS	\$ 20,751,477	\$ -	\$ 20,751,477	\$ 20,213,990	\$ 537,487

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

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 125	\$ 3,380,495	\$ 36,985	\$ 3,417,605
Investments	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	186	-	-	186
Prepaid items	6,427	2,070	-	8,497
Due from other funds	2,187,675	947,323	114,139	3,249,137
TOTAL ASSETS	\$ 2,194,413	\$ 4,329,888	\$ 151,124	\$ 6,675,425
LIABILITIES				
Accounts payable	\$ 3,977	\$ -	\$ -	\$ 3,977
Accrued payroll	1,905	-	-	1,905
Due to other funds	21,782	1,289,780	-	1,311,562
TOTAL LIABILITIES	27,664	1,289,780	-	1,317,444
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	46,691	-	-	46,691
TOTAL DEFERRED INFLOWS OF RESOURCES	46,691	-	-	46,691
FUND BALANCES				
Nonspendable	6,427	2,070	109,687	118,184
Restricted	350,611	2,501,792	41,437	2,893,840
Committed	32,042	481,179	-	513,221
Assigned	1,752,760	421,206	-	2,173,966
Unassigned	(21,782)	(366,139)	-	(387,921)
TOTAL FUND BALANCES	2,120,058	3,040,108	151,124	5,311,290
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,194,413	\$ 4,329,888	\$ 151,124	\$ 6,675,425

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, 2020

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Investment income, net of unrealized gains/(losses)	\$ 3,337	\$ 52,675	\$ 486	\$ 56,498
Charges for services	401,323	-	-	401,323
Other income	80,874	95,500	-	176,374
TOTAL REVENUES	<u>485,534</u>	<u>148,175</u>	<u>486</u>	<u>634,195</u>
EXPENDITURES				
Debt service:				
Principal	-	942,000	-	942,000
Interest	-	317,865	-	317,865
Capital outlay	-	1,733,579	-	1,733,579
Other	773,396	-	-	773,396
TOTAL EXPENDITURES	<u>773,396</u>	<u>2,993,444</u>	<u>-</u>	<u>3,766,840</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(287,862)</u>	<u>(2,845,269)</u>	<u>486</u>	<u>(3,132,645)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	685,277	2,168,947	-	2,854,224
Transfers (out)	(85,107)	-	-	(85,107)
TOTAL OTHER FINANCING SOURCES (USES)	<u>600,170</u>	<u>2,168,947</u>	<u>-</u>	<u>2,769,117</u>
NET CHANGE IN FUND BALANCES	312,308	(676,322)	486	(363,528)
FUND BALANCES - JULY 1	<u>1,807,750</u>	<u>3,716,430</u>	<u>150,638</u>	<u>5,674,818</u>
FUND BALANCES - JUNE 30	<u>\$ 2,120,058</u>	<u>\$ 3,040,108</u>	<u>\$ 151,124</u>	<u>\$ 5,311,290</u>

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

Special Revenue Funds

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

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020

	Northbrook TIF	South Gray TIF	Village TIF	Recreation Fund	Parks and Recreation Fundraiser	Dry Mills Schoolhouse
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 125	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	186	-	-
Prepaid items	-	-	-	6,427	-	-
Due from other funds	340,405	957,394	235,055	153,869	4,563	9,514
TOTAL ASSETS	<u>\$ 340,405</u>	<u>\$ 957,394</u>	<u>\$ 235,055</u>	<u>\$ 160,607</u>	<u>\$ 4,563</u>	<u>\$ 9,514</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	1,905	-	-
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,905</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	-	-	-	46,691	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,691</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	6,427	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	340,405	957,394	235,055	105,584	4,563	9,514
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>340,405</u>	<u>957,394</u>	<u>235,055</u>	<u>112,011</u>	<u>4,563</u>	<u>9,514</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ 340,405</u>	<u>\$ 957,394</u>	<u>\$ 235,055</u>	<u>\$ 160,607</u>	<u>\$ 4,563</u>	<u>\$ 9,514</u>

SCHEDULE E (CONTINUED)

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020

	Penn Cable	Gray Employee Safety and Wellness	Subdivision Recreation Fund	Library Reserve	Landfill Closure	Water Quality
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Due from other funds	525	4,518	82,523	4,143	125,460	6,151
TOTAL ASSETS	<u>\$ 525</u>	<u>\$ 4,518</u>	<u>\$ 82,523</u>	<u>\$ 4,143</u>	<u>\$ 125,460</u>	<u>\$ 6,151</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	525	-	82,523	-	125,460	-
Committed	-	-	-	-	-	-
Assigned	-	4,518	-	4,143	-	6,151
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>525</u>	<u>4,518</u>	<u>82,523</u>	<u>4,143</u>	<u>125,460</u>	<u>6,151</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ 525</u>	<u>\$ 4,518</u>	<u>\$ 82,523</u>	<u>\$ 4,143</u>	<u>\$ 125,460</u>	<u>\$ 6,151</u>

SCHEDULE E (CONTINUED)

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020

	Pennell Town Clock	Stimson Hall	Library Appeal	Gray Fire and Rescue Mem. Fund	Marketing	Valt Phase I
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Due from other funds	6,750	21,287	1,959	17,755	1,000	1,583
TOTAL ASSETS	<u>\$ 6,750</u>	<u>\$ 21,287</u>	<u>\$ 1,959</u>	<u>\$ 17,755</u>	<u>\$ 1,000</u>	<u>\$ 1,583</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	21,287	-	-	-	1,583
Assigned	6,750	-	1,959	17,755	1,000	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>6,750</u>	<u>21,287</u>	<u>1,959</u>	<u>17,755</u>	<u>1,000</u>	<u>1,583</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ 6,750</u>	<u>\$ 21,287</u>	<u>\$ 1,959</u>	<u>\$ 17,755</u>	<u>\$ 1,000</u>	<u>\$ 1,583</u>

SCHEDULE E (CONTINUED)

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020

	GEO Plan	Rescue Kilby Fund	Library Fund	Planning Board Escrow	S/Dugas Pit Reclamation	Maxwell Gravel Pit Reclamation
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Due from other funds	392	10,344	11,515	119,955	8,507	5,065
TOTAL ASSETS	<u>\$ 392</u>	<u>\$ 10,344</u>	<u>\$ 11,515</u>	<u>\$ 119,955</u>	<u>\$ 8,507</u>	<u>\$ 5,065</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	119,955	8,507	5,065
Committed	-	-	-	-	-	-
Assigned	392	10,344	11,515	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>392</u>	<u>10,344</u>	<u>11,515</u>	<u>119,955</u>	<u>8,507</u>	<u>5,065</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ 392</u>	<u>\$ 10,344</u>	<u>\$ 11,515</u>	<u>\$ 119,955</u>	<u>\$ 8,507</u>	<u>\$ 5,065</u>

SCHEDULE E (CONTINUED)

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020

	Training Site	Hose Roller	Henry Pennell Municipal Complex	Gray Fire/Rescue Education	Libby Recreation Scholarship	Gray Matters
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Due from other funds	1,129	-	7,825	9,172	328	1,805
TOTAL ASSETS	\$ 1,129	\$ -	\$ 7,825	\$ 9,172	\$ 328	\$ 1,805
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	7,825	-	-	-
Committed	-	-	-	9,172	-	-
Assigned	1,129	-	-	-	328	1,805
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	1,129	-	7,825	9,172	328	1,805
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 1,129	\$ -	\$ 7,825	\$ 9,172	\$ 328	\$ 1,805

SCHEDULE E (CONTINUED)

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020

	Shannon Ronan Mem Fund	Mazur Parks/Rec Mem Fund	Grants	Parks and Recreation Scholarship Fund	Recreation Facility	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	186
Prepaid items	-	-	-	-	-	6,427
Due from other funds	-	751	-	1,868	34,565	2,187,675
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 751</u>	<u>\$ -</u>	<u>\$ 1,868</u>	<u>\$ 34,565</u>	<u>\$ 2,194,413</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 3,977	\$ 3,977
Accrued payroll	-	-	-	-	-	1,905
Due to other funds	-	-	21,782	-	-	21,782
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>21,782</u>	<u>-</u>	<u>3,977</u>	<u>27,664</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	-	-	-	-	-	46,691
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,691</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	6,427
Restricted	-	751	-	-	-	350,611
Committed	-	-	-	-	-	32,042
Assigned	-	-	-	1,868	30,588	1,752,760
Unassigned	-	-	(21,782)	-	-	(21,782)
TOTAL FUND BALANCES (DEFICITS)	<u>-</u>	<u>751</u>	<u>(21,782)</u>	<u>1,868</u>	<u>30,588</u>	<u>2,120,058</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ 751</u>	<u>\$ -</u>	<u>\$ 1,868</u>	<u>\$ 34,565</u>	<u>\$ 2,194,413</u>

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

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Northbrook TIF	South Gray TIF	Village TIF	Recreation Fund	Parks and Recreation Fundraiser	Dry Mills Schoolhouse
REVENUES						
Interest income	\$ -	\$ 3,337	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	401,323	-	-
Other income	-	-	-	-	2,070	697
TOTAL REVENUES	-	3,337	-	401,323	2,070	697
EXPENDITURES						
Other	162,650	129,758	-	395,159	1,837	337
TOTAL EXPENDITURES	162,650	129,758	-	395,159	1,837	337
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(162,650)	(126,421)	-	6,164	233	360
OTHER FINANCING SOURCES (USES)						
Transfers in	227,117	323,960	134,200	-	-	-
Transfers (out)	(85,107)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	142,010	323,960	134,200	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(20,640)	197,539	134,200	6,164	233	360
FUND BALANCES (DEFICITS) - JULY 1	361,045	759,855	100,855	105,847	4,330	9,154
FUND BALANCES (DEFICITS) - JUNE 30	\$ 340,405	\$ 957,394	\$ 235,055	\$ 112,011	\$ 4,563	\$ 9,514

SCHEDULE F (CONTINUED)

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Penn Cable	Gray Employee Safety and Wellness	Subdivision Recreation Fund	Library Reserve	Landfill Closure	Water Quality
REVENUES						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Other income	-	-	16,400	416	-	-
TOTAL REVENUES	-	-	16,400	416	-	-
EXPENDITURES						
Other	-	-	16,185	-	-	-
TOTAL EXPENDITURES	-	-	16,185	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	215	416	-	-
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	215	416	-	-
FUND BALANCES (DEFICITS) - JULY 1	525	4,518	82,308	3,727	125,460	6,151
FUND BALANCES (DEFICITS) - JUNE 30	\$ 525	\$ 4,518	\$ 82,523	\$ 4,143	\$ 125,460	\$ 6,151

SCHEDULE F (CONTINUED)

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Pennell Town Clock	Stimson Hall	Library Appeal	Gray Fire and Rescue Mem. Fund	Marketing	Valt Phase I
REVENUES						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Other income	-	-	-	750	-	-
TOTAL REVENUES	-	-	-	750	-	-
EXPENDITURES						
Other	650	-	-	325	-	-
TOTAL EXPENDITURES	650	-	-	325	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(650)	-	-	425	-	-
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(650)	-	-	425	-	-
FUND BALANCES (DEFICITS) - JULY 1	7,400	21,287	1,959	17,330	1,000	1,583
FUND BALANCES (DEFICITS) - JUNE 30	\$ 6,750	\$ 21,287	\$ 1,959	\$ 17,755	\$ 1,000	\$ 1,583

SCHEDULE F (CONTINUED)

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	GEO Plan	Rescue Kilby Fund	Library Fund	Planning Board Escrow	S/Dugas Pit Reclamation	Maxwell Gravel Pit Reclamation
REVENUES						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Other income	-	2,955	-	56,950	-	-
TOTAL REVENUES	-	2,955	-	56,950	-	-
EXPENDITURES						
Other	-	1,650	-	60,903	-	-
TOTAL EXPENDITURES	-	1,650	-	60,903	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	1,305	-	(3,953)	-	-
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	1,305	-	(3,953)	-	-
FUND BALANCES (DEFICITS) - JULY 1	392	9,039	11,515	123,908	8,507	5,065
FUND BALANCES (DEFICITS) - JUNE 30	\$ 392	\$ 10,344	\$ 11,515	\$ 119,955	\$ 8,507	\$ 5,065

SCHEDULE F (CONTINUED)

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Training Site	Hose Roller	Henry Pennell Municipal Complex	Gray Fire/Rescue Education	Libby Recreation Scholarship	Gray Matters
REVENUES						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Other income	-	-	200	-	-	-
TOTAL REVENUES	-	-	200	-	-	-
EXPENDITURES						
Other	-	1,305	400	465	-	230
TOTAL EXPENDITURES	-	1,305	400	465	-	230
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(1,305)	(200)	(465)	-	(230)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(1,305)	(200)	(465)	-	(230)
FUND BALANCES (DEFICITS) - JULY 1	1,129	1,305	8,025	9,637	328	2,035
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 1,129</u>	<u>\$ -</u>	<u>\$ 7,825</u>	<u>\$ 9,172</u>	<u>\$ 328</u>	<u>\$ 1,805</u>

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Shannon Ronan Mem Fund	Mazur Parks/Rec Mem Fund	Grants	Parks and Recreation Scholarship Fund	Recreation Facility	Total
REVENUES						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,337
Charges for services	-	-	-	-	-	401,323
Other income	-	-	-	436	-	80,874
TOTAL REVENUES	-	-	-	436	-	485,534
EXPENDITURES						
Other	-	-	1,542	-	-	773,396
TOTAL EXPENDITURES	-	-	1,542	-	-	773,396
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(1,542)	436	-	(287,862)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	685,277
Transfers (out)	-	-	-	-	-	(85,107)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	600,170
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	(1,542)	436	-	312,308
FUND BALANCES (DEFICITS) - JULY 1	-	751	(20,240)	1,432	30,588	1,807,750
FUND BALANCES (DEFICITS) - JUNE 30	\$ -	\$ 751	\$ (21,782)	\$ 1,868	\$ 30,588	\$ 2,120,058

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, 2020

	Balance, 7/1/19	Revenue	Expenditures	Balance, 6/30/20
ADMINISTRATION:				
FICA/Medicare	\$ -	\$ -	\$ 12,815	\$ (12,815)
Full-time personnel	-	-	175,554	(175,554)
Overtime	-	-	1,593	(1,593)
Part-time personnel	-	-	300	(300)
Retirement	-	-	7,780	(7,780)
Wilkes Beach attendant	-	-	7,980	(7,980)
Total Administration	-	-	206,022	(206,022)
PROGRAMS:				
Operations				
Administrative/merchant fees	-	12,487	6,545	5,942
Cell phone	-	-	682	(682)
Grants	-	325	-	325
Totals	-	12,812	7,227	5,585
Supplies and equipment				
Brochures/flyers	-	-	19	(19)
Equipment	-	-	73	(73)
Software	-	-	8,780	(8,780)
Totals	-	-	8,872	(8,872)
Adult fitness				
Basketball	-	537	2,410	(1,873)
Volleyball	-	422	215	207
Zumba	-	2,188	771	1,417
Totals	-	3,147	3,396	(249)
Youth fitness				
Fall soccer	-	8,541	4,245	4,296
Gymnastics	-	6,302	2,434	3,868
Junior basketball	-	4,435	1,572	2,863
Junior soccer	-	-	429	(429)
Foot skills	-	-	52	(52)
Lacrosse	-	76	-	76
Mini hoops	-	-	44	(44)
Track and field	-	126	123	3
Happy hands	-	10	-	10
Totals	-	19,490	8,899	10,591
Youth classes				
American Red Cross babysit	-	1,207	117	1,090
Artist academy	-	28,579	-	28,579
Broadway for beginners	-	8,508	6,000	2,508
Mad science	-	2,810	-	2,810
Mini sports	-	694	-	694
Totals	-	41,798	6,117	35,681

SCHEDULE G (CONTINUED)

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF ACTIVITY - RECREATION FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Balance, 7/1/19	Revenue	Expenditures	Balance, 6/30/20
PROGRAMS (CONTINUED):				
Childcare services				
Day camp	-	149,598	83,886	65,712
Day camp trips	-	343	-	343
Kid's Club	-	143,032	41,078	101,954
Leaders in training	-	-	15,704	(15,704)
Snack shack	-	2,710	2,187	523
Vacation camp	-	16,616	5,409	11,207
Totals	-	312,299	148,264	164,035
Camps/clinics				
Family pick-up basketball and open gym	-	746	931	(185)
Field hockey	-	504	30	474
Mad science	-	-	2,139	(2,139)
Music and movement	-	44	-	44
Lacrosse	-	601	-	601
Theater	-	-	154	(154)
Soccer	-	2,715	-	2,715
Parents night out	-	2,217	603	1,614
Family yoga	-	-	475	(475)
Photography	-	(2)	-	(2)
Totals	-	6,825	4,332	2,493
Rentals				
Newbegin and grounds	-	4,815	399	4,416
Totals	-	4,815	399	4,416
Special events				
Special events	-	21	262	(241)
Birthday parties	-	116	-	116
Halloween	-	-	1,369	(1,369)
Totals	-	137	1,631	(1,494)
Total programs	-	401,323	189,137	212,186
Subtotal - Recreation Department Activity	-	401,323	395,159	6,164
Beginning Fund Balance	105,847	-	-	105,847
Total Recreation Department Activity	\$ 105,847	\$ 401,323	\$ 395,159	\$ 112,011

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.

SCHEDULE H

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2020

	Lease Purchases	Fire and Public Safety	PW and Town Vehicles and Equipment	Sidewalks	Bridges/Road Bond
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	61,460	391,758	3,073	86,348	-
Prepaid items	-	-	-	-	-
TOTAL ASSETS	<u>\$ 61,460</u>	<u>\$ 391,758</u>	<u>\$ 3,073</u>	<u>\$ 86,348</u>	<u>\$ -</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 11,460
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,460</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	61,460	-	-	-	-
Committed	-	391,758	3,073	86,348	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	(11,460)
TOTAL FUND BALANCES (DEFICITS)	<u>61,460</u>	<u>391,758</u>	<u>3,073</u>	<u>86,348</u>	<u>(11,460)</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 61,460</u>	<u>\$ 391,758</u>	<u>\$ 3,073</u>	<u>\$ 86,348</u>	<u>\$ -</u>

SCHEDULE H (CONTINUED)

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2020

	Debt Service	Miscellaneous	Land Acquisition	Public Buildings	Technology	Road Resurfacing
ASSETS						
Cash and cash equivalents	\$ -	\$ 16,522	\$ -	\$ -	\$ -	\$ -
Due from other funds	20,404	146,197	50,000	188,083	-	-
Prepaid items	-	2,070	-	-	-	-
TOTAL ASSETS	<u>\$ 20,404</u>	<u>\$ 164,789</u>	<u>\$ 50,000</u>	<u>\$ 188,083</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 70,021	\$ 284,658
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,021</u>	<u>284,658</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	2,070	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	20,404	162,719	50,000	188,083	-	-
Unassigned	-	-	-	-	(70,021)	(284,658)
TOTAL FUND BALANCES (DEFICITS)	<u>20,404</u>	<u>164,789</u>	<u>50,000</u>	<u>188,083</u>	<u>(70,021)</u>	<u>(284,658)</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 20,404</u>	<u>\$ 164,789</u>	<u>\$ 50,000</u>	<u>\$ 188,083</u>	<u>\$ -</u>	<u>\$ -</u>

SCHEDULE H (CONTINUED)

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2020

	Bond CP Fire and Public Safety	Bond CP PW, Vehicles and Equipment	Bond CP Public Buildings	Bond CP Misc Interest	Total
ASSETS					
Cash and cash equivalents	\$ 1,168,548	\$ 1,084,666	\$ 102,469	\$ 1,008,290	\$ 3,380,495
Due from other funds	-	-	-	-	947,323
Prepaid items	-	-	-	-	2,070
TOTAL ASSETS	<u>\$ 1,168,548</u>	<u>\$ 1,084,666</u>	<u>\$ 102,469</u>	<u>\$ 1,008,290</u>	<u>\$ 4,329,888</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ 923,641	\$ 1,289,780
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>923,641</u>	<u>1,289,780</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	2,070
Restricted	1,168,548	1,084,666	102,469	84,649	2,501,792
Committed	-	-	-	-	481,179
Assigned	-	-	-	-	421,206
Unassigned	-	-	-	-	(366,139)
TOTAL FUND BALANCES (DEFICITS)	<u>1,168,548</u>	<u>1,084,666</u>	<u>102,469</u>	<u>84,649</u>	<u>3,040,108</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 1,168,548</u>	<u>\$ 1,084,666</u>	<u>\$ 102,469</u>	<u>\$ 1,008,290</u>	<u>\$ 4,329,888</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, 2020

	Lease Purchases	Fire and Public Safety	PW and Town Vehicles and Equipment	Sidewalks	Bridges/Road Bond
REVENUES					
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	-
EXPENDITURES					
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	-	7,683	76,000	85,107	-
TOTAL EXPENDITURES	-	7,683	76,000	85,107	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(7,683)	(76,000)	(85,107)	-
OTHER FINANCING SOURCES (USES)					
Transfers in	-	8,725	76,000	181,107	-
TOTAL OTHER FINANCING SOURCES (USES)	-	8,725	76,000	181,107	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	1,042	-	96,000	-
FUND BALANCES (DEFICITS) - JULY 1	61,460	390,716	3,073	(9,652)	(11,460)
FUND BALANCES (DEFICITS) - JUNE 30	\$ 61,460	\$ 391,758	\$ 3,073	\$ 86,348	\$ (11,460)

SCHEDULE I (CONTINUED)

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Debt Service	Miscellaneous	Land Acquisition	Public Buildings	Technology	Road Resurfacing
REVENUES						
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	95,500	-	-	-	-
TOTAL REVENUES	-	95,500	-	-	-	-
EXPENDITURES						
Debt service:						
Principal	942,000	-	-	-	-	-
Interest	317,865	-	-	-	-	-
Capital outlay	-	99,994	-	69,879	46,445	279,122
TOTAL EXPENDITURES	1,259,865	99,994	-	69,879	46,445	279,122
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,259,865)	(4,494)	-	(69,879)	(46,445)	(279,122)
OTHER FINANCING SOURCES (USES)						
Transfers in	1,268,340	150,200	50,000	126,500	30,200	277,875
TOTAL OTHER FINANCING SOURCES (USES)	1,268,340	150,200	50,000	126,500	30,200	277,875
NET CHANGE IN FUND BALANCES (DEFICITS)	8,475	145,706	50,000	56,621	(16,245)	(1,247)
FUND BALANCES (DEFICITS) - JULY 1	11,929	19,083	-	131,462	(53,776)	(283,411)
FUND BALANCES (DEFICITS) - JUNE 30	\$ 20,404	\$ 164,789	\$ 50,000	\$ 188,083	\$ (70,021)	\$ (284,658)

SCHEDULE I (CONTINUED)

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Bond CP Fire and Public Safety	Bond CP PW, Vehicles and Equipment	Bond CP Public Buildings	Bond CP Misc Interest	Total
REVENUES					
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ -	\$ 52,675	\$ 52,675
Other	-	-	-	-	95,500
TOTAL REVENUES	-	-	-	52,675	148,175
EXPENDITURES					
Debt service:					
Principal	-	-	-	-	942,000
Interest	-	-	-	-	317,865
Capital outlay	15,107	895,320	158,922	-	1,733,579
TOTAL EXPENDITURES	15,107	895,320	158,922	-	2,993,444
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(15,107)	(895,320)	(158,922)	52,675	(2,845,269)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	2,168,947
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	2,168,947
NET CHANGE IN FUND BALANCES (DEFICITS)	(15,107)	(895,320)	(158,922)	52,675	(676,322)
FUND BALANCES (DEFICITS) - JULY 1	1,183,655	1,979,986	261,391	31,974	3,716,430
FUND BALANCES (DEFICITS) - JUNE 30	\$ 1,168,548	\$ 1,084,666	\$ 102,469	\$ 84,649	\$ 3,040,108

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, 2020

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

SCHEDULE J (CONTINUED)

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2020

	Charles W. Barker Scholarship	Grange Scholarship	Common School	Stimson Cemetery	Total
ASSETS					
Cash and cash equivalents	\$ 22,423	\$ 14,562	\$ -	\$ -	\$ 36,985
Due from other funds	-	-	2,865	7,000	114,139
TOTAL ASSETS	<u>\$ 22,423</u>	<u>\$ 14,562</u>	<u>\$ 2,865</u>	<u>\$ 7,000</u>	<u>\$ 151,124</u>
LIABILITIES					
Due to others funds	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	22,013	14,296	-	7,000	109,687
Restricted	410	266	2,865	-	41,437
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>22,423</u>	<u>14,562</u>	<u>2,865</u>	<u>7,000</u>	<u>151,124</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 22,423</u>	<u>\$ 14,562</u>	<u>\$ 2,865</u>	<u>\$ 7,000</u>	<u>\$ 151,124</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, 2020

	<u>Cemetery</u>	<u>George Doughty</u>	<u>Helen Frank Cemetery</u>	<u>Monument and Christian Temple</u>	<u>Pennell</u>
REVENUES					
Interest income	\$ 219	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>219</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Other	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	219	-	-	-	-
FUND BALANCES - JULY 1	<u>22,798</u>	<u>10,000</u>	<u>33,580</u>	<u>3,063</u>	<u>34,614</u>
FUND BALANCES - JUNE 30	<u>\$ 23,017</u>	<u>\$ 10,000</u>	<u>\$ 33,580</u>	<u>\$ 3,063</u>	<u>\$ 34,614</u>

SCHEDULE K (CONTINUED)

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Charles W. Barker Scholarship	Grange Scholarship	Common School	Stimson Cemetery	Total
REVENUES					
Interest income	\$ 162	\$ 105	\$ -	\$ -	\$ 486
TOTAL REVENUES	<u>162</u>	<u>105</u>	<u>-</u>	<u>-</u>	<u>486</u>
EXPENDITURES					
Other	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	162	105	-	-	486
FUND BALANCES - JULY 1	<u>22,261</u>	<u>14,457</u>	<u>2,865</u>	<u>7,000</u>	<u>150,638</u>
FUND BALANCES - JUNE 30	<u>\$ 22,423</u>	<u>\$ 14,562</u>	<u>\$ 2,865</u>	<u>\$ 7,000</u>	<u>\$ 151,124</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, 2020

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
General Government	\$ 14,280	\$ 1,004,673	\$ 755,572	\$ 147,326	\$ 1,921,851
Pennell	-	1,573,899	-	-	1,573,899
Library	34,563	1,823,133	406,923	11,481	2,276,100
Parks and Recreation	3,850	443,540	40,761	53,500	541,651
Public Safety	30,885	1,262,532	6,246,908	9,100	7,549,425
Public Works	11,225	4,596,575	3,365,431	13,876,412	21,849,643
Buildings and Grounds	30,000	171,955	25,800	393,646	621,401
Solid Waste	-	208,068	347,748	48,572	604,388
Total General Capital Assets	124,803	11,084,375	11,189,143	14,540,037	36,938,358
Less: Accumulated Depreciation		(4,303,463)	(6,320,396)	(9,654,292)	(20,278,151)
Net General Capital Assets	\$ 124,803	\$ 6,780,912	\$ 4,868,747	\$ 4,885,745	\$ 16,660,207

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, 2020

	General Capital Assets 7/1/19	Additions	Deletions	General Capital Assets 6/30/20
General Government	\$ 1,880,303	\$ 41,548	\$ -	\$ 1,921,851
Pennell	1,569,524	4,375	-	1,573,899
Library	2,276,619	11,481	(12,000)	2,276,100
Parks and Recreation	480,654	95,467	(34,470)	541,651
Public Safety	6,780,585	1,438,840	(670,000)	7,549,425
Public Works	22,196,054	1,186,375	(1,532,786)	21,849,643
Buildings and Grounds	597,105	24,296	-	621,401
Solid Waste	589,574	14,814	-	604,388
Total General Capital Assets	36,370,418	2,817,196	(2,249,256)	36,938,358
Less: Accumulated Depreciation	<u>(20,983,544)</u>	<u>(1,472,191)</u>	<u>2,177,584</u>	<u>(20,278,151)</u>
Net General Capital Assets	<u>\$ 15,386,874</u>	<u>\$ 1,345,005</u>	<u>\$ (71,672)</u>	<u>\$ 16,660,207</u>

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



Proven Expertise & 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, 2020 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 April 13, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Gray, Maine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of the Town of Harrison, Maine in a separate letter dated April 14, 2021.

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
April 13, 2021