

Audited Financial Statements
and Other Financial Information

Town of Gray, Maine

June 30, 2022



Proven Expertise & Integrity

TOWN OF GRAY, MAINE

CONTENTS

JUNE 30, 2022

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 - 4
MANAGEMENT'S DISCUSSION AND ANALYSIS	5 - 12
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	13 - 14
STATEMENT B - STATEMENT OF ACTIVITIES	15 - 16
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	17
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	18
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	19
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	20
NOTES TO FINANCIAL STATEMENTS	21 - 46
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	47
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	48

OTHER SUPPLEMENTARY INFORMATION

OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	49
SCHEDULE A - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND REVENUES	50 - 51
SCHEDULE B - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	52 - 54
SCHEDULE C - COMBINING BALANCE SHEET- NONMAJOR GOVERNMENTAL FUNDS	55
SCHEDULE D - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	56
SPECIAL REVENUE FUNDS DESCRIPTION	57
SCHEDULE E - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	58 - 63
SCHEDULE F - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	64 - 69
SCHEDULE G - COMBINING SCHEDULE OF ACTIVITY - RECREATION FUND	70 - 71
CAPITAL PROJECTS FUNDS DESCRIPTION	72
SCHEDULE H - COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS	73 - 75
SCHEDULE I - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS	76 - 78
PERMANENT FUNDS DESCRIPTION	79
SCHEDULE J - COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS	80 - 81

SCHEDULE K - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR PERMANENT FUNDS	82 - 83
GENERAL CAPITAL ASSETS DESCRIPTION	84
SCHEDULE L - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	85
SCHEDULE M - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	86
<u>FEDERAL COMPLIANCE</u>	
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	87 - 88



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INDEPENDENT AUDITOR'S REPORT

Town Council
Town of Gray
Gray, Maine

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2022 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.

In our opinion, the accompanying 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, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Gray, Maine's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise doubt about the Town of Gray, Maine's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 12 and 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2023, on our consideration of the Town of Gray, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose

of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Town of Gray, Maine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Gray, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
April 6, 2023

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

(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, 2022. 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 \$3,628,375 from \$20,107,038 to \$23,735,413.

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 \$8,781,403 at the end of this year.

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

	2022	2021 (Restated)
Assets:		
Current Assets	\$ 13,738,724	\$ 11,000,507
Noncurrent Assets - Capital Assets	17,291,226	17,045,946
Total Assets	<u>31,029,950</u>	<u>28,046,453</u>
Deferred Outflows of Resources:		
Deferred Amortization	42,307	42,307
Total Deferred Outflows of Resources	<u>42,307</u>	<u>42,307</u>
Liabilities:		
Current Liabilities	1,380,741	1,239,765
Noncurrent Liabilities	5,795,966	6,549,141
Total Liabilities	<u>7,176,707</u>	<u>7,788,906</u>
Deferred Inflows of Resources:		
Prepaid Taxes	94,469	127,148
Deferred Revenue	65,668	65,668
Total Deferred Inflows of Resources	<u>160,137</u>	<u>192,816</u>
Net Position:		
Net Investment in Capital Assets	10,541,226	9,825,946
Restricted: Special Revenue Funds	1,733,174	454,458
Capital Projects Funds	2,528,232	2,521,485
Permanent Funds	151,378	151,293
Unrestricted	8,781,403	7,153,856
Total Net Position	<u>\$ 23,735,413</u>	<u>\$ 20,107,038</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 9.72%, while total expenses decreased 2.25%. The largest increases in revenues were charges for services, taxes and grants and contributions not restricted to specific programs. The largest decreases in expenses were in insurance claims and capital outlay.

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

	<u>2022</u>	<u>2021</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 1,588,877	\$ 1,250,660
Operating grants and contributions	149,747	138,980
<i>General Revenues:</i>		
Taxes	19,372,479	18,630,133
Grants and contributions not restricted to specific programs	2,065,224	1,335,516
Interest income	82,415	119,909
Miscellaneous	1,225,614	839,648
Total Revenues	<u>24,484,356</u>	<u>22,314,846</u>
Expenses		
Administration services	1,435,148	1,471,798
Council, boards and committees	65,570	45,544
Public safety	1,632,659	1,275,715
Library, parks and recreation	361,986	368,310
Public works	3,277,443	1,765,914
Municipal finances	952,118	976,920
County assessment	752,213	756,334
Education	10,412,484	10,412,484
Law enforcement	285,553	251,172
Insurance claims	51,295	299,718
Other grants	147,001	56,601
Community services	41,329	31,131
Program expenses	1,001,891	972,050
Overlay	-	19,304
Capital outlay	192,591	2,355,183
Interest on long-term debt	246,700	277,963
Total Expenses	<u>20,855,981</u>	<u>21,336,141</u>
Change in Net Position	3,628,375	978,705
Net Position - July 1, Restated	<u>20,107,038</u>	<u>19,128,333</u>
Net Position - June 30	<u>\$23,735,413</u>	<u>\$ 20,107,038</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>2022</u>	<u>2021</u>	<u>Increase/ (Decrease)</u>
General Fund:			
Nonspendable	\$ 113,846	\$ 123,032	\$ (9,186)
Committed	835,000	500,000	335,000
Unassigned	6,724,883	5,407,686	1,317,197
Total General Fund	<u>\$ 7,673,729</u>	<u>\$ 6,030,718</u>	<u>\$ 1,643,011</u>
Nonmajor Funds:			
Special Revenue Funds:			
Nonspendable	\$ 273	\$ 16,339	\$ (16,066)
Restricted	1,733,174	454,458	1,278,716
Committed	32,042	32,042	-
Assigned	2,311,962	2,225,008	86,954
Unassigned (deficit)	(33,045)	(33,045)	-
Capital Projects Funds:			
Nonspendable	-	354	(354)
Restricted	2,528,232	2,521,485	6,747
Committed	-	122,655	(122,655)
Assigned	1,664,339	276,062	1,388,277
Unassigned (deficit)	(3,183,177)	(1,637,295)	(1,545,882)
Permanent Funds:			
Nonspendable - principal	109,687	109,687	-
Restricted	41,691	41,606	85
Total Nonmajor Funds	<u>\$ 5,205,178</u>	<u>\$ 4,129,356</u>	<u>\$ 1,075,822</u>

The changes to total fund balances for the general fund, nonmajor special revenue funds and nonmajor permanent funds occurred due to the regular activity of operations. The change in the nonmajor capital projects funds was due to capital outlay expenditures.

Budgetary Highlights

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

The general fund actual revenues were in excess of budgeted amounts by \$970,910. All revenue categories were received within or in excess of budgeted amounts except for interest income and transfers from other funds.

The general fund actual expenditures were under budget in total by \$1,172,101. All expenditures were within or under budget with the exception of council, boards and committees, insurance claims, other grants and community services.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2022, the net book value of capital assets recorded by the Town increased by \$245,280 from the prior year. This increase is the result of capital additions of \$1,662,562, less net disposals of \$28,203 and current year depreciation expense of \$1,389,079.

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

	<u>2022</u>	<u>2021</u> <u>(Restated)</u>
Land and Non-Depreciable Assets	\$ 1,607,445	\$ 818,896
Buildings and Improvements	6,325,312	6,527,883
Furniture and Equipment	1,279,853	1,391,795
Vehicles	3,417,721	3,625,869
Infrastructure	4,660,895	4,681,503
Total	<u>\$ 17,291,226</u>	<u>\$ 17,045,946</u>

Debt

At June 30, 2022, the Town had \$6,750,000 in bonds outstanding versus \$7,220,000 in the prior year. Refer to Note 6 of Notes to Financial Statements for detailed information.

Currently Known Facts, Decisions or Conditions

Economic Factors and Next Year's Budgets and Rates

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

The policy requires that the Town Treasurer maintain the Unassigned General Fund Balance (as determined in accordance with applicable government accounting standards) at a level not less than two twelfths (or 1/6) and up to three twelfths (or 1/4) of the Town's net assessment for commitment, excluding any and all TIF plan amount assessment. Utilization of the Unassigned General Fund Balance is restricted and may in no circumstance be appropriated to below the two twelfths (or 1/6) level as described above without the favorable vote of a Town Meeting. Such a resolution for utilization shall also contain a plan to restore the Unassigned General Fund Balance to the level detailed above within a five (5) year period should such utilization cause the Unassigned General Fund Balance to fall below the level detailed above. The Town maintained balances in excess of the required minimum level for the fiscal year ended 2022.

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

Contacting the Town's Financial Management

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

TOWN OF GRAY, MAINE
STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 12,477,204
Accounts receivable (net of allowance for uncollectibles)	
Taxes	688,799
Liens	170,683
Other	287,919
Prepaid items	31,551
Inventory	<u>82,568</u>
Total current assets	<u>13,738,724</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	1,607,445
Buildings and equipment, net of accumulated depreciation	<u>15,683,781</u>
Total noncurrent assets	<u>17,291,226</u>
TOTAL ASSETS	<u>31,029,950</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amortization on bond refunding	<u>42,307</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>42,307</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 31,072,257</u>

STATEMENT A (CONTINUED)

TOWN OF GRAY, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 154,467
Accrued expenses	30,464
Accrued payroll	119,876
Current portion of long-term obligations	1,075,934
Total current liabilities	1,380,741
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	5,721,320
Accrued compensated absences	74,646
Total noncurrent liabilities	5,795,966
TOTAL LIABILITIES	7,176,707
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	94,469
Deferred revenue	65,668
TOTAL DEFERRED INFLOWS OF RESOURCES	160,137
NET POSITION	
Net investment in capital assets	10,541,226
Restricted: Special revenue funds	1,733,174
Capital projects funds	2,528,232
Permanent funds	151,378
Unrestricted	8,781,403
TOTAL NET POSITION	23,735,413
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 31,072,257

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

TOWN OF GRAY, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues			Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
Administration services	\$ 1,435,148	\$ 298,908	\$ 4,259	\$ -	\$ (1,131,981)
Council, boards and committees	65,570	22,451	-	-	(43,119)
Public safety	1,632,659	431,539	-	-	(1,201,120)
Library, parks and recreation	361,986	5,021	-	-	(356,965)
Public works	3,277,443	200,260	145,488	-	(2,931,695)
Municipal finances	952,118	-	-	-	(952,118)
County assessment	752,213	-	-	-	(752,213)
Education	10,412,484	-	-	-	(10,412,484)
Insurance claims	51,295	-	-	-	(51,295)
Law enforcement	285,553	-	-	-	(285,553)
Other grants	147,001	-	-	-	(147,001)
Community services	41,329	-	-	-	(41,329)
Program expenses	1,001,891	630,698	-	-	(371,193)
Capital outlay	192,591	-	-	-	(192,591)
Interest on long-term debt	246,700	-	-	-	(246,700)
Total government	<u>\$ 20,855,981</u>	<u>\$ 1,588,877</u>	<u>\$ 149,747</u>	<u>\$ -</u>	<u>(19,117,357)</u>

STATEMENT B (CONTINUED)

TOWN OF GRAY, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Governmental Activities
Changes in net position:	
Net (expense) revenue	(19,117,357)
General revenues:	
Taxes:	
Property taxes, levied for general purposes	17,279,925
Excise taxes	2,092,554
Grants and contributions not restricted to specific programs	2,065,224
Interest income	82,415
Miscellaneous	1,225,614
Total general revenues	22,745,732
Change in net position	3,628,375
NET POSITION - JULY 1, RESTATED	20,107,038
NET POSITION - JUNE 30	\$ 23,735,413

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

TOWN OF GRAY, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 9,921,432	\$ 2,555,772	\$ 12,477,204
Accounts receivable (net of allowance for uncollectibles):			
Taxes	688,799	-	688,799
Liens	170,683	-	170,683
Other	287,919	-	287,919
Prepaid items	31,278	273	31,551
Inventory	82,568	-	82,568
Due from other funds	3,600,735	6,329,235	9,929,970
TOTAL ASSETS	\$ 14,783,414	\$ 8,885,280	\$ 23,668,694
LIABILITIES			
Accounts payable	\$ 135,307	\$ 19,160	\$ 154,467
Accrued expenses	30,464	-	30,464
Accrued payroll	119,876	-	119,876
Due to other funds	6,329,235	3,600,735	9,929,970
TOTAL LIABILITIES	6,614,882	3,619,895	10,234,777
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	94,469	-	94,469
Deferred revenue	5,461	60,207	65,668
Deferred property tax	394,873	-	394,873
TOTAL DEFERRED INFLOWS OF RESOURCES	494,803	60,207	555,010
FUND BALANCES			
Nonspendable	113,846	109,960	223,806
Restricted	-	4,303,097	4,303,097
Committed	835,000	32,042	867,042
Assigned	-	3,976,301	3,976,301
Unassigned (deficits)	6,724,883	(3,216,222)	3,508,661
TOTAL FUND BALANCES	7,673,729	5,205,178	12,878,907
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 14,783,414	\$ 8,885,280	\$ 23,668,694

See accompanying independent auditor's 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, 2022

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 12,878,907
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	17,291,226
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	394,873
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(6,750,000)
Accrued compensated absences	<u>(79,593)</u>
Net position of governmental activities	<u><u>\$ 23,735,413</u></u>

See accompanying independent auditor's 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, 2022

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes:			
Property	\$ 17,279,925	\$ -	\$ 17,279,925
Excise	2,092,554	-	2,092,554
Intergovernmental	1,322,309	892,662	2,214,971
Interest income	74,523	7,892	82,415
Charges for services	958,179	630,698	1,588,877
Miscellaneous	271,775	953,839	1,225,614
TOTAL REVENUES	21,999,265	2,485,091	24,484,356
EXPENDITURES			
Current:			
Administration services	1,441,347	-	1,441,347
Council, boards and committees	65,570	-	65,570
Public safety	1,315,181	-	1,315,181
Library, parks and recreation	332,629	-	332,629
Public works	2,423,262	-	2,423,262
Municipal finances	952,118	-	952,118
County assessment	752,213	-	752,213
Education	10,412,484	-	10,412,484
Insurance claims	51,295	-	51,295
Other grants	147,001	-	147,001
Law enforcement	285,553	-	285,553
Community services	41,329	-	41,329
Program expenses	-	1,001,891	1,001,891
Debt service:			
Principal	-	970,000	970,000
Interest	-	246,700	246,700
Capital outlay	-	1,826,950	1,826,950
TOTAL EXPENDITURES	18,219,982	4,045,541	22,265,523
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,779,283	(1,560,450)	2,218,833
OTHER FINANCING SOURCES (USES)			
Bond/lease proceeds	-	500,000	500,000
Transfers in	320,410	2,456,682	2,777,092
Transfers (out)	(2,456,682)	(320,410)	(2,777,092)
TOTAL OTHER FINANCING SOURCES (USES)	(2,136,272)	2,636,272	500,000
NET CHANGE IN FUND BALANCES	1,643,011	1,075,822	2,718,833
FUND BALANCES - JULY 1	6,030,718	4,129,356	10,160,074
FUND BALANCES - JUNE 30	\$ 7,673,729	\$ 5,205,178	\$ 12,878,907

See accompanying independent auditor's 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, 2022

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 2,718,833</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to be allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	1,662,562
Capital asset disposals	(28,203)
Depreciation expense	<u>(1,389,079)</u>
	<u>245,280</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position	<u>(500,000)</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>970,000</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>194,262</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 3,628,375</u></u>

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

Implementation of New Accounting Standards

During the year ended June 30, 2022, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 87 "Leases". The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period". This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 91 “Conduit Debt Obligations”. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations and improving required note disclosures. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 92 “Omnibus 2020”. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 93 “Replacement of Interbank Offered Rates (paragraphs 13-14)”. The primary objectives of paragraphs 13-14 concern provisions of lease contracts that are amended while the contract is in effect. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 97 “*Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*”. The primary objectives of this Statement are to (1) 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; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

fiduciary component units in fiduciary fund financial statements and (3) enhance the relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

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

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

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

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus - Basic Financial Statements and Fund Financial Statements

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

1. Governmental Funds:

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

Major Fund

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

Nonmajor Funds

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Basis of Accounting

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

1. Accrual

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

2. Modified Accrual

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

Budget

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

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

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.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 deposit and other evidence of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

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

Receivables

Receivables include amounts due from governmental agencies, rescue receivables and local businesses. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$36,370 as of June 30, 2022. Accounts receivable netted with allowances for uncollectible accounts were \$287,919 for the year ended June 30, 2022.

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.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Capital Assets

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

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

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 September 9, 2021 on the assessed value listed as of April 1, 2021, for all real and personal property located in the Town. Taxes were due in two installments on October 1, 2021 and April 1, 2022. Interest on unpaid taxes commenced on October 2, 2021 and April 2, 2022, at 6% per annum.

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

The property tax collection rate was 100.07% and 96.1% for the years ended June 30, 2022 and 2021, 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 \$820,853 for the year ended June 30, 2022.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program Revenues

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

Encumbrance Accounting

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

Use of Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does have a policy covering custodial credit risk for deposits. The Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes.

At June 30, 2022, the Town's cash balances of \$12,477,204 were comprised of deposits amounting to \$12,785,875. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash balance. All

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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	\$ 44,495
Sweep accounts	4,023,197
ICS savings accounts	8,718,183
	<u>\$ 12,785,875</u>

Investments:

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

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

At June 30, 2022, the Town had no investments.

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2022 consisted of the following individual fund receivables and payables:

	<u>Receivables (Due From)</u>	<u>Payables (Due To)</u>
Major funds:		
General fund	\$ 3,600,735	\$ 6,329,235
Nonmajor funds:		
Special revenue funds	4,152,706	33,045
Capital projects funds	2,062,390	3,567,690
Permanent funds	114,139	-
	<u>\$ 9,929,970</u>	<u>\$ 9,929,970</u>

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

NOTE 4 -INTERFUND TRANSFERS

Interfund transfers at June 30, 2022 consisted of the following:

	<u>Transfers From</u>	<u>Transfers To</u>
Major funds:		
General fund	\$ 2,456,682	\$ 320,410
Nonmajor funds:		
Special revenue funds	320,410	691,682
Capital projects funds	-	1,765,000
	<u>\$ 2,777,092</u>	<u>\$ 2,777,092</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, 2022

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2022:

	Balance 7/1/21 (Restated)	Additions	Disposals	Balance 6/30/22
Non-depreciated assets:				
Land	\$ 124,803	\$ 500,000	\$ -	\$ 624,803
Construction in progress	694,093	354,716	(66,167)	982,642
	<u>818,896</u>	<u>854,716</u>	<u>(66,167)</u>	<u>1,607,445</u>
Depreciated assets:				
Buildings and improvements	11,217,782	187,981	(135,526)	11,270,237
Furniture and equipment	3,865,979	105,198	(387,615)	3,583,562
Vehicles	7,396,255	205,295	(1,396,784)	6,204,766
Infrastructure	15,008,367	375,539	-	15,383,906
	<u>37,488,383</u>	<u>874,013</u>	<u>(1,919,925)</u>	<u>36,442,471</u>
Less accumulated depreciation:				
Buildings and improvements	(4,689,899)	(374,960)	119,934	(4,944,925)
Furniture and equipment	(2,474,184)	(211,569)	382,044	(2,303,709)
Vehicles	(3,770,386)	(406,403)	1,389,744	(2,787,045)
Infrastructure	(10,326,864)	(396,147)	-	(10,723,011)
	<u>(21,261,333)</u>	<u>(1,389,079)</u>	<u>1,891,722</u>	<u>(20,758,690)</u>
Net depreciated assets	<u>16,227,050</u>	<u>(515,066)</u>	<u>(28,203)</u>	<u>15,683,781</u>
Net capital assets	<u>\$ 17,045,946</u>	<u>\$ 339,650</u>	<u>\$ (94,370)</u>	<u>\$ 17,291,226</u>
Current year depreciation:				
General government				\$ 188,063
Library				9,287
Parks and recreation				20,070
Public safety				317,478
Public works				813,950
Buildings and grounds				21,472
Solid waste				18,759
Total depreciation expense				<u>\$ 1,389,079</u>

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2022:

	Balance 7/1/21	Additions	Deletions	Balance 6/30/22	Current Year Portion
Bonds payable	<u>\$ 7,220,000</u>	<u>\$ 500,000</u>	<u>\$ (970,000)</u>	<u>\$ 6,750,000</u>	<u>\$ 1,070,987</u>

The following is a summary of the outstanding bonds payable:

<p>\$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.</p>	<p>\$ 495,000</p>
<p>\$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.</p>	<p>2,180,000</p>
<p>\$4,662,000, 2018 General Obligation Bond due in annual principal installments and semiannual interest installments through October 2039. Interest is charged at a varying fixed rate from 3.125% to 4.00% per annum. Annual principal installments vary from \$105,000 to \$365,000.</p>	<p>3,575,000</p>
<p>\$500,000, 2021 General Obligation Bond due in annual principal and interest installments through July 2026. Interest is charged at a fixed rate from 2.05% per annum. Annual principal installments vary from \$95,987 to \$104,103.</p>	<p><u>500,000</u></p>
<p>Total Bonds Payable</p>	<p><u>\$ 6,750,000</u></p>

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 - LONG-TERM DEBT (CONTINUED)

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

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2023	\$ 1,070,987	\$ 224,225	1,295,212
2024	892,954	190,682	1,083,636
2025	734,945	162,841	897,786
2026	732,011	136,850	868,861
2027	734,103	109,559	843,662
2028-2032	1,850,000	230,369	2,080,369
2033-2037	525,000	76,519	601,519
2038-2041	210,000	6,825	216,825
	<u>\$ 6,750,000</u>	<u>\$ 1,137,870</u>	<u>\$ 7,887,870</u>

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, 2022 is as follows:

	<u>Balance 7/1/21</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/22</u>	<u>Current Year Portion</u>
Accrued compensated absences	<u>\$ 273,855</u>	<u>\$ -</u>	<u>\$ (194,262)</u>	<u>\$ 79,593</u>	<u>\$ 4,947</u>

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022, the Town's liability for compensated absences is \$79,593.

NOTE 9 - DEFICIT FUND BALANCES

At June 30, 2022, the Town had the following overspent appropriations:

Nonmajor special revenue funds (Schedule E)	
Grants fund	\$ 21,782
Clockdial	11,263
Nonmajor capital projects funds (Schedule H)	
Fire and public safety	56,858
PW and town vehicles and equipment	678,896
Sidewalks	773,974
Bridges/road bond fund	11,460
Land acquisition	400,344
Public buildings	366,951
Technology fund	174,745
Road resurfacing fund	719,949
	<u>\$ 3,216,222</u>

NOTE 10 - EXPENDITURES OVER APPROPRIATIONS

At June 30, 2022, the Town had the following overspent appropriations:

Administration services - administration	\$ 27,904
Council, boards and committees	8,730
Contingency fund	653
Insurance claims	51,295
Other grants	147,001
	<u>\$ 235,583</u>

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the Town at June 30, 2022:

Invested in capital assets	\$ 38,049,916
Accumulated depreciation	(20,758,690)
Outstanding capital related debt	(6,750,000)
	<u>\$ 10,541,226</u>

NOTE 12 - RESTRICTED NET POSITION

At June 30, 2022, the Town had the following restricted net position:

Nonmajor special revenue funds:	
CDBG	\$ 23,174
Penn cable	525
Subdivision recreation fund	132,923
Landfill closure	115,769
Planning board escrow	569,687
S/Dugas pit reclamation	8,507
Maxwell gravel pit reclamation	5,065
ARPA	869,488
Henry Pennell municipal complex	7,285
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	111,089
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	22,579
Grange scholarship	14,660
Common school	2,865
Stimson cemetery	7,000
	<u>\$ 4,412,784</u>

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 - NONSPENDABLE FUND BALANCES

At June 30, 2022, the Town had the following nonspendable fund balances:

General fund:	
Prepaid items	\$ 31,278
Inventory	82,568
Nonmajor special revenue funds (Schedule E)	273
Nonmajor permanent funds (Schedule J)	109,687
	<u>\$ 223,806</u>

NOTE 14 - RESTRICTED FUND BALANCES

At June 30, 2022, the Town had the following restricted fund balances:

Nonmajor special revenue funds (Schedule E)	\$ 1,733,174
Nonmajor capital projects funds (Schedule H)	2,528,232
Nonmajor permanent funds (Schedule J)	41,691
	<u>\$ 4,303,097</u>

NOTE 15 - COMMITTED FUND BALANCES

At June 30, 2022, the Town had the following committed fund balances:

General fund:	
Use of fund balance	\$ 835,000
Nonmajor special revenue funds (Schedule E)	32,042
	<u>\$ 867,042</u>

NOTE 16 - ASSIGNED FUND BALANCES

At June 30, 2022, the Town had the following assigned fund balances:

Nonmajor special revenue funds (Schedule E)	\$ 2,311,962
Nonmajor capital projects funds (Schedule H)	1,664,339
	<u>\$ 3,976,301</u>

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 17 - 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, \$244,910 of tax was captured and \$179,825 was returned to the companies. Additionally, the Town of Gray, Maine entered into an agreement with the Gray Water District to extend the waterline to the Northbrook campus. The Town's share of this project was capped at 30% or a maximum of \$200,000. The debt will be serviced by captured asset value within the district.

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 17 - TAX INCREMENT FINANCING DISTRICTS AND ABATEMENTS
(CONTINUED)

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.

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 17 - TAX INCREMENT FINANCING DISTRICTS AND ABATEMENTS
(CONTINUED)

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, 2022, the Town abated property taxes for the following programs:

<u>Tax Abatement Program</u>	<u>Percentage of Taxes Abated During the Fiscal Year</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>
Enercon Inc. Credit Enhancement Agreement	52%	<u>\$ 184,220</u>

NOTE 18 - 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, 2022

NOTE 19 - 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, 2022, the Town's share was approximately:

	<u>Outstanding Debt</u>	<u>Percentage</u>	<u>Amount</u>
MSAD #15	\$ 4,912,089	65.51%	\$ 3,217,910
County of Cumberland	30,856,174	2.24%	691,033
EcoMaine	17,442,939	4.05%	707,156
Gray Water District	122,158	35.14%	42,926
			<u>\$ 4,659,025</u>

NOTE 20 - 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 21 - 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, 2022.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 21 - 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, 2022

NOTE 21 - 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, 2022. 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 22 - DEFERRED COMPENSATION PLAN

MISSIONSQUARE RETIREMENT

A. Plan Description

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

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

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

B. Funding Policy

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

The Town's contributions to the plan for 2022 were \$322,643.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 23 - JOINT VENTURES

The Town is a member of a joint venture with 45 other municipalities throughout Cumberland, Oxford and York counties. Ecomaine is a solid waste management corporation that creates electricity through its processing of waste and also operates as an extensive recycling program. A joint committee, made up of the Town of Gray and 20 other member communities owns and controls the corporation. Interlocal (waste handling) agreements between Ecomaine and participating communities obligate the members to deliver certain solid waste produced with the community to Ecomaine for processing and to make service payments and pay tipping fees for such processing. The Town has no explicit, measurable equity interest and therefore has not reported an asset in the financial statements in connection with its participation in Ecomaine. The Town of Gray has an owner membership of 4.03% in Ecomaine as of June 30, 2022 (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, 2022 (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 \$707,156.

NOTE 24 - COMPARATIVE DATA/RECLASSIFICATIONS

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

NOTE 25 - RESTATEMENT

In fiscal year 2022, the Town determined that certain transactions were omitted. Therefore, a restatement to the governmental activities beginning net position was required. The capital asset balance was restated by an increase of \$70,559 to record capital assets that were not recorded in fiscal year 2021. The beginning net position for governmental activities was increased by this amount from \$20,036,479 to \$20,107,038.

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, 2022

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1	\$ 6,030,718	\$ 6,030,718	\$ 6,030,718	\$ -
Resources (Inflows):				
Property taxes	17,268,456	17,268,456	17,279,925	11,469
Excise taxes	1,846,222	1,846,222	2,092,554	246,332
Intergovernmental	1,067,747	1,067,747	1,322,309	254,562
Charges for services	658,430	658,430	958,179	299,749
Interest income	75,000	75,000	74,523	(477)
Other revenue	112,000	112,000	271,775	159,775
Transfers from other funds	320,910	320,910	320,410	(500)
Amounts Available for Appropriation	<u>27,379,483</u>	<u>27,379,483</u>	<u>28,350,393</u>	<u>970,910</u>
Charges to Appropriations (Outflows):				
Administration services	1,465,814	1,465,814	1,441,347	24,467
Council, boards and committees	56,840	56,840	65,570	(8,730)
Public safety	1,362,869	1,362,869	1,315,181	47,688
Library/parks and recreation	370,467	370,467	332,629	37,838
Public works	2,715,883	2,715,883	2,423,262	292,621
Municipal finances	1,114,504	1,114,504	952,118	162,386
County assessment	752,213	752,213	752,213	-
Education	10,412,484	10,412,484	10,412,484	-
Insurance claims	-	-	51,295	(51,295)
Other grants	-	-	147,001	(147,001)
Community services	32,075	32,075	41,329	(9,254)
Law enforcement	288,081	288,081	285,553	2,528
Overlay	820,853	820,853	-	820,853
Transfers to other funds	2,456,682	2,456,682	2,456,682	-
Total Charges to Appropriations	<u>21,848,765</u>	<u>21,848,765</u>	<u>20,676,664</u>	<u>1,172,101</u>
Budgetary Fund Balance, June 30	<u>\$ 5,530,718</u>	<u>\$ 5,530,718</u>	<u>\$ 7,673,729</u>	<u>\$ 2,143,011</u>
Utilization of unassigned fund balance	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ (500,000)</u>

See accompanying independent auditor's 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, 2022

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 17,268,456	\$ 17,268,456	\$ 17,279,925	\$ 11,469
Auto excise	1,825,000	1,825,000	2,068,185	243,185
Boat excise	21,222	21,222	24,369	3,147
Subtotal	<u>19,114,678</u>	<u>19,114,678</u>	<u>19,372,479</u>	<u>257,801</u>
Intergovernmental revenues:				
Animal waste facility	900	900	944	44
General assistance	10,000	10,000	4,259	(5,741)
LRAP	135,000	135,000	145,488	10,488
Snowmobiles	3,000	3,000	3,304	304
State revenue sharing	892,142	892,142	1,132,146	240,004
Tree growth	21,700	21,700	31,646	9,946
Veterans' exemption	5,005	5,005	4,522	(483)
Subtotal	<u>1,067,747</u>	<u>1,067,747</u>	<u>1,322,309</u>	<u>254,562</u>
Charges for services:				
Batteries	2,000	2,000	2,365	365
Blueberry Festival	4,200	4,200	6,968	2,768
Building fees	133,000	133,000	159,101	26,101
Bulky waste	9,900	9,900	11,034	1,134
Clerk fees	43,200	43,200	52,364	9,164
Code enforcement	2,000	2,000	20,000	18,000
Commercial haulers	600	600	1,100	500
Community development miscellaneous	1,500	1,500	1,460	(40)
Dog control	4,000	4,000	3,694	(306)
Driveway opening	5,500	5,500	5,950	450
Electric fees	19,000	19,000	23,516	4,516
Gravel pits	1,100	1,100	1,600	500
Junkyard fees	50	50	50	-
Library fines	4,030	4,030	5,021	991
Planning board fees	12,500	12,500	17,501	5,001
Plumbing fees	32,000	32,000	29,440	(2,560)
Recycling	104,000	104,000	175,548	71,548
Rescue fees	270,000	270,000	431,539	161,539
Septic	850	850	-	(850)
Shoreland application fees	4,000	4,000	2,100	(1,900)
Tree removal	4,500	4,500	5,028	528
Zoning board applications	500	500	2,800	2,300
Subtotal	<u>658,430</u>	<u>658,430</u>	<u>958,179</u>	<u>299,749</u>

SCHEDULE A (CONTINUED)
TOWN OF GRAY, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
BUDGET AND ACTUAL - GENERAL FUND REVENUES
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Interest income:				
Interest income	25,000	25,000	21,127	(3,873)
Tax interest	50,000	50,000	53,396	3,396
Subtotal	<u>75,000</u>	<u>75,000</u>	<u>74,523</u>	<u>(477)</u>
Miscellaneous revenues:				
Cable franchise fees	102,000	102,000	98,678	(3,322)
Grants	-	-	98,065	98,065
Insurance claims	-	-	18,735	18,735
Other miscellaneous	10,000	10,000	56,297	46,297
Subtotal	<u>112,000</u>	<u>112,000</u>	<u>271,775</u>	<u>159,775</u>
Transfers from other funds	<u>320,910</u>	<u>320,910</u>	<u>320,410</u>	<u>(500)</u>
Amounts Available for Appropriation	<u>\$ 21,348,765</u>	<u>\$ 21,348,765</u>	<u>\$ 22,319,675</u>	<u>\$ 970,910</u>

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

TOWN OF GRAY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
ADMINISTRATION SERVICES:					
Administration	\$ 627,963	\$ -	\$ 627,963	\$ 655,867	\$ (27,904)
Community development	234,478	-	234,478	206,166	28,312
Assessing	144,935	-	144,935	135,912	9,023
Code enforcement	206,723	-	206,723	203,062	3,661
General assistance	27,698	-	27,698	24,265	3,433
Public communications	209,806	-	209,806	209,441	365
Elections	14,211	-	14,211	6,634	7,577
Totals	1,465,814	-	1,465,814	1,441,347	24,467
COUNCIL, BOARDS AND COMMITTEES:					
Council	40,715	-	40,715	46,037	(5,322)
Zoning Board of Appeals	1,700	-	1,700	5,829	(4,129)
Planning Board	4,475	-	4,475	7,612	(3,137)
Economic development	9,950	-	9,950	6,092	3,858
Totals	56,840	-	56,840	65,570	(8,730)
PUBLIC SAFETY:					
Public safety services	1,123,685	-	1,123,685	1,112,009	11,676
Utilities	239,184	-	239,184	203,172	36,012
Totals	1,362,869	-	1,362,869	1,315,181	47,688

TOWN OF GRAY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
LIBRARY, PARKS AND RECREATION:					
Library	332,447	-	332,447	300,914	31,533
Parks and recreation administration	38,020	-	38,020	31,715	6,305
Totals	370,467	-	370,467	332,629	37,838
PUBLIC WORKS:					
Winter roads	522,500	-	522,500	453,039	69,461
Summer roads	497,108	-	497,108	416,858	80,250
Additional roadwork	157,503	-	157,503	139,603	17,900
Garage	241,689	-	241,689	215,162	26,527
Recycling	838,481	-	838,481	767,636	70,845
Buildings and grounds	458,602	-	458,602	430,964	27,638
Totals	2,715,883	-	2,715,883	2,423,262	292,621
MUNICIPAL FINANCES:					
General insurance	1,114,504	-	1,114,504	951,465	163,039
Contingency fund	-	-	-	653	(653)
Totals	1,114,504	-	1,114,504	952,118	162,386
COUNTY ASSESSMENT	752,213	-	752,213	752,213	-
EDUCATION	10,412,484	-	10,412,484	10,412,484	-
INSURANCE CLAIMS	-	-	-	51,295	(51,295)
OTHER GRANTS	-	-	-	147,001	(147,001)

TOWN OF GRAY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
LAW ENFORCEMENT	288,081	-	288,081	285,553	2,528
COMMUNITY SERVICES	32,075	-	32,075	41,329	(9,254)
OVERLAY	820,853	-	820,853	-	820,853
TRANSFERS TO OTHER FUNDS:					
Northbrook TIF	248,172	-	248,172	248,172	-
South Gray TIF	332,229	-	332,229	332,229	-
Village TIF	111,281	-	111,281	111,281	-
Capital reserves	1,765,000	-	1,765,000	1,765,000	-
Totals	2,456,682	-	2,456,682	2,456,682	-
TOTAL DEPARTMENTAL OPERATIONS	\$ 21,848,765	\$ -	\$ 21,848,765	\$ 20,676,664	\$ 1,172,101

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

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 125	\$ 2,518,408	\$ 37,239	\$ 2,555,772
Prepaid items	273	-	-	273
Due from other funds	4,152,706	2,062,390	114,139	6,329,235
TOTAL ASSETS	<u>\$ 4,153,104</u>	<u>\$ 4,580,798</u>	<u>\$ 151,378</u>	<u>\$ 8,885,280</u>
LIABILITIES				
Accounts payable	\$ 15,446	\$ 3,714	\$ -	\$ 19,160
Due to other funds	33,045	3,567,690	-	3,600,735
TOTAL LIABILITIES	<u>48,491</u>	<u>3,571,404</u>	<u>-</u>	<u>3,619,895</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	60,207	-	-	60,207
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>60,207</u>	<u>-</u>	<u>-</u>	<u>60,207</u>
FUND BALANCES				
Nonspendable	273	-	109,687	109,960
Restricted	1,733,174	2,528,232	41,691	4,303,097
Committed	32,042	-	-	32,042
Assigned	2,311,962	1,664,339	-	3,976,301
Unassigned (deficits)	(33,045)	(3,183,177)	-	(3,216,222)
TOTAL FUND BALANCES	<u>4,044,406</u>	<u>1,009,394</u>	<u>151,378</u>	<u>5,205,178</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 4,153,104</u>	<u>\$ 4,580,798</u>	<u>\$ 151,378</u>	<u>\$ 8,885,280</u>

See accompanying independent auditor's 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, 2022

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Investment income, net of unrealized gains/(losses)	\$ 1,060	\$ 6,747	\$ 85	\$ 7,892
Intergovernmental	892,662	-	-	892,662
Charges for services	630,698	-	-	630,698
Other income	455,803	498,036	-	953,839
TOTAL REVENUES	1,980,223	504,783	85	2,485,091
EXPENDITURES				
Debt service:				
Principal	-	970,000	-	970,000
Interest	-	246,700	-	246,700
Capital outlay	-	1,826,950	-	1,826,950
Other	1,001,891	-	-	1,001,891
TOTAL EXPENDITURES	1,001,891	3,043,650	-	4,045,541
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	978,332	(2,538,867)	85	(1,560,450)
OTHER FINANCING SOURCES (USES)				
Bond/lease proceeds	-	500,000	-	500,000
Transfers in	691,682	1,765,000	-	2,456,682
Transfers (out)	(320,410)	-	-	(320,410)
TOTAL OTHER FINANCING SOURCES (USES)	371,272	2,265,000	-	2,636,272
NET CHANGE IN FUND BALANCES	1,349,604	(273,867)	85	1,075,822
FUND BALANCES - JULY 1	2,694,802	1,283,261	151,293	4,129,356
FUND BALANCES - JUNE 30	\$ 4,044,406	\$ 1,009,394	\$ 151,378	\$ 5,205,178

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

Special Revenue Funds

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

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022

	Northbrook TIF	South Gray TIF	Village TIF	Recreation Fund	Parks and Recreation Fundraiser	Dry Mills Schoolhouse	CDBG
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 125	\$ -	\$ -	\$ -
Prepaid items	-	-	-	273	-	-	-
Due from other funds	522,876	1,002,057	362,259	345,476	4,987	9,593	23,174
TOTAL ASSETS	\$ 522,876	\$ 1,002,057	\$ 362,259	\$ 345,874	\$ 4,987	\$ 9,593	\$ 23,174
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ 221	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	221	-	-	-
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue	-	-	-	60,207	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	60,207	-	-	-
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	273	-	-	-
Restricted	-	-	-	-	-	-	23,174
Committed	-	-	-	-	-	-	-
Assigned	522,876	1,002,057	362,259	285,173	4,987	9,593	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	522,876	1,002,057	362,259	285,446	4,987	9,593	23,174
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 522,876	\$ 1,002,057	\$ 362,259	\$ 345,874	\$ 4,987	\$ 9,593	\$ 23,174

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2022

	Penn Cable	Gray Employee Safety and Wellness	Subdivision Recreation Fund	Library Reserve	Landfill Closure	Water Quality
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid items	-	-	-	-	-	-
Due from other funds	525	3,582	132,923	4,143	115,769	6,151
TOTAL ASSETS	<u>\$ 525</u>	<u>\$ 3,582</u>	<u>\$ 132,923</u>	<u>\$ 4,143</u>	<u>\$ 115,769</u>	<u>\$ 6,151</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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	-	132,923	-	115,769	-
Committed	-	-	-	-	-	-
Assigned	-	3,582	-	4,143	-	6,151
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>525</u>	<u>3,582</u>	<u>132,923</u>	<u>4,143</u>	<u>115,769</u>	<u>6,151</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ 525</u>	<u>\$ 3,582</u>	<u>\$ 132,923</u>	<u>\$ 4,143</u>	<u>\$ 115,769</u>	<u>\$ 6,151</u>

SCHEDULE E (CONTINUED)

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2022

	Pennell Town Clock	Stimson Hall	Library Appeal	Gray Fire and Rescue Mem. Fund	Marketing	Valt Phase I
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid items	-	-	-	-	-	-
Due from other funds	17,050	21,287	1,959	17,775	1,000	1,583
TOTAL ASSETS	<u>\$ 17,050</u>	<u>\$ 21,287</u>	<u>\$ 1,959</u>	<u>\$ 17,775</u>	<u>\$ 1,000</u>	<u>\$ 1,583</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	21,287	-	-	-	1,583
Assigned	17,050	-	1,959	17,775	1,000	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>17,050</u>	<u>21,287</u>	<u>1,959</u>	<u>17,775</u>	<u>1,000</u>	<u>1,583</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ 17,050</u>	<u>\$ 21,287</u>	<u>\$ 1,959</u>	<u>\$ 17,775</u>	<u>\$ 1,000</u>	<u>\$ 1,583</u>

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2022

	GEO Plan	Rescue Kilby Fund	Library Fund	Planning Board Escrow	S/Dugas Pit Reclamation	Maxwell Gravel Pit Reclamation
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid items	-	-	-	-	-	-
Due from other funds	392	20,563	11,515	569,687	8,507	5,065
TOTAL ASSETS	\$ 392	\$ 20,563	\$ 11,515	\$ 569,687	\$ 8,507	\$ 5,065
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	569,687	8,507	5,065
Committed	-	-	-	-	-	-
Assigned	392	20,563	11,515	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	392	20,563	11,515	569,687	8,507	5,065
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 392	\$ 20,563	\$ 11,515	\$ 569,687	\$ 8,507	\$ 5,065

SCHEDULE E (CONTINUED)

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2022

	Training Site	ARPA	Henry Pennell Municipal Complex	Gray Fire/Rescue Education	Libby Recreation Scholarship	Gray Matters
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid items	-	-	-	-	-	-
Due from other funds	1,369	869,488	7,285	9,172	478	1,530
TOTAL ASSETS	\$ 1,369	\$ 869,488	\$ 7,285	\$ 9,172	\$ 478	\$ 1,530
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	869,488	7,285	-	-	-
Committed	-	-	-	9,172	-	-
Assigned	1,369	-	-	-	478	1,530
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	1,369	869,488	7,285	9,172	478	1,530
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 1,369	\$ 869,488	\$ 7,285	\$ 9,172	\$ 478	\$ 1,530

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2022

	Shannon Ronan Mem Fund	Mazur Parks/Rec Mem Fund	Grants	Parks and Recreation Scholarship Fund	Recreation Facilty	Blackthorne Rd Association	Clockdial	Total
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125
Prepaid items	-	-	-	-	-	-	-	273
Due from other funds	-	751	-	2,259	45,813	4,663	-	4,152,706
TOTAL ASSETS	\$ -	\$ 751	\$ -	\$ 2,259	\$ 45,813	\$ 4,663	\$ -	\$ 4,153,104
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 15,225	\$ -	\$ -	\$ 15,446
Due to other funds	-	-	21,782	-	-	-	11,263	33,045
TOTAL LIABILITIES	-	-	21,782	-	15,225	-	11,263	48,491
DEFERRED INFLOWS OF RESOURCES								
Deferred revenue	-	-	-	-	-	-	-	60,207
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-	-	60,207
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	273
Restricted	-	751	-	-	-	-	-	1,733,174
Committed	-	-	-	-	-	-	-	32,042
Assigned	-	-	-	2,259	30,588	4,663	-	2,311,962
Unassigned	-	-	(21,782)	-	-	-	(11,263)	(33,045)
TOTAL FUND BALANCES (DEFICITS)	-	751	(21,782)	2,259	30,588	4,663	(11,263)	4,044,406
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ -	\$ 751	\$ -	\$ 2,259	\$ 45,813	\$ 4,663	\$ -	\$ 4,153,104

See accompanying independent auditor’s 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, 2022

	Northbrook TIF	South Gray TIF	Village TIF	Recreation Fund	Parks and Recreation Fundraiser	Dry Mills Schoolhouse	CDBG
REVENUES							
Interest income	\$ -	\$ 1,060	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	23,174
Charges for services	-	-	-	630,698	-	-	-
Other income	-	-	-	28,624	434	-	-
TOTAL REVENUES	-	1,060	-	659,322	434	-	23,174
EXPENDITURES							
Other	130,786	249,324	39,170	539,770	-	-	-
TOTAL EXPENDITURES	130,786	249,324	39,170	539,770	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(130,786)	(248,264)	(39,170)	119,552	434	-	23,174
OTHER FINANCING SOURCES (USES)							
Transfers in	248,172	332,229	111,281	-	-	-	-
Transfers (out)	-	(245,410)	(75,000)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	248,172	86,819	36,281	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	117,386	(161,445)	(2,889)	119,552	434	-	23,174
FUND BALANCES (DEFICITS) - JULY 1	405,490	1,163,502	365,148	165,894	4,553	9,593	-
FUND BALANCES (DEFICITS) - JUNE 30	\$ 522,876	\$ 1,002,057	\$ 362,259	\$ 285,446	\$ 4,987	\$ 9,593	\$ 23,174

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Penn Cable	Gray Employee Safety and Wellness	Subdivision Recreation Fund	Library Reserve	Landfill Closure	Water Quality
REVENUES						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Other income	-	-	26,000	-	-	-
TOTAL REVENUES	-	-	26,000	-	-	-
EXPENDITURES						
Other	-	936	-	-	9,691	-
TOTAL EXPENDITURES	-	936	-	-	9,691	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(936)	26,000	-	(9,691)	-
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(936)	26,000	-	(9,691)	-
FUND BALANCES (DEFICITS) - JULY 1	525	4,518	106,923	4,143	125,460	6,151
FUND BALANCES (DEFICITS) - JUNE 30	\$ 525	\$ 3,582	\$ 132,923	\$ 4,143	\$ 115,769	\$ 6,151

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Pennell Town Clock	Stimson Hall	Library Appeal	Gray Fire and Rescue Mem. Fund	Marketing	Valt Phase I
REVENUES						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Other income	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	-	-
EXPENDITURES						
Other	650	-	-	-	-	-
TOTAL EXPENDITURES	650	-	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(650)	-	-	-	-	-
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(650)	-	-	-	-	-
FUND BALANCES (DEFICITS) - JULY 1	17,700	21,287	1,959	17,775	1,000	1,583
FUND BALANCES (DEFICITS) - JUNE 30	\$ 17,050	\$ 21,287	\$ 1,959	\$ 17,775	\$ 1,000	\$ 1,583

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	GEO Plan	Rescue Kilby Fund	Library Fund	Planning Board Escrow	S/Dugas Pit Reclamation	Maxwell Gravel Pit Reclamation
REVENUES						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Other income	-	1,575	-	398,429	-	-
TOTAL REVENUES	-	1,575	-	398,429	-	-
EXPENDITURES						
Other	-	-	-	28,614	-	-
TOTAL EXPENDITURES	-	-	-	28,614	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	1,575	-	369,815	-	-
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	1,575	-	369,815	-	-
FUND BALANCES (DEFICITS) - JULY 1	392	18,988	11,515	199,872	8,507	5,065
FUND BALANCES (DEFICITS) - JUNE 30	\$ 392	\$ 20,563	\$ 11,515	\$ 569,687	\$ 8,507	\$ 5,065

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Training Site	ARPA	Henry Pennell Municipal Complex	Gray Fire/Rescue Education	Libby Recreation Scholarship	Gray Matters
REVENUES						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	869,488	-	-	-	-
Charges for services	-	-	-	-	-	-
Other income	240	-	250	-	-	-
TOTAL REVENUES	240	869,488	250	-	-	-
EXPENDITURES						
Other	-	-	320	-	-	147
TOTAL EXPENDITURES	-	-	320	-	-	147
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	240	869,488	(70)	-	-	(147)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	240	869,488	(70)	-	-	(147)
FUND BALANCES (DEFICITS) - JULY 1	1,129	-	7,355	9,172	478	1,677
FUND BALANCES (DEFICITS) - JUNE 30	\$ 1,369	\$ 869,488	\$ 7,285	\$ 9,172	\$ 478	\$ 1,530

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, 2022

	Shannon Ronan Mem Fund	Mazur Parks/Rec Mem Fund	Grants	Parks and Recreation Scholarship Fund	Recreation Facility	Blackthorne Rd Association	Clockdial	Total
REVENUES								
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,060
Intergovernmental	-	-	-	-	-	-	-	892,662
Charges for services	-	-	-	-	-	-	-	630,698
Other income	-	-	-	251	-	-	-	455,803
TOTAL REVENUES	-	-	-	251	-	-	-	1,980,223
EXPENDITURES								
Other	-	-	-	-	-	2,483	-	1,001,891
TOTAL EXPENDITURES	-	-	-	-	-	2,483	-	1,001,891
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	251	-	(2,483)	-	978,332
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	691,682
Transfers (out)	-	-	-	-	-	-	-	(320,410)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	371,272
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	-	251	-	(2,483)	-	1,349,604
FUND BALANCES (DEFICITS) - JULY 1	-	751	(21,782)	2,008	30,588	7,146	(11,263)	2,694,802
FUND BALANCES (DEFICITS) - JUNE 30	\$ -	\$ 751	\$ (21,782)	\$ 2,259	\$ 30,588	\$ 4,663	\$ (11,263)	\$ 4,044,406

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

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF ACTIVITY - RECREATION FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Balance, 7/1/21	Revenue	Expenditures	Balance, 6/30/22
ADMINISTRATION:				
FICA/Medicare	\$ -	\$ -	\$ 10,540	\$ (10,540)
Full-time personnel	-	3,459	108,040	(104,581)
Overtime	-	-	581	(581)
Retirement	-	-	7,828	(7,828)
Total Administration	<u>-</u>	<u>3,459</u>	<u>126,989</u>	<u>(123,530)</u>
PROGRAMS:				
Operations				
Administrative/merchant fees	-	24,840	14,200	10,640
Cell phone	-	-	1,076	(1,076)
Grants	-	325	-	325
Totals	<u>-</u>	<u>25,165</u>	<u>15,276</u>	<u>9,889</u>
Adult fitness				
Men's basketball	-	6,380	8,365	(1,985)
Pickleball	-	-	40	(40)
Zumba	-	2,209	1,454	755
Totals	<u>-</u>	<u>8,589</u>	<u>9,859</u>	<u>(1,270)</u>
Youth fitness				
Fall soccer	-	12,165	-	12,165
Softball	-	1,600	2,869	(1,269)
Gymnastics	-	10,693	-	10,693
Junior basketball	-	5,333	1,856	3,477
Junior soccer	-	-	243	(243)
Indoor soccer	-	1,550	-	1,550
Foot skills	-	-	355	(355)
Lacrosse	-	1,553	880	673
Karate	-	-	5,555	(5,555)
Track and field	-	4,037	2,436	1,601
Flag football	-	1,243	463	780
Middle school sports	-	9,952	-	9,952
Totals	<u>-</u>	<u>48,126</u>	<u>14,657</u>	<u>33,469</u>
Youth classes				
American Red Cross babysit	-	543	175	368
Cheering	-	19,768	-	19,768
Totals	<u>-</u>	<u>20,311</u>	<u>175</u>	<u>20,136</u>

SCHEDULE G (CONTINUED)

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF ACTIVITY - RECREATION FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Balance, 7/1/21	Revenue	Expenditures	Balance, 6/30/22
PROGRAMS (CONTINUED):				
Childcare services				
Day camp	-	134,333	104,442	29,891
Kid's Club	-	357,030	252,359	104,671
Snack shack	-	4,373	3,510	863
Vacation camp	-	22,433	7,220	15,213
Totals	-	518,169	367,531	150,638
Camps/clinics				
Field hockey	-	6	-	6
Leaders in training	-	6,257	-	6,257
Broadway for beginners	-	1,103	-	1,103
Family yoga	-	-	960	(960)
Soccer	-	3,798	-	3,798
Parents night out	-	1,552	615	937
Speed, agility, quickness	-	12,295	-	12,295
Play pass	-	945	363	582
Volleyball	-	-	434	(434)
Totals	-	25,956	2,372	23,584
Rentals				
New Gloucester rental	-	4,841	-	4,841
Newbegin and grounds	-	4,706	2,911	1,795
Totals	-	9,547	2,911	6,636
Total programs	-	655,863	412,781	243,082
Subtotal - Recreation Department Activity	-	659,322	539,770	119,552
Beginning Fund Balance	165,894	-	-	165,894
Total Recreation Department Activity	<u>\$ 165,894</u>	<u>\$ 659,322</u>	<u>\$ 539,770</u>	<u>\$ 285,446</u>

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

Capital Projects Funds

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

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2022

	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	-	-	-	-
TOTAL ASSETS	<u>\$ 61,460</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 3,714
Due to other funds	-	56,858	678,896	773,974	7,746
TOTAL LIABILITIES	<u>-</u>	<u>56,858</u>	<u>678,896</u>	<u>773,974</u>	<u>11,460</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	61,460	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	(56,858)	(678,896)	(773,974)	(11,460)
TOTAL FUND BALANCES (DEFICITS)	<u>61,460</u>	<u>(56,858)</u>	<u>(678,896)</u>	<u>(773,974)</u>	<u>(11,460)</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 61,460</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2022

	Debt Service	Miscellaneous	Land Acquisition	Public Buildings	Technology	Road Resurfacing
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	1,060,491	603,848	-	-	-	-
TOTAL ASSETS	\$ 1,060,491	\$ 603,848	\$ -	\$ -	\$ -	\$ -
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	400,344	366,951	174,745	719,949
TOTAL LIABILITIES	-	-	400,344	366,951	174,745	719,949
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	1,060,491	603,848	-	-	-	-
Unassigned	-	-	(400,344)	(366,951)	(174,745)	(719,949)
TOTAL FUND BALANCES (DEFICITS)	1,060,491	603,848	(400,344)	(366,951)	(174,745)	(719,949)
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 1,060,491	\$ 603,848	\$ -	\$ -	\$ -	\$ -

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2022

	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	\$ 1,556,775	\$ 961,633	\$ -	\$ -	\$ 2,518,408
Due from other funds	-	123,033	102,469	111,089	2,062,390
TOTAL ASSETS	<u>\$ 1,556,775</u>	<u>\$ 1,084,666</u>	<u>\$ 102,469</u>	<u>\$ 111,089</u>	<u>\$ 4,580,798</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	-	-	\$ 3,714
Due to other funds	388,227	-	-	-	3,567,690
TOTAL LIABILITIES	<u>388,227</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,571,404</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	1,168,548	1,084,666	102,469	111,089	2,528,232
Committed	-	-	-	-	-
Assigned	-	-	-	-	1,664,339
Unassigned	-	-	-	-	(3,183,177)
TOTAL FUND BALANCES (DEFICITS)	<u>1,168,548</u>	<u>1,084,666</u>	<u>102,469</u>	<u>111,089</u>	<u>1,009,394</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 1,556,775</u>	<u>\$ 1,084,666</u>	<u>\$ 102,469</u>	<u>\$ 111,089</u>	<u>\$ 4,580,798</u>

See accompanying independent auditor's 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, 2022

	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	-	179,513	48,300	274,082	-
TOTAL EXPENDITURES	-	179,513	48,300	274,082	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(179,513)	(48,300)	(274,082)	-
OTHER FINANCING SOURCES (USES)					
Bond/lease proceeds	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(179,513)	(48,300)	(274,082)	-
FUND BALANCES (DEFICITS) - JULY 1	61,460	122,655	(630,596)	(499,892)	(11,460)
FUND BALANCES (DEFICITS) - JUNE 30	\$ 61,460	\$ (56,858)	\$ (678,896)	\$ (773,974)	\$ (11,460)

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Debt Service	Miscellaneous	Land Acquisition	Public Buildings	Technology	Road Resurfacing
REVENUES						
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	498,036	-	-	-	-
TOTAL REVENUES	-	498,036	-	-	-	-
EXPENDITURES						
Debt service:						
Principal	970,000	-	-	-	-	-
Interest	246,700	-	-	-	-	-
Capital outlay	-	58,413	500,344	244,978	28,489	492,831
TOTAL EXPENDITURES	1,216,700	58,413	500,344	244,978	28,489	492,831
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,216,700)	439,623	(500,344)	(244,978)	(28,489)	(492,831)
OTHER FINANCING SOURCES (USES)						
Bond/lease proceeds	500,000	-	-	-	-	-
Transfers in	1,765,000	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	2,265,000	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	1,048,300	439,623	(500,344)	(244,978)	(28,489)	(492,831)
FUND BALANCES (DEFICITS) - JULY 1	12,191	164,225	100,000	(121,973)	(146,256)	(227,118)
FUND BALANCES (DEFICITS) - JUNE 30	\$ 1,060,491	\$ 603,848	\$ (400,344)	\$ (366,951)	\$ (174,745)	\$ (719,949)

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	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)	\$ -	\$ -	\$ -	\$ 6,747	\$ 6,747
Other	-	-	-	-	498,036
TOTAL REVENUES	-	-	-	6,747	504,783
EXPENDITURES					
Debt service:					
Principal	-	-	-	-	970,000
Interest	-	-	-	-	246,700
Capital outlay	-	-	-	-	1,826,950
TOTAL EXPENDITURES	-	-	-	-	3,043,650
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	6,747	(2,538,867)
OTHER FINANCING SOURCES (USES)					
Bond/lease proceeds	-	-	-	-	500,000
Transfers in	-	-	-	-	1,765,000
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	2,265,000
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	-	6,747	(273,867)
FUND BALANCES (DEFICITS) - JULY 1	1,168,548	1,084,666	102,469	104,342	1,283,261
FUND BALANCES (DEFICITS) - JUNE 30	\$ 1,168,548	\$ 1,084,666	\$ 102,469	\$ 111,089	\$ 1,009,394

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

Permanent Funds

Permanent funds are used to account for assets held by the Town of 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, 2022

	<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>

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2022

	Charles W. Barker Scholarship	Grange Scholarship	Common School	Stimson Cemetery	Total
ASSETS					
Cash and cash equivalents	\$ 22,579	\$ 14,660	\$ -	\$ -	\$ 37,239
Due from other funds	-	-	2,865	7,000	114,139
TOTAL ASSETS	\$ 22,579	\$ 14,660	\$ 2,865	\$ 7,000	\$ 151,378
LIABILITIES					
Due to others funds	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-
FUND BALANCES					
Nonspendable	22,013	14,296	-	7,000	109,687
Restricted	566	364	2,865	-	41,691
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	22,579	14,660	2,865	7,000	151,378
TOTAL LIABILITIES AND FUND BALANCES	\$ 22,579	\$ 14,660	\$ 2,865	\$ 7,000	\$ 151,378

See accompanying independent auditor's 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, 2022

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

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Charles W. Barker Scholarship	Grange Scholarship	Common School	Stimson Cemetery	Total
REVENUES					
Interest income	\$ 54	\$ 31	\$ -	\$ -	\$ 85
TOTAL REVENUES	<u>54</u>	<u>31</u>	<u>-</u>	<u>-</u>	<u>85</u>
EXPENDITURES					
Other	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	54	31	-	-	85
FUND BALANCES - JULY 1	<u>22,525</u>	<u>14,629</u>	<u>2,865</u>	<u>7,000</u>	<u>151,293</u>
FUND BALANCES - JUNE 30	<u>\$ 22,579</u>	<u>\$ 14,660</u>	<u>\$ 2,865</u>	<u>\$ 7,000</u>	<u>\$ 151,378</u>

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

General Capital Assets

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

TOWN OF GRAY, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2022

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
General Government	\$ 14,280	\$ 2,559,214	\$ 681,803	\$ 157,946	\$ 3,413,243
Library	34,563	1,845,480	406,923	11,481	2,298,447
Parks and Recreation	503,850	451,181	95,237	53,500	1,103,768
Public Safety	30,885	1,369,901	4,986,392	9,100	6,396,278
Public Works	993,867	4,609,603	3,248,033	14,709,661	23,561,164
Buildings and Grounds	30,000	226,790	129,633	393,646	780,069
Solid Waste		208,068	240,307	48,572	496,947
Total General Capital Assets	1,607,445	11,270,237	9,788,328	15,383,906	38,049,916
Less: Accumulated Depreciation		(4,944,925)	(5,090,754)	(10,723,011)	(20,758,690)
Net General Capital Assets	<u>\$ 1,607,445</u>	<u>\$ 6,325,312</u>	<u>\$ 4,697,574</u>	<u>\$ 4,660,895</u>	<u>\$ 17,291,226</u>

See accompanying independent auditor's 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, 2022

	General Capital Assets 7/1/21 (Restated)	Additions	Deletions	General Capital Assets 6/30/22
General Government	\$ 3,546,586	\$ 46,514	\$ (179,857)	\$ 3,413,243
Library	2,276,100	22,347	-	2,298,447
Parks and Recreation	569,783	546,680	(12,695)	1,103,768
Public Safety	7,598,675	276,509	(1,478,906)	6,396,278
Public Works	23,000,027	750,155	(189,018)	23,561,164
Buildings and Grounds	708,870	77,074	(5,875)	780,069
Solid Waste	607,238	9,450	(119,741)	496,947
Total General Capital Assets	38,307,279	1,728,729	(1,986,092)	38,049,916
Less: Accumulated Depreciation	(21,261,333)	(1,389,079)	1,891,722	(20,758,690)
Net General Capital Assets	<u>\$ 17,045,946</u>	<u>\$ 339,650</u>	<u>\$ (94,370)</u>	<u>\$ 17,291,226</u>

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



Proven Expertise & Integrity

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

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, 2022 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 6, 2023.

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 Gray, Maine in a separate letter dated April 7, 2023.

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 6, 2023