

# Audited Financial Statements

## Town of Gray, Maine

June 30, 2013



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TOWN OF GRAY, MAINE

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JUNE 30, 2013

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## INDEPENDENT AUDITORS' REPORT

Town Council  
Town of Gray  
Gray, Maine

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Gray, Maine, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Gray, Maine as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 and budgetary comparison information on page 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Gray, Maine's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. 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 combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*R.H.R. Smith & Company*

Buxton, Maine  
August 7, 2013

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013**

**(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, 2013. 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). Most of the Town's basic services are reported in governmental activities, which include administration services, council, boards & committees, public safety, library, parks & recreation, public works, education and other unclassified.

### **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 can be divided into two categories: governmental funds and fiduciary funds.

*Governmental funds:* Most 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 fund balance sheet and the governmental fund 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 fund balance sheet and the governmental fund 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.

*Fiduciary Funds:* These funds are used to account for resources held for the benefit of parties outside the Town of Gray. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town's own programs. The accounting used for fiduciary funds are much like that of proprietary funds. They use the accrual basis of accounting.

### **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 Fiduciary Fund Financial Statements.

### **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 \$543,332 from \$15,273,511 to \$15,816,843.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - decreased for governmental activities to a balance of \$4,086,875 at the end of this year

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

	2013	2012
<b>Assets:</b>		
Current and Other Assets	\$ 6,915,232	\$ 6,878,419
Capital Assets	14,429,901	14,384,752
Total Assets	<u>21,345,133</u>	<u>21,263,171</u>
 <b>Liabilities:</b>		
Current Liabilities	732,754	707,377
Long-term Debt Outstanding	4,650,960	5,169,738
Total Liabilities	<u>5,383,714</u>	<u>5,877,115</u>
 <b>Deferred Inflows of Resources:</b>		
Prepaid taxes	41,887	35,635
Deferred revenue	102,689	76,910
Total Deferred Inflows of Resources	<u>144,576</u>	<u>112,545</u>
 <b>Net Position:</b>		
Invested in Capital Assets,		
Net of Related Debt	9,423,388	8,857,363
Restricted:		
Special Revenue funds	1,991,552	1,938,660
Capital Projects funds	164,207	165,041
Permanent funds	150,821	151,319
Unrestricted	4,086,875	4,161,128
Total Net Position	<u>\$ 15,816,843</u>	<u>\$ 15,273,511</u>

### Revenues and Expenses

Both revenues and expenses for the Town's governmental funds were fairly consistent from the prior year with revenues increasing by \$599,889 or 4.16% primarily due to increases in taxes and grants and contributions. Expenses increased by \$220,069 or 1.54%. Expense increases were incurred in public works, county assessment, education, community service and program expenses that were partially offset by decreases across all other expense categories.

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

	<u>2013</u>	<u>2012</u>
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for services	\$ 497,406	\$ 540,934
Operating grants and contributions	157,917	82,308
<i>General Revenues:</i>		
Taxes	12,969,597	12,512,746
Grants and contributions not restricted to specific programs	831,019	492,035
Interest income	60,671	68,461
Miscellaneous	499,010	719,247
Total Revenues	<u>15,015,620</u>	<u>14,415,731</u>
<b>Expenses</b>		
Administration services	945,362	946,681
Council, boards & committees	29,522	38,320
Public safety	1,065,166	1,068,210
Library/parks & recreation	285,215	344,502
Public works	2,504,728	2,472,140
Municipal finances	515,354	528,812
County assessment	522,070	494,319
Education	7,843,960	7,528,226
Community services	37,871	33,151
Program expenses	548,539	-
Overlay	(359)	-
Capital outlay	-	609,727
Interest on long term debt	174,860	188,131
Total Expenses	<u>14,472,288</u>	<u>14,252,219</u>
Change in Net Position	543,332	163,512
Net Position - July 1	<u>15,273,511</u>	<u>15,109,999</u>
Net Position - June 30	<u><u>\$15,816,843</u></u>	<u><u>\$ 15,273,511</u></u>

### Financial Analysis of the Town's Fund Statements

*Governmental funds:* The financial reporting focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information may be useful in assessing the Town's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year, and the net resources available for spending.

**Table 3**  
**Town of Gray, Maine**  
**Fund Balances - Governmental Funds**  
**June 30,**

	<u>2013</u>	<u>2012</u>
General Fund:		
Nonspendable	\$ 312,128	\$ 35,132
Assigned	53,564	174,126
Unassigned	2,403,446	2,492,540
Total General Fund	<u>\$ 2,769,138</u>	<u>\$ 2,701,798</u>
Nonmajor Funds:		
Special revenue funds:		
Nonspendable	\$ 11,380	\$ 4,915
Restricted	1,991,552	1,938,660
Committed	149,096	164,845
Assigned	148,113	126,955
Capital project funds:		
Restricted	164,207	165,041
Committed	1,073,409	1,210,872
Assigned	6,142	6,130
Unassigned	(292,715)	(258,210)
Permanent funds:		
Nonspendable-principal	89,811	89,811
Restricted	63,249	63,772
Unassigned	(2,239)	(2,264)
Total Nonmajor Funds	<u>\$ 3,402,005</u>	<u>\$ 3,510,527</u>

The general fund total fund balance increased by \$67,340 from the prior fiscal year. The non-major fund balances decreased by \$108,522 from the prior fiscal year.

### **Budgetary Highlights**

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

The general fund actual revenues exceeded the budget by \$64,625. The intergovernmental revenues and excise taxes accounted for most of the excess.

The general fund actual expenditures were under the budget by \$373,501. All expenditure categories were under budget.

## **Capital Asset and Debt Administration**

### **Capital Assets**

As of June 30, 2013, the net book value of capital assets recorded by the Town increased by \$45,149 from the prior year. This increase is the result of capital additions of \$1,012,403 less current year depreciation expense of \$967,254.

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

	<b>2013</b>	<b>2012</b>
Land and Non-Depreciable Assets	\$ 6,015,559	\$ 5,548,639
Buildings and Improvements	1,337,004	1,331,965
Furniture and Equipment	431,941	448,973
Vehicles	1,475,150	1,767,410
Infrastructure	5,170,247	5,287,765
Total	<u>\$ 14,429,901</u>	<u>\$ 14,384,752</u>

### **Debt**

At June 30, 2013, the Town had \$4,760,000 in bonds outstanding versus \$5,040,000. Other obligations include capital leases payable and accrued sick and vacation time. Refer to Note 5 of Notes to Financial Statements for detailed information.

### **Economic Factors and Next Year's Budgets and Rates**

To further promote and ensure the financial well-being and fiscal stability of the Town, the Gray Town Council adopted an Unassigned 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 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 an unassigned fund balance level no greater than two twelfths (or 1/6) of the approved appropriation for the municipal budget, the Town's portion of MSAD No. 15 local assessment, county tax and overlay be maintained. The Town maintained balances in excess of the required minimum level for the fiscal year ended 2013.

In addition to its unassigned fund balance policy, the Town maintains a Crisis Fund, established to meet unforeseen essential municipal needs that protect the public health, safety and welfare of the community. Funding is maintained at a level not less than one twelfth (1/12) of the approved appropriation for the municipal budget, the Town's portion of MSAD No. 15 local assessment, county tax and overlay. Upon notification that the Crisis Fund has fallen below the prescribed level, the Town Council is required to formulate a remediation plan within ninety (90) days. The restoration of the Crisis Fund will not exceed a five (5) year period. At June 30, 2013, the Crisis Fund balance was in excess of the required level.

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

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

## STATEMENT A

TOWN OF GRAY, MAINE  
STATEMENT OF NET POSITION  
JUNE 30, 2013

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 5,551,539
Investments	248,000
Accounts receivable (net of allowance for uncollectibles)	
Taxes	60,921
Liens	405,957
Other	325,307
Prepaid expenses	304,722
Inventory	18,786
Total current assets	<u>6,915,232</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	6,015,559
Buildings and equipment, net of accumulated depreciation	8,414,342
Total noncurrent assets	<u>14,429,901</u>
TOTAL ASSETS	<u>\$ 21,345,133</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 138,812
Accrued expenses	113
Accrued payroll	67,316
Current portion of long-term obligations	526,513
Total current liabilities	<u>732,754</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	4,480,000
Accrued compensated absences	170,960
Total noncurrent liabilities	<u>4,650,960</u>
TOTAL LIABILITIES	<u>5,383,714</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	41,887
Deferred revenue	102,689
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>144,576</u>
NET POSITION	
Invested in capital assets, net of related debt	9,423,388
Restricted:	
Special Revenue funds	1,991,552
Capital Projects funds	164,207
Permanent funds	150,821
Unrestricted	4,086,875
TOTAL NET POSITION	<u>15,816,843</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 21,345,133</u>

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



## TOWN OF GRAY, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Total Governmental Activities
Governmental activities:					
Administration services	\$ 945,362	\$ 113,969	\$ 14,569	\$ -	\$ (816,824)
Council, boards & committees	29,522	50	-	-	(29,472)
Public safety	1,065,166	242,815	-	-	(822,351)
Library/parks & recreation	285,215	8,344	-	-	(276,871)
Public works	2,504,728	130,994	143,348	-	(2,230,386)
Municipal finances	515,354	-	-	-	(515,354)
County assessment	522,070	-	-	-	(522,070)
Education	7,843,960	-	-	-	(7,843,960)
Community services	37,871	1,234	-	-	(36,637)
Program expenses	548,539	-	-	-	(548,539)
Overlay	(359)	-	-	-	359
Capital outlay	-	-	-	-	-
Interest on long term debt	174,860	-	-	-	(174,860)
Total government	<u>\$ 14,472,288</u>	<u>\$ 497,406</u>	<u>\$ 157,917</u>	<u>\$ -</u>	<u>(13,816,965)</u>

STATEMENT B (CONTINUED)

TOWN OF GRAY, MAINE

RECONCILIATION OF THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(13,816,965)</u>
General revenues:	
Taxes:	
Property taxes, levied for general purposes	11,656,534
Excise taxes	1,313,063
Grants and contributions not restricted to specific programs	831,019
Interest income	60,671
Miscellaneous	499,010
Total general revenues	<u>14,360,297</u>
Change in net position	543,332
NET POSITION - JULY 1	<u>15,273,511</u>
NET POSITION - JUNE 30	<u><u>\$ 15,816,843</u></u>

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

## TOWN OF GRAY, MAINE

BALANCE SHEET – GOVERNMENTAL FUNDS  
JUNE 30, 2013

	General Fund	Other Governmental Funds	Totals Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 4,808,055	\$ 743,484	\$ 5,551,539
Investments	-	248,000	248,000
Accounts receivable (net of allowance of doubtful accounts):			
Taxes	60,921	-	60,921
Tax liens	405,957	-	405,957
Other	156,392	168,915	325,307
Prepaid expenses	293,342	11,380	304,722
Inventory	18,786	-	18,786
Due from other funds	442,535	2,789,728	3,232,263
TOTAL ASSETS	<u>\$ 6,185,988</u>	<u>\$ 3,961,507</u>	<u>\$ 10,147,495</u>
LIABILITIES			
Accounts payable	\$ 100,279	\$ 38,533	\$ 138,812
Accrued expenses	-	113	113
Accrued payroll	67,316	-	67,316
Due to other funds	2,789,728	442,535	3,232,263
TOTAL LIABILITIES	<u>2,957,323</u>	<u>481,181</u>	<u>3,438,504</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	41,887	-	41,887
Deferred revenue	24,368	78,321	102,689
Deferred property tax	393,272	-	393,272
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>459,527</u>	<u>78,321</u>	<u>537,848</u>
FUND BALANCES			
Nonspendable	312,128	101,191	413,319
Restricted	-	2,219,008	2,219,008
Committed	-	1,222,505	1,222,505
Assigned	53,564	154,255	207,819
Unassigned	2,403,446	(294,954)	2,108,492
TOTAL FUND BALANCES	<u>2,769,138</u>	<u>3,402,005</u>	<u>6,171,143</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 6,185,988</u>	<u>\$ 3,961,507</u>	<u>\$ 10,147,495</u>

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, 2013

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 6,171,143
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	14,429,901
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	393,272
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(4,760,000)
Capital leases payable	(246,513)
Accrued compensated absences	<u>(170,960)</u>
Net position of governmental activities	<u>\$ 15,816,843</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, 2013

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUE			
Taxes:			
Property	\$ 11,630,310	\$ -	\$ 11,630,310
Excise	1,313,063	-	1,313,063
Intergovernmental	659,524	329,412	988,936
Interest income	54,914	5,757	60,671
Charges for services	497,406	-	497,406
Miscellaneous	111,041	306,814	417,855
TOTAL REVENUE	<u>14,266,258</u>	<u>641,983</u>	<u>14,908,241</u>
EXPENDITURES			
Current:			
Administration services	896,914	-	896,914
Council, boards & committees	29,522	-	29,522
Public safety	882,771	-	882,771
Library/parks & recreation	261,142	-	261,142
Public works	1,889,411	-	1,889,411
Municipal finances	1,211,090	-	1,211,090
County assessment	522,070	-	522,070
Education	7,843,960	-	7,843,960
Community services	37,871	-	37,871
Program expenses	-	531,417	531,417
Overlay	(359)	-	(359)
Capital outlay	4,131	920,638	924,769
TOTAL EXPENDITURES	<u>13,578,523</u>	<u>1,452,055</u>	<u>15,030,578</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>687,735</u>	<u>(810,072)</u>	<u>(122,337)</u>
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	81,155	81,155
Operating transfers in	57,057	677,452	734,509
Operating transfers (out)	(677,452)	(57,057)	(734,509)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(620,395)</u>	<u>701,550</u>	<u>81,155</u>
NET CHANGE IN FUND BALANCES	67,340	(108,522)	(41,182)
FUND BALANCES - JULY 1	<u>2,701,798</u>	<u>3,510,527</u>	<u>6,212,325</u>
FUND BALANCES - JUNE 30	<u>\$ 2,769,138</u>	<u>\$ 3,402,005</u>	<u>\$ 6,171,143</u>

See accompanying independent auditors report and notes to financial statements.

## TOWN OF GRAY, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (41,182)</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to be allocated those expenditures over the life of the assets:	
Capital asset purchases capitalized	1,012,403
Capital asset disposed	-
Depreciation expense	<u>(967,254)</u>
	<u>45,149</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	<u>-</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Taxes and liens receivable	<u>26,224</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Net Position	<u>520,876</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>(7,735)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 543,332</u>

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

## TOWN OF GRAY, MAINE

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2013

	Private- Purpose Trusts
	<hr/>
ASSETS	
Cash and cash equivalents	\$ 1,030,761
Investments, at fair value:	
Mutual funds - fixed income	619,430
Mutual funds - equity	<hr/> 485,229
TOTAL ASSETS	<hr/> <hr/> \$ 2,135,420
NET POSITION	
Held in trust for special purposes	<hr/> <hr/> \$ 2,135,420

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

## TOWN OF GRAY, MAINE

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	Private- Purpose Trusts
	<u>                    </u>
ADDITIONS	
Contributions	\$ 211,658
Net increase (decrease) in the fair value of investments	<u>142,790</u>
Total additions	<u>354,448</u>
 DEDUCTIONS	
Withdrawals	247,190
Administrative expenses	<u>490</u>
Total deductions	<u>247,680</u>
 Change in net position	 106,768
 NET POSITION - JULY 1	 <u>2,028,652</u>
 NET POSITION - JUNE 30	 <u><u>\$ 2,135,420</u></u>

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



TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

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: general government services, public safety, public works, education, and recreation and culture.

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). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Town has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Town has chosen not to do so.

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 Statement No. 39.

***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 columns are (a) presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts - invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

**Measurement Focus - Basic Financial Statements & Fund Financial Statements**

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, 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:

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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 Project 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.

**Basis of Accounting**

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

1. Accrual

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

2. Modified Accrual

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

TOWN OF GRAY, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Budget**

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

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

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Town was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.
4. The Town does not adopt budgets for Special Revenue Funds.

**Deposits and Investments**

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

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

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

The Town of Gray has a formal investment policy.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Inventories**

Inventories consist of expendable supplies held for consumption and are valued at cost determined using the last-in, first-out (LIFO) method. Under the consumption method, the costs of inventory items are recognized as expenditures when used. In the general fund, inventory consists of diesel fuel and gasoline.

**Interfund Receivables and Payables**

Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances". Interfund balances and transactions have been eliminated in the government-wide financial statements.

**Transactions Between Funds**

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

**Allowance for Uncollectible Accounts**

The allowance for uncollectible accounts is estimated to be \$15,000 as of June 30, 2013. The full amount of the allowance was for rescue fees.

**Capital Assets**

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

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

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

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 debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

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

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

**Compensated Absences**

The Town's policies regarding vacation and sick time permits employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial 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, 2013, the Town's liability for compensated absences is \$170,960.

**Revenue Recognition - Property Taxes - Modified Accrual Basis**

The Town's property tax for the current year was levied August 15, 2012 on the assessed value listed as of April 1, 2012, for all real and personal property located in the Town. Taxes were due in two installments on October 2, 2012 and April 2, 2013. Interest on unpaid taxes commenced on October 3, 2012 and April 3, 2013, at 7% per annum.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The property tax collection rate was 96.4% and 96.8% for the years ended June 30, 2013 and 2012, 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 \$167,041 for the year ended June 30, 2013.

**Program Revenues**

Program revenues include all directly related income items applicable to a particular program (grant income/expenses).

**Encumbrance Accounting**

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

**Use of Estimates**

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Net Position**

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

**Fund Balance**

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

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

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

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

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

Unassigned – This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other



TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 not have a policy covering custodial credit risk for deposits. However, 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, 2013, the Town's cash balances amounting to \$6,582,300 were comprised of deposits of \$5,970,089. All of these bank deposits were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 11,935
Sweep accounts	2,166,649
ICS savings accounts	2,760,745
Cash management	1,030,761
	<u>\$ 5,970,089</u>

TOWN OF GRAY, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

**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 not have a policy for custodial credit risk for investments; however, the Town seeks to minimize custodial credit risk by doing business with authorized institutions, depositories and broker/dealers.

At June 30, 2013, the Town had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Not Applicable</u>	<u>Less than 1 Year</u>	<u>1 - 5 Years</u>
Mutual funds - equity	\$ 485,229	\$ 485,229	\$ -	\$ -
Mutual funds - fixed income	867,430	867,430	-	-
	<u>\$ 1,352,659</u>	<u>\$ 1,352,659</u>	<u>\$ -</u>	<u>\$ -</u>

At June 30, 2013, the Town's fiduciary fund investment portfolio is comprised of a mix of equity mutual funds and bond mutual funds, totaling \$1,352,659, which are collateralized and therefore not exposed to custodial credit risk.

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 not have an investment policy on credit risk. Generally, the Town invests excess funds in cash management accounts and various insured certificates of deposit.

Interest rate risk – is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 3 - CAPITAL ASSETS

The following is a summary of changes in capital assets at June 30, 2013:

	Balance 7/1/12	Additions	Disposals	Balance 6/30/13
Non-depreciated assets:				
Land	\$ 124,803	\$ -	\$ -	\$ 124,803
Construction in progress	5,423,836	466,920	-	5,890,756
	<u>5,548,639</u>	<u>466,920</u>	<u>-</u>	<u>6,015,559</u>
Depreciated assets:				
Buildings & improvements	2,920,895	107,956	-	3,028,851
Furniture & equipment	1,984,563	74,406	-	2,058,969
Vehicles	6,289,839	35,204	(32,000)	6,293,043
Infrastructure	10,481,693	327,917	-	10,809,610
	<u>21,676,990</u>	<u>545,483</u>	<u>(32,000)</u>	<u>22,190,473</u>
Less accumulated depreciation:				
Buildings & improvements	(1,588,930)	(102,917)	-	(1,691,847)
Furniture & equipment	(1,535,590)	(91,438)	-	(1,627,028)
Vehicles	(4,522,429)	(327,464)	32,000	(4,817,893)
Infrastructure	(5,193,928)	(445,435)	-	(5,639,363)
	<u>(12,840,877)</u>	<u>(967,254)</u>	<u>32,000</u>	<u>(13,776,131)</u>
Net depreciated assets	<u>8,836,113</u>	<u>(421,771)</u>	<u>-</u>	<u>8,414,342</u>
Net capital assets	<u>\$ 14,384,752</u>	<u>\$ 45,149</u>	<u>\$ -</u>	<u>\$14,429,901</u>
Current year depreciation:				
General Government				\$ 40,713
Pennell				14,564
Parks & Recreation				9,509
Public Safety				19,861
Fire & Rescue				162,534
Public Works				682,630
Buildings & Grounds				20,321
Solid Waste				<u>17,122</u>
Total depreciation expense				<u>\$ 967,254</u>

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2013 consisted of the following individual fund receivables and payables:

	Receivables (Due From)	Payables (Due To)
Major Funds:		
General fund	\$ 442,535	\$ 2,789,728
Non-major funds:		
Special revenue funds	1,429,120	-
Capital project funds	1,246,835	442,535
Permanent funds	113,773	-
	<u>\$ 3,232,263</u>	<u>\$ 3,232,263</u>

NOTE 5 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2013:

	Balance 7/1/12	Additions	Deletions	Balance 6/30/13	Current Year Portion
Bonds payable	\$ 5,040,000	\$ -	\$ (280,000)	\$ 4,760,000	\$ 280,000
Capital leases payable	487,389	-	(240,876)	246,513	246,513
Accrued compensated absences	163,225	7,735	-	170,960	-
Totals	<u>\$ 5,690,614</u>	<u>\$ 7,735</u>	<u>\$ (520,876)</u>	<u>\$ 5,177,473</u>	<u>\$ 526,513</u>

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a summary of outstanding bonds payable:

\$3,200,000, 2009 General Obligation Bond due in annual installments and semiannual interest installments through October of 2029. Interest is charged at a varying rate of 2.50% to 4.25% per annum. Annual principal installments are \$160,000. \$ 2,720,000

\$2,400,000, 2009 General Obligation Bond due in two annual installments and semiannual interest installments through October of 2029. Interest is charged at a varying rate of 2.50% to 4.25% per annum. Annual principal installments are \$120,000. 2,040,000

Total Bonds Payable \$ 4,760,000

Principal and interest requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2014	\$ 280,000	\$ 158,900	\$ 438,900
2015	280,000	151,900	431,900
2016	280,000	144,900	424,900
2017	280,000	137,200	417,200
2018	280,000	128,800	408,800
2019-2023	1,400,000	515,200	1,915,200
2024-2028	1,400,000	259,000	1,659,000
2029-2033	560,000	23,800	583,800
	<u>\$ 4,760,000</u>	<u>\$ 1,519,700</u>	<u>\$ 6,279,700</u>

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a summary of capital leases payable for the year ended June 30, 2013:

The Town leases photocopiers with a cancelable clause due to non-appropriation. The term of the lease is for a three year period expiring in fiscal year 2014. Annual payments are \$7,032.

The Town leases vehicles with a cancelable clause due to non-appropriation. The term of the lease is for a five year period expiring in fiscal year 2014. Annual payments are \$249,836.

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

2014	\$ 256,868
2015	-
2016	-
2017	-
2018	-
Total minimum lease payment	<u>256,868</u>
Less amount representing interest	<u>(10,355)</u>
Present value of future minimum lease payments	<u><u>\$ 246,513</u></u>

NOTE 6 - EXPENDITURES OVER APPROPRIATIONS

The Town had no overspent appropriations.

NOTE 7 – NONSPENDABLE FUND BALANCES

At June 30, 2013, the Town had the following nonspendable fund balances:

General fund:	
Prepaid expenses	\$ 293,342
Inventory	18,786
Nonmajor special revenue funds (Schedule E)	11,380
Nonmajor permanent funds (Schedule I)	<u>89,811</u>
	<u><u>\$ 413,319</u></u>

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 8 – RESTRICTED FUND BALANCES

At June 30, 2013, the Town had the following restricted fund balances:

Nonmajor special revenue funds (Schedule E)	\$ 1,991,552
Nonmajor capital project funds (Schedule H)	164,207
Nonmajor permanent funds (Schedule I)	63,249
	<u>\$ 2,219,008</u>

NOTE 9 – COMMITTED FUND BALANCES

At June 30, 2013, the Town had the following committed fund balances:

Nonmajor special revenue funds (Schedule E)	\$ 149,096
Nonmajor capital project funds (Schedule H)	1,073,409
	<u>\$ 1,222,505</u>

NOTE 10 – ASSIGNED FUND BALANCES

At June 30, 2013, the Town had the following assigned fund balances:

Administration services	\$ 3,000
Municipal finances	48,017
Community services	2,547
Nonmajor special revenue funds (Schedule E)	148,113
Nonmajor capital project funds (Schedule H)	6,142
	<u>\$ 207,819</u>

NOTE 11 – TAX INCREMENT FINANCING DISTRICT

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

Northbrook Tax Increment Financing District

The Town has entered into an inducement agreement and a credit enhancement agreement with Enercon and Advance Realty whereby the Town has issued revenue

# TOWN OF GRAY, MAINE

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

### NOTE 11 – TAX INCREMENT FINANCING DISTRICT (CONTINUED)

obligation bonds on behalf of Advance Realty amounting to \$2,800,000. These bonds are not general obligation bonds of the Town and do not constitute a debt or obligation of the Town of Gray, Maine. The bonds will be paid solely by the revenue of the project provided by the companies. In 2013, \$106,106 of tax was captured and \$67,424 was returned to the companies. Additionally, the Town of Gray, Maine entered into an agreement with the Gray Water District to extend the waterline to the Northbrook campus. The Town's share of this project was capped at 30% or a maximum of \$200,000. The debt will be serviced by captured asset value within the district.

#### South Gray Tax Increment Financing District

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

### NOTE 12 – LANDFILL CLOSURE FUNDS

The Town of Gray closed its solid waste landfill as per State requirements in June of 1992. The Town has reserved \$154,609 for any capital repairs or improvements during the post closure period. The Town considers any liability for post closure monitoring to be immaterial and therefore has not recorded a liability in the entity-wide statements.

### NOTE 13 - OVERLAPPING DEBT

The Town is contingently liable for its proportionate share of any defaulted debt by entities of which it is a member. At June 30, 2013, the Town's share was approximately:

	Outstanding Debt	Percentage	Amount
Gray Water District	\$ 2,896,768	38.80%	\$ 1,123,946
County of Cumberland	37,135,000	2.27%	842,965
MSAD #15	7,895,566	64.99%	5,131,328
			<u>\$ 7,098,239</u>



TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 14 – CONTINGENCIES

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

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

NOTE 15 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town either carries commercial insurance, participates in a public entity risk pool, or is effectively self-insured. Currently the Town participates in several public-entity and self-insured risk pools sponsored by the Maine Municipal Association.

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2013. 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 16 – DEFICIT FUND BALANCES

The Town had the following funds with a deficit fund balance at June 30, 2013:

Public buildings	\$ 44,700
Road resurfacing	248,015
	<u>\$ 292,715</u>

This deficit fund balance is offset by other nonmajor capital project funds, which in total, have a positive fund balance.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 17 – DEFERRED COMPENSATION PLAN

INTERNATIONAL CITY MANAGERS ASSOCIATION RETIREMENT CORP.

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

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

NOTE 18 – JOINT VENTURES

The Town is a member of a joint venture with 45 other municipalities throughout Cumberland, Oxford and York counties. ecomaine is a solid waste management corporation that creates electricity through its processing of waste and also operates as an extensive recycling program. A joint committee, made up of the Town of Gray and 20 other member communities owns and controls the corporation. Interlocal (waste handling) agreements between ecomaine and participating communities obligate the members to deliver certain solid waste produced within the community to ecomaine for processing, and to make service payments and pay tipping fees for such processing. The Town has no explicit, measurable equity interest and therefore has not reported an asset in the financial statements in connection with its participation in ecomaine. The Town of Gray has an owner membership of 4.62% in ecomaine as of June 30, 2012 (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, 2012 (the most current period available), outstanding "Incinerator Debt" of ecomaine totaled \$2,660,000 and "Material Recycling Facility Debt" of ecomaine totaled \$1,900,000 of which the Town of Gray's share, based on estimated tonnage to be delivered, amounted to \$97,622 and \$63,270, respectively. Additionally, the Town's share of the projected landfill closure and post closure cost relating to ecomaine is estimated to be \$575,284.

### Required Supplementary Information

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

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

## TOWN OF GRAY, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS  
 BUDGET AND ACTUAL – GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budgeted</u>	<u>Amounts</u>	<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Positive</u> <u>(Negative)</u>
Budgetary Fund Balance, July 1	\$ 2,701,798	\$ 2,701,798	\$ 2,701,798	\$ -
Resources (Inflows):				
Property taxes	11,664,864	11,664,864	11,630,310	(34,554)
Excise taxes	1,258,900	1,258,900	1,313,063	54,163
Intergovernmental	612,919	612,919	659,524	46,605
Charges for services	490,950	490,950	497,406	6,456
Interest income	65,000	65,000	54,914	(10,086)
Other revenue	109,000	109,000	111,041	2,041
Transfers from other funds	57,057	57,057	57,057	-
Amounts Available for Appropriation	<u>16,960,488</u>	<u>16,960,488</u>	<u>17,025,113</u>	<u>64,625</u>
Charges to Appropriations (Outflows):				
Administration services	922,128	936,199	896,914	39,285
Council, boards & committees	34,000	34,000	29,522	4,478
Public safety	903,593	903,593	882,771	20,822
Library/parks & recreation	338,087	281,087	261,142	19,945
Public works	1,950,294	1,950,294	1,889,411	60,883
Municipal finances	1,211,647	1,252,571	1,211,090	41,481
County assessment	522,070	522,070	522,070	-
Education	7,843,960	7,843,960	7,843,960	-
Community services	40,418	40,418	37,871	2,547
Overlay	167,041	167,041	(359)	167,400
Capital outlay	5,000	20,791	4,131	16,660
Transfers to other funds	620,452	677,452	677,452	-
Total Charges to Appropriations	<u>14,558,690</u>	<u>14,629,476</u>	<u>14,255,975</u>	<u>373,501</u>
Budgetary Fund Balance, June 30	<u>\$ 2,401,798</u>	<u>\$ 2,331,012</u>	<u>\$ 2,769,138</u>	<u>\$ 438,126</u>
Utilization of unassigned fund balance	\$ 300,000	\$ 300,000	\$ -	\$ (300,000)
Utilization of assigned fund balance	<u>-</u>	<u>70,786</u>	<u>-</u>	<u>(70,786)</u>
	<u>\$ 300,000</u>	<u>\$ 370,786</u>	<u>\$ -</u>	<u>\$ (370,786)</u>

See accompanying independent auditors report and notes to financial statements.

### Other Supplementary Information

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

- Budgetary Comparison Schedule – 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 Balance Sheet - Nonmajor Capital Project Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Project 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 - REVENUES  
 FOR THE YEAR ENDED JUNE 30, 2013

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 11,664,864	\$ 11,664,864	\$ 11,630,310	\$ (34,554)
Auto excise	1,240,000	1,240,000	1,295,183	55,183
Boat excise	18,900	18,900	17,880	(1,020)
Intergovernmental revenues:				
State revenue sharing	403,222	403,222	403,222	-
Highway block grant	158,722	158,722	143,348	(15,374)
Tree growth	15,000	15,000	23,607	8,607
Veterans' exemption	4,000	4,000	4,131	131
General assistance	28,675	28,675	14,569	(14,106)
Snowmobiles	3,300	3,300	2,079	(1,221)
FEMA	-	-	36,186	36,186
Grants	-	-	32,382	32,382
Charges for services:				
Clerk fees	35,200	35,200	35,506	306
Dog control	12,000	12,000	7,375	(4,625)
Electric fees	6,000	6,000	5,435	(565)
Plumbing fees	11,100	11,100	11,190	90
Zoning board applications	600	600	200	(400)
Planning board fees	5,300	5,300	6,077	777
Gravel pits	1,800	1,800	1,627	(173)
Building fees	45,000	45,000	44,869	(131)
Driveway opening	100	100	100	-
Shoreland application fees	1,300	1,300	850	(450)
Rescue fees	240,000	240,000	242,815	2,815
Junkyard fees	50	50	50	-
Recycling	123,300	123,300	130,994	7,694
Public communications	400	400	740	340
Community development	800	800	1,234	434
Library fines	8,000	8,000	8,344	344
Interest income:				
Interest income	10,000	10,000	6,414	(3,586)
Tax interest	55,000	55,000	44,706	(10,294)
Interest on tax acquired property	-	-	3,794	3,794
Miscellaneous revenues:				
Cable franchise fees	95,000	95,000	93,066	(1,934)
Stimson Hall Rental	9,000	9,000	9,000	-
Other miscellaneous	5,000	5,000	8,975	3,975
Transfers from other funds	57,057	57,057	57,057	-
Amounts Available for Appropriation	<u>\$ 14,258,690</u>	<u>\$ 14,258,690</u>	<u>\$ 14,323,315</u>	<u>\$ 64,625</u>

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

## TOWN OF GRAY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
ADMINISTRATION SERVICES:					
Administration	\$ 442,127	\$ -	\$ 442,127	\$ 445,900	\$ (3,773)
Community development	164,572	-	164,572	155,750	8,822
Assessing	90,614	-	90,614	90,499	115
Code enforcement	87,076	-	87,076	87,161	(85)
GIS mapping	7,950	-	7,950	6,700	1,250
General assistance	61,790	-	61,790	45,170	16,620
Elections	10,942	-	10,942	10,943	(1)
Public communications	57,057	14,071	71,128	54,791	16,337
Totals	922,128	14,071	936,199	896,914	39,285
COUNCIL, BOARDS & COMMITTEES:					
Council, Boards, Committees	25,850	-	25,850	27,697	(1,847)
Zoning Board of Appeals	1,600	-	1,600	83	1,517
Planning Board	4,550	-	4,550	1,342	3,208
Economic development	2,000	-	2,000	400	1,600
Totals	34,000	-	34,000	29,522	4,478
PUBLIC SAFETY:					
County sheriff	95,650	-	95,650	87,917	7,733
Public safety services	636,204	-	636,204	629,556	6,648
Utilities	171,739	-	171,739	165,298	6,441
Totals	903,593	-	903,593	882,771	20,822

## TOWN OF GRAY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
LIBRARY/ PARKS & RECREATION:					
Library	251,924	-	251,924	235,013	16,911
Parks and recreation administration	86,163	(57,000)	29,163	26,129	3,034
Totals	338,087	(57,000)	281,087	261,142	19,945
PUBLIC WORKS:					
Winter roads	341,730	-	341,730	351,214	(9,484)
Summer roads	251,262	-	251,262	233,997	17,265
Additional roadwork	98,588	-	98,588	95,691	2,897
Garage	289,588	-	289,588	275,807	13,781
Recycling	784,414	-	784,414	741,003	43,411
Buildings and grounds	184,712	-	184,712	191,699	(6,987)
Totals	1,950,294	-	1,950,294	1,889,411	60,883
MUNICIPAL FINANCES:					
General insurance	515,911	40,924	556,835	482,478	74,357
Other grants	-	-	-	32,876	(32,876)
Debt service	695,736	-	695,736	695,736	-
Totals	1,211,647	40,924	1,252,571	1,211,090	41,481
COUNTY ASSESSMENT	522,070	-	522,070	522,070	-
EDUCATION	7,843,960	-	7,843,960	7,843,960	-



## TOWN OF GRAY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
CAPITAL OUTLAY:					
CDBG Matches	5,000	-	5,000	4,131	869
Library	-	11,666	11,666	-	11,666
Stimson Hall	-	4,125	4,125	-	4,125
Totals	<u>5,000</u>	<u>15,791</u>	<u>20,791</u>	<u>4,131</u>	<u>16,660</u>
COMMUNITY SERVICES	<u>40,418</u>	<u>-</u>	<u>40,418</u>	<u>37,871</u>	<u>2,547</u>
OVERLAY	<u>167,041</u>	<u>-</u>	<u>167,041</u>	<u>(359)</u>	<u>167,400</u>
TRANSFER TO OTHER FUNDS:					
Northbrook TIF	111,303	-	111,303	111,303	-
South Gray TIF	209,149	-	209,149	209,149	-
Recreation fund	-	57,000	57,000	57,000	-
Capital reserves	300,000	-	300,000	300,000	-
	<u>620,452</u>	<u>57,000</u>	<u>677,452</u>	<u>677,452</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 14,558,690</u>	<u>\$ 70,786</u>	<u>\$ 14,629,476</u>	<u>\$ 14,255,975</u>	<u>\$ 373,501</u>

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

## TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2013

	Special Revenue Funds	Capital Projects	Permanent Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 706,436	\$ -	\$ 37,048	\$ 743,484
Investments	248,000	-	-	248,000
Due from other funds	1,429,120	1,246,835	113,773	2,789,728
Prepaid expenses	11,380	-	-	11,380
Accounts receivable (net of allowance for uncollectibles)	384	168,531	-	168,915
<b>TOTAL ASSETS</b>	<u>\$ 2,395,320</u>	<u>\$ 1,415,366</u>	<u>\$ 150,821</u>	<u>\$ 3,961,507</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 16,745	\$ 21,788	\$ -	\$ 38,533
Accrued expenses	113	-	-	113
Due to other funds	-	442,535	-	442,535
<b>TOTAL LIABILITIES</b>	<u>16,858</u>	<u>464,323</u>	<u>-</u>	<u>481,181</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue	78,321	-	-	78,321
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>78,321</u>	<u>-</u>	<u>-</u>	<u>78,321</u>
<b>FUND BALANCES</b>				
Nonspendable	11,380	-	89,811	101,191
Restricted	1,991,552	164,207	63,249	2,219,008
Committed	149,096	1,073,409	-	1,222,505
Assigned	148,113	6,142	-	154,255
Unassigned	-	(292,715)	(2,239)	(294,954)
<b>TOTAL FUND BALANCES</b>	<u>2,300,141</u>	<u>951,043</u>	<u>150,821</u>	<u>3,402,005</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 2,395,320</u>	<u>\$ 1,415,366</u>	<u>\$ 150,821</u>	<u>\$ 3,961,507</u>

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

## TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES – NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	Special Revenue Funds	Capital Projects	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Interest income	\$ 3,173	\$ 2,318	\$ 266	\$ 5,757
Intergovernmental	93,832	235,580	-	329,412
Other income	306,814	-	-	306,814
TOTAL REVENUES	<u>403,819</u>	<u>237,898</u>	<u>266</u>	<u>641,983</u>
EXPENDITURES				
Capital outlay	128,795	791,843	-	920,638
Other	530,653	-	764	531,417
EXPENDITURES	<u>659,448</u>	<u>791,843</u>	<u>764</u>	<u>1,452,055</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(255,629)</u>	<u>(553,945)</u>	<u>(498)</u>	<u>(810,072)</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	81,155	-	81,155
Operating transfers in	377,452	300,000	-	677,452
Operating transfers (out)	(57,057)	-	-	(57,057)
TOTAL OTHER FINANCING SOURCES (USES)	<u>320,395</u>	<u>381,155</u>	<u>-</u>	<u>701,550</u>
NET CHANGE IN FUND BALANCES	64,766	(172,790)	(498)	(108,522)
FUND BALANCES - JULY 1	<u>2,235,375</u>	<u>1,123,833</u>	<u>151,319</u>	<u>3,510,527</u>
FUND BALANCES - JUNE 30	<u>\$ 2,300,141</u>	<u>\$ 951,043</u>	<u>\$ 150,821</u>	<u>\$ 3,402,005</u>

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

## Special Revenue Funds

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

## TOWN OF GRAY, MAINE

## COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2013

	Northbrook TIF	South Gray TIF	Recreation Fund	Crisis Fund	Dry Mill School	Rescue Kilby Fund
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 350	\$ 706,086	\$ -	\$ -
Investments	-	-	-	248,000	-	-
Due from other funds	113,869	752,130	159,445	95	5,499	2,370
Prepaid expenses	-	-	7,915	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 113,869</u>	<u>\$ 752,130</u>	<u>\$ 167,710</u>	<u>\$ 954,181</u>	<u>\$ 5,499</u>	<u>\$ 2,370</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ 15,162	\$ -	\$ 35	\$ -
Accrued expenses	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>15,162</u>	<u>-</u>	<u>35</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	-	-	78,321	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>78,321</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	7,915	-	-	-
Restricted	113,869	752,130	-	954,181	-	2,370
Committed	-	-	-	-	5,464	-
Assigned	-	-	66,312	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>113,869</u>	<u>752,130</u>	<u>74,227</u>	<u>954,181</u>	<u>5,464</u>	<u>2,370</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 113,869</u>	<u>\$ 752,130</u>	<u>\$ 167,710</u>	<u>\$ 954,181</u>	<u>\$ 5,499</u>	<u>\$ 2,370</u>

## TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2013

	Cardiac Fund	Disaster Relief Fund	Subdivision Recreation Fund	Library Reserve
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Due from other funds	1,122	34,699	72,969	3,385
Prepaid expenses	-	-	3,465	-
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-
TOTAL ASSETS	<u>\$ 1,122</u>	<u>\$ 34,699</u>	<u>\$ 76,434</u>	<u>\$ 3,385</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-
Due to other funds	-	-	-	-
TOTAL LIABILITIES	<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>
FUND BALANCES				
Nonspendable	-	-	3,465	-
Restricted	-	34,699	-	-
Committed	-	-	-	3,385
Assigned	1,122	-	72,969	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>1,122</u>	<u>34,699</u>	<u>76,434</u>	<u>3,385</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,122</u>	<u>\$ 34,699</u>	<u>\$ 76,434</u>	<u>\$ 3,385</u>

## TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2013

	Pennell Town Clock	Stimson Hall	Library Appeal	Gray Fire & Rescue Mem. Fund	Revaluation
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Due from other funds	12,358	22,250	1,959	20,992	58,630
Prepaid expenses	-	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-
TOTAL ASSETS	<u>\$ 12,358</u>	<u>\$ 22,250</u>	<u>\$ 1,959</u>	<u>\$ 20,992</u>	<u>\$ 58,630</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	12,358	22,250	-	20,992	58,630
Assigned	-	-	1,959	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>12,358</u>	<u>22,250</u>	<u>1,959</u>	<u>20,992</u>	<u>58,630</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 12,358</u>	<u>\$ 22,250</u>	<u>\$ 1,959</u>	<u>\$ 20,992</u>	<u>\$ 58,630</u>

## TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2013

	GEO Plan	Tomco	Library Fund	Planning Board Escrow	S/Dugas Pit Reclamation	Maxwell Gravel Pit Reclamation
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Due from other funds	2,146	20,108	23,343	56,717	8,507	12,257
Prepaid expenses	-	-	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	-	-	382	-	-
TOTAL ASSETS	<u>\$ 2,146</u>	<u>\$ 20,108</u>	<u>\$ 23,343</u>	<u>\$ 57,099</u>	<u>\$ 8,507</u>	<u>\$ 12,257</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ 121	\$ -	\$ -
Accrued expenses	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>121</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	20,108	-	56,978	8,507	12,257
Committed	2,146	-	23,343	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>2,146</u>	<u>20,108</u>	<u>23,343</u>	<u>56,978</u>	<u>8,507</u>	<u>12,257</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 2,146</u>	<u>\$ 20,108</u>	<u>\$ 23,343</u>	<u>\$ 57,099</u>	<u>\$ 8,507</u>	<u>\$ 12,257</u>



## TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2013

	Training Site	Guardrail Repair	Henry Pennell Municipal Complex	MonoPod System	Libby Recreation Scholarship	Gray Matters
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Due from other funds	230	1,415	12,630	869	1,363	2,389
Prepaid expenses	-	-	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 230</u>	<u>\$ 1,415</u>	<u>\$ 12,630</u>	<u>\$ 869</u>	<u>\$ 1,363</u>	<u>\$ 2,389</u>
LIABILITIES						
Accounts payable	\$ -	\$ 887	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>887</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	12,630	-	1,363	2,389
Committed	-	528	-	-	-	-
Assigned	230	-	-	869	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>230</u>	<u>528</u>	<u>12,630</u>	<u>869</u>	<u>1,363</u>	<u>2,389</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 230</u>	<u>\$ 1,415</u>	<u>\$ 12,630</u>	<u>\$ 869</u>	<u>\$ 1,363</u>	<u>\$ 2,389</u>

## TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2013

	Gray Fire/Rescue Education	Shannon Ronan Mem Fund	Mazur Parks/Rec Mem Fund	Penn Cable	Grants	Parks & Recreation Fundraising	Totals
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 706,436
Investments	-	-	-	-	-	-	248,000
Due from other funds	4,652	606	2,151	13,446	1,099	3,420	1,429,120
Prepaid expenses	-	-	-	-	-	-	11,380
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	2	384
TOTAL ASSETS	<u>\$ 4,652</u>	<u>\$ 606</u>	<u>\$ 2,151</u>	<u>\$ 13,446</u>	<u>\$ 1,099</u>	<u>\$ 3,422</u>	<u>\$ 2,395,320</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 540	\$ 16,745
Accrued expenses	-	-	-	-	-	113	113
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>653</u>	<u>16,858</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue	-	-	-	-	-	-	78,321
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,321</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	11,380
Restricted	-	606	2,151	13,446	1,099	2,769	1,991,552
Committed	-	-	-	-	-	-	149,096
Assigned	4,652	-	-	-	-	-	148,113
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>4,652</u>	<u>606</u>	<u>2,151</u>	<u>13,446</u>	<u>1,099</u>	<u>2,769</u>	<u>2,300,141</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 4,652</u>	<u>\$ 606</u>	<u>\$ 2,151</u>	<u>\$ 13,446</u>	<u>\$ 1,099</u>	<u>\$ 3,422</u>	<u>\$ 2,395,320</u>

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

## TOWN OF GRAY, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2013

	Northbrook TIF	South Gray TIF	Recreation Fund	Crisis Fund	Dry Mill School	Rescue Kilby Fund
REVENUES						
Interest income	\$ -	\$ 1,351	\$ -	\$ 1,822	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Other income	-	-	264,975	-	-	1,670
TOTAL REVENUES	-	1,351	264,975	1,822	-	1,670
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
Other	82,131	113,227	310,343	-	35	119
TOTAL EXPENDITURES	82,131	113,227	310,343	-	35	119
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(82,131)	(111,876)	(45,368)	1,822	(35)	1,551
OTHER FINANCING SOURCES (USES)						
Operating transfers in	111,303	209,149	57,000	-	-	-
Operating transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	111,303	209,149	57,000	-	-	-
NET CHANGE IN FUND BALANCES	29,172	97,273	11,632	1,822	(35)	1,551
FUND BALANCES - JULY 1	84,697	654,857	62,595	952,359	5,499	819
FUND BALANCES - JUNE 30	\$ 113,869	\$ 752,130	\$ 74,227	\$ 954,181	\$ 5,464	\$ 2,370

## TOWN OF GRAY, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2013

	Cardiac Fund	Disaster Relief Fund	Subdivision Recreation Fund	Library Reserve
REVENUES				
Interest income	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Other income	-	-	17,000	892
TOTAL REVENUES	-	-	17,000	892
EXPENDITURES				
Capital outlay	-	-	-	-
Other	-	-	-	3,564
TOTAL EXPENDITURES	-	-	-	3,564
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	17,000	(2,672)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	17,000	(2,672)
FUND BALANCES - JULY 1	1,122	34,699	59,434	6,057
FUND BALANCES - JUNE 30	\$ 1,122	\$ 34,699	\$ 76,434	\$ 3,385

## TOWN OF GRAY, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2013

	Pennell Town Clock	Stimson Hall	Library Appeal	Gray Fire & Rescue Mem. Fund	Revaluation
REVENUES					
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Other income	-	-	-	200	-
TOTAL REVENUES	-	-	-	200	-
EXPENDITURES					
Capital outlay	-	-	-	-	9,620
Other	500	-	-	1,193	-
TOTAL EXPENDITURES	500	-	-	1,193	9,620
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(500)	-	-	(993)	(9,620)
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
NET CHANGE IN FUND BALANCES	(500)	-	-	(993)	(9,620)
FUND BALANCES - JULY 1	12,858	22,250	1,959	21,985	68,250
FUND BALANCES - JUNE 30	<u>\$ 12,358</u>	<u>\$ 22,250</u>	<u>\$ 1,959</u>	<u>\$ 20,992</u>	<u>\$ 58,630</u>

## TOWN OF GRAY, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2013

	GEO Plan	Tomco	Library Fund	Planning Board Escrow	S/Dugas Pit Reclamation	Maxwell Gravel Pit Reclamation
REVENUES						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Other income	-	-	100	4,312	-	-
TOTAL REVENUES	-	-	100	4,312	-	-
EXPENDITURES						
Capital outlay	-	-	-	20,024	-	-
Other	14	130	417	1,526	-	-
TOTAL EXPENDITURES	14	130	417	21,550	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(14)	(130)	(317)	(17,238)	-	-
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	(14)	(130)	(317)	(17,238)	-	-
FUND BALANCES - JULY 1	2,160	20,238	23,660	74,216	8,507	12,257
FUND BALANCES - JUNE 30	<u>\$ 2,146</u>	<u>\$ 20,108</u>	<u>\$ 23,343</u>	<u>\$ 56,978</u>	<u>\$ 8,507</u>	<u>\$ 12,257</u>

## TOWN OF GRAY, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2013

	Training Site	Guardrail Repair	Henry Pennell Municipal Complex	MonoPod System	Libby Recreation Scholarship	Gray Matters
REVENUES						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Other income	-	2,024	150	-	1,053	60
TOTAL REVENUES	-	2,024	150	-	1,053	60
EXPENDITURES						
Capital outlay	-	710	-	-	-	-
Other	4,480	2,912	41	1,181	167	1,151
TOTAL EXPENDITURES	4,480	3,622	41	1,181	167	1,151
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,480)	(1,598)	109	(1,181)	886	(1,091)
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	(4,480)	(1,598)	109	(1,181)	886	(1,091)
FUND BALANCES - JULY 1	4,710	2,126	12,521	2,050	477	3,480
FUND BALANCES - JUNE 30	\$ 230	\$ 528	\$ 12,630	\$ 869	\$ 1,363	\$ 2,389

## TOWN OF GRAY, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2013

	Gray Fire/Rescue Education	Shannon Ronan Mem Fund	Mazur Parks/Rec Mem Fund	Penn Cable	Grants	Parks & Recreation Fundraising	Totals
REVENUES							
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,173
Intergovernmental	-	-	-	-	93,832	-	93,832
Other income	5,250	-	-	-	-	9,128	306,814
TOTAL REVENUES	5,250	-	-	-	93,832	9,128	403,819
EXPENDITURES							
Capital outlay	-	-	-	-	98,441	-	128,795
Other	598	-	-	-	-	6,924	530,653
TOTAL EXPENDITURES	598	-	-	-	98,441	6,924	659,448
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,652	-	-	-	(4,609)	2,204	(255,629)
OTHER FINANCING SOURCES (USES)							
Operating transfers in	-	-	-	-	-	-	377,452
Operating transfers (out)	-	-	-	(57,057)	-	-	(57,057)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	(57,057)	-	-	320,395
NET CHANGE IN FUND BALANCES	4,652	-	-	(57,057)	(4,609)	2,204	64,766
FUND BALANCES - JULY 1	-	606	2,151	70,503	5,708	565	2,235,375
FUND BALANCES - JUNE 30	\$ 4,652	\$ 606	\$ 2,151	\$ 13,446	\$ 1,099	\$ 2,769	\$ 2,300,141

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



## TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF ACTIVITY – RECREATION FUND  
FOR THE YEAR ENDED JUNE 30, 2013

	Balance, 7/1/2012	Revenue	Expenditures	Balance, 6/30/2013
<b>ADMINISTRATION:</b>				
Full-time personnel	\$ -	\$ -	\$ 116,469	\$ (116,469)
Wilkes beach attendant	-	-	4,199	(4,199)
Overtime	-	-	3,872	(3,872)
FICA/Medicare	-	-	10,542	(10,542)
Retirement	-	-	7,494	(7,494)
Total administration	-	-	142,576	(142,576)
<b>Storage building</b>	-	-	14,060	(14,060)
<b>PROGRAMS:</b>				
<b>Operations</b>				
Administrative fees	-	4,111	4,338	(227)
Totals	-	4,111	4,338	(227)
<b>Supplies and equipment</b>				
Software	-	-	3,095	(3,095)
Brochures/flyers	-	-	388	(388)
Totals	-	-	3,483	(3,483)
<b>Adult fitness</b>				
Basketball	-	10,028	4,885	5,143
Flag football	-	4,618	1,799	2,819
Cardio kickboxing	-	423	338	85
Bootcamp	-	1,851	1,512	339
Softball	-	175	-	175
Zumba	-	865	744	121
Totals	-	17,960	9,278	8,682
<b>Adult classes</b>				
Photography	-	628	200	428
Self defense	-	216	173	43
Totals	-	844	373	471
<b>Youth fitness</b>				
Fall soccer	-	10,812	5,690	5,122
Gymnastics	-	2,955	2,016	939
Happy hands	-	157	-	157
Junior basketball	-	5,438	1,976	3,462
Junior soccer	-	4,384	1,679	2,705
Karate	-	4,800	4,320	480
Lacrosse	-	1,564	1,161	403
Foot skills	-	1,158	926	232
Skiing	-	2,549	2,541	8
Track and Field	-	3,203	1,703	1,500
Golf	-	2,354	1,879	475
Totals	-	39,374	23,891	15,483

## SCHEDULE G (CONTINUED)

## TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF ACTIVITY – RECREATION FUND  
FOR THE YEAR ENDED JUNE 30, 2013

	Balance, 7/1/2012	Revenue	Expenditures	Balance, 6/30/2013
<b>PROGRAMS (CONTINUED):</b>				
<b>Youth classes</b>				
Mad science	-	3,744	3,320	424
American Red Cross babysit	-	1,199	885	314
Totals	-	4,943	4,205	738
<b>All day programs</b>				
Day camp	-	64,682	38,875	25,807
Day camp before/after care	-	3,927	-	3,927
Snack shack	-	3,251	2,743	508
Day camp trips	-	13,660	9,682	3,978
In service days	-	3,151	702	2,449
Leaders in training	-	6,394	5,107	1,287
Kid's Club	-	71,101	29,121	41,980
Vacation camp	-	7,817	3,947	3,870
Totals	-	173,983	90,177	83,806
<b>Camps/clinics</b>				
Mad science	-	1,694	1,505	189
Volleyball	-	1,945	1,041	904
Mc Academy	-	11,928	9,542	2,386
Swim lessons	-	2,070	1,477	593
Totals	-	17,637	13,565	4,072
<b>Rentals</b>				
Newbegin	-	5,558	871	4,687
Totals	-	5,558	871	4,687
<b>Special events</b>				
Special events	-	565	3,526	(2,961)
Totals	-	565	3,526	(2,961)
				-
Total programs	-	264,975	153,707	111,268
Subtotal - Recreation Department Activity	-	264,975	310,343	(45,368)
Transfers In	-	57,000	-	57,000
Beginning Fund Balance	62,595	-	-	62,595
Total Recreation Department Activity	\$ 62,595	\$ 321,975	\$ 310,343	\$ 74,227

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

### Capital Projects Fund

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 PROJECT FUNDS  
JUNE 30, 2013

	Public Works & Transfer Station Project	Town Office Project	Bridge Repair and Replacement	Fire and Public Safety	PW and Town Vehicles and Equipment	Library Expansion Project	Sidewalks
<b>ASSETS</b>							
Due from other funds	\$ 2,512	\$ 7,086	\$ 77,669	\$ 745,678	\$ 183,680	\$ -	\$ 12,072
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	81,155	-
<b>TOTAL ASSETS</b>	<u>\$ 2,512</u>	<u>\$ 7,086</u>	<u>\$ 77,669</u>	<u>\$ 745,678</u>	<u>\$ 183,680</u>	<u>\$ 81,155</u>	<u>\$ 12,072</u>
<b>LIABILITIES</b>							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,155	\$ -
Accounts payable	-	-	-	3,000	-	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,000</u>	<u>-</u>	<u>81,155</u>	<u>-</u>
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	2,512	7,086	-	-	-	-	-
Committed	-	-	77,669	742,678	183,680	-	12,072
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>2,512</u>	<u>7,086</u>	<u>77,669</u>	<u>742,678</u>	<u>183,680</u>	<u>-</u>	<u>12,072</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 2,512</u>	<u>\$ 7,086</u>	<u>\$ 77,669</u>	<u>\$ 745,678</u>	<u>\$ 183,680</u>	<u>\$ 81,155</u>	<u>\$ 12,072</u>

## TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS  
JUNE 30, 2013

	Misc.	Landfill Closure	Water Quality	Public Buildings	Technology	Other Grants	Road Resurfacing	Totals
ASSETS								
Due from other funds	\$ 35,233	\$ 154,609	\$ 6,142	\$ -	\$ 22,154	\$ -	\$ -	\$ 1,246,835
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	87,376	168,531
TOTAL ASSETS	<u>\$ 35,233</u>	<u>\$ 154,609</u>	<u>\$ 6,142</u>	<u>\$ -</u>	<u>\$ 22,154</u>	<u>\$ -</u>	<u>\$ 87,376</u>	<u>\$ 1,415,366</u>
LIABILITIES								
Due to other funds	\$ -	\$ -	\$ -	\$ 38,759	\$ -	\$ -	\$ 322,621	\$ 442,535
Accounts payable	77	-	-	5,941	-	-	12,770	21,788
TOTAL LIABILITIES	<u>77</u>	<u>-</u>	<u>-</u>	<u>44,700</u>	<u>-</u>	<u>-</u>	<u>335,391</u>	<u>464,323</u>
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	154,609	-	-	-	-	-	164,207
Committed	35,156	-	-	-	22,154	-	-	1,073,409
Assigned	-	-	6,142	-	-	-	-	6,142
Unassigned	-	-	-	(44,700)	-	-	(248,015)	(292,715)
TOTAL FUND BALANCES	<u>35,156</u>	<u>154,609</u>	<u>6,142</u>	<u>(44,700)</u>	<u>22,154</u>	<u>-</u>	<u>(248,015)</u>	<u>951,043</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 35,233</u>	<u>\$ 154,609</u>	<u>\$ 6,142</u>	<u>\$ -</u>	<u>\$ 22,154</u>	<u>\$ -</u>	<u>\$ 87,376</u>	<u>\$ 1,415,366</u>

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

## TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECT FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	Public Works & Transfer Station Project	Town Office Project	Bridge Repair and Replacement	Fire and Public Safety	PW and Town Vehicles and Equipment	Library Expansion Project	Sidewalks
REVENUES							
Interest income	\$ 5	\$ 14	\$ 167	\$ 1,342	\$ 355	\$ -	\$ 34
Intergovernmental	-	-	-	-	-	-	-
TOTAL REVENUES	<u>5</u>	<u>14</u>	<u>167</u>	<u>1,342</u>	<u>355</u>	<u>-</u>	<u>34</u>
EXPENDITURES							
Capital outlay	-	1,130	38,185	18,000	35,204	81,155	13,846
Other	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>1,130</u>	<u>38,185</u>	<u>18,000</u>	<u>35,204</u>	<u>81,155</u>	<u>13,846</u>
TOTAL EXPENDITURES							
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>5</u>	<u>(1,116)</u>	<u>(38,018)</u>	<u>(16,658)</u>	<u>(34,849)</u>	<u>(81,155)</u>	<u>(13,812)</u>
OTHER FINANCING SOURCES (USES)							
Bond proceeds	-	-	-	-	-	81,155	-
Operating transfers in	-	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,155</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>5</u>	<u>(1,116)</u>	<u>(38,018)</u>	<u>(16,658)</u>	<u>(34,849)</u>	<u>-</u>	<u>(13,812)</u>
FUND BALANCES - JULY 1	<u>2,507</u>	<u>8,202</u>	<u>115,687</u>	<u>759,336</u>	<u>218,529</u>	<u>-</u>	<u>25,884</u>
FUND BALANCES - JUNE 30	<u>\$ 2,512</u>	<u>\$ 7,086</u>	<u>\$ 77,669</u>	<u>\$ 742,678</u>	<u>\$ 183,680</u>	<u>\$ -</u>	<u>\$ 12,072</u>

## TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECT FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	Misc.	Landfill Closure	Water Quality	Public Buildings	Technology	Other Grants	Road Resurfacing	Totals
REVENUES								
Interest income	\$ 64	\$ 277	\$ 12	\$ -	\$ 48	\$ -	\$ -	\$ 2,318
Intergovernmental	-	-	-	-	-	235,580	-	235,580
TOTAL REVENUES	<u>64</u>	<u>277</u>	<u>12</u>	<u>-</u>	<u>48</u>	<u>235,580</u>	<u>-</u>	<u>237,898</u>
EXPENDITURES								
Capital outlay	2,400	-	-	59,969	16,569	235,580	289,805	791,843
Other	-	-	-	-	-	-	-	-
EXPENDITURES	<u>2,400</u>	<u>-</u>	<u>-</u>	<u>59,969</u>	<u>16,569</u>	<u>235,580</u>	<u>289,805</u>	<u>791,843</u>
TOTAL EXPENDITURES								
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,336)</u>	<u>277</u>	<u>12</u>	<u>(59,969)</u>	<u>(16,521)</u>	<u>-</u>	<u>(289,805)</u>	<u>(553,945)</u>
OTHER FINANCING SOURCES (USES)								
Bond proceeds	-	-	-	-	-	-	-	81,155
Operating transfers in	-	-	-	-	-	-	300,000	300,000
Operating transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,000</u>	<u>381,155</u>
NET CHANGE IN FUND BALANCES	(2,336)	277	12	(59,969)	(16,521)	-	10,195	(172,790)
FUND BALANCES - JULY 1	<u>37,492</u>	<u>154,332</u>	<u>6,130</u>	<u>15,269</u>	<u>38,675</u>	<u>-</u>	<u>(258,210)</u>	<u>1,123,833</u>
FUND BALANCES - JUNE 30	<u>\$ 35,156</u>	<u>\$ 154,609</u>	<u>\$ 6,142</u>	<u>\$ (44,700)</u>	<u>\$ 22,154</u>	<u>\$ -</u>	<u>\$ (248,015)</u>	<u>\$ 951,043</u>

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

### Permanent Funds

Permanent funds are used to account for assets held by the Town of Gray, Maine that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Town or its citizenry. These funds have been established for various purposes including the provision and/or maintenance of the cemeteries.



## TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
JUNE 30, 2013

	<u>Cemetery</u>	<u>George Doughty</u>	<u>Helen Frank Cemetery</u>	<u>Monument &amp; Christian Temple</u>	<u>Pennell</u>
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	22,838	10,018	33,639	3,042	34,378
TOTAL ASSETS	<u>\$ 22,838</u>	<u>\$ 10,018</u>	<u>\$ 33,639</u>	<u>\$ 3,042</u>	<u>\$ 34,378</u>
LIABILITIES					
Due to others funds	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable-principal	22,798	10,000	33,580	-	-
Restricted	40	18	59	3,042	34,378
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>22,838</u>	<u>10,018</u>	<u>33,639</u>	<u>3,042</u>	<u>34,378</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 22,838</u>	<u>\$ 10,018</u>	<u>\$ 33,639</u>	<u>\$ 3,042</u>	<u>\$ 34,378</u>

## TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
JUNE 30, 2013

	C Barker School	Grange Scholarship	Common School	Stimson Cemetery	Totals
<b>ASSETS</b>					
Cash and cash equivalents	\$ 22,854	\$ 14,194	\$ -	\$ -	\$ 37,048
Due from other funds	-	-	2,846	7,012	113,773
<b>TOTAL ASSETS</b>	<u>\$ 22,854</u>	<u>\$ 14,194</u>	<u>\$ 2,846</u>	<u>\$ 7,012</u>	<u>\$ 150,821</u>
<b>LIABILITIES</b>					
Due to others funds	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable-principal	-	16,433	-	7,000	89,811
Restricted	22,854	-	2,846	12	63,249
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	(2,239)	-	-	(2,239)
<b>TOTAL FUND BALANCES</b>	<u>22,854</u>	<u>14,194</u>	<u>2,846</u>	<u>7,012</u>	<u>150,821</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 22,854</u>	<u>\$ 14,194</u>	<u>\$ 2,846</u>	<u>\$ 7,012</u>	<u>\$ 150,821</u>

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

## TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR PERMANENT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2013

	<u>Cemetery</u>	<u>George Doughty</u>	<u>Helen Frank Cemetery</u>	<u>Monument &amp; Christian Temple</u>	<u>Pennell</u>
REVENUES					
Interest income	\$ 40	\$ 18	\$ 59	\$ 5	\$ 60
Other income	-	-	-	-	-
TOTAL REVENUES	<u>40</u>	<u>18</u>	<u>59</u>	<u>5</u>	<u>60</u>
EXPENDITURES	<u>82</u>	<u>36</u>	<u>121</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(42)</u>	<u>(18)</u>	<u>(62)</u>	<u>5</u>	<u>60</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(42)	(18)	(62)	5	60
FUND BALANCES - JULY 1	<u>22,880</u>	<u>10,036</u>	<u>33,701</u>	<u>3,037</u>	<u>34,318</u>
FUND BALANCES - JUNE 30	<u>\$ 22,838</u>	<u>\$ 10,018</u>	<u>\$ 33,639</u>	<u>\$ 3,042</u>	<u>\$ 34,378</u>

## TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR PERMANENT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2013

	C Barker School	Grange Scholarship	Common School	Stimson Cemetery	Totals
REVENUES					
Interest income	\$ 42	\$ 25	\$ 5	\$ 12	\$ 266
Other income	-	-	-	-	-
TOTAL REVENUES	<u>42</u>	<u>25</u>	<u>5</u>	<u>12</u>	<u>266</u>
EXPENDITURES	<u>500</u>	<u>-</u>	<u>-</u>	<u>25</u>	<u>764</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(458)</u>	<u>25</u>	<u>5</u>	<u>(13)</u>	<u>(498)</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	-	-	-	-
Operating transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(458)	25	5	(13)	(498)
FUND BALANCES - JULY 1	<u>23,312</u>	<u>14,169</u>	<u>2,841</u>	<u>7,025</u>	<u>151,319</u>
FUND BALANCES - JUNE 30	<u>\$ 22,854</u>	<u>\$ 14,194</u>	<u>\$ 2,846</u>	<u>\$ 7,012</u>	<u>\$ 150,821</u>

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

### General Capital Assets

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

## TOWN OF GRAY, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION  
JUNE 30, 2013

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Totals
General Government	\$ 2,428,203	\$ 522,039	\$ 438,167	\$ 143,640	\$ 3,532,049
Pennell	115,718	317,003	418,923	-	851,644
Parks & Recreation	3,850	276,219	87,680	-	367,749
Public Safety	11,567	578,156	71,531	-	661,254
Fire & Rescue	19,318	474,233	4,185,935	-	4,679,486
Public Works	3,406,903	516,360	2,838,823	10,272,324	17,034,410
Buildings & Grounds	30,000	147,659	34,500	393,646	605,805
Solid Waste	-	197,182	276,453	-	473,635
Total General Capital Assets	6,015,559	3,028,851	8,352,012	10,809,610	28,206,032
Less: Accumulated Depreciation	-	(1,691,847)	(6,444,921)	(5,639,363)	(13,776,131)
Net General Capital Assets	<u>\$ 6,015,559</u>	<u>\$ 1,337,004</u>	<u>\$ 1,907,091</u>	<u>\$ 5,170,247</u>	<u>\$ 14,429,901</u>

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

## TOWN OF GRAY, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION  
FOR THE YEAR ENDED JUNE 30, 2013

	General Capital Assets 7/1/12	Additions	Deletions	General Capital Assets 6/30/13
General Government	\$ 3,491,667	\$ 40,382	\$ -	\$ 3,532,049
Pennell	767,304	84,340	-	851,644
Parks & Recreation	315,932	51,817	-	367,749
Public Safety	586,543	74,711	-	661,254
Fire & Rescue	4,679,486	-	-	4,679,486
Public Works	16,311,003	755,407	(32,000)	17,034,410
Buildings & Grounds	602,205	3,600	-	605,805
Solid Waste	471,489	2,146	-	473,635
Total General Capital Assets	27,225,629	1,012,403	(32,000)	28,206,032
Less: Accumulated Depreciation	(12,840,877)	(967,254)	32,000	(13,776,131)
Net General Capital Assets	<u>\$ 14,384,752</u>	<u>\$ 45,149</u>	<u>\$ -</u>	<u>\$ 14,429,901</u>

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