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Audited Financial Statements

Town of Gray, Maine

June 30, 2008



Proven Expertise and Integrity

TOWN OF GRAY, MAINE

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JUNE 30, 2008

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INDEPENDENT AUDITORS' REPORT

September 18, 2008

Town Council
Town of Gray
Gray, Maine

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, 2008, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, 2008, 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.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 nonmajor 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 nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Town of Gray, Maine's financial performance provides an overview of the Town's financial activities for the year ended June 30, 2008. Please read it in conjunction with the Town's financial statements.

Brief Discussion of the Basic Financial Statements

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements follow. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the Town as a Whole

One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting which is similar to the accounting, used by most private-sector companies. All of the current period's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net assets and changes in them. You can think of the Town's net assets - the difference between assets and liabilities - as one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's infrastructure, to assess the overall health of the Town.

In the Statement of Net Assets and the Statement of Activities, the Town's activities are classified solely as governmental activities:

- Governmental activities - All of the Town's basic services are reported here, including police, fire, public works and general administration. Property taxes, charges for services, and state and federal grants finance most of these activities.

Reporting the Town's Most Significant Funds

Our analysis of the Town's major funds begins on page 9. The fund financial statements begin on page 12 and provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, the Town Council established many other funds to help them control and manage money for particular purposes (like the Beautification Fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants received from the Federal Emergency Management Agency). The Town uses only one kind of fund - governmental funds.

- Governmental funds - All of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

Condensed Financial Information

The Town as a Whole

Our analysis below focuses on the net assets, and changes in net assets of the Town's governmental activities. The Town's total net assets increased by \$500,637 from \$14.37 million to \$14.87 million.

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

	2008	2007
Assets:		
Current and other assets	\$ 11,355,584	\$ 7,646,672
Capital Assets	7,212,494	7,198,788
Total Assets	\$ 18,568,078	\$ 14,845,460
 Liabilities:		
Current Liabilities	\$ 3,441,201	\$ 202,034
Long-term Debt Outstanding	254,385	271,571
Total Liabilities	\$ 3,695,586	\$ 473,605
 Net Assets:		
Invested in Capital Assets, Net of Related Debt	7,060,610	\$ 7,014,588
Restricted Net Assets: General fund designations	4,379,222	3,527,257
Special Revenue funds	568,178	487,128
Capital Projects funds	-	-
Permanent funds	136,087	132,073
Unrestricted Net Assets	2,728,395	3,210,809
Total Net Assets	\$ 14,872,492	\$ 14,371,855

Revenues and Expenses

Revenues for the Town's governmental activities increased by 10.78%, while total expenses increased by 5.96%. The largest increase in revenues was an 11.8% increase in property tax revenue. The largest increase in expenditures was an 11.1% increase in the education budget.

Table 2
Town of Gray, Maine
Changes in Net Assets
For the year/six months ended June 30,

	2008	2007
Revenues		
Taxes:		
Property	\$ 9,083,490	\$ 8,124,724
Excise	1,336,033	1,383,971
Intergovernmental	770,170	620,961
Interest Income	433,362	410,358
Charges for services/fees	597,551	554,143
Other revenue	285,716	194,746
Total revenues	12,506,322	11,288,903
Expenses		
General government	714,153	766,633
Public safety	749,441	884,678
Recreation	336,684	191,258
Public works	2,120,850	2,047,072
Employee benefits	454,330	514,371
General insurance	132,896	123,589
County tax	431,054	408,299
Education	6,281,876	5,652,708
Unclassified	413,122	74,074
Capital outlay	360,380	651,529
Interest on long-term debt	10,899	16,145
Total expenses	12,005,685	11,330,356
Change in Net Assets	500,637	(41,453)
Net Assets - July 1	14,371,855	14,413,308
Net Assets - June 30	\$ 14,872,492	\$ 14,371,855

The cost of all governmental activities for this year was \$12,005,685 compared to \$11,330,356 last year. However, as shown in the Statement of Activities on pages 10 and 11, the amount that our town ultimately financed for these activities through property taxes was only \$9,083,490 because some of the cost was paid by those who directly benefited from the programs (\$597,551) or other governments and organizations that subsidized certain programs with grants and contributions (\$82,308).

Analysis of Balances and Transactions of Individual Funds

Table 3
Town of Gray, Maine
Net Costs of Services
For the year ended June 30, 2008

	Total Cost of Services	Total Revenue	Net Cost of Services
General government	\$ 714,153	\$ 132,546	\$ 581,607
Public safety	749,441	228,041	521,400
Public works	2,120,850	319,272	1,801,578
Employee benefits	454,330	-	454,330
Education	6,281,876	-	6,281,876
All other departments	1,685,035	-	1,685,035
	<u>\$ 12,005,685</u>	<u>\$ 679,859</u>	<u>\$ 11,325,826</u>
Totals	<u>\$ 12,005,685</u>	<u>\$ 679,859</u>	<u>\$ 11,325,826</u>

Capital Asset and Long-Term Debt Activity

Capital Assets

As of June 30, 2008, the net book value of capital assets recorded by the Town increased by \$13,706 over the prior year. The increase is the result of current year additions of \$580,079 less current year depreciation expense of \$566,373.

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

	2008	2007
Land and Non-Depreciable Assets	\$ 124,803	\$ 124,803
Buildings and Improvements	1,290,415	1,356,605
Furniture and Equipment	305,335	361,025
Vehicles	1,024,934	1,071,485
Infrastructure	4,467,007	4,284,870
	<u>\$ 7,212,494</u>	<u>\$ 7,198,788</u>
Total	<u>\$ 7,212,494</u>	<u>\$ 7,198,788</u>

Debt

At June 30, 2008, the Town had \$122,800 in bonds outstanding versus \$184,200 last year, as shown in Note 7 of the financial statements. These bonds will be paid off during the 2010 fiscal year.

At June 30, 2008, the Town had a bond anticipation note outstanding for \$3,200,000. It is anticipated that this bond will be paid off with a long-term general obligation bond during the 2009 fiscal year.

Currently Known Facts, Decisions, or Conditions

Economic Factors and Next Year's Budgets and Rates

The Town has steadily maintained a sufficient undesignated and crisis fund balance to sustain government operations for a period of approximately four months, while also maintaining significant reserve accounts for future capital and program needs.

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 6 Shaker Road, Gray, Maine 04039.

STATEMENT A

TOWN OF GRAY, MAINE
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Governmental Activities
ASSETS	
Current assets:	
Cash	\$ 10,678,293
Accounts receivable (net of allowance for uncollectibles)	
Taxes	512,273
Liens	91,647
Other	73,371
Total current assets	11,355,584
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	124,803
Buildings and equipment, net of accumulated depreciation	7,087,691
Total noncurrent assets	7,212,494
TOTAL ASSETS	\$ 18,568,078
LIABILITIES	
Current liabilities	
Accounts payable	\$ 24,131
Accrued payroll	27,240
Prepaid taxes	56,821
Due to other governments	63,790
Due to fiduciary funds	2,385
Bond anticipation note	3,200,000
Current portion of long-term obligations	66,834
Total current liabilities	3,441,201
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	61,400
Capital leases payable	23,650
Accrued compensated absences	169,335
Total noncurrent liabilities	254,385
TOTAL LIABILITIES	3,695,586
NET ASSETS	
Invested in capital assets, net of related debt	7,060,610
Restricted: General fund designations	4,379,222
Special Revenue funds	568,178
Permanent funds	136,087
Unrestricted	2,728,395
TOTAL NET ASSETS	14,872,492
TOTAL LIABILITIES AND NET ASSETS	\$ 18,568,078

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

TOWN OF GRAY, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Assets
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Total Governmental Activities
Governmental activities					
Current:					
General government	\$ 714,153	\$ 132,546	\$ -	\$ -	\$ (581,607)
Public safety	749,441	228,041	-	-	(521,400)
Recreation and culture	336,684	-	-	-	(336,684)
Public works	2,120,850	236,964	82,308	-	(1,801,578)
Employee benefits	454,330	-	-	-	(454,330)
General insurance	132,896	-	-	-	(132,896)
County tax	431,054	-	-	-	(431,054)
Education	6,281,876	-	-	-	(6,281,876)
Unclassified	413,122	-	-	-	(413,122)
Capital outlay	360,380	-	-	-	(360,380)
Interest on long term debt	10,899	-	-	-	(10,899)
	<u>12,005,685</u>	<u>597,551</u>	<u>82,308</u>	<u>-</u>	<u>(11,325,826)</u>

STATEMENT B (CONTINUED)
TOWN OF GRAY, MAINE

RECONCILIATION OF THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Governmental Activities</u>
Changes in net assets:	
Net (expense) revenue	<u>(11,325,826)</u>
General revenue:	
Taxes	
Property taxes, levied for general purposes	9,083,490
Excise taxes, levied for general purposes	1,336,033
Grants and contributions not restricted to specific programs	687,862
Interest income	433,362
Miscellaneous	<u>285,716</u>
Total general revenue and transfers	<u>11,826,463</u>
Change in net assets	<u>500,637</u>
NET ASSETS - JULY 1, 2007	14,305,755
PRIOR PERIOD ADJUSTMENT	<u>66,100</u>
NET ASSETS - JULY 1, 2007, RESTATED	<u>14,371,855</u>
NET ASSETS - JUNE 30, 2008	<u><u>\$ 14,872,492</u></u>

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

TOWN OF GRAY, MAINE

BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2008

	General Fund	Other Governmental Funds	Totals Governmental Funds
ASSETS			
Cash	\$ 10,678,293	\$ -	\$ 10,678,293
Accounts receivable (net allowance of (doubtful accounts)			
Taxes	512,273	-	512,273
Tax liens	91,647	-	91,647
Other	73,371	-	73,371
Due from other funds	868	3,696,527	3,697,395
TOTAL ASSETS	<u>\$ 11,356,452</u>	<u>\$ 3,696,527</u>	<u>\$ 15,052,979</u>
LIABILITIES AND FUND			
Liabilities			
Accounts payable	\$ 56,821	\$ -	\$ 56,821
Accrued expenses	24,131	-	24,131
Prepaid taxes	27,240	-	27,240
Due to other funds	3,699,162	618	3,699,780
Escrow liabilities	63,790	-	63,790
Deferred property tax	395,000	-	395,000
Bond anticipation note	-	3,200,000	3,200,000
TOTAL LIABILITIES	<u>4,266,144</u>	<u>3,200,618</u>	<u>7,466,762</u>
Fund Equity			
General Fund:			
Designated	3,984,222	-	3,984,222
Undesignated	3,106,086	-	3,106,086
Special revenues funds:			
Designated	-	568,178	568,178
Undesignated	-	(618)	(618)
Capital projects	-	(207,738)	(207,738)
Permanent funds	-	136,087	136,087
TOTAL FUND EQUITY	<u>7,090,308</u>	<u>495,909</u>	<u>7,586,217</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 11,356,452</u>	<u>\$ 3,696,527</u>	<u>\$ 15,052,979</u>

TOWN OF GRAY, MAINE

RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2008

	<u>Total Governmental Funds</u>
Total Fund Equity	\$ 7,586,217
Amounts reported for governmental activities in the statement 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	7,212,494
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	395,000
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(122,800)
Capital leases payable	(29,084)
Accrued compensated absences	<u>(169,335)</u>
Net assets of governmental activities	<u><u>\$ 14,872,492</u></u>

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

TOWN OF GRAY, MAINE

STATEMENT OF IN REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	General Fund	Other Governmental Fund	Total Governmental Funds
REVENUE			
Taxes:			
Property	\$ 8,939,490	\$ -	\$ 8,939,490
Excise	1,336,033	-	1,336,033
Intergovernmental	770,170	-	770,170
Interest Income	376,817	56,545	433,362
Charges for services/fees	597,551	-	597,551
Other revenue	173,212	112,504	285,716
TOTAL REVENUE	<u>12,193,273</u>	<u>169,049</u>	<u>12,362,322</u>
EXPENDITURES			
Current			
General government	690,528	-	690,528
Public safety	625,954	-	625,954
Recreation and culture	280,661	-	280,661
Public works	1,757,612	-	1,757,612
Employee benefits	454,330	-	454,330
General insurance	132,896	-	132,896
County tax	431,054	-	431,054
Education	6,281,876	-	6,281,876
Unclassified	73,067	319,491	392,558
Capital outlay	653,858	257,517	911,375
Debt service	72,299	-	72,299
TOTAL EXPENDITURES	<u>11,454,135</u>	<u>577,008</u>	<u>12,031,143</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>739,138</u>	<u>(407,959)</u>	<u>331,179</u>
OTHER FINANCING SOURCES USES			
Transfers in	-	275,723	275,723
Transfers out	(275,723)	-	(275,723)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(275,723)</u>	<u>275,723</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>463,415</u>	<u>(132,236)</u>	<u>331,179</u>
FUND BALANCES - JULY 1	7,125,472	140,466	7,265,938
PRIOR PERIOD ADJUSTMENT	(498,579)	487,679	(10,900)
FUND BALANCES - JULY 1, RESTATED	<u>6,626,893</u>	<u>628,145</u>	<u>7,255,038</u>
FUND BALANCES - JUNE 30	<u>\$ 7,090,308</u>	<u>\$ 495,909</u>	<u>\$ 7,586,217</u>

See accompanying independent auditors report and notes to financial statements.

TOWN OF GRAY, MAINE

RECONCILIATION OF THE STATEMENT OF IN REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

Net change in fund balances - total governmental funds (Statement D)	<u>\$ 331,179</u>
Amounts reported for governmental activities in the Statement of Activities (Statement 2) are different because:	
Governmental funds report capital outlays as expenditures while governmental	
Capital asset purchases capitalized	580,079
Depreciation expense	<u>(566,373)</u>
	<u>13,706</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets.	
	<u>(29,084)</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>144,000</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 Assets	
	<u>61,400</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>(20,564)</u>
Change in net assets of governmental activities (Statement B)	<u><u>\$ 500,637</u></u>

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

TOWN OF GRAY, MAINE

STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2008

	Private Purpose Funds
	<u> </u>
ASSETS	
Current assets:	
Cash	\$ 41,913
Due from other funds	2,635
TOTAL ASSETS	<u>\$ 44,548</u>
LIABILITIES	
Due to other funds	\$ 250
TOTAL LIABILITIES	<u> 250</u>
NET ASSETS	
Held in trust for special purposes	<u> 44,298</u>
TOTAL NET ASSETS	<u> 44,298</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 44,548</u>

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

TOWN OF GRAY, MAINE

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Private- Purpose Trusts</u>
ADDITIONS	
Contributions	\$ -
Net increase (decrease) in the fair value of investments	2,008
Total additions	<u>2,008</u>
DEDUCTIONS	
Withdrawals	<u>1,762</u>
Total deductions	<u>1,762</u>
Change in net assets	246
NET ASSETS - JULY 1	<u>44,052</u>
NET ASSETS - JUNE 30	<u><u>\$ 44,298</u></u>

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Gray, Maine was incorporated in 1778 under the laws of the State of Maine. The Town operates under the council-manager-town meeting form of government adopted by charter in 1969 and provides the following services: general government, public safety, public works and health and sanitation.

The accounting policies of the Town of Gray conform to generally accepted accounting principles applicable to governmental units. The following is a summary of the more significant of such policies.

In June of 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain of the significant changes in the Statement include the following:

The financial statements include:

A Management's Discussion and Analysis (MD&A) section providing an analysis of the Town's overall financial position and results of operations.

Financial statements prepared using full accrual accounting for all of the Town's activities, including infrastructure (roads, bridges, sewer mains, etc.).

A change in the fund financial statements to focus on the major funds. These and other changes are reflected in the accompanying financial statements (including the notes to the financial statements).

Principles Determining Scope of Reporting Entity

The financial statements of the Town consist only of the funds of the Town of Gray, Maine.

Basic Financial Statements - Government-Wide 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 either governmental or business-type. The Town's activities are all categorized as governmental activities.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the government-wide Statement of Net Assets, the governmental activity column is (a) presented on a consolidated basis by column, and (b) is reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net assets are reported in two parts - invested in capital assets, net of related debt and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions (public safety, general government, public works, etc.). The functions are also supported by general government revenues (taxes, certain intergovernmental revenues and charges for services, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues (charges for services) must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

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 assets resulting from the current year's activities.

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 comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund type is 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:

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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.
- b. The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The only Special Revenue Fund is the TIF Reserve.
- c. The Capital Project Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities. The only Capital Project Fund is for the Public Works & Transfer Station Project.
- d. Permanent Funds are used to account for assets held by the Town in trust for specific purposes. Six non-major permanent funds exist to account for the activities of the cemeteries, the George Doughty Fund, the Monument & Christian Temple Fund and the Pennell Fund.

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 (i.e. sixty days) or soon enough thereafter to be used to pay liabilities of the current period. The major revenue sources that are susceptible to accrual are property taxes, certain intergovernmental revenues and interest income. 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, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to the general rule include principal and interest on general long-term debt which is recognized when due.

Investments

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
- A prime bankers acceptances
- Prime commercial papers
- Repurchase agreements
- Money market mutual funds

Inventories

Inventories of supplies are considered to be expenditures at the time of purchase and are not included in the general fund balance sheet.

Revenue Recognition - Property Taxes

The Town's property tax for the current year was levied on August 22, 2007, on the assessed value listed as of April 1, 2007, for all taxable real and personal property located in the Town. Taxes were due on October 1, 2007 and April 1, 2008. Interest on unpaid taxes commenced on October 2, 2007 and April 2, 2008 at 12.0% per annum.

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

The property tax collection rate was 94.65% for the year ended June 30, 2008 and 95.30% for the prior fiscal year, a decrease of .65%.

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 \$50,044 for the year ended June 30, 2008.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 of Gray utilizes encumbrance accounting for its general fund. Since there were no outstanding encumbrances at the Town for the year ended June 30, 2008, no reservation of fund balance was recorded.

Budget

The Town of Gray's policy is to adopt an annual gross budget for operations of its General Fund. The budget is presented on the budgetary 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. The Town Manager, at least ninety (90) days prior to the annual Town meeting, shall submit to the Council a budget and an explanatory budget message. The budget authority of the Council shall be limited to the final determination of the total appropriation to be made to each of the several offices, departments and agencies of the Town. The proposed budget prepared by the manager shall be reviewed by the Council which shall approve the preliminary budget with or without amendments. The complete Town budget as approved by the Council shall be printed and distributed, and the Council shall fix the time and place for holding a public hearing on the budget, and shall give public notice pursuant to State law.
2. The Council shall then review the budget and recommend it with or without amendment to the annual Town Meeting. The reviewed budget shall be made available to the public at least ten (10) days prior to the annual Town meeting. The Town Meeting shall not increase the amount of any appropriation above the amount recommended by the Council and shall not increase the amount of any bond issue above the amount recommended by the Council. Budget articles affirmed by voters at the first half of Town Meeting shall be placed on the ballot for referendum voting at the second part of Town Meeting to be held on the municipal Election Day in June. A Town meeting is required for approval of any

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

appropriation in addition to or supplementary to the annual budget appropriation, if such additional or supplemental appropriation exceeds a cumulative amount equal to one (1) percent of the annual municipal budget as approved at the preceding Annual Town Meeting.

3. Within the last three (3) months of the fiscal year the manager may transfer, without Council approval, any unencumbered appropriations or portion thereof between general classifications of expenditures within a department, office or agency not to exceed an amount to be determined by the Council on an annual basis. Transfers in excess of this amount must be approved by the Council. The gross appropriation for each department, office or agency shall not be exceeded except by consent of the Council. Following the close of the fiscal year, the Council may also continue unexpended balances in capital accounts.

Crisis Fund The Town Treasurer shall maintain a Crisis Fund which shall be separately invested in a propriety account with interest to be retained therein. The Crisis Fund shall be maintained at a level not less than one twelfth (1/12) of approved appropriation for the municipal budget, the Town's portion of MSAD #15 local assessment, county tax and overlay.

At any time in any budget year the Town Council may, after notice, call a special Town Meeting for the purpose of making appropriations from the Crisis Fund. The expenditures shall meet an essential municipal need to protect the public health, safety and welfare. The needs may be caused by severe economic decline, any natural disaster or sudden event outside the control of the Town Council. Said appropriations shall be adopted by a favorable vote of a special Town Meeting. Said resolution shall specifically identify the public necessity and contain the precise use of the funds. The resolution shall also contain a plan not to exceed a five (5) year period to restore the Crisis Fund to the prescribed level.

Whenever the Crisis Fund is less than the prescribed level, the Town Council shall be required to formulate a plan within ninety (90) days to restore the crisis fund to the prescribed level. The restoration of the Crisis Fund shall not exceed a five (5) year period.

Undesignated Fund Balance Subject to Town Meeting approval, the Town Council may utilize the undesignated fund balance of the General Fund to reduce the tax commitment of any ensuing fiscal period.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 2 - 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 is expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives which vary among the various classes of depreciable assets as well as within these classes. Estimated useful lives are determined on an asset-by-asset basis.

The Town undertook a program to record its investment property, plant and equipment. An inventory of all existing assets with a useful life of more than five years and a value of greater than \$5,000 was taken. The assets were 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.

GASB Statement No. 34 requires the Town to report and depreciate new infrastructure assets effective with the beginning of the current year. Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. with an initial individual cost of more than \$100,000. These infrastructure assets are likely to be the largest asset class of the Town. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and is first effective for fiscal years ending in 2006.

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 2 - CAPITAL ASSETS (CONTINUED)

The following is a summary of changes in capital assets at June 30, 2008:

	Balance 7/1/07	Additions	Disposals	Balance 6/30/08
Non-depreciated assets:				
Land	\$ 124,803	\$ -	\$ -	\$ 124,803
	<u>124,803</u>	<u>-</u>	<u>-</u>	<u>124,803</u>
Depreciated assets:				
Buildings & improvements	2,492,602	-	-	2,492,602
Furniture & equipment	1,552,984	29,084	-	1,582,068
Vehicles	4,781,449	122,309	(32,000)	4,871,758
Infrastructure	7,817,184	428,686	-	8,245,870
	<u>16,644,219</u>	<u>580,079</u>	<u>(32,000)</u>	<u>17,192,298</u>
Less accumulated depreciation:				
Buildings & improvements	(1,135,997)	(66,190)	-	(1,202,187)
Furniture & equipment	(1,191,959)	(84,774)	-	(1,276,733)
Vehicles	(3,709,964)	(168,860)	32,000	(3,846,824)
Infrastructure	(3,532,314)	(246,549)	-	(3,778,863)
	<u>(9,570,234)</u>	<u>(566,373)</u>	<u>(32,000)</u>	<u>(10,104,607)</u>
Net depreciated assets	<u>7,073,985</u>	<u>13,706</u>	<u>(64,000)</u>	<u>7,087,691</u>
Net capital assets	<u>\$ 7,198,788</u>	<u>\$ 13,706</u>	<u>\$ (64,000)</u>	<u>\$ 7,212,494</u>

Current year depreciation

General Government	\$ 23,625
Pennell	46,237
Parks & Recreation	9,786
Public Safety	5,374
Fire & Rescue	118,113
Public Works	351,789
Buildings & Grounds	3,247
Solid Waste	8,202
	<u>8,202</u>
Total depreciation expense	<u>\$ 566,373</u>

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 3 - CASH AND INVESTMENTS

The Town's investment policies, which follow state statutes, 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. These investment policies apply to all Town funds.

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 or will not be able to recover collateral securities that are in possession of an outside party. The Town does not have a policy covering custodial credit risk.

At June 30, 2008, the Town's deposits of \$10,720,206 was comprised of bank balances of \$10,754,666 which were all insured by federal depository insurance or by collateral held by the pledging financial institution's trust department or agent in the Town's name.

<u>Account Type</u>	<u>Bank Balance</u>
Sweep accounts	2,343,222
Money market accounts	8,369,531
Certificates of deposit	41,913
	<u>\$ 10,754,666</u>

NOTE 4 - ALLOWANCE FOR DOUBTFUL ACCOUNTS

The allowance for uncollectible accounts for the rescue receivables was estimated to be \$60,000 at June 30, 2008.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2008 consisted of the following individual fund receivables and payables:

	<u>Receivables (Due From)</u>	<u>Payables (Due To)</u>
GENERAL FUND		
General fund	\$ 868	\$ 3,699,162
Special Revenue funds	568,178	618
Capital Project funds	2,992,262	-
Permanent funds	136,087	-
Fiduciary funds	<u>2,635</u>	<u>250</u>
	<u>\$ 3,700,030</u>	<u>\$ 3,700,030</u>

NOTE 6 – SHORT-TERM DEBT

On March 7, 2008, the Town issued General Obligation Bond Anticipation Notes to temporarily fund the Public Works and Transfer Station project. The notes are due November 12, 2008. Interest is charged at a rate of 2.39%. The Town expects to refinance these bond anticipation notes with a General Obligation Bond.

NOTE 7 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2008:

	<u>Balance 7/1/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/08</u>	<u>Current Year Portion</u>
Bonds payable	\$ 184,200	\$ -	\$ (61,400)	\$ 122,800	\$ 61,400
Capital leases payable	-	29,084	-	29,084	5,434
Accrued compensated absences	148,771	20,564	-	169,335	-
Totals	<u>\$ 332,971</u>	<u>\$ 49,648</u>	<u>\$ (61,400)</u>	<u>\$ 321,219</u>	<u>\$ 66,834</u>

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 7 - LONG-TERM DEBT (CONTINUED)

The following is a summary of outstanding notes payable:

\$1,228,000 bond payable, annual principal payments of \$61,400.
Interest is charge at a varying rate of 7.0% to 7.1%. \$ 122,800

Principal and interest requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2009	\$ 61,400	\$ 6,539	\$ 67,939
2010	61,400	2,180	63,580
2011	-	-	-
2012	-	-	-
2013	-	-	-
	<u><u>\$ 122,800</u></u>	<u><u>\$ 8,719</u></u>	<u><u>\$ 131,519</u></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.

The following is a summary of capital leases payable for the year ended June 30, 2008:

The Town leases photocopiers with a cancelable clause due to non-appropriation. The term of the lease is for a five year period expiring in August of 2012. Annual payments are \$6,534.

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

2009	\$ 6,534
2010	6,534
2011	6,534
2012	6,534
2013	6,534
Total minimum lease payment	<u>32,670</u>
Less amount representing interest	<u>(3,586)</u>
Present value of future minimum lease payments	<u><u>\$ 29,084</u></u>

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 8 - EXPENDITURES OVER APPROPRIATIONS

The following appropriations were exceeded and were covered by Council approval according to charter:

	<u>Excess</u>
General assistance	\$ 23,289
Public safety services	3,215
Rescue	18,983
Parks and recreation administration	370
Public works	24,135
General insurance	5,396
	<u>\$ 75,388</u>

NOTE 9 – RESERVED NET ASSETS

The following net assets have been reserved at June 30, 2008 for the following purposes:

Reserved for general fund expenditures	\$ 3,984,222
Reserved taxes for future expenditures	395,000
Reserved for special revenue funds	568,178
Reserved for permanent funds	<u>136,087</u>
Total	<u>\$ 5,083,487</u>

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 10 – DESIGNATED FUND EQUITY

At June 30, 2008, the designated fund balances was made up of the following account balances carried forward into the subsequent year's budget:

General Fund:	
Capital improvements	\$ 2,535,178
Crisis fund	1,130,057
GIS mapping	7,250
Capital projects	230,127
Tax maps	3,000
Traffic light maintenance	2,061
Transfer station wood chipping	1,502
Community development professional services	15,170
Employee development	1,750
Public works building	32,570
Recycling bins	885
Tomco	20,753
Libby Hill	3,919
	<hr/>
	\$ 3,984,222

NOTE 11 – TAX INCREMENT FINANCING DISTRICT

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

Northbrook Tax Increment Financing District

The Town has entered into an inducement agreement and a credit enhancement agreement with Enercon and Advance Realty whereby the Town has issued revenue obligation bonds on behalf of Advance Realty amounting to \$2,800,000. These bonds are not general obligation bonds of the Town and do not constitute a debt or obligation of the Town of Gray, Maine. The bonds will be paid solely by the revenue of the project provided by the companies. In 2008, \$97,332 of tax was captured and \$71,943 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.

TOWN OF GRAY, MAINE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2008

NOTE 11 – TAX INCREMENT FINANCING DISTRICT (CONTINUED)

South Gray Tax Increment Financing District

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

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 \$146,830 for any capital repairs or improvements during the post closure period. The Town considers any liability for postclosure monitoring to be immaterial and therefore has not recorded a liability in the entity-wide statements.

NOTE 13 - CONTINGENCIES

The Town is contingently liable for its proportionate share of any defaulted debt by entities of which it is a member. At June 30, 2008, the Town’s share was approximately:

	<u>Outstanding Debt</u>	<u>Percentage</u>	<u>Amount</u>
Gray Water District	\$ 1,840,872	100.00%	\$ 1,840,872
County of Cumberland	8,130,000	2.13%	173,169
MSAD #15	10,174,230	64.55%	6,567,465
			<u>\$ 8,581,506</u>

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 13 – CONTINGENCIES (CONTINUED)

The Town participates in numerous State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Town has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2008 may be impaired. In the opinion of the Town, there are no significant contingent liabilities relating to compliance with the rules and regulations; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

NOTE 14 – SUBSEQUENT EVENTS

In February of 2008, the Town Council approved the issuance and sale of \$3,200,000 of bonds to finance the design, construction and equipping of a public works garage and an addition to the Town's solid waste and recycling building. As of June 30, 2008, the Town had entered into a bond anticipation note but had not yet issued the bonds. In June of 2008, the Council had approved a contract in the amount of \$2,762,352 and a contingency fund of \$137,648 with Blane Casey Building Contractor Inc. for the project.

In July of 2008, the Council approved a contract for \$73,504 with Colex LLC for road work and approved the purchase of a new fire truck for \$255,071.

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 - General Fund

TOWN OF GRAY, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
 BUDGET AND ACTUAL – GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance -				
July 1, restated	\$ 6,626,893	\$ 6,626,893	\$ 6,626,893	\$ -
Resources (Inflows):				
Property	9,081,446	9,081,446	8,939,490	(141,956)
Excise	1,409,431	1,409,431	1,336,033	(73,398)
Intergovernmental	642,401	642,401	770,170	127,769
Charges for services	406,960	406,960	597,551	190,591
Interest income	186,743	186,743	376,817	190,074
Other revenue	74,013	74,013	173,212	99,199
Transfers from other funds	-	-	-	-
Amounts Available for Appropriation	<u>18,427,887</u>	<u>18,427,887</u>	<u>18,820,166</u>	<u>392,279</u>
EXPENDITURES				
Current:				
General government	735,247	735,247	690,528	44,719
Public safety	610,588	610,588	625,954	(15,366)
Recreation and culture	291,166	291,166	280,661	10,505
Public works	1,733,477	1,733,477	1,757,612	(24,135)
Employee benefits	466,960	466,960	454,330	12,630
General insurance	127,500	127,500	132,896	(5,396)
County assessment	431,054	431,054	431,054	-
Education	6,281,876	6,281,876	6,281,876	-
Unclassified	75,228	75,228	73,067	2,161
Capital outlay	1,001,241	1,001,241	653,858	347,383
Debt service	72,299	72,299	72,299	-
Transfers to other funds	275,723	275,723	275,723	-
Total Charges to Appropriations	<u>12,102,359</u>	<u>12,102,359</u>	<u>11,729,858</u>	<u>372,501</u>
Budgetary Fund Balance, June 30	<u>\$ 6,325,528</u>	<u>\$ 6,325,528</u>	<u>\$ 7,090,308</u>	<u>\$ 764,780</u>
Utilization of undesignated fund balance	\$ 140,978	\$ 140,978	\$ -	\$ (140,978)
Utilization of designated fund balance	156,000	156,000	-	(156,000)
	<u>\$ 296,978</u>	<u>\$ 296,978</u>	<u>\$ -</u>	<u>\$ (296,978)</u>

See accompanying independent auditors report.

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 Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Project Funds
- Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Capital Project Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Permanent Funds
- Statement of General Capital Assets By Function
- Statement 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, 2008

	Budgeted Amount	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):			
Taxes:			
Property taxes	\$ 9,081,446	\$ 8,939,490	\$ (141,956)
Auto excise	1,390,133	1,317,711	(72,422)
Boat excise	19,298	18,322	(976)
Intergovernmental revenues:			
State revenue sharing	414,772	414,044	(728)
Homestead reimbursement	124,723	124,903	180
Highway block grant	82,308	82,308	-
Tree growth	2,784	16,625	13,841
Veterans' exemption	2,439	1,524	(915)
General assistance	12,000	20,091	8,091
FEMA	100	105,849	105,749
Snowmobiles	3,275	3,826	551
Other	-	1,000	1,000
Charges for services:			
Clerk fees	7,253	7,367	114
Dog licenses	1,497	3,935	2,438
Dog control	1,073	1,208	135
Auto registration fees	25,976	24,636	(1,340)
Hunting & fishing fees	1,894	1,655	(239)
Boat/ATV/snow mobile fees	3,243	3,190	(53)
Electric fees	10,000	11,179	1,179
Plumbing fees	16,000	12,517	(3,483)
Zoning board applications	1,200	1,975	775
Planning board fees	8,050	1,850	(6,200)
Gravel pits	800	1,650	850
Street construction fees	1,000	1,250	250
Building fees	65,000	55,709	(9,291)
Driveway opening	1,500	550	(950)
Shoreland application fees	2,500	1,200	(1,300)
Rescue fees	155,000	301,245	146,245
Rescue fees - charge offs	-	(73,204)	(73,204)
Land use fines	500	76,444	75,944
Recycling	102,950	160,520	57,570
Miscellaneous charges	1,524	2,675	1,151
Interest income:			
Tax interest	28,743	46,146	17,403
Interest income	158,000	330,671	172,671
Miscellaneous revenues:			
Cable franchise fees	60,000	64,756	4,756
Public works fire damage	-	32,570	32,570
Wilkie's Beach	2,400	1,904	(496)
Other misc. capital improvement	-	62,945	62,945
Misc. other	11,613	11,037	(576)
Transfers from other funds	-	-	-
Amounts Available for Appropriation	<u>\$ 11,800,994</u>	<u>\$ 12,193,273</u>	<u>\$ 392,279</u>

See accompanying independent auditors' report.

TOWN OF GRAY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2008

	Balance 7/1/2007	Appropriations	Receipts	Total Available	Expenditures	Lapsed	Carried
GENERAL GOVERNMENT:							
Administrative services	\$ -	\$ 336,923	\$ -	\$ 336,923	\$ 329,403	\$ 7,520	\$ -
Community development	-	117,021	-	117,021	96,153	20,868	-
Assessing	-	74,639	-	74,639	67,214	7,425	-
Code enforcement	-	69,413	-	69,413	60,942	8,471	-
GIS mapping	-	7,950	-	7,950	700	-	7,250
General assistance	-	14,231	-	14,231	37,520	(23,289)	-
Animal control	-	16,870	-	16,870	14,633	2,237	-
Elections	-	8,600	-	8,600	7,812	788	-
Public communications	-	35,800	-	35,800	29,580	6,220	-
Town Council compensation	-	10,000	-	10,000	9,640	360	-
Council, Boards, Committees	-	17,640	-	17,640	16,233	1,407	-
Zoning Board of Appeals	-	2,800	-	2,800	1,572	1,228	-
Planning Board	-	20,930	-	20,930	18,083	2,847	-
Ordinance Review	-	2,430	-	2,430	1,043	1,387	-
Totals	-	735,247	-	735,247	690,528	37,469	7,250
PUBLIC SAFETY:							
Public safety services	-	405,514	-	405,514	408,729	(3,215)	-
Rescue	-	39,383	-	39,383	58,366	(18,983)	-
Communications	-	34,168	-	34,168	34,168	-	-
Utilities	-	131,523	-	131,523	124,691	6,832	-
Totals	-	610,588	-	610,588	625,954	(15,366)	-
RECREATION AND CULTURE:							
Library	-	203,353	-	203,353	192,478	10,875	-
Parks and recreation administration	-	87,813	-	87,813	88,183	(370)	-
Totals	-	291,166	-	291,166	280,661	10,505	-

TOWN OF GRAY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2008

	Balance 7/1/2007	Appropriations	Receipts	Total Available	Expenditures	Lapsed	Carried
PUBLIC WORKS							
Winter roads	-	382,990	-	382,990	385,756	(2,766)	-
Summer roads	-	193,655	-	193,655	202,340	(8,685)	-
Additional roadwork	-	76,372	-	76,372	76,372	-	-
Garage	-	221,997	-	221,997	223,874	(1,877)	-
Recycling	-	730,287	-	730,287	740,712	(10,425)	-
Buildings and grounds	-	128,176	-	128,176	128,558	(382)	-
Totals	-	1,733,477	-	1,733,477	1,757,612	(24,135)	-
EMPLOYEE BENEFITS	-	466,960	-	466,960	454,330	12,630	-
GENERAL INSURANCE	-	127,500	-	127,500	132,896	(5,396)	-
CAPITAL OUTLAY							
Capital projects	-	711,208	-	711,208	479,825	1,256	230,127
Public safety vehicle reserve	-	116,000	-	116,000	-	-	116,000
Capital improvement expenditure	-	134,930	-	134,930	134,930	-	-
Other capital projects	39,103	-	-	39,103	39,103	-	-
Totals	39,103	962,138	-	1,001,241	653,858	1,256	346,127
DEBT SERVICE	-	72,299	-	72,299	72,299	-	-
COUNTY TAX	-	431,054	-	431,054	431,054	-	-
EDUCATION	-	6,281,876	-	6,281,876	6,281,876	-	-
UNCLASSIFIED							
Stimson Hall	-	7,940	-	7,940	6,199	1,741	-
Community services	-	45,913	-	45,913	45,913	-	-
Code	2,650	-	-	2,650	2,650	-	-
GIS system	7,200	-	-	7,200	6,780	420	-
Library	6,450	-	-	6,450	6,450	-	-
Recycling	5,075	-	-	5,075	5,075	-	-
Totals	21,375	53,853	-	75,228	73,067	2,161	-
TOTAL EXPENDITURES	\$ 60,478	\$ 11,766,158	\$ -	\$ 11,826,636	\$ 11,454,135	\$ 19,124	\$ 353,377

See accompanying independent auditors' report.

TOWN OF GRAY, MAINE

SCHEDULE OF ACTIVITY – GENERAL FUND – CAPITAL RESERVE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2008

	Balance, 7/1/2007	Revenue	Expenditures	Balance, 6/30/2008
Pickup Truck Replacement	1,845	\$ 96	\$ -	\$ 1,941
Fuel Oil Reserves	10,917	568	-	11,485
Sidewalks	58,918	3,065	-	61,983
Technology	86,873	4,403	6,307	84,969
Dry Mill School	4,964	259	-	5,223
Old Home Days	5,898	307	-	6,205
Penn Cable	208,788	10,604	11,518	207,874
Solid Waste Bunkers	2,146	111	-	2,257
Solid Waste/Transfer	7,344	382	-	7,726
Landfill Postclosure	139,568	7,262	-	146,830
Public Safety Building	3,551	185	-	3,736
Rescue/Kilby Fund	11,734	3,286	7,651	7,369
Solid Waste Baler	12,213	635	-	12,848
Cardiac Fund	4,789	3,645	-	8,434
Public Works & Vehicles Fund	123,812	6,442	-	130,254
Capital Expenditures	23,461	1,220	-	24,681
Disaster Relief Fund	32,983	1,716	-	34,699
Water Quality	5,459	284	-	5,743
Grant Match	10,464	545	-	11,009
Police Reserve	24,823	1,291	-	26,114
Library Comm. Fund - Barbara Bush	2,069	101	147	2,023
Subdivision Recreation Fund	116,089	15,627	-	131,716
Library Reserve	6,697	342	1,789	5,250
Library/Davis/Kim	4	1,638	334	1,308
Pennell Town Clock	17,381	904	-	18,285
Fire Rescue Trucks	912,694	163,966	-	1,076,660
Stimson Hall	21,149	1,101	-	22,250
Bridges/Mayall/Knight	481,216	65,092	102,364	443,944
Library Appeal	4,947	205	3,193	1,959
Gray Fire & Rescue Memorial Fund	19,290	1,940	500	20,730
Mazur Parks/Rec Memorial Fund	-	2,151	-	2,151
Library Technology	8,245	404	1,127	7,522
Total Capital Reserve Accounts	\$ 2,370,331	\$ 299,777	\$ 134,930	\$ 2,535,178

See accompanying independent auditors' report.

TOWN OF GRAY, MAINE

SCHEDULE OF ACTIVITY – GENERAL FUND – CAPITAL PROJECT ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Appropriation</u>	<u>Expenditures</u>	<u>Lapsed Balance, 6/30/2008</u>	<u>Carried Balance, 6/30/2008</u>
Town office	\$ 17,150	\$ 15,983	\$ 1,167	\$ -
Public works	4,224	-	-	4,224
Public safety	15,359	3,270	89	12,000
Library	24,040	9,934	-	14,106
Village fire station	15,590	9,000	-	6,590
Public works vehicles	141,500	107,283	-	34,217
Transfer station	25,000	308	-	24,692
Bridges	85,500	10,388	-	75,112
Street reconstruction	375,120	315,934	-	59,186
Newbegin	<u>7,725</u>	<u>7,725</u>	<u>-</u>	<u>-</u>
Total Capital Project Accounts	<u>\$ 711,208</u>	<u>\$ 479,825</u>	<u>\$ 1,256</u>	<u>\$ 230,127</u>

See accompanying independent auditors' report.

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash	\$ -	\$ -	\$ -	\$ -
Due from other funds	568,178	2,992,262	136,087	3,696,527
Total assets	<u>\$ 568,178</u>	<u>\$ 2,992,262</u>	<u>\$ 136,087</u>	<u>\$ 3,696,527</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	618	-	-	618
Bond anticipation note	-	3,200,000	-	3,200,000
Total liabilities	<u>618</u>	<u>3,200,000</u>	<u>-</u>	<u>3,200,618</u>
FUND EQUITY				
Fund balances:				
Designated for subsequent years' expenditures	568,178	(207,738)	136,087	496,527
Undesignated	(618)	-	-	(618)
Total fund equity	<u>567,560</u>	<u>(207,738)</u>	<u>136,087</u>	<u>495,909</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 568,178</u>	<u>\$ 2,992,262</u>	<u>\$ 136,087</u>	<u>\$ 3,696,527</u>

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Investment income	\$ -	\$ 49,779	\$ 6,766	\$ 56,545
Other	112,504	-	-	112,504
TOTAL REVENUES	<u>112,504</u>	<u>49,779</u>	<u>6,766</u>	<u>169,049</u>
EXPENDITURES	<u>316,739</u>	<u>257,517</u>	<u>2,752</u>	<u>577,008</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(204,235)</u>	<u>(207,738)</u>	<u>4,014</u>	<u>(407,959)</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	275,723	-	-	275,723
Operating Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>275,723</u>	<u>-</u>	<u>-</u>	<u>275,723</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>71,488</u>	<u>(207,738)</u>	<u>4,014</u>	<u>(132,236)</u>
FUND BALANCE - JULY 1	8,944	-	131,522	140,466
PRIOR PERIOD ADJUSTMENT	<u>487,128</u>	<u>-</u>	<u>551</u>	<u>487,679</u>
FUND BALANCE - JULY 1, RESTATED	<u>496,072</u>	<u>-</u>	<u>132,073</u>	<u>628,145</u>
FUND BALANCE - JUNE 30	<u>\$ 567,560</u>	<u>\$ (207,738)</u>	<u>\$ 136,087</u>	<u>\$ 495,909</u>

See accompanying independent auditors' report.

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, 2008

	<u>TIF Reserve</u>	<u>Recreation Fund</u>	<u>Library Fund</u>	<u>Total</u>
ASSETS				
Cash	\$ -	\$ -	\$ -	\$ -
Due from other funds	556,603	-	11,575	568,178
TOTAL ASSETS	<u>\$ 556,603</u>	<u>\$ -</u>	<u>\$ 11,575</u>	<u>\$ 568,178</u>
 LIABILITIES AND FUND EQUITY				
LIABILITIES				
Due to other funds	\$ -	\$ 618	\$ -	\$ 618
TOTAL LIABILITIES	<u>-</u>	<u>618</u>	<u>-</u>	<u>618</u>
 FUND EQUITY				
Fund Balance:				
Designated	556,603	-	11,575	568,178
Undesignated	-	(618)	-	(618)
TOTAL FUND EQUITY	<u>556,603</u>	<u>(618)</u>	<u>11,575</u>	<u>567,560</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u>\$ 556,603</u>	 <u>\$ -</u>	 <u>\$ 11,575</u>	 <u>\$ 568,178</u>

See accompanying independent auditors' report.

TOWN OF GRAY, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	TIF Reserve	Recreation Fund	Library Fund	Total
REVENUES				
Investment income	\$ -	\$ -	\$ -	\$ -
Other income	-	101,813	10,691	112,504
TOTAL REVENUE	<u>-</u>	<u>101,813</u>	<u>10,691</u>	<u>112,504</u>
EXPENDITURES	<u>206,248</u>	<u>109,069</u>	<u>1,422</u>	<u>316,739</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(206,248)</u>	<u>(7,256)</u>	<u>9,269</u>	<u>(204,235)</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	275,723	-	-	275,723
Operating Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>275,723</u>	<u>-</u>	<u>-</u>	<u>275,723</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	<u>69,475</u>	<u>(7,256)</u>	<u>9,269</u>	<u>71,488</u>
FUND BALANCE - JULY 1	-	6,638	2,306	8,944
PRIOR PERIOD ADJUSTMENT	<u>487,128</u>	<u>-</u>	<u>-</u>	<u>487,128</u>
FUND BALANCE - JULY 1, RESTATED	<u>487,128</u>	<u>6,638</u>	<u>2,306</u>	<u>496,072</u>
FUND BALANCE - JUNE 30	<u>\$ 556,603</u>	<u>\$ (618)</u>	<u>\$ 11,575</u>	<u>\$ 567,560</u>

See accompanying independent auditors' report.

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF ACTIVITY – RECREATION FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Balance, 7/1/2007	Revenue	Expenditures	Balance, 6/30/2008
Senior Citizens		\$ -	\$ 183	
After school activities		200	-	
Day camp/payroll		36,867	31,485	
Ski program		4,485	4,650	
Camps/clinics		4,720	4,054	
Youth soccer		8,020	6,979	
Adult volleyball		2,400	1,519	
Youth basketball		8,844	9,273	
Day camp/supplies/trips		6,130	5,379	
Adult basketball		12,220	7,570	
Newbegin rental		927	-	
Gymnastics		2,287	1,884	
April day camp		2,414	1,862	
Track and field		230	539	
Pee wee baseball		1,669	2,289	
Flag football		2,150	254	
Cross country		2,125	1,995	
Junior soccer		1,730	1,885	
Junior track		1,660	760	
Softball tournament		475	667	
Reach		2,260	29	
Subtotal - Recreation Department Activity	6,638	101,813	83,256	25,195
Assistant Director's Salary	-	-	25,813	(25,813)
Total Recreation Department Activity	<u>\$ 6,638</u>	<u>\$ 101,813</u>	<u>\$ 109,069</u>	<u>\$ (618)</u>

See accompanying independent auditors' report.

Capital Project Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary of trust funds.

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2008

	Public Works & Transfer Station Project	Totals
	<u>Project</u>	<u>Totals</u>
ASSETS		
Cash	\$ -	\$ -
Due from other funds	2,992,262	2,992,262
TOTAL ASSETS	<u>\$ 2,992,262</u>	<u>\$ 2,992,262</u>
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Due to other funds	\$ -	\$ -
Bond anticipation note	3,200,000	3,200,000
TOTAL LIABILITIES	<u>3,200,000</u>	<u>3,200,000</u>
FUND EQUITY		
Fund Balance		
Designated	(207,738)	(207,738)
Undesignated	-	-
TOTAL FUND EQUITY	<u>(207,738)</u>	<u>(207,738)</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 2,992,262</u>	<u>\$ 2,992,262</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, 2008

	Public Works & Transfer Station Project	Totals
	<u> </u>	<u> </u>
REVENUES		
Investment income	\$ 49,779	\$ 49,779
Other income	-	-
TOTAL REVENUE	<u>49,779</u>	<u>49,779</u>
EXPENDITURES	<u>257,517</u>	<u>257,517</u>
TOTAL EXPENDITURES		
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(207,738)</u>	<u>(207,738)</u>
OTHER FINANCING SOURCES (USES)		
Operating Transfers In	-	-
Operating Transfers Out	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(207,738)	(207,738)
FUND BALANCE - JULY 1	<u>-</u>	<u>-</u>
FUND BALANCE - JUNE 30	<u>\$ (207,738)</u>	<u>\$ (207,738)</u>

See accompanying independent auditors' report.

Permanent Funds

To account for assets held by the Town of Gray in trust or as an agent for individuals, private organizations, other governmental units and/or other funds.

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS

JUNE 30, 2008

	Cemetery	George Doughty	Helen Frank Cemetery	Monument & Christian Temple	Pennell	Stimson Cemetery	Total
ASSETS							
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	27,876	12,042	35,302	2,816	45,366	12,685	136,087
TOTAL ASSETS	<u>\$ 27,876</u>	<u>\$ 12,042</u>	<u>\$ 35,302</u>	<u>\$ 2,816</u>	<u>\$ 45,366</u>	<u>\$ 12,685</u>	<u>\$ 136,087</u>
LIABILITIES AND FUND EQUITY							
LIABILITIES							
Due to others funds		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND EQUITY							
Fund Balance							
Designated	27,876	12,042	35,302	2,816	45,366	12,685	136,087
TOTAL FUND EQUITY	<u>27,876</u>	<u>12,042</u>	<u>35,302</u>	<u>2,816</u>	<u>45,366</u>	<u>12,685</u>	<u>136,087</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 27,876</u>	<u>\$ 12,042</u>	<u>\$ 35,302</u>	<u>\$ 2,816</u>	<u>\$ 45,366</u>	<u>\$ 12,685</u>	<u>\$ 136,087</u>

See accompanying independent auditors' report.

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Cemetery</u>	<u>George Doughty</u>	<u>Helen Frank Cemetery</u>	<u>Monument & Christian Temple</u>	<u>Pennell</u>	<u>Stimson Cemetery</u>	<u>Total</u>
REVENUES							
Investment income	\$ 1,395	\$ 598	\$ 1,758	\$ 139	\$ 2,245	\$ 631	\$ 6,766
Other income	-	-	-	-	-	-	-
TOTAL REVENUE	<u>1,395</u>	<u>598</u>	<u>1,758</u>	<u>139</u>	<u>2,245</u>	<u>631</u>	<u>6,766</u>
EXPENDITURES	<u>1,269</u>	<u>148</u>	<u>946</u>	<u>-</u>	<u>86</u>	<u>303</u>	<u>2,752</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>126</u>	<u>450</u>	<u>812</u>	<u>139</u>	<u>2,159</u>	<u>328</u>	<u>4,014</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>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	<u>126</u>	<u>450</u>	<u>812</u>	<u>139</u>	<u>2,159</u>	<u>328</u>	<u>4,014</u>
FUND BALANCE - JULY 1	27,634	11,544	34,346	2,666	43,027	12,305	131,522
PRIOR PERIOD ADJUSTMENT	<u>116</u>	<u>48</u>	<u>144</u>	<u>11</u>	<u>180</u>	<u>52</u>	<u>551</u>
FUND BALANCE - JULY 1, RESTATED	<u>27,750</u>	<u>11,592</u>	<u>34,490</u>	<u>2,677</u>	<u>43,207</u>	<u>12,357</u>	<u>132,073</u>
FUND BALANCE - JUNE 30	<u>\$ 27,876</u>	<u>\$ 12,042</u>	<u>\$ 35,302</u>	<u>\$ 2,816</u>	<u>\$ 45,366</u>	<u>\$ 12,685</u>	<u>\$ 136,087</u>

See accompanying independent auditors' report.

Private-Purpose Trust Funds

Private purpose funds are used to report trust arrangements under which principal or interest benefit specific individuals, private organizations or other governmental units, but not the Town of Gray, Maine. These funds have been established for the provisions of the C. Barker School, the Grange Scholarship and the Common School.

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF FIDUCIARY NET ASSETS
JUNE 30, 2008

	<u>C Barker School</u>	<u>Grange Scholarship</u>	<u>Common School</u>	<u>Total</u>
ASSETS				
Cash	\$ 24,252	\$ 17,661	\$ -	\$ 41,913
Due from other funds	-	-	2,635	2,635
TOTAL ASSETS	<u>\$ 24,252</u>	<u>\$ 17,661</u>	<u>\$ 2,635</u>	<u>\$ 44,548</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Due to others funds	<u>\$ 250</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 250</u>
TOTAL LIABILITIES	<u>250</u>	<u>-</u>	<u>-</u>	<u>250</u>
FUND EQUITY				
Fund Balance				
Designated	<u>24,002</u>	<u>17,661</u>	<u>2,635</u>	<u>44,298</u>
TOTAL FUND EQUITY	<u>24,002</u>	<u>17,661</u>	<u>2,635</u>	<u>44,298</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 24,252</u>	<u>\$ 17,661</u>	<u>\$ 2,635</u>	<u>\$ 44,548</u>

See accompanying independent auditors' report.

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>C Barker School</u>	<u>Grange Scholarship</u>	<u>Common School</u>	<u>Total</u>
ADDITIONS				
Interest	\$ 957	\$ 910	\$ 141	\$ 2,008
Other	-		-	-
TOTAL ADDITIONS	<u>957</u>	<u>910</u>	<u>141</u>	<u>2,008</u>
DEDUCTIONS	<u>500</u>	<u>1,262</u>	<u>-</u>	<u>1,762</u>
CHANGE IN NET ASSETS	457	(352)	141	246
NET ASSETS - JULY 1	<u>23,545</u>	<u>18,013</u>	<u>2,494</u>	<u>44,052</u>
NET ASSETS - JUNE 30	<u>\$ 24,002</u>	<u>\$ 17,661</u>	<u>\$ 2,635</u>	<u>\$ 44,298</u>

See accompanying independent auditors' report.

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 assets.

TOWN OF GRAY, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2008

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Totals
General Government	\$ 14,280	\$ 486,248	\$ 309,029	\$ 143,640	\$ 953,197
Pennell	34,563	293,351	413,016	-	740,930
Parks & Recreation	3,850	225,227	69,562	-	298,639
Public Safety	11,567	270,132	25,450	-	307,149
Fire & Rescue	19,318	464,594	3,342,601	-	3,826,513
Public Works	11,225	502,510	2,033,892	8,102,230	10,649,857
Buildings & Grounds	30,000	60,000	34,500	-	124,500
Soild Waste	-	190,540	225,776	-	416,316
Total General Capital Assets	124,803	2,492,602	6,453,826	8,245,870	17,317,101
Less: Accumulated Depreciation	-	(1,202,187)	(5,123,557)	(3,778,863)	(10,104,607)
Net General Capital Assets	\$ 124,803	\$ 1,290,415	\$ 1,330,269	\$ 4,467,007	\$ 7,212,494

See accompanying independent auditors' report.

TOWN OF GRAY, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2008

	General Capital Assets 7/1/07	Additions	Deletions	General Capital Assets 6/30/08
General Government	\$ 924,113	\$ 29,084	\$ -	\$ 953,197
Pennell	740,930	-	-	740,930
Parks & Recreation	298,639	-	-	298,639
Public Safety	307,149	-	-	307,149
Fire & Rescue	3,826,513	-	-	3,826,513
Public Works	10,130,862	550,995	(32,000)	10,649,857
Buildings & Grounds	124,500	-	-	124,500
Soild Waste	416,316	-	-	416,316
Total General Capital Assets	16,769,022	580,079	(32,000)	17,317,101
Less: Accumulated Depreciation	<u>(9,570,234)</u>	<u>(566,373)</u>	<u>32,000</u>	<u>(10,104,607)</u>
Net General Capital Assets	<u>\$ 7,198,788</u>	<u>\$ 13,706</u>	<u>\$ -</u>	<u>\$ 7,212,494</u>

See accompanying independent auditors' report.