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## Town of Gray Maine Financial Report 2009

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# Audited Financial Statements

## Town of Gray, Maine

June 30, 2009



*Proven Expertise and Integrity*

TOWN OF GRAY, MAINE

CONTENTS

JUNE 30, 2009

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 - 9
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET ASSETS	10
STATEMENT B - STATEMENT OF ACTIVITIES	11 - 12
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	13
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL BALANCE SHEET TO THE STATEMENT OF NET ASSETS	14
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	15
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	16
NOTES TO FINANCIAL STATEMENTS	17 - 33
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	34
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	35

## OTHER SUPPLEMENTARY INFORMATION

OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	36
SCHEDULE A – BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS – BUDGET AND ACTUAL – GENERAL FUND REVENUE	37
SCHEDULE B – SCHEDULE OF DEPARTMENTAL OPERATIONS	38 - 40
SCHEDULE E - COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS	41
SCHEDULE F - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	42
SPECIAL REVENUE FUNDS DESCRIPTION	43
SCHEDULE G - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	44
SCHEDULE H - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS	45
SCHEDULE I – SCHEDULE OF ACTIVITY – RECREATION FUND	46
PERMANENT FUNDS DESCRIPTION	47
SCHEDULE J - COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS	48 - 49
SCHEDULE K - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR PERMANENT FUNDS	50 - 51
GENERAL CAPITAL ASSETS DESCRIPTION	52
SCHEDULE L - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	53
SCHEDULE M - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	54



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## INDEPENDENT AUDITORS' REPORT

July 31, 2009

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, 2009, 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, 2009, 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.

RHR Smith & Co.

Certified Public Accountants

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009**

**(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, 2009. 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 Assets – this statement presents *all* of the government's assets and liabilities with the difference being reported as net assets.

The Statement of Activities – this statement presents information that shows how the government's net assets changed during the period. All changes in net assets 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 type of column for the towns 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 general government, public safety, public works, education, buildings, recreation and culture, and donations 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 three categories: governmental funds, proprietary 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 only 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 for. The Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Fiduciary Fund Financial Statements.

### **Required Supplementary Information**

The basic financial statements are followed by a section of required supplementary information, which includes a schedule of 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 assets, and changes in net assets of the Town's governmental activity. The Town's total net assets for governmental activities increased by \$462,238 from \$14.9 million to \$15.3 million.

Unrestricted net assets - the part of net assets 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 \$6,495,380 at the end of this year

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

	<u>2009</u>	<u>2008</u>
<b>Assets:</b>		
Current and other assets	\$ 10,879,657	\$ 11,355,584
Capital Assets	<u>10,461,606</u>	<u>7,212,494</u>
<b>Total Assets</b>	<b><u>\$ 21,341,263</u></b>	<b><u>\$ 18,568,078</u></b>
 <b>Liabilities:</b>		
Current Liabilities	\$ 222,732	\$ 3,441,201
Long-term Debt Outstanding	<u>5,783,801</u>	<u>254,385</u>
<b>Total Liabilities</b>	<b><u>\$ 6,006,533</u></b>	<b><u>\$ 3,695,586</u></b>
 <b>Net Assets:</b>		
Invested in Capital Assets, Net of Related Debt	\$ 4,837,956	\$ 7,060,610
Restricted Net Assets: Special Revenue funds	594,131	556,603
Capital Projects funds	3,249,964	-
Permanent funds	157,299	136,087
Unrestricted Net Assets	<u>6,495,380</u>	<u>7,119,192</u>
<b>Total Net Assets</b>	<b><u>\$ 15,334,730</u></b>	<b><u>\$ 14,872,492</u></b>

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

	2009	2008
<b>Revenues</b>		
Taxes:		
Property	\$ 9,932,979	\$ 9,083,490
Excise	1,261,037	1,336,033
Intergovernmental	742,082	770,170
Interest Income	410,293	433,362
Charges for services/fees	540,652	597,551
Other revenue	435,521	285,716
Total revenues	<u>13,322,564</u>	<u>12,506,322</u>
<b>Expenses</b>		
General government	815,544	714,153
Public safety	19,233	749,441
Recreation	346,457	336,684
Public works	2,145,323	2,120,850
Employee benefits	428,838	454,330
General insurance	148,346	132,896
County tax	481,628	431,054
Education	6,864,587	6,281,876
Unclassified	411,472	413,122
Capital outlay	1,035,636	360,380
Designated funds	155,655	-
Interest on long-term debt	51,905	10,899
Total expenses	<u>12,904,624</u>	<u>12,005,685</u>
Change in Net Assets	417,940	500,637
Net Assets - July 1	<u>14,872,492</u>	<u>14,371,855</u>
Restatement of Net Assets	44,298	-
Net Assets - June 30	<u>\$ 15,334,730</u>	<u>\$ 14,872,492</u>

### Revenues and Expenses

Revenues for the Town's governmental activities increased by 6.53%, while total expenses increased by 7.49%. Most of the Town's revenues were consistent with the previous year. The biggest increase in revenues was in property taxes, the tax assessment increased by close to \$900,000.

The capital outlay expenses increased this year due to the fact that two projects have been undertaken.

### 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, unreserved 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>2009</u>	<u>2008</u>
Major Funds:		
General Fund:		
Designated	\$ 727,272	\$ 3,984,222
Undesignated	3,127,944	3,106,086
Capital Projects Fund:		
Public works & transfer station	696,865	-
Town office	2,395,800	-
Capital reserves	1,509,929	-
Non-Major Funds:		
Special revenue funds	1,741,855	567,560
Capital projects fund	-	(207,738)
Permanent funds	157,299	136,087
Total Governmental Funds	<u>\$ 10,356,964</u>	<u>\$ 7,090,308</u>

The general fund total fund balance decreased by \$3,235,092 over the prior fiscal year. The non-major fund balances increased by \$1,407,095 over the prior fiscal year, with major programs for capital purposes increased by \$4,602,594. Most of the changes in the funds is due to reclassification. The overall increase of fund balance was due to receiving bond proceeds.

### **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 \$189,935. This was a result of property taxes and FEMA revenue. The FEMA revenues classified under intergovernmental was in excess of budgeted revenues by \$141,143.

The general fund actual expenditures were over the budget by \$148,802. The following expenditures were over budget which accounts for most of the balance:

Transfers to other funds	\$1,103,518
General Assistance	49,453



## **Capital Asset and Debt Administration**

### **Capital Assets**

As of June 30, 2009, the net book value of capital assets recorded by the Town increased by \$3,249,111 over the prior year. This increase is the result of capital additions of \$3,951,028 less current year depreciation expense of \$701,916.

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

	<u>2009</u>	<u>2008</u>
Land and Non-Depreciable Assets	\$ 2,535,076	\$ 124,803
Buildings and Improvements	1,596,295	1,290,415
Furniture and Equipment	154,042	305,335
Vehicles	1,373,290	1,024,934
Infrastructure	<u>4,802,902</u>	<u>4,467,007</u>
Total	<u>\$ 10,461,605</u>	<u>\$ 7,212,494</u>

### **Debt**

At June 30, 2009, the Town had \$5,600,000 in bonds outstanding versus \$122,800 last year, the \$5,600,000 is for the town office project and public works/transfer station project.

### **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, 2009

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 10,355,756
Accounts receivable (net of allowance for uncollectibles)	
Taxes	28,653
Liens	329,970
Other	157,070
Prepaid expenses	8,208
Total current assets	<u>10,879,657</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	2,535,076
Buildings and equipment, net of accumulated depreciation	7,926,530
Total noncurrent assets	<u>10,461,606</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 21,341,263</u></u>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	\$ 128,327
Accrued expenses	7,102
Accrued payroll	39,786
Prepaid taxes	38,038
Deferred revenue	3,920
Current portion of long-term obligations	5,559
Total current liabilities	<u>222,732</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	5,600,000
Capital leases payable	18,091
Accrued compensated absences	165,710
Total noncurrent liabilities	<u>5,783,801</u>
<b>TOTAL LIABILITIES</b>	<u><u>6,006,533</u></u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	4,837,956
Restricted: Special Revenue funds	594,131
Capital Projects funds	3,249,964
Permanent funds	157,299
Unrestricted	6,495,380
<b>TOTAL NET ASSETS</b>	<u><u>15,334,730</u></u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 21,341,263</u></u>

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

## TOWN OF GRAY, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009

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	\$ 815,544	\$ 136,551	\$ -	\$ -	\$ (678,993)
Public safety	19,233	270,533	-	-	251,300
Recreation and culture	346,457	-	-	-	(346,457)
Public works	2,145,323	133,568	82,308	-	(1,929,447)
Employee benefits	428,838	-	-	-	(428,838)
General insurance	148,346	-	-	-	(148,346)
County tax	481,628	-	-	-	(481,628)
Education	6,864,587	-	-	-	(6,864,587)
Unclassified	411,472	-	-	-	(411,472)
Capital outlay	1,035,636	-	-	-	(1,035,636)
Designated funds	155,655	-	-	-	(155,655)
Interest on long term debt	51,905	-	-	-	(51,905)
	<u>12,904,624</u>	<u>540,652</u>	<u>82,308</u>	<u>-</u>	<u>(12,281,664)</u>

STATEMENT B (CONTINUED)  
TOWN OF GRAY, MAINE

RECONCILIATION OF THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Governmental Activities</u>
Changes in net assets:	
Net (expense) revenue	<u>(12,281,664)</u>
General revenue:	
Taxes	
Property taxes, levied for general purposes	9,932,979
Excise taxes, levied for general purposes	1,261,037
Grants and contributions not restricted to specific programs	659,774
Interest income	410,293
Miscellaneous	435,521
Total general revenue and transfers	<u>12,699,604</u>
Change in net assets	<u>417,940</u>
NET ASSETS - JULY 1, 2008	<u>14,872,492</u>
RESTATEMENT OF NET ASSETS	44,298
NET ASSETS - JUNE 30, 2009	<u><u>\$ 15,334,730</u></u>

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



## TOWN OF GRAY, MAINE

BALANCE SHEET – GOVERNMENTAL FUNDS  
JUNE 30, 2009

	General Fund	Public Works & Transfer Station Project	Town Office Project	Capital Reserves	Other Governmental Funds	Totals Governmental Funds
<b>ASSETS</b>						
Cash	\$ 9,208,695	\$ -	\$ -	\$ -	\$ 1,147,061	\$ 10,355,756
Accounts receivable (net allowance of (doubtful accounts)						
Taxes	28,653	-	-	-	-	28,653
Tax liens	329,970	-	-	-	-	329,970
Other	157,070	-	-	-	-	157,070
Prepaid expenses	8,138	-	-	-	70	8,208
Due from other funds	1,750	696,865	2,395,800	1,509,929	760,350	5,364,694
<b>TOTAL ASSETS</b>	<u>\$ 9,734,276</u>	<u>\$ 696,865</u>	<u>\$ 2,395,800</u>	<u>\$ 1,509,929</u>	<u>\$ 1,907,481</u>	<u>\$ 16,244,351</u>
<b>LIABILITIES AND FUND EQUITY</b>						
<b>Liabilities</b>						
Accounts payable	\$ 127,162	\$ -	\$ -	\$ -	\$ 1,165	\$ 128,327
Accrued expenses	5,610	-	-	-	1,492	7,102
Accrued payroll	39,786	-	-	-	-	39,786
Prepaid taxes	38,038	-	-	-	-	38,038
Due to other funds	5,362,944	-	-	-	1,750	5,364,694
Deferred revenue	-	-	-	-	3,920	3,920
Deferred property tax	305,520	-	-	-	-	305,520
<b>TOTAL LIABILITIES</b>	<u>5,879,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,327</u>	<u>5,887,387</u>
<b>Fund Equity</b>						
General Fund:						
Designated	727,272	-	-	-	-	727,272
Undesignated	3,127,944	-	-	-	-	3,127,944
Special revenues funds:	-	-	-	-	1,741,855	1,741,855
Capital projects	-	696,865	2,395,800	1,509,929	-	4,602,594
Permanent funds	-	-	-	-	157,299	157,299
<b>TOTAL FUND EQUITY</b>	<u>3,855,216</u>	<u>696,865</u>	<u>2,395,800</u>	<u>1,509,929</u>	<u>1,899,154</u>	<u>10,356,964</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 9,734,276</u>	<u>\$ 696,865</u>	<u>\$ 2,395,800</u>	<u>\$ 1,509,929</u>	<u>\$ 1,907,481</u>	<u>\$ 16,244,351</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 ASSETS  
JUNE 30, 2009

	<u>Total Governmental Funds</u>
Total Fund Equity	\$ 10,356,964
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	10,461,606
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	305,520
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(5,600,000)
Capital leases payable	(23,650)
Accrued compensated absences	<u>(165,710)</u>
Net assets of governmental activities	<u>\$ 15,334,730</u>

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

## TOWN OF GRAY, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009

	General Fund	Public Works & Transfer Station Project	Town Office Project	Capital Reserves	Other Governmental Funds	Total Governmental Funds
REVENUE						
Taxes:						
Property	\$ 10,022,459	\$ -	\$ -	\$ -	\$ -	\$ 10,022,459
Excise	1,261,037	-	-	-	-	1,261,037
Intergovernmental	742,082	-	-	-	-	742,082
Interest income	190,512	88,679	21,997	63,212	45,893	410,293
Charges for services/fees	540,652	-	-	-	-	540,652
Other revenue	308,767	-	-	-	126,754	435,521
TOTAL REVENUE	13,065,509	88,679	21,997	63,212	172,647	13,412,044
EXPENDITURES						
Current						
General government	847,938	-	-	-	-	847,938
Public safety	691,523	-	-	-	-	691,523
Recreation and culture	311,391	-	-	-	-	311,391
Public works	1,753,796	-	-	-	-	1,753,796
Employee benefits	428,838	-	-	-	-	428,838
General insurance	148,346	-	-	-	-	148,346
County tax	481,628	-	-	-	-	481,628
Education	6,864,587	-	-	-	-	6,864,587
Unclassified	63,737	-	-	-	351,360	415,097
Capital outlay	1,298,893	2,384,076	26,197	302,925	-	4,012,091
Debt service	174,705	-	-	-	-	174,705
Designated funds	155,655	-	-	-	-	155,655
TOTAL EXPENDITURES	13,221,037	2,384,076	26,197	302,925	351,360	16,285,595
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(155,528)	(2,295,397)	(4,200)	(239,713)	(178,713)	(2,873,551)
OTHER FINANCING SOURCES USES						
Bond proceeds	-	3,200,000	2,400,000	-	-	5,600,000
Transfers in	379,169	-	-	2,048,700	1,410,033	3,837,902
Transfers out	(3,458,733)	-	-	(299,058)	(80,111)	(3,837,902)
TOTAL OTHER FINANCING SOURCES (USES)	(3,079,564)	3,200,000	2,400,000	1,749,642	1,329,922	5,600,000
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(3,235,092)	904,603	2,395,800	1,509,929	1,151,209	2,726,449
FUND BALANCES - JULY 1	7,090,308	(207,738)	-	-	747,945	7,630,515
FUND BALANCES - JUNE 30	\$ 3,855,216	\$ 696,865	\$ 2,395,800	\$ 1,509,929	\$ 1,899,154	\$ 10,356,964

## TOWN OF GRAY, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES –  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 2,726,449</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 Capital asset purchases capitalized	3,951,028
Depreciation expense	<u>(701,916)</u>
	<u>3,249,112</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets.	<u>(5,600,000)</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>(89,480)</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>128,234</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>3,625</u>
Change in net assets of governmental activities (Statement B)	<u><u>\$ 417,940</u></u>

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



TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

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 council-manager form of government and provides the following services: general government services, public safety, public works, health and welfare, education, and recreation.

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 Assets, 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 assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Town first utilizes restricted resources to finance qualifying activities.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

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 assets 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, reserves, fund equity, 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, 2009

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 in trust for specific purposes.

**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, 2009

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, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Inventories**

Inventories of supplies are considered to be expenditures at the time of purchase and are not included in the general fund balance sheet. The cost value is determined using the first-in, first-out (FIFO) method.

**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 \$60,000 for ambulance accounts receivable as of June 30, 2009.



TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Capital Assets**

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

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

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

Estimated useful lives are as follows:

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

**Long-term Obligations**

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

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term debt consists primarily of notes or bonds 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.

TOWN OF GRAY, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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, 2009 the Town's liability for compensated absences is \$165,710.

**Reserves**

The Town records reserves to indicate that a portion of the fund balance is legally segregated for a specific future use, which is indicated by the title of each reserves listed in the balance sheet and statement of net assets. It is the Town's policy to first use restricted assets for restricted programs and only unrestricted assets after the restricted assets have been exhausted.

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

The Town's property tax for the current year was levied September 4, 2008 on the assessed value listed as of April 1, 2008, for all real and personal property located in the Town. Taxes were due in two installments on October 1, 2008 and April 1, 2009. Interest on unpaid taxes commenced on October 2, 2008 and April 2, 2009, at 11% 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 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 \$49,692 for the year ended June 30, 2009.

The property tax collection rate was 97.00% for the year ended June 30, 2009 and 94.65% for the prior fiscal year, an increase of 2.35%.

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.

TOWN OF GRAY, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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.

**Net Assets**

Net assets represent the difference between assets and liabilities. Net assets 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 assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

NOTE 2 - 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, 2009, the Town's deposits of \$10,355,756 was comprised of bank balances of \$10,342,628 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>
Checking accounts	182,393
Savings accounts	10,160,235
	<u>\$ 10,342,628</u>

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE 3 - CAPITAL ASSETS (CONTINUED)

The following is a summary of changes in capital assets at June 30, 2009:

	Balance 7/1/08	Additions	Disposals	Balance 6/30/09
Non-depreciated assets:				
Land	\$ 124,803	\$ -	\$ -	\$ 124,803
Construction in progress	-	2,410,273	-	2,410,273
	<u>124,803</u>	<u>2,410,273</u>	<u>-</u>	<u>2,535,076</u>
Depreciated assets:				
Buildings & improvements	2,492,602	385,891	-	2,878,493
Furniture & equipment	1,505,359	37,557	-	1,542,916
Vehicles	4,948,467	549,966	-	5,498,433
Infrastructure	8,245,870	567,341	-	8,813,211
	<u>17,192,298</u>	<u>1,540,755</u>	<u>-</u>	<u>18,733,053</u>
Less accumulated depreciation:				
Buildings & improvements	(1,202,187)	(80,011)	-	(1,282,198)
Furniture & equipment	(1,276,733)	(112,141)	-	(1,388,874)
Vehicles	(3,846,824)	(278,319)	-	(4,125,143)
Infrastructure	(3,778,863)	(231,445)	-	(4,010,308)
	<u>(10,104,607)</u>	<u>(701,916)</u>	<u>-</u>	<u>(10,806,523)</u>
Net depreciated assets	<u>7,087,691</u>	<u>838,839</u>	<u>-</u>	<u>7,926,530</u>
Net capital assets	<u>\$ 7,212,494</u>	<u>\$ 3,249,112</u>	<u>\$ -</u>	<u>\$ 10,461,606</u>

Current year depreciation

General Government	\$ 31,406
Pennell	39,702
Parks & Recreation	10,297
Public Safety	6,753
Fire & Rescue	143,817
Public Works	455,928
Buildings & Grounds	4,080
Solid Waste	<u>9,933</u>

Total depreciation expense \$ 701,916



TOWN OF GRAY, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2009 consisted of the following individual fund receivables and payables:

	<u>Receivables (Due From)</u>	<u>Payables (Due To)</u>
GENERAL FUND		
Major Funds:		
General fund	\$ 1,750	\$ 5,362,944
Transfer station project	696,865	-
Town office project	2,395,800	-
Capital reserves	1,509,929	-
Non-major funds:		
Special Revenue funds	644,377	-
Permanent funds	<u>115,973</u>	<u>1,750</u>
	<u>\$ 5,364,694</u>	<u>\$ 5,364,694</u>

NOTE 5 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2009:

	<u>Balance 7/1/08</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/09</u>	<u>Current Year Portion</u>
Bonds payable	\$ 122,800	\$ 5,600,000	\$ (122,800)	\$ 5,600,000	\$ -
Capital leases payable	29,084	-	(5,434)	23,650	5,559
Accrued compensated absences	169,335	-	(3,625)	165,710	-
Totals	<u>\$ 321,219</u>	<u>\$ 5,600,000</u>	<u>\$ (131,859)</u>	<u>\$ 5,789,360</u>	<u>\$ 5,559</u>

TOWN OF GRAY, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

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 2029. Interest is charged at a varying rate of 2.50% to 4.25% per annum. Annual principal installments are \$160,000.	\$ 3,200,000
\$2,400,000, 2009 General Obligation Bond due in two annual installment and semiannual interest installments through October 2029. Interest is charged at a varying rate of 2.50% to 4.25% per annum. Annual principal installments are \$120,000.	<u>2,400,000</u>
Total Bonds Payable	<u><u>\$ 5,600,000</u></u>

Principal and interest requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2010	\$ -	\$ 175,249	\$ 175,249
2011	280,000	179,900	459,900
2012	280,000	172,900	452,900
2013	280,000	165,900	445,900
2014	280,000	158,900	438,900
2015-2019	1,400,000	683,200	2,083,200
2020-2024	1,400,000	469,000	1,869,000
2025-2029	1,400,000	202,650	1,602,650
2030-2034	280,000	5,950	285,950
	<u>\$ 5,600,000</u>	<u>\$ 2,005,049</u>	<u>\$ 7,813,649</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, 2009

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a summary of capital leases payable for the year ended June 30, 2009:

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:

2010	\$ 6,534
2011	6,534
2012	6,534
2013	6,533
2014	<u>-</u>
Total minimum lease payment	26,135
Less amount representing interest	<u>(2,485)</u>
Present value of future minimum lease payments	<u>\$ 23,650</u>

NOTE 6 - EXPENDITURES OVER APPROPRIATIONS

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

	<u>Excess</u>
General assistance	\$ 49,453
Administrative services	10,147
Council, boards and committees	2,384
Parks and recreation administration	5,286
Zoning board of appeals	946
General insurance	<u>4,346</u>
	<u>\$ 72,562</u>

# TOWN OF GRAY, MAINE

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

### NOTE 7 – RESERVED NET ASSETS

The following net assets have been reserved at June 30, 2009 for the following purposes:

Reserved for special revenue funds:	
TIF Reserve	594,131
Reserved for capital project funds	
Public works & transfer station project	696,865
Town office project	2,395,800
Reserved for permanent funds	<u>157,299</u>
Total	<u>\$ 3,844,095</u>

### NOTE 8 – DESIGNATED FUND EQUITY

At June 30, 2009, the designated fund balances was made up of the following account balances carried forward into the subsequent year's budget:

General Fund:	
Bridges	13,314
Buildings and grounds	733
Cardiac Fund	4,357
Communications	7,125
Disaster Relief Fund	34,699
Dry Mill School	5,223
Employee benefits	2,650
Food closet	1,878
Geo plan	3,206
GIS mapping	9,250
Grant Match	11,009
Grant Matches	33,490
Gray Fire & Rescue Memorial Fund	21,720
Libby hill	25,000
Library	20,407
Library Appeal	1,959
Library Comm. Fund - Barbara Bush	2,023
Library fund	19,395
Library Reserve	5,250
Library/Davis/Kim	1,308
Maxwell gravel pit reclamation	12,257
Mazur Parks/Rec Memorial Fund	2,151
Old Home Days	6,205

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE 8 – DESIGNATED FUND EQUITY

Penn Cable	146,864
Pennell Town Clock	18,285
Planning board escrow	54,389
Public safety fire tech & safety	3,472
Public works	4,500
Public works garage	\$ 1,408
Public works summer roads	2,279
Rescue/Kilby Fund	10,774
Revaluation	68,250
S/Dugas pit reclamation	8,507
Stimson Hall	22,250
Subdivision Recreation Fund	119,916
Tomco	20,627
Village fire station	1,142
	<u>\$ 727,272</u>

NOTE 9 – 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, 2009

### NOTE 9 – 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 10 – 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 11 - 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, 2009, the Town's share was approximately:

	<u>Outstanding Debt</u>	<u>Percentage</u>	<u>Amount</u>
Gray Water District	\$ 1,751,646	100.00%	\$ 1,751,646
County of Cumberland	7,795,000	2.13%	166,034
MSAD #15	9,214,148	64.55%	5,947,733
			<u>\$ 7,865,412</u>

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, 2009 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.

## TOWN OF GRAY, MAINE

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

#### NOTE 12 – RISK MANAGEMENT

The Town faces a full realm of risks typical of a thriving entity. Liabilities associated with torts and protections against damage or loss of assets are the general categories of risk for which the Town carries commercial insurance. Specific insurance related to these categories includes general, police and public officials liability coverage, workers compensation, and automobile insurance. The Town is liable for deductibles ranging up to \$10,000 for settlements exceeding the limits of coverage, which range from \$400,000 to \$3,000,000. The amount of settlements has not exceeded insurance coverage for each of the past three years.

#### NOTE 13 – COMMITMENTS

At June 30, 2009 the Town had no commitments.

#### 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 – DEFICIT FUND BALANCE

The Town had no deficit fund balances / net assets.

### 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, 2009

	<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,	\$ 7,090,308	\$ 7,090,308	\$ 7,090,308	\$ -
Resources (Inflows):				
Property	9,932,561	9,932,561	10,022,459	89,898
Excise	1,309,000	1,309,000	1,261,037	(47,963)
Intergovernmental	553,392	597,979	742,082	144,103
Charges for services	522,310	522,310	540,652	18,342
Interest income	201,080	201,080	190,512	(10,568)
Other revenue	224,810	306,238	308,767	2,529
Transfers from other funds	362,594	362,594	379,169	16,575
Amounts Available for Appropriation	<u>20,196,055</u>	<u>20,322,070</u>	<u>20,534,986</u>	<u>212,916</u>
EXPENDITURES				
Current:				
General government	845,038	845,038	847,938	(2,900)
Public safety	702,418	703,202	691,523	11,679
Recreation and culture	314,926	314,926	311,391	3,535
Public works	1,822,596	1,822,596	1,753,796	68,800
Employee benefits	490,976	490,976	428,838	62,138
General insurance	144,000	144,000	148,346	(4,346)
County assessment	481,628	481,628	481,628	-
Education	6,864,587	6,864,587	6,864,587	-
Unclassified	127,329	127,329	63,737	63,592
Capital outlay	1,389,854	1,434,441	1,298,893	135,548
Debt service	187,988	187,988	174,705	13,283
Designated funds	678,398	759,042	155,655	603,387
Transfers to other funds	2,355,215	2,355,215	3,458,733	(1,103,518)
Total Charges to Appropriations	<u>16,404,953</u>	<u>16,530,968</u>	<u>16,679,770</u>	<u>(148,802)</u>
Budgetary Fund Balance, June 30	<u>\$ 3,791,102</u>	<u>\$ 3,791,102</u>	<u>\$ 3,855,216</u>	<u>\$ 64,114</u>
Utilization of undesignated fund balance	\$ 380,000	\$ 380,000	\$ -	\$ (380,000)
Utilization of designated fund balance	2,919,206	2,919,206	-	(2,919,206)
	<u>\$ 3,299,206</u>	<u>\$ 3,299,206</u>	<u>\$ -</u>	<u>\$ (3,299,206)</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 Schedule of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Project Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Capital Project Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Permanent Funds
- Schedule of General Capital Assets By Function
- Schedule of Changes in General Capital Assets By Function



## SCHEDULE A

## TOWN OF GRAY, MAINE

BUDGETARY COMPARISON SCHEDULE BUDGETARY BASIS  
BUDGET AND ACTUAL - REVENUES  
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amount</u>	<u>Use of Receipts</u>	<u>Total Available</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Resources (Inflows):					
Taxes:					
Property taxes	\$ 9,932,561	-	9,932,561	\$ 10,022,459	\$ 89,898
Auto excise	1,290,000	-	1,290,000	1,242,069	(47,931)
Boat excise	19,000	-	19,000	18,968	(32)
Intergovernmental revenues:					
State revenue sharing	437,845	-	437,845	408,530	(29,315)
Highway block grant	82,308	-	82,308	82,308	-
Tree growth	8,000	-	8,000	14,179	6,179
Veterans' exemption	2,439	-	2,439	2,390	(49)
General assistance	19,500	-	19,500	45,059	25,559
FEMA	-	-	-	141,143	141,143
Snowmobiles	3,300	-	3,300	3,886	586
Grants	-	44,587	44,587	44,587	-
Charges for services:					
Clerk fees	7,000	-	7,000	6,744	(256)
Dog licenses	1,900	-	1,900	2,119	219
Dog control	1,100	-	1,100	8,936	7,836
Auto registration fees	25,000	-	25,000	23,914	(1,086)
Hunting & fishing fees	1,800	-	1,800	1,607	(193)
Boat/ATV/snowmobile fees	3,000	-	3,000	2,206	(794)
Electric fees	10,000	-	10,000	7,826	(2,174)
Plumbing fees	16,000	-	16,000	9,871	(6,129)
Zoning board applications	1,200	-	1,200	1,000	(200)
Planning board fees	2,000	-	2,000	800	(1,200)
Gravel pits	700	-	700	1,600	900
Street construction fees	1,000	-	1,000	500	(500)
Building fees	65,000	-	65,000	66,590	1,590
Driveway opening	1,000	-	1,000	200	(800)
Shoreland application fees	2,000	-	2,000	1,500	(500)
Rescue fees	260,000	-	260,000	270,533	10,533
Land use fines	500	-	500	3,898	3,398
Recycling	121,000	-	121,000	127,420	6,420
Tree removal	750	-	750	2,250	1,500
Miscellaneous charges	1,360	-	1,360	1,138	(222)
Interest income:					
Tax interest	31,000	-	31,000	76,699	45,699
Interest income	170,080	-	170,080	113,813	(56,267)
Miscellaneous revenues:					
Cable franchise fees	60,600	-	60,600	68,025	7,425
Leisure services	3,200	-	3,200	4,212	1,012
Use of designated funds	91,010	80,644	171,654	171,654	-
Proceeds from sale of assets	62,000	-	62,000	-	(62,000)
Misc. other	8,000	784	8,784	64,876	56,092
Transfers from other funds	362,594	-	362,594	379,169	16,575
Amounts Available for Appropriation	<u>\$ 13,105,747</u>	<u>\$ 126,015</u>	<u>\$ 13,231,762</u>	<u>\$ 13,444,678</u>	<u>\$ 212,916</u>

See accompanying independent auditors' report.

## TOWN OF GRAY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2009

	Balance 7/1/2008	Appropriations	Receipts	Total Available	Expenditures	Lapsed	Carried
GENERAL GOVERNMENT:							
Administrative services	\$ -	\$ 352,572	\$ -	\$ 352,572	\$ 362,719	\$ (10,147)	\$ -
Community development	15,170	90,705	-	105,875	104,860	1,015	-
Assessing	4,000	75,751	-	79,751	75,225	4,526	-
Code enforcement	-	107,872	-	107,872	96,805	11,067	-
GIS mapping	7,250	2,700	-	9,950	700	-	9,250
General assistance	-	38,850	-	38,850	88,303	(49,453)	-
Animal control	-	17,687	-	17,687	13,662	4,025	-
Elections	-	12,226	-	12,226	8,910	3,316	-
Public communications	-	61,010	-	61,010	43,753	10,132	7,125
Council, Boards, Committees	-	27,640	-	27,640	30,024	(2,384)	-
Zoning Board of Appeals	-	2,800	-	2,800	3,746	(946)	-
Planning Board	-	22,530	-	22,530	16,860	5,670	-
Economic development	-	5,000	-	5,000	1,956	3,044	-
Ordinance Review	-	1,275	-	1,275	415	860	-
Totals	26,420	818,618	-	845,038	847,938	(19,275)	16,375
PUBLIC SAFETY:							
Public safety services	-	568,834	784	569,618	562,495	3,651	3,472
Utilities	2,061	131,523	-	133,584	129,028	4,556	-
Totals	2,061	700,357	784	703,202	691,523	8,207	3,472
RECREATION AND CULTURE							
Library	-	208,683	-	208,683	199,862	8,821	-
Parks and recreation administration	-	106,243	-	106,243	111,529	(5,286)	-
Totals	-	314,926	-	314,926	311,391	3,535	-
EMPLOYEE BENEFITS	1,750	489,226	-	490,976	428,838	59,488	2,650
GENERAL INSURANCE	-	144,000	-	144,000	148,346	(4,346)	-

## TOWN OF GRAY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2009

	Balance 7/1/2008	Appropriations	Receipts	Total Available	Expenditures	Lapsed	Carried
<b>PUBLIC WORKS</b>							
Winter roads	-	327,084	-	327,084	345,948	(18,864)	-
Summer roads	-	217,076	-	217,076	216,404	(1,607)	2,279
Additional roadwork	-	80,337	-	80,337	80,685	(348)	-
Garage	-	276,455	-	276,455	244,217	30,830	1,408
Recycling	-	793,089	-	793,089	741,338	51,751	-
Buildings and grounds	-	128,555	-	128,555	125,204	2,618	733
<b>Totals</b>	-	<b>1,822,596</b>	-	<b>1,822,596</b>	<b>1,753,796</b>	<b>64,380</b>	<b>4,420</b>
<b>CAPITAL OUTLAY</b>							
Town office	-	33,200	-	33,200	32,159	1,041	-
Public works	4,224	2,500	-	6,724	-	2,224	4,500
Public safety	12,000	528,058	-	540,058	528,599	11,459	-
Library	14,106	21,000	-	35,106	14,699	-	20,407
Village fire station	6,590	-	-	6,590	5,448	-	1,142
Public works vehicles	34,217	-	-	34,217	31,069	3,148	-
Transfer station	24,692	-	-	24,692	15,397	9,295	-
Bridges	75,112	28,500	-	103,612	90,298	-	13,314
Street reconstruction	59,186	264,000	-	323,186	323,166	20	-
Libby hill	-	25,000	-	25,000	-	-	25,000
Wilkie's beach	-	3,000	-	3,000	-	3,000	-
Voting machines	-	2,310	-	2,310	2,302	8	-
Grant Matches	-	55,000	44,587	99,587	66,097	-	33,490
Newbegin	-	77,159	-	77,159	69,659	7,500	-
Public safety vehicle reserve	-	120,000	-	120,000	120,000	-	-
<b>Totals</b>	<b>230,127</b>	<b>1,159,727</b>	<b>44,587</b>	<b>1,434,441</b>	<b>1,298,893</b>	<b>37,695</b>	<b>97,853</b>
<b>DEBT SERVICE</b>	-	187,988	-	187,988	174,705	13,283	-
<b>COUNTY TAX</b>	-	481,628	-	481,628	481,628	-	-
<b>EDUCATION</b>	-	6,864,587	-	6,864,587	6,864,587	-	-

## TOWN OF GRAY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2009

	Balance 7/1/2008	Appropriations	Receipts	Total Available	Expenditures	Lapsed	Carried
Designated funds:							
Dry Mill School	5,223	-	-	5,223	-	-	5,223
Old Home Days	6,205	-	-	6,205	-	-	6,205
Penn Cable	207,874	-	-	207,874	61,010	-	146,864
Rescue/Kilby Fund	7,369	-	5,225	12,594	1,820	-	10,774
Cardiac Fund	8,434	-	150	8,584	4,227	-	4,357
Disaster Relief Fund	34,699	-	-	34,699	-	-	34,699
Grant Match	11,009	-	-	11,009	-	-	11,009
Library Comm. Fund - Barbara Bush	2,023	-	-	2,023	-	-	2,023
Subdivision Recreation Fund	131,716	-	13,200	144,916	25,000	-	119,916
Library Reserve	5,250	-	-	5,250	-	-	5,250
Library/Davis/Kim	1,308	-	-	1,308	-	-	1,308
Pennell Town Clock	18,285	-	-	18,285	-	-	18,285
Stimson Hall	22,250	-	-	22,250	-	-	22,250
Library Appeal	1,959	-	-	1,959	-	-	1,959
Gray Fire & Rescue Memorial Fund	20,730	-	990	21,720	-	-	21,720
Revaluation	-	68,250	-	68,250	-	-	68,250
Public works building	32,570	-	-	32,570	32,570	-	-
GEO plan	2,802	-	4,724	7,526	4,320	-	3,206
Tomco	20,753	-	-	20,753	126	-	20,627
Recycling bins	885	-	-	885	-	885	-
Library fund	-	-	21,439	21,439	2,044	-	19,395
Planning board escrow	45,889	-	33,038	78,927	24,538	-	54,389
S/Dugas pit reclamation	8,507	-	-	8,507	-	-	8,507
Maxwell gravel pit reclamation	12,257	-	-	12,257	-	-	12,257
Food closet	-	-	1,878	1,878	-	-	1,878
Mazur Parks/Rec Memorial Fund	2,151	-	-	2,151	-	-	2,151
	<u>610,148</u>	<u>68,250</u>	<u>80,644</u>	<u>759,042</u>	<u>155,655</u>	<u>885</u>	<u>602,502</u>
UNCLASSIFIED							
Stimson Hall	-	7,388	-	7,388	7,584	(196)	-
Community services	-	56,713	-	56,713	49,208	7,505	-
Pennell buildings	-	13,536	-	13,536	6,945	6,591	-
Overlay	-	49,692	-	49,692	-	49,692	-
Totals	<u>-</u>	<u>127,329</u>	<u>-</u>	<u>127,329</u>	<u>63,737</u>	<u>63,592</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 870,506</u>	<u>\$ 13,179,232</u>	<u>\$ 126,015</u>	<u>\$ 14,175,753</u>	<u>\$ 13,221,037</u>	<u>\$ 227,444</u>	<u>\$ 727,272</u>

See accompanying independent auditors' report.

## TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2009

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash	\$ 1,103,985	\$ 43,076	\$ 1,147,061
Prepaid expenses	70	-	70
Due from other funds	644,377	115,973	760,350
Total assets	<u>\$ 1,748,432</u>	<u>\$ 159,049</u>	<u>\$ 1,907,481</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,165	\$ -	\$ 1,165
Accrued payroll	1,492	-	1,492
Deferred revenue	3,920	-	3,920
Due to other funds	-	1,750	1,750
Total liabilities	<u>6,577</u>	<u>1,750</u>	<u>8,327</u>
<b>FUND EQUITY</b>			
Fund balances:			
Designated for subsequent years' expenditures	1,741,855	157,299	1,899,154
Undesignated	-	-	-
Total fund equity	<u>1,741,855</u>	<u>157,299</u>	<u>1,899,154</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u><u>\$ 1,748,432</u></u>	<u><u>\$ 159,049</u></u>	<u><u>\$ 1,907,481</u></u>

See accompanying independent auditors' report.



## TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES – NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES			
Investment income	\$ 39,416	\$ 6,477	\$ 45,893
Other	126,754	-	126,754
TOTAL REVENUES	<u>166,170</u>	<u>6,477</u>	<u>172,647</u>
EXPENDITURES	<u>335,333</u>	<u>16,027</u>	<u>351,360</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(169,163)</u>	<u>(9,550)</u>	<u>(178,713)</u>
OTHER FINANCING SOURCES (USES)			
Bond monies	-	-	-
Operating Transfers In	1,410,033	-	1,410,033
Operating Transfers Out	<u>(66,575)</u>	<u>(13,536)</u>	<u>(80,111)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,343,458</u>	<u>(13,536)</u>	<u>1,329,922</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>1,174,295</u>	<u>(23,086)</u>	<u>1,151,209</u>
FUND BALANCE - JULY 1,	<u>567,560</u>	<u>180,385</u>	<u>747,945</u>
FUND BALANCE - JUNE 30	<u>\$ 1,741,855</u>	<u>\$ 157,299</u>	<u>\$ 1,899,154</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, 2009

	<u>TIF Reserve</u>	<u>Recreation Fund</u>	<u>Library Fund</u>	<u>Crisis Fund</u>	<u>Total</u>
<b>ASSETS</b>					
Cash	\$ -	\$ 330	\$ -	\$ 1,103,655	\$ 1,103,985
Prepaid expenses	-	70	-	-	70
Due from other funds	594,131	11,182	-	39,064	644,377
<b>TOTAL ASSETS</b>	<u>\$ 594,131</u>	<u>\$ 11,582</u>	<u>\$ -</u>	<u>\$ 1,142,719</u>	<u>\$ 1,748,432</u>
<b>LIABILITIES AND FUND EQUITY</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 1,165	\$ -	\$ -	\$ 1,165
Accrued payroll	-	1,492	-	-	1,492
Deferred revenue	-	3,920	-	-	3,920
Due to other funds	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>6,577</u>	<u>-</u>	<u>-</u>	<u>6,577</u>
<b>FUND EQUITY</b>					
Fund Balance:					
Designated	594,131	5,005	-	1,142,719	1,741,855
Undesignated	-	-	-	-	-
<b>TOTAL FUND EQUITY</b>	<u>594,131</u>	<u>5,005</u>	<u>-</u>	<u>1,142,719</u>	<u>1,741,855</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 594,131</u>	<u>\$ 11,582</u>	<u>\$ -</u>	<u>\$ 1,142,719</u>	<u>\$ 1,748,432</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, 2009

	<u>TIF Reserve</u>	<u>Recreation Fund</u>	<u>Library Fund</u>	<u>Crisis Fund</u>	<u>Total</u>
REVENUES					
Investment income	\$ -	\$ -	\$ -	\$ 39,416	\$ 39,416
Other income	-	126,754	-	-	126,754
TOTAL REVENUE	<u>-</u>	<u>126,754</u>	<u>-</u>	<u>39,416</u>	<u>166,170</u>
EXPENDITURES	<u>214,202</u>	<u>121,131</u>	<u>-</u>	<u>-</u>	<u>335,333</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(214,202)</u>	<u>5,623</u>	<u>-</u>	<u>39,416</u>	<u>(169,163)</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	306,730	-	-	1,103,303	1,410,033
Operating Transfers Out	(55,000)	-	(11,575)	-	(66,575)
TOTAL OTHER FINANCING SOURCES (USES)	<u>251,730</u>	<u>-</u>	<u>(11,575)</u>	<u>1,103,303</u>	<u>1,343,458</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	<u>37,528</u>	<u>5,623</u>	<u>(11,575)</u>	<u>1,142,719</u>	<u>1,174,295</u>
FUND BALANCE - JULY 1,	<u>556,603</u>	<u>(618)</u>	<u>11,575</u>	<u>-</u>	<u>567,560</u>
FUND BALANCE - JUNE 30	<u>\$ 594,131</u>	<u>\$ 5,005</u>	<u>\$ -</u>	<u>\$ 1,142,719</u>	<u>\$ 1,741,855</u>

See accompanying independent auditors' report.

## SCHEDULE I

## TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF ACTIVITY – RECREATION FUND  
FOR THE YEAR ENDED JUNE 30, 2009

	Balance, 7/1/2008	Revenue	Expenditures	Balance, 6/30/2009
Senior Citizens	\$ -	\$ -	\$ -	\$ -
After school activities	-	-	-	-
Day camp	-	42,013	45,708	(3,695)
Ski program	-	3,478	2,720	758
Camps/clinics	-	7,080	3,872	3,208
Youth soccer	-	9,395	7,403	1,992
Adult volleyball	-	1,200	2,061	(861)
Youth basketball	-	9,410	8,107	1,303
Day camp/supplies/trips	-	3,320	1,775	1,545
Adult basketball	-	10,449	10,225	224
Newbegin rental	-	1,557	-	1,557
Gymnastics	-	2,929	2,502	427
Vacation day camp	-	3,778	3,641	137
Track and field	-	320	362	(42)
Pee wee baseball	-	-	-	-
Flag football	-	2,195	440	1,755
Cross country	-	2,025	2,070	(45)
Junior soccer	-	1,632	988	644
Junior track	-	3,135	1,609	1,526
Junior basketball	-	2,335	1,304	1,031
Softball tournament	-	660	541	119
Reach	-	19,650	18,277	1,373
Special events	-	193	3,256	(3,063)
Community trips	-	-	-	-
Home programs	-	-	-	-
Horse riding lessons	-	-	-	-
Trail runners	-	-	-	-
Yoga	-	-	-	-
Field hockey	-	-	-	-
Swim lessons	-	-	2,691	(2,691)
Equipment	-	-	123	(123)
Brouchures/flyers	-	-	1,456	(1,456)
Subtotal - Recreation Department Activity	-	126,754	121,131	5,623
Beginning Fund Balance	(618)	-	-	(618)
Total Recreation Department Activity	<u>\$ (618)</u>	<u>\$ 126,754</u>	<u>\$ 121,131</u>	<u>\$ 5,005</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, 2009

	<u>Cemetery</u>	<u>George Doughty</u>	<u>Helen Frank Cemetery</u>	<u>Monument &amp; Christian Temple</u>	<u>Pennell</u>
ASSETS					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	23,954	10,502	35,114	2,940	33,236
TOTAL ASSETS	<u>\$ 23,954</u>	<u>\$ 10,502</u>	<u>\$ 35,114</u>	<u>\$ 2,940</u>	<u>\$ 33,236</u>
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Due to others funds		\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND EQUITY					
Fund Balance					
Designated	23,954	10,502	35,114	2,940	33,236
TOTAL FUND EQUITY	<u>23,954</u>	<u>10,502</u>	<u>35,114</u>	<u>2,940</u>	<u>33,236</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 23,954</u>	<u>\$ 10,502</u>	<u>\$ 35,114</u>	<u>\$ 2,940</u>	<u>\$ 33,236</u>

## TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
JUNE 30, 2009

	C Barker School	Grange Scholarship	Common School	Stimson Cemetery	Total
ASSETS					
Cash	\$ 25,028	\$ 18,048	\$ -	\$ -	\$ 43,076
Due from other funds	-	-	2,751	7,476	115,973
TOTAL ASSETS	<u>\$ 25,028</u>	<u>\$ 18,048</u>	<u>\$ 2,751</u>	<u>\$ 7,476</u>	<u>\$ 159,049</u>
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Due to others funds	\$ 750	\$ 1,000	\$ -	\$ -	\$ 1,750
TOTAL LIABILITIES	<u>750</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,750</u>
FUND EQUITY					
Fund Balance					
Designated	24,278	17,048	2,751	7,476	157,299
TOTAL FUND EQUITY	<u>24,278</u>	<u>17,048</u>	<u>2,751</u>	<u>7,476</u>	<u>157,299</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 25,028</u>	<u>\$ 18,048</u>	<u>\$ 2,751</u>	<u>\$ 7,476</u>	<u>\$ 159,049</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, 2009

	<u>Cemetery</u>	<u>George Doughty</u>	<u>Helen Frank Cemetery</u>	<u>Monument &amp; Christian Temple</u>	<u>Pennell</u>
REVENUES					
Investment income	\$ 1,156	\$ 502	\$ 1,534	\$ 124	\$ 1,406
Other income	-	-	-	-	-
TOTAL REVENUE	<u>1,156</u>	<u>502</u>	<u>1,534</u>	<u>124</u>	<u>1,406</u>
EXPENDITURES	<u>5,078</u>	<u>2,042</u>	<u>1,722</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,922)</u>	<u>(1,540)</u>	<u>(188)</u>	<u>124</u>	<u>1,406</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	(13,536)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,536)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	<u>(3,922)</u>	<u>(1,540)</u>	<u>(188)</u>	<u>124</u>	<u>(12,130)</u>
FUND BALANCE - JULY 1,	<u>27,876</u>	<u>12,042</u>	<u>35,302</u>	<u>2,816</u>	<u>45,366</u>
FUND BALANCE - JUNE 30	<u>\$ 23,954</u>	<u>\$ 10,502</u>	<u>\$ 35,114</u>	<u>\$ 2,940</u>	<u>\$ 33,236</u>

## TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR PERMANENT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2009

	C Barker School	Grange Scholarship	Common School	Stimson Cemetery	Total
REVENUES					
Investment income	\$ 776	\$ 387	\$ 116	\$ 476	\$ 6,477
Other income	-	-	-	-	-
TOTAL REVENUE	<u>776</u>	<u>387</u>	<u>116</u>	<u>476</u>	<u>6,477</u>
EXPENDITURES	<u>500</u>	<u>1,000</u>	<u>-</u>	<u>5,685</u>	<u>16,027</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>276</u>	<u>(613)</u>	<u>116</u>	<u>(5,209)</u>	<u>(9,550)</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	(13,536)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,536)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	<u>276</u>	<u>(613)</u>	<u>116</u>	<u>(5,209)</u>	<u>(23,086)</u>
FUND BALANCE - JULY 1,	<u>24,002</u>	<u>17,661</u>	<u>2,635</u>	<u>12,685</u>	<u>180,385</u>
FUND BALANCE - JUNE 30	<u>\$ 24,278</u>	<u>\$ 17,048</u>	<u>\$ 2,751</u>	<u>\$ 7,476</u>	<u>\$ 157,299</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, 2009

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Totals
General Government	\$ 40,477	\$ 518,417	\$ 309,029	\$ 143,640	\$ 1,011,563
Pennell	34,563	302,377	418,923	-	755,863
Parks & Recreation	3,850	225,227	69,562	-	298,639
Public Safety	11,567	529,797	38,679	-	580,043
Fire & Rescue	19,318	464,594	3,892,567	-	4,376,479
Public Works	2,395,301	509,127	2,052,314	8,669,570	13,626,312
Buildings & Grounds	30,000	138,414	34,500	-	202,914
Soild Waste	-	190,540	225,776	-	416,316
Total General Capital Assets	2,535,076	2,878,493	7,041,350	8,813,210	21,268,129
Less: Accumulated Depreciation	-	(1,282,198)	(5,514,017)	(4,010,308)	(10,806,523)
Net General Capital Assets	\$ 2,535,076	\$ 1,596,295	\$ 1,527,333	\$ 4,802,902	\$ 10,461,606

See accompanying independent auditors' report.

## TOWN OF GRAY, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION  
FOR THE YEAR ENDED JUNE 30, 2009

	General Capital Assets 7/1/08	Additions	Deletions	General Capital Assets 6/30/09
General Government	\$ 953,197	\$ 58,366	\$ -	\$ 1,011,563
Pennell	740,930	14,933	-	755,863
Parks & Recreation	298,639	-	-	298,639
Public Safety	307,149	272,894	-	580,043
Fire & Rescue	3,826,513	549,966	-	4,376,479
Public Works	10,649,857	2,976,455	-	13,626,312
Buildings & Grounds	124,500	78,414	-	202,914
Soild Waste	416,316	-	-	416,316
Total General Capital Assets	17,317,101	3,951,028	-	21,268,129
Less: Accumulated Depreciation	(10,104,607)	(701,916)	-	(10,806,523)
Net General Capital Assets	<u>\$ 7,212,494</u>	<u>\$ 3,249,112</u>	<u>\$ -</u>	<u>\$ 10,461,606</u>

See accompanying independent auditors' report.