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Audited Financial Statements

Town of Gray, Maine

June 30, 2012



Proven Expertise and Integrity

TOWN OF GRAY, MAINE

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JUNE 30, 2012

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INDEPENDENT AUDITORS' REPORT

July 25, 2012

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, 2012, 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 of Gray's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Gray, Maine as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Gray, Maine's financial statements as a whole. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RHR Smith & Company

Certified Public Accountants

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

(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, 2012. 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 column for the Town's activity. The type of activity presented for the Town of Gray is:

- *Governmental activities* – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, public safety, recreation, public works, education and other unclassified.

Fund Financial Statements

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

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

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

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

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

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

Notes to the Financial Statements

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

Required Supplementary Information

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

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net assets, and changes in net assets of the Town's governmental activity. The Town's total net assets for governmental activities increased by \$163,512 from \$15,109,999 to \$15,273,511.

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 \$4,161,128 at the end of this year

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

	2012	2011
Assets:		
Current and Other Assets	\$ 6,878,419	\$ 7,325,431
Capital Assets	14,384,752	14,268,231
Total Assets	\$ 21,263,171	\$ 21,593,662
 Liabilities:		
Current Liabilities	\$ 819,922	\$ 813,181
Long-term Debt Outstanding	5,169,738	5,670,482
Total Liabilities	\$ 5,989,660	\$ 6,483,663
 Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$ 8,857,363	\$ 8,226,236
Restricted:		
Special Revenue funds	1,938,660	1,837,062
Capital Projects funds	165,041	195,438
Permanent funds	151,319	153,074
Unrestricted	4,161,128	4,698,189
Total Net Assets	\$ 15,273,511	\$ 15,109,999

Revenues and Expenses

Both revenues and expenses for the Town's governmental funds were fairly consistent from the prior year with revenues increasing \$446,984 or 3.20% primarily due to increases in tax and miscellaneous revenues. Expenses however, were nearly flat from the previous year, increasing only \$45,477 or 0.32%. Expense increases were incurred in municipal finances, public safety and county assessment that were partially offset by decreases across all other expense categories.

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

	<u>2012</u>	<u>2011</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 540,934	\$ 471,980
Operating grants and contributions	82,308	82,308
<i>General Revenues:</i>		
Taxes	12,512,746	12,354,813
Grants and contributions not restricted to specific programs	492,035	499,282
Interest income	68,461	98,677
Miscellaneous	719,247	461,687
Total Revenues	<u>14,415,731</u>	<u>13,968,747</u>
Expenses		
Administration services	946,681	1,013,775
Council, boards & committees	38,320	43,964
Public safety	1,068,210	946,481
Library/parks & recreation	344,502	404,774
Public works	2,472,140	2,635,573
Municipal finances	528,812	179,074
County assessment	494,319	487,078
Education	7,528,226	7,565,815
Community services	33,151	34,408
Capital outlay	609,727	703,243
Interest on long term debt	188,131	192,557
Total Expenses	<u>14,252,219</u>	<u>14,206,742</u>
Change in Net Assets	163,512	(237,995)
Net Assets - July 1	<u>15,109,999</u>	<u>15,347,994</u>
Net Assets - June 30	<u><u>\$ 15,273,511</u></u>	<u><u>\$ 15,109,999</u></u>

Financial Analysis of the Town's Fund Statements

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

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

	<u>2012</u>	<u>2011</u>
General Fund:		
Nonspendable	\$ 35,132	\$ 44,031
Restricted	-	-
Assigned	174,126	88,811
Unassigned	2,492,540	2,640,813
Total General Fund	<u>\$ 2,701,798</u>	<u>\$ 2,773,655</u>
Nonmajor Funds:		
Special revenue funds:		
Nonspendable	\$ 4,915	\$ 705
Restricted	1,938,660	1,837,062
Committed	164,845	164,750
Assigned	126,955	111,684
Capital project funds:		
Nonspendable	-	1,217
Restricted	165,041	195,438
Committed	1,210,872	1,460,140
Assigned	6,130	-
Unassigned	(258,210)	-
Permanent funds:		
Restricted	151,319	153,074
Total Nonmajor Funds	<u>\$ 3,510,527</u>	<u>\$ 3,924,070</u>

The general fund total fund balance decreased by \$71,857 from the prior fiscal year. The non-major fund balances decreased by \$413,543 from the prior fiscal year.

Budgetary Highlights

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

The general fund actual revenues exceeded the budget by \$136,165. The intergovernmental revenues and other revenues accounted for most of the excess.

The general fund actual expenditures were under the budget by \$330,789. All expenditure categories were under budget with the exception of councils, boards and committees.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2012, the net book value of capital assets recorded by the Town increased by \$116,521 from the prior year. This increase is the result of capital additions of \$1,003,210 less current year depreciation expense of \$886,689.

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

	<u>2012</u>	<u>2011</u>
Land and Non-Depreciable Assets	\$ 5,548,639	\$ 5,548,639
Buildings and Improvements	1,331,965	1,418,933
Furniture and Equipment	448,973	253,864
Vehicles	1,767,410	2,095,722
Infrastructure	<u>5,287,765</u>	<u>4,951,073</u>
Total	<u>\$ 14,384,752</u>	<u>\$ 14,268,231</u>

Debt

At June 30, 2012, the Town had \$5,040,000 in bonds outstanding versus \$5,320,000 last year, a decrease of 5.26%. Refer to Note 5 of Notes to Financial Statements for detailed information.

Economic Factors and Next Year's Budgets and Rates

To further promote and ensure the financial well-being and fiscal stability of the Town, the Gray Town Council adopted an Unassigned Fund Balance Policy in February of 2004. The Town's management established the policy as a guideline to ensure the well-being of the Town's financial administration in a manner that assists in providing for a positive cash flow, reducing short-term borrowing costs and meeting the Town's long-term capital investment objectives while ensuring that year-to-year fluctuations do not allow accumulation of an excessive unassigned fund balance. The policy also includes a provision for the suggested utilization of excess funds on future capital improvements and/or distribution to various reserve accounts. The Town's management designed the policy around maintaining a level of funding in Unassigned Fund Balance that assures the fiscal integrity of the Town into the near future. In addition, the policy will provide direction to the Town Manager during annual budget preparation. The policy requires that an unassigned fund balance level no greater than two twelfths (or 1/6) of the approved appropriation for the municipal budget, the Town's portion of MSAD No. 15 local assessment, county tax and overlay be maintained. The Town maintained balances in excess of the required minimum level for the fiscal year ended 2012.

In addition to its unassigned fund balance policy, the Town maintains a Crisis Fund, established to meet unforeseen essential municipal needs that protect the public health, safety and welfare of the community. Funding is maintained at a level not less than one twelfth (1/12) of the approved appropriation for the municipal budget, the Town's portion of MSAD No. 15 local assessment, county tax and overlay. Upon notification that the Crisis Fund has fallen below the prescribed level, the Town Council is required to formulate a remediation plan within ninety (90) days. The restoration of the Crisis Fund will not exceed a five (5) year period. At June 30, 2012, the Crisis Fund balance was in excess of the required level.

Contacting the Town's Financial Management

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

STATEMENT A

TOWN OF GRAY, MAINE
STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 6,183,869
Accounts receivable (net of allowance for uncollectibles)	
Taxes	67,794
Liens	351,709
Other	235,000
Prepaid expenses	40,047
Total current assets	<u>6,878,419</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	5,548,639
Buildings and equipment, net of accumulated depreciation	8,836,113
Total noncurrent assets	<u>14,384,752</u>
TOTAL ASSETS	<u><u>\$ 21,263,171</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 121,626
Accrued payroll	64,875
Prepaid taxes	35,635
Deferred revenue	76,910
Current portion of long-term obligations	520,876
Total current liabilities	<u>819,922</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	4,760,000
Capital leases payable	246,513
Accrued compensated absences	163,225
Total noncurrent liabilities	<u>5,169,738</u>
TOTAL LIABILITIES	<u>5,989,660</u>
NET ASSETS	
Invested in capital assets, net of related debt	8,857,363
Restricted:	
Special Revenue funds	1,938,660
Capital Projects funds	165,041
Permanent funds	151,319
Unrestricted	4,161,128
TOTAL NET ASSETS	<u>15,273,511</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 21,263,171</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, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital Grants &</u>	<u>Revenue & Changes</u>
		<u>Services</u>	<u>Grants &</u>	<u>Contributions</u>	<u>in Net Assets</u>
			<u>Contributions</u>		<u>Total</u>
					<u>Governmental</u>
					<u>Activities</u>
Governmental activities:					
Administration services	\$ 946,681	\$ 133,326	\$ -	\$ -	\$ (813,355)
Council, boards & committees	38,320	247,149	-	-	208,829
Public safety	1,068,210	-	-	-	(1,068,210)
Library/parks & recreation	344,502	160,459	82,308	-	(101,735)
Public works	2,472,140	-	-	-	(2,472,140)
Municipal finances	528,812	-	-	-	(528,812)
County assessment	494,319	-	-	-	(494,319)
Education	7,528,226	-	-	-	(7,528,226)
Community services	33,151	-	-	-	(33,151)
Capital outlay	609,727	-	-	-	(609,727)
Interest on long term debt	188,131	-	-	-	(188,131)
Total government	<u>\$ 14,252,219</u>	<u>\$ 540,934</u>	<u>\$ 82,308</u>	<u>\$ -</u>	<u>(13,628,977)</u>

STATEMENT B (CONTINUED)
TOWN OF GRAY, MAINE

RECONCILIATION OF THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Governmental Activities</u>
Changes in net assets:	
Net (expense) revenue	<u>(13,628,977)</u>
General revenues:	
Taxes	
Property taxes, levied for general purposes	11,229,180
Excise taxes, levied for general purposes	1,283,566
Grants and contributions not restricted to specific programs	492,035
Interest income	68,461
Miscellaneous	<u>719,247</u>
Total general revenues	<u>13,792,489</u>
Change in net assets	163,512
NET ASSETS - JULY 1, 2011	<u>15,109,999</u>
NET ASSETS - JUNE 30, 2012	<u><u>\$ 15,273,511</u></u>

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

TOWN OF GRAY, MAINE

BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	Other Governmental Funds	Totals Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 5,194,029	\$ 989,840	\$ 6,183,869
Accounts receivable (net of allowance of doubtful accounts):			
Taxes	67,794	-	67,794
Tax liens	351,709	-	351,709
Other	224,328	10,672	235,000
Prepaid expenses	35,132	4,915	40,047
Due from other funds	263,174	2,864,892	3,128,066
TOTAL ASSETS	<u><u>\$ 6,136,166</u></u>	<u><u>\$ 3,870,319</u></u>	<u><u>\$ 10,006,485</u></u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 101,918	\$ 19,708	\$ 121,626
Accrued payroll	64,875	-	64,875
Prepaid taxes	35,635	-	35,635
Due to other funds	2,864,892	263,174	3,128,066
Deferred revenue	-	76,910	76,910
Deferred property tax	367,048	-	367,048
TOTAL LIABILITIES	<u><u>3,434,368</u></u>	<u><u>359,792</u></u>	<u><u>3,794,160</u></u>
 Fund Balances:			
Nonspendable	35,132	4,915	40,047
Restricted	-	2,255,020	2,255,020
Committed	-	1,375,717	1,375,717
Assigned	174,126	133,085	307,211
Unassigned	2,492,540	(258,210)	2,234,330
TOTAL FUND BALANCES	<u><u>2,701,798</u></u>	<u><u>3,510,527</u></u>	<u><u>6,212,325</u></u>
 TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 6,136,166</u></u>	<u><u>\$ 3,870,319</u></u>	<u><u>\$ 10,006,485</u></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, 2012

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 6,212,325
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	14,384,752
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	367,048
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(5,040,000)
Capital leases payable	(487,389)
Accrued compensated absences	<u>(163,225)</u>
Net assets of governmental activities	<u><u>\$ 15,273,511</u></u>

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

TOWN OF GRAY, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUE			
Property taxes	\$ 11,189,484	\$ -	\$ 11,189,484
Excise taxes	1,283,566	-	1,283,566
Intergovernmental	574,343	-	574,343
Interest income	57,891	10,570	68,461
Charges for services	540,934	-	540,934
Miscellaneous	151,853	567,394	719,247
TOTAL REVENUE	<u>13,798,071</u>	<u>577,964</u>	<u>14,376,035</u>
EXPENDITURES			
Current:			
Administration services	893,542	-	893,542
Council, boards & committees	38,320	-	38,320
Public safety	897,330	-	897,330
Library/parks & recreation	322,111	-	322,111
Public works	1,819,683	-	1,819,683
Municipal finances	1,231,549	-	1,231,549
County assessment	494,319	-	494,319
Education	7,528,226	-	7,528,226
Community services	23,418	-	23,418
Capital outlay	53,503	1,559,434	1,612,937
TOTAL EXPENDITURES	<u>13,302,001</u>	<u>1,559,434</u>	<u>14,861,435</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>496,070</u>	<u>(981,470)</u>	<u>(485,400)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	567,927	567,927
Operating transfers (out)	(567,927)	-	(567,927)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(567,927)</u>	<u>567,927</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>(71,857)</u>	<u>(413,543)</u>	<u>(485,400)</u>
FUND BALANCES - JULY 1	<u>2,773,655</u>	<u>3,924,070</u>	<u>6,697,725</u>
FUND BALANCES - JUNE 30	<u>\$ 2,701,798</u>	<u>\$ 3,510,527</u>	<u>\$ 6,212,325</u>

See accompanying independent auditors report and notes to financial statements.

TOWN OF GRAY, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2012

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (485,400)</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to be allocated those expenditures over the life of the assets:	
Capital asset purchases capitalized	1,003,210
Depreciation expense	<u>(886,689)</u>
	<u>116,521</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets	
	<u>-</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Taxes and liens receivable	<u>39,696</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>514,606</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>(21,911)</u>
Change in net assets of governmental activities (Statement B)	<u><u>\$ 163,512</u></u>

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

TOWN OF GRAY, MAINE

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	<u>Private- Purpose Trusts</u>
ASSETS	
Cash and cash equivalents	\$ 1,101,425
Investments, at fair value:	
Mutual funds - fixed income	563,745
Mutual funds - equity	<u>363,482</u>
TOTAL ASSETS	<u><u>\$ 2,028,652</u></u>
LIABILITIES	
Accounts payable	-
Refunds payable and others	<u>-</u>
TOTAL LIABILITIES	<u>-</u>
NET ASSETS	
Held in trust for special purposes	<u><u>\$ 2,028,652</u></u>

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

TOWN OF GRAY, MAINE

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	<u>Private- Purpose Trusts</u>
ADDITIONS	
Contributions	\$ 187,268
Net increase (decrease) in the fair value of investments	26,883
Miscellaneous	-
Total additions	<u>214,151</u>
DEDUCTIONS	
Withdrawals	207,266
Administrative expenses	571
Total deductions	<u>207,837</u>
Change in net assets	6,314
NET ASSETS - JULY 1	<u>2,022,338</u>
NET ASSETS - JUNE 30	<u><u>\$ 2,028,652</u></u>

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Gray was incorporated under the laws of the State of Maine. The Town operates under the council-manager form of government and provides the following services: general government services, public safety, public works, education, and recreation and culture.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Town has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Town has chosen not to do so.

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

Government –Wide and Fund Financial Statements

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

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

In the government-wide Statement of Net 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, 2012

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, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Town:

1. Governmental Funds:

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

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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, 2012

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, 2012

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 \$13,089 as of June 30, 2012. The full amount of the allowance was for rescue fees.

Capital Assets

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

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

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimated useful lives are as follows:

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

Long-term Obligations

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

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

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, 2012, the Town's liability for compensated absences is \$163,225.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied August 25, 2011 on the assessed value listed as of April 1, 2011, for all real and personal property located in the Town. Taxes were due in two installments on October 4, 2011 and April 3, 2012. Interest on unpaid taxes commenced on October 5, 2011 and April 4, 2012, at 7% per annum.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The property tax collection rate was 96.8% and 97.4% for the years ended June 30, 2012 and 2011, respectively.

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The Town has the authority to foreclose on property eighteen months after the filing of the lien if tax liens and associated costs remain unpaid.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$95,085 for the year ended June 30, 2012.

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Fund Balance

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

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

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

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

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

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

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2 - CASH AND INVESTMENTS

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

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At June 30, 2012, the Town's deposits amounting to \$7,285,294 were comprised of deposits of \$7,363,831. Of these deposits, \$7,363,831 was fully covered by federal depository insurance and consequently was not exposed to custodial credit risk.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 9,316
Sweep accounts	3,547,469
Savings accounts	2,705,621
Cash management	1,101,425
	<u>\$ 7,363,831</u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

At June 30, 2012, the Town had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Not Applicable</u>	<u>Less than 1 Year</u>	<u>1 - 5 Years</u>
Mutual funds - equity	\$ 363,482	\$ 363,482	\$ -	\$ -
Mutual funds - fixed income	563,745	563,745	-	-
	<u>\$ 927,227</u>	<u>\$ 927,227</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

At June 30, 2012, the Town's fiduciary fund investment portfolio is comprised of a mix of equity mutual funds and bond mutual funds, totaling \$927,227, which are collateralized and therefore not exposed to custodial credit risk.

Credit risk – Statutes for the State of Maine authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk. Generally, the Town invests excess funds in cash management accounts and various insured certificates of deposit.

Interest rate risk – is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a policy related to interest rate risk.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 3 - CAPITAL ASSETS

The following is a summary of changes in capital assets at June 30, 2012:

	Balance 7/1/11	Additions	Disposals	Balance 6/30/12
Non-depreciated assets:				
Land	\$ 124,803	\$ -	\$ -	\$ 124,803
Construction in progress	5,423,836	-	-	5,423,836
	<u>5,548,639</u>	<u>-</u>	<u>-</u>	<u>5,548,639</u>
Depreciated assets:				
Buildings & improvements	2,905,581	15,314	-	2,920,895
Furniture & equipment	1,738,086	246,477	-	1,984,563
Vehicles	6,289,839	-	-	6,289,839
Infrastructure	9,740,274	741,419	-	10,481,693
	<u>20,673,780</u>	<u>1,003,210</u>	<u>-</u>	<u>21,676,990</u>
Less accumulated depreciation:				
Buildings & improvements	(1,486,648)	(102,282)	-	(1,588,930)
Furniture & equipment	(1,484,222)	(51,368)	-	(1,535,590)
Vehicles	(4,194,117)	(328,312)	-	(4,522,429)
Infrastructure	(4,789,201)	(404,727)	-	(5,193,928)
	<u>(11,954,188)</u>	<u>(886,689)</u>	<u>-</u>	<u>(12,840,877)</u>
Net depreciated assets	<u>8,719,592</u>	<u>116,521</u>	<u>-</u>	<u>8,836,113</u>
Net capital assets	<u>\$ 14,268,231</u>	<u>\$ 116,521</u>	<u>\$ -</u>	<u>\$ 14,384,752</u>
				\$ 31,228
General Government				14,564
Pennell				7,827
Parks & Recreation				19,861
Public Safety				151,019
Fire & Rescue				632,136
Public Works				20,321
Buildings & Grounds				9,733
Solid Waste				<u>9,733</u>
Total depreciation expense				<u>\$ 886,689</u>

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2012 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	\$ 263,174	\$ 2,864,892
Non-major funds:		
Special revenue funds	1,353,443	4,964
Capital project funds	1,397,611	258,210
Permanent funds	<u>113,838</u>	<u>-</u>
	<u>\$ 3,128,066</u>	<u>\$ 3,128,066</u>

NOTE 5 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2012:

	<u>Balance 7/1/11</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/12</u>	<u>Current Year Portion</u>
Bonds payable	\$ 5,320,000	\$ -	\$ (280,000)	\$ 5,040,000	\$ 280,000
Capital leases payable	721,995	-	(234,606)	487,389	240,876
Accrued compensated absences	141,314	21,911	-	163,225	-
Totals	<u>\$ 6,183,309</u>	<u>\$ 21,911</u>	<u>\$ (514,606)</u>	<u>\$ 5,690,614</u>	<u>\$ 520,876</u>

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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.	\$ 2,880,000
\$2,400,000, 2009 General Obligation Bond due in two 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 \$120,000.	<u>2,160,000</u>
Total Bonds Payable	<u><u>\$ 5,040,000</u></u>

Principal and interest requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2013	\$ 280,000	\$ 165,900	\$ 445,900
2014	280,000	158,900	438,900
2015	280,000	151,900	431,900
2016	280,000	144,900	424,900
2017	280,000	137,200	417,200
2018-2022	1,400,000	559,300	1,959,300
2023-2027	1,400,000	314,300	1,714,300
2028-2032	840,000	53,200	893,200
	<u><u>\$ 5,040,000</u></u>	<u><u>\$ 1,685,600</u></u>	<u><u>\$ 6,725,600</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.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a summary of capital leases payable for the year ended June 30, 2012:

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

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

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

2013	\$ 256,868
2014	254,602
2015	-
2016	-
2017	-
Total minimum lease payment	<u>511,470</u>
Less amount representing interest	<u>(24,081)</u>
Present value of future minimum lease payments	<u><u>\$ 487,389</u></u>

NOTE 6 - EXPENDITURES OVER APPROPRIATIONS

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

	<u>Excess</u>
Council, boards & committees	<u>\$ 7,270</u>
	<u><u>\$ 7,270</u></u>

The Town Council voted with a separate warrant article to cover this overage from administrative services warrant article.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 7 – NONSPENDABLE FUND BALANCES

At June 30, 2012, the Town had the following nonspendable fund balances:

Prepaid expenses	\$ 35,132
Nonmajor special revenue funds (Schedule E)	4,915
	<u>\$ 40,047</u>

NOTE 8 – RESTRICTED FUND BALANCES

At June 30, 2012, the Town had the following restricted fund balances:

Nonmajor special revenue funds (Schedule E)	\$ 1,938,660
Nonmajor capital project funds (Schedule H)	165,041
Nonmajor permanent funds (Schedule I)	151,319
	<u>\$ 2,255,020</u>

NOTE 9 – COMMITTED FUND BALANCES

At June 30, 2012, the Town had the following committed fund balances:

Nonmajor special revenue funds (Schedule E)	\$ 164,845
Nonmajor capital project funds (Schedule H)	1,210,872
	<u>\$ 1,375,717</u>

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 10 – ASSIGNED FUND BALANCES

At June 30, 2012, the Town had the following assigned fund balances:

Public communications	\$	14,071
Capital projects		15,791
General insurance		40,924
Bridge repair and replacement		44,348
Sidewalks		25,500
Technology		4,240
Public buildings		29,252
Nonmajor special revenue funds (Schedule E)		126,955
Nonmajor capital project funds (Schedule H)		6,130
	\$	<u>307,211</u>

NOTE 11 – TAX INCREMENT FINANCING DISTRICT

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

Northbrook Tax Increment Financing District

The Town has entered into an inducement agreement and a credit enhancement agreement with Enercon and Advance Realty whereby the Town has issued revenue 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 2012, \$105,680 of tax was captured and \$78,830 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, 2012

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 \$154,332 for any capital repairs or improvements during the post closure period. The Town considers any liability for post closure monitoring to be immaterial and therefore has not recorded a liability in the entity-wide statements.

NOTE 13 - OVERLAPPING DEBT

The Town is contingently liable for its proportionate share of any defaulted debt by entities of which it is a member. At June 30, 2012, the Town’s share was approximately:

	<u>Outstanding Debt</u>	<u>Percentage</u>	<u>Amount</u>
Gray Water District	\$ 1,204,786	100.00%	\$ 1,204,786
County of Cumberland	37,220,000	2.27%	843,215
MSAD #15	8,886,401	35.50%	3,154,672
			<u>\$ 5,202,673</u>

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.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 14 – CONTINGENCIES (CONTINUED)

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

NOTE 15 – RISK MANAGEMENT

The Town faces a full realm of risks typical of a thriving entity. Liabilities associated with torts and protections against damage of 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 16 – DEFICIT FUND BALANCE

The Town had the following fund with a deficit fund balance at June 30, 2012:

Road resurfacing	<u>\$ 258,210</u>
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This deficit fund balance is offset by other nonmajor capital project funds, which in total, have a positive fund balance.

NOTE 17 – DEFERRED COMPENSATION PLAN

INTERNATIONAL CITY MANAGERS ASSOCIATION RETIREMENT CORP.

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

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 18 – JOINT VENTURES

The Town is a member of a joint venture with 45 other municipalities throughout Cumberland, Oxford and York counties. ecomaine is a solid waste management corporation that creates electricity through its processing of waste and also operates as an extensive recycling program. A joint committee, made up of the Town of Gray and 20 other member communities owns and controls the corporation. Interlocal (waste handling) agreements between ecomaine and participating communities obligate the members to deliver certain solid waste produced with the community to ecomaine for processing, and to make service payments and pay tipping fees for such processing. The Town has no explicit, measurable equity interest and therefore has not reported an asset in the financial statements in connection with its participation in ecomaine. The Town of Gray has an owner membership of 4.62% in ecomaine as of June 30, 2012.

The following is selected financial information for ecomaine for the years ending June 30, 2011 and June 30, 2010 (the latest information available):

	<u>2011</u>	<u>2010</u>
Total assets	<u>\$ 59,636,994</u>	<u>\$ 63,873,260</u>
Total liabilities	<u>28,808,855</u>	<u>41,020,585</u>
Net assets	<u>30,828,139</u>	<u>22,852,675</u>
Total liabilities and net assets	<u>\$ 59,636,994</u>	<u>\$ 63,873,260</u>
Operating revenue	\$ 27,736,255	\$ 28,429,230
Operating expenses	14,834,492	14,480,489
Net income before depreciation and amortization	12,901,763	13,948,741
Depreciation and amortization	3,918,179	3,886,599
Non-operating revenue (expense)	(1,008,120)	(683,277)
Net change in members' equity	7,975,464	9,378,865

The separate audited financial statements of ecomaine may be obtained from the Town's Finance Department.

Required Supplementary Information

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

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

TOWN OF GRAY, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
 BUDGET AND ACTUAL – GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1	\$ 2,773,655	\$ 2,773,655	\$ 2,773,655	\$ -
Resources (Inflows):				
Property taxes	11,221,864	11,221,864	11,189,484	(32,380)
Excise taxes	1,258,900	1,258,900	1,283,566	24,666
Intergovernmental	472,792	472,792	574,343	101,551
Charges for services	521,650	521,650	540,934	19,284
Interest income	70,000	70,000	57,891	(12,109)
Other revenue	116,700	116,700	151,853	35,153
Transfers from other funds	-	-	-	-
Amounts Available for Appropriation	<u>16,435,561</u>	<u>16,435,561</u>	<u>16,571,726</u>	<u>136,165</u>
Charges to Appropriations (Outflows):				
Current:				
Administration services	901,617	910,735	893,542	17,193
Council, boards & committees	31,050	31,050	38,320	(7,270)
Public safety	932,374	932,374	897,330	35,044
Library/parks & recreation	334,732	334,732	322,111	12,621
Public works	1,959,304	1,959,304	1,819,683	139,621
Municipal finances	1,224,533	1,254,837	1,231,549	23,288
County assessment	494,319	494,319	494,319	-
Education	7,528,226	7,528,226	7,528,226	-
Community services	23,418	23,418	23,418	-
Overlay	95,085	94,906	-	94,906
Capital outlay	19,500	68,889	53,503	15,386
Transfers to other funds	567,748	567,927	567,927	-
Total Charges to Appropriations	<u>14,111,906</u>	<u>14,200,717</u>	<u>13,869,928</u>	<u>330,789</u>
Budgetary Fund Balance, June 30	<u>\$ 2,323,655</u>	<u>\$ 2,234,844</u>	<u>\$ 2,701,798</u>	<u>\$ 466,954</u>
Utilization of unassigned fund balance	\$ 450,000	\$ 450,000	\$ -	\$ (450,000)
Utilization of assigned fund balance	-	88,811	-	(88,811)
	<u>\$ 450,000</u>	<u>\$ 538,811</u>	<u>\$ -</u>	<u>\$ (538,811)</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 Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Project Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Project Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Schedule of General Capital Assets By Function
- Schedule of Changes in General Capital Assets By Function

TOWN OF GRAY, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - REVENUES
 FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 11,221,864	\$ 11,221,864	\$ 11,189,484	\$ (32,380)
Auto excise	1,240,000	1,240,000	1,265,100	25,100
Boat excise	18,900	18,900	18,466	(434)
Intergovernmental revenues:				
State revenue sharing	342,059	342,059	401,581	59,522
Highway block grant	82,308	82,308	82,308	-
Tree growth	13,000	13,000	22,440	9,440
Veterans' exemption	2,700	2,700	4,013	1,313
General assistance	29,225	29,225	28,878	(347)
Snowmobiles	3,500	3,500	3,383	(117)
FEMA	-	-	(1,460)	(1,460)
CDBG Grant	-	-	11,500	11,500
Efficiency Maine grant	-	-	21,700	21,700
Charges for services:				
Clerk fees	35,300	35,300	34,572	(728)
Dog control	12,500	12,500	9,269	(3,231)
Electric fees	6,000	6,000	6,443	443
Plumbing fees	6,600	6,600	14,714	8,114
Zoning board applications	600	600	1,260	660
Planning board fees	5,300	5,300	13,646	8,346
Gravel pits	1,600	1,600	1,900	300
Community development	650	650	1,156	506
Building fees	50,000	50,000	48,561	(1,439)
Driveway opening	150	150	200	50
Shoreland application fees	1,500	1,500	1,100	(400)
Rescue fees	250,000	250,000	247,149	(2,851)
Junkyard fees	50	50	50	-
Recycling	149,900	149,900	158,709	8,809
Public communications	-	-	505	505
Tree removal	1,500	1,500	1,700	200
Interest income:				
Interest income	15,000	15,000	8,781	(6,219)
Tax interest	55,000	55,000	49,110	(5,890)
Miscellaneous revenues:				
Cable franchise fees	95,000	95,000	95,703	703
Leisure services	12,500	12,500	9,129	(3,371)
Stimson Hall Rental	7,200	7,200	6,600	(600)
Proceeds from sale of assets	-	-	25,293	25,293
Misc. other and special grants	2,000	2,000	15,128	13,128
Transfers from other funds	-	-	-	-
Amounts Available for Appropriation	<u>\$ 13,661,906</u>	<u>13,661,906</u>	<u>\$ 13,798,071</u>	<u>\$ 136,165</u>

See accompanying independent auditors' report.

TOWN OF GRAY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Balance Positive (Negative)
ADMINISTRATION SERVICES:					
Administration	\$ 422,294	\$ -	\$ 422,294	\$ 431,559	\$ (9,265)
Community development	128,144	-	128,144	109,709	18,435
Assessing	80,752	-	80,752	96,900	(16,148)
Code enforcement	122,479	-	122,479	118,861	3,618
GIS mapping	7,950	2,000	9,950	9,757	193
General assistance	64,608	-	64,608	61,351	3,257
Elections	10,602	-	10,602	8,226	2,376
Public communications	64,788	7,118	71,906	57,179	14,727
Totals	901,617	9,118	910,735	893,542	17,193
COUNCIL, BOARDS & COMMITTEES:					
Council, Boards, Committees	23,950	-	23,950	26,253	(2,303)
Zoning Board of Appeals	1,700	-	1,700	3,217	(1,517)
Planning Board	3,400	-	3,400	8,850	(5,450)
Economic development	2,000	-	2,000	-	2,000
Totals	31,050	-	31,050	38,320	(7,270)
PUBLIC SAFETY:					
County sheriff	148,548	-	148,548	125,189	23,359
Public safety services	612,087	-	612,087	605,902	6,185
Utilities	171,739	-	171,739	166,239	5,500
Totals	932,374	-	932,374	897,330	35,044

TOWN OF GRAY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Balance Positive (Negative)
LIBRARY/ PARKS & RECREATION:					
Library	242,169	-	242,169	234,025	8,144
Parks and recreation administration	92,563	-	92,563	88,086	4,477
Totals	334,732	-	334,732	322,111	12,621
PUBLIC WORKS:					
Winter roads	347,392	-	347,392	299,566	47,826
Summer roads	239,624	-	239,624	225,157	14,467
Additional roadwork	98,588	-	98,588	92,628	5,960
Garage	276,103	-	276,103	258,911	17,192
Recycling	832,827	-	832,827	774,827	58,000
Buildings and grounds	164,770	-	164,770	168,594	(3,824)
Totals	1,959,304	-	1,959,304	1,819,683	139,621
MUNICIPAL FINANCES:					
General insurance	521,796	30,304	552,100	495,157	56,943
Other grants	-	-	-	27,078	(27,078)
Special	-	-	-	6,577	(6,577)
Debt service	702,737	-	702,737	702,737	-
Totals	1,224,533	30,304	1,254,837	1,231,549	23,288
COUNTY ASSESSMENT	494,319	-	494,319	494,319	-
EDUCATION	7,528,226	-	7,528,226	7,528,226	-

TOWN OF GRAY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Balance Positive (Negative)
CAPITAL OUTLAY:					
CDBG Matches	19,500	-	19,500	20,064	(564)
Library	-	11,966	11,966	300	11,666
Street Reconstruction	-	31,298	31,298	31,293	5
Stimson Hall	-	4,125	4,125	-	4,125
Station #3	-	2,000	2,000	1,846	154
Totals	19,500	49,389	68,889	53,503	15,386
COMMUNITY SERVICES					
	23,418	-	23,418	23,418	-
OVERLAY					
	95,085	(179)	94,906	-	94,906

TOWN OF GRAY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Balance Positive (Negative)
TRANSFER TO OTHER FUNDS:					
Northbrook TIF	105,500	179	105,679	105,679	-
South Gray TIF	187,248	-	187,248	187,248	-
Bridge Repair and Replacement	50,000	-	50,000	50,000	-
PW and Town Vehicles and Equipment	50,000	-	50,000	50,000	-
Misc. Capital	20,000	-	20,000	20,000	-
Public Buildings	5,000	-	5,000	5,000	-
Road resurfacing	150,000	-	150,000	150,000	-
	<u>567,748</u>	<u>179</u>	<u>567,927</u>	<u>567,927</u>	<u>-</u>
 TOTAL EXPENDITURES	 <u>\$ 14,111,906</u>	 <u>\$ 88,811</u>	 <u>\$ 14,200,717</u>	 <u>\$ 13,869,928</u>	 <u>\$ 330,789</u>

See accompanying independent auditors' report.

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Special Revenue Funds	Capital Projects	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 952,359	\$ -	\$ 37,481	\$ 989,840
Due from other funds	1,353,443	1,397,611	113,838	2,864,892
Prepaid expenses	4,915	-	-	4,915
Accounts receivable	10,672	-	-	10,672
Total assets	\$ 2,321,389	\$ 1,397,611	\$ 151,319	\$ 3,870,319
LIABILITIES				
Accounts payable	\$ 4,140	\$ 15,568	\$ -	\$ 19,708
Deferred revenue	76,910	-	-	76,910
Due to other funds	4,964	258,210	-	263,174
Total liabilities	86,014	273,778	-	359,792
FUND BALANCES				
Nonspendable	4,915	-	-	4,915
Restricted	1,938,660	165,041	151,319	2,255,020
Committed	164,845	1,210,872	-	1,375,717
Assigned	126,955	6,130	-	133,085
Unassigned	-	(258,210)	-	(258,210)
Total fund balances	2,235,375	1,123,833	151,319	3,510,527
Total liabilities and fund balances	\$ 2,321,389	\$ 1,397,611	\$ 151,319	\$ 3,870,319

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, 2012

	Special Revenue Funds	Capital Projects	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Investment income	\$ 5,008	\$ 5,032	\$ 530	\$ 10,570
Other	561,694	5,700	-	567,394
TOTAL REVENUES	<u>566,702</u>	<u>10,732</u>	<u>530</u>	<u>577,964</u>
EXPENDITURES	<u>738,455</u>	<u>818,694</u>	<u>2,285</u>	<u>1,559,434</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(171,753)</u>	<u>(807,962)</u>	<u>(1,755)</u>	<u>(981,470)</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	292,927	275,000	-	567,927
Operating Transfers (Out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>292,927</u>	<u>275,000</u>	<u>-</u>	<u>567,927</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	121,174	(532,962)	(1,755)	(413,543)
FUND BALANCES - JULY 1	<u>2,114,201</u>	<u>1,656,795</u>	<u>153,074</u>	<u>3,924,070</u>
FUND BALANCES - JUNE 30	<u><u>\$ 2,235,375</u></u>	<u><u>\$ 1,123,833</u></u>	<u><u>\$ 151,319</u></u>	<u><u>\$ 3,510,527</u></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, 2012

	Northbrook TIF	South Gray TIF	Recreation Fund	Crisis Fund	Dry Mill School	Rescue Kilby Fund
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 952,359	\$ -	\$ -
Investments	-	-	-	-	-	-
Due from other funds	84,697	654,857	136,001	-	5,499	819
Prepaid Expenses	-	-	4,915	-	-	-
Accounts Receivable	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 84,697</u>	<u>\$ 654,857</u>	<u>\$ 140,916</u>	<u>\$ 952,359</u>	<u>\$ 5,499</u>	<u>\$ 819</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ 1,411	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-
Deferred revenue	-	-	76,910	-	-	-
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>78,321</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	4,915	-	-	-
Restricted	84,697	654,857	-	952,359	-	819
Committed	-	-	-	-	5,499	-
Assigned	-	-	57,680	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>84,697</u>	<u>654,857</u>	<u>62,595</u>	<u>952,359</u>	<u>5,499</u>	<u>819</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 84,697</u>	<u>\$ 654,857</u>	<u>\$ 140,916</u>	<u>\$ 952,359</u>	<u>\$ 5,499</u>	<u>\$ 819</u>

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2012

	Cardiac Fund	Disaster Relief Fund	Subdivision Recreation Fund	Library Reserve
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Due from other funds	1,122	34,699	59,434	6,057
Prepaid Expenses	-	-	-	-
Accounts Receivable	-	-	-	-
TOTAL ASSETS	<u>\$ 1,122</u>	<u>\$ 34,699</u>	<u>\$ 59,434</u>	<u>\$ 6,057</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Deferred revenue	-	-	-	-
Due to other funds	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	34,699	-	-
Committed	-	-	-	6,057
Assigned	1,122	-	59,434	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>1,122</u>	<u>34,699</u>	<u>59,434</u>	<u>6,057</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,122</u>	<u>\$ 34,699</u>	<u>\$ 59,434</u>	<u>\$ 6,057</u>

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2012

	Pennell Town Clock	Stimson Hall	Library Appeal	Gray Fire & Rescue Mem. Fund	Revaluation
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Due from other funds	12,858	22,250	1,959	21,985	68,250
Prepaid Expenses	-	-	-	-	-
Accounts Receivable	-	-	-	-	-
TOTAL ASSETS	<u>\$ 12,858</u>	<u>\$ 22,250</u>	<u>\$ 1,959</u>	<u>\$ 21,985</u>	<u>\$ 68,250</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	12,858	22,250	-	21,985	68,250
Assigned	-	-	1,959	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>12,858</u>	<u>22,250</u>	<u>1,959</u>	<u>21,985</u>	<u>68,250</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 12,858</u>	<u>\$ 22,250</u>	<u>\$ 1,959</u>	<u>\$ 21,985</u>	<u>\$ 68,250</u>

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2012

	GEO Plan	Tomco	Library Fund	Planning Board Escrow	S/Dugas Pit Reclamation	Maxwell Gravel Pit Reclamation
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Due from other funds	2,337	20,238	23,660	76,080	8,507	12,257
Prepaid Expenses	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 2,337</u>	<u>\$ 20,238</u>	<u>\$ 23,660</u>	<u>\$ 76,080</u>	<u>\$ 8,507</u>	<u>\$ 12,257</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 177	\$ -	\$ -	\$ 1,864	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>177</u>	<u>-</u>	<u>-</u>	<u>1,864</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	20,238	-	74,216	8,507	12,257
Committed	2,160	-	23,660	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>2,160</u>	<u>20,238</u>	<u>23,660</u>	<u>74,216</u>	<u>8,507</u>	<u>12,257</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,337</u>	<u>\$ 20,238</u>	<u>\$ 23,660</u>	<u>\$ 76,080</u>	<u>\$ 8,507</u>	<u>\$ 12,257</u>

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2012

	Training Site	Guardrail Repair	Henry Pennell Municipal Complex	MonoPod System	Libby Recreation Scholarship	Gray Matters
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Due from other funds	4,710	2,126	12,521	2,050	1,165	3,480
Prepaid Expenses	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 4,710</u>	<u>\$ 2,126</u>	<u>\$ 12,521</u>	<u>\$ 2,050</u>	<u>\$ 1,165</u>	<u>\$ 3,480</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 688	\$ -
Accrued payroll	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>688</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	12,521	-	477	3,480
Committed	-	2,126	-	-	-	-
Assigned	4,710	-	-	2,050	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>4,710</u>	<u>2,126</u>	<u>12,521</u>	<u>2,050</u>	<u>477</u>	<u>3,480</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,710</u>	<u>\$ 2,126</u>	<u>\$ 12,521</u>	<u>\$ 2,050</u>	<u>\$ 1,165</u>	<u>\$ 3,480</u>

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2012

	<u>Signs</u>	<u>Shannon Ronan Mem Fund</u>	<u>Mazur Parks/Rec Mem Fund</u>	<u>Penn Cable</u>	<u>Grants</u>	<u>Parks & Recreation Fundraising</u>	<u>Totals</u>
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 952,359
Investments	-	-	-	-	-	-	-
Due from other funds	-	606	2,151	70,503	-	565	1,353,443
Prepaid Expenses	-	-	-	-	-	-	4,915
Accounts Receivable	-	-	-	-	10,672	-	10,672
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 606</u>	<u>\$ 2,151</u>	<u>\$ 70,503</u>	<u>\$ 10,672</u>	<u>\$ 565</u>	<u>\$ 2,321,389</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,140
Accrued payroll	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	76,910
Due to other funds	-	-	-	-	4,964	-	4,964
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,964</u>	<u>-</u>	<u>86,014</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	4,915
Restricted	-	606	2,151	70,503	5,708	565	1,938,660
Committed	-	-	-	-	-	-	164,845
Assigned	-	-	-	-	-	-	126,955
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>606</u>	<u>2,151</u>	<u>70,503</u>	<u>5,708</u>	<u>565</u>	<u>2,235,375</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 606</u>	<u>\$ 2,151</u>	<u>\$ 70,503</u>	<u>\$ 10,672</u>	<u>\$ 565</u>	<u>\$ 2,321,389</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, 2012

	Northbrook TIF	South Gray TIF	Recreation Fund	Crisis Fund	Dry Mill School	Rescue Kilby Fund
REVENUES						
Investment income	\$ -	\$ 2,242	\$ -	\$ 2,766	\$ -	\$ -
Other income	-	-	236,141	-	-	3,332
TOTAL REVENUE	<u>-</u>	<u>2,242</u>	<u>236,141</u>	<u>2,766</u>	<u>-</u>	<u>3,332</u>
EXPENDITURES	<u>78,830</u>	<u>123,643</u>	<u>218,364</u>	<u>-</u>	<u>66</u>	<u>13,875</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(78,830)</u>	<u>(121,401)</u>	<u>17,777</u>	<u>2,766</u>	<u>(66)</u>	<u>(10,543)</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	105,679	187,248	-	-	-	-
Operating Transfers (Out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>105,679</u>	<u>187,248</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES (USES)	<u>26,849</u>	<u>65,847</u>	<u>17,777</u>	<u>2,766</u>	<u>(66)</u>	<u>(10,543)</u>
FUND BALANCES - JULY 1	<u>57,848</u>	<u>589,010</u>	<u>44,818</u>	<u>949,593</u>	<u>5,565</u>	<u>11,362</u>
FUND BALANCES - JUNE 30	<u>\$ 84,697</u>	<u>\$ 654,857</u>	<u>\$ 62,595</u>	<u>\$ 952,359</u>	<u>\$ 5,499</u>	<u>\$ 819</u>

TOWN OF GRAY, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	Cardiac Fund	Disaster Relief Fund	Subdivision Recreation Fund	Library Reserve
REVENUES				
Investment income	\$ -	\$ -	\$ -	\$ -
Other income	-	-	1,215	6,455
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>1,215</u>	<u>6,455</u>
EXPENDITURES	<u>5,566</u>	<u>-</u>	<u>-</u>	<u>6,000</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,566)</u>	<u>-</u>	<u>1,215</u>	<u>455</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES (USES)	<u>(5,566)</u>	<u>-</u>	<u>1,215</u>	<u>455</u>
FUND BALANCES - JULY 1	<u>6,688</u>	<u>34,699</u>	<u>58,219</u>	<u>5,602</u>
FUND BALANCES - JUNE 30	<u>\$ 1,122</u>	<u>\$ 34,699</u>	<u>\$ 59,434</u>	<u>\$ 6,057</u>

TOWN OF GRAY, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	Pennell Town Clock	Stimson Hall	Library Appeal	Gray Fire & Rescue Mem. Fund	Revaluation
REVENUES					
Investment income	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	-	-	15	-
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>-</u>	<u>15</u>	<u>-</u>
EXPENDITURES	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(500)</u>	<u>-</u>	<u>-</u>	<u>15</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	-	-	-
Operating Transfers (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES (USES)	<u>(500)</u>	<u>-</u>	<u>-</u>	<u>15</u>	<u>-</u>
FUND BALANCES - JULY 1	<u>13,358</u>	<u>22,250</u>	<u>1,959</u>	<u>21,970</u>	<u>68,250</u>
FUND BALANCES - JUNE 30	<u>\$ 12,858</u>	<u>\$ 22,250</u>	<u>\$ 1,959</u>	<u>\$ 21,985</u>	<u>\$ 68,250</u>

TOWN OF GRAY, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	<u>GEO Plan</u>	<u>Tomco</u>	<u>Library Fund</u>	<u>Planning Board Escrow</u>	<u>S/Dugas Pit Reclamation</u>	<u>Maxwell Gravel Pit Reclamation</u>
REVENUES						
Investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	4,575	-	491	174,088	-	-
TOTAL REVENUE	<u>4,575</u>	<u>-</u>	<u>491</u>	<u>174,088</u>	<u>-</u>	<u>-</u>
EXPENDITURES	<u>4,782</u>	<u>137</u>	<u>93</u>	<u>156,389</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(207)</u>	<u>(137)</u>	<u>398</u>	<u>17,699</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	-	-	-	-	-
Operating Transfers (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES (USES)	<u>(207)</u>	<u>(137)</u>	<u>398</u>	<u>17,699</u>	<u>-</u>	<u>-</u>
FUND BALANCES - JULY 1	<u>2,367</u>	<u>20,375</u>	<u>23,262</u>	<u>56,517</u>	<u>8,507</u>	<u>12,257</u>
FUND BALANCES - JUNE 30	<u>\$ 2,160</u>	<u>\$ 20,238</u>	<u>\$ 23,660</u>	<u>\$ 74,216</u>	<u>\$ 8,507</u>	<u>\$ 12,257</u>

TOWN OF GRAY, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	Training Site	Guardrail Repair	Henry Pennell Municipal Complex	MonoPod System	Libby Recreation Scholarship	Gray Matters
REVENUES						
Investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	25,000	-	250	6,000	-	591
TOTAL REVENUE	<u>25,000</u>	<u>-</u>	<u>250</u>	<u>6,000</u>	<u>-</u>	<u>591</u>
EXPENDITURES	<u>20,290</u>	<u>-</u>	<u>4,581</u>	<u>3,950</u>	<u>1,447</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,710</u>	<u>-</u>	<u>(4,331)</u>	<u>2,050</u>	<u>(1,447)</u>	<u>591</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>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES (USES)	4,710	-	(4,331)	2,050	(1,447)	591
FUND BALANCES - JULY 1	<u>-</u>	<u>2,126</u>	<u>16,852</u>	<u>-</u>	<u>1,924</u>	<u>2,889</u>
FUND BALANCES - JUNE 30	<u>\$ 4,710</u>	<u>\$ 2,126</u>	<u>\$ 12,521</u>	<u>\$ 2,050</u>	<u>\$ 477</u>	<u>\$ 3,480</u>

TOWN OF GRAY, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Signs	Shannon Ronan Mem Fund	Mazur Parks/Rec Mem Fund	Penn Cable	Grants	Parks & Recreation Fundraising	Totals
REVENUES							
Investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,008
Other income	-	-	-	-	94,953	8,588	561,694
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,953</u>	<u>8,588</u>	<u>566,702</u>
EXPENDITURES	<u>705</u>	<u>1,130</u>	<u>-</u>	<u>-</u>	<u>89,953</u>	<u>8,154</u>	<u>738,455</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(705)</u>	<u>(1,130)</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>434</u>	<u>(171,753)</u>
OTHER FINANCING SOURCES (USES)							
Operating Transfers In	-	-	-	-	-	-	292,927
Operating Transfers (Out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>292,927</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES (USES)	<u>(705)</u>	<u>(1,130)</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>434</u>	<u>121,174</u>
FUND BALANCES - JULY 1	<u>705</u>	<u>1,736</u>	<u>2,151</u>	<u>70,503</u>	<u>708</u>	<u>131</u>	<u>2,114,201</u>
FUND BALANCES - JUNE 30	<u>\$ -</u>	<u>\$ 606</u>	<u>\$ 2,151</u>	<u>\$ 70,503</u>	<u>\$ 5,708</u>	<u>\$ 565</u>	<u>\$ 2,235,375</u>

See accompanying independent auditors' report.

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF ACTIVITY – RECREATION FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Balance, 7/1/2011	Revenue	Expenditures	Balance, 6/30/2012
ADMINISTRATION:				
Full-time personnel	\$ -	\$ -	\$ 62,583	\$ (62,583)
Overtime	-	-	1,492	(1,492)
FICA/Medicare	-	-	4,846	(4,846)
Retirement	-	-	-	-
Total administration	-	-	68,921	(68,921)
PROGRAMS:				
Operations				
Administrative fees	-	655	227	428
Totals	-	655	227	428
Supplies and equipemnt				
Equipment	-	-	3,465	(3,465)
Software	-	-	5,889	(5,889)
Borchures/Flyers	-	-	585	(585)
Totals	-	-	9,939	(9,939)
Adult fitness				
Adult basketball	-	15,432	11,711	3,721
Boot camp	-	4,561	3,572	989
Flag football	-	4,973	1,543	3,430
Kettlebell	-	560	416	144
Softball tournament	-	52	-	52
Zumba	-	344	308	36
Totals	-	25,922	17,550	8,372
Adult classes				
Food fitness	-	309	247	62
Indoor yard sale	-	285	35	250
Photography	-	245	100	145
Scrapbook	-	80	-	80
Strictly couponing	-	120	60	60
Totals	-	1,039	442	597
Youth fitness				
Fall soccer	-	12,695	5,449	7,246
Gymnastics	-	2,201	1,705	496
Happy hands	-	355	-	355
Junior basketball	-	5,700	2,287	3,413
Junior soccer	-	4,816	2,060	2,756
Karate	-	4,820	4,230	590
Lacrosse	-	925	746	179
NetGains basketball	-	3,410	3,229	181
Skiing-cross country	-	2,115	1,834	281
Skiing - downhill	-	4,966	4,325	641
Soccer skills	-	2,424	1,939	485
Track and Field	-	3,010	1,312	1,698
Travel basketball	-	1,065	722	343
Totals	-	48,502	29,838	18,664

SCHEDULE G (CONTINUED)

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF ACTIVITY – RECREATION FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Balance, 7/1/2011	Revenue	Expenditures	Balance, 6/30/2012
PROGRAMS (CONTINUED):				
Youth classes				
Artist academy	-	840	559	281
Mad science	-	4,001	3,666	335
Mini iron chef	-	192	148	44
Totals	-	5,033	4,373	660
All day programs				
Day camp	-	56,792	30,755	26,037
Day camp snack shack	-	2,710	1,954	756
Day camp/supplies/trips	-	8,848	7,230	1,618
In service	-	1,905	838	1,067
Kid's Club	-	57,088	26,881	30,207
Kindergarden camp	-	1,112	541	571
Vacation day camp	-	7,753	3,557	4,196
Totals	-	136,208	71,756	64,452
Camps/clinics				
All others	-	2,075	1,790	285
Mc Academy	-	9,805	8,865	940
Swim lessons	-	1,565	1,821	(256)
Totals	-	13,445	12,476	969
Rentals				
Newbegin	-	4,650	367	4,283
Totals	-	4,650	367	4,283
Special events				
Special events	-	687	2,475	(1,788)
Totals	-	687	2,475	(1,788)
Total programs	-	236,141	149,443	86,698
Subtotal - Recreation Department Activity	-	236,141	218,364	17,777
Beginning Fund Balance	44,818	-	-	44,818
Total Recreation Department Activity	<u>\$ 44,818</u>	<u>\$ 236,141</u>	<u>\$ 218,364</u>	<u>\$ 62,595</u>

See accompanying independent auditors' report.

Capital Projects Fund

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

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2012

	Public Works & Transfer Station Project	Town Office Project	Bridge Repair and Replacement	Fire and Public Safety	PW and Town Vehicles and Equipment	Sidewalks
ASSETS						
Due from other funds	\$ 2,507	\$ 8,202	\$ 116,498	\$ 761,398	\$ 229,959	\$ 25,884
Prepaid expenses	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 2,507</u>	<u>\$ 8,202</u>	<u>\$ 116,498</u>	<u>\$ 761,398</u>	<u>\$ 229,959</u>	<u>\$ 25,884</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	811	2,062	11,430	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>811</u>	<u>2,062</u>	<u>11,430</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	2,507	8,202	-	-	-	-
Committed	-	-	115,687	759,336	218,529	25,884
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>2,507</u>	<u>8,202</u>	<u>115,687</u>	<u>759,336</u>	<u>218,529</u>	<u>25,884</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,507</u>	<u>\$ 8,202</u>	<u>\$ 116,498</u>	<u>\$ 761,398</u>	<u>\$ 229,959</u>	<u>\$ 25,884</u>

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
 JUNE 30, 2012

	<u>Misc.</u>	<u>Landfill Closure</u>	<u>Water Quality</u>	<u>Public Buildings</u>	<u>Technology</u>	<u>Road Resurfacing</u>	<u>Totals</u>
ASSETS							
Due from other funds	\$ 37,492	\$ 154,332	\$ 6,130	\$ 15,269	\$ 39,940	\$ -	\$ 1,397,611
Prepaid expenses	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 37,492</u>	<u>\$ 154,332</u>	<u>\$ 6,130</u>	<u>\$ 15,269</u>	<u>\$ 39,940</u>	<u>\$ -</u>	<u>\$ 1,397,611</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 258,210	\$ 258,210
Accounts payable	-	-	-	-	1,265	-	15,568
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,265</u>	<u>258,210</u>	<u>273,778</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	154,332	-	-	-	-	165,041
Committed	37,492	-	-	15,269	38,675	-	1,210,872
Assigned	-	-	6,130	-	-	-	6,130
Unassigned	-	-	-	-	-	(258,210)	(258,210)
TOTAL FUND BALANCES	<u>37,492</u>	<u>154,332</u>	<u>6,130</u>	<u>15,269</u>	<u>38,675</u>	<u>(258,210)</u>	<u>1,123,833</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 37,492</u>	<u>\$ 154,332</u>	<u>\$ 6,130</u>	<u>\$ 15,269</u>	<u>\$ 39,940</u>	<u>\$ -</u>	<u>\$ 1,397,611</u>

See accompanying independent auditors' report.

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Public Works & Transfer Station Project	Town Office Project	Bridge Repair and Replacement	Fire and Public Safety	PW and Town Vehicles and Equipment	Sidewalks
REVENUES						
Investment income	\$ 10	\$ 86	\$ 527	\$ 2,589	\$ 814	\$ 86
Other income	-	-	-	5,700	-	-
TOTAL REVENUE	<u>10</u>	<u>86</u>	<u>527</u>	<u>8,289</u>	<u>814</u>	<u>86</u>
EXPENDITURES	<u>240</u>	<u>24,657</u>	<u>186,651</u>	<u>44,588</u>	<u>59,960</u>	<u>-</u>
TOTAL EXPENDITURES						
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(230)</u>	<u>(24,571)</u>	<u>(186,124)</u>	<u>(36,299)</u>	<u>(59,146)</u>	<u>86</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	-	50,000	-	50,000	-
Operating Transfers (Out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(230)	(24,571)	(136,124)	(36,299)	(9,146)	86
FUND BALANCES - JULY 1	<u>2,737</u>	<u>32,773</u>	<u>251,811</u>	<u>795,635</u>	<u>227,675</u>	<u>25,798</u>
FUND BALANCES - JUNE 30	<u>\$ 2,507</u>	<u>\$ 8,202</u>	<u>\$ 115,687</u>	<u>\$ 759,336</u>	<u>\$ 218,529</u>	<u>\$ 25,884</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, 2012

	Misc.	Landfill Closure	Water Quality	Public Buildings	Technology	Road Resurfacing	Totals
REVENUES							
Investment income	\$ 150	\$ 514	\$ 20	\$ 48	\$ 188	\$ -	\$ 5,032
Other income	-	-	-	-	-	-	5,700
TOTAL REVENUE	<u>150</u>	<u>514</u>	<u>20</u>	<u>48</u>	<u>188</u>	<u>-</u>	<u>10,732</u>
EXPENDITURES	<u>43,300</u>	<u>-</u>	<u>-</u>	<u>11,214</u>	<u>39,874</u>	<u>408,210</u>	<u>818,694</u>
TOTAL EXPENDITURES							
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(43,150)</u>	<u>514</u>	<u>20</u>	<u>(11,166)</u>	<u>(39,686)</u>	<u>(408,210)</u>	<u>(807,962)</u>
OTHER FINANCING SOURCES (USES)							
Operating Transfers In	20,000	-	-	5,000	-	150,000	275,000
Operating Transfers (Out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>150,000</u>	<u>275,000</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	<u>(23,150)</u>	<u>514</u>	<u>20</u>	<u>(6,166)</u>	<u>(39,686)</u>	<u>(258,210)</u>	<u>(532,962)</u>
FUND BALANCES - JULY 1	<u>60,642</u>	<u>153,818</u>	<u>6,110</u>	<u>21,435</u>	<u>78,361</u>	<u>-</u>	<u>1,656,795</u>
FUND BALANCES - JUNE 30	<u>\$ 37,492</u>	<u>\$ 154,332</u>	<u>\$ 6,130</u>	<u>\$ 15,269</u>	<u>\$ 38,675</u>	<u>\$ (258,210)</u>	<u>\$ 1,123,833</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, 2012

	<u>Cemetery</u>	<u>George Doughty</u>	<u>Helen Frank Cemetery</u>	<u>Monument & Christian Temple</u>	<u>Pennell</u>
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Due from other funds	22,880	10,036	33,701	3,037	34,318
TOTAL ASSETS	<u>\$ 22,880</u>	<u>\$ 10,036</u>	<u>\$ 33,701</u>	<u>\$ 3,037</u>	<u>\$ 34,318</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Due to others funds	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	22,880	10,036	33,701	3,037	34,318
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>22,880</u>	<u>10,036</u>	<u>33,701</u>	<u>3,037</u>	<u>34,318</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 22,880</u>	<u>\$ 10,036</u>	<u>\$ 33,701</u>	<u>\$ 3,037</u>	<u>\$ 34,318</u>

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
 JUNE 30, 2012

	<u>C Barker School</u>	<u>Grange Scholarship</u>	<u>Common School</u>	<u>Stimson Cemetery</u>	<u>Totals</u>
ASSETS					
Cash and cash equivalents	\$ 23,312	\$ 14,169	\$ -	\$ -	\$ 37,481
Investments	-	-	-	-	-
Due from other funds	-	-	2,841	7,025	113,838
TOTAL ASSETS	<u>\$ 23,312</u>	<u>\$ 14,169</u>	<u>\$ 2,841</u>	<u>\$ 7,025</u>	<u>\$ 151,319</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Due to others funds	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	23,312	14,169	2,841	7,025	151,319
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>23,312</u>	<u>14,169</u>	<u>2,841</u>	<u>7,025</u>	<u>151,319</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 23,312</u>	<u>\$ 14,169</u>	<u>\$ 2,841</u>	<u>\$ 7,025</u>	<u>\$ 151,319</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, 2012

	<u>Cemetery</u>	<u>George Doughty</u>	<u>Helen Frank Cemetery</u>	<u>Monument & Christian Temple</u>	<u>Pennell</u>
REVENUES					
Investment income	\$ 82	\$ 36	\$ 121	\$ 11	\$ 120
Other income	-	-	-	-	-
TOTAL REVENUE	<u>82</u>	<u>36</u>	<u>121</u>	<u>11</u>	<u>120</u>
EXPENDITURES	<u>244</u>	<u>107</u>	<u>359</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(162)</u>	<u>(71)</u>	<u>(238)</u>	<u>11</u>	<u>120</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>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES (USES)	(162)	(71)	(238)	11	120
FUND BALANCES - JULY 1	<u>23,042</u>	<u>10,107</u>	<u>33,939</u>	<u>3,026</u>	<u>34,198</u>
FUND BALANCES - JUNE 30	<u>\$ 22,880</u>	<u>\$ 10,036</u>	<u>\$ 33,701</u>	<u>\$ 3,037</u>	<u>\$ 34,318</u>

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	<u>C Barker School</u>	<u>Grange Scholarship</u>	<u>Common School</u>	<u>Stimson Cemetery</u>	<u>Totals</u>
REVENUES					
Investment income	\$ 77	\$ 48	\$ 10	\$ 25	\$ 530
Other income	-	-	-	-	-
TOTAL REVENUE	<u>77</u>	<u>48</u>	<u>10</u>	<u>25</u>	<u>530</u>
EXPENDITURES	<u>500</u>	<u>1,000</u>	<u>-</u>	<u>75</u>	<u>2,285</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(423)</u>	<u>(952)</u>	<u>10</u>	<u>(50)</u>	<u>(1,755)</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>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES (USES)	(423)	(952)	10	(50)	(1,755)
FUND BALANCES - JULY 1	<u>23,735</u>	<u>15,121</u>	<u>2,831</u>	<u>7,075</u>	<u>153,074</u>
FUND BALANCES - JUNE 30	<u>\$ 23,312</u>	<u>\$ 14,169</u>	<u>\$ 2,841</u>	<u>\$ 7,025</u>	<u>\$ 151,319</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, 2012

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Totals
General Government	\$ 2,428,203	\$ 520,671	\$ 399,153	\$ 143,640	\$ 3,491,667
Pennell	34,563	313,818	418,923	-	767,304
Parks & Recreation	3,850	230,072	82,010	-	315,932
Public Safety	11,567	531,297	43,679	-	586,543
Fire & Rescue	19,318	474,233	4,185,935	-	4,679,486
Public Works	3,021,138	511,709	2,833,749	9,944,407	16,311,003
Buildings & Grounds	30,000	144,059	34,500	393,646	602,205
Solid Waste	-	195,036	276,453	-	471,489
Total General Capital Assets	5,548,639	2,920,895	8,274,402	10,481,693	27,225,629
Less: Accumulated Depreciation	-	(1,588,930)	(6,058,019)	(5,193,928)	(12,840,877)
Net General Capital Assets	\$ 5,548,639	\$ 1,331,965	\$ 2,216,383	\$ 5,287,765	\$ 14,384,752

See accompanying independent auditors' report.

TOWN OF GRAY, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2012

	General Capital Assets 7/1/11	Additions	Deletions	General Capital Assets 6/30/12
General Government	\$ 3,442,360	\$ 49,307	\$ -	\$ 3,491,667
Pennell	767,304	-	-	767,304
Parks & Recreation	303,487	12,445	-	315,932
Public Safety	586,543	-	-	586,543
Fire & Rescue	4,609,049	70,437	-	4,679,486
Public Works	15,495,155	815,848	-	16,311,003
Buildings & Grounds	602,205	-	-	602,205
Solid Waste	416,316	55,173	-	471,489
	<hr/>	<hr/>	<hr/>	<hr/>
Total General Capital Assets	26,222,419	1,003,210	-	27,225,629
Less: Accumulated Depreciation	<u>(11,954,188)</u>	<u>(886,689)</u>	<u>-</u>	<u>(12,840,877)</u>
Net General Capital Assets	<u>\$ 14,268,231</u>	<u>\$ 116,521</u>	<u>\$ -</u>	<u>\$ 14,384,752</u>

See accompanying independent auditors' report.