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Audited Financial Statements

Town of Gray, Maine

June 30, 2017



Proven Expertise and Integrity

TOWN OF GRAY, MAINE

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JUNE 30, 2017

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INDEPENDENT AUDITORS' REPORT

Town Council
Town of Gray
Gray, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Gray, Maine, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Gray, Maine's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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www.rhrsmith.com

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Gray, Maine as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 11 and 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Gray, Maine's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying

accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2018, on our consideration of the Town of Gray, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Gray, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Gray, Maine
February 28, 2018

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

(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, 2017. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

The Town of Gray's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, and other supplementary information which includes combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position - this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities - this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The above mentioned financial statements have one column for the Town's activity. The type of activity presented for the Town of Gray is:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). All of the Town's basic services are reported in governmental activities, which include administration services, council, boards & committees, public safety, library, parks & recreation, public works, education and program expenses.

Fund Financial Statements

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

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

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

The Town of Gray presents two columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in

fund balances. The Town's major governmental fund is the general fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

Required Supplementary Information

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

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net position, and changes in net position of the Town's governmental activity. The Town's total net position for governmental activities increased by \$1,285,117 from \$15,835,098 to \$17,120,215.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased for governmental activities to a balance of \$5,785,052 at the end of this year.

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

	<u>2017</u>	<u>2016</u>
Assets:		
Current Assets	\$ 7,614,514	\$ 7,519,531
Capital Assets	16,394,986	15,756,117
Total Assets	<u>24,009,500</u>	<u>23,275,648</u>
Deferred Outflows of Resources:		
Deferred Amortization	55,000	-
Total Deferred Outflows of Resources	<u>55,000</u>	<u>-</u>
Liabilities:		
Current Liabilities	1,338,774	1,610,431
Long-term Debt Outstanding	5,409,299	5,660,000
Total Liabilities	<u>6,748,073</u>	<u>7,270,431</u>
Deferred Inflows of Resources:		
Prepaid Taxes	69,693	58,588
Deferred Revenue	126,519	111,531
Total Deferred Inflows of Resources	<u>196,212</u>	<u>170,119</u>
Net Position:		
Net Investment in Capital Assets	10,159,037	9,208,557
Restricted: Special Revenue Funds	964,167	832,079
Capital Projects Funds	61,575	177,840
Permanent Funds	150,384	154,222
Unrestricted	5,785,052	5,462,400
Total Net Position	<u>\$ 17,120,215</u>	<u>\$ 15,835,098</u>

Revenues and Expenses

Both revenues and expenses for the Town's governmental funds were fairly consistent from the prior year with revenues increasing by \$869,349 or 4.98% primarily due to increases in charges for services and miscellaneous revenues. Expenses increased by \$145,142 or .86%. This increase was primarily due to public safety.

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

	<u>2017</u>	<u>2016</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 1,203,620	\$ 1,034,365
Operating grants and contributions	143,966	153,823
<i>General Revenues:</i>		
Taxes	15,555,814	15,522,561
Grants and contributions not restricted to specific programs	512,128	403,723
Interest income	73,531	69,869
Bond premium	319,599	-
Miscellaneous	501,309	256,277
Total Revenues	<u>18,309,967</u>	<u>17,440,618</u>
Expenses		
Administration services	1,118,074	1,219,810
Council, boards & committees	49,040	36,835
Public safety	1,269,311	1,185,785
Library/parks & recreation	346,867	336,920
Public works	2,816,154	2,795,117
Municipal finances	658,610	610,615
County assessment	598,865	575,217
Education	8,977,627	9,174,348
Insurance claims	18,112	3,522
Other grants	10,430	1,292
Community services	29,718	29,718
Program expenses	622,133	683,984
Bond issuance costs	264,599	-
Interest on long-term debt	245,310	226,545
Total Expenses	<u>17,024,850</u>	<u>16,879,708</u>
Change in Net Position	1,285,117	560,910
Net Position - July 1	<u>15,835,098</u>	<u>15,274,188</u>
Net Position - June 30	<u>\$ 17,120,215</u>	<u>\$ 15,835,098</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,

	2017	2016
General Fund:		
Nonspendable	\$ 74,058	\$ 63,236
Committed	510,758	335,000
Unassigned	4,188,732	4,118,739
Total General Fund	\$ 4,773,548	\$ 4,516,975
Nonmajor Funds:		
Special Revenue Funds:		
Nonspendable	\$ 10,169	\$ 2,939
Restricted	964,167	832,079
Committed	27,185	21,287
Assigned	248,725	210,970
Capital Projects Funds:		
Restricted	61,575	177,840
Committed	403,349	372,893
Assigned	185,919	164,787
Unassigned	-	(10,501)
Permanent Funds:		
Nonspendable - principal	109,687	113,637
Restricted	40,697	40,585
Unassigned	-	(4,047)
Total Nonmajor Funds	\$ 2,051,473	\$ 1,922,469

The general fund total fund balance increased by \$256,573 from the prior fiscal year. The nonmajor fund balances increased by \$129,004 from the prior fiscal year.

Budgetary Highlights

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

The general fund actual revenues exceeded budget by \$348,293. All revenue categories were received in excess of budgeted amounts except property taxes and other income.

The general fund actual expenditures were under budget in total by \$243,280. When excluding overlay of \$156,465, the general fund expenditures remained under budget by \$86,815 despite cost overruns in council and boards, public safety, library/parks and recreation, public works, municipal finances, insurance claims and other grants.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2017, the net book value of capital assets recorded by the Town increased by \$638,869 from the prior year. This increase is the result of capital additions of \$1,676,886 less current year depreciation expense of \$1,038,017.

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

	<u>2017</u>	<u>2016</u>
Land and Non-Depreciable Assets	\$ 124,803	\$ 2,560,323
Buildings and Improvements	7,704,140	5,293,069
Furniture and Equipment	832,376	519,002
Vehicles	2,339,407	1,923,278
Infrastructure	5,394,260	5,460,445
Total	<u>\$ 16,394,986</u>	<u>\$ 15,756,117</u>

Debt

At June 30, 2017, the Town had \$5,605,000 in bonds outstanding versus \$6,225,000 in the prior year. Other obligations include capital leases payable and accrued sick and vacation time. Refer to Note 5 of Notes to Financial Statements for detailed information.

Economic Factors and Next Year's Budgets and Rates

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

The policy requires that the Town Treasurer maintain the Unassigned General Fund Balance (as determined in accordance with applicable government accounting standards) at a level not less than two twelfths (or $1/6$) and up to three twelfths (or $1/4$) of the Town's net assessment for commitment, excluding any and all TIF plan amount assessment. Utilization of the Unassigned General Fund Balance is restricted and may in no circumstance be appropriated to below the two twelfths (or $1/6$) level as described above without the favorable vote of a Town Meeting. Such a resolution for utilization shall also contain a plan to restore the Unassigned General Fund Balance to the level detailed above within a five (5) year period should such utilization cause the Unassigned General Fund Balance to fall below the level detailed above. The Town maintained balances in excess of the required minimum level for the fiscal year ended 2017.

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

Contacting the Town's Financial Management

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

STATEMENT A

TOWN OF GRAY, MAINE
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities
	<u> </u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 6,967,216
Accounts receivable (net of allowance for uncollectibles)	
Taxes	125,931
Liens	305,231
Other	74,328
Due from other governments	57,581
Prepaid items	74,691
Inventory	9,536
Total current assets	<u>7,614,514</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	124,803
Buildings and equipment, net of accumulated depreciation	16,270,183
Total noncurrent assets	<u>16,394,986</u>
TOTAL ASSETS	<u>24,009,500</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amortization on bond refunding	55,000
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>55,000</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 24,064,500</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 164,481
Accrued expenses	2,757
Accrued payroll	44,467
Current portion of long-term obligations	1,127,069
Total current liabilities	<u>1,338,774</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	5,090,679
Capital leases payable	318,620
Total noncurrent liabilities	<u>5,409,299</u>
TOTAL LIABILITIES	<u>6,748,073</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	69,693
Deferred revenue	126,519
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>196,212</u>
NET POSITION	
Net investment in capital assets	10,159,037
Restricted: Special revenue funds	964,167
Permanent funds	150,384
Unrestricted	5,785,052
TOTAL NET POSITION	<u>17,120,215</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 24,064,500</u>

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

TOWN OF GRAY, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Revenue & Changes in Net Position
					Total Governmental Activities
Governmental activities:					
Administration services	\$ 1,118,074	\$ 316,271	\$ 8,454	\$ -	\$ (793,349)
Council, boards & committees	49,040	20,175	-	-	(28,865)
Public safety	1,269,311	293,703	-	-	(975,608)
Library/parks & recreation	346,867	10,129	-	-	(336,738)
Public works	2,816,154	142,969	135,512	-	(2,537,673)
Municipal finances	658,610	-	-	-	(658,610)
County assessment	598,865	-	-	-	(598,865)
Education	8,977,627	-	-	-	(8,977,627)
Insurance claims	18,112	-	-	-	(18,112)
Other grants	10,430	-	-	-	(10,430)
Community services	29,718	-	-	-	(29,718)
Program expenses	622,133	420,373	-	-	(201,760)
Bond issuance costs	264,599	-	-	-	(264,599)
Interest on long-term debt	245,310	-	-	-	(245,310)
Total government	<u>\$ 17,024,850</u>	<u>\$ 1,203,620</u>	<u>\$ 143,966</u>	<u>\$ -</u>	<u>(15,677,264)</u>

STATEMENT B (CONTINUED)
TOWN OF GRAY, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	Governmental Activities
Changes in net position:	
Net (expense) revenue	(15,677,264)
General revenues:	
Taxes:	
Property taxes, levied for general purposes	13,846,263
Excise taxes	1,709,551
Grants and contributions not restricted to specific programs	512,128
Interest income	73,531
Premiums on issuance	319,599
Miscellaneous	501,309
Total general revenues	16,962,381
Change in net position	1,285,117
NET POSITION - JULY 1	15,835,098
NET POSITION - JUNE 30	\$ 17,120,215

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

TOWN OF GRAY, MAINE

BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 6,278,153	\$ 689,063	\$ 6,967,216
Accounts receivable (net of allowance for uncollectibles):			
Taxes	125,931	-	125,931
Liens	305,231	-	305,231
Other	74,328	-	74,328
Due from other governments	57,581	-	57,581
Prepaid items	64,522	10,169	74,691
Inventory	9,536	-	9,536
Due from other funds	56	1,485,361	1,485,417
TOTAL ASSETS	<u>\$ 6,915,338</u>	<u>\$ 2,184,593</u>	<u>\$ 9,099,931</u>
LIABILITIES			
Accounts payable	\$ 158,847	\$ 5,634	\$ 164,481
Accrued expenses	2,757	-	2,757
Accrued payroll	41,006	3,461	44,467
Due to other funds	1,485,361	56	1,485,417
TOTAL LIABILITIES	<u>1,687,971</u>	<u>9,151</u>	<u>1,697,122</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	69,693	-	69,693
Deferred revenue	2,550	123,969	126,519
Deferred property tax	381,576	-	381,576
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>453,819</u>	<u>123,969</u>	<u>577,788</u>
FUND BALANCES			
Nonspendable	74,058	119,856	193,914
Restricted	-	1,066,439	1,066,439
Committed	510,758	430,534	941,292
Assigned	-	434,644	434,644
Unassigned	4,188,732	-	4,188,732
TOTAL FUND BALANCES	<u>4,773,548</u>	<u>2,051,473</u>	<u>6,825,021</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 6,915,338</u>	<u>\$ 2,184,593</u>	<u>\$ 9,099,931</u>

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

TOWN OF GRAY, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

	Total Governmental Funds
Total Fund Balances	\$ 6,825,021
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	16,394,986
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	381,576
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(5,605,000)
Capital leases payable	(630,949)
Accrued compensated absences	(245,419)
	\$ 17,120,215
Net position of governmental activities	

See accompanying independent auditors' 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, 2017

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes:			
Property	\$ 13,834,212	\$ -	\$ 13,834,212
Excise	1,709,551	-	1,709,551
Intergovernmental	645,834	10,260	656,094
Interest income	69,967	3,564	73,531
Charges for services	783,247	420,373	1,203,620
Miscellaneous	165,695	335,614	501,309
TOTAL REVENUES	<u>17,208,506</u>	<u>769,811</u>	<u>17,978,317</u>
EXPENDITURES			
Current:			
Administration services	1,026,447	-	1,026,447
Council, boards & committees	49,040	-	49,040
Public safety	1,073,599	-	1,073,599
Library/parks & recreation	315,021	-	315,021
Public works	2,097,322	-	2,097,322
Municipal finances	658,610	-	658,610
County assessment	598,865	-	598,865
Education	8,977,627	-	8,977,627
Insurance claims	18,112	-	18,112
Other grants	10,430	-	10,430
Community services	29,718	-	29,718
Program expenses	-	1,147,813	1,147,813
Debt service:			
Principal	-	623,940	623,940
Interest	-	245,310	245,310
Capital outlay	-	1,676,886	1,676,886
TOTAL EXPENDITURES	<u>14,854,791</u>	<u>3,693,949</u>	<u>18,548,740</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,353,715</u>	<u>(2,924,138)</u>	<u>(570,423)</u>
OTHER FINANCING SOURCES (USES)			
Bond/lease proceeds	-	3,701,000	3,701,000
Premiums on issuance	-	319,599	319,599
Bond payoff	-	(2,800,000)	(2,800,000)
Bond issuance costs	-	(264,599)	(264,599)
Transfers in	-	2,098,457	2,098,457
Transfers (out)	(2,097,142)	(1,315)	(2,098,457)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,097,142)</u>	<u>3,053,142</u>	<u>956,000</u>
NET CHANGE IN FUND BALANCES	256,573	129,004	385,577
FUND BALANCES - JULY 1	<u>4,516,975</u>	<u>1,922,469</u>	<u>6,439,444</u>
FUND BALANCES - JUNE 30	<u>\$ 4,773,548</u>	<u>\$ 2,051,473</u>	<u>\$ 6,825,021</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, 2017

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 385,577</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to be allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	1,676,886
Depreciation expense	<u>(1,038,017)</u>
	<u>638,869</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	<u>(3,701,000)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Taxes and liens receivable	<u>12,051</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Net Position	<u>4,012,611</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>(62,991)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 1,285,117</u></u>

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

Implementation of New Accounting Standards

During the year ended June 30, 2017, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*". The objective of the Statement is to improve financial reporting by instituting a single framework for the presentation of information about pensions, thereby expanding the comparability of pension-related information reported by state and local governments. Management has determined that this Statement is not applicable.

Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*". The objective of the Statement is to improve the disclosure of information about benefits other than pensions (other postemployment benefits or OPEB) included in financial statements of state and local governments. This Statement will improve financial reporting through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts that meet specified criteria. Management has determined the impact of this Statement is not material to the financial statements.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 77, "*Tax Abatement Disclosures*". The objective of the Statement is to improve disclosure of information about the nature and magnitude of tax abatements, making these transactions more transparent to financial statement users. As such, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 80, "*Blending Requirements for Certain Component Units*". The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 81, "*Irrevocable Split-Interest Agreements*". The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements - in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. As such, this Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 82, "*Pension Issues*". The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Management has determined the impact of this Statement is not material to the financial statements.

This Statement also establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

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

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

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions (administration services, public safety, etc.). 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.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Measurement Focus - Basic Financial Statements & Fund Financial Statements

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

1. Governmental Funds:

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

Major Funds

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

Nonmajor Funds

- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- d. Permanent Funds are used to account for assets held by the Town that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

The emphasis in fund financial statements is on the major funds in the governmental activities category. Nonmajor funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

Basis of Accounting

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

1. Accrual

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

2. Modified Accrual

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Receivables include amounts due from governmental agencies and local businesses. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$563,071 for the year ended June 30, 2017. The allowance for uncollectible accounts is estimated to be \$10,000 as of June 30, 2017.

Prepaid Items

Certain insurance and other payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Inventories

Inventories consist of expendable supplies held for consumption and are valued at cost which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method). The general fund inventory consists of diesel fuel and gasoline.

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

Transactions Between Funds

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

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals, and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

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

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

Estimated useful lives are as follows:

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

Long-term Obligations

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

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

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The Town's policies regarding vacation and sick time permits employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2017, the Town's liability for compensated absences is \$245,419.

Net Position

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

Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the 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 OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Town through Town meetings are the highest level of decision-making authority of the Town. Commitments may be established, modified, or rescinded only through a Town meeting vote.

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

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

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

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has no deferred outflows of resources.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has deferred tax revenues, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes and other deferred revenue also qualify for reporting in this category. These items are reported in both the statements of net position and governmental funds balance sheet. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied August 17, 2016 on the assessed value listed as of April 1, 2016, for all real and personal property located in the Town. Taxes were due in two installments on October 3, 2016 and April 4, 2017. Interest on unpaid taxes commenced on October 4, 2016 and April 5, 2017, at 7% per annum.

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

The property tax collection rate was 98.0% and 97.6% for the years ended June 30, 2017 and 2016, 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 \$156,465 for the year ended June 30, 2017.

Program Revenues

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

Encumbrance Accounting

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

Use of Estimates

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets,

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

liabilities, and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

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

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does have a policy covering custodial credit risk for deposits. The Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At June 30, 2017, the Town's cash balances amounting to \$6,967,216 were comprised of deposits of \$7,129,269. All of these bank deposits were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 8,208
Sweep accounts	1,802,547
Money market accounts	85,460
ICS savings accounts	5,233,054
	<u>\$ 7,129,269</u>

Investments:

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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2017, the Town had no investments.

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

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

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2017 consisted of the following individual fund receivables and payables:

	<u>Receivables (Due From)</u>	<u>Payables (Due To)</u>
Major funds:		
General fund	\$ 56	\$ 1,485,361
Nonmajor funds:		
Special revenue funds	1,369,841	-
Capital projects funds	1,445	56
Permanent funds	114,075	-
	<u>\$ 1,485,417</u>	<u>\$ 1,485,417</u>

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2017:

	Balance 7/1/16	Additions	Disposals	Balance 6/30/17
Non-depreciated assets:				
Land	\$ 124,803	\$ -	\$ -	\$ 124,803
Construction in progress	2,435,520	-	(2,435,520)	-
	<u>2,560,323</u>	<u>-</u>	<u>(2,435,520)</u>	<u>124,803</u>
Depreciated assets:				
Buildings & improvements	8,287,772	2,556,426	-	10,844,198
Furniture & equipment	2,451,446	435,214	-	2,886,660
Vehicles	7,135,231	616,439	(185,000)	7,566,670
Infrastructure	12,607,948	504,327	-	13,112,275
	<u>30,482,397</u>	<u>4,112,406</u>	<u>(185,000)</u>	<u>34,409,803</u>
Less accumulated depreciation:				
Buildings & improvements	(2,994,703)	(145,355)	-	(3,140,058)
Furniture & equipment	(1,932,444)	(121,840)	-	(2,054,284)
Vehicles	(5,211,953)	(200,310)	185,000	(5,227,263)
Infrastructure	(7,147,503)	(570,512)	-	(7,718,015)
	<u>(17,286,603)</u>	<u>(1,038,017)</u>	<u>185,000</u>	<u>(18,139,620)</u>
Net depreciated assets	<u>13,195,794</u>	<u>3,074,389</u>	<u>-</u>	<u>16,270,183</u>
Net capital assets	<u>\$ 15,756,117</u>	<u>\$ 3,074,389</u>	<u>\$ (2,435,520)</u>	<u>\$ 16,394,986</u>
<u>Current year depreciation:</u>				
General Government				\$ 13,139
Pennell				78,488
Library				9,425
Parks & Recreation				22,421
Public Safety				195,712
Public Works				679,310
Buildings & Grounds				20,066
Solid Waste				19,456
Total depreciation expense				<u>\$ 1,038,017</u>

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2017:

	Balance 7/1/16	Additions	Deletions	Balance 6/30/17	Current Year Portion
Bonds payable	\$ 6,225,000	\$ 2,745,000	\$ (3,365,000)	\$ 5,605,000	\$ 565,000
Capital leases payable	322,560	956,000	(647,611)	630,949	312,329
Accrued compensated absences	182,428	62,991	-	245,419	245,419
Totals	<u>\$ 6,729,988</u>	<u>\$ 3,763,991</u>	<u>\$ (4,012,611)</u>	<u>\$ 6,481,368</u>	<u>\$ 1,122,748</u>

The following is a summary of the outstanding bonds payable:

\$2,880,000, 2014 General Obligation Refunding Bond due in annual principal installments and semiannual interest installments through July of 2023. Interest is charged at a varying rate from 2.00% to 4.00% per annum. Annual principal installments vary from \$160,000 to \$335,000.	\$ 2,020,000
\$5,600,000, 2009 General Obligation Bond due in annual principal installments and semiannual interest installments through October of 2029. Interest is charged at a varying rate from 2.50% to 4.25% per annum. Annual principal installments are \$280,000.	840,000
\$2,745,000, 2017 General Obligation Refunding Bond due in annual installments through October of 2029. Interest is charged at a rate of 2.50% to 4.00% per annum. Annual principal installments vary from \$270,000 to \$285,000.	<u>2,745,000</u>
Total Bonds Payable	<u>\$ 5,605,000</u>

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 - LONG-TERM DEBT (CONTINUED)

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

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2018	\$ 565,000	\$ 100,990	\$ 665,990
2019	575,000	160,300	735,300
2020	585,000	142,900	727,900
2021	600,000	125,200	725,200
2022	605,000	108,475	713,475
2023-2027	1,865,000	323,050	2,188,050
2028-2032	810,000	64,800	874,800
	<u>\$ 5,605,000</u>	<u>\$ 1,025,715</u>	<u>\$ 6,630,715</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 following is a summary of capital leases payable for the year ended June 30, 2017:

\$195,000, 2016 Capital Lease payable to US BanCorp. for Public Works Grader due in annual installments through August of 2018. Interest is charged at a rate of 3.26% per annum. Annual payments are \$67,096	\$ 127,904
\$195,000, 2016 Capital Lease payable to Capital One for Fire and Public Safety Equipment and Public Works, Town Vehicles, and Equipment due in annual installments through August of 2018. Interest is charged at a rate of 1.70% per annum. Annual payments are \$257,955	<u>503,045</u>
Total Capital Leases Payable	<u>\$ 630,949</u>

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The future annual payments for these capital leases for the years ending June 30 are as follows:

2018	\$ 325,050
2019	325,051
Total minimum lease payments	<u>650,101</u>
Less amount representing interest	(19,152)
Present value of future minimum lease payments	<u><u>\$ 630,949</u></u>

NOTE 6 - EXPENDITURES OVER APPROPRIATIONS

At June 30, 2017, the Town had no overspent appropriations. The Town budget was approved in total by one article and the total actual expenditures did not exceed this amount.

NOTE 7 - NONSPENDABLE FUND BALANCES

At June 30, 2017, the Town had the following nonspendable fund balances:

General fund:	
Prepaid items	\$ 64,522
Inventory	9,536
Nonmajor special revenue funds (Schedule E)	10,169
Nonmajor permanent funds (Schedule J)	109,687
	<u>\$ 193,914</u>

NOTE 8 - RESTRICTED FUND BALANCES

At June 30, 2017, the Town had the following restricted fund balances:

Nonmajor special revenue funds (Schedule E)	\$ 964,167
Nonmajor capital projects funds (Schedule H)	61,575
Nonmajor permanent funds (Schedule J)	40,697
	<u><u>\$ 1,066,439</u></u>

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 9 - COMMITTED FUND BALANCES

At June 30, 2017, the Town had the following committed fund balances:

General fund:	
Use of fund balance FY 2018 budget	\$ 10,758
Use of fund balance capital projects funds	500,000
Nonmajor special revenue funds (Schedule E)	27,185
Nonmajor capital projects funds (Schedule H)	403,349
	<u>\$ 941,292</u>

NOTE 10 - ASSIGNED FUND BALANCES

At June 30, 2017, the Town had the following assigned fund balances:

Nonmajor special revenue funds (Schedule E)	\$ 248,725
Nonmajor capital projects funds (Schedule H)	185,919
	<u>\$ 434,644</u>

NOTE 11 - TAX INCREMENT FINANCING DISTRICTS AND ABATEMENTS

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

Northbrook Tax Increment Financing District

The Town has entered into an inducement agreement and a credit enhancement agreement with Enercon, Advance Realty, M 34 Associates, M 35 Associates and M 36 Associates (referred to individually and collectively as the "Company"), whereby the Town has issued revenue obligation bonds on behalf of the Company amounting to \$2,800,000. These bonds are not general obligation bonds of the Town and do not constitute a debt or obligation of the Town of Gray, Maine. The bonds will be paid solely by the revenue of the project provided by the companies. In 2017, \$114,255 of tax was captured and \$64,013 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

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11 - TAX INCREMENT FINANCING DISTRICTS AND ABATEMENTS
(CONTINUED)

30% or a maximum of \$200,000. The debt will be serviced by captured asset value within the district.

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

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.

Abatements

The Town has not made any commitments as part of the Credit Enhancement Agreements other than to reduce taxes. The Town is not subject to any tax abatement agreements entered into by other governmental entities. The Town currently has one tax abatement agreement and an amendment, the Enercon Inc. Credit Enhancement Agreement and the First Amendment, which are summarized below:

Enercon, Inc. Credit Enhancement Agreement and the First Amendment

On September 19, 1997, the Town of Gray entered into a credit enhancement agreement with the Company for the design, construction and operation of business

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11 - TAX INCREMENT FINANCING DISTRICTS AND ABATEMENTS
(CONTINUED)

development/manufacturing facilities. On February 2, 2012, the Town of Gray entered into a credit enhancement agreement amendment with M36 Associates, Inc. to extend the term of the original agreement, provide for the share of BETE reimbursement, the marketing of Northbrook and next major expansion of Northbrook. The original valuation of the property was \$164,076. No more than 95%, of the property taxes to be generated on the improvements within the District will be returned to the developer for 30 years. The remaining amount will be retained by the Town and used to fund the development plan of the District.

For the fiscal year ended June 30, 2017, the Town abated property taxes for the following programs:

<u>Tax Abatement Program</u>	<u>Percentage of Taxes Abated During the Fiscal Year</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>
Enercon, Inc Credit Enhancement Agreement	56%	\$ 64,013
		<u>\$ 64,013</u>

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 \$125,460 for any capital repairs or improvements during the post closure period. The Town considers any liability for post closure monitoring to be immaterial and therefore has not recorded a liability in the entity-wide statements.

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, 2017, the Town's share was approximately:

	<u>Outstanding Debt</u>	<u>Percentage</u>	<u>Amount</u>
Gray Water District	\$ 770,294	35.14%	\$ 270,677
County of Cumberland	34,105,000	2.11%	719,616
MSAD #15	8,690,748	64.60%	5,614,223
			<u>\$ 6,604,516</u>

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14 - CONTINGENCIES

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

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

NOTE 15 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town participates in a public entity risk pool sponsored by the Maine Municipal Association. The Maine Municipal Association Group Risk Pool is a state chartered pool established exclusively for Maine municipalities. The pool provides certain property, liability, fidelity and vehicle coverage. If the assets of the pool are at any time actuarially determined to be insufficient to enable the pool to discharge its legal obligations, other obligations, and actuarially sound reserves, the pool has the power to make up the deficiency by the levy of a prorated assessment. There have been no deficiencies during the past three years and management believes that no deficiency exists at June 30, 2017.

The Town is a member of the Maine Municipal Association – Property and Casualty Pool and pays an annual premium for its coverage. Under the property portion of the policy, coverage is provided after a per occurrence deductible is met. The limit of coverage for liability claims brought under the Maine Tort Claims Act is \$400,000 per occurrence. A \$2,000,000 limit of liability is provided for liability claims outside the Maine Tort Claims Act. There is no aggregate liability limit. Coverage for Public Officials Liability, including Employment Practices, is a part of the program. Coverage is on an occurrence basis, rather than a "claims made" form. A \$2,000,000 limit of liability is provided for all claims for Wrongful Acts seeking monetary damages pursuant to federal or state law for which the Maine Tort Claims Act does not provide immunity or limitations. Each member has a \$4,000,000 annual aggregate limit. An annual sublimit of \$100,000 per member applies for all back wages and/or future salary awards for employment related claims, subject to a \$5,000 retention and a 10% contribution by the member.

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 15 - RISK MANAGEMENT (CONTINUED)

The Town is also a member of the Maine Municipal Association – Worker Compensation Trust Fund (“Fund”). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund’s membership, obtain lower costs for worker’s compensation coverage and develop a comprehensive loss control program. The Town pays an annual premium to the fund for its worker’s compensation coverage. The Town’s agreement with the Fund provides that the fund will be self-sustaining through member premiums and will provide, through commercial companies’ reinsurance contracts, coverage for claims in excess of \$1,000,000.

The Town is also a member of the Maine Municipal Association – Unemployment Compensation Group Fund (“MMA UC Fund”). The MMA UC Fund was created to assist in meeting members’ obligations under the Employment Security Act in an efficient and cost effective manner. The Fund is composed of individual municipalities and other public and related non-profit entities that are individually self-insured but administered as a group. Within the Fund, each member has a separate account. As such, the Town makes quarterly payments into their account, based on rates developed by MMA’s consulting actuary. Claims, if any, are paid out of the Town’s own account. The Maine Department of Labor classifies MMA’s UC Fund members as Direct Reimbursement Employers. In other words, the Fund reimburses the Maine DOL on the Town’s behalf only when the Town has unemployment claims from present or former employees.

Occasionally, the Town may have layoffs or resignations or even a part-time employee losing a primary job, that lead to larger claims payments than anticipated. When claims exceed the balance of the Town’s account, the UC Fund continues to pay the Town’s claims with no regard for the negative balance. Repayment of a negative balance is spread out over a period of years to avoid a financial hardship to the Town.

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2017. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 16 - DEFERRED COMPENSATION PLAN

INTERNATIONAL CITY MANAGEMENT ASSOCIATION - RETIREMENT CORP.

A. Plan Description

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and maintained by International

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 16 - DEFERRED COMPENSATION PLAN (CONTINUED)

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.

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

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

B. Funding Policy

Under the defined contribution plan, employees may elect to participate. The Town will match an eligible employee's contribution to the 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.

The Town's contributions to the plan for 2017 were \$118,400.

NOTE 17 - 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 3.89% in ecomaine as of June 30, 2017 (the most current period available).

ecomaine has issued bonds to fund the design, construction and start-up of a resource recovery system. The bonds are special revenue obligations of ecomaine, payable from and secured by a pledge of ecomaine revenues. The bonds do not

TOWN OF GRAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 17 - JOINT VENTURES (CONTINUED)

constitute a debt or liability within the meaning of any constitutional or statutory provision of the State of Maine, or a pledge of the full faith and credit of a political subdivision of the State of Maine. ecomaine has no taxing power. The obligations of the participating municipalities under the Waste Handling Agreements are secured by the full faith and credit of the participating municipalities subject to certain limitations. On June 30, 2017 (the most current period available), ecomaine had no outstanding debt. Additionally, the Town's share of the projected landfill closure and post closure cost relating to ecomaine is estimated to be \$566,510.

NOTE 18 - COMPARATIVE DATA/RECLASSIFICATIONS

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

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, 2017

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1	\$ 4,516,975	\$ 4,516,975	\$ 4,516,975	\$ -
Resources (Inflows):				
Property taxes	13,855,532	13,855,532	13,834,212	(21,320)
Excise taxes	1,518,350	1,518,350	1,709,551	191,201
Intergovernmental	598,381	598,381	645,834	47,453
Charges for services	556,700	556,700	783,247	226,547
Interest income	68,500	68,500	69,967	1,467
Other revenue	262,750	262,750	165,695	(97,055)
Transfers from other funds	-	-	-	-
Amounts Available for Appropriation	<u>21,377,188</u>	<u>21,377,188</u>	<u>21,725,481</u>	<u>348,293</u>
Charges to Appropriations (Outflows):				
Administration services	1,045,626	1,045,626	1,026,447	19,179
Council, boards & committees	38,815	38,815	49,040	(10,225)
Public safety	1,056,391	1,056,391	1,073,599	(17,208)
Library/parks & recreation	314,206	314,206	315,021	(815)
Public works	2,095,377	2,095,377	2,097,322	(1,945)
Municipal finances	629,705	629,705	658,610	(28,905)
County assessment	598,865	598,865	598,865	-
Education	8,977,627	8,977,627	8,977,627	-
Insurance claims	-	-	18,112	(18,112)
Other grants	-	-	10,430	(10,430)
Community services	29,718	29,718	29,718	-
Overlay	156,465	156,465	-	156,465
Transfers to other funds	2,252,418	2,252,418	2,097,142	155,276
Total Charges to Appropriations	<u>17,195,213</u>	<u>17,195,213</u>	<u>16,951,933</u>	<u>243,280</u>
Budgetary Fund Balance, June 30	<u>\$ 4,181,975</u>	<u>\$ 4,181,975</u>	<u>\$ 4,773,548</u>	<u>\$ 591,573</u>
Utilization of committed fund balance	<u>\$ 335,000</u>	<u>\$ 335,000</u>	<u>\$ -</u>	<u>\$ (335,000)</u>
	<u>\$ 335,000</u>	<u>\$ 335,000</u>	<u>\$ -</u>	<u>\$ (335,000)</u>

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

Other Supplementary Information

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

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues
- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Schedule of Activity - Recreation Fund
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

TOWN OF GRAY, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
 BUDGET AND ACTUAL – GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 13,855,532	\$ 13,855,532	\$ 13,834,212	\$ (21,320)
Auto excise	1,500,000	1,500,000	1,689,249	189,249
Boat excise	18,350	18,350	20,302	1,952
Subtotal	<u>15,373,882</u>	<u>15,373,882</u>	<u>15,543,763</u>	<u>169,881</u>
Intergovernmental revenues:				
Animal waste facility	1,350	1,350	1,345	(5)
Cumberland assessing contract	66,786	66,786	69,110	2,324
General assistance	20,650	20,650	8,454	(12,196)
LRAP	136,220	136,220	135,512	(708)
Snowmobiles	3,100	3,100	2,125	(975)
State revenue sharing	341,600	341,600	344,500	2,900
Tree growth	22,975	22,975	53,001	30,026
Veterans' exemption	5,700	5,700	7,151	1,451
FEMA/MEMA	-	-	3,979	3,979
Miscellaneous	-	-	20,657	20,657
Subtotal	<u>598,381</u>	<u>598,381</u>	<u>645,834</u>	<u>47,453</u>
Charges for services:				
Building fees	89,000	89,000	193,189	104,189
Clerk fees	36,400	36,400	37,353	953
Community development miscellaneous	1,500	1,500	19,720	18,220
Dog control	450	450	6,297	5,847
Electric fees	13,000	13,000	19,116	6,116
Junkyard fees	50	50	50	-
Land use fines	-	-	1,254	1,254
Library fines	9,000	9,000	10,129	1,129
Planning board fees	17,000	17,000	15,075	(1,925)
Plumbing fees	22,000	22,000	33,772	11,772
Public communications	-	-	570	570
Public works misc	5,200	5,200	11,850	6,650
Recycling	100,100	100,100	131,119	31,019
Rescue fees	260,000	260,000	293,703	33,703
Shoreland application fees	2,000	2,000	2,550	550
Shoreland fines	-	-	5,000	5,000
Zoning board applications	1,000	1,000	2,500	1,500
Subtotal	<u>556,700</u>	<u>556,700</u>	<u>783,247</u>	<u>226,547</u>

SCHEDULE A (CONTINUED)

TOWN OF GRAY, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
 BUDGET AND ACTUAL – GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Interest income:				
Interest income	13,500	13,500	17,794	4,294
Tax interest	55,000	55,000	52,173	(2,827)
Subtotal	<u>68,500</u>	<u>68,500</u>	<u>69,967</u>	<u>1,467</u>
Miscellaneous revenues:				
Cable franchise fees	85,000	85,000	90,379	5,379
Grants	-	-	10,430	10,430
Insurance claims	-	-	18,112	18,112
Payment rebates	5,000	5,000	7,202	2,202
Proceeds from sale of assets	-	-	810	810
Use of TIF funds	160,000	160,000	35,000	(125,000)
Other miscellaneous	12,750	12,750	3,762	(8,988)
Subtotal	<u>262,750</u>	<u>262,750</u>	<u>165,695</u>	<u>(97,055)</u>
Amounts Available for Appropriation	<u>\$ 16,860,213</u>	<u>\$ 16,860,213</u>	<u>\$ 17,208,506</u>	<u>\$ 348,293</u>

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

TOWN OF GRAY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
ADMINISTRATION SERVICES:					
Administration	\$ 463,211	\$ -	\$ 463,211	\$ 464,487	\$ (1,276)
Community development	205,468	-	205,468	185,602	19,866
Assessing	143,543	-	143,543	138,393	5,150
Code enforcement	106,821	-	106,821	134,479	(27,658)
General assistance	33,349	-	33,349	14,506	18,843
Public communications	83,024	-	83,024	77,991	5,033
Elections	10,210	-	10,210	10,989	(779)
Totals	<u>1,045,626</u>	<u>-</u>	<u>1,045,626</u>	<u>1,026,447</u>	<u>19,179</u>
COUNCIL, BOARDS & COMMITTEES:					
Council	31,065	-	31,065	38,556	(7,491)
Zoning Board of Appeals	1,600	-	1,600	4,684	(3,084)
Planning Board	5,150	-	5,150	5,114	36
Economic development	1,000	-	1,000	686	314
Totals	<u>38,815</u>	<u>-</u>	<u>38,815</u>	<u>49,040</u>	<u>(10,225)</u>
PUBLIC SAFETY:					
County sheriff	115,023	-	115,023	110,098	4,925
Public safety services	767,684	-	767,684	789,889	(22,205)
Utilities	173,684	-	173,684	173,612	72
Totals	<u>1,056,391</u>	<u>-</u>	<u>1,056,391</u>	<u>1,073,599</u>	<u>(17,208)</u>

TOWN OF GRAY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
LIBRARY/ PARKS & RECREATION:					
Library	289,896	-	289,896	290,660	(764)
Parks and recreation administration	24,310	-	24,310	24,361	(51)
Totals	<u>314,206</u>	<u>-</u>	<u>314,206</u>	<u>315,021</u>	<u>(815)</u>
PUBLIC WORKS:					
Winter roads	453,016	-	453,016	422,695	30,321
Summer roads	377,873	-	377,873	431,500	(53,627)
Additional roadwork	119,225	-	119,225	122,631	(3,406)
Garage	276,446	-	276,446	266,704	9,742
Recycling	613,341	-	613,341	593,510	19,831
Buildings and grounds	255,476	-	255,476	260,282	(4,806)
Totals	<u>2,095,377</u>	<u>-</u>	<u>2,095,377</u>	<u>2,097,322</u>	<u>(1,945)</u>
MUNICIPAL FINANCES:					
General insurance	629,705	-	629,705	658,610	(28,905)
Totals	<u>629,705</u>	<u>-</u>	<u>629,705</u>	<u>658,610</u>	<u>(28,905)</u>
COUNTY ASSESSMENT	<u>598,865</u>	<u>-</u>	<u>598,865</u>	<u>598,865</u>	<u>-</u>
EDUCATION	<u>8,977,627</u>	<u>-</u>	<u>8,977,627</u>	<u>8,977,627</u>	<u>-</u>
INSURANCE CLAIMS	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,112</u>	<u>(18,112)</u>
OTHER GRANTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,430</u>	<u>(10,430)</u>

TOWN OF GRAY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
COMMUNITY SERVICES	29,718	-	29,718	29,718	-
OVERLAY	156,465	-	156,465	-	156,465
TRANSFERS TO OTHER FUNDS:					
Northbrook TIF	114,531	-	114,531	114,255	276
South Gray TIF	248,958	-	248,958	248,958	-
Recreation fund	31,871	-	31,871	1,871	30,000
Capital reserves	1,857,058	-	1,857,058	1,732,058	125,000
Totals	2,252,418	-	2,252,418	2,097,142	155,276
TOTAL EXPENDITURES	\$ 17,195,213	\$ -	\$ 17,195,213	\$ 16,951,933	\$ 243,280

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

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 550	\$ 652,204	\$ 36,309	\$ 689,063
Prepaid items	10,169	-	-	10,169
Due from other funds	1,369,841	1,445	114,075	1,485,361
TOTAL ASSETS	<u>\$ 1,380,560</u>	<u>\$ 653,649</u>	<u>\$ 150,384</u>	<u>\$ 2,184,593</u>
LIABILITIES				
Accounts payable	\$ 2,884	\$ 2,750	\$ -	\$ 5,634
Accrued payroll	3,461	-	-	3,461
Due to other funds	-	56	-	56
TOTAL LIABILITIES	<u>6,345</u>	<u>2,806</u>	<u>-</u>	<u>9,151</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	123,969	-	-	123,969
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>123,969</u>	<u>-</u>	<u>-</u>	<u>123,969</u>
FUND BALANCES				
Nonspendable	10,169	-	109,687	119,856
Restricted	964,167	61,575	40,697	1,066,439
Committed	27,185	403,349	-	430,534
Assigned	248,725	185,919	-	434,644
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>1,250,246</u>	<u>650,843</u>	<u>150,384</u>	<u>2,051,473</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,380,560</u>	<u>\$ 653,649</u>	<u>\$ 150,384</u>	<u>\$ 2,184,593</u>

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

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Investment income, net of unrealized gains/(losses)	\$ 839	\$ 2,388	\$ 337	\$ 3,564
Intergovernmental	10,260	-	-	10,260
Charges for services	420,373	-	-	420,373
Other income	53,739	281,875	-	335,614
TOTAL REVENUES	485,211	284,263	337	769,811
EXPENDITURES				
Debt service:				
Principal	-	623,940	-	623,940
Interest	-	245,310	-	245,310
Capital outlay	73,991	1,602,895	-	1,676,886
Other	594,648	553,037	128	1,147,813
TOTAL EXPENDITURES	668,639	3,025,182	128	3,693,949
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(183,428)	(2,740,919)	209	(2,924,138)
OTHER FINANCING SOURCES (USES)				
Bond/lease proceeds	-	3,701,000	-	3,701,000
Premiums on issuance	-	319,599	-	319,599
Bond payoff	-	(2,800,000)	-	(2,800,000)
Bond issuance costs	-	(264,599)	-	(264,599)
Transfers in	366,399	1,732,058	-	2,098,457
Transfers (out)	-	(1,315)	-	(1,315)
TOTAL OTHER FINANCING SOURCES (USES)	366,399	2,686,743	-	3,053,142
NET CHANGE IN FUND BALANCES	182,971	(54,176)	209	129,004
FUND BALANCES - JULY 1	1,067,275	705,019	150,175	1,922,469
FUND BALANCES - JUNE 30	\$ 1,250,246	\$ 650,843	\$ 150,384	\$ 2,051,473

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

Special Revenue Funds

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

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2017

	Northbrook TIF	South Gray TIF	Recreation Fund	Parks & Recreation Fundraiser	Dry Mills Schoolhouse	Rescue Kilby Fund
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 550	\$ -	\$ -	\$ -
Prepaid items	-	-	10,169	-	-	-
Due from other funds	236,426	452,516	271,033	2,359	6,052	15,368
TOTAL ASSETS	<u>\$ 236,426</u>	<u>\$ 452,516</u>	<u>\$ 281,752</u>	<u>\$ 2,359</u>	<u>\$ 6,052</u>	<u>\$ 15,368</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ 533	\$ 940	\$ -	\$ -
Accrued payroll	-	-	3,461	-	-	-
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>3,994</u>	<u>940</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	-	-	123,969	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>123,969</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	10,169	-	-	-
Restricted	236,426	452,516	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	143,620	1,419	6,052	15,368
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>236,426</u>	<u>452,516</u>	<u>153,789</u>	<u>1,419</u>	<u>6,052</u>	<u>15,368</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 236,426</u>	<u>\$ 452,516</u>	<u>\$ 281,752</u>	<u>\$ 2,359</u>	<u>\$ 6,052</u>	<u>\$ 15,368</u>

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2017

	Penn Cable	Gray Employee Safety & Wellness	Subdivision Recreation Fund	Library Reserve	Landfill Closure	Water Quality
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid items	-	-	-	-	-	-
Due from other funds	525	2,129	49,543	3,320	125,460	6,151
TOTAL ASSETS	<u>\$ 525</u>	<u>\$ 2,129</u>	<u>\$ 49,543</u>	<u>\$ 3,320</u>	<u>\$ 125,460</u>	<u>\$ 6,151</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ 1,411	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>1,411</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	525	-	48,132	-	125,460	-
Committed	-	-	-	-	-	-
Assigned	-	2,129	-	3,320	-	6,151
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>525</u>	<u>2,129</u>	<u>48,132</u>	<u>3,320</u>	<u>125,460</u>	<u>6,151</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 525</u>	<u>\$ 2,129</u>	<u>\$ 49,543</u>	<u>\$ 3,320</u>	<u>\$ 125,460</u>	<u>\$ 6,151</u>

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2017

	Pennell Town Clock	Stimson Hall	Library Appeal	Gray Fire & Rescue Mem. Fund	Marketing	Valt Phase I
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid items	-	-	-	-	-	-
Due from other funds	10,050	21,287	1,959	15,330	1,000	4,593
TOTAL ASSETS	<u>\$ 10,050</u>	<u>\$ 21,287</u>	<u>\$ 1,959</u>	<u>\$ 15,330</u>	<u>\$ 1,000</u>	<u>\$ 4,593</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	21,287	-	-	-	4,593
Assigned	10,050	-	1,959	15,330	1,000	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>10,050</u>	<u>21,287</u>	<u>1,959</u>	<u>15,330</u>	<u>1,000</u>	<u>4,593</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 10,050</u>	<u>\$ 21,287</u>	<u>\$ 1,959</u>	<u>\$ 15,330</u>	<u>\$ 1,000</u>	<u>\$ 4,593</u>

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2017

	GEO Plan	Tomco	Library Fund	Planning Board Escrow	S/Dugas Pit Reclamation	Maxwell Gravel Pit Reclamation
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid items	-	-	-	-	-	-
Due from other funds	392	19,616	11,515	75,547	8,507	5,065
TOTAL ASSETS	<u>\$ 392</u>	<u>\$ 19,616</u>	<u>\$ 11,515</u>	<u>\$ 75,547</u>	<u>\$ 8,507</u>	<u>\$ 5,065</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	75,547	8,507	5,065
Committed	-	-	-	-	-	-
Assigned	392	19,616	11,515	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>392</u>	<u>19,616</u>	<u>11,515</u>	<u>75,547</u>	<u>8,507</u>	<u>5,065</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 392</u>	<u>\$ 19,616</u>	<u>\$ 11,515</u>	<u>\$ 75,547</u>	<u>\$ 8,507</u>	<u>\$ 5,065</u>

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2017

	Training Site	Hose Roller	Henry Pennell Municipal Complex	Libby Recreation Scholarship	Gray Matters
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid items	-	-	-	-	-
Due from other funds	38	1,305	10,638	1,808	2,162
TOTAL ASSETS	\$ 38	\$ 1,305	\$ 10,638	\$ 1,808	\$ 2,162
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	10,638	-	-
Committed	-	1,305	-	-	-
Assigned	38	-	-	1,808	2,162
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	38	1,305	10,638	1,808	2,162
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 38	\$ 1,305	\$ 10,638	\$ 1,808	\$ 2,162

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2017

	Gray Fire/Rescue Education	Shannon Ronan Mem Fund	Mazur Parks/Rec Mem Fund	Grants	Parks & Recreation Scholarship Fund	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 550
Prepaid items	-	-	-	-	-	10,169
Due from other funds	3,687	439	1,351	-	2,670	1,369,841
TOTAL ASSETS	<u>\$ 3,687</u>	<u>\$ 439</u>	<u>\$ 1,351</u>	<u>\$ -</u>	<u>\$ 2,670</u>	<u>\$ 1,380,560</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,884
Accrued payroll	-	-	-	-	-	3,461
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,345</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	-	-	-	-	-	123,969
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>123,969</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	10,169
Restricted	-	-	1,351	-	-	964,167
Committed	-	-	-	-	-	27,185
Assigned	3,687	439	-	-	2,670	248,725
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>3,687</u>	<u>439</u>	<u>1,351</u>	<u>-</u>	<u>2,670</u>	<u>1,250,246</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 3,687</u>	<u>\$ 439</u>	<u>\$ 1,351</u>	<u>\$ -</u>	<u>\$ 2,670</u>	<u>\$ 1,380,560</u>

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

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Northbrook TIF	South Gray TIF	Recreation Fund	Parks & Recreation Fundraiser	Dry Mills Schoolhouse	Rescue Kilby Fund
REVENUES						
Interest income	\$ -	\$ 839	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	383,809	-	-	-
Other income	-	-	-	805	-	8,518
TOTAL REVENUES	<u>-</u>	<u>839</u>	<u>383,809</u>	<u>805</u>	<u>-</u>	<u>8,518</u>
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
Other	108,724	119,061	348,126	2,041	-	-
TOTAL EXPENDITURES	<u>108,724</u>	<u>119,061</u>	<u>348,126</u>	<u>2,041</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(108,724)</u>	<u>(118,222)</u>	<u>35,683</u>	<u>(1,236)</u>	<u>-</u>	<u>8,518</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	114,255	250,273	1,871	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>114,255</u>	<u>250,273</u>	<u>1,871</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	5,531	132,051	37,554	(1,236)	-	8,518
FUND BALANCES - JULY 1	<u>230,895</u>	<u>320,465</u>	<u>116,235</u>	<u>2,655</u>	<u>6,052</u>	<u>6,850</u>
FUND BALANCES - JUNE 30	<u>\$ 236,426</u>	<u>\$ 452,516</u>	<u>\$ 153,789</u>	<u>\$ 1,419</u>	<u>\$ 6,052</u>	<u>\$ 15,368</u>

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Penn Cable	Gray Employee Safety & Wellness	Subdivision Recreation Fund	Library Reserve	Landfill Closure	Water Quality
REVENUES						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Other income	-	1,739	27,200	167	-	-
TOTAL REVENUES	<u>-</u>	<u>1,739</u>	<u>27,200</u>	<u>167</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
Other	-	-	6,150	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>6,150</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>1,739</u>	<u>21,050</u>	<u>167</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	1,739	21,050	167	-	-
FUND BALANCES - JULY 1	<u>525</u>	<u>390</u>	<u>27,082</u>	<u>3,153</u>	<u>125,460</u>	<u>6,151</u>
FUND BALANCES - JUNE 30	<u>\$ 525</u>	<u>\$ 2,129</u>	<u>\$ 48,132</u>	<u>\$ 3,320</u>	<u>\$ 125,460</u>	<u>\$ 6,151</u>

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Pennell Town Clock	Stimson Hall	Library Appeal	Gray Fire & Rescue Mem. Fund	Marketing	Valt Phase I
REVENUES						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	10,260
Charges for services	-	-	-	-	-	-
Other income	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	-	10,260
EXPENDITURES						
Capital outlay	-	-	-	-	-	5,667
Other	-	-	-	1,813	-	-
TOTAL EXPENDITURES	-	-	-	1,813	-	5,667
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	(1,813)	-	4,593
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	-	(1,813)	-	4,593
FUND BALANCES - JULY 1	10,050	21,287	1,959	17,143	1,000	-
FUND BALANCES - JUNE 30	<u>\$ 10,050</u>	<u>\$ 21,287</u>	<u>\$ 1,959</u>	<u>\$ 15,330</u>	<u>\$ 1,000</u>	<u>\$ 4,593</u>

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	GEO Plan	Tomco	Library Fund	Planning Board Escrow	S/Dugas Pit Reclamation	Maxwell Gravel Pit Reclamation
REVENUES						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	36,564	-	-
Other income	-	-	25	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>25</u>	<u>36,564</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Capital outlay	-	-	-	60,529	-	-
Other	149	-	-	-	-	-
TOTAL EXPENDITURES	<u>149</u>	<u>-</u>	<u>-</u>	<u>60,529</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(149)</u>	<u>-</u>	<u>25</u>	<u>(23,965)</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(149)	-	25	(23,965)	-	-
FUND BALANCES - JULY 1	<u>541</u>	<u>19,616</u>	<u>11,490</u>	<u>99,512</u>	<u>8,507</u>	<u>5,065</u>
FUND BALANCES - JUNE 30	<u>\$ 392</u>	<u>\$ 19,616</u>	<u>\$ 11,515</u>	<u>\$ 75,547</u>	<u>\$ 8,507</u>	<u>\$ 5,065</u>

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Training Site	Hose Roller	Henry Pennell Municipal Complex	Libby Recreation Scholarship	Gray Matters
REVENUES					
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Other income	3,500	9,100	2,435	250	-
TOTAL REVENUES	<u>3,500</u>	<u>9,100</u>	<u>2,435</u>	<u>250</u>	<u>-</u>
EXPENDITURES					
Capital outlay	-	7,795	-	-	-
Other	3,462	-	3,506	-	42
TOTAL EXPENDITURES	<u>3,462</u>	<u>7,795</u>	<u>3,506</u>	<u>-</u>	<u>42</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>38</u>	<u>1,305</u>	<u>(1,071)</u>	<u>250</u>	<u>(42)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	38	1,305	(1,071)	250	(42)
FUND BALANCES - JULY 1	<u>-</u>	<u>-</u>	<u>11,709</u>	<u>1,558</u>	<u>2,204</u>
FUND BALANCES - JUNE 30	<u>\$ 38</u>	<u>\$ 1,305</u>	<u>\$ 10,638</u>	<u>\$ 1,808</u>	<u>\$ 2,162</u>

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Gray Fire/Rescue Education	Shannon Ronan Mem Fund	Mazur Parks/Rec Mem Fund	Grants	Parks & Recreation Scholarship Fund	Total
REVENUES						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 839
Intergovernmental	-	-	-	-	-	10,260
Charges for services	-	-	-	-	-	420,373
Other income	-	-	-	-	-	53,739
TOTAL REVENUES	-	-	-	-	-	485,211
EXPENDITURES						
Capital outlay	-	-	-	-	-	73,991
Other	-	-	800	708	66	594,648
TOTAL EXPENDITURES	-	-	800	708	66	668,639
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(800)	(708)	(66)	(183,428)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	366,399
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	366,399
NET CHANGE IN FUND BALANCES	-	-	(800)	(708)	(66)	182,971
FUND BALANCES - JULY 1	3,687	439	2,151	708	2,736	1,067,275
FUND BALANCES - JUNE 30	\$ 3,687	\$ 439	\$ 1,351	\$ -	\$ 2,670	\$ 1,250,246

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

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF ACTIVITY – RECREATION FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Balance, 07/01/16	Revenue	Expenditures	Balance, 06/30/17
ADMINISTRATION:				
FICA/Medicare	\$ -	\$ -	\$ 10,548	\$ (10,548)
Full-time personnel	-	-	103,808	(103,808)
Overtime	-	-	3,991	(3,991)
Part-time personnel	-	-	11,441	(11,441)
Per diem personnel	-	-	4,183	(4,183)
Retirement	-	-	12,384	(12,384)
Advertising	-	-	446	(446)
Wilkes Beach attendant	-	-	2,816	(2,816)
Total Administration	-	-	149,617	(149,617)
PROGRAMS:				
Operations				
Administrative/merchant fees	-	10,328	7,948	2,380
Grants	-	1,300	-	1,300
Totals	-	11,628	7,948	3,680
Supplies and equipment				
Brochures/flyers	-	-	130	(130)
Equipment	-	-	11,090	(11,090)
Software	-	-	4,940	(4,940)
Totals	-	-	16,160	(16,160)
Adult fitness				
Basketball	-	1,114	-	1,114
Country heat	-	988	406	582
Food & fitness	-	1,424	-	1,424
Total body conditioning	-	1,537	801	736
Zumba	-	2,116	1,030	1,086
Totals	-	7,179	2,237	4,942
Adult classes				
Photography	-	587	100	487
Totals	-	587	100	487
Youth fitness				
Fall soccer	-	6,501	1,710	4,791
Golf	-	724	557	167
Gymnastics	-	2,315	1,068	1,247
Junior basketball	-	3,783	695	3,088
Junior soccer	-	3,417	2,573	844
Foot skills	-	-	1,068	(1,068)
Lacrosse	-	760	199	561
Nerf night	-	184	-	184
Skiing	-	920	661	259
Track and field	-	3,091	775	2,316
Mini hoops	-	480	217	263
Happy hands	-	170	-	170
Totals	-	22,345	9,523	12,822
Youth classes				
American Red Cross babysit	-	1,180	396	784
Broadway for beginners	-	4,221	2,594	1,627
Home alone safety	-	196	264	(68)
Mad science	-	5,032	4,104	928
Totals	-	10,629	7,358	3,271

SCHEDULE G (CONTINUED)

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF ACTIVITY – RECREATION FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Balance, 07/01/16	Revenue	Expenditures	Balance, 06/30/17
PROGRAMS (CONTINUED):				
Childcare services				
Day camp	-	112,272	67,425	44,847
Day camp trips	-	21,927	17,936	3,991
In service days	-	1,358	513	845
Kid's Club	-	150,931	43,790	107,141
Leaders in training	-	14,570	10,621	3,949
Snack shack	-	4,118	3,254	864
Vacation camp	-	12,097	3,979	8,118
Totals	-	317,273	147,518	169,755
Camps/clinics				
Family pick-up basketball and open gym	-	448	-	448
Field hockey	-	638	194	444
Mad science	-	1,694	1,505	189
Parents night out	-	1,109	318	791
Volleyball	-	5,439	2,740	2,699
Totals	-	9,328	4,757	4,571
Rentals				
Newbegin and grounds	-	4,361	505	3,856
Totals	-	4,361	505	3,856
Special events				
Special events	-	410	1,858	(1,448)
Christmas	-	-	356	(356)
Halloween	-	-	189	(189)
Ice Skating	-	69	-	69
Totals	-	479	2,403	(1,924)
Total programs	-	383,809	198,509	185,300
Subtotal - Recreation Department Activity	-	383,809	348,126	35,683
Transfers In	-	-	-	-
Beginning Fund Balance	116,235	1,871	-	118,106
Total Recreation Department Activity	\$ 116,235	\$ 385,680	\$ 348,126	\$ 153,789

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

Capital Projects Funds

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

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2017

	Public Works & Transfer Station Project	Town Office Project	Lease Purchases	Fire and Public Safety	PW and Town Vehicles and Equipment
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 61,460	\$ 398,256	\$ 27
Due from other funds	-	-	-	-	-
TOTAL ASSETS	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 61,460</u></u>	<u><u>\$ 398,256</u></u>	<u><u>\$ 27</u></u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	61,460	-	-
Committed	-	-	-	398,256	27
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>61,460</u></u>	<u><u>398,256</u></u>	<u><u>27</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 61,460</u></u>	<u><u>\$ 398,256</u></u>	<u><u>\$ 27</u></u>

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2017

	Sidewalks	Library Expansion Project	Debt Service	Bridges/Road Bond	Misc.
ASSETS					
Cash and cash equivalents	\$ 13,331	\$ -	\$ 1,420	\$ -	\$ 57,798
Due from other funds	-	-	1,445	-	-
TOTAL ASSETS	\$ 13,331	\$ -	\$ 2,865	\$ -	\$ 57,798
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 2,750	\$ -	\$ -
Due to other funds	-	-	-	-	56
TOTAL LIABILITIES	-	-	2,750	-	56
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	115	-	-
Committed	5,066	-	-	-	-
Assigned	8,265	-	-	-	57,742
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	13,331	-	115	-	57,742
TOTAL LIABILITIES AND FUND BALANCES	\$ 13,331	\$ -	\$ 2,865	\$ -	\$ 57,798

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2017

	Public Buildings	Technology	Road Resurfacing	Total
ASSETS				
Cash and cash equivalents	\$ 73,306	\$ 18,272	\$ 28,334	\$ 652,204
Due from other funds	-	-	-	1,445
TOTAL ASSETS	<u>\$ 73,306</u>	<u>\$ 18,272</u>	<u>\$ 28,334</u>	<u>\$ 653,649</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 2,750
Assigned revenue	-	-	-	-
Due to other funds	-	-	-	56
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,806</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	-	61,575
Committed	-	-	-	403,349
Assigned	73,306	18,272	28,334	185,919
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>73,306</u>	<u>18,272</u>	<u>28,334</u>	<u>650,843</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 73,306</u>	<u>\$ 18,272</u>	<u>\$ 28,334</u>	<u>\$ 653,649</u>

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

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Public Works & Transfer Station Project	Town Office Project	Lease Purchases	Fire and Public Safety	PW and Town Vehicles and Equipment
REVENUES					
Investment income, net of unrealized gains/(losses)	\$ -	\$ 2	\$ 81	\$ 902	\$ 27
Other	-	-	-	-	-
TOTAL REVENUES	-	2	81	902	27
EXPENDITURES					
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	-	-	894,621	8,237	46,000
Other	1,121	6,116	-	987	-
TOTAL EXPENDITURES	1,121	6,116	894,621	9,224	46,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,121)	(6,114)	(894,540)	(8,322)	(45,973)
OTHER FINANCING SOURCES (USES)					
Bond/lease proceeds	-	-	956,000	-	-
Premiums on issuance	-	-	-	-	-
Bond payoff	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Transfers in	-	-	-	35,000	46,000
Transfers (out)	-	-	-	(1,315)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	956,000	33,685	46,000
NET CHANGE IN FUND BALANCES	(1,121)	(6,114)	61,460	25,363	27
FUND BALANCES - JULY 1	1,121	6,114	-	372,893	-
FUND BALANCES - JUNE 30	\$ -	\$ -	\$ 61,460	\$ 398,256	\$ 27

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Sidewalks	Library Expansion Project	Debt Service	Bridges/Road Bond	Misc.
REVENUES					
Investment income, net of unrealized gains/(losses)	\$ 498	\$ 2	\$ 202	\$ 8	\$ 135
Other	-	-	281,875	-	-
TOTAL REVENUES	498	2	282,077	8	135
EXPENDITURES					
Debt service:					
Principal	-	-	623,940	-	-
Interest	-	-	245,310	-	-
Capital outlay	111,789	-	-	-	15,925
Other	-	2,938	374,198	167,677	-
TOTAL EXPENDITURES	111,789	2,938	1,243,448	167,677	15,925
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(111,291)	(2,936)	(961,371)	(167,669)	(15,790)
OTHER FINANCING SOURCES (USES)					
Bond/lease proceeds	-	-	2,745,000	-	-
Premiums on issuance	-	-	319,599	-	-
Bond payoff	-	-	(2,800,000)	-	-
Bond issuance costs	-	-	(264,599)	-	-
Transfers in	116,357	-	961,486	-	32,000
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	116,357	-	961,486	-	32,000
NET CHANGE IN FUND BALANCES	5,066	(2,936)	115	(167,669)	16,210
FUND BALANCES - JULY 1	8,265	2,936	-	167,669	41,532
FUND BALANCES - JUNE 30	\$ 13,331	\$ -	\$ 115	\$ -	\$ 57,742

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Public Buildings	Technology	Road Resurfacing	Total
REVENUES				
Investment income, net of unrealized gains/(losses)	\$ 343	\$ 63	\$ 125	\$ 2,388
Other	-	-	-	281,875
TOTAL REVENUES	343	63	125	284,263
EXPENDITURES				
Debt service:				
Principal	-	-	-	623,940
Interest	-	-	-	245,310
Capital outlay	175,790	23,496	327,037	1,602,895
Other	-	-	-	553,037
TOTAL EXPENDITURES	175,790	23,496	327,037	3,025,182
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(175,447)	(23,433)	(326,912)	(2,740,919)
OTHER FINANCING SOURCES (USES)				
Bond/lease proceeds	-	-	-	3,701,000
Premiums on issuance	-	-	-	319,599
Bond payoff	-	-	-	(2,800,000)
Bond issuance costs	-	-	-	(264,599)
Transfers in	149,700	41,705	349,810	1,732,058
Transfers (out)	-	-	-	(1,315)
TOTAL OTHER FINANCING SOURCES (USES)	149,700	41,705	349,810	2,686,743
NET CHANGE IN FUND BALANCES	(25,747)	18,272	22,898	(54,176)
FUND BALANCES - JULY 1	99,053	-	5,436	705,019
FUND BALANCES - JUNE 30	\$ 73,306	\$ 18,272	\$ 28,334	\$ 650,843

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

Permanent Funds

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

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2017

	Cemetery	George Doughty	Helen Frank Cemetery	Monument & Christian Temple	Pennell
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	22,846	10,021	33,651	3,063	34,614
TOTAL ASSETS	<u>\$ 22,846</u>	<u>\$ 10,021</u>	<u>\$ 33,651</u>	<u>\$ 3,063</u>	<u>\$ 34,614</u>
LIABILITIES					
Due to others funds	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable-principal	22,798	10,000	33,580	-	-
Restricted	48	21	71	3,063	34,614
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>22,846</u>	<u>10,021</u>	<u>33,651</u>	<u>3,063</u>	<u>34,614</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 22,846</u>	<u>\$ 10,021</u>	<u>\$ 33,651</u>	<u>\$ 3,063</u>	<u>\$ 34,614</u>

TOWN OF GRAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2017

	Charles W. Barker Scholarship	Grange Scholarship	Common School	Stimson Cemetery	Total
ASSETS					
Cash and cash equivalents	\$ 22,013	\$ 14,296	\$ -	\$ -	\$ 36,309
Due from other funds	-	-	2,865	7,015	114,075
TOTAL ASSETS	<u>\$ 22,013</u>	<u>\$ 14,296</u>	<u>\$ 2,865</u>	<u>\$ 7,015</u>	<u>\$ 150,384</u>
LIABILITIES					
Due to others funds	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable-principal	22,013	14,296	-	7,000	109,687
Restricted	-	-	2,865	15	40,697
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>22,013</u>	<u>14,296</u>	<u>2,865</u>	<u>7,015</u>	<u>150,384</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 22,013</u>	<u>\$ 14,296</u>	<u>\$ 2,865</u>	<u>\$ 7,015</u>	<u>\$ 150,384</u>

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

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Cemetery	George Doughty	Helen Frank Cemetery	Monument & Christian Temple	Pennell
REVENUES					
Interest income	\$ 48	\$ 21	\$ 71	\$ 7	\$ 72
TOTAL REVENUES	<u>48</u>	<u>21</u>	<u>71</u>	<u>7</u>	<u>72</u>
EXPENDITURES					
Other	40	17	59	-	-
TOTAL EXPENDITURES	<u>40</u>	<u>17</u>	<u>59</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>8</u>	<u>4</u>	<u>12</u>	<u>7</u>	<u>72</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	8	4	12	7	72
FUND BALANCES - JULY 1	<u>22,838</u>	<u>10,017</u>	<u>33,639</u>	<u>3,056</u>	<u>34,542</u>
FUND BALANCES - JUNE 30	<u>\$ 22,846</u>	<u>\$ 10,021</u>	<u>\$ 33,651</u>	<u>\$ 3,063</u>	<u>\$ 34,614</u>

TOWN OF GRAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Charles W. Barker Scholarship	Grange Scholarship	Common School	Stimson Cemetery	Total
REVENUES					
Interest income	\$ 59	\$ 38	\$ 6	\$ 15	\$ 337
TOTAL REVENUES	<u>59</u>	<u>38</u>	<u>6</u>	<u>15</u>	<u>337</u>
EXPENDITURES					
Other	-	-	-	12	128
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>12</u>	<u>128</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>59</u>	<u>38</u>	<u>6</u>	<u>3</u>	<u>209</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	59	38	6	3	209
FUND BALANCES - JULY 1	<u>21,954</u>	<u>14,258</u>	<u>2,859</u>	<u>7,012</u>	<u>150,175</u>
FUND BALANCES - JUNE 30	<u>\$ 22,013</u>	<u>\$ 14,296</u>	<u>\$ 2,865</u>	<u>\$ 7,015</u>	<u>\$ 150,384</u>

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

General Capital Assets

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

TOWN OF GRAY, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2017

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
General Government	\$ 14,280	\$ 994,269	\$ 544,239	\$ 147,326	\$ 1,700,114
Pennell	-	1,569,524	-	-	1,569,524
Library	34,563	1,823,133	418,923	-	2,276,619
Parks & Recreation	3,850	343,550	73,332	53,500	474,232
Public Safety	30,885	1,189,517	5,129,714	9,100	6,359,216
Public Works	11,225	4,579,364	3,916,874	12,460,131	20,967,594
Buildings & Grounds	30,000	147,659	34,500	393,646	605,805
Solid Waste	-	197,182	335,748	48,572	581,502
Total General Capital Assets	124,803	10,844,198	10,453,330	13,112,275	34,534,606
Less: Accumulated Depreciation	-	(3,140,058)	(7,281,547)	(7,718,015)	(18,139,620)
Net General Capital Assets	\$ 124,803	\$ 7,704,140	\$ 3,171,783	\$ 5,394,260	\$ 16,394,986

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

TOWN OF GRAY, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2017

	General Capital Assets 7/1/16	Additions	Deletions	General Capital Assets 6/30/17
General Government	\$ 1,671,123	\$ 28,991	\$ -	\$ 1,700,114
Pennell	1,569,524	-	-	1,569,524
Library	2,276,619	-	-	2,276,619
Parks & Recreation	474,232	-	-	474,232
Public Safety	5,913,469	445,747	-	6,359,216
Public Works	19,999,018	1,153,576	(185,000)	20,967,594
Buildings & Grounds	605,805	-	-	605,805
Solid Waste	532,930	48,572	-	581,502
Total General Capital Assets	33,042,720	1,676,886	(185,000)	34,534,606
Less: Accumulated Depreciation	(17,286,603)	(1,038,017)	185,000	(18,139,620)
Net General Capital Assets	<u>\$ 15,756,117</u>	<u>\$ 638,869</u>	<u>\$ -</u>	<u>\$ 16,394,986</u>

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



Proven Expertise and Integrity

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

Town Council
Town of Gray
Gray, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Gray, Maine as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Gray, Maine's basic financial statements, and have issued our report thereon dated February 28, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Gray, Maine's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Gray, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Gray, Maine's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Gray, Maine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Gray, Maine
February 28, 2018