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TOWN OF GORHAM, MAINE

Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2009

Prepared by:

Maureen R. Finger, Finance Director

TOWN OF GORHAM, MAINE
Annual Financial Report
June 30, 2009

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INTRODUCTORY SECTION

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Town of Gorham

Municipal Center

75 South Street, Suite #1
Gorham, Maine 04038

(207) 222-1611
(207) 839-5048 Fax

Maureen R. Finger
mfinger@gorham.me.us



October 26, 2009

To the Gorham Town Council and the Citizens of the Town of Gorham:

The comprehensive annual financial report of the Town of Gorham for the fiscal year ending June 30, 2009, is hereby submitted as required by Town Charter and State law.

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures rests with the Town. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Town on a government-wide and fund basis. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

Internal Controls: The Town's Finance Department is responsible for establishing and maintaining internal controls designed to ensure that the assets of the Town are protected from loss, theft, or misuse, and to ensure that the adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal controls being used are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the costs of control procedures are weighed against the expected benefits to be derived, and that the evaluation of costs and benefits requires estimates and judgments by management. As a recipient of federal, state and local financial assistance, the Town is also responsible for ensuring that adequate internal controls are in place to ensure and document compliance with applicable laws and regulations related to these programs.

Independent Audit: State statutes require an annual audit by independent certified public accountants. The accounting firm of Runyon Kersteen Ouellette, Certified Public Accountants, performed for the Town Council the annual audit for fiscal year ending June 30, 2009. The auditor's report on the basic financial statements and combined and individual fund statements and schedules is included in the financial section of this report. In the opinion of the independent auditor, the Town of Gorham's basic financial statements, as of June 30, 2009, present fairly, in all material respects, the financial position of the Town, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States

of America. The auditors were required to do a single audit under OMB Circular A-133 as the Town received more than \$500,000 in federal funds. Information related to this single audit, including a schedule of expenditures of federal financial assistance, findings, recommendations and the independent auditor's reports on the internal control and compliance with applicable laws and regulations are included in a separately issued single audit report. This report is available at the Finance Office at the Municipal Center.

Accounting principles generally accepted in the United States of America (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town of Gorham, Maine MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The Town of Gorham is located in Cumberland County, approximately nine miles west of downtown Portland and is bordered by the Towns of Scarborough, Buxton, Standish, Windham and the City of Westbrook. The land area is 59.88 square miles with a population of 15,830 residents according to estimates by the Maine State Housing Authority. The Town is a suburban community and is comprised of a mix of residential, local business, industrial, and commercial activity. The University of Southern Maine has a campus located within walking distance of the Village Center. Routes 25 and 114 provide convenient access to Gorham.

The Town operates under a charter initially adopted in 1967, providing for a Council-Manager form of government. The Town Council is comprised of seven members, elected at large for three-year staggered terms. The Charter grants to the Town Council all powers to enact, amend, or repeal rules, ordinances and resolutions relating to the Town's property, affairs and government, to preserve the public peace, health and safety, to establish personnel policies and giving effect to any vote of the Town and to authorize the issuance of debt subject to referendum approval by the voters of the Town. The Town Manager is the chief executive officer and is responsible for the administration of council policy.

The Town provides general governmental services for the territory within its boundaries, including police and fire protection, maintenance of highways, streets and sidewalks, parks, recreation, and library. The Town operates its education program for grades K through 12 under its own supervision. The Town's Charter provides that the Department of Education for the Town be administered by a School Board comprised of seven members elected at large for three-year staggered terms. Portland Water District provides the management and maintenance of the Town's sewer service and wastewater treatment.

Budgeting Controls: Article V of the Town's Charter provides for a budget process. The fiscal year or budget year of the Town begins on the first day of July and ends on the thirtieth day of June of the following calendar year. The Charter provides that the town and school budgets be submitted by the Town Manager to the Council on or before 60 days prior to the first day of each fiscal year. The Superintendent of Schools on or before 70 days prior to the first day of each fiscal year must submit to the Town Manager the Schools' budget request in both summary and in detailed analysis. The summary shall be compatible for incorporation

into the Town budget. Upon receipt of the Town Manager's budget, the Council shall set a time and place for a public hearing on the town budget as received by the Council. Following the public hearing, the Council shall consider all relevant information received and adopt a budget for the fiscal year. If the Council fails to adopt a budget on or before the first day of each fiscal year, the town budget as submitted by the Town Manager shall become the adopted budget of the Town for the fiscal year. The budget is prepared by fund, function (e.g. public safety), and department (e.g. police). Department heads may transfer resources within a department as they see fit. Transfers between departments, however, need special approval from the governing council.

Local Economy

The Town's assessed value for tax year 2008-2009 is \$1,239,776,300 (excludes the valuation attributable to the State Homestead Exemption and BETE personal property reimbursement), resulting in an increase of about 1.8% from the 2007-2008 tax assessment. Approximately 26% of the tax base is commercial and industrial with the remainder being residential (these figures include vacant parcels as well as developed parcels). The Town's rate of tax collection continues to be strong with a 96.4% for last year and 95.8% for this year. The Town's legal debt margin is set by State law at 15% of its state assessed value. Currently, the Town's outstanding debt is 1.9% of the state assessed value.

The 2000 population of Gorham was 14,141 according to the U.S. Census Bureau and the Maine Housing Authority estimates that by 2008 Gorham's population was 15,830.

During calendar year 2008, the Code office issued permits for 30 single-family dwellings, 18 commercial/institutional structures, and 5 condominium units for a total of 53 permits. This is a reduction from the 90 permits issued in 2007.

The Portland Water District began work on the Routes 202/237 sewer project in April 2007 and completed the project in late 2008. The Route 202 and Route 237 sewer project closed a small inefficient sewer treatment plant in Little Falls and installed a new sewer line to provide sewer to areas of Windham and North Gorham. The new sewer line starts on Route 202 in the Little Falls area and continues south through the round-a-bout, down Route 237, and across Route 25, where it connects into an existing sewer line near the Gorham Industrial Park and flows into the sewer treatment plant in Westbrook. The Westbrook treatment plant has ample capacity to handle the new flowage.

The Maine Department of Transportation began constructing Phase I of the Gorham Bypass, which consist of building a 3.4 mile-long, 2 lane, limited access highway between Route 25 at Brandy Brook Hill, across Flaggy Meadow Road, across Route 202, and end near Waterhouse Road on Route 114, in August 2007. The road will be built within a 200-ft. right of way. The bypass was open to traffic in December 2008. This project was funded entirely with Federal and State funds.

The Maine Department of Transportation also began a project to reconstruct a portion of Libby Avenue (Rte 25 to New Portland Road) and all of Brackett Road in Spring 2008. The project will provide travel lanes, improved site distance and other safety improvements and was completed in the late 2008. On November 8, 2005, voters authorized the Town to issue

debt to pay for its share of the project. Approximately \$1,000,000 was the Town's share of a State of Maine Department of Transportation road project.

In November 2007, voters also authorized the Town to issue bonds for \$3 million to reconstruct up to six roads: Finn Parker, Osborne, Plummer, Day, North Gorham, and Queen.

The Town successfully issued bonds for \$4 million for these road projects in May 2008. Construction began on Day Road, Plummer Road and Osborne Road and completed in April 2009 when the final pavement was laid. With the remaining bond funds, the Town Council approved the reconstruction of Queen Street from Mosher Road to Gray Road. This work began in April 2009.

In August 2008, the Town donated an old portable building located at the Public Safety complex to the Gorham Ecumenical Food Pantry. With donations and Community Development Block Grant funds, the building was moved to its permanent location next to Saint Anne's Church on Main Street in September. Extensive renovation work was done on the interior of the building and the Food Pantry held its grand opening celebration in February 2009. With the larger space, the Food Pantry is able to assist its clients more efficiently.

In November 2008, the voters of the Town of Gorham approved a bond referendum question for the acquisition of land to construct and equip a new elementary school on Stevens Drive. This school will replace the White Rock Elementary School.

In June 2009, a referendum question was put before the voters of Gorham asking them if a capital expenditure of a sum of money not to exceed \$8,700,000 be authorized to finance the costs of construction, development, acquisition of land for and equipping of two new fire stations in the Town, one of which will be located in the Little Falls area of the Town, and the other at a location to be determined. The projects would be funded by grants from federal and/or state sources in the amount of at least \$6,500,000, and the reallocation of any surplus funds from previously issued General Obligation Bonds of the Town. The voters of Gorham overwhelmingly approved this referendum question. Now the Town will submit a grant for federal stimulus funds to fund these two fire stations. The Little Falls station will be shared with the Town of Windham, while the other station will be shared with the Town of Buxton, resulting in the closure of four stations – South Windham fire station (Windham), White Rock and West Gorham fire stations (Gorham), and Groveville fire station (Buxton).

During fiscal year 2009, Central Maine Power has proposed a major expansion of its facilities in Gorham. The \$20 million project would enhance the reliability and capacity of its electrical transmission system. The project includes the construction of 345KV transmission lines; erect a new autotransformer and substation in South Gorham.

Also working there way through the Planning process are two major housing developments. One of the projects to be located on the Gorham/Buxton town line would consist of 29 residential lots on 50 acres. Twenty-two of these lots would be in Gorham, while the remaining seven would be in Buxton. The other project would be the first to be developed under the new zoning ordinance known as the Development Transfer Overlay District, which was adopted by the Town Council in September 2006. This ordinance allows for higher

density developments close to the Town's centers of Gorham Village and Little Falls, areas that are serviced by water and sewer. In turn the developer must pay a development fee per unit with these funds set aside to purchase land for open space or add to existing public land.

The Town of Gorham's gross budget for 2009 showed an increase of 2.56% over 2008. Although the gross budget was up, the mill rate remained the same as 2008. The following is a comparison of the FY2008 mill rate to the FY2009 mill rate.

| | FY 07 – 08 | FY 08 – 09 | \$ Incr/(Decr) | % Chg |
|-------------------|------------|------------|----------------|-------|
| Town's Tax Rate | \$ 4.95 | \$ 4.98 | \$ 0.03 | 0.47 |
| School's Tax Rate | \$10.46 | \$10.40 | (\$0.06) | -0.58 |
| County's Tax Rate | \$ 0.59 | \$ 0.62 | \$ 0.03 | 5.76 |

This is the fourth year that the Town and School had to develop budgets under the State of Maine's Property Tax Initiative known as LD 1. The purpose of LD 1 is to curb government spending and reduce the tax burden, particularly the property tax burden. LD 1, passed in June 2004, proposes to:

- increase the state's share of education funding each year, achieving 55% in 2009,
- caps spending growth at all government levels, and
- directs more money to tax relief programs such as the Maine Residents Property Tax Relief Program, which provides property tax rebates to eligible Maine citizens.

The Town's expenditure budget saw an increase of 0.82%. This minor increase of \$95,369 reflects the increase in debt service for the 2008 road bond, addition of a police officer, and increase in the contract for dispatching service. However, these increases were offset by a reduction in the capital projects funding for fiscal year 2009.

The Town's non-property tax revenues also saw a slight increase of 1.61% primarily due to vehicle excise taxes, interest income, and rescue fees.

The School's 3.15% increase in expenditures can be contributed to increases in existing programs and increases in salary and benefits. Although the School Department's gross budget increased by 3.15%, the School Department's non-property tax revenues were up 4.69%.

Major Initiatives

The Town of Gorham has a fund balance policy (see Note 2, STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, A. BUDGETARY INFORMATION) and the amount in excess of the required fund balance can be used for one-time capital equipment/project purchases. During fiscal year 2009, there was \$691,231 in funds available for allocation to capital equipment and capital project needs. The Town Council approved at their June 3, 2008 meeting as part of the adopted budget the use of the excess undesignated fund balance of \$691,231 for the following purposes:

- \$175,000 to replace a 17 year old 6 wheel dump truck;
- \$18,000 to purchase 25 self contained air bottles for fire fighters;
- \$47,000 to purchase a 1 ton dump truck;
- \$36,000 to replace 1988 asphalt hot box;
- \$34,000 to replace 1990 wood chipper;
- \$10,000 for the local match of fire service grant;
- \$17,500 to purchase eight tactical protective vests for the Police Department;
- \$353,731 to provide additional funds for road projects.

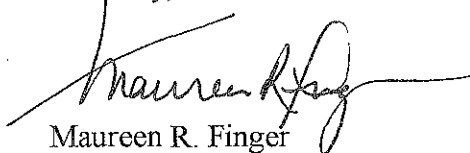
Other Information

Awards: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Gorham, Maine for its comprehensive annual financial report for the fiscal year ended June 30, 2008. This was the sixth year in a row that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements: I would like to express my gratitude to the various departments for providing the necessary information needed to complete sections of the Town's seventh comprehensive annual financial report. I would also like to extend my thanks to the Town Manager, David Cole, and Gorham Town Council for their continued support of my efforts to improve the Town's level of financial reporting. I would like to acknowledge our independent auditors, Runyon Kersteen Ouellette, for the professional audit work provided and the continued support and assistance.

Sincerely,



Maureen R. Finger
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Gorham
Maine

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

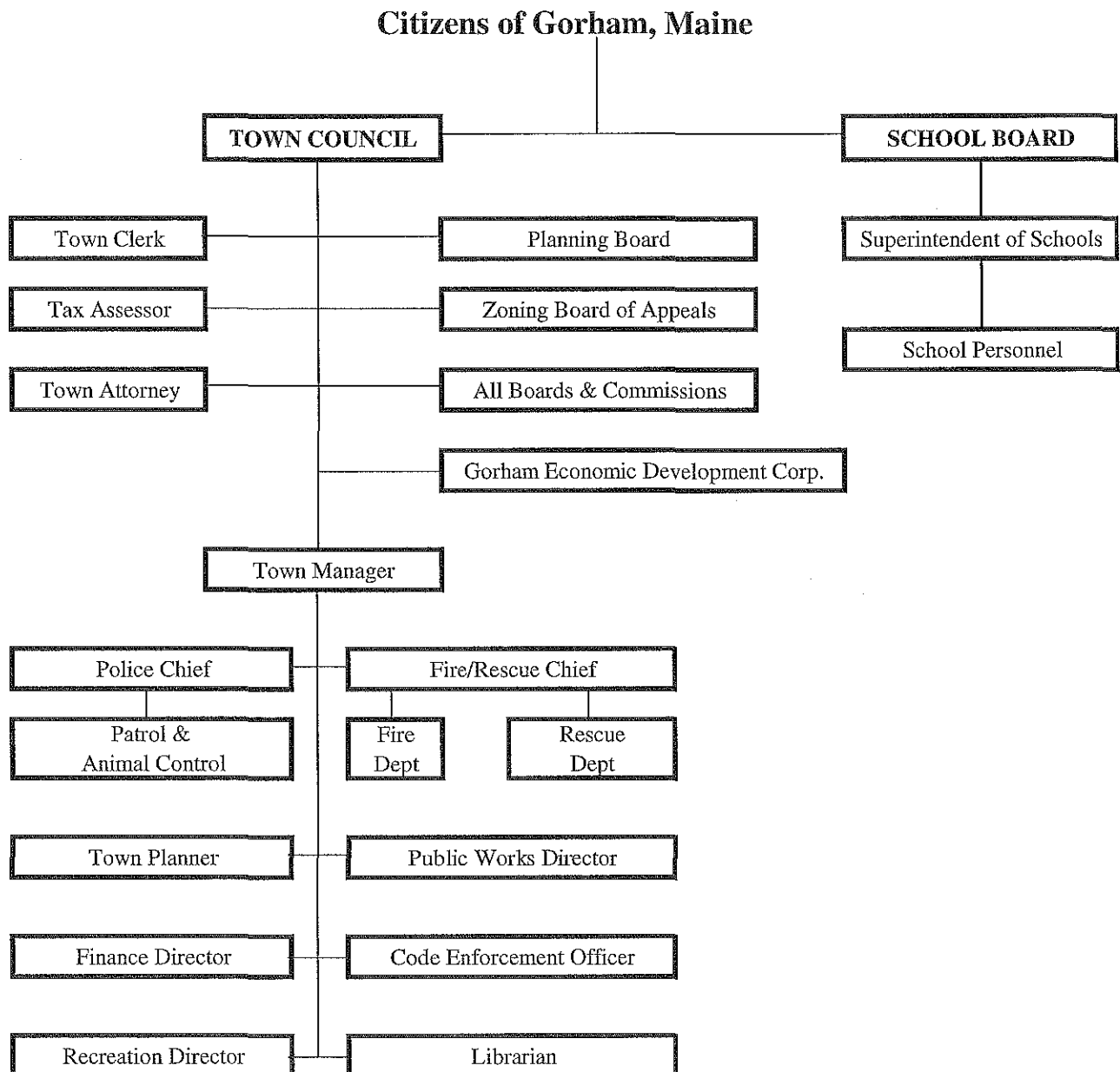
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

Town of Gorham, Maine Organizational Chart



TOWN OF GORHAM, MAINE
List of Principal Officials
June 30, 2009

Matthew J. Robinson, Chairman, Town Council

| | |
|-----------------------------------|---------------------|
| Michael J. Phinney, Vice Chairman | D. Brenda Caldwell |
| Phillip A. Csoros | Burleigh H. Loveitt |
| Noah F. Miner | Shonn R. Moulton |

David O. Cole, Town Manager

| | |
|--|---|
| Christina Silberman, Town Clerk | Michael D'Arcangelo, Tax Assessor |
| Clinton Cushman, Jr., C.E.O. | Thomas E. Ellsworth, Econ. Dev. Dir. |
| Maureen R. Finger, Finance Director | Robert S. Lefebvre, Fire Chief |
| Pamela E. Turner, Library Director | Deborah F. Fossum, Planner |
| Ronald W. Shepard, Police Chief | Robert J. Burns, Jr., Public Works Dir. |
| Cynthia A. Hazelton, Recreation Director | |

Dennis Libby, Chairman, School Board

| | |
|----------------------------------|---------------------|
| Roger L. Marchand, Vice Chairman | Kyle P. Currier |
| Katherine A. Garrard | James J. Hager, Jr. |
| Polly C. Shields | Rose Marie South |

Theodore G. Sharp, School Superintendent

Hollis S. Cobb, School Finance Officer

FINANCIAL SECTION

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Certified Public Accountants and Business Consultants

Independent Auditor's Report

Town Council
Town of Gorham, Maine

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Gorham, Maine as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

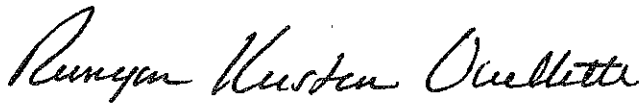
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Gorham, Maine as of June 30, 2009, and the respective changes in financial position and the budgetary comparison for the General Fund and School Operations Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2009, on our consideration of the Town of Gorham, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Town Council
Town of Gorham, Maine

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Gorham, Maine's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, exhibits, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and exhibits have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



October 26, 2009
South Portland, Maine

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Town of Gorham's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year that ended on June 30, 2009. We encourage the readers to consider the information presented in conjunction with the Town's financial statements, which follow this section.

Financial Highlights

- The total assets of the Town of Gorham exceed its liabilities by \$46,700,549, an increase of \$9,555,390 or 25.7% when compared to the beginning net asset figure of \$37,145,159.
- The ending fund balance for Governmental Funds is \$13,768,810. Although expenditures exceeded revenues by \$2,123,907, with capital lease proceeds of \$74,639, the net change was a decrease of \$2,049,268.
- The General Fund's ending fund balance is \$7,756,850; a decrease of \$24,081 from the prior year's ending fund balance of \$7,780,931. Of the \$7,756,850, \$61,996 is reserved for encumbrances, \$58,646 is reserved for trash bag, gas, and diesel inventories, and \$1,606,399 is designated for capital projects, accrued compensated absences and self-funded programs. A detail listing can be found in the notes to basic financial statements, NOTE 18, DESIGNATED FUND BALANCE.
- The Town of Gorham has a fund balance policy. The Town must maintain a General Fund and Special Revenue Fund (School Operations Fund) balance of at least 8% of the yearly School, Town, and Cumberland County appropriations. The combined General Fund and Special Revenue Fund – School Operations Fund undesignated fund balances as of June 30, 2009 was \$4,668,293 or 11.1% of the total FY10 budgeted appropriations. The Town Council uses any excess funds to fund the capital needs of the community as deemed appropriate. The Town Council generally reviews and approves the capital projects during the annual budget process. It is anticipated that the Town Council will have approximately \$1,300,530 to allocate to the Capital Part II budget during the FY11 budget process.
- The Town of Gorham's general obligation debt decreased by \$2,664,650 or an 8.5% decrease in the outstanding bonded debt total.

Overview of the Financial Statements

This annual report consists of three parts – management's discussion and analysis, the basic financial statements, and unaudited statistical tables. The basic financial statements include two kinds of statements that present different views of the Town:

Government-wide Statements

The Governmental-wide Financial Statements present the financial picture of the Town from the economic resources measurement focus using the accrual basis of accounting, which is similar to what private-sector companies' use. These statements present governmental activities and business-type activities separately.

The statement of net assets includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's *net assets* and how they have changed. Net assets – the difference between the Town's assets and liabilities – is one way to measure the Town's financial health, or position. Over time, increases or decreases in the Town's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

These statements are divided into two categories: governmental activities and business-type activities.

- *Governmental activities* – Most of the Town's basic services are included here, such as the police, fire, public works, education, and general administration. Property taxes and state and federal grants finance most of these activities.
- *Business-type activities* – Currently, the Town of Gorham does not have any business-type activities to report.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town's most significant *funds* – not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for particular purposes.

The Town has two kinds of funds -- governmental, and fiduciary.

- *Governmental funds* – Most of the Town's basic services are included in governmental funds. These fund statements tell how general government services were financed in the current year as well as what remains (fund balance) for future spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.
- *Fiduciary funds* – The Town is the trustee, or *fiduciary*, for the School Activity fund and the private-purpose trust fund (scholarships). The Town excludes this activity from its other financial statements because the Town cannot use these assets to fund operations.

Reporting the Town's Fiduciary Responsibilities

The Town is the trustee, or fiduciary, for the various school activity accounts and Trust Funds that are set up primarily as scholarships. These assets, because of a trust arrangement, can only be used for trust beneficiaries. All of the Town's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 42 and 43. The Town excludes these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Reporting the Town as a Whole

Net Assets

The following is a condensed version of the Statement of Net Assets.

| | <u><i>Governmental Activities</i></u> | | | |
|-------------------------------------|---------------------------------------|-------------------|--------------------|---------------|
| | <u>2009</u> | <u>2008</u> | <u>\$ Chg</u> | <u>% Chg</u> |
| Current & other assets | \$ 20,276,208 | \$ 21,636,940 | \$(1,360,732) | -6.3% |
| Capital assets, net | <u>62,583,018</u> | <u>53,962,913</u> | <u>8,620,105</u> | <u>16.0%</u> |
| Total assets | \$ 82,859,226 | \$ 75,599,853 | \$ 7,259,373 | 9.6% |
| Long term debt outstanding | 30,140,662 | 33,026,960 | (2,886,298) | -8.7% |
| Other liabilities | <u>6,018,015</u> | <u>5,427,734</u> | <u>590,281</u> | <u>10.9%</u> |
| Total liabilities | \$ 36,158,677 | \$ 38,454,694 | \$(2,296,017) | -6.0% |
| Net assets: | | | | |
| Invested in: | | | | |
| Capital assets, net of related debt | 33,293,376 | 21,730,596 | 11,562,780 | 53.2% |
| Restricted | 424,928 | 375,446 | 49,482 | 13.2% |
| Unrestricted | <u>12,982,245</u> | <u>15,039,117</u> | <u>(2,056,872)</u> | <u>-13.7%</u> |
| Total net assets | \$ 46,700,549 | \$ 37,145,159 | \$ 9,555,390 | 25.7% |

The decrease of \$1,360,732 in the current and other assets category is primarily due to the draw down on the road bond proceeds during fiscal year 2009. Investments are down just over \$3,000,000. Offsetting this reduction is an increase of \$745,975 in performance bonds. A very large performance bond was received by Risbara Brothers for their Wagner Farm subdivision. The Town also saw an increase of \$568,000 in its intergovernmental receivables and \$181,000 in its taxes receivable accounts.

The Capital Asset disclosure in the notes to the financial statements, see Note 6, shows how the change in capital assets, net change of \$8,620,105 resulted.

The Long-term Debt disclosure in the notes to the financial statements, see Note 11, shows how the change in long-term debt outstanding of (\$2,886,298) resulted.

The change in the other liabilities of \$590,281 is primarily due to an increase of \$439,536 in the performance bond escrow accounts held as of June 30, 2009 from various developers.

The change in capital assets, net of related debt is explained in detail further in the Management Discussion & Analysis under the Capital Assets section.

The increase in the restricted net assets of \$49,482 is primarily due to a new library trust account established during fiscal year 2009 for the Baxter Centennial celebration.

The reduction seen in the unrestricted net assets is due to drawing down on the road projects bond proceeds during fiscal year 2009.

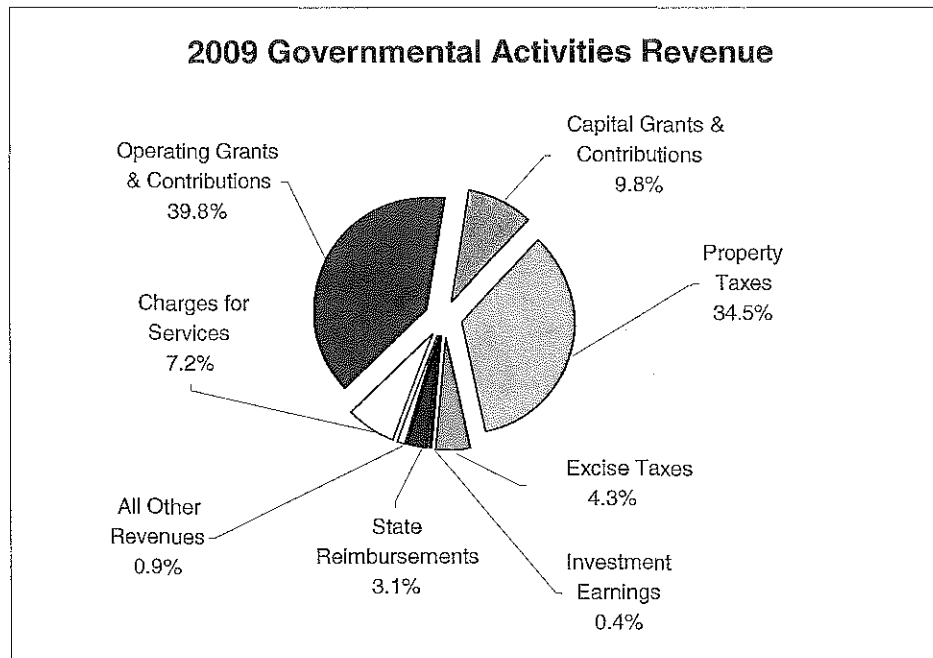
Changes in Net Assets

The following is a condensed version of the Statement of Activities.

| | <u>Governmental Activities</u> | | | |
|--|--------------------------------|----------------------|----------------------|---------------|
| | <u>2009</u> | <u>2008</u> | \$ Chg | % Chg |
| Revenues | | | | |
| Program revenues | | | | |
| Charges for services | \$ 4,054,415 | \$ 3,721,155 | \$ 333,260 | 9.0% |
| Operating grants & contributions | 22,456,840 | 21,369,835 | 1,087,005 | 5.1% |
| Capital grants & contributions | 5,518,682 | 775,035 | 4,743,647 | 612.1% |
| General revenues | | | | |
| Property taxes | 19,421,626 | 19,138,898 | 282,728 | 1.5% |
| Payment in lieu of taxes | 91,351 | 36,385 | 54,966 | 151.1% |
| Motor vehicle & boat excise taxes | 2,403,379 | 2,486,856 | (83,477) | -3.4% |
| Grants and contributions not restricted to specific programs | | | | |
| Homestead exemption | 306,543 | 309,050 | (2,507) | -0.8% |
| BETE reimbursement | 78,942 | - | 78,942 | n/a |
| Other state aid | 29,003 | 39,204 | (10,201) | -26.0% |
| State revenue sharing | 1,326,817 | 1,389,770 | (62,953) | -4.5% |
| Investment earnings | 224,431 | 501,024 | (276,593) | -55.2% |
| Miscellaneous revenues | <u>435,727</u> | <u>739,880</u> | <u>(304,153)</u> | <u>-41.1%</u> |
| Total revenues: | \$ 56,347,756 | \$ 50,507,092 | \$5,840,664 | 11.6% |
| Expenses | | | | |
| General government | 4,692,737 | 4,262,644 | 430,093 | 10.1% |
| Public safety | 3,742,859 | 3,811,471 | (68,612) | -1.8% |
| Public works | 2,781,765 | 5,531,287 | (2,749,522) | -49.7% |
| Health & welfare | 87,628 | 57,765 | 29,863 | 51.7% |
| Recreation | 1,368,309 | 1,414,399 | (46,090) | -3.3% |
| Development | 495,299 | 429,849 | 65,450 | 15.2% |
| Education | 32,373,509 | 32,649,708 | (276,199) | -0.8% |
| Interest on debt | <u>1,250,260</u> | <u>1,226,075</u> | <u>24,185</u> | <u>2.0%</u> |
| Total expenses: | \$ 46,792,366 | \$ 49,383,198 | \$(2,590,832) | -5.2% |
| Excess (deficiency) before special items and transfers | <u>9,555,390</u> | <u>1,123,894</u> | <u>8,431,496</u> | <u>750.2%</u> |
| Change in net assets: | \$ 9,555,390 | \$ 1,123,894 | \$ 8,431,496 | 750.2% |

Approximately 34.5% of the Town's revenues come from property taxes, while 39.8% comes from operating grants and contributions. Approximately 73% of the operating grants and contributions revenue source comes from state aid to education and state construction aid.

The following pie chart shows the sources of revenue for fiscal year 2009.



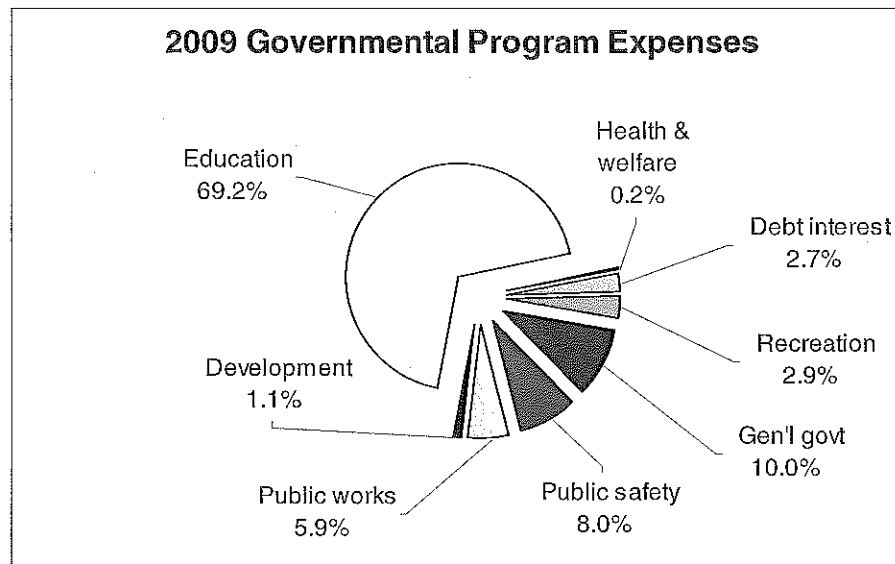
Education makes up 69.2% of the expenses for fiscal year 2009 and was a modest decrease of 0.8% or (\$276,199).

The Public Works category saw a decrease of 49.7% or (\$2,749,522). A number of factors have contributed to the decrease in this category. First of all, approximately \$4,500,000 more in donated roads was capitalized during fiscal year 2009 compared to fiscal year 2008. Secondly, there was approximately \$1,050,000 more in capital improvements during fiscal year 2009 than in fiscal year 2008. Finally, the removal of approximately \$820,000 in infrastructure cost during fiscal year 2009 saw a reduction in the amount of depreciation allocated to this category.

The General Government category saw an increase of \$430,092 or 10.1%. The increase can be contributed to the following:

- This is the first year the Town has recorded other postemployment benefits liability, which was \$133,263.
- The change in encumbrance from fiscal year 2008 contributed \$260,566 toward the overall increase.
- The County Tax saw an increase of \$52,975 over fiscal year 2008's payment.

The following pie chart shows functional expenses for fiscal year 2009.



Governmental Activities

The cost of all governmental activities was \$46,792,366. The Town's governmental activities include general government, public safety, public works, health and welfare, recreation (includes library and museum), development, education, and interest on debt. Note: the general government activity includes insurance, employee benefits, unclassified and county tax expenditures. The fiscal year 2009 expenses were a 5.2% decrease over fiscal year 2008's expenses or (\$2,590,832).

However, as shown on the Statement of Activities, the amount that the taxpayers of Gorham ended up financing through property taxes was \$19,421,626 or 41.5%, because some of the cost was paid by those who directly benefit from the programs -- \$4,054,415, or by other governments and organizations that subsidized certain programs with operating grants and contributions -- \$22,456,840, and capital grants and contributions -- \$5,518,682. The Town also received \$4,896,193 in other general revenues, such as State Revenue Sharing, motor vehicle and boat excise taxes, homestead exemption, BETE reimbursement and interest earnings, to fund operations during fiscal year 2009.

As a result of the Governmental activities' revenues of \$56,347,756 exceeding the expenses of \$46,792,366, the Town of Gorham realized an increase to its net assets of \$9,555,390. Approximately \$5,311,903 of the increase can be attributed to assets donated to the Town during fiscal year 2009. These donated assets include five roads accepted by the Town Council from developers and the State's share of the Libby/Bracket Road reconstruction project and Libby Avenue sidewalk.

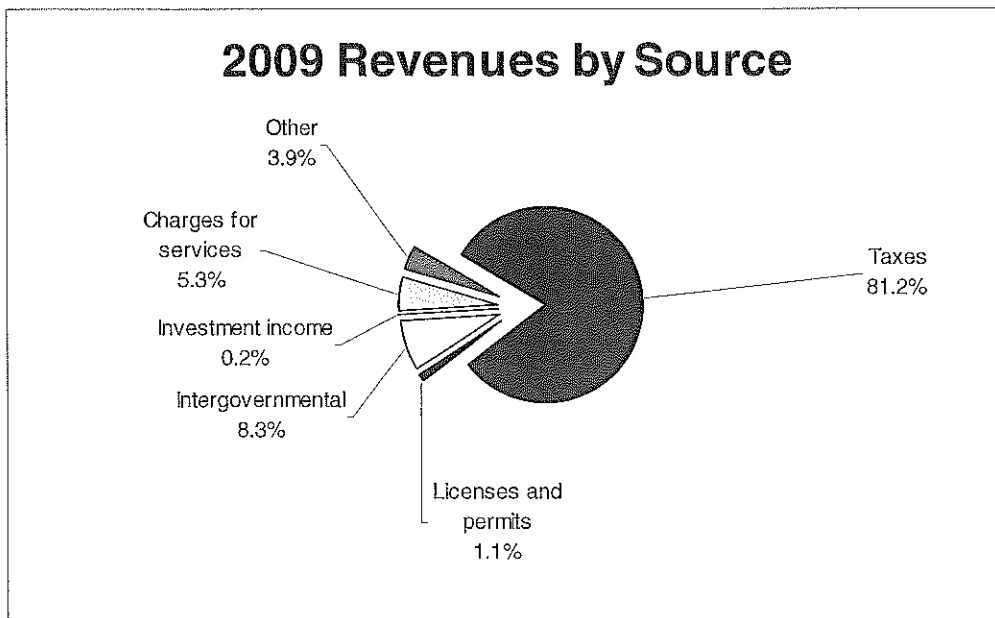
The Town's Funds

The following is an analysis of the balances in the Town's major individual funds.

General Major Governmental Functions

The following table summarizes the fiscal year 2009 revenues by source for the General Fund with the 2008 information for comparison while the pie chart summaries the 2009 revenues by source. Information is from Statement 4.

| | <u>2009</u> | <u>2008</u> | <u>\$ Chg</u> | <u>% Chg</u> |
|----------------------|----------------------|----------------------|-------------------|--------------|
| Revenues by source | | | | |
| Taxes | \$ 21,199,770 | \$ 21,230,698 | \$ (30,928) | -0.1% |
| Licenses and permits | 277,563 | 282,421 | (4,858) | -1.7% |
| Intergovernmental | 2,175,861 | 2,031,845 | 144,016 | 7.1% |
| Investment income | 63,995 | 256,609 | (192,614) | -75.1% |
| Charges for services | 1,393,314 | 1,199,485 | 193,829 | 16.2% |
| Other | <u>1,011,042</u> | <u>1,004,321</u> | <u>6,721</u> | 0.7% |
| Total revenue | \$ 26,121,545 | \$ 26,005,379 | \$ 116,166 | 0.4% |



General Fund revenues increased by 0.4% over the fiscal year 2008 amount. Below are some of the reasons for the changes in the revenue sources.

Taxes: Although the tax commitment after abatements and supplements was up \$113,500 when compared to last fiscal year, the following revenues also reported in this category were down resulting in a decrease of nearly \$31,000. The excise tax collections were down by \$83,000, interest and costs on taxes were down by \$17,000, and change in deferred property tax revenue was up by \$44,000 for FY2009.

Licenses and permits: The building permits revenue was \$9,900 lower than the FY08 actual. The building activity in Gorham has continued to be slower than what the Town has seen in the past few years.

Intergovernmental: During fiscal year 2009, the Town received \$134,192 in FEMA reimbursements for two storm events. This contributed to the intergovernmental revenues being up 7.1% or \$144,016.

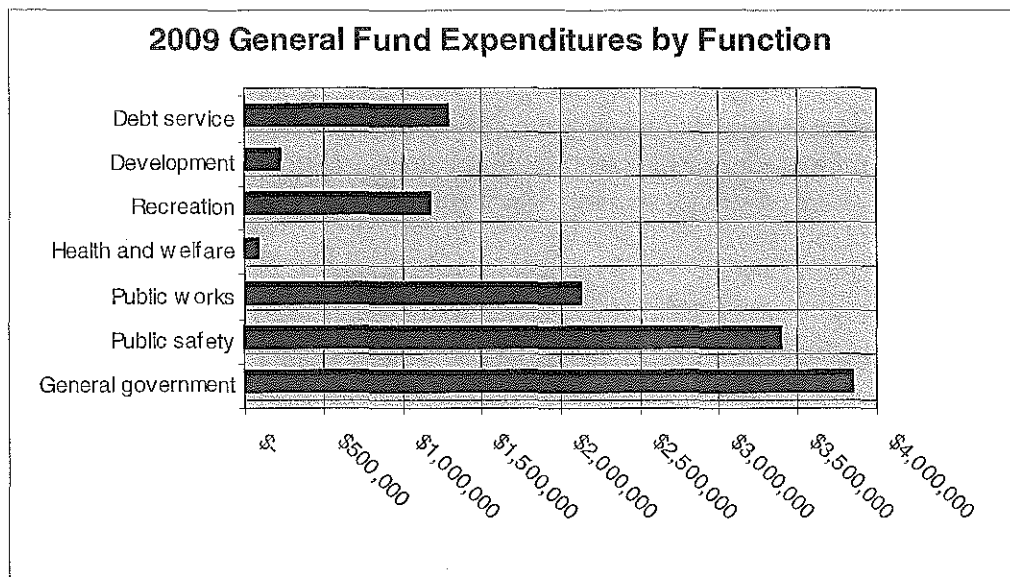
Interest income: During fiscal year 2009, the Town received an average interest rate of 0.69% on its investments. Compared to the average rate of 3.5% for fiscal year 2008, this has accounted for the 75.1% decrease seen in the investment income revenue source in fiscal year 2009.

Charges for services: The rescue fees were \$80,400 higher than the FY08 actual. Between adding additional full time personnel to drive the rescues and higher call volume, the Town is able to handle more of its rescue calls resulting in increased billings. Also, the Cable TV franchise fee received remained in the general fund for FY09. In previous years, any excess revenue after “paying” for the operational costs to run the cable TV system was transferred to a Capital Reserve equipment fund for Cable TV. This change by the Town Council resulted in an additional \$93,700 in this revenue category.

Other: There are a number of factors in this revenue category which has resulted in a net increase of \$6,721 over the FY08 actual. Cemetery income was up \$24,000 over FY08 due to two years of income reflected in FY09 (no income was received in FY08 from the Cemetery Trust Funds). Additional recreation program revenue of \$37,000, \$55,000 more in payment in lieu of taxes, and miscellaneous revenues were up \$48,000 for fiscal year 2009. However during fiscal year 2008, the Town received a \$100,000 in grant funds from the Maine Development Foundation to construct a regional maintenance facility which has caused the miscellaneous unbudgeted revenue to be down \$158,000.

The following table summarizes the General Fund expenditures by function for fiscal year 2009 with 2008 information for comparison while the graph displays the General Fund expenditures by function for fiscal year 2009. Information is from Statement 4.

| | <u>2009</u> | <u>2008</u> | <u>\$ Chg</u> | <u>% Chg</u> |
|---------------------------|---------------------|---------------------|------------------|--------------|
| Expenditure by function | | | | |
| General government | \$ 3,846,027 | \$ 3,800,490 | \$ 45,537 | 1.2% |
| Public safety | 3,395,235 | 3,254,798 | 140,437 | 4.3% |
| Public works | 2,122,620 | 2,575,546 | (452,926) | -17.6% |
| Health and welfare | 87,628 | 57,765 | 29,863 | 51.7% |
| Recreation | 1,187,799 | 1,215,668 | (27,869) | -2.3% |
| Development | 221,348 | 241,787 | (20,439) | -8.5% |
| Debt service | <u>1,290,420</u> | <u>972,572</u> | <u>317,848</u> | 32.7% |
| Total expenditures | \$12,151,077 | \$12,118,626 | \$ 32,451 | 0.3% |



The General Fund expenditures increased 0.3% from fiscal year 2008 levels. The largest change was in the public works, which decreased by (\$452,926) or 17.6%. Approximately \$238,900 in lower fuel costs and \$46,000 less in overtime costs for fiscal year 2009 are big contributors to the lower expenses in the public works function. Also, the Town Engineer and Compliance Officer positions were laid off generating a savings of \$96,900.

The debt service function saw the largest increase of 32.7% or \$317,848. This increase was the result of the May 2008 bond issue's debt service payments for interest and first principal payment occurring in fiscal year 2009.

The public safety increase of 4.3% or \$140,437 was due to the change in encumbrances.

The net results of operations for fiscal year 2009 are (\$24,081), after transfers in of \$144,488 and transfers out of \$14,139,037. The following table summarizes the General Fund's fund balance for fiscal year 2009 with 2008 information for comparison.

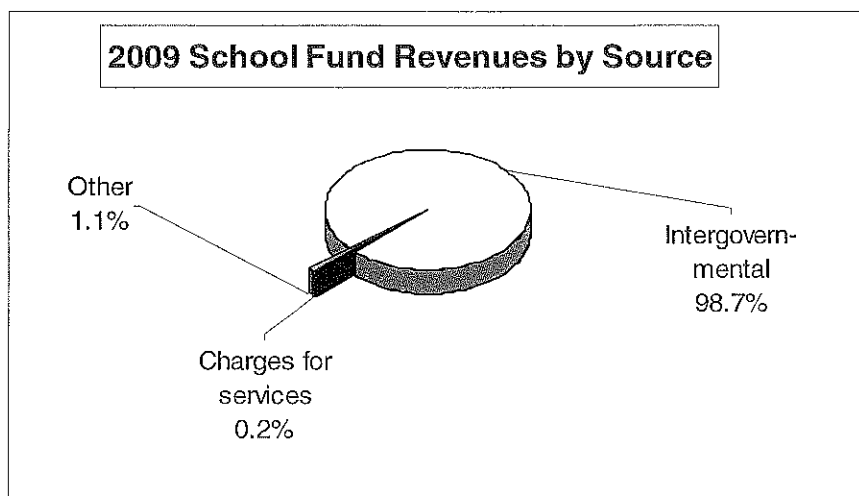
| | <u>2009</u> | <u>2008</u> | <u>\$ Chg</u> | <u>% Chg</u> |
|---------------------------|---------------------|---------------------|--------------------|--------------|
| Fund balance: | | | | |
| Reserved for: | | | | |
| Encumbrances | \$ 61,996 | \$ 296,508 | \$ (234,512) | -79.1% |
| Inventory | 58,646 | 16,753 | 41,893 | 250.1% |
| Unreserved: | | | | |
| Designated | 1,606,399 | 1,630,162 | (23,763) | -1.5% |
| Undesignated | <u>6,029,809</u> | <u>5,837,508</u> | <u>192,301</u> | 3.3% |
| Total fund balance | \$ 7,756,850 | \$ 7,780,931 | \$ (24,081) | -0.3% |

As you can see by the above comparison, the Town has seen an increase in its undesignated fund balance in fiscal year 2009. With the Town's undesignated fund balance policy (see Note 2 A), the 3.3% increase in the undesignated fund balance will help to keep the funding for the Capital Part II budget in fiscal year 2011 at a level similar to the past couple of years. The large decrease in the reserve for encumbrances is due to a spending freeze put in place by

the Town Manager in early 2009 due to anticipated shortfalls in various revenue sources affected by the economy.

The following table summarizes the fiscal year 2009 revenues by source for the Special Revenue Fund's School Operations Fund with 2008 information for comparison while the pie chart summaries the 2009 revenues by source. The information is from Statement 4.

| | <u>2009</u> | <u>2008</u> | <u>\$ Chg</u> | <u>% Chg</u> |
|----------------------|----------------------|----------------------|-------------------|--------------|
| Revenues by source | | | | |
| Intergovernmental | \$ 19,245,334 | \$ 18,894,049 | \$ 351,285 | 1.9% |
| Charges for services | 32,635 | 29,283 | 3,352 | 11.4% |
| Other | <u>223,549</u> | <u>187,941</u> | <u>35,608</u> | 18.9% |
| Total revenue | \$ 19,501,518 | \$ 19,111,273 | \$ 390,245 | 2.0% |



The 2.0% increase in School Operation Fund revenues is primarily from the increased state aid to education and state construction aid, which amounted to an increase of \$372,823.

The following table summarizes the School Operations Fund expenditures by function for fiscal year 2009 with 2008 information for comparison. Information is from Statement 4. Following the table, an explanation of the major changes is provided.

| | <u>2009</u> | <u>2008</u> | <u>\$ Chg</u> | <u>% Chg</u> |
|-----------------------|----------------------|----------------------|------------------|--------------|
| Expenses by function | | | | |
| Education | \$ 28,854,342 | \$ 28,711,269 | \$ 143,073 | 0.5% |
| Debt service | 2,680,208 | 2,662,499 | 17,709 | 0.7% |
| Capital outlay | <u>74,639</u> | <u>151,694</u> | <u>(77,055)</u> | -50.8% |
| Total expenses | \$ 31,609,189 | \$ 31,525,462 | \$ 83,727 | 0.3% |

The School Operations Fund's expenditures are 0.3% higher or \$83,727 higher than fiscal year 2008. The increase was primarily due to wages and benefits.

The net results of operations for fiscal year 2009 are \$939,661, after transfers in of \$12,972,693 and lease proceeds of \$74,639. The following table summarizes the School Operation Fund's fund balance for fiscal year 2009 with 2008 information for comparison.

| | <u>2009</u> | <u>2008</u> | <u>\$ Chg</u> | <u>% Chg</u> |
|---------------------------|---------------------|-----------------------|-------------------|---------------|
| Fund balance: | | | | |
| Reserved for: | | | | |
| Encumbrances | \$ 702,271 | \$ 318,046 | \$ 384,225 | 120.8% |
| Unreserved: | | | | |
| Undesignated | <u>(1,361,516)</u> | <u>(1,916,952)</u> | <u>555,436</u> | -29.0% |
| Total fund balance | \$ (659,245) | \$ (1,598,906) | \$ 939,661 | -58.8% |

As you can see the School Operation Fund's reserve for encumbrances increased significantly due to the year-end restoration of State curtailment funds. And the decrease in the School Operation Fund's unreserved undesignated deficit fund balance of \$555,436 is due to the spending freeze imposed by the Superintendent mid-year as a result of the Maine Department of Education notifying school districts of a reduction in aid to education during fiscal year 2009.

The following table summarizes the fiscal year 2009 revenues by source for the Special Revenue Fund's Capital Reserve Fund with 2008 information for comparison. The information is from Statement 4.

| | <u>2009</u> | <u>2008</u> | <u>\$ Chg</u> | <u>% Chg</u> |
|-----------------------|-------------------|-------------------|---------------------|---------------|
| Revenue by source | | | | |
| Intergovernmental | \$ 3,150 | \$ 39,129 | \$ (35,979) | -91.9% |
| Investment income | 64,891 | 162,536 | (97,645) | -60.1% |
| Charges for services | 12,326 | 18,361 | (6,035) | -32.9% |
| Unclassified | <u>177,045</u> | <u>320,911</u> | <u>(143,866)</u> | -44.8% |
| Total revenues | \$ 257,412 | \$ 540,937 | \$ (283,525) | -52.4% |

The major decrease was in the Unclassified revenue which is primarily due to the following issues. The Town Council decided during fiscal year 2009 to retain all of the Cable TV franchise fee revenue in the general fund and not transfer any excess revenue after Cable TV operating costs where "paid" to the Capital Reserve Fund to purchase Cable TV equipment. This resulted in a loss of nearly \$90,000. Also, during FY2008 there was \$90,000 received from the State of Maine for land taken to construct the by-pass. These two items have resulted in the (\$143,866) loss of revenue in the Unclassified category for fiscal year 2009.

The major decrease in the intergovernmental revenue source was the loss of timber harvesting revenue from the by-pass construction project. In fiscal year 2008, the Town received approximately \$36,000 and nothing in fiscal year 2009.

The major reason for the decrease in the investment income revenue source in fiscal year 2009 is that there was no interest allocated to the Capital Reserve Fund from the General Fund's investment earnings. Given that interest earnings were so dismal, the decision was made to not allocate interest to Capital Reserve Fund at year-end. Also, the interest earned on unspent bond proceeds for the municipal center project was less than fiscal year 2008.

The following table summarizes the Capital Reserve Fund expenditures by function for fiscal year 2009 with 2008 information for comparison. Information is from Statement 4.

| | <u>2009</u> | <u>2008</u> | \$ Chg | % Chg |
|-------------------------|---------------------|---------------------|-------------------|-------------|
| Expenses by function | | | | |
| Roads and road projects | \$ 2,937,282 | \$ 1,856,213 | \$ 1,081,069 | 58.2% |
| Recreation | 233,807 | 605,563 | (371,756) | -61.4% |
| Community center | 30,041 | 72,264 | (42,223) | -58.4% |
| Public safety building | 6,819 | 48,423 | (41,604) | -85.9% |
| All other | <u>438,244</u> | <u>905,014</u> | <u>(466,770)</u> | -51.6% |
| Total expenses | \$ 3,646,193 | \$ 3,487,477 | \$ 158,716 | 4.6% |

As you can see from the above table, the Special Revenue Fund's Capital Reserve Fund expenses for fiscal year 2009 were up slightly, 4.6% or \$158,716 from fiscal year 2008.

The biggest increase was in the road and road projects function, which shows a 58.2% increase or \$1,081,069 over the fiscal year 2008 actual. In May 2008, the Town issued GO Bonds for the purpose of paying the Town's share of a State road project and to provide \$3,000,000 to rebuild a number of roads in Gorham. The majority of this work occurred during fiscal year 2009.

The 61.4% decrease seen in the recreation function is the result of the cost to construct athletic fields at the Middle School during fiscal year 2008 was pretty much completed by the end of fiscal year 2008. Only minor costs were incurred during fiscal year 2009.

The large decrease in the All Other function was the result of two new rescues being purchased in fiscal year 2008 for a total cost of \$332,600. Also, a new plow truck/sander was purchased in fiscal year 2008 for \$122,000.

The net results of operations for fiscal year 2009 are (\$2,221,256), after transfers in of \$1,167,525. The following table summarizes the Capital Reserve Fund's fund balance for fiscal year 2009 with 2008 information for comparison.

| | <u>2009</u> | <u>2008</u> | \$ Chg | % Chg |
|---------------------------|---------------------|---------------------|-----------------------|---------------|
| Fund balances: | | | | |
| Reserved for: | | | | |
| Noncurrent | \$ 9,319 | \$ 10,535 | \$ (1,216) | -11.5% |
| Unreserved: | | | | |
| Designated | 3,976,016 | 6,634,917 | (2,658,901) | -40.1% |
| Undesignated | <u>557,786</u> | <u>118,925</u> | <u>438,861</u> | 369.0% |
| Total fund balance | \$ 4,543,121 | \$ 6,764,377 | \$ (2,221,256) | -32.8% |

As you can see by the above chart, the biggest decrease in the fund balance is in the designated fund balance, which is due to the spending of bond proceeds for the Libby/Brackett roads reconstruction project and other road projects. The large increase in the undesignated fund balance is the result of the Town Council transferring the accumulated fund balance from the Cable TV Capital Reserve account to the Capital Reserve Fund's undesignated fund balance.

The Elementary School Capital Projects Fund did not have any revenues for either fiscal year 2009 or 2008.

The following table summarizes the Elementary School Capital Projects Fund expenditures by function for fiscal year 2009 with 2008 information for comparison. Information is from Statement 4.

| | <u>2009</u> | <u>2008</u> | <u>\$ Chg</u> | <u>% Chg</u> |
|-----------------------|----------------------------|-------------------------|----------------------------|---------------|
| Expenses by function | | | | |
| Capital improvements | \$ <u>1,402,821</u> | \$ <u>188,649</u> | \$ <u>1,214,172</u> | 643.6% |
| Total expenses | \$ <u>1,402,821</u> | \$ <u>88,649</u> | \$ <u>1,214,172</u> | 643.6% |

During fiscal year 2008, the Gorham School Department was incurring expenses related to the preliminary design work and site search in preparation for approval by the Maine Department of Education for funding of this construction project. During fiscal year 2009, the State approved the elementary school construction project so the purchase of land, final design work and bid preparation occurred.

The net results of operations for fiscal year 2009 are (\$1,402,821). The following table summarizes the Elementary School Capital Projects Fund's fund balance for fiscal year 2009 with 2008 information for comparison.

| | <u>2009</u> | <u>2008</u> | <u>\$ Chg</u> | <u>% Chg</u> |
|----------------|------------------------------|---------------------------|------------------------------|----------------|
| Fund balances: | | | | |
| Unreserved: | | | | |
| Undesignated | \$ <u>(1,454,998)</u> | \$ <u>(52,177)</u> | \$ <u>(1,402,821)</u> | 2688.6% |
| | \$ <u>(1,454,998)</u> | \$ <u>(52,177)</u> | \$ <u>(1,402,821)</u> | 2688.6% |

During fiscal year 2007, the Town Council provided a small amount of seed money to the School Department so they could bring this project forward to the Maine Department of Education. However, as the project moved forward no further funding was provided since all expenses incurred would be reimbursed once the State provided final funding approval.

General Fund Budgetary Highlights

The Town continues to meet its responsibilities for sound financial management. As shown in Statement 6, actual revenues exceed budgeted revenues by \$808,184, while actual expenditures were under budgeted appropriations by \$337,009. This resulted in a positive net effect of \$1,145,193. However, after transfers and changes in encumbrances, the net change in fund balance was a negative \$24,081.

The undesignated fund balance at \$6,029,809 is a healthy figure and represents 14.3% of the total general fund and school operations fund budgeted appropriations for FY2010. The goal of the Town's fund balance policy is to maintain a General Fund and Special Revenue Fund (School Operations Fund) balance of at least 8% of the yearly School, Town, and Cumberland County appropriations. However, when the school operations fund's deficit balance of (\$1,361,516) is factored in the percentage drops to 11.1%. The Town's management anticipates that during the FY2011 budget process, the Council will utilize the undesignated fund balance in excess of the 8% for the Town's Capital Budget Part II.

The original (or adopted) budget for fiscal year 2008-2009 amount of \$42,233,678 (expenditures of \$41,931,092 plus transfers of \$244,086), compared to the final budget amount of \$42,233,678 (expenditures of \$42,931,092 plus net transfers of \$244,086) reflects no adjustments for fiscal year 2009. The following chart shows the changes made to the adopted budget during the fiscal year.

FY 2008 - 2009

| Department | Original | Adjustment | Final Budget |
|------------------------------------|-------------------|------------|-------------------|
| General government | \$ 1,990,302 | \$ - | \$ 1,990,302 |
| Public safety | 3,481,941 | - | 3,481,941 |
| Public works | 2,287,643 | - | 2,287,643 |
| Health and welfare | 52,235 | - | 52,235 |
| Recreation | 689,887 | - | 689,887 |
| Development | 294,426 | - | 294,426 |
| Insurances & employee benefits | 1,851,202 | - | 1,851,202 |
| Unclassified | 228,681 | - | 228,681 |
| Debt service | 1,377,059 | - | 1,377,059 |
| Education | <u>29,677,716</u> | <u>-</u> | <u>29,677,716</u> |
| Budget without transfers: | \$ 41,931,092 | \$ - | \$ 41,931,092 |
| Transfers to SRF - Econ Deve Fund | 65,000 | - | 65,000 |
| Transfers to SRF - Capital Reserve | <u>237,586</u> | <u>-</u> | <u>237,586</u> |
| Budget with transfers: | \$ 42,233,678 | \$ - | \$ 42,233,678 |

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2009, the Town had invested \$11,741,166 in a broad range of capital assets. The following chart identifies the assets that were added during fiscal year 2009 (including the construction in progress projects – Queen Street and new elementary school less the removal of the construction in progress projects – athletic fields at Middle School reflected in previous fiscal years.

| Category | | Category Total |
|-------------------|---|-------------------|
| Land | Education, land for new elementary school | <u>\$ 285,000</u> |
| | | 285,000 |
| Land improvements | | |
| Genl Govt | granite sign, Municipal Center | 4,789 |
| Recreation | multi-purpose playing field, Gorham Middle School | 340,072 |
| | softball field, Gorham Middle School | 85,018 |
| | irrigation, Gorham Middle School athletic fields | 30,017 |
| | electrical/lighting, Gorham Middle School athletic fields | 10,424 |
| | parking lot at Gorham Middle School athletic fields | 79,684 |
| | drainage, Gorham Middle School athletic fields | 25,001 |
| | trees, Gorham Middle School athletic fields | 8,979 |

| Category | | | Category Total |
|-------------------------------------|--|-----------|----------------------------|
| Land improvements, cont'd | | | |
| Recreation | fencing/gates at Gorham Middle School athletic fields | 81,778 | |
| | ball field warning track, softball field, Gorham Middle School | 20,193 | |
| | Less prior year construction in progress | (560,450) | |
| | | | 125,505 |
| Buildings and building improvements | | | |
| Public Safety | Fire, heating control panel upgrade, West Gorham station | 5,000 | |
| | Public Safety bldg, gas boiler | 14,156 | |
| Public Works | LP boiler | 12,483 | |
| Recreation | Community center kitchen upgrade | 16,633 | |
| | | | 48,272 |
| Machinery and equipment | | | |
| Education | Village School playground equipment | 110,880 | |
| Public Safety | Fire, power pro ambulance cot | 9,180 | |
| | Fire, rescue jack | 8,000 | |
| Public Works | brush chipper | 33,000 | |
| Recreation | backstop, softball field at Gorham Middle School | 14,984 | |
| | | | 176,044 |
| Furniture and office equipment | | | |
| Education | Xerox color photocopier | 9,973 | |
| Recreation | bleachers at softball field at Gorham Middle School, 4 sets | 31,108 | |
| | | | 41,081 |
| Computer equipment | | | |
| Education | Juniper firewall and server | 17,186 | |
| | | | 17,186 |
| Vehicles | | | |
| Public Safety | Police, (2) 2008 Ford Crown Victoria cruisers | 43,666 | |
| Public Works | 2008 Chevy Silverado w/dump and plow | 47,174 | |
| | 2009 asphalt hot patcher | 29,950 | |
| Recreation | 1998 Chevy Suburban, donated | 5,000 | |
| Education | 2008 Blue Bird bus | 74,639 | |
| | | | 200,429 |
| Infrastructure | | | |
| Public Works | Roads | 8,936,058 | |
| | Libby Avenue sidewalk, Rte 25 to Toddle Inn | 49,809 | |
| | Construction in progress -- Queen Street | 447,561 | |
| Recreation | stone dust sidewalk at softball field, Gorham Middle School | 6,488 | |
| | gravel access drive at Gorham Middle School athletic fields | 4,912 | |
| Education | Construction in progress -- elementary school | 1,402,821 | |
| | | | 10,847,649 |
| Total Assets Added During FY2009 | | | <u><u>\$11,741,166</u></u> |

The depreciation expense for 2009 was \$3,051,921. The following is a summary of the Town of Gorham's capital assets, net of depreciation. This amount represents a net increase (including additions and deductions) of \$8,620,105 or 16.0% over last fiscal year.

Capital Assets
(net of depreciation)

Governmental Activities

| | <u>2009</u> | <u>2008</u> | <u>\$ Change</u> | <u>% Chg</u> |
|-------------------------------------|----------------------|----------------------|---------------------|--------------|
| Land | \$ 2,007,959 | \$ 1,722,959 | \$ 285,000 | 16.5% |
| Books/historical treasures/artwork | 1,090,274 | 1,090,274 | - | 0.0% |
| Construction in progress | 2,137,558 | 847,626 | 1,289,932 | 152.2% |
| Land improvements | 4,200,525 | 3,690,789 | 509,736 | 13.8% |
| Buildings and building improvements | 30,374,309 | 31,672,540 | (1,298,231) | -4.1% |
| Machinery and equipment | 1,311,449 | 1,330,126 | (18,677) | -1.4% |
| Furniture and office equipment | 910,105 | 1,162,827 | (252,722) | -21.7% |
| Computer equipment | 146,268 | 154,300 | (8,032) | -5.2% |
| Vehicles | 2,906,873 | 3,228,337 | (321,464) | -10.0% |
| Infrastructure | <u>17,497,698</u> | <u>9,063,135</u> | <u>8,434,563</u> | <u>93.1%</u> |
| Totals | \$ 62,583,018 | \$ 53,962,913 | \$ 8,620,105 | 16.0% |

The Town has appropriated \$241,564 in fiscal year 2010 for the following capital expenditures: two police cruisers, the fourth lease payment for a plow truck, a front end loader, a street sweeper and a trackless tractor, and various road projects. Additionally, the Council allocated \$541,862 in undesignated fund balance, which was in excess of the 8% fund balance policy to purchase a new plow truck and sander, replace twenty-five air bottles, and provide additional funds for road projects.

More information on the Town's capital assets is presented in the notes to the financial statements. See NOTE 1 G, SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CAPITAL ASSETS, and NOTE 6, CAPITAL ASSETS.

Debt Administration

As of June 30, 2009, the Town had a total of \$28,734,300 of outstanding general obligation debt. The Town's outstanding general obligation bonds as of June 30, 2009 were \$2,664,650 less than last fiscal year – a decrease of 8.5%.

The Town of Gorham currently has an AA rating from Standard and Poor's on its general obligation bond issues. The Town's outstanding indebtedness is only 1.93% of the State's equalized value.

More detailed information on the Town's long-term debt is presented in NOTE 11, LONG-TERM DEBT to the financial statements.

Economic Factors and Next Year's Budget and Tax Rates

The Town of Gorham is not immune from the recession. With the current economic conditions affecting certain revenues such as excise taxes, state revenue sharing, and building permits, the fiscal year 2009-2010 budget saw service reductions in various departments including the code office, Baxter library, and Cable TV. The Town Manager's proposed budget had a total reduction of \$374,507 from the fiscal year 2009 appropriation amount with many more proposed cuts in services. However, the Town Council was able to restore many of the cuts due to the Education's gross budget coming in at the same level as fiscal year

2009 along with an increase in State Aid to Education. This allowed the Council to shift some of the education savings to the municipal side of the budget. Although the Town Council was able to restore many of the proposed cuts particularly in the area of public safety, they were acutely aware of the need to maintain the same tax rate if not reduce it for the taxpayers of Gorham. The Town Council was able to achieve its goal.

The Town's assessed value ratio as of April 1, 2009 remained about 80% or unchanged from the prior year and above the State required 70%.

The total assessed value as of April 1, 2009, is \$1,243,682,170, an increase of \$3,905,870 or 0.3% from the prior year, while the taxable value increased \$670,300 from \$1,215,691,500 to \$1,216,362,800. The Town of Gorham's tax rate decreased \$0.10 to \$15.90.

The Town's municipal appropriation is \$11,629,496; a decrease of \$152,731 or 1.3% from FY 2009. A decrease in non-property tax revenue of \$444,230 and an increase in the transfer in from the TIF fund of \$90,519 resulted in a net appropriation of \$5,689,189; an increase of \$200,980 or 3.7%.

The Town's education budget is \$29,677,716; remained the same as FY2009. The School Department also had an increase in non-property tax revenue of \$345,179 resulting in a net education appropriation of \$12,551,333, a decrease of \$345,179 or a 2.7% reduction.

The County tax assessment increased by \$16,094, or 2.1%.

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 any questions about this report or need additional information, contact the Finance Department, at the Town, 75 South Street, Gorham, Maine 04038.

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BASIC FINANCIAL STATEMENTS

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TOWN OF GORHAM, MAINE
Statement of Net Assets
June 30, 2009

| | Governmental Activities |
|--|------------------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 154,207 |
| Investments | 15,170,887 |
| Receivables: | |
| Accounts | 495,631 |
| Intergovernmental | 808,607 |
| Rescue receivable (net of allowance of \$96,000) | 165,139 |
| Taxes receivable - current year | 811,958 |
| Taxes receivable - prior year | 22,490 |
| Tax liens | 313,602 |
| Notes | 89,609 |
| Inventory | 80,209 |
| Other | 2,163,869 |
| Non-depreciable capital assets | 5,235,791 |
| Depreciable capital assets, net | 57,347,227 |
| Total assets | 82,859,226 |
| LIABILITIES | |
| Accounts payable and other current liabilities | 1,190,212 |
| Accrued wages and benefits | 2,508,274 |
| Performance bond deposits | 2,161,159 |
| Unearned revenue | 25,107 |
| Other postemployment benefits liability | 133,263 |
| Noncurrent liabilities: | |
| Due within one year | 2,885,634 |
| Due in more than one year | 27,255,028 |
| Total liabilities | 36,158,677 |
| NET ASSETS | |
| Invested in capital assets, net of related debt | 33,293,376 |
| Restricted for: | |
| Nonexpendable trust principal | 424,928 |
| Unrestricted | 12,982,245 |
| Total net assets | \$ 46,700,549 |

See accompanying notes to financial statements.

TOWN OF GORHAM, MAINE
Statement of Activities
For the Year Ended June 30, 2009

| | | | | | Net (expense) revenue and changes in net assets |
|---|---------------|-------------------------|--|--|--|
| | | Program Revenues | | | Primary Governmental activities |
| Functions/programs | Expenses | Charges for services | Operating grants and contributions | Capital grants and contributions | |
| Primary government: | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 4,692,737 | 470,309 | 33,262 | 75,125 | (4,114,041) |
| Public safety | 3,742,859 | 617,224 | 198,168 | 41,528 | (2,885,939) |
| Public works | 2,781,765 | 1,584,478 | 438,537 | 5,354,384 | 4,595,634 |
| Health and welfare | 87,628 | 11,643 | 40,214 | - | (35,771) |
| Recreation | 1,368,309 | 634,268 | 15,999 | 47,645 | (670,397) |
| Development | 495,299 | 82,050 | 8,792 | - | (404,457) |
| Education | 32,373,509 | 654,443 | 21,721,868 | - | (9,997,198) |
| Interest on debt | 1,250,260 | - | - | - | (1,250,260) |
| Total governmental activities | 46,792,366 | 4,054,415 | 22,456,840 | 5,518,682 | (14,762,429) |
| Total primary government | \$ 46,792,366 | \$ 4,054,415 | \$ 22,456,840 | \$ 5,518,682 | (14,762,429) |
| General revenues: | | | | | |
| Property taxes, levied for general purposes | | | | | 19,421,626 |
| Payment in lieu of taxes | | | | | 91,351 |
| Motor vehicle and boat excise taxes | | | | | 2,403,379 |
| Grants and contributions not restricted to specific programs: | | | | | |
| Homestead exemption | | | | | 306,543 |
| BETE reimbursement | | | | | 78,942 |
| Other State aid | | | | | 29,003 |
| State Revenue Sharing | | | | | 1,326,817 |
| Unrestricted investment earnings | | | | | 224,431 |
| Miscellaneous revenues | | | | | 435,727 |
| Total general revenues | | | | | 24,317,819 |
| Change in net assets | | | | | 9,555,390 |
| Net assets - beginning | | | | | 37,145,159 |
| Net assets - ending | | | | | \$ 46,700,549 |

See accompanying notes to financial statements.

TOWN OF GORHAM, MAINE
Balance Sheet
Governmental Funds
June 30, 2009

| | General | School Operations Fund | Capital Reserve Fund | Elementary School Capital Projects Fund | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|------------------------------|----------------------------|--|--------------------------------|--------------------------------|
| ASSETS | | | | | | |
| Cash | \$ 15,868 | - | - | - | 138,339 | 154,207 |
| Investments | 12,450,923 | - | 2,027,760 | - | 692,204 | 15,170,887 |
| Receivables: | | | | | | |
| Accounts | 133,393 | 41,454 | - | - | 320,784 | 495,631 |
| Rescue receivable (net of allowance of \$96,000) | 165,139 | - | - | - | - | 165,139 |
| Taxes receivable - current year | 811,958 | - | - | - | - | 811,958 |
| Taxes receivable - prior year | 22,490 | - | - | - | - | 22,490 |
| Tax liens | 313,602 | - | - | - | - | 313,602 |
| Notes | - | - | 9,319 | - | 80,290 | 89,609 |
| Due from other governments | - | 78,049 | - | - | 730,558 | 808,607 |
| Interfund loans receivable | - | 2,069,191 | 3,199,762 | - | 1,656,754 | 6,925,707 |
| Tax acquired property | 2,710 | - | - | - | - | 2,710 |
| Other assets - performance bonds and impact fees | 2,161,159 | - | - | - | - | 2,161,159 |
| Inventory | 58,646 | - | - | - | 21,563 | 80,209 |
| Total assets | \$ 16,135,888 | 2,188,694 | 5,236,841 | - | 3,640,492 | 27,201,915 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | 349,526 | 400,477 | 224,731 | - | 6,124 | 980,858 |
| Accrued wages and benefits | 235,630 | 2,272,644 | - | - | - | 2,508,274 |
| Interfund loans payable | 4,800,723 | 174,818 | 468,989 | 1,454,998 | 26,179 | 6,925,707 |
| Deferred revenues | 832,000 | - | - | - | 25,107 | 857,107 |
| Performance bond deposits | 2,161,159 | - | - | - | - | 2,161,159 |
| Total liabilities | 8,379,038 | 2,847,939 | 693,720 | 1,454,998 | 57,410 | 13,433,105 |
| Fund balances: | | | | | | |
| Reserved for: | | | | | | |
| Noncurrent receivables/encumbrances | 61,996 | 702,271 | 9,319 | - | 80,290 | 853,876 |
| Nonexpendable trust principal | - | - | - | - | 424,928 | 424,928 |
| Inventory | 58,646 | - | - | - | 21,563 | 80,209 |
| Unreserved: | | | | | | |
| Designated | 1,606,399 | - | 3,976,016 | - | 157,753 | 5,740,168 |
| Undesignated, reported in: | | | | | | |
| General fund | 6,029,809 | - | - | - | - | 6,029,809 |
| Special revenue funds | - | (1,361,516) | 557,786 | - | 2,637,792 | 1,834,062 |
| Capital projects funds | - | - | - | (1,454,998) | 43,183 | (1,411,815) |
| Permanent funds | - | - | - | - | 217,573 | 217,573 |
| Total fund balances (deficit) | 7,756,850 | (659,245) | 4,543,121 | (1,454,998) | 3,583,082 | 13,768,810 |
| Total liabilities and fund balances | \$ 16,135,888 | 2,188,694 | 5,236,841 | - | 3,640,492 | |

Continued

TOWN OF GORHAM, MAINE
Balance Sheet
Governmental Funds
June 30, 2009

Reconciliation of the total fund balances - total governmental funds
to the total net assets of governmental activities:

| | | |
|---|----|------------|
| Total fund balances - total governmental funds, Statement 3 | \$ | 13,768,810 |
|---|----|------------|

Amounts reported for governmental activities in the statement of
net assets (Statement 1) are different because:

Capital assets used in governmental activities are not financial
resources and therefore not reported in the funds. More
specifically:

| | | | |
|---------------------------------|----|------------|------------|
| Non-depreciable capital assets | \$ | 5,235,791 | |
| Depreciable capital assets, net | | 57,347,227 | 62,583,018 |

Long-term liabilities are not due and payable in the current period
and therefore not reported in the funds:

| | | | |
|---|----|------------|--------------|
| General obligation bonds | \$ | 28,734,300 | |
| Capital leases | | 555,342 | |
| Compensated absences | | 851,020 | |
| Accrued interest payable | | 209,354 | |
| Other postemployment benefits liability | | 133,263 | (30,483,279) |

Deferred revenues -- more specifically, property taxes
not reported on Statement 1

832,000

| | | |
|---------------------------------------|----|------------|
| Net assets of governmental activities | \$ | 46,700,549 |
|---------------------------------------|----|------------|

See accompanying notes to financial statements.

TOWN OF GORHAM, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2009

| | General | School Operations Fund | Capital Reserve Fund | Elementary School Capital Projects Fund | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|------------------------------|----------------------------|--|--------------------------------|--------------------------------|
| Revenues: | | | | | | |
| Taxes | \$ 21,199,770 | - | - | - | 528,664 | 21,728,434 |
| Licenses and permits | 277,563 | - | - | - | - | 277,563 |
| Intergovernmental | 2,175,861 | 19,245,334 | 3,150 | - | 2,476,534 | 23,900,879 |
| Investment income | 63,995 | - | 64,891 | - | 16,316 | 145,202 |
| Charges for services | 1,393,314 | 32,635 | 12,326 | - | 1,118,050 | 2,556,325 |
| Unclassified | 1,011,042 | 223,549 | 177,045 | - | 840,014 | 2,251,650 |
| Total revenues | 26,121,545 | 19,501,518 | 257,412 | - | 4,979,578 | 50,860,053 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General government | 3,846,027 | - | - | - | - | 3,846,027 |
| Public safety | 3,395,235 | - | - | - | - | 3,395,235 |
| Public works | 2,122,620 | - | - | - | 980,893 | 3,103,513 |
| Health & welfare | 87,628 | - | - | - | - | 87,628 |
| Recreation | 1,187,799 | - | - | - | - | 1,187,799 |
| Development | 221,348 | - | - | - | - | 221,348 |
| Unclassified | - | - | - | - | 1,297,684 | 1,297,684 |
| Education | - | 28,854,342 | - | - | 1,894,009 | 30,748,351 |
| Debt service: | | | | | | |
| Principal | 828,324 | 1,836,326 | - | - | - | 2,664,650 |
| Interest and other charges | 462,096 | 843,882 | - | - | - | 1,305,978 |
| Capital maintenance | - | 74,639 | 523,658 | - | - | 598,297 |
| Capital improvements | - | - | 3,122,535 | 1,402,821 | 2,094 | 4,527,450 |
| Total expenditures | 12,151,077 | 31,609,189 | 3,646,193 | 1,402,821 | 4,174,680 | 52,983,960 |
| Excess (deficiency) of revenues over (under) expenditures | 13,970,468 | (12,107,671) | (3,388,781) | (1,402,821) | 804,898 | (2,123,907) |
| Other financing sources (uses): | | | | | | |
| Capital leases | - | 74,639 | - | - | - | 74,639 |
| Transfers in | 144,488 | 12,972,693 | 1,167,525 | - | 65,000 | 14,349,706 |
| Transfers out | (14,139,037) | - | - | - | (210,669) | (14,349,706) |
| Total other financing sources (uses) | (13,994,549) | 13,047,332 | 1,167,525 | - | (145,669) | 74,639 |
| Net change in fund balances | (24,081) | 939,661 | (2,221,256) | (1,402,821) | 659,229 | (2,049,268) |
| Fund balances (deficit), beginning of year | 7,780,931 | (1,598,906) | 6,764,377 | (52,177) | 2,923,853 | 15,818,078 |
| Fund balances (deficit), end of year | \$ 7,756,850 | (659,245) | 4,543,121 | (1,454,998) | 3,583,082 | 13,768,810 |

See accompanying notes to financial statements.

TOWN OF GORHAM, 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, 2009

Net change in fund balances - total governmental funds (from Statement 4) \$ (2,049,268)

Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$11,741,166) exceeded depreciation expense (\$3,051,921) and loss on disposal (\$69,140) in the current period.

8,620,105

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

175,800

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. (Note 11)

2,664,650

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. More specifically, this represents the change in long-term accrued compensated absences. (Note 11)

(56,377)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. More specifically, this represents the change in long-term capital leases. (Note 11)

278,025

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. More specifically, this represents the change in other postemployment benefits liability.

(133,263)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. More specifically, this represents the change in accrued bond interest payable.

55,718

Change in net assets of governmental activities (see Statement 2) \$ 9,555,390

See accompanying notes to financial statements.

TOWN OF GORHAM, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Budgetary Basis
All Budgeted Governmental Funds
For the year ended June 30, 2009

| | General Fund | | | | Budgeted Special Revenue Funds School Operations Fund | | | |
|--|------------------|--------------|--------------|---|--|--------------|--------------|---|
| | Budgeted amounts | | Actual | Variance with final budget positive (negative) | Budgeted amounts | | Actual | Variance with final budget positive (negative) |
| | Original | Final | | | Original | Final | | |
| Revenues: | | | | | | | | |
| Taxes | \$ 21,325,561 | 21,325,561 | 21,199,770 | (125,791) | - | - | - | - |
| Licenses and permits | 342,025 | 342,025 | 277,563 | (64,462) | - | - | - | - |
| Intergovernmental | 2,009,375 | 2,009,375 | 2,175,861 | 166,486 | 16,545,204 | 16,545,204 | 16,501,221 | (43,983) |
| Investment income | 250,000 | 250,000 | 63,995 | (186,005) | - | - | - | - |
| Charges for services | 1,213,321 | 1,213,321 | 1,393,314 | 179,993 | 34,000 | 34,000 | 32,635 | (1,365) |
| Other revenues | 173,079 | 173,079 | 1,011,042 | 837,963 | 202,000 | 202,000 | 223,549 | 21,549 |
| Total revenues | 25,313,361 | 25,313,361 | 26,121,545 | 808,184 | 16,781,204 | 16,781,204 | 16,757,405 | (23,799) |
| Expenditures: | | | | | | | | |
| Current: | | | | | | | | |
| General government | 1,990,302 | 1,990,302 | 1,898,790 | 91,512 | - | - | - | - |
| Public safety | 3,481,941 | 3,481,941 | 3,217,821 | 264,120 | - | - | - | - |
| Public works | 2,287,643 | 2,287,643 | 2,114,323 | 173,320 | - | - | - | - |
| Health and welfare | 52,235 | 52,235 | 87,628 | (35,393) | - | - | - | - |
| Recreation | 689,887 | 689,887 | 1,181,731 | (491,844) | - | - | - | - |
| Development | 294,426 | 294,426 | 195,589 | 98,837 | - | - | - | - |
| Insurances and employee benefits | 1,851,202 | 1,851,202 | 1,718,729 | 132,473 | - | - | - | - |
| Education | - | - | - | - | 26,997,508 | 26,997,508 | 26,446,113 | 551,395 |
| Unclassified | 228,681 | 228,681 | 211,336 | 17,345 | - | - | - | - |
| Debt service | 1,377,059 | 1,377,059 | 1,290,420 | 86,639 | 2,680,208 | 2,680,208 | 2,680,208 | - |
| Total expenditures | 12,253,376 | 12,253,376 | 11,916,367 | 337,009 | 29,677,716 | 29,677,716 | 29,126,321 | 551,395 |
| Excess (deficiency) of revenues over (under) expenditures | 13,059,985 | 13,059,985 | 14,205,178 | 1,145,193 | (12,896,512) | (12,896,512) | (12,368,916) | 527,596 |
| Other financing sources (uses): | | | | | | | | |
| Transfers to school fund | (12,896,512) | (12,896,512) | (12,906,512) | (10,000) | 12,896,512 | 12,896,512 | 12,972,693 | 76,181 |
| Transfers to special revenue - economic development | (65,000) | (65,000) | (65,000) | - | - | - | - | - |
| Transfers to special revenue - capital reserve | (237,586) | (237,586) | (1,167,525) | (929,939) | - | - | - | - |
| Transfers in special revenue - TIF and capital reserve | 139,113 | 139,113 | 144,488 | 5,375 | - | - | - | - |
| Total other financing sources (uses) | (13,059,985) | (13,059,985) | (13,994,549) | (934,564) | 12,896,512 | 12,896,512 | 12,972,693 | 76,181 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses - budgetary basis | - | - | 210,629 | 210,629 | - | - | 603,777 | 603,777 |
| Reconciliation to GAAP basis: | | | | | | | | |
| Change in accrued payroll | | | | - | | | (48,341) | |
| Change in encumbrances | | | | (234,710) | | | 384,225 | |
| Net change in fund balance | | | | (24,081) | | | 939,661 | |
| Fund balances (deficit), beginning of year | | | | 7,780,931 | | | (1,598,906) | |
| Fund balances (deficit), end of year | \$ | | | 7,756,850 | | | (659,245) | |

See accompanying notes to financial statements.

TOWN OF GORHAM, MAINE
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

| | Agency Fund (School Activity) | Private-purpose Trust Fund (Scholarships) |
|--------------------------|--|--|
| ASSETS | | |
| Cash | \$ 252,364 | - |
| Investments | - | 34,878 |
| Total assets | 252,364 | 34,878 |
| LIABILITIES | | |
| Due to student groups | 252,364 | - |
| Accounts payable | - | 550 |
| Total liabilities | 252,364 | 550 |
| NET ASSETS | | |
| Held in trust | \$ - | 34,328 |

See accompanying notes to financial statements.

TOWN OF GORHAM, MAINE
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the year ended June 30, 2009

| | Private-purpose Trust Fund (Scholarships) |
|-------------------------------|--|
| Additions: | |
| Donations | \$ - |
| Investment income | 532 |
| Total additions | 532 |
| Deductions: | |
| Scholarships awarded | 550 |
| Total deductions | 550 |
| Change in net assets | (18) |
| Net assets, beginning of year | 34,346 |
| Net assets, end of year | \$ 34,328 |

See accompanying notes to financial statements.

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TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Gorham, Maine was incorporated in 1764 and operates under a Council-Manager form of government, adopted by charter in 1967.

The accounting policies of the Town of Gorham conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant of such policies.

A. The Reporting Entity

In evaluating how to define the reporting entity, for financial statement purposes, management has considered all potential component units. The decision to include a potential component unit was made by applying the criteria set forth in GAAP which defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. Based upon the application of these criteria, there were no potential component units required to be included in this report.

B. Basis of Presentation

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

C. Basis of Accounting/Measurement Focus

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Town of Gorham, at this time, does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Town has elected not to allocate indirect costs among the programs, functions and segments. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements report detailed information about the Town. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

GOVERNMENTAL FUNDS

All governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. An exception to the general rule is principal and interest on long-term debt which is recognized when due.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The Town reports the following major governmental funds:

The General Fund and the School Operations Fund in the Special Revenue Fund are the Town's primary operating funds. They account for all financial resources of the general government and education, except those required to be accounted for in another fund. The Capital Reserve Fund in the Special Revenue Fund, which accounts for all capital equipment and project expenditures funded through fund balance transfers, is another major governmental fund. The Elementary School Capital Projects Fund is another major governmental fund being reported for fiscal year 2009. This fund accounts for the expenditures related to the construction of a new elementary school.

Additionally, the Town reports the following fund type:

Fiduciary funds account for assets held by the Town in a trustee capacity or as an agent on behalf of others. The Town's fiduciary funds include the following types: agency funds (school activity funds) and private-purpose trust funds (scholarships).

Revenue Recognition

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Those revenues susceptible to accrual are property taxes, interest, and charges for services. Licenses and permits, fines and forfeits, and miscellaneous revenues (except investment earnings) are recorded as revenues when received in cash because they are generally not measurable until actually received. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on long-term debt as well as expenditures related to certain compensated absences and claims and judgments are only recorded when payment is due. Allocation of costs, such as depreciation, is not recognized in the governmental funds.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Encumbrances

Encumbrance accounting, whereby commitments for the expenditure of monies are recorded to preserve that portion of the applicable appropriation, is being employed by the Town during the fiscal year. At year-end, encumbrances are recorded as an expenditure for budgetary reporting and as a designation of fund balance within the fund financial statements, since they do not constitute expenditures or liabilities and are added to the subsequent year's adopted appropriations.

E. Investments

Investments are stated at fair value.

F. Inventories

Inventory consists of the School Lunch Fund (Governmental Special Revenue Fund) food, supplies, and donated commodities and is recorded at cost on the first-in, first-out basis. The Town has also chosen to record the trash bag inventory maintained by the Public Works Department for the pay-per-bag program instituted on July 1, 2002. This inventory is recorded at cost on the first-in, first-out basis. Effective June 30, 2009, the Town has chosen to record the gas and diesel fuel remaining in the tanks at year-end as inventory. This inventory is recorded at cost on the first-in, first-out basis.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities in the government-wide financial statements. The Town defines capital assets as assets with an estimated useful life in excess of one year and an initial, individual cost of more than \$5,000. The Town's assets are capitalized at historical cost or estimated historical cost. For roads accepted by the Town from a developer, the Town will record the accepted road's value at the average cost per mile based on the road type. The Public Works Department will determine the average cost per mile for each road type. Gifts or contributions of capital assets are recorded at fair market value when received. The Town does not intend to use the "modified approach" to record infrastructure. The Town has also decided not to capitalize immaterial assets such as firearms, firefighting equipment such as air-paks, and certain computer equipment.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Depreciation is recorded based on the straight-line method using the full-month convention beginning with the month following the purchase date over the assets' estimated useful live. In addition, all assets will be depreciated down to zero. Historical treasures, works of art, and library books, which are capitalized, will not be depreciated.

The following estimated useful lives are used to compute depreciation:

- Buildings -- 40 years
- HVAC Systems & Roofing -- 20 years
- Electrical/Plumbing Systems -- 30 years
- Land Improvements -- 20-30 years
- Roads -- 20-50 years
- Bridges -- 50 years
- Vehicles
 - Cars and light trucks -- 7 years
 - Police cruisers -- 4 years
 - Buses and rescue units -- 10 years
 - Fire Trucks -- 20 years
- Office furniture and fixtures -- 7 years
- Equipment -- 10-20 years
- Computer equipment -- 5-7 years

The Town conducted an inventory of all capital assets for fiscal year 2003 and completes internal updates annually. This process involved determining the original cost. Original costs were developed in one of four ways: 1) historical records; 2) assessed value records deflated to date of acquisition; 3) engineering estimates and Land Use and Development Code; or 4) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation, as defined as the total depreciation from the date of construction/acquisition to the current date on a straight-line, unrecovered cost method was computed using industry accepted life expectancies for each capital asset. The book value was then computed by deducting the accumulated depreciation from the original cost.

H. Compensated Absences

Employees earn vacation and sick leave as they provide services. Under the terms of personnel policies and union contracts, vacation and sick leave are granted in varying amounts according to length of service. Town employees may accumulate (subject to certain limitations) up to 180 days of unused sick leave and, upon retirement, termination or death may be compensated for amounts up to 90 days at current rates of pay.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Vacation time is earned based on anniversary date and length of service in amounts ranging from two to four weeks per year. Unused vacation days for regular full-time employees may accrue from one year to the next at a maximum of 150 hours for employees with less than six (6) years of continuous service, 225 hours for an employee with six (6) years of continuous service but less than eleven (11) years of continuous service and 260 hours for employees with eleven (11) years of continuous service. Employees are paid for allowable accruals upon termination of employment.

In the fund financial statements, no amount is recorded unless the amount is to be paid out shortly after year-end. But the full liability is recorded in the government-wide statements.

I. Long-term Obligations

Long-term debt is recognized as a liability of a governmental fund when due. In the fund financial statements, for other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

J. Interfund Transactions

During the course of normal operations, the Town has numerous transactions between funds including expenditures and transfers of resources to provide services, construct assets, and service debt. These transactions are reported as transfers.

K. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

L. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designated fund balances represent tentative plans for future use of financial resources.

M. Comparative Data/Reclassification

Comparative data for the prior year have been presented only for certain funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Budgets are adopted for the General Fund and School Operations Fund only, and are adopted on a basis consistent with generally accepted accounting principles (GAAP) except as described in the budget footnote, Note 19, BUDGETARY VS. GAAP ACCOUNTING. The level of control (level at which expenditures may not exceed budget) is the Department for the general fund budget and the total budget for the School Operations Fund. With Council authorization, mid-year budget adjustments between departments can be made. The budget as presented reflects these changes. At the close of the fiscal year all unexpended budgetary accounts generally lapse. However, the Town adopted a policy that allows certain departments to carry 50% of unexpended balances to be used towards future capital purchases. These amounts have been shown as transfers to the capital reserve special revenue fund at year-end. Additionally, the Town has a policy in which the amount of fund balance at the end of the year, which is greater than 8% of the budget, is transferred to a capital reserve account. This transfer happens subsequent to year-end, during the next fiscal years' budget process.

B. Excess of Expenditures Over Appropriations

For the year ended June 30, 2009, expenditures exceeded appropriations in the following general fund departments as shown on Statement 6:

| | |
|--------------------|-----------|
| Health and welfare | \$ 35,393 |
| Recreation | \$491,844 |

The health and welfare overage is due to higher than anticipated need for general assistance during fiscal year 2009.

The recreation function overage is due to the unbudgeted expenditures related to the various Recreation Department programs that are offset by corresponding program fees. These programs are all self-supporting and are not included as part of the Town's budget.

The above over expenditures lapsed to fund balance.

C. Deficit Fund Equity

The School Operations Fund has a deficit fund balance of \$659,245 at June 30, 2009. This is due primarily to variations between the budgetary and GAAP methods of accounting for summer teachers' payroll. See Note 19, BUDGETARY VS. GAAP ACCOUNTING.

The Elementary School Capital Projects Fund has a deficit fund balance of \$1,454,998 at June 30, 2009. This is due to the project incurring expenditures prior to the Town issuing bond anticipation notes for this school project. The Town Council in a previous fiscal year provided some "seed" money but it was not sufficient to cover the cost of land acquisition, architectural and engineering fees, and other project costs such as legal fees and advertising.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 3 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the Town either carries commercial insurance, participates in a public entity risk pool, or is effectively self-insured. Currently, the Town participates in several public entity and self-insured risk pools sponsored by the Maine Municipal Association, which provides the following coverages to the Town: property & casualty, liability, vehicle, and workers' compensation. The Town is self insured for unemployment compensation. Based on the coverage provided by these pools, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities, which should be recorded at June 30, 2009.

Note 4 - DEPOSITS AND INVESTMENTS

The Town's policy is to invest public funds in a way that will provide the highest investment return with the maximum security while meeting daily cash flow demands of the Town and conforming to all state and local statutes governing the investment of public funds.

The average yield for the Town's investments during fiscal year 2009 was 0.659%, producing total investment income for the General Fund of \$63,995.

A. Deposits

At June 30, 2009, cash consisted of the following:

| | <u>Carrying amount</u> | <u>Bank balance</u> |
|---|----------------------------|--------------------------|
| Checking, savings, NOW, and certificates of deposit accounts | | |
| Government Funds | \$ 153,212 | \$ 153,212 |
| Agency Funds | 252,364 | 240,800 |
| Petty Cash - Government Funds | <u>995</u> | <u>-</u> |
| Totals | <u>\$ 406,571</u> | <u>\$ 394,012</u> |

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town's investment policy does not directly address custodial credit risk for deposits. As of June 30, 2009, \$0 of the Town's bank balances of \$394,012 was exposed to custodial credit risks.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 4 - DEPOSITS AND INVESTMENTS, Continued

B. Investments

At June 30, 2009, investments consisted of the following:

| Investment Type | Total | Maturities | | | |
|--------------------------|-----------------------------|-----------------------------|-----------------------|--------------------------|--------------------------|
| | | Within 6 Months | 6 Months to 1 Year | 1 Year to 3 Years | Over 3 Years |
| Mutual Funds | \$ 2,389,306 | \$ 1,865,411 | \$ - | \$ 249,372 | \$ 274,523 |
| U.S. Treasuries | 6,117,541 | 6,117,541 | - | - | - |
| Repurchase Agreements | 6,684,592 | 6,684,592 | - | - | - |
| Common Stock | <u>14,326</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Fair Value: | \$ <u>15,205,765</u> | \$ <u>14,667,544</u> | \$ <u>-</u> | \$ <u>249,372</u> | \$ <u>274,523</u> |
| % of Portfolio: | | 96.6% | 0.0% | 1.6% | 1.8% |

Out of the total \$15,205,765 in investments, \$15,170,887 is from investments in the governmental funds, while \$34,878 is for investments in the fiduciary funds' private-purpose trust funds.

Interest Rate Risk. The Town of Gorham's investment policy addresses interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and by investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

Credit Risk. Maine statutes authorize the Town to invest in obligations of U.S. Treasury and U.S. Agencies, repurchase agreements, and certain corporate stocks and bonds. Generally, the Town invests funds in certificates of deposit or savings accounts in the case of special revenue, capital projects and trust funds, and in commercial paper or repurchase agreements (through a financial institution trust department) in the case of the General Fund. The Town only invests in commercial paper, rated in the highest tier (e.g., A-1, P-1, F-1, or D-1 or higher) by a nationally recognized rating agency. As of June 30, 2009, the Town did not have any funds invested in commercial paper. The funds invested in federal money market accounts are rated AAAM by Standard and Poor's. The repurchase agreements are generally U.S. government securities which are unrated.

Concentration Risk. The Town of Gorham will diversify its investment portfolio by security type and institution. With the exception of U.S. Treasury securities and authorized pools, no more than 50% of the Town's total investment portfolio will be invested in a single security type or with a single financial institution. At June 30, 2009, the Town was in compliance with its investment policy's stipulations on portfolio diversification.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 4 - DEPOSITS AND INVESTMENTS, Continued

Custodial Credit Risk – Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Since all of the Town's investments were in mutual funds, U.S. Treasuries or repurchase agreements, there is no custodial credit risk to report.

Note 5 - PROPERTY TAXES

Property taxes for the current year were committed on September 3, 2008, on the assessed value listed as of the prior April 1 for all real and personal property located in the Town. Assessed values are periodically established by the Town's Assessor at 100% of assumed market value. A revaluation was completed for the list of April 1, 2001. The assessed value represented 81.5% of the estimated State valuation of \$1,492,250,000.

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 \$149,301 for the year ended June 30, 2009. The variance between actual property tax revenues and budgeted property tax revenues represents overlay plus supplemental taxes less abatements.

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.

Property taxes levied during the year were recorded as receivables at the time the levy was made. The receivables collected during the year and in the first sixty days following the end of the fiscal year have been recorded as revenues. The remaining receivables have been recorded as deferred revenues.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 5 - PROPERTY TAXES, Continued

The following summarizes the 2009 and 2008 levies:

| | <u>2009</u> | <u>2008</u> |
|--------------------------------------|--------------------------|--------------------------|
| Taxable Assessed Value | \$1,215,691,500 | \$1,198,526,100 |
| Tax Rate (per \$1,000) | <u>16.00</u> | <u>16.00</u> |
| Commitment | 19,451,026 | 19,176,418 |
| Supplemental Taxes Assessed | <u>7,906</u> | <u>39,016</u> |
| | 19,458,932 | 19,215,434 |
| Less: Abatements | 32,752 | 76,910 |
| Collections | <u>18,614,222</u> | <u>18,464,580</u> |
| Receivable at June 30, 2009 and 2008 | <u>\$ 811,958</u> | <u>\$ 673,944</u> |
| | | |
| Due Date(s) | ½ 11/13/2008 | ½ 11/16/2007 |
| | ½ 05/14/2009 | ½ 05/16/2008 |
| Interest Rates on Delinquent Taxes | 11.0% | 12.0% |
| Collection Rate | 95.8% | 96.5% |

Of the total taxes committed for the year ended June 30, 2009, the original amount allocated to the Gorham Industrial Park Municipal Development Tax Increment Financing District, the ODAT-Grondin Municipal Development Tax Increment Financing District, the Pettingill Ross Municipal Development Tax Increment Financing District, the Gorham County Road LLC Municipal Development Tax Increment Financing District, the Moody's Collision Centers Municipal Development Tax Increment Financing District, the Nappi Municipal Development Tax Increment Financing District and the Olde Canal Business Park Municipal Development Tax Increment Financing District was \$528,664.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 5 - PROPERTY TAXES, Continued

The following amounts were allocated to various companies located within the seven tax increment financing districts located in the Town as well as the Town's share.

| FY2009 TIF Financing Plan | | | | |
|---|-------------------|---------|------------|--------------------|
| | Developer's Share | | Town Share | TIF District Total |
| Gorham Industrial Park District | | | | |
| Big Water | \$ | 4,835 | \$ 4,834 | \$ 9,669 |
| CMJ, Inc. | | 2,136 | 6,409 | 8,545 |
| Foreside Management Co. | | 10,305 | 30,916 | 41,221 |
| D C Associates | | 1,584 | 4,753 | 6,337 |
| D & G Group | | 5,222 | 15,665 | 20,887 |
| Hampstead Associates | | 12,841 | 12,842 | 25,683 |
| Mega Industries | | 8,515 | 25,544 | 34,059 |
| Montalvo | | 20,858 | 20,858 | 41,716 |
| Transformit | | 3,082 | 9,246 | 12,328 |
| Subtotal: | \$ | 69,378 | \$ 131,067 | \$ 200,445 |
| ODAT/Grondin District | | | | |
| ODAT | | 20,971 | 20,971 | 41,942 |
| Grondin Properties | | 37,034 | 37,034 | 74,068 |
| Subtotal: | \$ | 58,005 | \$ 58,005 | \$ 116,010 |
| Pettingill Ross District | | | | |
| Pettingill Ross | \$ | 14,568 | \$ - | \$ 14,568 |
| Gorham County Road District | | | | |
| Gorham County Road LLC | \$ | 6,616 | \$ - | \$ 6,616 |
| Moody's District | | | | |
| Moody's | \$ | 7,954 | \$ - | \$ 7,954 |
| Olde Canal Business Park | | | | |
| Olde Canal | \$ | 17,107 | \$ 18,533 | \$ 35,640 |
| Nappi District | | | | |
| Nappi Distributors | \$ | 76,664 | \$ 70,767 | \$ 147,431 |
| Total TIF Financing Plan Amount: | | | | |
| | \$ | 250,292 | \$ 278,372 | \$ 528,664 |

(see Note 16, TAX INCREMENT FINANCING DISTRICT)

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 6 – CAPITAL ASSETS

The Town has reported all capital assets including infrastructure in the Government-wide Statement of Net Assets. All capital assets were reported using the basic approach whereby accumulated depreciation and depreciation expense has been recorded.

Capital asset activity for the year ended June 30, 2009 was as follows:

| | Balance June 30, 2008 | Increases | Decreases | Balance June 30, 2009 |
|--|-----------------------------|---------------------|-------------------|-----------------------------|
| <i>Governmental Activities:</i> | | | | |
| Capital assets, not being depreciated: | | | | |
| Books/historical treasures/artwork | \$ 1,090,274 | - | - | \$ 1,090,274 |
| Land | 1,722,959 | 285,000 | - | 2,007,959 |
| Construction in progress | 847,626 | 1,850,382 | 560,450 | 2,137,558 |
| Total capital assets, not being depreciated | 3,660,859 | 2,135,382 | 560,450 | 5,235,791 |
| Capital assets, being depreciated: | | | | |
| Land improvements | 4,738,685 | 685,955 | - | 5,424,640 |
| Buildings and building improvements | 46,783,894 | 48,272 | 46,500 | 46,785,666 |
| Machinery and equipment | 2,160,353 | 176,044 | 18,408 | 2,317,989 |
| Furniture and office equipment | 2,517,230 | 41,081 | - | 2,558,311 |
| Computer equipment | 448,075 | 17,186 | 5,500 | 459,761 |
| Vehicles | 8,397,757 | 200,429 | 660,794 | 7,937,392 |
| Infrastructure | 23,591,723 | 8,997,267 | 819,054 | 31,769,936 |
| Total capital assets being depreciated | 88,637,717 | 10,166,234 | 1,550,256 | 97,253,695 |
| Less accumulated depreciation for: | | | | |
| Land improvements | 1,047,896 | 176,219 | - | 1,224,115 |
| Buildings and building improvements | 15,111,354 | 1,310,853 | 10,850 | 16,411,357 |
| Machinery and equipment | 830,227 | 184,462 | 8,149 | 1,006,540 |
| Furniture and office equipment | 1,354,403 | 293,803 | - | 1,648,206 |
| Computer equipment | 293,775 | 25,218 | 5,500 | 313,493 |
| Vehicles | 5,169,420 | 498,662 | 637,563 | 5,030,519 |
| Infrastructure | 14,528,588 | 562,704 | 819,054 | 14,272,238 |
| Total accumulated depreciation | 38,335,663 | 3,051,921 | 1,481,116 | 39,906,468 |
| Total capital assets being depreciated, net | 50,302,054 | 7,114,313 | 69,140 | 57,347,227 |
| Governmental activities capital assets, net | \$53,962,913 | \$ 9,249,695 | \$ 629,590 | \$62,583,018 |

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 6 – CAPITAL ASSETS, Continued

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

| | |
|---|----------------------------|
| General government | \$ 367,195 |
| Public safety | 291,581 |
| Public works, including depreciation of general infrastructure assets | 825,162 |
| Recreation and library | 107,949 |
| Education | <u>1,460,034</u> |
| Total depreciation expense – governmental activities | <u>\$ 3,051,921</u> |

Note 7 – PENSION PLANS

A. MainePERS – Consolidated Plan

Description of the Plan – The Town contributes to Maine Public Employees Retirement System Consolidated Plan, a cost sharing multiple-employer public employee retirement system established by the Maine State legislature. The Maine Public Employees Retirement System (MainePERS) provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State Legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

Funding Policy – Plan members are required to contribute 6.5% or 7.5% of their annual covered salary depending upon the plan they are in and the Town of Gorham is required to contribute an actuarially determined rate. The current rates range from 2.8% to 4% of annual covered payroll. The contribution rates of plan members and the Town of Gorham are established and may be amended by the MainePERS Board of Trustees. Due to an unfunded liability credit, the Town's contribution to the Maine Public Employees Retirement System Consolidated Plan for the years ended June 30, 2009, 2008 and 2007 are \$0, \$0 and \$0, respectively, equal to the required contributions for each year.

B. MainePERS Teacher's Group

Description of Plan – All school teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's teacher group. The teacher's group is a cost-sharing plan with a special funding situation, established by the Maine State legislature. The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 7 – PENSION PLANS, Continued

The authority to establish and amend benefit provisions rests with the State Legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Teacher's Group. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

Funding Policy – Plan members are required to contribute 7.65% of their compensation to the retirement system. The same statute requires the State of Maine's Department of Education to contribute the employer contribution, which amounts to \$2,744,113 (18.76%) for the fiscal year 2009. This amount has been reported as an intergovernmental revenue and Education expenditure in the GAAP basis financial statements (Statement 2 and Statement 4). There is no contribution required by the School except for federally funded teachers, for which the School contributed 18.76% of their compensation. This cost is charged to the applicable grant.

C. Deferred Compensation Plan

The Town of Gorham offers all its employees not participating in MainePERS a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan permits participating employees to defer a portion of their salary until future years. The Town expended \$215,520 for the year ended June 30, 2009, and \$206,017 for the year ended June 30, 2008. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Assets of the plan are placed in trust for the exclusive benefit of participants and their beneficiaries. Accordingly, the assets and the liabilities for the compensation deferred by plan participants, including earnings on plan assets, are not included in the Town's financial statements.

D. Other Retirement Contributions

Additionally, the Town participates in the Social Security Retirement Program. The Town contributed \$396,198 including F.I.C.A. and Medicare to the Social Security Retirement Program on behalf of Town employees for the year ended June 30, 2009 and \$387,646 for the year ended June 30, 2008.

School employees who are not eligible for the MainePERS participate in the Social Security Retirement Program. In addition, a small group of School employees participates in both programs. The School Department contributed \$338,271 including F.I.C.A. and Medicare to the Social Security Retirement Program on behalf of the School employees for the year ended June 30, 2009 and \$350,475 for the year ended June 30, 2008.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 8 – OTHER POST EMPLOYMENT BENEFITS

The Governmental Accounting Standards Board (GASB) recently issued its Statement 45, which addressed the reporting and disclosure requirements for other post employment benefits (OPEB). GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, was implemented, as required, by the Town of Gorham, Maine for the year ended June 30, 2009. Under this pronouncement, it requires that the long-term cost of retirement health care and obligations for other postemployment benefits be determined on an actuarial basis and reported similar to pension plans.

The Town of Gorham is a member of the Maine Municipal Employees Health Trust. The Health Trust contracted with an outside consultant to assist in the determination and valuation of the Town's OPEB liability under GASB Statement 45. An OPEB liability actuarial valuation was completed by the consultants in June 2009.

Plan Descriptions – The Town sponsors a post-retirement benefit plan providing health insurance to retiring employees. Town employees who participate in the Health Trust upon retirement and are over the age of 55 with 5 years of continuous service are allowed to participate in the Health Trust under the appropriate Retiree Plan. For those Town employees eligible for Medicare (post-65 Retiree Plan), the plan is offered in conjunction with Medicare Parts A and B and the Companion Plan B. Employees pay 100% of the monthly premium set by the Health Trust.

Funding Policy and Annual OPEB Cost – GASB Statement 45 does not mandate the prefunding of postemployment benefits liability. The Town currently plans to fund these benefits on a pay-as-you-go basis. No assets have been segregated and restricted to provide postemployment benefits. The annual required contribution (ARC), an actuarial determined rate, represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize unfunded actuarial liabilities over a period not to exceed thirty years.

The following table represents the OPEB costs for the year and the annual required contributions:

| | |
|------------------------------|--------------|
| Normal cost | \$ 64,293 |
| Amortization of Unfunded | 66,357 |
| <u>Interest</u> | <u>2,613</u> |
| Annual Required Contribution | \$133,263 |

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 8 – OTHER POST EMPLOYMENT BENEFITS, Continued

Funding Status and Funding Progress – The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ending June 30, 2009 were as follows:

| | |
|--|-------------|
| Annual required contribution | \$ 133,263 |
| Actual contribution | \$ - |
| Percent contributed | 0% |
| Actuarial accrued liability | \$1,193,350 |
| Plan assets | \$ - |
| Unfunded actuarial accrued liability | \$1,193,350 |
| Covered payroll | \$3,834,785 |
| Unfunded actuarial accrued liability as a percentage of covered payroll | 31.12% |

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information (only one year available) that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions – Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets. Significant methods and assumptions were as follows:

| | |
|-------------------------------|-----------------------------------|
| Actuarial valuation date | 1/1/2009 |
| Actuarial cost method | Projected unit credit cost method |
| Amortization method | Level dollar |
| Remaining amortization period | 30 years |
| Actuarial assumptions: | |
| Investment rate of return | 4.0% |
| Projected salary increases | N/A |
| Healthcare inflation rate | 4.0% - 9.6% |

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 9 – INTERFUND ACCOUNTS

Interfund transfers during the year ended June 30, 2009 consisted of the following:

| <u>Fund</u> | <u>Transfer In</u> | <u>Transfer Out</u> |
|--------------------------------|----------------------|----------------------|
| General fund | \$ 144,488 | \$ 14,139,037 |
| School operations fund | 12,972,693 | - |
| Capital reserve fund | 1,167,525 | - |
| Other governmental funds: | | |
| Special revenue funds: | | |
| Economic Development fund | 65,000 | - |
| FEMA/MEMA projects fund | - | 5,375 |
| TIF fund | - | 139,113 |
| Capital project funds: | | |
| Middle School project | - | 66,181 |
| Total other governmental funds | 65,000 | 210,669 |
| Totals | \$ 14,349,706 | \$ 14,349,706 |

The transfers out comprised of the following:

1. From the General Fund: to provide the school operations fund with the local tax allocation for education (\$12,896,512) and for facilities maintenance contract (\$10,000); to provide the capital reserve fund with the allocation of undesignated fund balance approved by the Town Council to fund projects and the transfer of half balances remaining at year-end in departmental budgets to fund future capital needs for those departments (\$1,167,525); and to transfer the economic development corporation expenditures to the special revenue funds' economic development fund (\$65,000).
2. From the Special Revenue Fund's FEMA/MEMA Projects Fund: to close out this fund (\$5,375).
3. From the Special Revenue Fund's TIF Fund: to provide funding for economic development corporation expenditures (\$65,000) and the Library's current debt service (\$74,113).
4. From the Capital Project Fund's Middle School Project Fund: to provide funding for the project's bond subsidy payment to the State of Maine's Department of Education made by the School's operation fund.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 9 – INTERFUND ACCOUNTS, Continued

Individual interfund loans receivable and payable balances at June 30, 2009, were as follows:

| <u>Fund</u> | <u>Interfund loan receivable</u> | <u>Interfund loan payable</u> |
|--|--------------------------------------|-----------------------------------|
| Governmental Funds | | |
| General fund | \$ - | \$ 4,800,723 |
| School operations fund | 2,069,191 | 174,818 |
| Capital reserve fund | 3,199,762 | 468,989 |
| Other governmental funds: | | |
| Special revenue funds: | | |
| School lunch fund | 64,629 | - |
| School special revenue funds | 67,003 | - |
| Tax increment financing district | 403,532 | - |
| Sewer operations | 964,747 | - |
| Little Falls sewer reserve & loan fund | 14,552 | - |
| Economic development fund | 51,223 | - |
| Capital project funds: | | |
| Middle school construction | 4,138 | - |
| White Rock school project | - | 1,454,998 |
| Various school projects | 39,045 | - |
| Permanent funds: | | |
| Cemetery perpetual care | 3,601 | - |
| Baxter library and museum | 44,284 | 26,179 |
| Total other governmental funds | 1,656,754 | 1,481,177 |
| Totals: | \$ 6,925,707 | \$ 6,925,707 |

The purpose of the interfunds is to charge revenue and expenditure activity to the appropriate funds. With centralized cash, everything is received and disbursed through the general fund. With interfund accounts, it allows the activity to be recorded within the proper fund, even though the activity occurs within the general fund cash account.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 10 – DUE FROM OTHER GOVERNMENTS

Due from other governments is comprised of the following:

| | |
|--|-------------------|
| <u>School operations fund – State agency clients</u> | <u>\$ 78,049</u> |
| Other governmental funds: | |
| School special revenue funds | |
| Local Entitlement | 549,849 |
| Title IA | 105,416 |
| Title IIA | 42,479 |
| Title IID | 1,305 |
| Medicaid Reimbursement | 20,139 |
| Preschool | 11,370 |
| <u>Total other governmental funds</u> | <u>730,558</u> |
| Total | \$ 808,607 |

Note 11 – LONG-TERM DEBT

A. Statutory Debt Limit

In accordance with 30 MRSA, Section 5061, as amended, no municipality shall incur debt for specified purposes in excess of certain percentages of state valuation of such municipality. At June 30, 2009, the Town was in compliance with these limitations. (see Table 13, STATISTICAL SECTION)

B. Changes in Long-term Debt

Long-term liability activity for the year ended June 30, 2009, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--|----------------------|----------------|------------------|-------------------|---------------------------|
| Governmental activities: | | | | | |
| General obligation bonds | \$ 31,398,950 | - | 2,664,650 | 28,734,300 | 2,609,650 |
| Capital leases | 833,367 | 74,639 | 352,664 | 555,342 | 240,984 |
| Accrued vacation and sick leave | 794,643 | 94,306 | 37,929 | 851,020 | 35,000 |
| Governmental activity long-term liabilities | \$ 33,026,960 | 168,945 | 3,055,243 | 30,140,662 | 2,885,634 |

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 11 – LONG-TERM DEBT, Continued

C. Bonds and Notes Payable

General obligation bonds are direct obligations and pledge the full faith and credit of the Town. These bonds are issued as serial bonds, generally with equal amounts of principal maturing each year.

As of June 30, 2009, the Town had authorized but unissued long-term debt of \$25,672,766 in general obligation bonds to finance the acquisition of land to construct and equip a new elementary school and related facilities and site improvements.

General obligation bonds currently outstanding at June 30, 2009, are comprised of the following:

| | Date of Issue | Original Issue Amount | Date of Maturity | Interest Rate | Balance | Balance by Bond |
|--|------------------|-----------------------------|---------------------|------------------|----------------------|----------------------|
| Bonds and notes payable: | | | | | | |
| Governmental activities: | | | | | | |
| Education, Village school addition | 5/4/1989 | \$ 4,100,000 | 10/25/2009 | 7.25- 7.3% | \$ 205,000 | \$ 205,000 |
| Robie Gym windows, Chick rec area, playground | 5/24/1990 | 21,600 | 10/25/2010 | | 2,141 | |
| Public Works, plow truck, street sweeper, Mitchell bridge, transfer trailer, air compressor, underground tanks, Great Falls bridge (local share) | 5/24/1990 | 327,830 | 10/25/2010 | 7.1-7.2% | 32,770 | |
| Public Safety, new rescue and base radio upgrade | 5/24/1990 | 106,000 | 10/25/2010 | | 10,629 | |
| Education, Village & GSH schools asbestos abatement, and High school roof | 5/24/1990 | 437,570 | 10/25/2010 | | 43,760 | 89,300 |
| Education, GSH expansion | 9/1/1993 | 11,565,000 | 9/1/2013 | 4.6- 5.25% | 2,865,000 | 2,865,000 |
| Public Works, new facility | 6/1/2000 | 1,295,000 | 6/1/2020 | 5.7- 5.75% | 715,000 | 715,000 |
| Education, New Middle School Construction | 9/1/2002 | 20,375,000 | 11/1/2022 | 2.25- 4.375% | 14,255,000 | |
| Baxter Library, addition and renovations | 9/1/2002 | 850,000 | 11/1/2017 | | 495,000 | 14,750,000 |
| Old Shaw School/Community Ctr, renovation | 2/1/2004 | 2,688,345 | 2/1/2024 | 3.25- 4.35% | 2,100,000 | |
| Public Safety, 50% share of fire truck | 2/1/2004 | 350,000 | 2/1/2024 | | 250,000 | 2,350,000 |
| Municipal/Community Ctr, renovation | 9/1/2005 | 5,000,000 | 12/1/2024 | 3.75- 4.00% | 4,000,000 | 4,000,000 |
| Local share Libby/Brackett Road reconstruction | 5/1/2008 | 1,000,000 | 5/1/2025 | 3.0-4.0% | 910,000 | |
| Road projects | 5/1/2008 | 3,000,000 | 5/1/2025 | | 2,850,000 | 3,760,000 |
| Total governmental activities | | | | | \$ 28,734,300 | \$ 28,734,300 |

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 11 – LONG-TERM DEBT, Continued

The General Fund and the Special Revenue Funds' School Operations Fund pay all governmental activities long-term debt service requirements. The annual debt service requirements to amortize bonds and notes payable are as follows:

| Fiscal Year Ended June 30 | | <u>Principal</u> | | <u>Interest</u> | | <u>Total</u> |
|--|----|-------------------------|-----------|------------------------|-----------|---------------------|
| 2010 | \$ | 2,609,650 | \$ | 1,109,159 | \$ | 3,718,809 |
| 2011 | | 2,404,650 | | 1,010,347 | | 3,414,997 |
| 2012 | | 2,360,000 | | 917,053 | | 3,277,053 |
| 2013 | | 2,360,000 | | 823,878 | | 3,183,878 |
| 2014 | | 2,350,000 | | 729,621 | | 3,079,621 |
| 2015-2019 | | 8,840,000 | | 2,532,443 | | 11,372,443 |
| 2020-2024 | | 7,325,000 | | 811,148 | | 8,136,148 |
| 2025-2029 | | 485,000 | | 14,400 | | 499,400 |
| Total: | | \$ 28,734,300 | \$ | 7,948,049 | \$ | 36,682,349 |

D. Capital Leases

The Gorham School Department has entered into various lease agreements as lessee for school buses and copiers, and the Town has entered into four lease agreements for various public works equipment. Those leases qualify as capital leases for accounting purposes, and therefore, have been recorded in the government-wide financial statements at the present value of future minimum lease payments as of the date of their inception.

The following is a summary of the capital lease commitments as of June 30, 2009:

| | Original Purchase Price | Annual Depreciation Expense | Total Minimum Lease Payments | Interest | Present Value of Minimum Lease Payments |
|--|--|--|---|------------------|--|
| Education, seven (7) School Buses | \$ 471,711 | \$ 46,549 | \$ 272,312 | \$ 22,251 | \$ 250,061 |
| Education, Photocopiers, | 212,046 | n/a | 94,217 | 5,302 | 88,915 |
| Public Works, 2007 John Deere Loader | 140,286 | 14,029 | 61,563 | 4,214 | 57,349 |
| Public Works, 2007 Street Sweeper | 149,800 | 14,980 | 64,082 | 4,360 | 59,722 |
| Public Works, 2007 Internat'l Dump | 109,272 | 10,927 | 46,746 | 3,183 | 43,563 |
| Public Works, Trackless Tractor & Mowers | 139,797 | 9,320 | 59,804 | 4,072 | 55,732 |
| | | | \$ 598,724 | \$ 43,382 | \$ 555,342 |

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 11 – LONG-TERM DEBT, Continued

The following is a schedule of future minimum lease payments under the capital lease and the present value of the minimum lease payment at June 30, 2009:

| <u>Fiscal year ending</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Lease Obligation</u> |
|-------------------------------|-------------------|------------------|-----------------------------------|
| 2010 | \$ 240,984 | \$ 25,475 | \$ 266,459 |
| 2011 | 252,045 | 14,414 | 266,459 |
| 2012 | 46,718 | 2,835 | 49,553 |
| 2013 | 15,595 | 658 | 16,253 |
| | <u>\$ 555,342</u> | <u>\$ 43,382</u> | <u>\$ 598,724</u> |

E. Compensated Absences

The Town's policy relating to compensated absences is described in Note 1, H. The long-term portion of this debt, amounting to \$851,020 for governmental activities at June 30, 2009, is expected to be paid in future years from future resources. The Town has estimated that out of the \$851,020, approximately \$35,000 will be due within the next year. In prior years, compensated absences have been liquidated primarily by the general fund.

Note 12 - OPERATING LEASES

The School Department has entered into seven leases for portable buildings, six expiring July 31, 2012 and one expiring August 31, 2011. For accounting purposes, all of these leases are considered to be operating leases. Lease expenditures for the year ended June 30, 2009 amounted to \$92,400. Future minimum lease payments for these leases are as follows:

| <u>Year ended June 30,</u> | |
|--------------------------------|-------------------|
| 2010 | \$ 92,400 |
| 2011 | 81,400 |
| 2012 | 13,200 |
| Total | \$ 187,000 |

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 13 – OVERLAPPING DEBT AND OTHER CONTINGENCIES

A. Overlapping Debt

The Town is subject to an annual assessment of its proportional share of Cumberland County expenses, including debt repayment, as determined by the percentage of the Town's State valuation to the County's State valuation. At June 30, 2009, the Town's State valuation of \$1,492,250,000 was 3.56% of the County's State valuation of \$41,918,400,000. The Town's share is 3.56% or \$201,312 of Cumberland County's \$5,655,000 long-term debt outstanding as of June 30, 2009.

The Town is also served by the Portland Water District. At June 30, 2009, the Town's share of self-supporting bonded water debt is 5.5023% or \$1,716,832 of total debt of \$31,202,072. At June 30, 2009, the Town's portion of Portland Water District's bonded sewer debt for which the Town of Gorham is directly obligated through sewer user fees is \$108,600. The Town also shares an obligation with the Town of Windham for a joint sewer project. Gorham's share of the Little Falls sewer system debt is \$4,492,154, while Gorham's share of the Westbrook sewer system debt is \$1,218,698. The Water District annually assesses the Town for its proportionate share of debt issued for engineering and construction costs of a sewage treatment plant.

B. Contingencies

Ecomaine, a Maine corporation with twenty-one participating municipalities including the Town of Gorham, has issued bonds to fund the design, construction and start-up of a resource recovery system. The bonds are special revenue obligations of Ecomaine, payable from and secured by a pledge of Ecomaine revenues. The bonds do not constitute a debt or liability within the meaning of any constitutional or statutory provision of the State of Maine, or a pledge of the full faith and credit of any political subdivision of the State of Maine. Ecomaine has no taxing power.

Notwithstanding the foregoing, pursuant to the Waste Handling Agreements, the participating municipalities are obligated severally to deliver certain of the solid waste produced within each such participating municipality to Ecomaine for processing, to make service payments and pay tipping fees for such processing in amounts which, when added to other available monies, will at least equal required debt service of the bonds. 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, 2009, outstanding "Incinerator Debt" of Ecomaine totaled \$18,759,000 of which the Gorham share, based on estimated tonnage to be delivered, amounted to \$753,936.

The Town has also entered into an agreement with Ecomaine, as one of twenty-one Ecomaine Member Municipalities along with an additional six Participating Municipalities, to establish a Material Recycling Facility ("MRF") at Ecomaine's demolition debris and recycling facility in Portland. It is anticipated that the Town's share of debt incurred for this project will also be paid through service charges and user fees over the life of the project. At June 30, 2009, the Town's share is \$161,336 of Ecomaine's outstanding MRF debt of \$2,881,000.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 13 – OVERLAPPING DEBT AND OTHER CONTINGENCIES, Continued

Ecomaine operates a licensed balefill and ashfill site for which projected landfill closure and postclosure care costs approximate \$14,645,291 at June 30, 2008, the most recent data available. The Town's proportionate share of these estimated landfill closure and postclosure care costs is 4.02% or \$588,300.

Total Debt and Contingencies

| <u>Governmental Unit</u> | As of June 30, 2009 | | | <u>Total Debt</u> |
|---|-----------------------------|-----------------------------|----------------------------|-----------------------------|
| | <u>Direct Debt</u> | <u>Overlapping Debt</u> | <u>Contingent Debt</u> | |
| Town of Gorham | \$ 28,734,300 | - | - | \$ 28,734,300 |
| Cumberland County | - | 201,312 | - | 201,312 |
| Portland Water District – sewer debt | - | 108,600 | - | 108,600 |
| Portland Water District – sewer shared with Town of Windham and City of Westbrook | - | 5,710,852 | - | 5,710,852 |
| Portland Water District - water debt | - | 1,716,832 | - | 1,716,832 |
| Ecomaine: | | | | |
| Resources recovery system | - | - | 753,936 | 753,936 |
| Material recycling facility | - | - | 161,336 | 161,336 |
| Landfill closure | - | - | 588,300 | 588,300 |
| Totals | <u>\$ 28,734,300</u> | <u>\$ 7,737,596</u> | <u>\$ 1,503,572</u> | <u>\$ 37,975,468</u> |

C. Arbitrage

Pursuant to the Tax Reform Act of 1986, municipalities issuing tax-exempt bonds or entering into note or lease obligations are required to perform an arbitrage rebate calculation upon the fifth anniversary of the obligation and to remit such rebate to the federal government, subject to certain exceptions. The Town has had several issues for which a rebate calculation is or has been required. As of June 30, 2009, substantially all such calculations have been performed.

D. Grant Funds

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowance claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 13 – OVERLAPPING DEBT AND OTHER CONTINGENCIES, Continued

E. Litigation

The Town is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Town's attorney the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

F. Conduit Debt

From time to time, the Town has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the Town, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2009, there were two series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$2,375,000.

Note 14 – REIMBURSEMENT FOR DEBT SERVICE EXPENDITURES

The State of Maine currently reimburses the Town for a portion of the financing costs of school building and school bus purchases. Continuation of such reimbursement is dependent upon continued appropriation by the state legislature.

Note 15 – NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Town's net assets invested in capital assets, net of related debt was calculated as follows at June 30, 2009:

| | |
|---|----------------------|
| Capital assets | \$ 102,489,486 |
| Accumulated depreciation | (39,906,468) |
| Bonds payable | (28,734,300) |
| Capital leases | (555,342) |
| Total invested in capital assets net of related debt | \$ 33,293,376 |

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 16 - TAX INCREMENT FINANCING DISTRICT

Tax increment financing (TIF) pursuant to Chapter 207 of Title 30-A of the Maine Revised Statutes, as amended, enables a municipality to finance development by utilizing the future increased property tax receipts attributable to the development. Under the statutory framework, the municipality designates a tax increment-financing district and adopts a development program (the Development Program) stating the means and objectives for the development district.

The municipality may designate, or “capture”, all or a portion of the increase in assessed value resulting from development within the district and dedicates the increased property taxes it receives in future years generated by the “captured” assessed value to payment of the costs of the Development Program, which may include debt service on borrowing to fund such costs.

Tax increment financing districts are subject to statutory limits on their size, including the following limitations: (a) the total area of a single development district may not exceed 2% of the total acreage of the municipality, (b) the total area of all districts within a municipality may not exceed 5% of the total acreage of the municipality, and (c) the aggregate value of equalized taxable property of all districts within the municipality as of the April 1st preceding the date of designation of each such district cannot exceed 5% of the municipality’s total value of equalized taxable property, excluding from this limit any district involving project costs in excess of \$10,000,000, the geographic area of which consists entirely of contiguous property owned by a single taxpayer with an assessed value in excess of 10% of the municipality’s total assessed value.

The increase in assessed value captured by the municipality is excluded from the municipality’s equalized just value for each year’s State valuation filed with the Secretary of State in accordance with Title 36, Section 208 and 305 of Maine Revised Statutes, as amended, and is therefore not included in calculating that municipality’s share of State educational aid, State municipal revenue sharing, the county tax or the 15% debt limitation for the municipality pursuant to Title 30-A, Section 5257 of the Maine Revised Statutes, as amended.

In March 1997, the Town designated a 19.97 acre area within the Gorham Industrial Park as the Gorham Industrial Park Municipal Development Tax Increment Financing District (the district). The district included three companies, Mega Industries, a high technology metals fabrication company, Transformat, a high quality fabric structures firm, and Foreside Company, an import-export, wholesale, retail company.

Subsequently, in March 1999, the Town expanded the geographic scope of the district. The expansion allows the Town to assist three additional businesses to be located in the district. The expansion of the district encompasses approximately 6.83 acres of taxable land.

On June 4, 2002, the Town Council approved a minor amendment to the original Tax Increment Financing District as subsequently amended on March 31, 1999, by adding approximately 1.08 acres which is part of Tax Map 12, Lot 33-5, to the District.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 16 - TAX INCREMENT FINANCING DISTRICT, Continued

On August 5, 2003, the Town designated approximately 28.1 acres within the Gorham Industrial Park as the ODAT/Grondin Development District. The joint name is to reflect that this district involves efforts of two separate developers on two separate but geographically proximate locations. ODAT is a precision manufacturer of component machine parts and will be constructing a 21,000 square foot manufacturing facility on its 4.9-acre tract of land.

The purpose of the Grondin portion of the district is to encourage the creation of five (5) new industrial lots on 23.14 acres of land. Grondin Properties, LLC will develop a new industrial park access road on part of this 23 acre parcel of land and will be reimbursed from the TIF revenues generated over a 15 year period, up to a maximum of \$429,064 for construction costs related to the development of the new road.

On January 6, 2004, the Town Council approved the creation of a permanent Revolving Loan Fund program with the funding coming from the Town's portion of Tax Increment Financing revenues derived from the ODAT/Grondin Development District.

On March 2, 2004, the Town designated a 6.5-acre parcel of land in the Gorham Industrial Park as the Pettingill Municipal Development District. The Pettingill Ross Company, a sheet metal company, currently located in the Westbrook Industrial Park, has acquired the old Hill-Loma building and intends to improve, rehabilitate, construct and equip a manufacturing facility at this location in the Gorham Industrial Park.

On March 1, 2005, the Town designated a 2.1-acre parcel of land located at 14 County Road (Route 22) as the VIP, Inc. Tax Increment Financing Development District. VIP, Inc., a retail parts, tires, and automotive services business, requested the TIF designation when they found out that one of the conditions of building a new 9,620 sq. ft. retail store on the former Roberts' Welding property would be to construct a center turning lane. VIP estimates that the cost of the turning lane to be in the \$170,000 range, a cost that "makes the project bear an unreasonable amount of its share of rectifying the traffic problem," as stated in a February 14, 2005 letter to Town Manager David Cole. The Town Council in a 4-1 vote approved a 15-year TIF, which would give back 50% of the taxes generated from the increased tax value generated from the new building.

On June 6, 2006, the Town designated three parcels of land totaling 58.3 acres located on Narragansett Street near the existing Moody's Collision Center as the Moody's Collision Centers Municipal Development and Tax Increment Financing District. Moody's Collision Centers, Inc. plans on expanding on the three parcels with additional 6-acre vehicle storage, a 2 acre 17,000 sq. ft. new repair facility, and another 4-acre vehicle storage area. As part of this development activity, Moody's is planning to add the following infrastructure improvements: phase 3 power and T-1 telephone/network service to the new collision repair facility.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 16 - TAX INCREMENT FINANCING DISTRICT, Continued

The total infrastructure improvements are estimated to cost Moody's \$53,000. The Town Council in a 4-3 vote approved a 15-year TIF, which would give back 50% of the taxes generated from the increased tax value from the new building and improvements up to a maximum of \$46,638.

On September 5, 2006, the Town designated a 25 +/- acre site at 615 Main Street as the Nappi Distributors Municipal Development and Tax Increment Finance District. Nappi Distributors plans on constructing a 155,000 sq. ft. commercial facility for beverage warehousing and administration offices. At full build out, the development (land and buildings) is estimated to be valued at \$7,995,500 or an increment of \$7,859,200 from the current value of \$136,130.

This district's term is for a period of twenty (20) years with 100% of the increased assessed value being split 52%-48% between the developer, Nappi, and the Town. The Town's portion of the tax increment revenues will be used to support construction and financing costs associated with road and infrastructure improvements to Brackett Road and Libby Avenue.

On May 1, 2007, the Town Council approved the Olde Canal Business Park Tax Increment Financing and Development District. Grondin Properties, LLC intends to develop a 9 lot business park on a 55 acre parcel on Mosher Road (Route 237). This is a 20 year district with 100% of the increased assessed value being shared 48%/52% between the developer, Grondin Properties, LLC and the Town.

The Town's portion of the tax increment revenues will be used to finance various public improvements such as pay remaining debt of Libby Avenue/Brackett Road project, reconstruct a small portion of New Portland Road, pave Brackett Road, Hutcherson Drive and Sanford Drive, replace brick sidewalk in Gorham Village with concrete, fix storm drains, sidewalk and road in Little Falls Village Business District, provide annual funding for the Economic Development Corporation, pay Town's share of South Street sidewalk project, install storm drain system on Cross Street, reconstruction portion of Flaggy Meadow Road, purchase land and construct parking lot in Gorham Village Business District, add funds to the Business Revolving Loan Fund, and reconstruct the traffic circle in Little Falls Business District.

Note 17 - CLASSIFICATION OF NET ASSETS

In the Government-wide financial statements net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduces this category.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 17 - CLASSIFICATION OF NET ASSETS, Continued

Restricted Net Assets - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. This category presents restrictions placed on the Permanent fund.

Unrestricted Net Assets - Represent the net assets of the Town, not restricted for any project or other purpose.

In the Funds financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Town Council and Management and can be increased, reduced or eliminated by similar actions. As of June 30, 2009, reservations of fund balance are described as follows:

Reserved for Non-Current Receivables/Encumbrances - These reserves represent the portion of purchase orders and contracts awarded for which goods and services have not yet been received, as well as the portion of receivables not due within the next 12 months after year end.

Reserved for Nonexpendable Trust Principal - These reserves represent that portion of originally contributed trust fund assets restricted from disbursement.

Reserved for Inventory - Represent that portion of General Fund and Special Revenue Fund – School Lunch Fund, restricted for trash bags, and food, supplies and donated commodities, used in the lunch program, respectively.

Note 18 – DESIGNATED FUND BALANCES

At June 30, 2009 and 2008, portions of the General Fund and the Special Revenue Funds' School Operation Fund and Capital Reserve Fund fund balances were appropriated to future periods as follows:

| | <u>2009</u> | <u>2008</u> |
|-----------------------------|--------------------|--------------------|
| General Fund: | | |
| D.A.R.E. | \$ 7,922 | \$ 8,456 |
| Bicycle patrol | 376 | 376 |
| Restorative justice grant | 5,512 | 6,242 |
| Drug forfeiture | 14,873 | 2,197 |
| Little Falls substation | 2,272 | 2,272 |
| Seat belt enforcement grant | - | 2 |
| Gorham triad | 5,016 | 5,231 |

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 18 – DESIGNATED FUND BALANCES, continued

| | <u>2009</u> | <u>2008</u> |
|--|---------------------|---------------------|
| Child safety seats | \$ 885 | \$ 885 |
| Fire/rescue donations | 25 | 25 |
| FEMA fire grant | 3,500 | - |
| Fire prevention | 3,837 | 2,672 |
| Fire memorial | 2,100 | 400 |
| Cumberland County hazmat | - | 13,763 |
| WMD homeland security* | - | (1,843) |
| Regional grant - maintenance facility | 100,000 | 100,000 |
| ATV enforcement grant* | - | (478) |
| Arrest forfeiture | 25,290 | 5,650 |
| Underage drinking grant* | - | (232) |
| Street opening permits | 86,242 | 78,809 |
| Pay-per-bag startup costs | 5,636 | 5,636 |
| Inspection services | - | 7,551 |
| Recycling committee | 179 | 2,107 |
| Recreation | 162,797 | 105,863 |
| Tree grant | 1,358 | 1,358 |
| Community Center donations | 750 | 750 |
| Library centennial celebration | - | 5,803 |
| Vacation/comp/sick reserve | 282,374 | 252,833 |
| Unemployment insurance contingency reserve | 21,500 | 21,500 |
| Employee wellness program | 1,831 | 1,846 |
| Property insurance deductible reserve | 10,000 | 10,000 |
| Auto insurance deductible reserve | 4,000 | 4,000 |
| Gorham Co-op preschool lease* | - | (87) |
| Accrued compensated absences | 316,262 | 295,344 |
| Capital budget, part II | 541,862 | 691,231 |
| Total general fund | \$ 1,606,399 | \$ 1,630,162 |
| Capital reserve fund: | | |
| Village plan study | \$ 6,000 | \$ 6,000 |
| North St cemetery fence | 16,000 | - |
| Municipal center building | 32,054 | 34,000 |
| Revaluation | 184,554 | 185,911 |
| Roads/So Street sidewalk | 202,349 | (36,714) |
| Impact study - residential growth | 30 | 30 |
| State roads projects | 1 | 268,467 |

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 18 – DESIGNATED FUND BALANCES, Continued

| | <u>2009</u> | <u>2008</u> |
|--------------------------------------|--------------------|--------------------|
| Longfellow Bridge | \$ 35,000 | \$ 35,000 |
| Extension - Wentworth Drive | - | 6,500 |
| Fire ponds/dry hydrants | 11,446 | 11,446 |
| Limited access highway | - | 75,000 |
| Drainage, 130 Main Street | 6,219 | 6,219 |
| Storm water phase II | 5,160 | 5,160 |
| Stumpage | 1,973 | 4,439 |
| Morrell Ave sidewalk | 13,583 | 13,357 |
| Community center granite sign | 362 | 4,830 |
| Shaw park | 3,500 | 3,500 |
| Town clock | 74,095 | 45,000 |
| Timber harvest - bypass | 13,285 | 40,285 |
| Repairs to outlying fire stations | 1,367 | 5,296 |
| Fire Dept master plan | 200 | 200 |
| Little Falls tennis courts | 1,469 | 1,469 |
| Old Robie school | 221 | 3,865 |
| Baxter Memorial Library Assoc (BMLA) | 5,779 | 9,862 |
| Baxter library expansion | 920 | 7,095 |
| Public Works building | 10,208 | 10,209 |
| Chick property site development | - | 23,756 |
| Recreation master plan | 1,371 | 1,372 |
| Baxter museum repairs | 25,462 | 23,890 |
| Municipal/community center project | 1,143,831 | 1,166,540 |
| Land acquisition | 371,525 | 371,525 |
| Recreation facility impact fee | 165,541 | 278,907 |
| Open space impact fee | 96,699 | 89,805 |
| Water impact fee | 220 | 2,280 |
| 4M bond project | 414,940 | 2,716,221 |
| Equipment | 173,947 | 173,947 |
| Administration | 12,183 | 8,440 |
| Finance software/computer upgrade | 196,739 | 196,739 |
| Compensation study | 15,100 | 15,100 |
| Assessing | 5,705 | 5,623 |
| Code | 5,297 | 4,885 |
| Town clerk | 32,540 | 20,263 |
| Cemetery maintenance software | 2,878 | 2,878 |
| Police vests | 1,019 | 309 |

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 18 – DESIGNATED FUND BALANCES, Continued

| | <u>2009</u> | <u>2008</u> |
|-----------------------------------|---------------------|---------------------|
| Shotguns (replacement) | \$ 12 | \$ 12 |
| Cruisers | 73,068 | 72,076 |
| Police | 54,883 | 23,122 |
| Communications | 5,480 | 5,480 |
| Fire | 38,804 | 834 |
| Rescue | 22,466 | - |
| Automatic defibrillators | 1,595 | 1,620 |
| Public Works | 73,286 | 12,744 |
| Public Works vehicles | 164,288 | 9,341 |
| Refurbish grader | - | 4,767 |
| Vacuum truck | 50,000 | 50,000 |
| Fuel management system software | 2,800 | 2,800 |
| Fuel depot | 17,927 | 14,316 |
| Baxter Library | 9,849 | 5,052 |
| Recreation | 9,911 | 1,591 |
| Cable TV | 10,227 | 488,674 |
| Planning | 53,661 | 15,883 |
| GIS system | 45,789 | 46,189 |
| Internet | 18,711 | 18,711 |
| Web site development | 10,143 | 10,143 |
| Rescue vehicle reserve | 20,744 | 2,006 |
| Cemetery reserve | 1,600 | 650 |
| Total capital reserve fund | \$ 3,976,016 | \$ 6,634,917 |
| TIF fund: | | |
| Foreside | 10,305 | - |
| Transformit | 2,719 | - |
| Revolving loan fund | 113,441 | - |
| Grondin Properties | 31,288 | 20,745 |
| Total TIF fund | \$ 157,753 | \$ 20,745 |
| Total governmental funds | \$ 5,740,168 | \$ 8,285,824 |

Note: * Various grant funds not received by the end of the fiscal year 2008 and Gorham Co-op startup expenditures not covered by revenues in fiscal year 2008.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 19 – BUDGETARY VS. GAAP ACCOUNTING

Through June 30, 2009, the Town did not budget for expenditures related to teachers' summer pay on an accrual basis. Additionally, for budgetary purposes, the Town has recorded certain encumbrances as expenditures at year-end. The following is a reconciliation of fund balance for the General Fund and School Operations Fund (Special Revenue Fund) on the basis of accounting principles generally accepted in the United States of America and on the budgetary basis.

| | <u>General Fund</u> | <u>Special Revenue School</u> |
|---|--------------------------------|--|
| Fund balance (deficit), June 30, 2009 – GAAP basis | \$7,756,850 | \$ (659,245) |
| Accrued summer salaries | - | 2,254,214 |
| Encumbrances | (61,996) | (702,271) |
| <u>Fund balance, June 30, 2009 – budgetary basis</u> | <u>\$7,694,854</u> | <u>\$ 892,698</u> |

As required by generally accepted accounting principles (GAAP), the Town has recorded a revenue and expenditure for Maine Public Employees Retirement contributions made by the State of Maine on behalf of the Gorham School Department. These amounts have not been budgeted in the General Fund and result in a difference in reporting on a budgetary basis of accounting vs. reporting under accounting principles generally accepted in the United States of America of \$2,744,113.

These amounts have been included as intergovernmental revenue and education expenditure in the General Fund on Statement 2 and Statement 4 (GAAP basis). There is no effect on the fund balance at the end of the year.

Note 20 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The Town has two landfills, one that holds household refuse and a second, which is used for demolition debris. The first was capped in the 1970's in accordance with Maine Department of Environmental Protection (MDEP) standards at the time. Monitoring wells in the area had shown levels of contamination and MDEP ordered a study be performed to determine the extent of contamination. This study has now been completed. Current MDEP requirements call for testing once a year which is expected to cost the Town \$6,500 annually. The demolition debris landfill is now presently capped. Because of the study, the engineers do not expect any contamination problems in the future.

All potential postclosure monitoring cost for this site has been deemed immaterial, and therefore no liability for these amounts has been accrued. Postclosure monitoring costs will be included in the Town's operating budget annually.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 21 – CONSTRUCTION COMMITMENT

At June 30, 2009, the Town was committed to contracts for the construction of athletic fields at the Gorham Middle School property for approximately \$25,000 and road improvement work for approximately \$154,474.

Note 22 – SUBSEQUENT EVENTS

On July 7, 2009, the Town Council approved the union contract with the Maine Association of Police for the term July 1, 2009 to June 30, 2012. At the same meeting, the Town Council authorized the Town to rejoin the Maine Public Employees Retirement System or MainePERS as of July 1, 2009 and to allow regular full-time employees of the Fire and Police departments to enroll in Special Plan 3C. Since the Town is rejoining, they will need to pay a rejoin fee for 28 months in addition to the regular contributions on employees' wages. The regular contribution rate for the Town is 5.3%, for employees the rate is 8.0% and the rejoin fee is 7.3%. Therefore, the Town's contribution rate for the period July 1, 2009 to October 31, 2011 will be 12.6%.

On August 31, 2009, the Town issued a request for proposal for the elementary school project bond anticipation note. The Town is asking for short term financing up to \$9,000,000. The RFP opening date was October 2, 2009 with an anticipated repayment date of no later than May 1, 2010 when the Town will be allowed to issue permanent financing in the form of general obligation bonds by the State of Maine's Department of Education. The State of Maine will be reimbursing the Town 90% of the cost to acquire land, construct, and equip the new elementary school.

On September 22, 2009, the Gorham School Department opened bids for the construction of a new elementary school of approximately 84,000 sf on the Stevens Drive property purchased during fiscal year 2009. The school department received 10 bids and awarded the contract to Davis & Hanscom. The winning bid came in 20% less than the construction budget estimate.

In late September 2009, the Town was notified that the Town's application for federal grant funds to renovate the Little Falls School into a Fire Station and construct a new Fire Station in West Gorham was unsuccessful. Therefore, the approved June 2009 referendum question is no longer valid since it was contingent upon receiving the federal grant funds.

At the October 6, 2009 Town Council meeting, the Council approved changing the expiration date of the Olde Canal Business Park TIF District from June 30, 2008 to June 30, 2033 and authorized the Town Manager to submit the amendment to the Maine Department of Economic and Community Development for their approval.

TOWN OF GORHAM, MAINE
Required Supplementary Information
June 30, 2009

SCHEDULE OF FUNDING PROGRESS

Retiree Healthcare Plan

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll [(b-a) / c] |
|---|--|--|--|-----------------------------------|------------------------------------|--|
| 1/1/2009 | \$ - | \$ 1,193,350 | \$ 1,193,350 | 0.00% | \$ 3,834,785 | 31.12% |

GENERAL FUND

The general fund is the general operating fund of the Town. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. From the fund are paid the general operating expenses, the fixed charges and the capital improvement costs, which are not paid through other funds.

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TOWN OF GORHAM, MAINE
Comparative Balance Sheets - General Fund
June 30, 2009 and 2008

| | 2009 | 2008 |
|---|----------------------|-------------------|
| ASSETS | | |
| Cash | \$ 15,868 | 3,192 |
| Investments | 12,450,923 | 12,908,895 |
| Receivables: | | |
| Accounts | 133,393 | 153,284 |
| Rescue receivable (net of allowance of \$96,000 and \$77,000) | 165,139 | 128,496 |
| Taxes receivable - current year | 811,958 | 673,944 |
| Taxes receivable - prior year | 22,490 | 13,789 |
| Tax liens | 313,602 | 278,961 |
| Tax acquired property | 2,710 | 2,635 |
| Inventory | 58,646 | 16,753 |
| Other assets - performance bonds | 2,161,159 | 1,415,259 |
| Total assets | \$ 16,135,888 | 15,595,208 |
| LIABILITIES AND FUND BALANCE | | |
| Liabilities: | | |
| Accounts payable and payroll withholdings | 349,526 | 278,712 |
| Accrued wages and benefits | 235,630 | 226,166 |
| Interfund loans | 4,800,723 | 4,769,449 |
| Deferred tax revenues | 832,000 | 656,200 |
| Middle school impact fees | - | 162,127 |
| Performance bond deposits | 2,161,159 | 1,721,623 |
| Total liabilities | 8,379,038 | 7,814,277 |
| Fund balance: | | |
| Reserved for: | | |
| Encumbrances | 61,996 | 296,508 |
| Inventory | 58,646 | 16,753 |
| Unreserved: | | |
| Designated for public safety operations | 171,608 | 145,619 |
| Designated for public works operations | 92,057 | 94,103 |
| Designated for recreation operations | 164,905 | 113,686 |
| Designated for insurance and employee benefits | 635,967 | 585,523 |
| Designated for FY10 & FY09 capital budget | 541,862 | 691,231 |
| Undesignated | 6,029,809 | 5,837,508 |
| Total fund balance | 7,756,850 | 7,780,931 |
| Total liabilities and fund balance | \$ 16,135,888 | 15,595,208 |

TOWN OF GORHAM, MAINE
General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year ended June 30, 2009

(with comparative actual amounts for the year ended June 30, 2008)

| | 2009 | | Variance positive (negative) | 2008 Actual |
|---|---------------|------------|------------------------------------|----------------|
| | Budget | Actual | | |
| Revenues: | | | | |
| Taxes: | | | | |
| Property taxes | \$ 18,773,061 | 18,892,962 | 119,901 | 18,779,378 |
| Change in deferred property tax revenue | - | (175,800) | (175,800) | (131,800) |
| Excise taxes | 2,492,500 | 2,403,379 | (89,121) | 2,486,856 |
| Interest and costs on taxes | 60,000 | 79,229 | 19,229 | 96,264 |
| Total taxes | 21,325,561 | 21,199,770 | (125,791) | 21,230,698 |
| Licenses and permits: | | | | |
| Building permits | 220,000 | 153,133 | (66,867) | 163,039 |
| Plumbing/electrical fees | 24,000 | 15,865 | (8,135) | 18,922 |
| Motor vehicle renewal fees | 45,500 | 43,557 | (1,943) | 45,259 |
| Town clerk fees | 41,500 | 58,951 | 17,451 | 46,071 |
| Other | 11,025 | 6,057 | (4,969) | 9,130 |
| Total licenses and permits | 342,025 | 277,563 | (64,462) | 282,421 |
| Intergovernmental: | | | | |
| State revenue sharing | 1,300,000 | 1,326,817 | 26,817 | 1,389,770 |
| Homestead exemption | 306,509 | 306,543 | 34 | 309,050 |
| BETE reimbursement | 78,886 | 78,942 | 56 | - |
| Highway block grant | 279,280 | 260,684 | (18,596) | 279,280 |
| DARE | - | (535) | (535) | 269 |
| Other state grants | 29,700 | 29,003 | (697) | 39,204 |
| FEMA reimbursement | - | 134,192 | 134,192 | - |
| Human services assistance | 15,000 | 40,214 | 25,214 | 14,272 |
| Total intergovernmental | 2,009,375 | 2,175,861 | 166,486 | 2,031,845 |
| Investment income | 250,000 | 63,995 | (186,005) | 256,609 |
| Charges for services: | | | | |
| Recreation fees | 45,500 | 46,449 | 949 | 46,895 |
| Fire and rescue fees | 446,850 | 565,435 | 118,585 | 485,020 |
| Subdivision/development fees | 53,775 | 79,575 | 25,800 | 95,851 |
| Sewer inspection fees | 3,000 | 2,475 | (525) | 2,750 |
| Miscellaneous public works | 4,900 | 4,914 | 14 | 4,107 |
| Cable TV franchise fee | 190,396 | 192,746 | 2,350 | 98,973 |
| Solid waste user charges | 414,500 | 437,430 | 22,930 | 411,332 |
| Police fees, fines and outside work | 41,900 | 51,789 | 9,889 | 42,057 |
| University of Southern Maine assistance | 12,500 | 12,500 | - | 12,500 |
| Total charges for services | 1,213,321 | 1,393,314 | 179,993 | 1,199,485 |

TOWN OF GORHAM, MAINE
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - General Fund, Continued

| | 2009 | | Variance | 2008 |
|------------------------------------|---------------|---------------|--------------------------------|---------------|
| | Budget | Actual | positive (negative) | Actual |
| Revenues, continued: | | | | |
| Other revenues: | | | | |
| Cemetery income | \$ 7,500 | 24,083 | 16,583 | - |
| Rent | 90,000 | 90,000 | - | 90,000 |
| Recreation reimbursement | - | 587,819 | 587,819 | 550,663 |
| Senior mealsite | 12,500 | 11,643 | (857) | 11,261 |
| Payment in lieu of taxes | 52,379 | 91,351 | 38,972 | 36,385 |
| Miscellaneous | 10,700 | 73,123 | 62,423 | 24,349 |
| Miscellaneous unbudgeted | - | 133,022 | 133,022 | 291,663 |
| Total other revenues | 173,079 | 1,011,042 | 837,963 | 1,004,321 |
| Total revenues | 25,313,361 | 26,121,545 | 808,184 | 26,005,379 |
| Expenditures: | | | | |
| Current: | | | | |
| General government: | | | | |
| Administration | 406,579 | 385,220 | 21,359 | 404,946 |
| Assessing | 126,058 | 122,394 | 3,664 | 112,608 |
| Code enforcement | 135,908 | 135,084 | 824 | 132,118 |
| Town Clerk | 242,372 | 217,825 | 24,547 | 215,699 |
| Technology | 93,300 | 83,419 | 9,881 | 89,324 |
| Gorham municipal center | 212,350 | 181,114 | 31,236 | 161,511 |
| Total general government | 1,216,567 | 1,125,055 | 91,512 | 1,116,206 |
| Public safety: | | | | |
| Public safety building | 100,150 | 79,583 | 20,567 | 112,095 |
| Police department | 1,851,888 | 1,783,130 | 68,758 | 1,768,422 |
| Fire department | 967,316 | 865,560 | 101,756 | 948,684 |
| Rescue squad | 436,967 | 366,060 | 70,907 | 437,504 |
| Public utilities | 125,620 | 123,487 | 2,133 | 125,630 |
| Total public safety | 3,481,941 | 3,217,821 | 264,120 | 3,392,335 |
| Public works: | | | | |
| Public works maintenance | 1,419,517 | 1,288,389 | 131,128 | 1,667,677 |
| Solid waste removal | 868,126 | 825,935 | 42,192 | 849,903 |
| Total public works | 2,287,643 | 2,114,323 | 173,320 | 2,517,580 |
| Health and welfare | 52,235 | 87,628 | (35,393) | 57,765 |
| Recreation: | | | | |
| Baxter Memorial Library | 428,719 | 419,125 | 9,594 | 434,059 |
| Baxter Museum | 7,800 | 4,656 | 3,144 | 4,227 |
| Little Falls Library | 1,800 | 1,800 | - | 1,842 |
| North Gorham Library | 12,000 | 12,000 | - | 12,000 |
| Parks and conservation | 500 | 414 | 86 | 500 |
| Recreation | 224,648 | 203,788 | 20,860 | 212,548 |
| Old Robie School | 14,420 | 8,574 | 5,846 | 17,232 |
| Recreation - reimbursable programs | - | 531,375 | (531,375) | 534,370 |
| Total recreation | 689,887 | 1,181,731 | (491,844) | 1,216,778 |

TOWN OF GORHAM, MAINE
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - General Fund, Continued

| | 2009 | | Variance positive (negative) | 2008 Actual |
|-------------------------------------|------------|-----------|------------------------------------|----------------|
| | Budget | Actual | | |
| Expenditures, continued: | | | | |
| Current, continued: | | | | |
| Development: | | | | |
| Planning | \$ 276,635 | 179,317 | 97,318 | 190,650 |
| Social services | 600 | 600 | - | 600 |
| Appeals board/assessment appeals | 1,250 | - | 1,250 | - |
| P.A.C.T.S. | 1,800 | 1,531 | 269 | - |
| G.P.C.O.G. | 14,141 | 14,141 | - | 14,141 |
| Total development | 294,426 | 195,589 | 98,837 | 205,391 |
| Insurances: | | | | |
| Multi peril policy | 160,050 | 152,356 | 7,694 | 192,606 |
| Public liability | 15,000 | 10,755 | 4,245 | 6,861 |
| Worker's compensation | 122,823 | 99,169 | 23,654 | 133,141 |
| MMA insurance premium | 11,275 | 11,742 | (467) | 11,456 |
| Total insurances | 309,148 | 274,022 | 35,126 | 344,064 |
| Employee benefits: | | | | |
| Group life insurance | 800 | 548 | 252 | 831 |
| Retirement | 283,469 | 211,482 | 71,987 | 203,472 |
| Major medical insurance | 871,855 | 835,896 | 35,959 | 803,335 |
| Direct unemployment compensation | 7,500 | 11,588 | (4,088) | 1,455 |
| Social security | 377,430 | 385,369 | (7,939) | 329,723 |
| Employee assistance program | 1,000 | (175) | 1,175 | 715 |
| Total employee benefits | 1,542,054 | 1,444,707 | 97,347 | 1,339,531 |
| Intergovernmental - County tax | 773,735 | 773,735 | - | 720,760 |
| Unclassified: | | | | |
| Contingency | 121,776 | 44,541 | 77,235 | 80,000 |
| Memorial Day | 2,100 | 1,782 | 319 | 1,832 |
| Gorham cable TV | 102,805 | 80,281 | 22,524 | 93,170 |
| Gorham sno-goers | 1,000 | - | 1,000 | - |
| Recycling committee | 1,000 | - | 1,000 | - |
| Miscellaneous unbudgeted | - | 84,733 | (84,733) | 86,498 |
| Total unclassified | 228,681 | 211,336 | 17,345 | 261,500 |
| Debt service (excluding education): | | | | |
| Principal | 828,324 | 828,324 | - | 608,323 |
| Interest | 548,735 | 462,096 | 86,639 | 364,249 |
| Total debt service | 1,377,059 | 1,290,420 | 86,639 | 972,572 |

TOWN OF GORHAM, MAINE
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - General Fund, Continued

| | 2009 | | Variance positive (negative) | 2008 Actual |
|---|---------------|--------------|------------------------------------|----------------|
| | Budget | Actual | | |
| Expenditures, continued: | | | | |
| Current, continued: | | | | |
| Total expenditures | \$ 12,253,376 | 11,916,367 | 337,009 | 12,144,482 |
| Excess of revenues over expenditures | 13,059,985 | 14,205,178 | 1,145,193 | 13,860,897 |
| Other financing sources (uses): | | | | |
| Transfers to school fund | (12,896,512) | (12,906,512) | (10,000) | (12,758,688) |
| Transfers to the White Rock School Project | - | - | - | (42,000) |
| Transfers to special revenue - economic development | (65,000) | (65,000) | - | (65,000) |
| Transfers to special revenue - capital reserve | (237,586) | (1,167,525) | (929,939) | (1,140,497) |
| Transfers in from special revenue - TIF and capital reserve funds | 139,113 | 144,488 | 5,375 | 221,000 |
| Total other financing sources (uses) | (13,059,985) | (13,994,549) | (934,564) | (13,785,185) |
| Excess of revenues and other financing sources over expenditures and other uses - budgetary basis | - | 210,629 | 210,629 | 75,712 |
| Reconciliation to GAAP basis: | | | | |
| Change in encumbrances | | (234,710) | | 25,856 |
| | | (234,710) | | 25,856 |
| Net change in fund balance | | (24,081) | | 101,568 |
| Fund balance, beginning of year | | 7,780,931 | | 7,679,363 |
| Fund balance, end of year | \$ | 7,756,850 | | 7,780,931 |

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ALL OTHER GOVERNMENTAL FUNDS

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TOWN OF GORHAM, MAINE
Combining Balance Sheet
All Other Governmental Funds
June 30, 2009

| | Special Revenue Funds | Capital Projects Funds | Permanent Funds | Total Other Governmental Funds |
|--|-----------------------------|------------------------------|--------------------|--------------------------------------|
| ASSETS | | | | |
| Cash | \$ 138,339 | - | - | 138,339 |
| Investments | 66,197 | - | 626,007 | 692,204 |
| Accounts receivable | 320,784 | - | - | 320,784 |
| Notes receivable | 80,290 | - | - | 80,290 |
| Intergovernmental | 730,558 | - | - | 730,558 |
| Inventory | 21,563 | - | - | 21,563 |
| Interfund loans receivable | 1,565,686 | 43,183 | 47,885 | 1,656,754 |
| Total assets | \$ 2,923,417 | 43,183 | 673,892 | 3,640,492 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | 912 | - | 5,212 | 6,124 |
| Deferred revenues | 25,107 | - | - | 25,107 |
| Interfund loans payable | - | - | 26,179 | 26,179 |
| Total liabilities | 26,019 | - | 31,391 | 57,410 |
| Fund balances: | | | | |
| Reserved for: | | | | |
| Noncurrent receivables/encumbrances | 80,290 | - | - | 80,290 |
| Inventory | 21,563 | - | - | 21,563 |
| Nonexpendable trust principal | - | - | 424,928 | 424,928 |
| Unreserved: | | | | |
| Designated for TIF reimbursements | 157,753 | - | - | 157,753 |
| Undesignated | 2,637,792 | 43,183 | 217,573 | 2,898,548 |
| Total fund balances | 2,897,398 | 43,183 | 642,501 | 3,583,082 |
| Total liabilities and fund balances | \$ 2,923,417 | 43,183 | 673,892 | 3,640,492 |

TOWN OF GORHAM, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Other Governmental Funds
For the year ended June 30, 2009

| | Special Revenue Funds | Capital Projects Funds | Permanent Funds | Total Other Governmental Funds |
|--|-----------------------------|------------------------------|--------------------|--------------------------------------|
| Revenues: | | | | |
| Property taxes | \$ 528,664 | - | - | 528,664 |
| Intergovernmental | 2,476,534 | - | - | 2,476,534 |
| Investment income | 6,156 | 447 | 9,713 | 16,316 |
| Other revenue | 1,910,180 | - | 47,884 | 1,958,064 |
| Total revenues | 4,921,534 | 447 | 57,597 | 4,979,578 |
| Expenditures: | | | | |
| Current: | | | | |
| Education | 1,894,009 | - | - | 1,894,009 |
| Public works - sewer | 980,893 | - | - | 980,893 |
| Other: | | | | |
| Food services | 812,440 | - | - | 812,440 |
| Miscellaneous | 453,853 | - | 31,391 | 485,244 |
| Capital improvements | - | 2,094 | - | 2,094 |
| Total expenditures | 4,141,195 | 2,094 | 31,391 | 4,174,680 |
| Excess (deficiency) of revenues over (under) expenditures | 780,339 | (1,647) | 26,206 | 804,898 |
| Other financing sources (uses): | | | | |
| Transfer from other funds | 65,000 | - | - | 65,000 |
| Transfer to other funds | (144,488) | (66,181) | - | (210,669) |
| Total other financing sources (uses) | (79,488) | (66,181) | - | (145,669) |
| Net change in fund balances | 700,851 | (67,828) | 26,206 | 659,229 |
| Fund balances, beginning of year | 2,196,547 | 111,011 | 616,295 | 2,923,853 |
| Fund balances, end of year | \$ 2,897,398 | 43,183 | 642,501 | 3,583,082 |

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are restricted by law or administrative action for particular purposes.

Special revenue funds are established for the following purposes:

School Operations Fund -- To account for the operations of the Town of Gorham School Department, the revenues of which are dedicated by State statute for school purposes. The School Fund has been presented as a major fund. See Statement 3 and 4.

School Special Revenue Funds -- To account for various federal and state grants for special programs administered by the School Department, as well as the activity of miscellaneous school programs.

School Lunch Fund -- To account for the activity of the school lunch program.

Sewer Operations -- To account for the revenues and expenditures of the Sewer operations.

Little Falls Sewer Reserve and Loan Fund -- To account for the financial activity of a reserve established for the Little Falls Sewer and of certain loans provided to sewer users.

Economic Development Fund -- To account for a reserve earmarked for the Gorham Industrial Park.

Capital Reserve -- To account for a reserve earmarked for future capital outlays. The Capital Reserve has been presented as a major fund. See Statement 3 and 4.

Recreation Funds -- To account for the activity of miscellaneous recreation programs.

Public Safety Funds -- To account for the activity that benefits various fire companies and public safety groups.

FEMA/EMMA Projects -- To account for the activity related to storm damage in federally designated disaster areas.

Gorham Senior Citizens -- To account for the activities that benefit the senior citizens of Gorham.

TIF Funds -- To account for the activity of the Gorham Industrial Park redevelopment district, the Grondin-ODAT development district, the Pettingill Ross development district, the Gorham County Road development district, Moody's Collision Centers development district, the Nappi development district, and the Olde Canal Business Park development district.

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TOWN OF GORHAM, MAINE
Combining Balance Sheet
Special Revenue Funds
June 30, 2009

(with comparative actual amounts for the year ended June 30, 2008)

| | School Special Revenue Funds | School Lunch Fund | Sewer Operations | Little Falls Sewer Reserve and Loan Fund | Economic Development Fund | Recreation Funds | Public Safety Funds | FEMA/ MEMA Projects | Gorham Senior Citizens | TIF Funds | Totals | |
|--|---------------------------------------|-------------------------|---------------------|--|---------------------------------|---------------------|---------------------------|---------------------------|------------------------------|----------------|------------------|------------------|
| | | | | | | | | | | | 2009 | 2008 |
| ASSETS | | | | | | | | | | | | |
| Cash | \$ - | - | - | - | 16,159 | 8,512 | 113,668 | - | - | - | 138,339 | 130,049 |
| Investments | - | - | - | 55,015 | - | - | - | - | 11,182 | - | 66,197 | 65,210 |
| Accounts receivable | 96,550 | 16,835 | 207,399 | - | - | - | - | - | - | - | 320,784 | 261,003 |
| Notes receivable | - | - | - | - | - | - | - | - | - | 80,290 | 80,290 | 12,543 |
| Due from other governments | 730,558 | - | - | - | - | - | - | - | - | - | 730,558 | 119,463 |
| Inventory | - | 21,563 | - | - | - | - | - | - | - | - | 21,563 | 22,710 |
| Interfund loans receivable | 67,003 | 64,629 | 964,747 | 14,552 | 51,223 | - | - | - | - | 403,532 | 1,565,686 | 1,644,561 |
| Total assets | \$ 894,111 | 103,027 | 1,172,146 | 69,567 | 67,382 | 8,512 | 113,668 | - | 11,182 | 483,822 | 2,923,417 | 2,255,539 |
| LIABILITIES AND FUND BALANCES | | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | | |
| Accounts payable | 411 | 501 | - | - | - | - | - | - | - | - | 912 | 14,904 |
| Deferred revenues | - | 25,107 | - | - | - | - | - | - | - | - | 25,107 | 16,186 |
| Interfund loans payable | - | - | - | - | - | - | - | - | - | - | - | 27,902 |
| Total liabilities | 411 | 25,608 | - | - | - | - | - | - | - | - | 26,019 | 58,992 |
| Fund balances: | | | | | | | | | | | | |
| Reserved for: | | | | | | | | | | | | |
| Noncurrent receivables/encumbrances | - | - | - | - | - | - | - | - | - | 80,290 | 80,290 | 12,543 |
| Inventory | - | 21,563 | - | - | - | - | - | - | - | - | 21,563 | 22,710 |
| Unreserved: | | | | | | | | | | | | |
| Designated | - | - | - | - | - | - | - | - | - | 157,753 | 157,753 | 20,745 |
| Undesignated | 893,700 | 55,856 | 1,172,146 | 69,567 | 67,382 | 8,512 | 113,668 | - | 11,182 | 245,779 | 2,637,792 | 2,140,549 |
| Total fund balances | 893,700 | 77,419 | 1,172,146 | 69,567 | 67,382 | 8,512 | 113,668 | - | 11,182 | 483,822 | 2,897,398 | 2,196,547 |
| Total liabilities and fund balances | \$ 894,111 | 103,027 | 1,172,146 | 69,567 | 67,382 | 8,512 | 113,668 | - | 11,182 | 483,822 | 2,923,417 | 2,255,539 |

TOWN OF GORHAM, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Special Revenue Funds
For the year ended June 30, 2009
(with comparative actual amounts for the year ended June 30, 2008)

| | School Special Revenue Funds | School Lunch Fund | Sewer Operations | Little Falls Sewer Reserve and Loan Fund | Economic Development Fund | Recreation Funds | Public Safety Funds | FEMA/ MEMA Projects | Gorham Senior Citizens | TIF Funds | Totals | |
|-------------------------------|---------------------------------------|-------------------------|---------------------|--|---------------------------------|---------------------|---------------------------|---------------------------|------------------------------|--------------|-----------|-----------|
| | | | | | | | | | | | 2009 | 2008 |
| Revenues: | | | | | | | | | | | | |
| Intergovernmental: | | | | | | | | | | | | |
| Federal grants | \$ 1,206,722 | - | - | - | - | - | - | - | - | - | 1,206,722 | 865,773 |
| Other state grants | 1,001,761 | - | - | - | - | - | - | - | - | - | 1,001,761 | 648,964 |
| USDA subsidies | - | 268,051 | - | - | - | - | - | - | - | - | 268,051 | 256,660 |
| Total intergovernmental | 2,208,483 | 268,051 | - | - | - | - | - | - | - | - | 2,476,534 | 1,771,397 |
| Investment income | - | - | - | 819 | 22 | - | 1,630 | - | 167 | 3,518 | 6,156 | 4,021 |
| Other revenues: | | | | | | | | | | | | |
| Property taxes | - | - | - | - | - | - | - | - | - | 528,664 | 528,664 | 359,520 |
| Hannaford payment | - | - | - | - | - | - | - | - | - | - | - | 14,525 |
| User fees | - | - | 1,118,050 | - | - | - | - | - | - | - | 1,118,050 | 1,038,823 |
| Miscellaneous | - | 621,808 | - | - | 8,792 | 21,802 | 138,978 | - | - | 750 | 792,130 | 701,538 |
| Total other revenues | - | 621,808 | 1,118,050 | - | 8,792 | 21,802 | 138,978 | - | - | 529,414 | 2,438,844 | 2,114,406 |
| Total revenues | 2,208,483 | 889,859 | 1,118,050 | 819 | 8,814 | 21,802 | 140,608 | - | 167 | 532,932 | 4,921,534 | 3,889,824 |
| Expenditures: | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | |
| Education: | | | | | | | | | | | | |
| Federal education grants | 1,252,789 | - | - | - | - | - | - | - | - | - | 1,252,789 | 778,699 |
| State grants and special uses | 641,220 | - | - | - | - | - | - | - | - | - | 641,220 | 544,307 |
| Total education | 1,894,009 | - | - | - | - | - | - | - | - | - | 1,894,009 | 1,323,006 |
| Public works - sewer costs | - | - | 980,893 | - | - | - | - | - | - | - | 980,893 | 920,973 |
| Other: | | | | | | | | | | | | |
| Food services | - | 812,440 | - | - | - | - | - | - | - | - | 812,440 | 1,072,864 |
| Miscellaneous | - | - | - | - | 65,000 | 18,484 | 135,659 | - | - | 234,710 | 453,853 | 265,080 |
| Total other | - | 812,440 | - | - | 65,000 | 18,484 | 135,659 | - | - | 234,710 | 1,266,293 | 1,337,944 |
| Debt service: | | | | | | | | | | | | |
| Principal | - | - | - | - | - | - | - | - | - | - | - | 230,000 |
| Interest | - | - | - | - | - | - | - | - | - | - | - | 8,062 |
| Total debt service | - | - | - | - | - | - | - | - | - | - | - | 238,062 |
| Total expenditures | 1,894,009 | 812,440 | 980,893 | - | 65,000 | 18,484 | 135,659 | - | - | 234,710 | 4,141,195 | 3,819,985 |

TOWN OF GORHAM, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Special Revenue Funds
For the year ended June 30, 2009
(with comparative actual amounts for the year ended June 30, 2008)

| | School Special Revenue Funds | School Lunch Fund | Sewer Operations | Little Falls Sewer Reserve and Loan Fund | Economic Development Fund | Recreation Funds | Public Safety Funds | FEMA/ MEMA Projects | Gorham Senior Citizens | TIF Funds | Totals | |
|--|---------------------------------------|-------------------------|---------------------|--|---------------------------------|---------------------|---------------------------|---------------------------|------------------------------|--------------|-----------|-----------|
| | | | | | | | | | | | 2009 | 2008 |
| Excess (deficiency) of revenues over (under) expenditures | \$ 314,474 | 77,419 | 137,157 | 819 | (56,186) | 3,318 | 4,949 | - | 167 | 298,222 | 780,339 | 69,839 |
| Other financing sources (uses): | | | | | | | | | | | | |
| Transfers in | - | - | - | - | 65,000 | - | - | - | - | - | 65,000 | 271,894 |
| Transfers out | - | - | - | - | - | - | - | (5,375) | - | (139,113) | (144,488) | (203,000) |
| Total other financing sources (uses) | - | - | - | - | 65,000 | - | - | (5,375) | - | (139,113) | (79,488) | 68,894 |
| Net change in fund balance | 314,474 | 77,419 | 137,157 | 819 | 8,814 | 3,318 | 4,949 | (5,375) | 167 | 159,109 | 700,851 | 138,733 |
| Fund balances, beginning of year | 579,226 | - | 1,034,989 | 68,748 | 58,568 | 5,194 | 108,719 | 5,375 | 11,015 | 324,713 | 2,196,547 | 2,057,814 |
| Fund balances, end of year | \$ 893,700 | 77,419 | 1,172,146 | 69,567 | 67,382 | 8,512 | 113,668 | - | 11,182 | 483,822 | 2,897,398 | 2,196,547 |

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CAPITAL PROJECTS FUND

Capital projects fund are established to account for resources obtained and expended for the acquisition of major capital facilities.

The Town's individual capital project funds were established for the following purposes:

Middle School Construction

To account for the construction of a new middle school on Weeks Road.

Elementary School Construction

To account for construction of a new elementary school on Stevens Drive to replace the White Rock Elementary School. The Elementary School Construction has been presented as a major fund. See Statement 3 and 4.

Various School Projects

To account for various maintenance projects for the School Department.

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TOWN OF GORHAM, MAINE

Combining Balance Sheet

Capital Project Funds

June 30, 2009

(with comparative actual amounts for the year ended June 30, 2008)

| | Middle School Project | Various School Project | Totals | |
|--|-----------------------------|------------------------------|---------------|----------------|
| | | | 2009 | 2008 |
| ASSETS | | | | |
| Investments | \$ - | - | - | 61,011 |
| Interfund loans receivable | 4,138 | 39,045 | 43,183 | 50,000 |
| Total assets | \$ 4,138 | 39,045 | 43,183 | 111,011 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Interfund loans payable | - | - | - | - |
| Total liabilities | - | - | - | - |
| Fund balances: | | | | |
| Unreserved, undesignated | 4,138 | 39,045 | 43,183 | 111,011 |
| Total fund balances | 4,138 | 39,045 | 43,183 | 111,011 |
| Total liabilities and fund balances | \$ 4,138 | 39,045 | 43,183 | 111,011 |

TOWN OF GORHAM, MAINE
Capital Project Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2009
(with comparative actual amounts for the year ended June 30, 2008)

| | Middle School Project | Various School Projects | Totals | |
|--|-----------------------------|-------------------------------|----------|-----------|
| | | | 2009 | 2008 |
| Revenues: | | | | |
| Interest income | \$ 447 | - | 447 | 9,492 |
| Total revenues | 447 | - | 447 | 9,492 |
| Expenditures: | | | | |
| Capital improvements: | | | | |
| Construction and renovation | 2,094 | - | 2,094 | 55,227 |
| Total capital improvements | 2,094 | - | 2,094 | 55,227 |
| Total expenditures | 2,094 | - | 2,094 | 55,227 |
| Excess (deficiency) of revenues over (under) expenditures | (1,647) | - | (1,647) | (45,735) |
| Other financing sources (uses): | | | | |
| Transfers - out | (66,181) | - | (66,181) | (200,000) |
| Total other financing sources (uses) | (66,181) | - | (66,181) | (200,000) |
| Net change in fund balance | (67,828) | - | (67,828) | (245,735) |
| Fund balances, beginning of year | 71,966 | 39,045 | 111,011 | 356,746 |
| Fund balances, end of year | \$ 4,138 | 39,045 | 43,183 | 111,011 |

PERMANENT FUND

Permanent funds are established to account for assets received by the Town and held in trust.

Cemetery Perpetual Care

Various funds established to be used for the care and upkeep of the various town cemeteries.

Parks and Recreation Grounds

Various funds established to be used for the care and upkeep of the various parks in Gorham, as well as the Soldiers' monument in Gorham Village. The parks include Robie, Fort Hill, and Phinney.

Baxter Library and Museum

Various funds established to be used for the benefit of the Baxter Memorial Library and Baxter Museum.

Schools

Various funds established to be used for the purchase of equipment, library books, and pictures at Gorham High School.

Public Purpose and Civic Improvements

Various funds established to be used for any public purpose at the discretion of the Town Council.

Miscellaneous

Various funds established to be used for various benefits from permanent improvements, support and maintenance of Gorham's poor and indigent residents, eye care for Gorham students, and construction and upkeep of Gidding Chapel in Eastern Cemetery.

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TOWN OF GORHAM, MAINE

Combining Balance Sheet

Permanent Funds

June 30, 2009

(with comparative actual amounts for the year ended June 30, 2008)

| | Cemetery Perpetual Care | Parks and Recreation Grounds | Baxter Library and Museum | Schools | Public Purpose and Civic Improvements | Miscellaneous | Totals | |
|--|-------------------------------|---------------------------------------|------------------------------------|---------------|--|----------------|----------------|----------------|
| | | | | | | | 2009 | 2008 |
| ASSETS | | | | | | | | |
| Investments | \$ 198,103 | 13,685 | 182,657 | 42,206 | 15,956 | 173,400 | 626,007 | 635,607 |
| Interfund loans receivable | 3,601 | - | 44,284 | - | - | - | 47,885 | 43,221 |
| Total assets | 201,704 | 13,685 | 226,941 | 42,206 | 15,956 | 173,400 | 673,892 | 678,828 |
| LIABILITIES AND FUND BALANCES | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable | 5,212 | - | - | - | - | - | 5,212 | 13,810 |
| Interfund loans payable | - | - | 26,179 | - | - | - | 26,179 | 48,723 |
| Total liabilities | 5,212 | - | 26,179 | - | - | - | 31,391 | 62,533 |
| Fund balances: | | | | | | | | |
| Principal | 196,467 | 4,124 | 147,709 | 5,170 | 9,372 | 62,086 | 424,928 | 375,446 |
| Unexpended income | 25 | 9,561 | 53,053 | 37,036 | 6,584 | 111,314 | 217,573 | 240,849 |
| Total fund balances | 196,492 | 13,685 | 200,762 | 42,206 | 15,956 | 173,400 | 642,501 | 616,295 |
| Total liabilities and and fund balances | \$ 201,704 | 13,685 | 226,941 | 42,206 | 15,956 | 173,400 | 673,892 | 678,828 |

TOWN OF GORHAM, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Permanent Funds
For the year ended June 30, 2009
(with comparative actual amounts for the year ended June 30, 2008)

| | Cemetery Perpetual Care | Parks and Recreation Grounds | Baxter Library and Museum | Schools | Public Purpose and Civic Improvements | Miscellaneous | Totals | |
|----------------------------------|-------------------------------|---------------------------------------|------------------------------------|---------|--|---------------|---------|---------|
| | | | | | | | 2009 | 2008 |
| Revenues: | | | | | | | | |
| Investment income | \$ 2,845 | 203 | 3,018 | 628 | 238 | 2,781 | 9,713 | 26,291 |
| Other miscellaneous | - | - | 13,670 | - | - | - | 13,670 | 15,659 |
| Donations | 3,600 | - | 30,614 | - | - | - | 34,214 | 15,925 |
| Total revenues | 6,445 | 203 | 47,302 | 628 | 238 | 2,781 | 57,597 | 57,875 |
| Expenditures: | | | | | | | | |
| Current: | | | | | | | | |
| Other miscellaneous | 5,212 | - | 26,179 | - | - | - | 31,391 | 36,597 |
| Total expenditures | 5,212 | - | 26,179 | - | - | - | 31,391 | 36,597 |
| Net change in fund balance | 1,233 | 203 | 21,123 | 628 | 238 | 2,781 | 26,206 | 21,278 |
| Fund balances, beginning of year | 195,259 | 13,482 | 179,639 | 41,578 | 15,718 | 170,619 | 616,295 | 595,017 |
| Fund balances, end of year | \$ 196,492 | 13,685 | 200,762 | 42,206 | 15,956 | 173,400 | 642,501 | 616,295 |

FIDUCIARY FUNDS

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TOWN OF GORHAM, MAINE
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

| | Agency Funds | Private- purpose Trust Funds |
|---|-------------------------|---|
| ASSETS | | |
| Cash | \$ 252,364 | - |
| Investments | - | 34,878 |
| Total assets | 252,364 | 34,878 |
| LIABILITIES AND NET ASSETS | | |
| Liabilities: | | |
| Due to student groups | 252,364 | - |
| Accounts payable | - | 550 |
| Total liabilities | 252,364 | 550 |
| Net assets: | | |
| Principal | - | 33,709 |
| Unexpended income | - | 619 |
| Total net assets | - | 34,328 |
| Total liabilities and and net assets | \$ 252,364 | 34,878 |

TOWN OF GORHAM, MAINE
Combining Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

(with comparative actual amounts for June 30, 2008)

| | Agency Funds | | | | | | | | | Totals | |
|--------------------------|------------------------------------|-------------------------------|-----------------------------------|------------------------|---------------------|-----------------------------|--------------------------------------|--------------|----------------------|----------------|----------------|
| | High School Activity Fund | High School CBE Fund | White Rock Activity Fund | Narragansett Office | Narragansett PIE | Village Activity Fund | Middle School Activity Fund | GCVE | Special Education | 2009 | 2008 |
| ASSETS | | | | | | | | | | | |
| Cash | \$ 171,622 | 1,896 | 6,734 | 5,612 | 17,249 | 14,218 | 33,409 | 1,443 | 181 | 252,364 | 208,860 |
| Total assets | \$ 171,622 | 1,896 | 6,734 | 5,612 | 17,249 | 14,218 | 33,409 | 1,443 | 181 | 252,364 | 208,860 |
| LIABILITIES | | | | | | | | | | | |
| Due to student groups | 171,622 | 1,896 | 6,734 | 5,612 | 17,249 | 14,218 | 33,409 | 1,443 | 181 | 252,364 | 208,860 |
| Total liabilities | \$ 171,622 | 1,896 | 6,734 | 5,612 | 17,249 | 14,218 | 33,409 | 1,443 | 181 | 252,364 | 208,860 |

TOWN OF GORHAM, MAINE
Combining Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

(with comparative actual amounts for June 30, 2008)

| | Private-purpose Trust Funds | | | | | | | | |
|---|---------------------------------|---|--------------------------------|--|-------------------------------|------------------------------------|--------|--------|--|
| | Malcolm Smith Scholarship | Bob Grant Memorial Scholarship | Harry Shevis Scholarship | Watson Family Trust Scholarship | Thomas Fogg Scholarship | Arthur/Jane Fogg Scholarship | Totals | | |
| | | | | | | | 2009 | 2008 | |
| ASSETS | | | | | | | | | |
| Investments | \$ 3,004 | 2,439 | 5,460 | 13,037 | 9,303 | 1,635 | 34,878 | 35,546 | |
| Total assets | 3,004 | 2,439 | 5,460 | 13,037 | 9,303 | 1,635 | 34,878 | 35,546 | |
| LIABILITIES AND NET ASSETS | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| Accounts payable | 100 | - | 100 | 350 | - | - | 550 | 1,200 | |
| Total liabilities | 100 | - | 100 | 350 | - | - | 550 | 1,200 | |
| Net assets: | | | | | | | | | |
| Principal | 2,804 | 2,294 | 5,260 | 12,413 | 9,303 | 1,635 | 33,709 | 31,642 | |
| Unexpended income | 100 | 145 | 100 | 274 | - | - | 619 | 2,704 | |
| Total net assets | 2,904 | 2,439 | 5,360 | 12,687 | 9,303 | 1,635 | 34,328 | 34,346 | |
| Total liabilities and and net assets | \$ 3,004 | 2,439 | 5,460 | 13,037 | 9,303 | 1,635 | 34,878 | 35,546 | |

TOWN OF GORHAM, MAINE
Combining Statement of Changes in Fiduciary Net Assets
Fiduciary Funds - Private-purpose
For the year ended June 30, 2009
(with comparative actual amounts for June 30, 2008)

| | Malcolm Smith Scholarship | Bob Grant Memorial Scholarship | Harry Shevis Scholarship | Watson Family Trust Scholarship | Thomas Fogg Scholarship | Arthur & Jane Fogg Scholarship | Totals | |
|---|---------------------------------|---|--------------------------------|--|-------------------------------|---|--------|--------|
| | | | | | | | 2009 | 2008 |
| Additions: | | | | | | | | |
| Contributions: | | | | | | | | |
| Donations | \$ - | - | - | - | - | - | - | 1,000 |
| Investment earnings: | | | | | | | | |
| Interest | 85 | 69 | 152 | 366 | 253 | 44 | 969 | 1,366 |
| Net increase/(decrease) in the fair value of investments | (38) | (31) | (69) | (165) | (114) | (20) | (437) | 273 |
| Total additions | 47 | 38 | 83 | 201 | 139 | 24 | 532 | 2,639 |
| Deductions: | | | | | | | | |
| Current: | | | | | | | | |
| Scholarships awarded | 100 | - | 100 | 350 | - | - | 550 | 700 |
| Total deductions | 100 | - | 100 | 350 | - | - | 550 | 700 |
| Changes in net assets | (53) | 38 | (17) | (149) | 139 | 24 | (18) | 1,939 |
| Net assets, beginning of year | 2,957 | 2,401 | 5,377 | 12,836 | 9,164 | 1,611 | 34,346 | 32,407 |
| Net assets, end of year | \$ 2,904 | 2,439 | 5,360 | 12,687 | 9,303 | 1,635 | 34,328 | 34,346 |

TOWN OF GORHAM, MAINE
Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2009

| | | Balance | | | Balance |
|------------------------------------|-----------|---------------------|------------------|------------------|----------------------|
| | | July 1, 2008 | Additions | Deletions | June 30, 2009 |
| ASSETS | | | | | |
| Cash: | | | | | |
| High School Activity Fund | \$ | 135,129 | 369,497 | 333,004 | 171,622 |
| Gorham High School CBE | | 1,016 | 3,180 | 2,300 | 1,896 |
| White Rock Activity Fund | | 5,874 | 14,435 | 13,575 | 6,734 |
| Narragansett Office | | 4,637 | 5,501 | 4,526 | 5,612 |
| Narragansett PIE | | 17,447 | 25,660 | 25,858 | 17,249 |
| Village Activity Fund | | 16,073 | 55,684 | 57,539 | 14,218 |
| Middle School Activity Fund | | 26,333 | 106,670 | 99,594 | 33,409 |
| GCVE | | 1,501 | 4,666 | 4,724 | 1,443 |
| Special Education | | 850 | 2,592 | 3,261 | 181 |
| Total assets | \$ | 208,860 | 587,885 | 544,381 | 252,364 |
| LIABILITIES | | | | | |
| Funds held for student activities: | | | | | |
| High School Activity Fund | | 135,129 | 369,497 | 333,004 | 171,622 |
| Gorham High School CBE | | 1,016 | 3,180 | 2,300 | 1,896 |
| White Rock Activity Fund | | 5,874 | 14,435 | 13,575 | 6,734 |
| Narragansett Office | | 4,637 | 5,501 | 4,526 | 5,612 |
| Narragansett PIE | | 17,447 | 25,660 | 25,858 | 17,249 |
| Village Activity Fund | | 16,073 | 55,684 | 57,539 | 14,218 |
| Middle School Activity Fund | | 26,333 | 106,670 | 99,594 | 33,409 |
| GCVE | | 1,501 | 4,666 | 4,724 | 1,443 |
| Special Education | | 850 | 2,592 | 3,261 | 181 |
| Total liabilities | \$ | 208,860 | 587,885 | 544,381 | 252,364 |

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**CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS**

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TOWN OF GORHAM, MAINE
Capital Assets Used in the Operation of Governmental Funds - By Source
June 30, 2009
(with comparative actual amounts for the year ended June 30, 2008)

| | | Totals | |
|--|-----------|--------------------|-------------------|
| | | 2009 | 2008 |
| Governmental fund capital assets: | | | |
| Land and buildings | \$ | 54,218,265 | 53,805,988 |
| Furniture and equipment | | 14,363,727 | 14,613,689 |
| Infrastructure | | 33,907,494 | 23,878,899 |
| Total governmental fund capital assets | \$ | 102,489,486 | 92,298,576 |
| Investments in governmental fund capital assets by source: | | | |
| General fund | | 100,351,928 | 91,450,950 |
| Capital project funds | | 2,137,558 | 847,626 |
| Total governmental fund capital assets | \$ | 102,489,486 | 92,298,576 |

TOWN OF GORHAM, MAINE
Schedule of Capital Assets Used in the Operation of Governmental Funds by Function and Activity
June 30, 2009
(with comparative actual amounts for the year ended June 30, 2008)

| Function and Activity | Land and buildings | Furniture and equipment | Infrastructure | Totals | |
|---|-----------------------|----------------------------|-------------------|--------------------|-------------------|
| | | | | 2009 | 2008 |
| General government | \$ 8,285,846 | 1,023,842 | 33,578 | 9,343,266 | 9,386,537 |
| Education | 39,499,294 | 4,398,610 | - | 43,897,904 | 43,646,550 |
| Public safety | 1,117,369 | 4,398,172 | - | 5,515,541 | 5,703,786 |
| Public works | 1,766,294 | 2,987,782 | 31,724,958 | 36,479,034 | 28,358,185 |
| Recreation, library and museum | 3,549,462 | 465,047 | 11,400 | 4,025,909 | 3,265,618 |
| Construction in progress | - | - | 2,137,558 | 2,137,558 | 847,626 |
| Book collection, historical treasures and artwork | - | 1,090,274 | - | 1,090,274 | 1,090,274 |
| Total governmental fund capital assets | \$ 54,218,265 | 14,363,727 | 33,907,494 | 102,489,486 | 92,298,576 |

Exhibit G-3

Schedule of Changes in Governmental Funds Capital Assets - By Function and Activity
For the year ended June 30, 2009

| Function and Activity | Balance | | Additions | Deletions | Balance |
|---|----------------------|-------------------|------------------|-----------|--------------------|
| | 2008 | | | | 2009 |
| General government | \$ 9,386,537 | 26,119 | 48,060 | | 9,364,596 |
| Education | 43,646,550 | 497,678 | 246,324 | | 43,897,904 |
| Public safety | 5,703,786 | 58,672 | 268,247 | | 5,494,211 |
| Public works | 28,358,185 | 9,108,474 | 987,625 | | 36,479,034 |
| Recreation, library and museum | 3,265,618 | 760,291 | - | | 4,025,909 |
| Construction in progress | 847,626 | 1,850,382 | 560,450 | | 2,137,558 |
| Book collection, historical treasures and artwork | 1,090,274 | - | - | | 1,090,274 |
| Totals | \$ 92,298,576 | 12,301,616 | 2,110,706 | | 102,489,486 |

STATISTICAL SECTION

This part of the Town of Gorham's comprehensive annual financial report presents in detailed information as a context for understanding what the information in the financial statements and note disclosures says about the Town's overall financial health.

| Contents | Page |
|---|------|
| Financial Trends | 121 |
| <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i> | |
| Revenue Capacity | 126 |
| <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i> | |
| Debt Capacity | 130 |
| <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i> | |
| Demographic and Economic Information | 134 |
| <i>These schedules offer demographic and economic indicators to help the reader understand the environment that the government's financial activity takes place.</i> | |
| Operating Information | 136 |
| <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i> | |

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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Table 1

TOWN OF GORHAM, MAINE
Net Assets by Component
Last Ten Fiscal Years (1)
(accrual basis of accounting)

| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental activities | | | | | | | |
| Invested in capital assets, net of related debt | \$ 10,150,993 | \$ 13,820,834 | \$ 16,377,091 | \$ 17,962,590 | \$ 23,204,001 | \$ 21,730,596 | \$ 33,293,376 |
| Restricted | 350,383 | 354,163 | 352,781 | 384,443 | 375,446 | 375,446 | 424,928 |
| Unrestricted | <u>12,901,374</u> | <u>11,607,484</u> | <u>11,735,345</u> | <u>13,430,419</u> | <u>12,441,818</u> | <u>15,039,117</u> | <u>12,982,245</u> |
| Total governmental activities net assets | \$ <u>23,402,750</u> | \$ <u>25,782,481</u> | \$ <u>28,465,217</u> | \$ <u>31,777,452</u> | \$ <u>36,021,265</u> | \$ <u>37,145,159</u> | \$ <u>46,700,549</u> |

(1) Fiscal year 2003 is the initial year of implementation of GASB Statement No. 34.

Table 2

TOWN OF GORHAM, MAINE
Changes in Net Assets
Last Ten Fiscal Years (1)
(accrual basis of accounting)

| | Fiscal Year | | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
| Expenses | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 2,281,895 | \$ 2,562,887 | \$ 3,925,978 | \$ 4,023,144 | \$ 3,897,193 | \$ 4,262,644 | \$ 4,692,737 |
| Public safety | 2,496,047 | 2,819,226 | 2,879,251 | 2,979,424 | 3,317,132 | 3,811,471 | 3,742,859 |
| Public works | 1,957,858 | 1,973,330 | 3,262,818 | 3,517,160 | 3,902,787 | 5,531,287 | 2,781,765 |
| Health and welfare | 44,010 | 57,263 | 52,415 | 45,423 | 55,774 | 57,765 | 87,628 |
| Recreation | 267,235 | 1,039,901 | 1,264,777 | 1,229,648 | 1,216,449 | 1,414,399 | 1,368,309 |
| Development | 425,216 | 445,018 | 377,263 | 414,130 | 406,590 | 429,849 | 495,299 |
| County tax ³ | 595,692 | 645,663 | - | - | - | - | - |
| Education | 23,475,662 | 26,265,868 | 27,770,333 | 30,564,714 | 31,417,334 | 32,649,708 | 32,373,509 |
| Interest on debt | 1,251,078 | 1,158,576 | 1,306,889 | 1,370,154 | 1,272,191 | 1,226,075 | 1,250,260 |
| Capital maintenance ² | 944,278 | - | - | - | - | - | - |
| Total governmental activities expenses | <u>33,738,971</u> | <u>36,967,732</u> | <u>40,839,724</u> | <u>44,143,797</u> | <u>45,485,450</u> | <u>49,383,198</u> | <u>46,792,366</u> |
| Program Revenues | | | | | | | |
| Governmental activities: | | | | | | | |
| Charges for services: | | | | | | | |
| General government | 352,799 | 474,992 | 553,250 | 762,661 | 518,926 | 399,105 | 470,309 |
| Public safety | 1,176,497 | 1,167,015 | 265,997 | 435,752 | 434,044 | 527,077 | 617,224 |
| Public works | 530,137 | 420,736 | 1,205,385 | 1,181,418 | 1,571,638 | 1,454,912 | 1,584,478 |
| Health and welfare | 12,735 | 13,712 | 12,186 | 13,710 | 13,672 | 11,261 | 11,643 |
| Recreation | 35,739 | 124,983 | 568,976 | 513,804 | 550,704 | 597,558 | 634,268 |
| Development | 51,735 | 55,508 | 99,721 | 91,139 | 123,738 | 98,601 | 82,050 |
| Education | 574,896 | 633,132 | 660,199 | 669,220 | 696,114 | 632,641 | 654,443 |
| Operating grants and contributions | 13,897,976 | 15,671,082 | 16,493,334 | 19,244,840 | 20,628,587 | 21,369,835 | 22,456,840 |
| Capital grants and contributions | 175,064 | 256,658 | 1,800,096 | 2,262,981 | 2,318,647 | 775,035 | 5,518,682 |
| Total governmental activities program revenues | <u>16,807,578</u> | <u>18,817,818</u> | <u>21,659,144</u> | <u>25,175,525</u> | <u>26,856,070</u> | <u>25,866,025</u> | <u>32,029,937</u> |
| Net (expense)/revenue, governmental activities | <u>(16,931,393)</u> | <u>(18,149,914)</u> | <u>(19,180,580)</u> | <u>(18,968,272)</u> | <u>(18,629,380)</u> | <u>(23,517,173)</u> | <u>(14,762,429)</u> |
| General Revenues and Other Changes in Net Assets | | | | | | | |
| Governmental activities: | | | | | | | |
| Taxes | | | | | | | |
| Property taxes, levied for general purposes | 14,808,959 | 16,253,550 | 17,234,005 | 16,918,807 | 17,690,199 | 19,138,898 | 19,421,626 |
| Payment in lieu of taxes | 45,233 | 52,922 | 51,083 | 55,469 | 54,396 | 36,385 | 91,351 |
| Motor vehicle and boat excise taxes | 2,107,389 | 2,267,577 | 2,359,645 | 2,480,592 | 2,486,679 | 2,486,856 | 2,403,379 |
| Grants and contributions not restricted | | | | | | | |
| Homestead exemption | 441,123 | 410,820 | 369,434 | 379,972 | 331,237 | 309,050 | 306,543 |
| BETE reimbursement | - | - | - | - | - | - | 78,942 |
| Other state aid | 22,265 | 27,119 | 27,807 | 31,716 | 10,865 | 39,204 | 29,003 |
| State revenue sharing | 1,194,609 | 1,236,201 | 1,302,053 | 1,372,122 | 1,265,414 | 1,389,770 | 1,326,817 |
| Unrestricted investment earnings | 317,110 | 151,965 | 273,500 | 628,511 | 727,022 | 501,024 | 224,431 |
| Miscellaneous revenues | 194,214 | 129,491 | 245,789 | 251,818 | 307,381 | 739,880 | 435,727 |
| Special item - sale of property | - | - | - | 161,500 | - | - | - |
| Total governmental activities | <u>19,130,902</u> | <u>20,529,645</u> | <u>21,863,316</u> | <u>22,280,507</u> | <u>22,873,193</u> | <u>24,641,067</u> | <u>24,317,819</u> |
| Change in Net Assets | | | | | | | |
| Governmental activities | <u>\$ 2,199,509</u> | <u>\$ 2,379,731</u> | <u>\$ 2,682,736</u> | <u>\$ 3,312,235</u> | <u>\$ 4,243,813</u> | <u>\$ 1,123,894</u> | <u>\$ 9,555,390</u> |

(1) Fiscal year 2003 is the initial year of implementation of GASB Statement No. 34.

² Fiscal year 2003 is the only year that reported capital maintenance expenses. Fiscal year 2004 figures restated.

³ Fiscal year 2002 and 2003 are the only years that reported county tax expenses separately. Fiscal year 2005 figure was restated and county tax expenses reported in general government. Fiscal year 2006 going forward will have the county tax expenses in the general government category.

Table 3

TOWN OF GORHAM, MAINE
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years (1)
(accrual basis of accounting)

| Fiscal Year | | Property Taxes | | Interest & Costs on Taxes | | Excise Taxes | | Total |
|------------------------|----|---------------------------|----|--|----|-------------------------|----|--------------|
| 2003 | \$ | 14,828,959 | \$ | 76,937 | \$ | 2,107,389 | \$ | 17,013,285 |
| 2004 | | 16,289,550 | | 65,968 | | 2,267,577 | | 18,623,095 |
| 2005 | | 17,192,005 | | 53,883 | | 2,359,645 | | 19,605,533 |
| 2006 | | 16,885,807 | | 50,037 | | 2,480,592 | | 19,416,436 |
| 2007 | | 17,678,799 | | 59,570 | | 2,486,679 | | 20,225,048 |
| 2008 | | 19,007,098 | | 96,264 | | 2,486,856 | | 21,590,218 |
| 2009 | | 19,245,826 | | 79,229 | | 2,403,379 | | 21,728,434 |

(1) Fiscal year 2003 is the initial year of implementation of GASB Statement No. 34.

Table 4

TOWN OF GORHAM, MAINE
Fund Balances of Governmental Funds
Last Ten Fiscal Years (1)
(modified accrual basis of accounting)

| | Fiscal Year | | | | | | |
|------------------------------------|------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
| General fund | | | | | | | |
| Reserved | \$ 378,959 | \$ 523,870 | \$ 390,487 | \$ 313,925 | \$ 284,676 | \$ 313,261 | \$ 120,642 |
| Unreserved | 4,040,140 | 4,461,349 | 5,409,444 | 6,480,684 | 7,394,687 | 7,467,670 | 7,636,208 |
| Total General Fund | <u>4,419,099</u> | <u>4,985,219</u> | <u>5,799,931</u> | <u>6,794,609</u> | <u>7,679,363</u> | <u>7,780,931</u> | <u>7,756,850</u> |
| All other governmental funds | | | | | | | |
| Reserved | 709,198 | 883,752 | 946,732 | 487,466 | 621,519 | 739,280 | 1,238,371 |
| Unreserved, reported in: | | | | | | | |
| Special revenue funds | 3,008,281 | 5,298,075 | 4,636,672 | 6,123,327 | 4,404,956 | 6,998,184 | 5,967,831 |
| Capital project funds | 4,657,117 ² | 840,405 | 674,738 | 575,261 | 358,218 | 58,834 | (1,411,815) ³ |
| Permanent funds | 256,289 | 236,528 | 216,054 | 186,154 | 219,571 | 240,849 | 217,573 |
| Total all other governmental funds | <u>\$ 8,630,885</u> | <u>\$ 7,258,760</u> | <u>\$ 6,474,196</u> | <u>\$ 7,372,208</u> | <u>\$ 5,604,264</u> | <u>\$ 8,037,147</u> | <u>\$ 6,011,960</u> |

(1) Fiscal year 2003 is the initial year of implementation of GASB Statement No. 34.

² The increase in capital project funds unreserved fund balance was due to unspent bond proceeds from an issuance during the period for capital projects.

³ The deficit in the capital project funds' unreserved fund balance was due to expenditures incurred for the elementary school construction project prior to the Town issuing bond anticipation notes.

Table 5

TOWN OF GORHAM, MAINE
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years (1)
(modified accrual basis of accounting)

| | Fiscal Year | | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
| Revenues | | | | | | | |
| Taxes | \$ 17,013,285 | \$ 18,623,095 | \$ 19,605,533 | \$ 19,416,436 | \$ 20,225,048 | \$ 21,590,218 | \$ 21,728,434 |
| Licenses and permits | 265,683 | 403,479 | 478,148 | 671,498 | 434,921 | 282,421 | 277,563 |
| Intergovernmental | 15,512,386 | 17,277,215 | 17,889,358 | 20,496,153 | 22,238,074 | 22,781,117 | 23,900,879 |
| Investment income | 321,070 | 91,689 | 219,617 | 578,474 | 667,452 | 404,760 | 145,202 |
| Charges for services | 1,039,249 | 948,434 | 1,710,070 | 1,878,026 | 2,311,948 | 2,300,477 | 2,556,325 |
| Unclassified | 1,887,704 | 2,191,176 | 2,268,251 | 2,553,714 | 1,993,011 | 2,255,787 | 2,251,650 |
| Total revenues | <u>36,039,377</u> | <u>39,535,088</u> | <u>42,170,977</u> | <u>45,594,301</u> | <u>47,870,454</u> | <u>49,614,780</u> | <u>50,860,053</u> |
| Expenditures | | | | | | | |
| General government | 2,299,593 | 2,532,185 | 3,546,209 | 3,676,038 | 3,571,950 | 3,800,490 | 3,846,027 |
| Public safety | 2,404,927 | 2,528,566 | 2,680,546 | 2,755,743 | 2,944,915 | 3,254,798 | 3,395,235 |
| Public works | 2,358,406 | 2,271,766 | 2,680,700 | 2,764,528 | 2,890,905 | 3,496,519 | 3,103,513 |
| Health and welfare | 44,010 | 57,263 | 52,199 | 45,423 | 55,774 | 57,765 | 87,628 |
| Recreation | 503,617 | 613,591 | 1,088,416 | 1,122,005 | 1,164,766 | 1,215,668 | 1,187,799 |
| Development | 227,103 | 218,559 | 180,108 | 196,437 | 222,750 | 241,787 | 221,348 |
| County tax ² | 595,692 | 645,663 | - | - | - | - | - |
| Unclassified | 996,485 | 1,132,948 | 1,120,904 | 1,182,951 | 1,227,331 | 1,374,541 | 1,297,684 |
| Education | 22,400,701 | 24,275,500 | 25,472,463 | 27,706,039 | 28,845,645 | 30,034,275 | 30,748,351 |
| Debt service | | | | | | | |
| Principal | 3,671,646 | 2,299,646 | 2,474,646 | 2,694,646 | 2,659,650 | 2,674,650 | 2,664,650 |
| Interest | 1,227,883 | 1,283,126 | 1,321,723 | 1,386,092 | 1,303,291 | 1,198,483 | 1,305,978 |
| Capital maintenance | 3,565,148 | 681,611 | 914,079 | 1,176,816 | 671,071 | 151,694 | 598,297 |
| Capital improvements | 13,046,960 | 5,177,893 | 912,630 | 4,606,632 | 3,862,117 | 3,731,353 | 4,527,450 |
| Total expenditures | <u>53,342,171</u> | <u>43,718,317</u> | <u>42,444,623</u> | <u>49,313,350</u> | <u>49,420,165</u> | <u>51,232,023</u> | <u>52,983,960</u> |
| Other financing sources (uses) | | | | | | | |
| Capital lease proceeds | 323,256 | 227,224 | 344,308 | 330,058 | 666,521 | 151,694 | 74,639 |
| Long-term debt issued | 21,225,000 | 3,150,000 | - | 5,000,000 | - | 4,000,000 | - |
| Transfers in | 10,841,842 | 12,667,625 | 13,279,543 | 13,401,011 | 12,889,444 | 14,727,079 | 14,349,706 |
| Transfers out | (10,841,842) | (12,667,625) | (13,279,543) | (13,401,011) | (12,889,444) | (14,727,079) | (14,349,706) |
| Total other financing sources (uses) | <u>21,548,256</u> | <u>3,377,224</u> | <u>344,308</u> | <u>5,330,058</u> | <u>666,521</u> | <u>4,151,694</u> | <u>74,639</u> |
| Net change in fund balances | \$ 4,245,462 | \$ (806,005) | \$ 70,662 | \$ 1,611,009 | \$ (883,190) | \$ 2,534,451 | \$ (2,049,268) |
| Debt service as a percentage of noncapital expenditures | 13.5% | 9.4% | 9.6% | 9.5% | 9.1% | 8.0% | 9.6% |

(1) Fiscal year 2003 is the initial year of implementation of GASB Statement No. 34.

² Fiscal year 2003 and 2004 are the only years that reported county tax expenses separately. Fiscal year 2005 figure was restated and county tax expenses reported in general government. Fiscal year 2006 going forward will have the county tax expenses in the general government function.

Table 6

TOWN OF GORHAM, MAINE
Assessed Value and State Equalized Value of Taxable Property
Last Ten Fiscal Years

| Fiscal Year Ended June 30 | Real Property | | Personal Property | Less Tax Exempt Real Property | Total Taxable Assessed Value ¹ | Total Direct Tax Rate | State Equalized Value ² | Assessed Value as a Percentage of Equalized Value |
|------------------------------------|-------------------------|------------------------|----------------------|-------------------------------------|--|--------------------------------|--|---|
| | Residential Property | Commercial Property | | | | | | |
| 2000 | \$ 535,353,000 | \$ 93,630,800 | \$ 31,960,200 | \$ 105,998,400 | \$ 554,945,600 | \$ 21 | \$ 609,150,000 | 91.1% |
| 2001 | 501,722,200 | 162,259,600 | 39,489,200 | 125,864,100 | 577,606,900 | 21.40 | 643,800,000 | 89.7% |
| 2002 | 689,785,700 | 242,742,500 | 40,933,200 | 193,603,600 | 779,857,800 | 17.40 | 716,650,000 | 108.8% |
| 2003 | 719,958,800 | 244,000,100 | 42,637,800 | 201,604,400 | 804,992,300 | 18.40 | 835,200,000 | 96.4% |
| 2004 | 758,447,900 | 240,177,400 | 43,985,800 | 203,250,100 | 839,361,000 | 19.40 | 937,300,000 | 89.6% |
| 2005 | 782,949,600 | 238,791,800 | 46,492,900 | 199,926,400 | 868,307,900 | 20.00 | 1,085,600,000 | 80.0% |
| 2006 | 808,313,900 | 237,869,000 | 44,511,600 | 220,950,100 | 869,744,400 | 19.50 | 1,234,200,000 | 70.5% |
| 2007 | 841,957,600 | 239,730,600 | 47,696,100 | 216,041,300 | 913,343,000 | 19.40 | 1,352,300,000 | 67.5% |
| 2008 | 1,098,762,800 | 324,401,000 | 49,657,400 | 274,295,100 | 1,198,526,100 | 16.00 | 1,487,700,000 | 80.6% |
| 2009 | 1,128,282,000 | 313,801,500 | 49,080,200 | 275,472,200 | 1,215,691,500 | 16.00 | 1,492,250,000 | 81.5% |

Sources:

¹ Gorham Assessing office. The substantial increase seen in fiscal year 2002 is due to a revaluation.

² State of Maine, Bureau of Taxation

Table 7

TOWN OF GORHAM, MAINE
Property Tax Rates - All Direct and Overlapping
Governments (Per \$1,000 of Assessed Value)
Last Ten Fiscal Years

| Fiscal Year | Direct | | Overlapping | Total Tax Rate |
|------------------------|-------------------------------|----------------------------|----------------------------|---------------------------|
| | Municipal Tax Rate | School Tax Rate | County Tax Rate | |
| 2000 | \$ 5.84 | \$ 13.94 | \$ 0.72 | \$ 20.50 |
| 2001 | 6.05 | 14.59 | 0.76 | 21.40 |
| 2002 | 4.58 | 12.20 | 0.62 | 17.40 ¹ |
| 2003 | 4.92 | 12.76 | 0.72 | 18.40 |
| 2004 | 5.09 | 13.56 | 0.75 | 19.40 |
| 2005 | 5.06 | 14.20 | 0.74 | 20.00 |
| 2006 | 5.76 | 12.98 | 0.76 | 19.50 |
| 2007 | 6.04 | 12.61 | 0.75 | 19.40 |
| 2008 | 4.95 | 10.46 | 0.59 | 16.00 ² |
| 2009 | 4.98 | 10.40 | 0.62 | 16.00 |

Source: Gorham Assessing office

- 1 The drop in the tax rate for fiscal year 2002 was the result of revaluation.
- 2 The drop in the tax rate for fiscal year 2008 was the result of property value trending.

Table 8

TOWN OF GORHAM, MAINE
Principal Property Taxpayers
Current Year and Nine Years Ago

| Taxpayer | 2009 | | | 2000 | | |
|------------------------------|--------------------------------------|------|---|--------------------------------------|------|---|
| | Current year assessed value | Rank | Percentage of total assessed value | Current year assessed value | Rank | Percentage of total assessed value |
| Central Maine Power Co. | \$ 19,112,900 | 1 | 1.52% | \$ 17,299,400 | 1 | 3.12% |
| Grondin, R J & Phillip | 16,009,500 | 2 | 1.27% | 4,242,500 | 7 | 0.76% |
| New Portland Road Realty LLC | 10,695,300 | 3 | 0.85% | | | |
| Gorham Savings Bank | 10,226,500 | 4 | 0.81% | 5,037,900 | 4 | 0.91% |
| Nappi Distributors | 9,949,300 | 5 | 0.79% | | | |
| Maritimes & NE Pipeline | 7,938,900 | 6 | 0.63% | | | |
| Scott Paper | 7,336,700 | 7 | 0.58% | 2,556,800 | 9 | 0.46% |
| Shaw Brothers Construction | 7,058,400 | 8 | 0.56% | 4,429,900 | 6 | 0.80% |
| Maine Mobile Homes LTD | 6,641,000 | 9 | 0.53% | | | |
| Hannaford Brothers | 6,100,800 | 10 | 0.49% | 2,335,700 | 10 | 0.42% |
| American Tool | | | | 8,632,800 | 2 | 1.56% |
| Gorham House | | | | 8,162,900 | 3 | 1.47% |
| Sebago, Inc. | | | | 4,733,800 | 5 | 0.85% |
| Foreside Management Co. LLC | | | | 4,088,600 | 8 | 0.74% |
| Totals | \$ 101,069,300 | | 8.03% | \$ 61,520,300 | | 11.09% |

Source: Gorham Assessing office

Table 9

TOWN OF GORHAM, MAINE
Property Tax Levies and Collections
Last Ten Fiscal Years

| Fiscal Year Ended June 30 | Total Tax Levy for Fiscal Year ¹ | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|---------------------------------|---|---|-----------------------|--|------------------------------|-----------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2000 | \$ 11,381,979 | \$ 10,917,744 | 95.9% | \$ 460,113 | \$ 11,377,857 | 100.0% |
| 2001 | 12,485,788 | 12,132,184 | 97.2% | 348,016 | 12,480,200 | 100.0% |
| 2002 | 13,626,308 | 13,138,832 | 96.4% | 479,118 | 13,617,950 | 99.9% |
| 2003 | 14,852,234 | 14,470,933 | 97.4% | 369,687 | 14,840,620 | 99.9% |
| 2004 | 16,311,136 | 15,827,928 | 97.0% | 463,621 | 16,291,549 | 99.9% |
| 2005 | 17,379,982 | 16,828,596 | 96.8% | 524,243 | 17,352,839 | 99.8% |
| 2006 | 16,980,208 | 16,487,705 | 97.1% | 462,578 | 16,950,283 | 99.8% |
| 2007 | 17,730,424 | 17,116,397 | 96.5% | 544,942 | 17,661,339 | 99.6% |
| 2008 | 19,215,434 | 18,541,490 | 96.5% | 524,556 | 19,066,046 | 99.2% |
| 2009 | 19,458,932 | 18,646,974 | 95.8% | - | 18,646,974 | 95.8% |

¹ Tax commitment plus supplemental taxes assessed during fiscal year

Table 10

TOWN OF GORHAM, MAINE
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

| Fiscal Year | Governmental Activities | | Total Primary Government | Percentage of Personal Income ¹ | Per Capita ¹ |
|----------------|-------------------------------|-------------------|--------------------------------|--|----------------------------|
| | General Obligation Debt | Capital Leases | | | |
| 2000 | \$ 14,511,676 | \$ 400,113 | \$ 14,911,789 | 4.98% | 1,055 |
| 2001 | 13,232,030 | 428,607 | 13,660,637 | 4.49% | 951 |
| 2002 | 14,498,884 | 419,344 | 14,918,228 | 4.81% | 1,019 |
| 2003 | 32,052,238 | 501,385 | 32,553,623 | 10.23% | 2,166 |
| 2004 | 32,902,542 | 534,671 | 33,437,213 | 10.43% | 2,208 |
| 2005 | 30,427,896 | 659,477 | 31,087,373 | 9.61% | 2,035 |
| 2006 | 32,733,250 | 708,418 | 33,441,668 | 10.24% | 2,169 |
| 2007 | 30,073,600 | 1,040,747 | 31,114,347 | 9.48% | 2,008 |
| 2008 | 31,398,950 | 833,367 | 32,232,317 | 9.83% | 2,080 |
| 2009 | 28,734,300 | 555,342 | 29,289,642 | 8.93% | 1,891 |

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

¹ See Table 14, Schedule of Demographic and Economic Statistics, for personal income and population data.

Table 11

TOWN OF GORHAM, MAINE
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

| Fiscal Year | General Obligation Debt | State Assessed Value of Property ¹ | Per Capita ² |
|------------------------|--|--|------------------------------------|
| 2000 | \$ 14,511,676 | 2.38% | 1,026 |
| 2001 | 13,232,030 | 2.06% | 922 |
| 2002 | 14,498,884 | 2.02% | 991 |
| 2003 | 32,052,238 | 3.84% | 2,132 |
| 2004 | 32,902,542 | 3.51% | 2,173 |
| 2005 | 30,427,896 | 2.80% | 1,992 |
| 2006 | 32,733,250 | 2.65% | 2,123 |
| 2007 | 30,073,600 | 2.22% | 1,941 |
| 2008 | 31,398,950 | 2.11% | 2,027 |
| 2009 | 28,734,300 | 1.93% | 1,855 |

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

¹ See Table 6, Schedule of Assessed Value and State Equalized Value of Taxable Property, for property value data.

² Population data can be found in the Schedule of Demographic and Economic Statistics, Table 14.

Table 12

TOWN OF GORHAM, MAINE
Direct and Overlapping Governmental Activities Debt
General Obligation Bonds
As of June 30, 2009

| Jurisdiction | Total debt outstanding | Percentage applicable to Gorham | Amount applicable to Gorham |
|--|-----------------------------------|--|--|
| Direct debt: | | | |
| Town of Gorham | \$ 28,734,300 | 100.00% | \$ 28,734,300 |
| Overlapping debt: | | | |
| Cumberland County | 5,655,000 | 3.56% | 201,312 |
| Portland Water District - sewer debt, Gorham only | 108,600 | 100.00% | 108,600 |
| Portland Water District - sewer shared with Windham | 6,370,000 | 70.52% | 4,492,154 |
| Portland Water District - sewer shared with Windham and Westbrook | 7,272,735 | 16.76% | 1,218,698 |
| Portland Water District - water debt | 31,202,072 | 5.50% | 1,716,832 |
| Subtotal Overlapping debt: | | | 7,737,596 |
| Total direct and overlapping debt: | | | \$ 36,471,896 |

Source: Jurisdictions' finance department.

Note: Cumberland County debt allocation is based on the State's property valuation assessments.

Portland Water District's water debt allocation is based on the State's property valuation assessments,
while joint sewer debt allocations are based upon number of sewer users.

Table 13

TOWN OF GORHAM, MAINE
Statutory Debt Margin Information
Last Ten Fiscal Years
In Accordance with 30 MRSA, Section 5061 as Amended

| Fiscal Year | Debt Limit | Total net debt applicable to limit | Legal Debt Margin | Total net debt applicable to limit as a percentage of debt limit |
|--------------------|-------------------|---|------------------------------|---|
| 2000 | \$ 91,372,500 | \$ 14,511,676 | \$ 76,860,824 | 15.88% |
| 2001 | 96,570,000 | 13,232,030 | 83,337,970 | 13.70% |
| 2002 | 107,497,500 | 12,031,884 | 95,465,616 | 11.19% |
| 2003 | 125,280,000 | 32,052,238 | 93,227,762 | 25.58% |
| 2004 | 140,595,000 | 32,902,542 | 107,692,458 | 23.40% |
| 2005 | 162,840,000 | 30,427,896 | 132,412,104 | 18.69% |
| 2006 | 185,130,000 | 32,733,250 | 152,396,750 | 17.68% |
| 2007 | 202,845,000 | 30,073,600 | 172,771,400 | 14.83% |
| 2008 | 223,155,000 | 31,398,950 | 191,756,050 | 14.07% |
| 2009 | 223,837,500 | 28,734,300 | 195,103,200 | 12.84% |

Legal Debt Margin Calculation for Fiscal Year 2009

| | Outstanding bonds and notes | Percent of state assessed value of \$1,492,250,000 | Allowable Amount | Margin |
|--|--|---|-----------------------------|-----------------------|
| For school purposes | \$ 17,368,760 | 10.00% | \$ 149,225,000 | \$ 131,856,240 |
| For storm or sanitary sewer purposes | - | 7.50% | 111,918,750 | 111,918,750 |
| For municipal, airport, water, and special district purposes | - | 3.00% | 44,767,500 | 44,767,500 |
| For all other purposes | 11,365,540 | 7.50% | 111,918,750 | 100,553,210 |
| Total | \$ 28,734,300 | 15.00% | \$ 223,837,500 | \$ 195,103,200 |

Table 14

TOWN OF GORHAM, MAINE
Demographic and Economic Statistics
Last Ten Fiscal Years

| Fiscal Year | Population ¹ | Personal Income | Per Capita | | School Enrollment ³ | Unemployment Rate ⁴ |
|----------------|-------------------------|--------------------|---------------------------------|----------------------------|-----------------------------------|-----------------------------------|
| | | | Personal Income ² | Median Age ² | | |
| 2000 | 14,141 | \$299,421,534 | 21,174 | 34.3 | 2,615 | 2.40% |
| 2001 | 14,357 | 303,995,118 | 21,174 | 34.3 | 2,611 | 2.70% |
| 2002 | 14,637 | 309,923,838 | 21,174 | 34.3 | 2,639 | 2.90% |
| 2003 | 15,032 | 318,287,568 | 21,174 | 34.3 | 2,702 | 3.20% |
| 2004 | 15,144 | 320,659,056 | 21,174 | 34.3 | 2,751 | 3.20% |
| 2005 | 15,276 | 323,454,024 | 21,174 | 34.3 | 2,753 | 3.30% |
| 2006 | 15,417 | 326,439,558 | 21,174 | 34.3 | 2,718 | 3.10% |
| 2007 | 15,493 | 328,048,782 | 21,174 | 34.3 | 2,740 | 3.30% |
| 2008 | 15,493 | 328,048,782 | 21,174 | 34.3 | 2,713 | 4.07% |
| 2009 | 15,493 | 328,048,782 | 21,174 | 34.3 | 2,693 | 5.90% |

Data Source

¹ U.S. Dept. of Commerce, Bureau of Census

The 2000 is based on the 2000 actual Census data, and the 2001-2007 are based on July Census estimates.

The 2008 and 2009 figures are the July 1, 2007 estimate from the Bureau of Census.

² U.S. Dept. of Commerce, Bureau of Census (1990 and 2000)

³ Figures are based upon the October 1 enrollment data for each fiscal year. Information provided by Gorham School Department.

⁴ U.S. Department of Labor. The 2000 - 2006 figures are annual rates. The 2007 figure was based on June 2007 data from U.S. Dept. of Commerce, Bureau of Census. The 2008 figure is based on the December 2008 rate. The 2009 figure was based on July 2009 data from the Maine Department of Labor.

Table 15

TOWN OF GORHAM, MAINE
Principal Employers
Current Year and Nine Years Ago

| Employer | 2009 ² | | | 2000 ¹ | | |
|---|-------------------|------|--|-------------------|------|--|
| | Employees | Rank | Percentage of Gorham's Labor Force | Employees | Rank | Percentage of Gorham's Labor Force |
| Town of Gorham: School/Municipal | 557 | 1 | 6.4% | 500 | 1 | 6.5% |
| University of Southern Maine* | 481 | 2 | 5.5% | 381 | 2 | 4.9% |
| Gorham House ** | 216 | 3 | 2.5% | 200 | 4 | 2.6% |
| Nappi Distributors | 203 | 4 | 2.3% | | | |
| Irwin Industrial Tool (formerly American Tool) | 157 | 5 | 1.8% | 220 | 3 | 2.8% |
| R. J. Grondin ** | 144 | 6 | 1.7% | 146 | 5 | 1.9% |
| Shaw Brothers Construction, Inc. | 135 | 7 | 1.5% | | | |
| Hannaford Brothers | 126 | 8 | 1.4% | | | |
| Jotul North America | 79 | 9 | 0.9% | | | |
| Gorham Savings Bank | 70 | 10 | 0.8% | | | |
| | 2,168 | | 24.8% | 1,447 | | 18.7% |

Source: Maine Department of Labor and U.S. Department of Labor and confirmed by company personnel.

¹ Only top five employers information available for fiscal year 2000.

² Labor force figure was for December 2008 time period and provided by the Maine Department of Labor. Each company confirmed employment figures for June 2009.

* Gorham campus only.

** Same employee count as 2008. Unable to get employment confirmation as of June 2009 from company.

Table 16

TOWN OF GORHAM, MAINE
Full-time Equivalent Town Government Employees by Function
Last Ten Fiscal Years

| Function | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| General Government | 14.0 | 14.0 | 14.0 | 15.0 | 15.0 | 15.0 | 16.5 | 17.5 | 16.5 | 15.5 |
| Public Safety: | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Officers | 18.0 | 20.0 | 20.0 | 20.0 | 20.0 | 21.0 | 21.0 | 21.0 | 22.0 | 23.0 |
| Civilians ¹ | 6.0 | 8.0 | 8.0 | 8.0 | 8.0 | 9.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Fire: | | | | | | | | | | |
| Firefighters and EMT's | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 9.0 | 13.0 | 13.0 |
| Civilians | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Public Works | 15.0 | 15.0 | 18.0 | 18.0 | 18.0 | 18.0 | 19.0 | 21.0 | 21.0 | 19.0 |
| Recreation | 11.0 | 11.0 | 12.0 | 12.0 | 15.0 | 15.0 | 15.0 | 17.0 | 17.0 | 16.0 |
| Development | 5.0 | 5.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.5 | 4.5 | 4.5 |
| Total | 79.0 | 83.0 | 86.0 | 87.0 | 90.0 | 92.0 | 87.5 | 95.0 | 99.0 | 96.0 |

¹ Dispatchers eliminated in fiscal year 2006. Contracted with Cumberland County for dispatching services.

Table 17

TOWN OF GORHAM, MAINE
Operating Indicators by Function ²
Last Ten Fiscal Years

| | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Function | | | | | | | | | | |
| General Government: | | | | | | | | | | |
| Building permits: ³ | | | | | | | | | | |
| Single family | 93 | 94 | 137 | 193 | 84 | 90 | 91 | 66 | 64 | 30 |
| Condos | 13 | 8 | 0 | 0 | 7 | 13 | 41 | 9 | 4 | 5 |
| Commercial | 17 | 31 | 21 | 25 | 31 | 23 | 16 | 23 | 22 | 18 |
| Total number permits issued | 1,140 | 1,145 | n/a | n/a | 1,118 | 1,276 | 1,374 | n/a | 1,025 | n/a |
| Public Safety: | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Number of calls for service | 8,335 | 8,553 | 12,600 | 16,502 | 17,359 | 18,832 | 17,076 | 17,434 | 16,303 | 18,245 |
| Number of physical arrests | 318 | 462 | 521 | 462 | 349 | 286 | 353 | 406 | 423 | 782 |
| Number of summons and warnings | 4,248 | 4,650 | 3,711 | 3,086 | 3,654 | 2,525 | 3,168 | 3,427 | 2,960 | 3,674 |
| Parking tickets issued | n/a | n/a | n/a | 369 | 662 | 503 | 372 | 305 | 245 | 269 |
| Number of accidents investigated | 513 | 588 | n/a | 649 | 658 | 586 | 668 | 528 | 544 | 555 |
| Fire: | | | | | | | | | | |
| Number of fire and rescue calls | 2,537 | 3,000 | 2,106 | 2,170 | 2,004 | 2,112 | 2,223 | 2,407 | 2,352 | 2,102 |
| Public Works: | | | | | | | | | | |
| Number of roads maintained | 232 | 233 | 234 | 247 | 256 | 261 | 263 | 269 | 274 | 276 |
| Lane miles of roads maintained | 246.0 | 246.0 | 252.8 | 268.4 | 273.8 | 275.0 | 276.0 | 278.5 | 280.3 | 282.2 |
| Acres of public area maintained | 108.1 | 108.1 | 108.1 | 108.1 | 108.1 | 113.1 | 113.1 | 113.1 | 113.1 | 113.1 |
| Acres of cemeteries maintained | 17.8 | 17.8 | 17.8 | 17.8 | 17.8 | 19.6 | 21.1 | 21.1 | 29.9 | 30.1 |
| Tons of residential solid waste ⁴ | n/a | n/a | 3,724 | 3,914 | 1,860 | 2,212 | 2,307 | 2,290 | 2,235 | 2,304 |
| Recreation: | | | | | | | | | | |
| Library: | | | | | | | | | | |
| Number of items circulated | 97,031 | 95,585 | 95,166 | 106,238 | 91,669 | 89,091 | 95,179 | 103,080 | 101,158 | 109,409 |

Sources: Various town departments.

² Information reported for each fiscal year is for prior year's activity. Therefore, the fiscal year 2005 information is for activity in 2004.

³ Figures shown are based on calendar year.

⁴ Curbside recycling program started in 2003.

n/a = data not available

Table 18

TOWN OF GORHAM, MAINE
Capital Asset Statistics by Function
Last Ten Fiscal Years

| | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Function | | | | | | | | | | |
| Public Safety: | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Fire stations | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Public Works: | | | | | | | | | | |
| Streets (miles) ¹ | 157.7 | 157.7 | 252.8 | 268.4 | 273.8 | 275.0 | 276.0 | 278.5 | 280.3 | 282.2 |
| Street lights | 338 | 338 | 342 | 342 | 357 | 357 | 366 | 375 | 381 | 385 |
| Traffic signals | 9 | 9 | 10 | 10 | 11 | 11 | 11 | 11 | 11 | 11 |
| Cemeteries | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 10 | 12 |
| Recreation: | | | | | | | | | | |
| Libraries | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Parks acreage | 203.8 | 203.8 | 203.8 | 203.8 | 203.8 | 203.8 | 211.3 | 211.3 | 211.3 | 211.3 |
| Parks | 4 | 4 | 4 | 4 | 4 | 4 | 5 | 5 | 5 | 5 |
| Tennis courts | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Outdoor basketball courts | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |

Sources: Various town departments.

Note: No capital asset indicators are available for the general government function.

¹ In fiscal year 2002, the Public Works Department changed how it was calculating the total miles of roads in Gorham. They began computing lane miles instead of straight miles.