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2011

## **Gorham Maine Annual Financial Audit Report 2011**

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# **TOWN OF GORHAM, MAINE**

## **Comprehensive Annual Financial Report**



***275<sup>th</sup> Anniversary of Gorham, Maine***

**For Fiscal Year Ended  
June 30, 2011**

**TOWN OF GORHAM, MAINE**

**Comprehensive Annual Financial Report**

**For Fiscal Year Ended June 30, 2011**

Prepared by:

Maureen R. Finger, Finance Director

**TOWN OF GORHAM, MAINE**  
**Comprehensive Annual Financial Report**  
**June 30, 2011**

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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



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November 9, 2011

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, 2011, 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 Office 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, 2011. 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, 2011, 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 expended more than \$500,000 in federal funds. Information related to this single audit, including a report on internal controls, report on compliance with requirements applicable to each major program, schedule of expenditures of federal awards, notes to schedule of expenditures of federal awards, and schedule of findings and questioned costs, 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 16,381 residents according to the 2010 U.S. Census. 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 budget category 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. Upon adoption of the Town budget by the Council, a referendum must be held to allow the voters to validate or reject the total school budget as adopted. The Town must hold on or before the 10th calendar day following Council adoption of the budget a budget validation referendum.

If the voters do not validate the school budget approved by the Council, the Council shall hold another budget meeting at least 10 days after the rejected referendum vote was taken to adopt another school budget. The newly adopted school budget must then go out to a referendum vote to validate the school budget within 10 days of the Council adopting the new school budget. This process is repeated until the voters approve a school budget.

If a school budget is not approved and validated before the first day of the fiscal year, the latest school budget approved by the Council and submitted to the voters for validation at a referendum is automatically considered the school budget for operational expenses for the ensuing year until a final budget is approved.

If the Council fails to adopt a budget on or before the first day of each fiscal year, the municipal budget as submitted by the Town Manager shall become the adopted budget of the Town for the fiscal year.

The municipal 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. The school budget is prepared by budget categories. The School Board may transfer an amount not exceeding 5% of the total appropriation for any budget category to another budget category or among other budget categories without voter approval.

### **Local Economy**

The Town's total taxable valuation for tax year 2010-2011 is \$1,252,638,800 (excludes the valuation attributable to the State Homestead Exemption and BETE personal property reimbursement), resulting in an increase of about 3.0% from the 2009-2010 total taxable valuation. Approximately 25% 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 96.6% for last fiscal year and 97.2% for this fiscal 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 3.3% of the state assessed value.

During fiscal year 2011, the Code office issued permits for 67 single-family/condo dwellings, and 14 commercial/institutional structures. The department issued a total of 941 permits during fiscal year 2011.



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. A contract to construct the new school was awarded to Davis & Hanscom in September 2009 and a ground breaking ceremony occurred on October 16, 2009. Permanent financing was completed with the issuance of a \$20,384,680 bond in April 2010. Construction on the new elementary school has continued through fiscal year 2011 with plan to open the new Great Falls school in September 2011.

On July 21, 2010, the Town of Gorham had a tornado rip through the community. The next day the National Weather Service confirmed that a tornado had traveled through Gorham with the area around the Gorham Savings Bank headquarters sustaining the heaviest damage. As a result of the damage caused by the tornado, the Town hired an outside tree company to clean up the damage on the Town's property located on either side of Route 202 near the Gorham Savings Bank headquarters. The sale of the wood from this cleanup covered the cost incurred by the Town for town-wide cleanup efforts.

The Town issued general obligation bonds in the amount of \$3,450,000 on August 1, 2010. The bonds were issued to finance improvements to roads (\$3,000,000) and for the purchase of a heavy rescue truck (\$450,000). The voters of Gorham approved the issuance of these bonds at the June 8, 2010 special referendum election. And at the August 3, 2010 Town Council meeting, the Town Council voted to accept bids from Shaw Brothers Construction for \$1,127,533 to reconstruct North Gorham Road and Gorham Sand & Gravel for \$485,000 to reconstruct Finn Parker Road. The reconstruction of these two roads is being funded with general obligation bonds issued on August 1, 2010.

On September 28, 2010, Central Maine Power inaugurated the start of the company's \$1.5 billion infrastructure improvement plant, known as the Maine Power Reliability Program (MPRP) at site of the newly erected South Gorham substation. The new transmission facilities will connect Canadian power suppliers through Maine to the rest of the northeast. And in January 2011, Central Maine Power unveiled plans as part of the MPRP for new electrical transmission lines running from the substation in South Gorham into the Town of Scarborough. From there it will connect with the New England power grid in Eliot, Maine. The South Gorham substation, already a large facility, will be expanded further and upgraded with the installation of various types of 345-kilowatt electrical components.

Shaw Brothers Construction, a large construction company located on Main Street in Gorham is constructing a new headquarters on property located on Mosher Road (Route 237). The site is on the grounds of Shaw's quarry and future asphalt plant. The buildings will encompass more than 48,000 square feet. According to Dick Butterfield, the project's construction manager, "the new headquarters represents the company's ability to look 30 years into the future and reflects its faith in the growth of the local economy."

It has been 275 years since Gorham's first settler Capt. John Phinney, stepped out of his canoe and onto the banks of the Little River in Gorham. To mark this milestone the Town celebrated the 275<sup>th</sup> anniversary of its founding with a four-day event held over Memorial Day weekend called the Gorham Founders Festival. The festival took place on the Chick Property near the Narragansett School.

## Fiscal Year 2011 Budget

The Town of Gorham's gross budget for 2011 showed an increase of 1.28% from the 2010 budget. Although the gross budget was up by \$538,819, the mill rate remained the same as the 2010 rate of \$15.90.

The following is a comparison of the FY2010 mill rate to the FY2011 mill rate.

	FY 09 – 10	FY 10 – 11	\$ Incr/(Decr)	% Chg
Town's Tax Rate	\$ 5.17	\$ 5.25	\$0.08	1.55
School's Tax Rate	\$10.09	\$10.05	(\$0.04)	-0.40
County's Tax Rate	\$ 0.64	\$ 0.60	(\$0.04)	-6.25

This is the sixth 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, proposed 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.

However, the State has been unable to achieve the 55% education funding by 2009. According to the Gorham School Department, the education subsidy anticipated for fiscal year 2011 is 97% of the EPS (essential program and services) funding level. However, it should be noted that according to the School Department, the Town of Gorham receives the highest percentage of state funding in fiscal year 2010 of any Cumberland County school department at 63.05%.

The Town's gross expenditure budget saw a decrease of -1.06%. This minor decrease of (\$123,331) was the result of eliminating all capital projects funding (\$74,900) and eliminating the Asst. Planner position that was vacant (\$47,355).

The Town's non-property tax revenues also saw a decrease of -2.10% or (\$119,771), primarily due to the reduction in state revenue sharing of (\$212,125). This reduction is the result of the State deciding to "raid" \$35.3 million of the revenue sharing money promised to local municipalities to help the State pay for their own programs.

As a result of the decrease in the gross budget and the non-property tax revenues for the municipal side of the budget, the amount required from property taxes was only up slightly, \$9,873 or 0.17%.

The School gross expenditure budget of \$30,363,027 was up \$685,311 or 2.31%. The major increase in this budget is to cover the initial interest payments for the new elementary school's debt service. However, the State subsidizes 87.8% of this debt service payment for

the new elementary school, which amounts to \$615,336. Even with this additional State Aid, the education subsidy from the State was down by (\$538,078) for fiscal year 2011. This has resulted in a reduction in the non-property tax revenues for the School Department of (\$415,057) or -2.42%. Because there was a significant loss of non-property tax revenues, the School Board decided to apply \$795,000 of its designated fund balance towards the fiscal year 2011 budget. The net result was an increase of 2.43% or \$305,368 required from property taxes to fund education for fiscal year 2011.

### **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 2011, there was \$1,300,530 in funds available for allocation to capital equipment and capital project needs. The Town Council approved at their June 1, 2010 meeting as part of the adopted budget the use of the excess unassigned fund balance of \$1,128,800 for the following purposes:

- \$19,000 to purchase 25 self contained air bottles for fire fighters;
- \$150,000 to purchase a six-wheel plow truck and sander;
- \$525,000 to fund road projects;
- \$16,000 to fund a shared facilities study with the School Department;
- \$85,500 to supplement funds previously approved by the Town Council and anticipated CDBG grant funds to complete the replacement of the sidewalks in the Town's square;
- \$13,000 to replace 19 bullet resistant vests;
- \$10,000 to replace a rubber roof membrane over the stairwell at the Baxter Library and repair interior ceiling and walls damaged by the roof leak;
- \$55,000 to purchase a large mower with an 11 foot cutting width to assist with the increase acreage acquired with the new athletic fields at the Middle School and the acres of additional fields expected with the new elementary school;
- \$16,000 to replace the chimney at the Robie Gym;
- \$15,000 to replace 10 sets of protective clothing (bunker gear). The Fire Department has 30 sets of bunker gear and with this funding it is intended to start a 3-year replacement program;
- \$135,000 to replace the existing roof at the Public Safety Building with a new 24 gauge metal roof;
- \$14,300 to replace the second floor showers at the Public Safety Building;
- \$75,000 to provide a reasonable reserve to cover any site permits required by the DEP for improvements at the Public Works and School bus parking lot area.

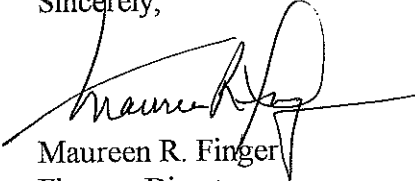
## Other Information

*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, 2010. This was the eighth 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 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,

A handwritten signature in black ink, appearing to read 'Maureen R. Finger', with a stylized flourish extending from the end of the signature.

Maureen R. Finger  
Finance Director

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# 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, 2010

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.



A stylized, handwritten signature in black ink.

President

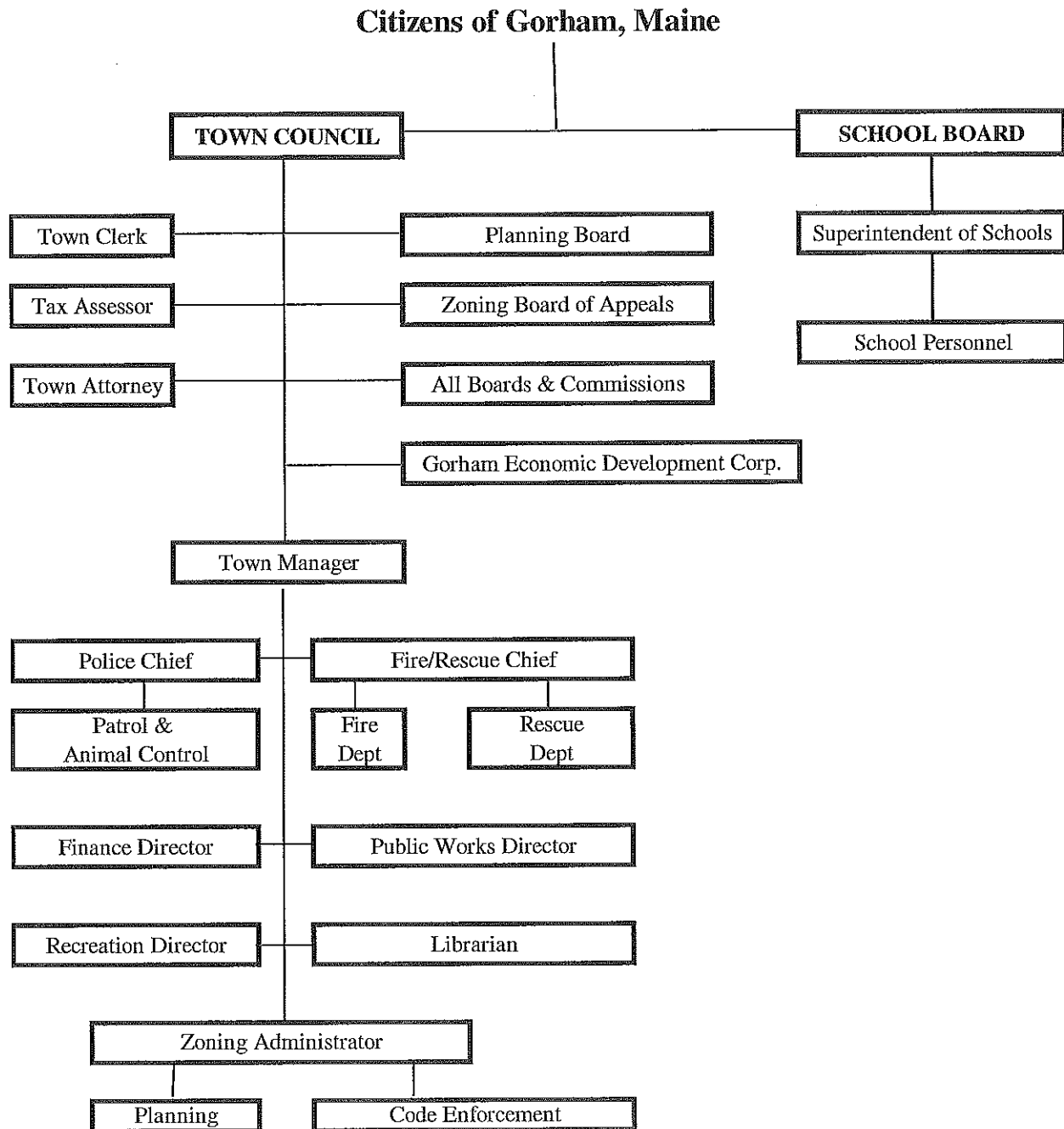
A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

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# Town of Gorham, Maine

## Organizational Chart





**TOWN OF GORHAM, MAINE**  
**List of Principal Officials**  
**June 30, 2011**

---

Matthew J. Robinson, Chairman, Town Council

D. Brenda Caldwell, Vice Chairman	Philip T. Gagnon, Jr.
Matthew Mattingly	Noah F. Miner
Michael J. Phinney	John A. Pressey

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David O. Cole, Town Manager

Cornelia C. Loughran, Acting Town Clerk	Michael D'Arcangelo, Tax Assessor
Thomas E. Ellsworth, Econ. Dev. Dir.	Maureen R. Finger, Finance Director
Robert S. Lefebvre, Fire Chief	Pamela E. Turner, Library Director
Ronald W. Shepard, Police Chief	Robert J. Burns, Jr., Public Works Dir.
Cynthia A. Hazelton, Recreation Director	Sandra Mowery, Zoning Administrator

---

Dennis Libby, Chairman, School Board

Roger L. Marchand, Vice Chairman	Kyle P. Currier
Katherine A. Garrard	James J. Hager, Jr.
Polly C. Shields	Darryl B. Wright

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Theodore G. Sharp, School Superintendent

Hollis S. Cobb, School Finance Officer

## **FINANCIAL SECTION**

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## 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, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Gorham, Maine's management. Our responsibility is to express opinions on these financial statements based on our audit.

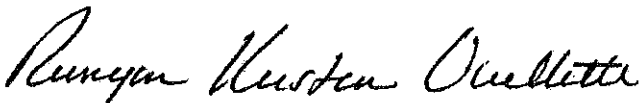
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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, 2011, and the budgetary comparison for the General 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 November 9, 2011, 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Gorham, Maine's financial statements as a whole. The combining and individual nonmajor fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



November 9, 2011  
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, 2011. 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 \$49,637,939, an increase of \$1,620,632 or 3.4% when compared to the beginning net asset figure of \$48,017,307.
- The ending fund balance for Governmental Funds is \$17,933,159. Although expenditures exceeded revenues by \$14,290,635, with the bond proceeds of \$3,450,000 and capital lease proceeds of \$312,792, the net change was a decrease of \$10,527,843.
- The General Fund's ending fund balance is \$10,963,354; a decrease of \$222,634 from the prior year's ending fund balance of \$11,185,988. Of the \$10,963,354, only \$6,508,046 is unassigned. A detail listing of the nonspendable, restricted, committed and assigned fund balances can be found in the notes to basic financial statements, NOTE 17, COMPONENTS OF FUND BALANCES.
- The Town of Gorham has a fund balance policy. The Town must maintain a combined General Fund and Special Revenue Fund (School Operations Fund) unassigned fund balance of at least 8.5% of the succeeding year's School, Town, and Cumberland County appropriations. The combined General Fund and Special Revenue Fund – School Operations Fund unassigned fund balances as of June 30, 2011 was \$5,413,276 or 12.3% of the total FY12 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 \$1,676,818 to allocate to the Capital Part II budget during the FY13 budget process.
- The Town of Gorham's general obligation debt increased by \$1,045,350 or 2.2% as a result of issuing a \$3.45 million bond for road projects and the purchase of a heavy rescue unit in August 2010.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Gorham's basic financial statements. The Town of Gorham's basic financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.



## 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.

The *statement of net assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as an indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

These statements are generally 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

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Gorham, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Town of Gorham maintains twenty-four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, School Operations Fund, and Elementary School Project Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

In accordance with the Charter for the Town of Gorham, an annual appropriated budget is adopted for the Town's General Fund and the School Operations Fund, a Special Revenue Fund. A budgetary comparison statement has been provided for both these funds to demonstrate compliance with their budgets.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Town of Gorham's own programs.

The Town of Gorham is the trustee, or fiduciary, for the various school activity accounts, various public safety activity accounts, various recreation activity funds, 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 48 and 49. 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. Please note: fiscal year 2010 information has been restated to reflect the changes related to GASB 54.

		<b><u>Governmental Activities</u></b>			
		<b>2011</b>	<b>2010</b>	<b>\$ Chg</b>	<b>% Chg</b>
Current & other assets	\$	24,868,131	\$ 34,868,810	\$ (10,000,679)	-28.7%
Capital assets, net		<u>80,628,399</u>	<u>67,093,666</u>	<u>13,534,733</u>	20.2%
Total assets	\$	105,496,530	\$ 101,962,476	\$ 3,534,054	3.5%
Long-term debt outstanding		49,149,189	48,041,834	1,107,355	2.3%
Other liabilities		<u>6,709,402</u>	<u>5,903,335</u>	<u>806,067</u>	13.7%
Total liabilities	\$	55,858,591	\$ 53,945,169	\$ 1,913,422	3.5%
Net assets:					
Invested in:					
Capital assets, net of related debt		36,550,035	33,076,636	3,473,399	10.5%
Restricted		1,868,709	2,148,284	(279,575)	-13.0%
Unrestricted		<u>11,219,195</u>	<u>12,792,387</u>	<u>(1,573,192)</u>	-12.3%
Total net assets	\$	<u>49,637,939</u>	\$ <u>48,017,307</u>	\$ <u>1,620,632</u>	3.4%



The decrease of \$10,000,679 in the current and other assets category is primarily due to the spending down of the bond proceeds for the elementary school project. The bonds were issued in April 2010.

The Capital Asset disclosure in the notes to the financial statements, see Note 6, shows how the change in capital assets, net change of \$13,534,733 resulted. However, the increase is primarily due to the construction in progress on the elementary school.

The Long-term Debt disclosure in the notes to the financial statements, see Note 10, shows how the change in long-term debt outstanding of \$1,107,355 resulted.

The change in the other liabilities of \$806,067 is primarily due to an increase of \$767,310 in accounts payable and other current liabilities due to the following: approximately \$489,420 in grant reimbursements to the State of Maine as a result of overpayments on various grants, and an increase of \$381,000 in the cash performance bond escrow account held as of June 30, 2011 from various developers.

The increase in capital assets, net of related debt is the result of the change in the following:

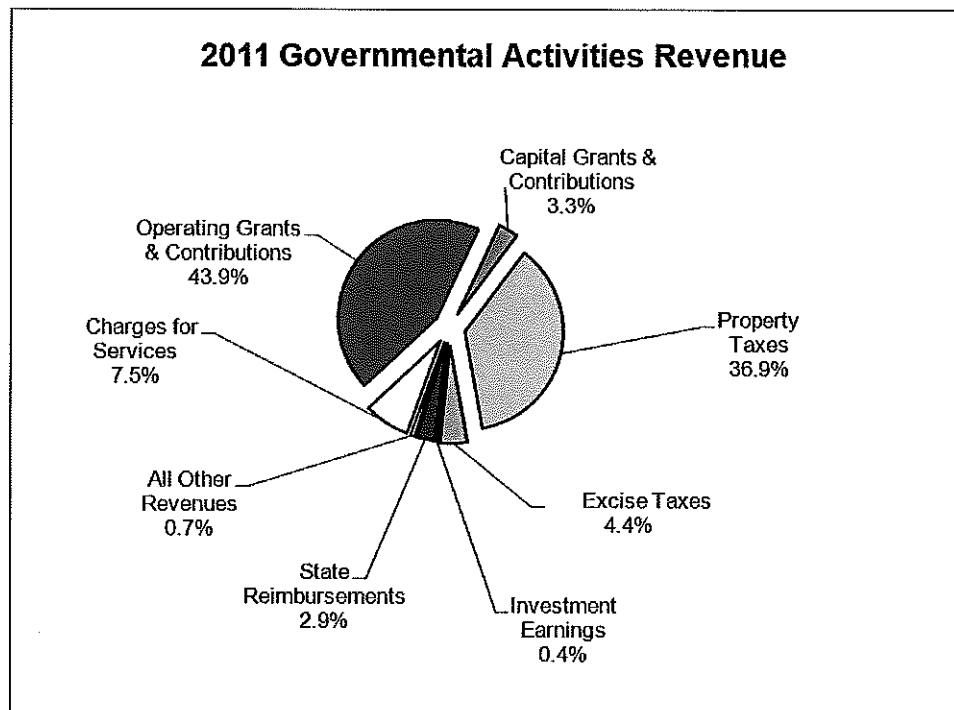
	<b>2011</b>	<b>2010</b>	<b>\$ Chg</b>	<b>% Chg</b>
Capital assets	\$ 126,802,140	\$ 110,013,946	\$ 16,788,194	15.3%
Accumulated depreciation	(46,173,741)	(42,920,280)	(3,253,461)	7.6%
Bonds payable	(47,554,680)	(46,509,330)	(1,045,350)	2.2%
Capital leases	(427,866)	(429,878)	2,012	-0.5%
Add back unspent bond proceeds	<u>3,904,182</u>	<u>12,922,178</u>	<u>(9,017,996)</u>	-69.8%
<b>Total invested in capital assets net of related debt</b>	<b>\$ 36,550,035</b>	<b>\$ 33,076,636</b>	<b>\$ 3,473,399</b>	<b>10.5%</b>

## Changes in Net Assets

The following is a condensed version of the Statement of Activities. Please note: fiscal year 2010 information has been restated to reflect the changes related to GASB 54.

	<u>Governmental Activities</u>			
	2011	2010	\$ Chg	% Chg
Revenues				
Program revenues				
Charges for services	\$ 4,028,678	\$ 3,890,726	\$ 137,952	3.5%
Operating grants & contributions	23,132,157	23,263,805	(131,648)	-.6%
Capital grants & contributions	1,796,568	1,306,107	490,461	37.6%
General revenues				
Property taxes	19,873,946	19,309,185	564,761	2.9%
Payment in lieu of taxes	55,469	56,684	(1,215)	-2.1%
Motor vehicle & boat excise taxes	2,385,626	2,374,614	11,012	0.5%
Grants and contributions not restricted to specific programs				
Homestead exemption	259,083	303,353	(44,270)	-14.6%
BETE reimbursement	163,110	131,103	32,007	24.4%
Other state aid	26,611	28,486	(1,875)	-6.6%
State revenue sharing	1,116,472	1,131,755	(15,283)	-1.4%
Investment earnings	188,676	216,622	(27,946)	-12.9%
Miscellaneous revenues	259,356	148,644	110,712	74.5%
Special item - sale of property	67,792	-	67,792	n/a
Total revenues:	\$ 53,353,544	\$ 52,161,084	\$ 1,192,460	2.3%
Expenses				
General government	4,787,454	4,791,437	(3,983)	-.1%
Public safety	3,838,634	3,581,802	256,832	7.2%
Public works	5,376,501	4,540,156	836,345	18.4%
Health & welfare	136,853	74,469	62,384	83.8%
Recreation	1,110,653	1,407,246	(296,593)	-21.1%
Development	294,540	271,516	23,024	8.5%
Education	34,310,102	34,667,562	(357,460)	-1.0%
Interest on debt	1,878,175	1,387,958	490,217	35.3%
Total expenses:	\$ 51,732,912	\$ 50,722,146	\$ 1,010,766	2.0%
Change in net assets:	\$ 1,620,632	\$ 1,438,938	\$ 181,694	12.6%

The following pie chart shows the sources of revenue for fiscal year 2011.



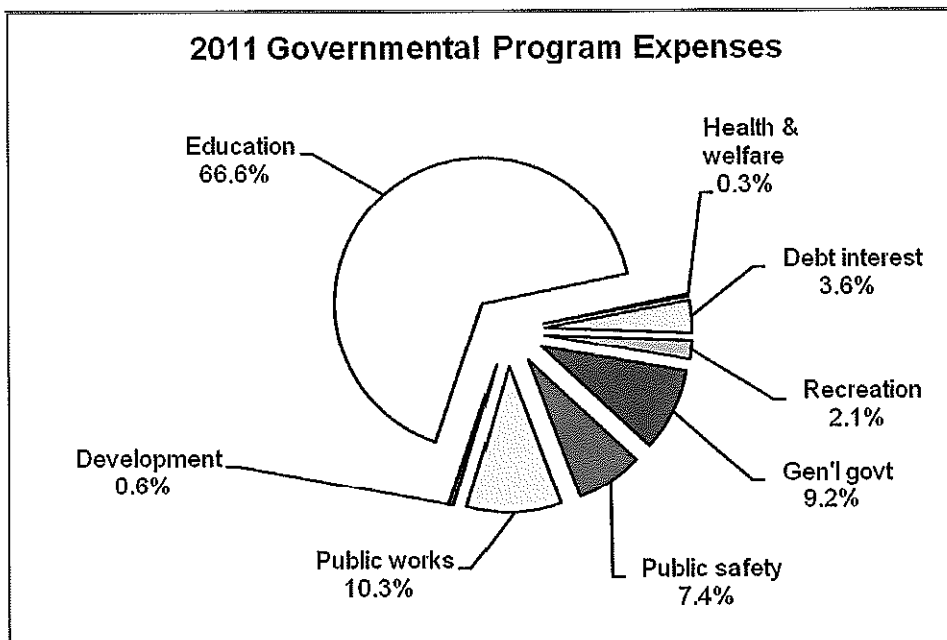
Overall revenues were up \$1,192,460 or 2.3% when compared to fiscal year 2010. There were a number of reasons for the increase in the revenues and they are highlighted below.

Approximately 36.9% of the Town's revenues come from property taxes, while 43.9% comes from operating grants and contributions. Approximately 71.3% of the operating grants and contributions revenue source comes from state aid to education and state construction aid. The operating grants and contributions program revenue was down .6% or \$131,648 primarily because the School Department received approximately \$105,000 less in state aid.

The capital grants and contributions were up \$490,461 or 37.6% due to the Town accepting three roads from developers during fiscal year 2011 at an estimated cost of \$1,596,144, \$544,914 more than the \$1,041,230 of accepted roads received in fiscal year 2010. The Town also received a Community Development Block Grant of \$150,000 to assist in funding the reconstruction of the sidewalks in the Village Square.

The increase seen in the property tax revenue source of \$564,761 was primarily due to the tax overlay remaining after tax abatements for fiscal year 2011.

The following pie chart shows functional expenses for fiscal year 2011.



Education makes up 66.6% of the expenses for fiscal year 2011 and had a minimal decrease of -1.0% or (\$357,460).

The public works expenses are 18.4% or \$836,345 higher than fiscal year 2010. The primary reason for the increase is that the majority of the bonded road projects were constructed during fiscal year 2011.

The interest on debt was up \$490,217 or 35.3% due to the first two interest payments on the elementary school project bond occurred during fiscal year 2011 at an estimated cost of \$700,600.

The public safety function saw an increase of \$256,832 or 7.4% in expenses when compared to fiscal year 2010. The main increase is due to the replacement of the public safety building's roof with a steel roof as well as the addition of dormers to the front section of the building.

### **Governmental Activities**

The cost of all governmental activities was \$51,732,912. 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 public agencies, insurance, employee benefits, unclassified and county tax expenditures. The fiscal year 2011 expenses were a 2% increase over fiscal year 2010 expenses or \$1,010,766.

However, as shown on the Statement of Activities, the amount that the taxpayers of Gorham ended up financing through property taxes was \$19,873,946 or 38.1%, because some of the cost was paid by those who directly benefit from the programs -- \$4,028,678, or by other governments and organizations that subsidized certain programs with operating grants and

contributions -- \$23,132,157, and capital grants and contributions -- \$1,796,568. The Town also received \$4,522,195 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 2011.

As a result of the Governmental activities' revenues of \$53,353,544 exceeding the expenses of \$51,732,912, the Town of Gorham realized an increase to its net assets of \$1,620,632. Approximately \$1,596,144 of the increase can be attributed to assets donated to the Town during fiscal year 2011. These donated assets include three roads accepted by the Town Council from developers.

### **The Town's Funds**

The following is an analysis of the balances in the Town's major individual funds. Please note: fiscal year 2010 information has been restated to reflect the changes related to GASB 54.

### **General Major Governmental Functions**

The following table summarizes the fiscal year 2011 revenues by source for the General Fund with the 2010 information for comparison. Information is from Statement 4.

	<u>2011</u>	<u>2010</u>	<u>\$ Chg</u>	<u>% Chg</u>
Revenues by source				
Taxes	\$ 22,147,286	\$ 21,299,325	\$ 847,961	4.0%
Licenses and permits	548,938	504,883	44,055	8.7%
Intergovernmental	2,101,788	1,933,623	168,165	8.7%
Charges for services	1,378,146	1,189,859	188,287	15.8%
Other revenues	931,311	1,097,225	(165,914)	-15.1%
<b>Total revenues</b>	<b>\$ 27,107,469</b>	<b>\$ 26,024,915</b>	<b>\$ 1,082,554</b>	<b>4.2%</b>

General Fund revenues have increased by 4.2% or \$1,082,554 from the fiscal year 2010 amount. Below are some of the reasons for the changes in the revenue sources.

**Taxes:** The change in deferred property taxes was a positive \$253,300, while the property taxes were up by \$550,000 due to the overlay in fiscal year 2011.

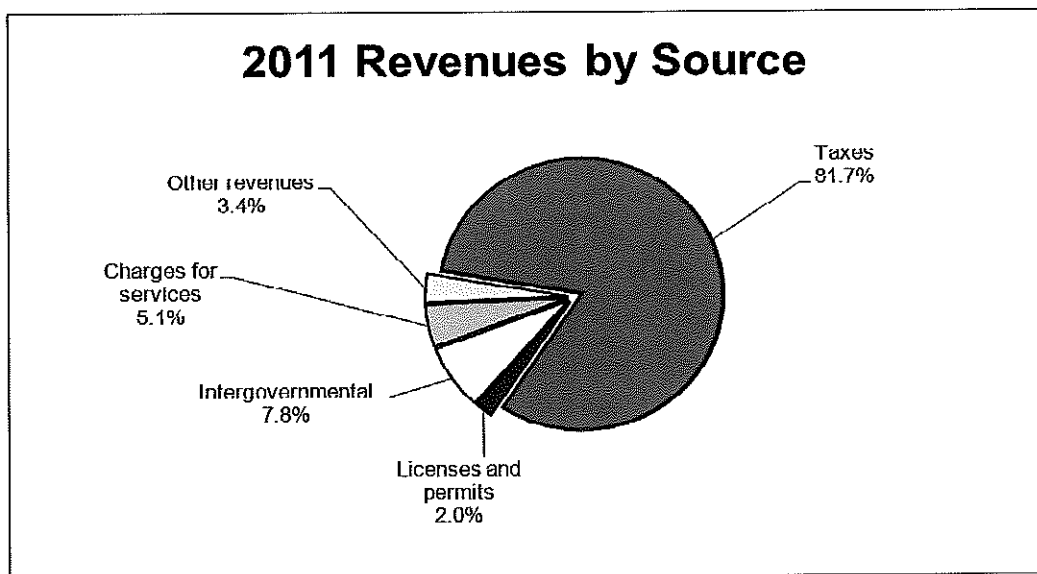
**Licenses and permits:** The building permits revenue was \$23,079 higher than the FY10 actual. The building activity in Gorham has continued to pick up. The other revenue contributed to the increase in this revenue source is the Cable TV franchise fee which was up \$12,209 when compared to the FY10 actual.

**Intergovernmental:** The Town of Gorham received a \$150,000 Community Development Block Grant to assist in reconstructing the sidewalks in the Village Square. The Town also began handling the City of Westbrook's rescue billing during the fiscal year resulting in unanticipated revenue of \$25,000.

Charges for services: The biggest contributor to the increase in this revenue source is the rescue fees, which were \$104,866 more than the FY10 actual. Also during fiscal year 2011, the Town sold a tax acquired property and the net proceeds from the sale resulted in \$67,792 of unanticipated revenues.

Other: There were two revenue sources that contributed to the decrease of (\$165,914) in the other revenue category. These were: the recreation reimbursement revenue which was down approximately \$59,487 from the fiscal year 2010 actual and the miscellaneous unbudgeted revenues were down by \$87,603 from the FY10 actual. The main reason for this reduction was during fiscal year 2010 the Town in preparation for implementing GASB 54 closed out the Special Revenue Fund's Economic Development Fund and moved it to the General Fund. The impact of this change in fiscal year 2010 was \$67,000.

The following pie chart depicts the General Fund revenues by source for fiscal year 2011.



The following table summarizes the General Fund expenditures by function for fiscal year 2011 with 2010 information for comparison. Information is from Statement 4.

	<u>2011</u>	<u>2010</u>	<u>\$ Chg</u>	<u>% Chg</u>
Expenditure by function				
General government	\$ 3,945,945	\$ 4,040,370	\$ (94,425)	-2.3%
Public safety	3,401,184	3,205,708	195,476	6.1%
Public works	2,326,332	2,259,362	66,970	3.0%
Health and welfare	136,853	74,469	62,384	83.8%
Recreation	1,223,352	1,180,782	42,570	3.6%
Economic development	61,666	65,000	(3,334)	-5.1%
Public agencies	28,484	20,170	8,314	41.2%
Unclassified	342,235	256,145	86,090	33.6%
Debt service	1,240,126	1,227,603	12,523	1.0%
Capital outlay	1,890,090	956,342	933,748	97.6%
<b>Total expenditures</b>	<b>\$ 14,596,267</b>	<b>\$ 13,285,951</b>	<b>\$ 1,310,316</b>	<b>9.9%</b>

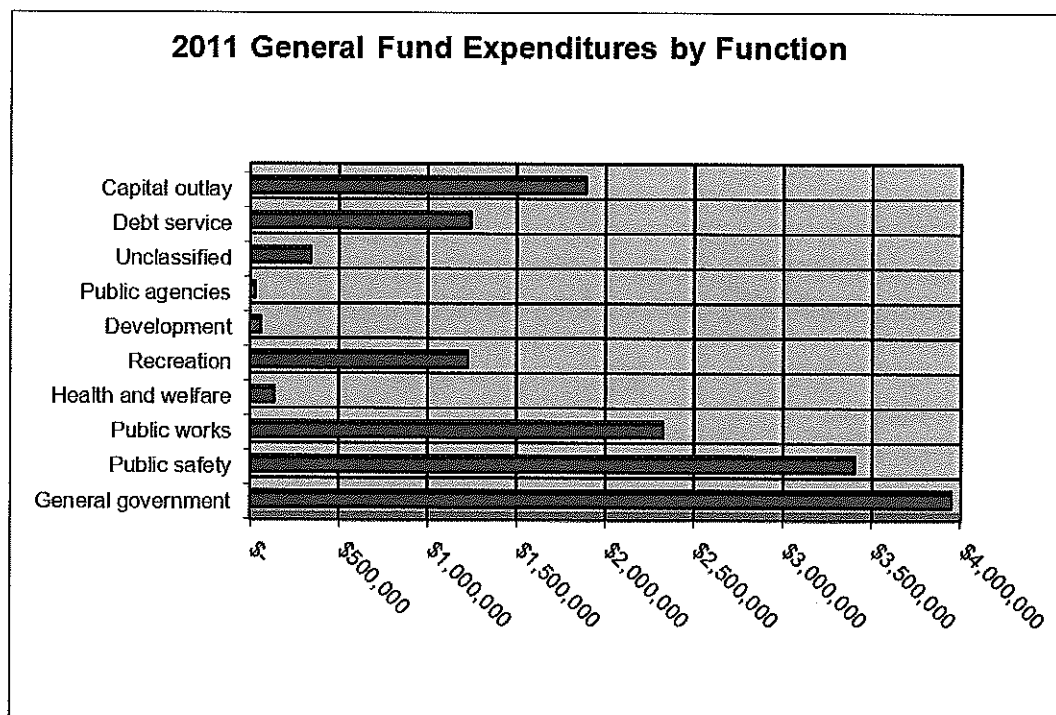
The General Fund expenditures increased 9.9% from fiscal year 2010 levels. The largest change was in the capital outlay function, which increased by \$933,748 or 97.6%. During fiscal year 2011, the Town allocated \$1,128,800 from unassigned fund balance to fund various capital purchases. Three of the largest projects funded were as follows: road maintenance projects at \$525,000, a new metal roof and dormer addition on the public safety building funded at \$135,000, and \$85,500 to supplement funds previously approved by the Town Council and CDBG funds to complete the replacement of the sidewalks in the Village Square.

The public safety increase of 6.1% or \$195,476 was due to the change in encumbrances of approximately \$97,000 and higher operating expenses of \$145,000 in the various public safety departments.

The large percentage increase in the health and welfare category of 83.8% was due to the larger number of general assistance claims processed by the Town during fiscal year 2011.

The \$86,090 or 33.6% increase seen in the unclassified function was the result of more unbudgeted expenditures occurring during fiscal year 2011. The Town received an energy grant to install solar panels at the public safety building, which contributed nearly \$72,500 to this increase.

The following is a graph depicting the General Fund expenditures by function for fiscal year 2011.



The net results of operations for fiscal year 2011 are (\$222,634), after transfers in of \$212,865 and transfers out of \$12,946,701. The following table summarizes the General Fund's fund balance for fiscal year 2011 with 2010 information for comparison.

	<u>2011</u>	<u>2010</u>	<u>\$ Chg</u>	<u>% Chg</u>
Fund balance:				
Nonspendable	\$ 73,964	\$ 73,635	\$ 329	0.4%
Restricted	297,522	287,096	10,426	3.6%
Committed	764,877	690,635	74,242	10.7%
Assigned	3,318,945	4,799,723	(1,480,778)	-30.9%
Unassigned	6,508,046	5,334,899	1,173,147	22.0%
<b>Total fund balance</b>	<b>\$ 10,963,354</b>	<b>\$ 11,185,988</b>	<b>\$ (222,634)</b>	<b>-2.0%</b>

The largest decrease is in the assigned fund balance of (\$1,480,778) or -30.9%. This is the result of less unassigned fund balance being available to allocate to the fiscal year 2012 capital budget under the Town's fund balance policy. At the end of fiscal year 2010, there was \$1,128,800 assigned for the Town's FY11 capital budget, while only \$139,220 at the end of fiscal year 2011 was available for assignment to the FY12 capital budget.

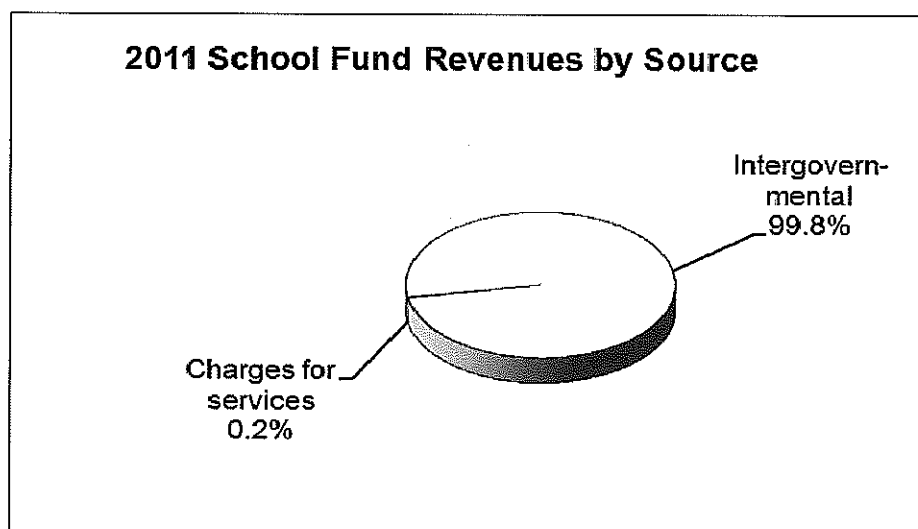
The following table summarizes the fiscal year 2011 revenues by source for the Special Revenue Fund's School Operations Fund with 2010 information for comparison. The information is from Statement 4.

	<u>2011</u>	<u>2010</u>	<u>\$ Chg</u>	<u>% Chg</u>
Revenues by source				
Intergovernmental	\$ 19,555,570	\$ 19,741,066	\$ (185,496)	-0.9%
Charges for services	35,259	41,122	(5,863)	-14.3%
Other	6,956	31,858	(24,902)	-78.2%
<b>Total revenues</b>	<b>\$ 19,597,785</b>	<b>\$ 19,814,046</b>	<b>\$ (216,261)</b>	<b>-1.1%</b>

The 1.1% decrease in School Operation Fund revenues is primarily from the decreased in state education subsidies.



The following is a pie chart depicting the Special Revenue Fund - School Operations Fund revenues by source for fiscal year 2011.



The following table summarizes the School Operations Fund expenditures by function for fiscal year 2011 with 2010 information for comparison. Information is from Statement 4. Following the table, an explanation of the major changes is provided.

	<u>2011</u>	<u>2010</u>	<u>\$ Chg</u>	<u>% Chg</u>
Expenses by function				
Regular instruction	\$ 12,286,285	\$ 12,861,806	\$ (575,521)	-4.5%
Special education	4,727,911	4,420,651	307,260	7.0%
CTE instruction	483,666	370,469	113,197	30.6%
Other instruction	553,524	511,467	42,057	8.2%
Student and staff support	1,938,802	2,513,880	(575,078)	-22.9%
System administration	679,460	710,019	(30,559)	-4.3%
School administration	1,592,125	1,604,236	(12,111)	-0.8%
Transportation	1,519,024	1,374,520	144,504	10.5%
Facilities maintenance	2,469,339	2,631,055	(161,716)	-6.1%
Adult education	264,643	266,097	(1,454)	-0.5%
Maine PERS on-behalf payments	2,684,018	2,764,862	(80,844)	-2.9%
Debt service	3,017,096	2,593,605	423,491	16.3%
Capital outlay	312,792	146,972	165,820	112.8%
<b>Total expenses</b>	<b>\$ 32,528,685</b>	<b>\$ 32,769,639</b>	<b>\$ (240,954)</b>	<b>-0.7%</b>

The School Operations Fund's expenditures are -0.7% or \$(240,954) less than fiscal year 2010.

The net results of operations for fiscal year 2011 are \$238,593, after transfers in of \$12,856,701 and lease proceeds of \$312,792. The following table summarizes the School Operation Fund's fund balance for fiscal year 2011 with 2010 information for comparison.

	<u>2011</u>	<u>2010</u>	\$ Chg	% Chg
Fund balance:				
Assigned	417,458	868,904	(451,446)	-52.0%
Unassigned	<u>(1,094,770)</u>	<u>(1,784,809)</u>	<u>690,039</u>	-38.7%
<b>Total fund balance (deficit)</b>	<b>\$ (677,312)</b>	<b>\$ (915,905)</b>	<b>\$ 238,593</b>	<b>-26.0%</b>

During the development of the fiscal year 2012 budget, the School Board authorized the use of budgetary fund balance in the amount of \$200,000 to help balance the fiscal year 2012 budget. This was \$595,000 less than the fiscal year 2011 use of surplus. And the change in encumbrances between fiscal year 2010 and 2011 was \$143,554. As a result the assigned fund balance decreased by -52.0% or (\$451,446).

The following table summarizes the fiscal year 2011 revenues by source for the Capital Project Fund's Elementary School Project with 2010 information for comparison. The information is from Statement 4.

	<u>2011</u>	<u>2010</u>	\$ Chg	% Chg
Revenue by source				
Investment income	\$ 11,576	\$ 31,864	\$ (20,288)	-63.7%
Unclassified	-	99,498	(99,498)	-100.0%
<b>Total revenues</b>	<b>\$ 11,576</b>	<b>\$ 131,362</b>	<b>\$ (119,786)</b>	<b>-91.2%</b>

During fiscal year 2010, with the issuance of bonds in April 2010 and the investment of the unspent bond proceeds, the project was able to earn interest during the last quarter of the fiscal year amounting to \$4,600 with the remaining investment income coming from accrued interest on the bond sale. However, as the bond proceeds were drawn down, the amount invested decreased resulting in the lower interest earnings for 2011.

The Unclassified revenue in fiscal year 2010 was from the premium received on the bonds.

The following table summarizes the Elementary School Capital Projects Fund expenditures by function for fiscal year 2011 with 2010 information for comparison. Information is from Statement 4.

	<u>2011</u>	<u>2010</u>	\$ Chg	% Chg
Expenditures by function				
Capital improvements	\$ 9,809,694	\$ 1,402,821	\$ 8,406,873	599.3%
<b>Total expenditures</b>	<b>\$ 9,809,694</b>	<b>\$ 1,402,821</b>	<b>\$ 8,406,873</b>	<b>599.3%</b>

Construction on the elementary school began in October 2009 and continued through fiscal year 2011. The fiscal year 2011 expenditures reflect a full year of construction activity resulting in the higher expenditures for 2011. The elementary school is expected to open for school in September 2011.

The net results of operations for fiscal year 2011 are (\$9,798,118). The following table summarizes the Elementary School Capital Projects Fund's fund balance for fiscal year 2011 with 2010 information for comparison.

	<u>2011</u>	<u>2010</u>	<u>\$ Chg</u>	<u>% Chg</u>
Fund balance:				
Restricted	\$ 3,124,060	\$ 12,922,178	\$ (9,798,118)	-75.8%
<b>Total fund balance</b>	<b>\$ 3,124,060</b>	<b>\$ 12,922,178</b>	<b>\$ (9,798,118)</b>	<b>-75.8%</b>

As previously mentioned, the elementary school project is winding down with an anticipated opening in September 2011. Therefore, the majority of the bond proceeds have been spent resulting in the decrease in the restricted fund balance.

### **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 \$2,194,134, while actual expenditures were over budgeted appropriations by \$1,133,672. However, approximately \$594,246 of this overage was due to unbudgeted capital expenditures funded by assigned fund balance approved in prior fiscal years. Also, unbudgeted expenditures associated with recreation programs funded by program fees contributed another \$548,729 to this overage. Finally, miscellaneous unbudgeted expenditures of \$212,237 funded through various outside sources also contributed to this overage. This resulted in a net effect of \$1,060,462. And after transfers and changes in encumbrances, the net change in fund balance was a negative (\$222,634).

The unassigned fund balance at \$6,508,046 is a healthy figure and represents 14.8% of the total general fund and school operations fund budgeted appropriations for FY2012. The goal of the Town's fund balance policy is to maintain a General Fund and Special Revenue Fund (School Operations Fund) unassigned fund balance of at least 8.5% of the yearly School, Town, and Cumberland County appropriations. However, when the school operations fund's deficit balance of (\$1,094,770) is factored in the percentage drops to 12.3%. The Town's management anticipates that during the FY2013 budget process, the Council will utilize the unassigned fund balance in excess of the 8.5% for the Town's Capital Budget Part II.

The original budget for fiscal year 2010-2011 was \$43,764,660 and there were no adjustments made to the original budget during fiscal year 2011.

## Capital Asset and Debt Administration

### Capital Assets

During the fiscal year 2011, the Town invested \$17,011,580 in a broad range of capital assets. The following chart identifies the assets that were added during fiscal year 2011 (including the construction in progress projects – new elementary school, reconstruction of Finn Parker Road and North Gorham Road, Village Square sidewalk and Chick property improvements less the removal of the construction in progress projects – Chick property retention pond reflected in previous fiscal years).

Category			Category Total
Historical Treasurers			
/ Artwork	Update book collection valuation	\$ 294,063	294,063
Land			
Genl Govt	1.15 acres donated, map 20 lot 5-51	400	400
Land improvements			
Public Safety	Retention pond	453,210	
	Fencing - retention pond	37,020	490,230
Buildings and building improvements			
Genl Govt	re-roof Cressey Chapel	6,000	
	re-roof Old Elmwood School	6,120	
Public Safety	Fire - replace (2) shower stalls in living quarters	12,300	
	Metal roof, dormers added	323,554	
	Solar panels	89,445	
Recreation	Library - replace stairwell roof	5,600	443,019
Machinery and equipment			
Public Safety	Fire - extrication equipment	40,810	
	Fire - air compressor on Rescue 1	28,500	
	Police - portable message display unit	17,585	
Public Works	pressure washer	8,739	
	Swenson tailgate spreader	5,925	
Recreation	portable irrigation water hose system	5,390	106,949
Furniture and office equipment			
Recreation	Toshiba copier	6,240	6,240
Computer equipment			
Genl Govt	Admn - financial software	41,650	
	Admn - financial server	4,695	
Public Safety	Police - forensic mapping software	11,475	
Public Works	Trimble GPS unit	7,094	64,914
Vehicles			
Public Safety	Police - (3) 2010 Ford Crown Victoria cruisers	68,769	
	Police - 2011 Ford Fusion, Lieut. vehicle	17,272	

	Police - 2011 Ford Fusion, Detective vehicle	\$ 17,272	
	Fire - 2011 Ford Expedition, Deputy Chief's vehicle	28,709	
	Fire - Ferrara rescue unit	397,919	
Public Works	Used 2003 Chevrolet 3/4 ton 4x4 pick-up truck	10,389	
	2011 International plow truck w/sander & calcium system	137,500	
Education	2011 International bus	83,295	
	2011 International bus	83,295	
	2011 GMC pickup truck w/plow	34,189	
	2011 GMC pickup truck w/plow	34,189	
	2011 GMC pickup w/ramp	29,450	
			942,248
Infrastructure			
Public Works	Accepted roads	1,596,144	
	Construction in progress -- Village Square sidewalk	162,138	
	Construction in progress -- Finn Parker Road	638,281	
	Construction in progress -- North Gorham Road	1,900,115	
	Construction in progress -- Chick Drive & parking lot	617,515	
	Construction in progress -- Chick property - retention pond	(60,370)	
Education	Construction in progress -- Great Falls Elementary School	9,809,694	
			14,663,517
	<b>Total Assets Added During FY2011</b>		<b>\$ 17,011,580</b>

During fiscal year 2011, a number of assets were transferred from one function/activity to another function/activity. The following chart shows these transfers.

Category	Function and Activity	Amount Transferred
Vehicles	Public Safety, Police - 2006 Ford Crown Victoria	\$ (20,903)
	Public Works - 2006 Ford Crown Victoria	20,903
	Public Safety, Police - 2006 Ford Crown Victoria	(20,903)
	Public Works - 2006 Ford Crown Victoria	20,903
	Public Safety, Police - 2000 Chevy Impala	(18,431)
	Public Works - 2000 Chevy Impala	18,431

The depreciation expense for 2011 was \$3,461,027.

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 \$13,534,733 or 20.2% over last fiscal year.

Capital Assets (net of depreciation)				
Governmental Activities				
	2011	2010	\$ Change	% Chg
Land	\$ 2,008,359	\$ 2,007,959	\$ 400	0.0%
Books/Historical Treasures/Artwork	1,384,337	1,090,274	294,063	27.0%
Construction in Progress	20,745,641	7,678,268	13,067,373	170.2%
Land improvements	4,277,247	4,013,052	264,195	6.6%
Buildings and building improvements	28,139,887	29,124,924	(985,037)	-3.4%
Machinery and equipment	\$ 1,111,629	\$ 1,208,524	\$ (96,895)	-8.0%
Furniture and office equipment	437,760	627,151	(189,391)	-30.2%

Computer equipment	149,064	118,361	30,703	25.9%
Vehicles	3,287,615	2,901,352	386,263	13.3%
Infrastructure	19,086,860	18,323,801	763,059	4.2%
<b>Totals</b>	<b>\$ 80,628,399</b>	<b>\$ 67,093,666</b>	<b>\$ 13,534,733</b>	<b>20.2%</b>

The Town has appropriated \$293,075 in fiscal year 2012 for the following capital expenditures: two police cruisers, the first lease payment for a used excavator and 35-ton detachable tow bed trailer, and funds for road maintenance work. Additionally, the Council allocated \$139,220 from unassigned fund balance, which was in excess of the 8% fund balance policy for the following purposes:

- \$19,000 to replace twenty-five air bottles,
- \$15,000 to replace 10 sets of protective clothing (bunker gear),
- \$105,220 to provide funds for road maintenance projects.

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

### **Debt Administration**

As of June 30, 2011, the Town had a total of \$47,554,680 of outstanding general obligation debt. The Town's outstanding general obligation bonds as of June 30, 2011 are \$1,045,350 more than last fiscal year – an increase of 2.2%.

The Town of Gorham currently has an AA rating from Standard and Poor's and an A1 rating from Moody's on its general obligation bond issues. The Town's outstanding indebtedness is only 3.32% of the State's equalized value.

More detailed information on the Town's long-term debt is presented in NOTE 10, LONG-TERM DEBT to the financial statements.

### **Economic Factors and Next Year's Budget and Tax Rates**

One of the Town Council's approved goals was to develop a budget that maintained essential services while having no or a low increase in property taxes. The fiscal year 2011 – 2012 budget was developed focusing on that goal, although it was difficult to do so. The budget adversely impacted some areas but maintains the Town's essential services.

This was the fourth year of developing budgets since the deep recession that resulted from the collapse in the financial sector. Over that time, the Town and School Department responded with constrained budgets that did not increase the Municipal tax rate. In actuality, the tax rate had declined slightly over that time from a tax rate of \$16.00 to the current rate of \$15.90.

Although the economy has been through a deep recession and is now in a slow recovery, the Town has still experienced demands for new services in some areas with the addition of 15

new roads and the extension of one other road for a little over 5 miles of new roads to plow, sand, and maintain since January 2007. In addition, the new elementary school is estimated to add between \$22,000 and \$28,000 in annual maintenance costs when it opens in September 2011.

Perhaps more insidious during this period of time has been the State taking more of the Town's revenue to solve its financial problems, thereby magnifying the budget problems faced by the Town of Gorham. Beginning in 2006, the State started transferring local revenue sharing funds that belonged to local governments to fix the State's budget problems. At first it was only a small amount -- 2% -- intended to be only a 1-year transfer to assist a serious State problem. However, this year will mark the 6<sup>th</sup> consecutive 1-year transfer. Only now, instead of the small 2% taken in 2006, the amount this year is expected to be 30%. This expected transfer will cost the Town of Gorham an estimated \$545,723, or an amount equal to \$0.42 on the tax rate.

The following are some of the more salient impacts of the Town's fiscal year 2011 -- 2012 budget.

1. Reduce the Town Clerk's office hours by 5 hours per week. With many of the transactions performed by this office available online, minimal impact to the public is anticipated. Estimated net savings is \$9,397.
2. Adjust staffing levels in the Town Clerk's office. The fiscal year 2011-2012 budget has adjusted staffing from 4 full-time employees to 3 full-time, 35 hour per week and from 1 part-time 25 hour per week employee to 3 part-time 20 hour per week positions. Estimated net savings is \$15,246.
3. Eliminate a part-time Asst. Librarian position at the Baxter Memorial Library. This reduction eliminates a 22-hour a week position. Estimated net savings is \$10,557.
4. Reduce subsidy to the North Gorham Library from \$12,000 to \$10,000.
5. Reduce subsidy to the Little Falls Library \$1,800 to \$1,600 and consider the future elimination of subsidy.
6. Health Insurance -- The fiscal year 2011-2012 budget changes the basic health insurance plan that the Town currently offers from the MMA POS-A plan to the MMA POS-C plan. The POS-C plan is still a good health plan and is used by many surrounding communities. The monthly premiums are lower for both the Town and employees. Estimated net savings is \$110,000.

The Education budget was also severely affected by economic conditions facing the State of Maine. Since fiscal year 2009, Federal, State and local funding restrictions has resulted in the elimination of 53.3 full-time equivalent positions in the District. The School Committee and the Administration have worked diligently during this time to minimize the impact of these reductions in force on the educational programs and the classroom.

With the fiscal year 2012 budget, the education subsidy payments from the State are anticipated to be \$301,728 more than those in FY11. Also, FY12 is the first full year with the new debt service for the new elementary school. The State's additional share of this debt service is approximately \$714,091 over the amount in FY11. The results are an overall increase in State aid to education of \$1,015,819 or 6.22%.

With the opening of the new Great Falls School (formerly the White Rock School) in September 2011, fiscal year 2012 marks the beginning of three K-5 schools in the Gorham School District. Enrollments are projected to change as follows:

	<b>FY11</b>	<b>FY12</b>	<b>% Chg</b>
Great Falls (formerly White Rock)	150	482	221.3%
Narragansett	442	251	-43.2%
Village	588	426	-27.6%

The Town's assessed value ratio as of April 1, 2011 is 90%, the same as the April 1, 2010 assessed value ratio and well above the State required 70%.

The total assessed value as of April 1, 2011, is \$1,296,016,170, an increase of \$16,827,270 or 1.3% from the prior year, while the taxable value increased \$17,347,700 from \$1,252,638,800 to \$1,269,986,500. The Town of Gorham's tax rate increased \$0.40 from \$15.90 to \$16.30.

The Town's municipal appropriation is \$11,968,854; an increase of \$462,689 or 4.0% from FY 2011. A slight increase in non-property tax revenue of \$146,793 and a slight decrease in the transfer in from the TIF fund of (\$4,129) resulted in a net appropriation of \$6,019,087; an increase of \$320,025 or 5.6%.

The Town's education budget is \$31,195,670, an increase of \$832,643 or 5.6%. The School Department saw an increase in non-property tax revenue of \$1,023,584, resulting in a decrease in the use of fund balance of (\$595,000). The net education appropriation for FY12 is \$13,260,760, an increase of \$404,059 or 3.1%.

The County tax assessment increased by \$27,136, or 3.5%. The Town's state equalized valuation went from \$1,443,450,000 in 2010 to \$1,432,100,000 in 2011, a -0.8% decrease.

### **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, 2011**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash	\$ 191,687
Investments	21,029,907
Receivables:	
Accounts	644,454
Intergovernmental	346,412
Rescue receivable (net of allowance of \$110,000)	197,694
Taxes receivable - current year	553,239
Taxes receivable - prior year	35,479
Tax liens	272,433
Notes	141,510
Other:	
Tax acquired property	30,578
Performance bonds	1,322,135
Inventories	102,603
Capital assets not being depreciated:	
Books/historical treasures/artwork	1,384,337
Land	2,008,359
Construction in progress	20,745,641
Capital assets net of accumulated depreciation:	
Buildings and improvements	28,139,887
Improvements other than buildings	4,277,247
Machinery and equipment	4,986,068
Infrastructure	19,086,860
<b>Total assets</b>	<b>105,496,530</b>
<b>LIABILITIES</b>	
Accounts payable	3,053,436
Accrued wages and benefits	2,310,824
Performance bond deposits	1,322,135
Unearned revenues	23,007
Noncurrent liabilities:	
Due within one year	3,771,031
Due in more than one year	45,378,158
<b>Total liabilities</b>	<b>55,858,591</b>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	36,550,035
Restricted for:	
Special revenue programs and grants	1,130,992
Permanent funds:	
Expendable	213,512
Nonexpendable	524,205
Unrestricted	11,219,195
<b>Total net assets</b>	<b>\$ 49,637,939</b>

*See accompanying notes to financial statements.*

**TOWN OF GORHAM, MAINE**  
**Statement of Activities**  
**For the Year Ended June 30, 2011**

For the Year Ended June 30, 2011

Functions/programs	Expenses	Program Revenues			Net (expense) revenue and changes in net assets
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Governmental activities
Primary government:					
Governmental activities:					
General government	\$ 4,787,454	592,358	39,516	7,918	(4,147,662)
Public safety	3,838,634	670,950	146,989	24,585	(2,996,110)
Public works	5,376,501	1,550,190	348,179	1,752,489	(1,725,643)
Health and welfare	136,853	10,106	63,879	-	(62,868)
Recreation	1,110,653	609,568	4,933	-	(496,152)
Development	294,540	-	-	-	(294,540)
Education	34,310,102	595,506	22,528,661	11,576	(11,174,359)
Interest on debt	1,878,175	-	-	-	(1,878,175)
Total governmental activities	51,732,912	4,028,678	23,132,157	1,796,568	(22,775,509)
Total primary government	51,732,912	4,028,678	23,132,157	1,796,568	(22,775,509)
General revenues:					
Property taxes, levied for general purposes					19,873,946
Payment in lieu of taxes					55,469
Motor vehicle and boat excise taxes					2,385,626
Grants and contributions not restricted to specific programs:					
Homestead exemption					259,083
BETE reimbursement					163,110
Other State aid					26,611
State Revenue Sharing					1,116,472
Unrestricted investment earnings					188,676
Miscellaneous revenues					259,356
Sale of property					67,792
Total general revenues					24,396,141
Change in net assets					1,620,632
Net assets - beginning					48,017,307
Net assets - ending					\$ 49,637,939

*See accompanying notes to financial statements.*

**TOWN OF GORHAM, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2011**

	General	School Operations Fund	Elementary School Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash	\$ 15,692	-	-	175,995	191,687
Investments	14,891,469	-	3,962,704	2,175,734	21,029,907
Receivables:					
Accounts	357,662	2,714	-	284,078	644,454
Intergovernmental	-	65,284	-	281,128	346,412
Rescue receivable (net of allowance of \$110,000)	197,694	-	-	-	197,694
Taxes receivable - current year	553,239	-	-	-	553,239
Taxes receivable - prior year	35,479	-	-	-	35,479
Tax liens	272,433	-	-	-	272,433
Notes	7,698	-	-	133,812	141,510
Interfund loans receivable	-	2,755,650	9,927	2,927,090	5,692,667
Tax acquired property	30,578	-	-	-	30,578
Performance bonds	1,322,135	-	-	-	1,322,135
Inventories	66,266	-	-	36,337	102,603
<b>Total assets</b>	<b>\$ 17,750,345</b>	<b>2,823,648</b>	<b>3,972,631</b>	<b>6,014,174</b>	<b>30,560,798</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	802,529	502,164	814,555	546,758	2,666,006
Accrued wages and benefits	269,106	2,041,718	-	-	2,310,824
Interfund loans payable	3,780,221	957,078	34,016	921,352	5,692,667
Deferred revenues	613,000	-	-	-	613,000
Unearned revenues	-	-	-	23,007	23,007
Performance bond deposits	1,322,135	-	-	-	1,322,135
<b>Total liabilities</b>	<b>6,786,991</b>	<b>3,500,960</b>	<b>848,571</b>	<b>1,491,117</b>	<b>12,627,639</b>
Fund balances:					
Nonspendable:					
Noncurrent receivables	7,698	-	-	133,812	141,510
Nonexpendable trust principal	-	-	-	524,205	524,205
Inventories	66,266	-	-	36,337	102,603
Restricted:					
General fund	297,522	-	-	-	297,522
Special revenue funds	-	-	-	1,130,992	1,130,992
Capital projects funds	-	-	3,124,060	683,079	3,807,139
Permanent funds	-	-	-	213,512	213,512
Committed:					
General fund	764,877	-	-	-	764,877
Special revenue funds	-	-	-	1,561,139	1,561,139
Capital projects funds	-	-	-	240,851	240,851
Assigned:					
General fund - FY12 capital funding	139,220	-	-	-	139,220
Encumbrances	161,130	217,458	-	-	378,588
Compensated absences	335,706	-	-	-	335,706
General fund - capital reserves	2,682,889	-	-	-	2,682,889
Special revenue funds	-	200,000	-	11,657	211,657
Unassigned:					
General fund	6,508,046	-	-	-	6,508,046
Special revenue funds	-	(1,094,770)	-	(12,527)	(1,107,297)
<b>Total fund balances (deficit)</b>	<b>10,963,354</b>	<b>(677,312)</b>	<b>3,124,060</b>	<b>4,523,057</b>	<b>17,933,159</b>
<b>Total liabilities and fund balances</b>	<b>\$ 17,750,345</b>	<b>2,823,648</b>	<b>3,972,631</b>	<b>6,014,174</b>	

Continued

**TOWN OF GORHAM, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2011**

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	\$	17,933,159
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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	\$ 24,138,337	
Depreciable capital assets, net	56,490,062	80,628,399

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

General obligation bonds	\$ 47,554,680	
Capital leases	427,866	
Compensated absences	846,745	
Accrued interest payable	387,430	
Other postemployment benefits liability	319,898	(49,536,619)

Deferred revenues -- more specifically, property taxes not reported on Statement 1		613,000
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Net assets of governmental activities	\$	49,637,939
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*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, 2011**

		Elementary				Total
		General	School Operations Fund	School Project Fund	Other Governmental Funds	Governmental Funds
Revenues:						
Taxes	\$	22,147,286	-	-	483,804	22,631,090
Licenses and permits		548,938	-	-	-	548,938
Intergovernmental		2,101,788	19,555,570	-	2,973,091	24,630,449
Charges for services		1,378,146	35,259	-	1,633,824	3,047,229
Other revenues		931,311	6,956	11,576	203,151	1,152,994
Total revenues		27,107,469	19,597,785	11,576	5,293,870	52,010,700
Expenditures:						
Current:						
General government		3,945,945	-	-	-	3,945,945
Public safety		3,401,184	-	-	-	3,401,184
Public works		2,326,332	-	-	1,068,444	3,394,776
Health & welfare		136,853	-	-	-	136,853
Recreation		1,223,352	-	-	21,695	1,245,047
Economic development		61,666	-	-	-	61,666
Public agencies		28,484	-	-	-	28,484
Unclassified		342,235	-	-	263,713	605,948
Education:						
Regular instruction		-	12,286,285	-	-	12,286,285
Special education		-	4,727,911	-	-	4,727,911
CTE instruction		-	483,666	-	-	483,666
Other instruction		-	553,524	-	-	553,524
Student and staff support		-	1,938,802	-	-	1,938,802
System administration		-	679,460	-	-	679,460
School administration		-	1,592,125	-	-	1,592,125
Transportation		-	1,519,024	-	-	1,519,024
Facilities maintenance		-	2,469,339	-	-	2,469,339



**TOWN OF GORHAM, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2011**

	Elementary				
	General	School Operations Fund	School Project Fund	Other Governmental Funds	Total Governmental Funds
Education:					
Maine PERS on-behalf payments	\$ -	2,684,018	-	-	2,684,018
Adult education	-	264,643	-	-	264,643
Grants and other special uses	-	-	-	2,975,933	2,975,933
Food services	-	-	-	818,023	818,023
Debt service:					
Principal	787,772	1,616,878	-	-	2,404,650
Interest and other charges	452,354	1,400,218	-	-	1,852,572
Capital maintenance	670,962	312,792	-	-	983,754
Capital improvements	1,219,128	-	9,809,694	4,218,881	15,247,703
Total expenditures	14,596,267	32,528,685	9,809,694	9,366,689	66,301,335
Excess (deficiency) of revenues over (under) expenditures	12,511,202	(12,930,900)	(9,798,118)	(4,072,819)	(14,290,635)
Other financing sources (uses):					
Long-term debt issued	-	-	-	3,450,000	3,450,000
Capital leases	-	312,792	-	-	312,792
Transfers in	212,865	12,856,701	-	421,546	13,491,112
Transfers out	(12,946,701)	-	-	(544,411)	(13,491,112)
Total other financing sources (uses)	(12,733,836)	13,169,493	-	3,327,135	3,762,792
Net change in fund balances	(222,634)	238,593	(9,798,118)	(745,684)	(10,527,843)
Fund balances (deficit), beginning of year	11,185,988	(915,905)	12,922,178	5,268,741	28,461,002
<b>Fund balances (deficit), end of year</b>	<b>\$ 10,963,354</b>	<b>(677,312)</b>	<b>3,124,060</b>	<b>4,523,057</b>	<b>17,933,159</b>

*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, 2011**

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Net change in fund balances - total governmental funds (from Statement 4)	\$ (10,527,843)
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 (\$17,011,580) exceeded depreciation expense (\$3,461,027) and loss on disposal (\$15,820) in the current period. (Note 6)	13,534,733
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(253,300)
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 10)	2,404,650
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 10)	25,851
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 10)	2,012
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 post employment benefits liability. (Note 10)	(89,868)
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.	(25,603)
<b>Change in net assets of governmental activities (see Statement 2)</b>	<b>\$ 1,620,632</b>

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*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, 2011**

	General Fund			Variance with final budget positive (negative)
	Budgeted amounts		Actual	
	Original	Final		
Revenues:				
Taxes	\$ 21,367,284	21,367,284	22,147,286	780,002
Licenses and permits	458,125	458,125	548,938	90,813
Intergovernmental	1,785,322	1,785,322	2,101,788	316,466
Charges for services	1,117,204	1,117,204	1,378,146	260,942
Other revenues	185,400	185,400	931,311	745,911
Total revenues	24,913,335	24,913,335	27,107,469	2,194,134
Expenditures:				
Current:				
General government	2,154,982	2,154,982	2,082,788	72,194
Public safety	3,470,757	3,470,757	3,391,562	79,195
Public works	2,317,667	2,317,667	2,309,129	8,538
Health and welfare	83,835	83,835	136,853	(53,018)
Recreation	683,575	683,575	1,206,578	(523,003)
Economic development	65,000	65,000	61,666	3,334
Insurances and employee benefits	1,950,870	1,950,870	1,845,959	104,911
Public agencies	30,990	30,990	28,319	2,671
Unclassified	147,799	147,799	342,235	(194,436)
Capital	1,295,844	1,295,844	1,890,090	(594,246)
Debt service	1,200,314	1,200,314	1,240,126	(39,812)
Total expenditures	13,401,633	13,401,633	14,535,305	(1,133,672)
Excess of revenues over expenditures	11,511,702	11,511,702	12,572,164	1,060,462
Other financing sources (uses):				
Utilization of prior year unassigned fund balance	1,128,800	1,128,800	-	(1,128,800)
Transfers to special revenue - School Operations	(12,856,701)	(12,856,701)	(12,856,701)	-
Transfers to capital projects - Municipal Center	-	-	(90,000)	(90,000)
Transfers in special revenue - TIF	216,199	216,199	212,865	(3,334)
Total other financing sources (uses)	(11,511,702)	(11,511,702)	(12,733,836)	(1,222,134)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses - budgetary basis	-	-	(161,672)	(161,672)
Reconciliation to GAAP basis:				
Change in encumbrances			(60,962)	
Net change in fund balance			(222,634)	
Fund balances, beginning of year			11,185,988	
Fund balances, end of year	\$		10,963,354	

**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, 2011**

For the year ended June 30, 2011				
	Budgeted Special Revenue Funds			
	School Operations Fund			Variance with final budget positive (negative)
	Budgeted amounts		Actual	
	Original	Final		
Revenues:				
Intergovernmental	\$ 16,671,326	16,671,326	16,871,552	200,226
Charges for services	30,000	30,000	35,259	5,259
Other revenues	-	-	6,956	6,956
Total revenues	16,701,326	16,701,326	16,913,767	212,441
Expenditures:				
Current:				
Regular instruction	12,917,634	12,744,115	12,358,187	385,928
Special education	4,845,970	4,845,970	4,712,050	133,920
CTE instruction	483,666	483,666	483,666	-
Other instruction	532,924	556,577	555,992	585
Student and staff support	1,955,218	1,955,881	1,955,776	105
System administration	674,667	685,332	685,332	-
School administration	1,634,490	1,634,490	1,616,503	17,987
Transportation	1,576,591	1,576,591	1,519,258	57,333
Facilities maintenance	2,472,569	2,611,107	2,611,107	-
Adult education	219,050	219,050	266,282	(47,232)
Debt service	3,050,248	3,050,248	3,017,096	33,152
Total expenditures	30,363,027	30,363,027	29,781,249	581,778
Excess (deficiency) of revenues over (under) expenditures	(13,661,701)	(13,661,701)	(12,867,482)	794,219
Other financing sources:				
Utilization of prior year surplus	795,000	795,000	-	(795,000)
Transfers in general fund	12,866,701	12,866,701	12,856,701	(10,000)
Total other financing sources	13,661,701	13,661,701	12,856,701	(805,000)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses - budgetary basis	-	-	(10,781)	(10,781)
Reconciliation to GAAP basis:				
Change in accrued payroll			105,820	
Change in encumbrances			143,554	
Net change in fund balance			238,593	
Fund balances (deficit), beginning of year			(915,905)	
Fund balances (deficit), end of year	\$		(677,312)	

*See accompanying notes to financial statements.*

**TOWN OF GORHAM, MAINE**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2011**

	Agency Funds	Scholarships Private-purpose Trust Funds
<b>ASSETS</b>		
Cash	\$ 378,216	-
Investments	42,302	46,927
<b>Total assets</b>	<b>420,518</b>	<b>46,927</b>
<b>LIABILITIES</b>		
Due to agency funds	420,518	-
Accounts payable	-	1,000
<b>Total liabilities</b>	<b>420,518</b>	<b>1,000</b>
<b>NET ASSETS</b>		
Held in trust	\$ -	45,927

*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, 2011**

	<b>Scholarships</b>
	<b>Private-purpose</b>
	<b>Trust Funds</b>
<hr/>	
Additions:	
Investment income	\$ 1,796
Total additions	1,796
<hr/>	
Deductions:	
Scholarships awarded	1,000
Total deductions	1,000
<hr/>	
Change in net assets	796
Net assets, beginning of year	45,131
<hr/>	
Net assets, end of year	\$ 45,927
<hr/>	

*See accompanying notes to financial statements.*

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**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2011**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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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, 2011**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

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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.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide 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, 2011**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

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The Town reports the following major governmental funds:

The General Fund and the School Operations Fund, a 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 Elementary School Capital Projects Fund is another major governmental fund being reported for fiscal year 2011. This fund accounts for the expenditures related to the construction of the Great Falls elementary school.

Additionally, the Town reports the following fund types:

The Special Revenue Funds account for revenue sources that are legally restricted or committed to expenditures for specific purposes (not including permanent funds or major capital projects).

The Capital Project Funds account for the acquisition of capital assets or construction of major capital projects and are generally funded by general obligation bonds.

The Permanent Funds account for resources where principal is legally restricted by a formal trust agreement and only earnings may be used for purposes that benefit the Town or its citizenry.

Fiduciary funds account for assets held by the Town in a trustee capacity or as an agent on behalf of others. As such, fiduciary funds are not reported in the government-wide statements. The Town's fiduciary funds include the following:

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. The Town's agency funds consist of various school and student activity funds, public safety activity funds, and recreation activity funds.

Private-purpose trust funds are used to report all trust arrangements, under which principal and income benefit individuals, private organizations, or other governments. The Town's private-purpose trust funds consist of various scholarships.

**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2011**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

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**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.

**D. Encumbrances**

The Town is employing encumbrance accounting, whereby commitments for the expenditure of monies are recorded to preserve that portion of the applicable appropriation, during the fiscal year. At year-end, encumbrances are recorded as expenditures 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**

The Town has established a formal Investment Policy that governs the investment of all financial assets of the Town. Pursuant to its Investment Policy and applicable Maine law (Title 30-A, Section 5706 et seq. of the Maine Revised Statutes, as amended) investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2011**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

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To the extent possible, the Town of Gorham will attempt to match investments with anticipated cash requirements. Unless matched to a specific cash flow, the Town of Gorham will not directly invest in securities maturing more than one year from date of purchase, except for the Town's Permanent and Fiduciary Funds, which may be invested in U.S. Government securities with maturities not to exceed five years. Also, the Town of Gorham may collateralize its repurchase agreements using longer investments not to exceed five years to maturity.

Investment in derivatives is forbidden under this investment policy.

Investments are stated at fair value.

**F. Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds". All other outstanding balances between funds are reported as "due to/from other funds".

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not expendable available financial resources and are therefore not available for appropriation.

**G. Inventories**

Inventories consists of the School Lunch Fund (Governmental Special Revenue Fund) food, supplies, and donated commodities; the trash bag inventory maintained by the Public Works Department for the pay-per-bag program; and the gas and diesel fuel remaining in the tanks at year-end. All of these inventories are recorded at cost on the first-in, first-out basis

**H. 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.

**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2011**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

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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.

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.

**I. 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 135 days at current rates of pay.

**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2011**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

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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.

**J. 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.

**K. 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.

**L. 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.

**M. Fund Equity**

In the fund financial statements, governmental fund balance is reported in five classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which those funds can be spent. The five classifications of fund balance for the governmental funds are as follows:

Nonspendable – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

Restricted – resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2011**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

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Committed – resources which are subject to limitations the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

Assigned – resources neither restricted nor committed for which a government has a stated intended use as established by the Town Council or a body or official to which the Town Council has delegated the authority to assign amounts for specific purposes.

Unassigned – resources which cannot be properly classified in one of the other four categories. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

The Town Council has the responsibility for committing fund balance amounts and likewise would be required to modify or rescind those commitments. For assigned fund balance amounts the Town Manager has the authority to assign unspent budgeted amounts to specific purposes in the General Fund at year end based on the Town's fund balance policy.

On April 5, 2011, the Town adopted a Fund Balance Policy for the General Fund and Special Revenue Fund's School Operations Fund. It is the policy of the Town of Gorham to maintain a combined unassigned fund balance in the General Fund and Special Revenue Fund – School Operations Fund at 8.5% of the succeeding year's budgeted appropriations for the General Fund including county tax and the Special Revenue Fund – School Operations Fund. The policy establishes a process and criteria for the continued evaluation of that target level as conditions warrant. The policy also establishes a process for reaching and maintaining the targeted level of unassigned fund balance, and the priority for the use of amounts in excess of the target.

The General Fund unassigned fund balance total of \$6,508,046 represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. The School Operations Special Revenue Fund is reporting an unassigned negative fund balance of (\$1,094,770) as shown on Statement 3.

**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2011**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

---

As of June 30, 2011 other fund balance components consisted of the following:

	<b>Nonspendable</b>	<b>Restricted</b>	<b>Committed</b>	<b>Assigned</b>
<b>General Fund:</b>				
Noncurrent receivable	\$ 7,698	\$ -	\$ -	\$ -
Inventories	66,266	-	-	-
FY12 capital funding	-	-	-	139,220
Encumbrances	-	-	-	161,130
Compensated absences	-	-	-	335,706
Capital reserves	-	297,522	764,877	2,682,889
<b>Special Revenue Funds:</b>				
<b>School Operations Fund:</b>				
Budget appropriation	-	-	-	200,000
Encumbrances	-	-	-	217,458
School grants	-	591,928	-	-
<b>School Lunch Fund:</b>				
Inventory	36,337	-	-	-
Food services	-	-	162,602	-
Sewer operations	-	-	1,180,030	-
Impact fee	-	290,574	-	-
Library	-	12,946	-	9,684
Recreation	-	5,176	-	-
<b>TIF Fund:</b>				
Noncurrent receivable	133,812	-	-	-
TIFs	-	218,205	217,438	-
Miscellaneous	-	12,163	1,069	1,973
<b>Capital Project Funds:</b>				
Elementary school project	-	3,124,060	-	-
Municipal center project	-	78,757	-	-
Bonded road projects	-	604,322	-	-
Synthetic turf field project	-	-	197,668	-
Middle school project	-	-	4,138	-
Various school projects	-	-	39,045	-
<b>Permanent Funds:</b>				
Nonexpendable trust principal	524,205	-	-	-
Expendable trust principal	-	213,512	-	-
<b>Total governmental funds:</b>	<b>\$ 768,318</b>	<b>\$ 5,449,165</b>	<b>\$ 2,566,867</b>	<b>\$ 3,748,060</b>

(See NOTE 17, COMPONENTS OF FUND BALANCES)



**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2011**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

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**N. 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. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

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**Note 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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**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 18, 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 budget categories for the School Operations Fund. With Council authorization, mid-year budget adjustments between departments can be made. The School Board may transfer an amount not exceeding 5% of the total appropriation for any budget category without voter approval. 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 are shown as assigned fund balance in the general fund at year-end. Additionally, the Town has a policy in which the amount of unassigned fund balance at the end of the year, which is greater than 8.5% of the budget, is transferred to a capital reserve account. This transfer happens subsequent to year-end, during the next fiscal years' budget process.

The Elementary School Capital Projects Fund has a project-length budget, which has been adopted by the School Department and State of Maine Department of Education.

**B. Excess of Expenditures Over Appropriations**

For the year ended June 30, 2011, expenditures exceeded appropriations in the following general fund departments as shown on Statement 6:

Health & welfare	\$ 53,018
Recreation	\$ 523,003
Unclassified	\$ 194,436
Capital	\$ 594,246
Debt service	\$ 39,812

**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2011**

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**Note 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued**

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Education:

Adult education	\$ 47,232
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The health and welfare overage is due to a larger number of general assistance claims processed during fiscal year 2011. The State of Maine reimburses communities 50% of general assistance costs incurred so there is a corresponding increase in the Intergovernmental revenue category.

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 unclassified function overage is due to the unbudgeted expenditures related to the Town's various carry-forward accounts that are offset by revenues and balance transfers. These carry-forward accounts are not included as part of the Town's budget.

The capital function overage is due to the unbudgeted expenditures related to the Town's various capital reserve accounts. In previous years these expenditures were reflected in the Special Revenue Funds – Capital Reserve Fund. However, in order to comply with changes outlined in GASB 54, the Town has begun accounting for these expenditures in the General Fund. These capital reserve accounts are not included as part of the Town's budget and primarily funded through year end transfers and allocation of unassigned fund balance per the Town's fund balance policy.

The debt function overage is due to issuing general obligation bonds in August 2010 that the Town Council had not anticipated when the FY11 budget was passed resulting in the first interest payment being made without a budgeted appropriation.

The adult education function overage is due to the unbudgeted capital expenditures such as a computer lab equipped with technology equipment and the installation of an exterior door to allow safer and easier access into the building.

The above over expenditures lapsed to the appropriate fund balance accounts.

**C. Deficit Fund Equity**

The School Operations Fund has a deficit fund balance of (\$677,312) at June 30, 2011. This is due primarily to variations between the budgetary and GAAP methods of accounting for summer teachers' payroll. See Note 18, BUDGETARY VS. GAAP ACCOUNTING.

**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2011**

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**Note 3 – RISK MANAGEMENT**

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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 a public entity risk pool and self-insured risk pool sponsored by the Maine Municipal Association, which provides the following insurance coverage to the Town: property and casualty, liability, vehicle, and workers' compensation. Maine Municipal Association's Risk Management Services provides all underwriting, marketing, claims and lost prevention service to program participants. The financial condition of the program is excellent and includes sound financial management and the purchase of high quality reinsurance. Each program is managed individually and overseen by its own board of elected and appointed municipal officials.

If the assets of either the MMA Property and Casualty Pool or the Worker's Compensation Pool are at any time actuarially determined to be insufficient to enable either pool to discharge its legal liability and other obligations and to maintain actuarially sound reserves, either pool has the power to make up the deficiency by the levy of a prorated assessment upon its members for the amount needed to make up the deficiency. There has been no such deficiency in the past three years. Management believes that no such deficiency exists as of June 30, 2011.

Further information including financial statements for the Maine Municipal Association Pools may be obtained from MMA Risk Management Services, 60 Community Drive, Augusta, ME 04330.

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, 2011. There have been no significant reductions in the commercial coverage from the prior year and no settlements have exceeded insurance coverage in any of the past three years.

The Town is self insured for unemployment compensation. The Town annually appropriates funds to cover anticipated unemployment claims during a fiscal year. However, the Town also maintains a reserve account for excess unemployment claims. As of June 30, 2011, the balance in this reserve account was \$31,500.

**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2011**

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**Note 4 - DEPOSITS AND INVESTMENTS**

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**A. Deposits**

At June 30, 2011, cash consisted of the following:

	<u>Carrying amount</u>	<u>Bank balance</u>
Checking, savings, NOW, and certificates of deposit accounts		
Government Funds	\$ 190,872	\$ 204,376
Agency Funds	378,216	393,192
Petty Cash - Government Funds	<u>815</u>	<u>-</u>
<b>Totals</b>	<b><u>\$ 569,903</u></b>	<b><u>\$ 597,568</u></b>

*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, 2011, \$0 of the Town's bank balances of \$597,568 was exposed to custodial credit risks.

**B. Investments**

At June 30, 2011, investments consisted of the following:

Investment Type	Total	Maturities		
		Less than 1 Year	1 Year to 3 Years	Over 3 Years
Mutual Funds	\$ 5,896,398	5,771,985	124,413	-
U.S. Treasuries	6,036,242	6,036,242	-	-
Commercial Paper	314,074	-	103,936	210,138
Repurchase Agreements	8,855,227	8,855,227	-	-
Common Stock	17,195	-	-	-
<b>Total Fair Value:</b>	<b>\$ <u>21,119,136</u></b>	<b><u>20,663,454</u></b>	<b><u>228,349</u></b>	<b><u>210,138</u></b>
<b>% of Portfolio:</b>		<b>97.9%</b>	<b>1.1%</b>	<b>1.0%</b>

Out of the total \$21,119,136 in investments, \$21,029,907 is from investments in the governmental funds, while \$89,229 is for investments in the fiduciary funds' private-purpose trust funds and public safety agency funds.

**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2011**

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**Note 4 - DEPOSITS AND INVESTMENTS, Continued**

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*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, 2011, the Town did not have any funds invested in commercial paper. Standard and Poor's rate the funds invested in federal money market accounts AAAm. 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, 2011, the Town was in compliance with its investment policy's stipulations on portfolio diversification.

*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. The Town's investment policy currently does not address custodial credit risk. Of the Town's \$21,119,136 investments, \$14,751,625 were in mutual funds and repurchase agreements which were 100% collateralized by underlying securities held by the trust department of related bank, in the Town's name.

**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2011**

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**Note 5 - RECEIVABLES**

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**A. Receivables**

Receivables as of year-end for the Town's individual major funds and non-major funds, and fiduciary funds in the aggregate, including the applicable allowance for uncollectible accounts, are as follows:

	<u>General</u>	<u>School Operations</u>	<u>Non-Major Funds</u>	<u>Total</u>
Receivables:				
Taxes	\$ 588,718	\$ -	\$ -	\$ 588,718
Tax liens	272,433	-	-	272,433
Accounts	357,662	2,714	284,078	644,454
Rescue	197,694	-	-	197,694
Intergovernmental	-	65,284	281,128	346,412
Notes	7,698	-	133,812	141,510
<b>Net total receivables</b>	<b>\$ 1,424,205</b>	<b>\$ 67,998</b>	<b>\$ 699,018</b>	<b>\$ 2,191,221</b>

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (general fund)	\$ 613,000	\$ -
Lunch program pre-paid meals not yet earned (special revenue fund)	-	23,007
<b>Total deferred/unearned revenue for governmental funds</b>	<b>\$ 613,000</b>	<b>\$ 23,007</b>

**B. Property Taxes**

Property taxes for the current year were committed on August 26, 2010, 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 87.5% of the estimated State valuation of \$1,432,100,000.

**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2011**

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**Note 5 – RECEIVABLES, Continued**

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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 \$532,869 for the year ended June 30, 2011. 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.

The following summarizes the 2011 and 2010 levies:

	<u>2011</u>	<u>2010</u>
Taxable Assessed Value	\$1,252,638,800	\$1,216,361,800
Tax Rate (per \$1,000)	<u>15.90</u>	<u>15.90</u>
Commitment	19,916,957	19,340,153
Supplemental Taxes Assessed	<u>5,152</u>	<u>19,745</u>
	19,922,109	19,359,898
Less: Abatements	22,479	24,075
Collections	<u>19,346,391</u>	<u>18,681,540</u>
Receivable at June 30, 2011 and 2010	<u><b>\$ 553,239</b></u>	<u><b>\$ 654,283</b></u>
Due Date(s)	½ 11/15/2010	½ 11/12/2009
	½ 05/15/2011	½ 05/13/2010
Interest Rates on Delinquent Taxes	7.0%	9.0%
Collection Rate	97.2%	96.6%

Of the total taxes committed for the year ended June 30, 2011, 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 \$483,804.

**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2011**

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**Note 5 – RECEIVABLES, Continued**

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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.

**FY2011 TIF Activity**

	<b>Developer's Share</b>	<b>Town Share</b>	<b>TIF District Total</b>
<b>Gorham Industrial Park District</b>			
Big Water	\$ 1,977	\$ 5,929	\$ 7,906
CMJ, Inc.	1,755	5,266	7,021
Foreside Management Co.	8,621	25,862	34,483
D C Associates	1,454	4,363	5,817
D & G Group	4,095	12,286	16,381
Hampstead Associates	5,234	15,700	20,934
Mega Industries	6,892	20,677	27,569
Montalvo	8,592	25,775	34,367
Transformit	2,487	7,460	9,947
Subtotal:	41,107	123,318	164,425
<b>ODAT/Grondin District</b>			
ODAT	18,835	18,835	37,670
Grondin Properties	38,259	38,258	76,517
Subtotal:	57,094	57,093	114,187
<b>Pettingill Ross District</b>			
Pettingill Ross	10,534	-	10,534
Subtotal:	10,534	-	10,534
<b>Gorham County Road District</b>			
Gorham County Road LLC	6,255	-	6,255
Subtotal:	6,255	-	6,255
<b>Moody's District</b>			
Moody's	17,264	-	17,264
Subtotal:	17,264	-	17,264
<b>Nappi District</b>			
Nappi Distributors	67,878	62,656	130,534
Subtotal:	67,878	62,656	130,534
<b>Olde Canal Business Park</b>			
Olde Canal	19,490	21,115	40,605
Subtotal:	19,490	21,115	40,605
<b>Total TIF Financing Plan Amount:</b>	<b>\$ 219,622</b>	<b>\$ 264,182</b>	<b>\$ 483,804</b>

(see Note 15, TAX INCREMENT FINANCING DISTRICT)



**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2011**

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**Note 5 – RECEIVABLES, Continued**

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**C. Intergovernmental Receivables**

Intergovernmental receivables are comprised of the following:

School operations fund - State agency clients	\$ 65,284
Other governmental funds:	
School special revenue funds:	
ARRA - Title I	10,409
Medicaid Reimbursement	30,693
Preschool	9,996
Title IIA	21,598
Title IA	54,913
Me Jobs Fund	103,541
School Nutrition Program State Subsidy	49,978
Total other governmental funds	281,128
<b>Total</b>	<b>\$ 346,412</b>

**D. Notes Receivables**

At June 30, 2011, the Town of Gorham had the following long-term receivables:

<u>Receivable From</u>	<u>Issue Date</u>	<u>Amount Issued</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Annual Payments</u>	<u>Amount Outstanding</u>
Black Brook Water Main Notes	12/2000	\$ 16,587	1.0%	10/2020	\$ 810	\$ 7,698
Connolly Properties, LLC	5/2007	15,400	7.0%	5/2012	3,612	3,422
Isherwood Enterprises, Inc.	9/2008	75,000	5.0%	9/2018	9,546	57,952
N.E. Tread & Custom Millworks, Inc.	6/2010	74,250	6.0%	6/2030	6,383	72,438
						\$ 141,510

**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2011**

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**Note 6 – CAPITAL ASSETS**

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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, 2011 was as follows:

	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011
<b><i>Governmental Activities:</i></b>				
Capital assets, not being depreciated:				
Books/Historical Treasures/Artwork	\$ 1,090,274	294,063	-	\$ 1,384,337
Land	2,007,959	400	-	2,008,359
Construction in Progress	7,678,268	13,127,743	60,370	20,745,641
<b>Total capital assets, not being depreciated</b>	<b>10,776,501</b>	<b>13,422,206</b>	<b>60,370</b>	<b>24,138,337</b>
Capital assets, being depreciated:				
Land improvements	5,440,044	490,230	5,000	5,925,274
Buildings and building improvements	46,807,935	443,019	35,117	47,215,837
Machinery and equipment	2,405,170	106,949	67,326	2,444,793
Furniture and office equipment	2,564,675	6,240	-	2,570,915
Computer equipment	459,761	64,914	10,005	514,670
Vehicles	8,290,098	942,248	105,938	9,126,408
Infrastructure	33,269,762	1,596,144	-	34,865,906
<b>Total capital assets being depreciated</b>	<b>99,237,445</b>	<b>3,649,744</b>	<b>223,386</b>	<b>102,663,803</b>
Less accumulated depreciation for:				
Land improvements	1,426,992	226,035	5,000	1,648,027
Buildings and building improvements	17,683,011	1,414,923	21,984	19,075,950
Machinery and equipment	1,196,646	201,157	64,639	1,333,164
Furniture and office equipment	1,937,524	195,631	-	2,133,155
Computer equipment	341,400	34,211	10,005	365,606
Vehicles	5,388,746	555,985	105,938	5,838,793
Infrastructure	14,945,961	833,085	-	15,779,046
<b>Total accumulated depreciation</b>	<b>42,920,280</b>	<b>3,461,027</b>	<b>207,566</b>	<b>46,173,741</b>
<b>Total capital assets being depreciated, net</b>	<b>56,317,165</b>	<b>188,717</b>	<b>15,820</b>	<b>56,490,062</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 67,093,666</b>	<b>13,610,923</b>	<b>76,190</b>	<b>\$ 80,628,399</b>

**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2011**

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**Note 6 – CAPITAL ASSETS, Continued**

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

Governmental activities:

General government	\$ 402,724
Public safety	342,956
Public works, including depreciation of general infrastructure assets	1,107,017
Recreation and library	135,288
Education	<u>1,473,042</u>
<b>Total depreciation expense – governmental activities</b>	<b><u>\$ 3,461,027</u></b>

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**Note 7 – PENSION PLANS**

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**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, ME 04333-0046 or by calling 1-800-451-9800.

**Funding Policy** – Plan members are required to contribute 6.5% or 8.0% 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 3.5% to 6.6% of annual covered payroll. The Town rejoined MainePERS on July 1, 2009 allowing regular full-time employees of the Fire and Police departments to enroll in Special Plan 3C. As a result, the Town also must pay a rejoin fee for 28 months, ending October 31, 2011. The rejoin rate for fiscal year 2011 was 5.5%. 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, 2011, 2010 and 2009 are \$181,515, \$147,649 and \$0, respectively, equal to the required contributions for each year.

**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2011**

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**Note 7 – PENSION PLANS, Continued**

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**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.

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, ME 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 \$2,684,018 (17.76%) for the fiscal year 2011. 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 17.76% 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 \$116,315 for the year ended June 30, 2011, and \$128,209 for the year ended June 30, 2010. 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 \$392,002 including F.I.C.A. and Medicare to the Social Security Retirement Program on behalf of Town employees for the year ended June 30, 2011 and \$389,648 for the year ended June 30, 2010.

**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2011**

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**Note 7 – PENSION PLANS, Continued**

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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 \$391,734 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, 2011 and \$411,688 for the year ended June 30, 2010.

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**Note 8 – OTHER POST EMPLOYMENT BENEFITS**

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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 provide biennial actuarial valuation of the Town's OPEB liability under GASB Statement 45. An OPEB liability actuarial valuation was completed by the consultants in October 2011. A copy of the financial report and the required supplementary information for the Health Trust may be obtained from the Maine Municipal Employees Health Trust, 60 Community Drive, Augusta, ME 04330.

**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. The retirees pay 100% of the monthly premium set by the Health Trust. For non-Medicare eligible retirees, premiums are the same as for active employees.

**Funding Policy** – 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.

**Annual OPEB Cost** - The Town's annual OPEB cost is calculated based on the annual required contribution (ARC), an actuarial determined amount. The ARC 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 (30) years.

**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2011**

**Note 8 – OTHER POST EMPLOYMENT BENEFITS, Continued**

The components of the Town's annual OPEB costs for the past three years, the amount actually contributed to the plan, and the changes in the Town's net OPEB obligation are summarized in the following table.

	<b>FY2009</b>	<b>FY2010</b>	<b>FY2011</b>
Normal Cost	\$ 57,794	\$ 57,794	\$ 57,794
Amortization of Unfunded	67,028	67,028	67,028
Interest	2,413	2,413	2,413
Annual Required Contribution	124,235	124,235	124,235
Interest on Net OPEB Obligation	-	4,239	8,500
Amortizing Adjustment to ARC	-	(6,129)	(12,288)
Annual OPEB Cost	124,235	122,345	120,447
Contributions Made	(18,248)	(15,840)	(13,041)
Increase in Net OPEB Obligation	105,987	106,505	107,406
Net OPEB Obligation - beginning of year	-	105,987	212,492
Net OPEB Obligation - end of year	\$ 105,987	\$ 212,492	\$ 319,898

The following table represents the OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2011 and two preceding year. The Town implemented GASB 45 effective with fiscal year ended June 30, 2009 and data for the year ended June 30, 2008 is not available.

<b>Fiscal Year End</b>	<b>Annual OPEB Costs</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
June 30, 2009	\$ 124,235	14.68%	\$ 105,987
June 30, 2010	122,345	12.94%	212,492
June 30, 2011	120,447	10.82%	319,898

**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, 2011 and two preceding years are as follows:

	<b>FY2009</b>	<b>FY2010</b>	<b>FY2011</b>
Actuarial accrued liability	\$ 1,205,417	\$ 1,205,417	\$ 1,205,417
Plan assets	-	-	-
Unfunded actuarial accrued liability	\$ 1,205,417	\$ 1,205,417	\$ 1,205,417
Funded ratio	0%	0%	0%
Covered payroll	\$ 3,834,785	\$ 4,387,368	\$ 4,534,098
Unfunded actuarial accrued liability as a percentage of covered payroll	31.43%	27.47%	26.59%

**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2011**

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**Note 8 – OTHER POST EMPLOYMENT BENEFITS, Continued**

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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 three years 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	1/1/2011
Actuarial cost method	Entry age normal
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% - 8.7%

**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2011**

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**Note 9 – INTERFUND ACCOUNTS**

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Individual interfund loans receivable and payable balances at June 30, 2011, were as follows:

<u>Fund</u>	<u>Interfund loans receivable</u>	<u>Interfund loans payable</u>
Governmental Funds		
General fund	\$ -	\$ 3,780,221
School operations fund	2,755,650	957,078
Elementary School project fund	9,927	34,016
Other governmental funds:		
Special revenue funds:		
School lunch fund	-	44,537
School grants fund	962,896	132,364
Sewer operations fund	878,851	-
Little Falls sewer reserve & loan fund	14,552	-
Impact fees fund	290,574	-
Library fund	10,346	-
Recreation fund	3,862	-
TIF fund	435,643	-
Miscellaneous fund	-	211
Capital project funds:		
2010 GO bond projects	-	723,642
Municipal center project	78,757	-
Turf field project	197,668	-
Middle school project	4,138	-
Various school projects	39,045	-
Permanent funds:		
Cemetery perpetual care	5,825	-
Baxter Library and Museum	4,933	5,051
Miscellaneous	-	15,547
Total other governmental funds	\$ 2,927,090	\$ 921,352
<b>Totals:</b>	<b>\$ 5,692,667</b>	<b>\$ 5,692,667</b>

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, 2011**

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**Note 9 – INTERFUND ACCOUNTS, Continued**

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Interfund transfers during the year ended June 30, 2011 consisted of the following:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 212,865	\$ 12,946,701
School operations fund	12,856,701	-
Other governmental funds:		
Special revenue funds:		
Impact fees fund	-	200,000
TIF fund	-	212,865
Miscellaneous fund	5,000	3,253
Capital project funds:		
Municipal center project	90,000	-
2008 road bond projects	-	126,546
2010 GO bond projects	126,546	-
Turf field project	200,000	-
Permanent funds:		
Miscellaneous fund	-	1,747
Total other governmental funds	421,546	544,411
<b>Totals</b>	<b>\$ 13,491,112</b>	<b>\$ 13,491,112</b>

The transfers out comprised of the following:

1. From the General Fund: to provide the school operations fund with the local tax allocations for education (\$12,946,701).
2. From the Special Revenue Fund's Impact Fees Fund: to provide seed money from the Recreation Facilities Impact Fee account for the synthetic turf field project -- (\$200,000) to Capital Project Fund.
3. From the Special Revenue Fund's TIF Fund: to provide funding for economic development corporation expenditures (\$61,667), the Library's current debt service (\$70,606), and a portion of the Libby/Brackett Road debt service (\$80,592).
4. From the Special Revenue Fund's Miscellaneous Fund: to provide seed money for the Gorham Founders Festival from the Marcia Parkhurst Trust account (\$3,253).

**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2011**

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**Note 9 – INTERFUND ACCOUNTS, Continued**

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5. From the Capital Project Fund's 2008 Road Bond Projects Fund: to close out fund and provide additional funding for road projects funded with the 2010 GO bond funds (\$126,546).
6. From the Permanent Fund's Miscellaneous Fund: to provide seed money for the Gorham Founders Festival from the Dana Estes Trust account (\$1,747).

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**Note 10 – LONG-TERM DEBT**

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**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, 2011, 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, 2011, was as follows:

	Beginning			Ending	Due Within
	Balance	Additions	Reductions	Balance	One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 46,509,330	3,450,000	2,404,650	47,554,680	3,585,000
Capital leases	429,878	312,792	314,804	427,866	136,031
Accrued vacation and sick leave	872,596	90,288	116,139	846,745	50,000
Other post-employment benefits	230,030	120,447	30,579	319,898	-
<b>Governmental activity</b>					
<b>Long-term liabilities</b>	<b>\$ 48,041,834</b>	<b>3,973,527</b>	<b>2,866,172</b>	<b>49,149,189</b>	<b>3,771,031</b>

**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.

**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2011**

**Note 10 – LONG-TERM DEBT, Continued**

General obligation bonds currently outstanding at June 30, 2011, are comprised of the following:

General Obligation Bonds	Interest Rate	Original Issue Amount	Final Maturity Date	Balance End of Year	Due Within One Year
Governmental activities:					
2010 Road Projects/Heavy Rescue Bond	2.00-3.50%	\$ 3,450,000	8/1/2027	\$ 3,450,000	\$ 205,000
2010 Elementary School Bond	2.00-4.25%	20,384,680	10/1/2030	20,384,680	1,020,000
2008 Road Projects Bond	3.00-4.00%	4,000,000	5/1/2025	3,290,000	235,000
2005 Municipal/Comm Ctr Bond	3.75-4.00%	5,000,000	12/1/2024	3,500,000	250,000
2004 Old Shaw School Reno Bond	3.25-4.35%	2,688,345	2/1/2024	1,820,000	140,000
2004 Fire Truck Bond	3.25-4.35%	350,000	2/1/2024	210,000	20,000
2002 Baxter Library Addition Bond	2.25-4.37%	850,000	11/1/2017	385,000	55,000
2002 Middle School Bond	2.25-4.37%	20,375,000	11/1/2017	12,215,000	1,020,000
2000 Public Works Building Bond	5.70-5.75%	1,295,000	6/1/2020	585,000	65,000
1994 High School Expansion Bond	4.60-5.25%	11,565,000	9/1/2013	1,715,000	575,000
<b>Total governmental activities</b>				<b>\$ 47,554,680</b>	<b>\$ 3,585,000</b>

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:

<b>Fiscal Year Ended June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2012	\$ 3,585,000	\$ 1,691,451	\$ 5,276,451
2013	3,585,000	1,573,776	5,158,776
2014	3,575,000	1,453,745	5,028,745
2015	3,005,000	1,342,155	4,347,155
2016	3,005,000	1,240,165	4,245,165
2017-2021	14,780,000	4,613,471	19,393,471
2022-2026	10,535,000	2,012,450	12,547,450
2027-2031	5,484,680	548,358	6,033,038
<b>Total:</b>	<b>\$ 47,554,680</b>	<b>\$ 14,475,571</b>	<b>\$ 62,030,251</b>

**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2011**

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**Note 10 – LONG-TERM DEBT, Continued**

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**D. Capital Leases**

The Gorham School Department has entered into various lease agreements as lessee for school buses and copiers. 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, 2011:

	<u>Original Purchase Price</u>	<u>Annual Depreciation Expense</u>	<u>Total Minimum Lease Payments</u>	<u>Interest</u>	<u>Present Value of Minimum Lease Payments</u>
Education, seven (7) school buses	\$ 539,896	\$ 49,790	\$ 302,406	\$ 20,741	\$ 281,665
Education, copiers	146,201	n/a	161,131	14,930	146,201
			<u>\$ 463,537</u>	<u>\$ 35,671</u>	<u>\$ 427,866</u>

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, 2011:

<u>Fiscal year ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Lease Obligation</u>
2012	\$ 136,031	\$ 12,760	\$ 148,791
2013	104,575	10,918	115,493
2014	92,209	7,030	99,239
2015	64,117	3,670	67,787
2016	30,934	1,293	32,227
	<u>\$ 427,866</u>	<u>\$ 35,671</u>	<u>\$ 463,537</u>

**E. Compensated Absences**

The Town's policy relating to compensated absences is described in Note 1, I. The long-term portion of this debt, amounting to \$846,745 for governmental activities at June 30, 2011, is expected to be paid in future years from future resources. The Town has estimated that out of the \$846,745, approximately \$50,000 will be due within the next year. In prior years, compensated absences have been liquidated primarily by the general fund.

**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2011**

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**Note 10 – LONG-TERM DEBT, Continued**

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Long-term compensated absences as of June 30, 2011, are comprised of the following:

<u>Type of Leave</u>	<u>Governmental Activities</u>
Sick paid upon termination	\$ 511,038
Vacation	296,442
Compensatory time	<u>39,265</u>
<b>Totals:</b>	<b><u>\$ 846,745</u></b>

**F. Other Post Employment Benefits**

The Town's post-retirement benefit plan providing health insurance to retiring employees is described in Note 8. The long-term portion of this benefit, amounting to \$319,898 for governmental activities at June 30, 2011, is expected to be funded on a pay-as-you-go basis. The Town does not estimate any of OPEB will be due within the next year. If and when the Town does have other post-employment benefits these will be liquidated primarily by the general fund.

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**Note 11 - OPERATING LEASES**

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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, 2011, amounted to \$81,400. Future minimum lease payments for these leases are as follows:

Year ended June 30,	
2012	\$ 13,200
<b>Total</b>	<b><u>\$ 13,200</u></b>

**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2011**

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**Note 12 – OVERLAPPING DEBT AND OTHER CONTINGENCIES**

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**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, 2011, the Town's State valuation of \$1,432,100,000 was 3.52% of the County's State valuation of \$40,729,950,000. The Town's share is 3.52% or \$50,807 of Cumberland County's \$1,445,000 long-term debt outstanding as of June 30, 2011.

The Town is also served by the Portland Water District. At June 30, 2011, the Town's share of self-supporting bonded water debt is 5.4277% or \$1,544,931 of total debt of \$28,463,828. At June 30, 2011, 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 \$137,200.

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 \$4,093,360, while Gorham's share of the Westbrook sewer system debt is \$1,029,025. 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, 2011, outstanding "Incinerator Debt" of Ecomaine totaled \$2,660,000 of which the Gorham share, based on estimated tonnage to be delivered, amounted to \$107,332.

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, 2011, the Town's share is \$106,400 of Ecomaine's outstanding MRF debt of \$1,900,000.

**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2011**

**Note 12 – OVERLAPPING DEBT AND OTHER CONTINGENCIES, Continued**

Ecomaine operates a licensed balefill and ashfill site for which projected landfill closure and postclosure care costs approximate \$15,138,502 at June 30, 2010, the most recent data available. The Town's proportionate share of these estimated landfill closure and postclosure care costs is 4.02% or \$609,213.

**Total Debt and Contingencies**

<u>Governmental Unit</u>	As of June 30, 2011			
	<u>Direct</u> <u>Debt</u>	<u>Overlapping</u> <u>Debt</u>	<u>Contingent</u> <u>Debt</u>	<u>Total</u> <u>Debt</u>
Town of Gorham	\$ 47,554,680	\$ -	\$ -	\$ 47,554,680
Cumberland County	-	50,807	-	50,807
Portland Water District – sewer debt	-	137,200	-	137,200
Portland Water District – sewer shared with Town of Windham and City of Westbrook	-	5,122,385	-	5,122,385
Portland Water District - water debt	-	1,544,931	-	1,544,931
Ecomaine:				
Resources recovery system	-	-	107,332	107,332
Material recycling facility	-	-	106,400	106,400
Landfill closure	-	-	609,213	609,213
<b>Totals</b>	<b><u>\$ 47,554,680</u></b>	<b><u>\$ 6,855,323</u></b>	<b><u>\$ 822,945</u></b>	<b><u>\$ 55,232,948</u></b>

**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, 2011, 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, 2011**

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**Note 12 – OVERLAPPING DEBT AND OTHER CONTINGENCIES, Continued**

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**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, 2011, there were two series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$1,030,000.

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**Note 13 – NET ASSETS**

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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 for fiscal year 2011 with 2010 information provided for comparison:

	2011	2010	\$ Chg	% Chg
Capital assets	\$ 126,802,140	\$ 110,013,946	\$16,788,194	15.3%
Accumulated depreciation	(46,173,741)	(42,920,280)	(3,253,461)	7.6%
Bonds payable	(47,554,680)	(46,509,330)	(1,045,350)	2.2%
Capital leases	(427,866)	(429,878)	2,012	-0.5%
Add back unspent bond proceeds	<u>3,904,182</u>	<u>12,922,178</u>	<u>(9,017,996)</u>	-69.8%
<b>Total invested in capital assets net of related debt</b>	<b>\$ 36,550,035</b>	<b>\$ 33,076,636</b>	<b>\$ 3,473,399</b>	<b>10.5%</b>



**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2011**

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**Note 14 – REIMBURSEMENT FOR DEBT SERVICE EXPENDITURES**

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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.

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**Note 15 - TAX INCREMENT FINANCING DISTRICT**

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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 1<sup>st</sup> 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.

**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2011**

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**Note 15 - TAX INCREMENT FINANCING DISTRICT, Continued**

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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.

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 constructed 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 developed a new industrial park access road on part of this 23 acre parcel of land and is being 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, previously located in the Westbrook Industrial Park, acquired the old Hill-Loma building and improved, rehabilitated, constructed, and equipped 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.

**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2011**

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**Note 15 - TAX INCREMENT FINANCING DISTRICT, Continued**

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VIP estimated 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.

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 constructed a 155,000 sq. ft. commercial facility for beverage warehousing and administration offices on the site. 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.

**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2011**

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**Note 15 - TAX INCREMENT FINANCING DISTRICT, Continued**

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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.

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, 2028 to June 30, 2033. The Maine Department of Economic and Community Development approved the amendment on December 21, 2009.

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**Note 16 - CLASSIFICATION OF NET ASSETS**

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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 as well as unspent bond proceeds reduces this category.

**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 General, Special Revenue, Capital Projects and Permanent funds.

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

**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2011**

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**Note 17 – COMPONENTS OF FUND BALANCES**

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At June 30, 2011 and 2010, other fund balance components consisted of the following:

	<u><b>2011</b></u>	<u><b>2010</b></u>
General Fund:		
Nonspendable:		
Black Brook noncurrent receivable	\$ 7,698	\$ 8,509
Trash bag inventory	33,829	28,191
Gas inventory	15,826	17,126
Diesel inventory	16,611	19,809
<b>Total general fund nonspendable</b>	<b>\$ 73,964</b>	<b>\$ 73,635</b>
Special Revenue Fund:		
Nonspendable:		
TIF - Connolly note receivable	3,422	6,675
TIF - Isherwood note receivable	57,952	64,423
TIF - N E Tread note receivable	72,438	74,250
School lunch inventory	36,337	37,004
<b>Total special revenue fund nonspendable</b>	<b>\$ 170,149</b>	<b>\$ 182,352</b>
Permanent Fund:		
Nonspendable:		
Nonexpendable trust principal	524,205	513,326
<b>Total special revenue fund nonspendable</b>	<b>\$ 524,205</b>	<b>\$ 513,326</b>
<b>Total nonspendable fund balance</b>	<b>\$ 768,318</b>	<b>\$ 769,313</b>

General Fund:		
Restricted:		
Gorham triad	3,052	4,876
D.A.R.E.	6,698	7,641
Drug forfeiture	14,877	15,924
Little Falls substation	2,272	2,272
Restorative justice grant	6,942	9,446
DEA forfeiture	53,219	29,442
Regional grant - maintenance facility	100,000	100,000
Child safety seats	885	885
Fire/rescue donations	25	25
FEMA fire grant	2,925	7,285
Fire memorial	4,900	3,300
Narragansett grant (Fire)	-	5,000

**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2011**

**Note 17 – COMPONENTS OF FUND BALANCES, Continued**

	<u>2011</u>	<u>2010</u>
Sprinkler grant (Fire)	\$ 5,858	\$ 6,900
Street opening permits	93,761	91,992
Tree grant	1,358	1,358
Community Center donations	750	750
<b>Total general fund restricted</b>	<b>\$ 297,522</b>	<b>\$ 287,096</b>
<b>Special Revenue Fund:</b>		
Restricted:		
School grants	591,928	885,232
Transfer overlay district fund	67,534	39,286
Water impact fee (Fort Hill)	2,427	754
Recreation facilities impact fee	94,540	208,833
Open space impact fee	126,073	111,373
Baxter unrestricted book trust	5,444	3,930
M Smith library trust	181	152
Materials/discretionary library trust	1,891	2,648
C Parker library trust	4,996	4,747
Museum trust	434	289
Shaw park	3,500	3,500
Community Center granite sign	362	362
Phinney shade tree recreation trust	1,314	1,264
M Parkhurst miscellaneous trust	129	3,253
Senior citizens miscellaneous trust	12,034	11,577
Foreside TIF	-	18,926
Mega TIF	3,446	1,395
CMJ TIF	80	-
Transformit TIF	1,243	2,562
Revolving loan fund	183,335	99,750
Grondin Properties TIF	30,101	23,033
<b>Total special revenue fund restricted</b>	<b>\$ 1,130,992</b>	<b>\$ 1,422,866</b>
<b>Elementary School Project Fund:</b>		
Restricted	3,124,060	12,922,178
<b>Capital Projects Fund:</b>		
Restricted:		
Municipal/community center project	78,757	1,035,831
4M bond project	-	306,536
2010 bond projects	604,322	-
<b>Total capital project fund restricted</b>	<b>\$ 3,807,139</b>	<b>\$ 14,264,545</b>

**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2011**

**Note 17 – COMPONENTS OF FUND BALANCES, Continued**

	<u>2011</u>	<u>2010</u>
Permanent Fund:		
Restricted:		
South St cemetery perpetual care	\$ 34	\$ 29
M Robie grounds recreation trust	808	753
Robie park recreation trust	2,963	2,763
Fort Hill boulder recreation trust	1,137	1,090
M Robie soldier's monument recreation trust	1,804	1,726
Phinney memorial park recreation trust	2,580	2,449
Percival Baxter library trust	17,111	16,348
Restricted book library trust	2,174	1,673
Martha E Robie library trust	304	422
Lucia A Emery library trust	2,772	2,466
Lucy D Waterman library trust	1,549	3,332
Other restricted library trust	12,479	11,720
Baxter/Knight library trust	1,626	1,480
John Cressey library trust	945	809
Marie M Irish library trust	791	752
Mary L Reid library trust	1,514	1,071
Frederick Robie library trust	1,688	1,873
Centennial library trust	2,004	985
Mary E Knight school trust	3,611	3,452
Charles Robie school trust	36,643	35,076
Ruth E Smith public purpose trust	8,791	8,267
Dana Estes public purpose trust	178	1,757
Giddings Chapel public purpose trust	41,126	51,373
Huston Waterman public purpose trust	68,880	64,288
<b>Total permanent fund restricted</b>	<b>\$ 213,512</b>	<b>\$ 215,954</b>
<b>Total restricted fund balance</b>	<b>\$ 5,449,165</b>	<b>\$ 16,190,461</b>
General Fund:		
Committed:		
Land acquisition	471,525	471,525
Town clock	74,095	74,095
Cemetery reserve	4,375	2,725
Rte. 25/114 sidewalks	214,882	142,290
<b>Total general fund committed</b>	<b>\$ 764,877</b>	<b>\$ 690,635</b>

**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2011**

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**Note 17 – COMPONENTS OF FUND BALANCES, Continued**

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	<u>2011</u>	<u>2010</u>
Special Revenue Fund:		
Committed:		
Food services	\$ 162,602	\$ 116,722
Sewer operations	1,106,267	1,117,678
Little Falls sewer reserve	73,763	71,512
Industrial Park TIF	131,420	140,374
Odat/Grondin TIF	1,939	9,118
Olde Canal TIF	21,422	21,182
Nappi TIF	62,657	59,718
Founder's Festival	1,069	-
<b>Total special revenue fund committed</b>	<b>\$ 1,561,139</b>	<b>\$ 1,536,304</b>
Capital Project Fund:		
Turf field project	197,668	-
Middle school project	4,138	4,138
Various school projects	39,045	39,045
<b>Total capital project fund committed</b>	<b>\$ 240,851</b>	<b>\$ 43,183</b>
<b>Total committed fund balance</b>	<b>\$ 2,566,867</b>	<b>\$ 2,270,122</b>

General Fund:

    Assigned:

Capital budget, part II	139,220	1,128,800
Encumbrances	161,130	222,092
Accrued compensated absences	335,706	320,086
Municipal center building	67,172	24,845
Revaluation	184,554	184,554
Administration	15,623	15,623
Finance software/computer upgrade	148,601	175,914
Compensation study	15,100	15,100
Town clerk	31,539	26,586
Planning	54,831	59,331
Planning office relocation reserve	34,000	-
Assessing	7,607	6,750
GIS system	67,569	85,189
Code	8,355	8,355
Web site development	25,038	26,611



**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2011**

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**Note 17 – COMPONENTS OF FUND BALANCES, Continued**

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	<u>2011</u>	<u>2010</u>
Facility study	\$ 6,201	\$ -
Police vests	2,242	1,056
Police	54,396	55,148
Cruisers	4,724	64,403
Fire	15,338	38,804
Air bottles	600	-
Radio reprogramming	8,857	10,000
Fire vehicle	-	30,000
Extrication equipment	9,647	35,000
Protective fire gear	20,057	30,000
Pager replacement (Fire)	19,306	42,000
Automatic defibrillators	1,595	1,595
Rescue	24,624	16,466
Rescue vehicle reserve	20,744	20,744
Fire ponds/dry hydrants	20,846	14,946
Repairs to outlying fire stations	-	1,367
Public Works	24,445	63,302
Public Works vehicles	43,171	31,137
Vacuum truck	50,000	50,000
Mower & trailer	55,000	-
Fuel management system software	2,801	2,801
Fuel depot reserve	25,680	21,159
Longfellow bridge	35,000	35,000
Storm water phase II	24,664	24,664
Public Works building	4,052	10,208
DEP site permit	75,000	-
Roads	220,960	322,463
Little Falls tennis courts	1,469	1,469
Baxter Library	16,482	9,979
Library stairwell roof replacement	3,935	-
Robie Gym repairs	16,000	-
Recreation	9,747	5,358
Baxter Museum repairs	26,013	28,987
Economic development reserve	75,316	75,316
Cable TV	9,367	8,480
Equipment	190,045	186,991
Capital project reserve	136,636	489,948

**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2011**

**Note 17 – COMPONENTS OF FUND BALANCES, Continued**

	<u><b>2011</b></u>	<u><b>2010</b></u>
North St Cemetery fence	\$ -	\$ 411
Streaming video	-	510
Bicycle patrol	376	376
Outside detail (Police)	845	-
Fire prevention	4,445	4,250
Lock boxes (Fire)	-	(899)
FEMA storm events	18,965	-
Recycling committee	-	1,189
Pay-per-bag startup costs	5,636	5,636
Recreation	217,731	226,856
Vacation/comp/sick reserve	471,697	389,374
Retirement reserve	-	105,500
Unemployment insurance contingency reserve	31,500	21,500
Employee wellness program	2,745	2,393
Property insurance deductible reserve	10,000	10,000
Auto insurance deductible reserve	4,000	4,000
<b>Total general fund assigned</b>	<b>\$ 3,318,945</b>	<b>\$ 4,799,723</b>
School Operations Fund:		
Assigned:		
Use of fund balance	200,000	795,000
Encumbrances	217,458	73,904
Special Revenue Fund:		
Assigned:		
Baxter Memorial Library Association	2,984	3,716
Library fund raising	6,700	6,700
Stumpage	1,973	1,973
<b>Total special revenue fund assigned</b>	<b>\$ 429,115</b>	<b>\$ 881,293</b>
<b>Total assigned fund balance</b>	<b>\$ 3,748,060</b>	<b>\$ 5,681,016</b>
<b>Total governmental funds</b>	<b>\$ 12,532,410</b>	<b>\$ 24,910,912</b>

**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2011**

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**Note 18 – BUDGETARY VS. GAAP ACCOUNTING**

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Through June 30, 2011, 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.

	<b><u>General Fund</u></b>	<b><u>Special Revenue School</u></b>
Fund balance (deficit), June 30, 2011 – GAAP basis	\$ 10,963,354	\$ (677,312)
Accrued summer salaries	-	1,997,711
Accrued salaries – management	-	2,703
Encumbrances	(161,130)	(217,458)
<b><u>Fund balance, June 30, 2011 – budgetary basis</u></b>	<b><u>\$ 10,802,224</u></b>	<b><u>\$ 1,105,644</u></b>

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 \$2,684,018.

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.

The School Board approved the use of \$200,000 in budgetary basis fund balance for the FY12 school budget. As a result, the ending School fund balance as of June 30, 2011 on the budgetary basis is \$905,644.

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**Note 19 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS**

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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.

**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2011**

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**Note 19 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS, Continued**

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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.

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**Note 20 – CONSTRUCTION COMMITMENT**

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As of June 30, 2011, the Town had various contractual commitments. The significant commitments are as follows:

<u>Project</u>	<u>Spent to</u> <u>Date</u>	<u>Remaining</u> <u>Commitment</u>
Great Falls Elementary School	\$ 15,897,586	\$ 5,629,127
Finn Parker Road Reconstruction	472,216	12,784
North Gorham Road Reconstruction	1,115,802	70,308
Village Square Sidewalks Reconstruction	<u>150,368</u>	<u>95,152</u>
<b>Total</b>	<b>\$ 17,635,972</b>	<b>\$ 5,807,371</b>

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**Note 21 – SUBSEQUENT EVENTS**

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At the Town Council meeting on August 2, 2011, the Gorham Town Council approved the refunding of the 2000 general obligation bonds. The refunding is estimated to save the Town approximately \$93,500.

**TOWN OF GORHAM, MAINE**  
**Required Supplemental Information**  
**June 30, 2011**

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**SCHEDULE OF FUNDING PROGRESS**

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**Retiree Healthcare Plan**

**A. Schedule of Funding Progress**

The Town provides healthcare benefits for certain retired employees. The eligible retirees pay 100% of the health care insurance premiums to receive benefit coverage. The Town of Gorham plans to fund these benefits on a pay-as-you-go basis. The following table represents information for only the years available.

<b>Fiscal Year</b>	<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll [(b-a) / c]</b>
2009	1/1/2011	\$ -	\$ 1,205,417	\$ 1,205,417	0.00%	\$3,834,785	31.43%
2010	1/1/2011	\$ -	\$ 1,205,417	\$ 1,205,417	0.00%	\$4,387,368	27.47%
2011	1/1/2011	\$ -	\$ 1,205,417	\$ 1,205,417	0.00%	\$4,534,098	26.59%

### **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, 2011 and 2010**

	2011	2010
<b>ASSETS</b>		
Cash	\$ 15,692	16,769
Investments	14,891,469	15,071,340
Receivables:		
Accounts	357,662	84,373
Rescue receivable (net of allowance of \$110,000 and \$75,000)	197,694	162,792
Taxes receivable - current year	553,239	654,283
Taxes receivable - prior year	35,479	48,634
Tax liens	272,433	417,771
Notes	7,698	8,509
Tax acquired property	30,578	25,728
Performance bonds	1,322,135	1,204,771
Inventories	66,266	65,126
<b>Total assets</b>	<b>\$ 17,750,345</b>	<b>17,760,096</b>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable and payroll withholdings	802,529	422,665
Accrued wages and benefits	269,106	250,033
Interfund loans payable	3,780,221	3,830,339
Deferred tax revenues	613,000	866,300
Performance bond deposits	1,322,135	1,204,771
<b>Total liabilities</b>	<b>6,786,991</b>	<b>6,574,108</b>
Fund balance:		
Nonspendable:		
Noncurrent receivables	7,698	8,509
Inventories	66,266	65,126
Restricted to:		
Public safety operations	201,653	192,996
Public works operations	93,761	91,992
Recreation operations	2,108	2,108
Committed to:		
General government purposes	545,620	545,620
Other purposes	219,257	145,015
Assigned to:		
Encumbrances	161,130	222,092
Designated for FY12 & FY11 capital budget	139,220	1,128,800
General government purposes	666,191	628,858
Public safety operations	208,642	365,256
Public works operations	585,374	567,559
Recreation operations	291,377	272,649
Economic development	75,316	75,316
Insurance and employee benefits	855,647	852,853
Other purposes	336,048	686,340
Unassigned	6,508,046	5,334,899
<b>Total fund balance</b>	<b>10,963,354</b>	<b>11,185,988</b>
<b>Total liabilities and fund balance</b>	<b>\$ 17,750,345</b>	<b>17,760,096</b>



**TOWN OF GORHAM, MAINE**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**Year ended June 30, 2011**  
**(with comparative actual amounts for the year ended June 30, 2010)**

	2011		Variance positive (negative)	2010 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 18,900,284	19,390,142	489,858	18,839,870
Change in deferred property tax revenue	-	253,300	253,300	(34,300)
Excise taxes	2,395,000	2,385,626	(9,374)	2,374,614
Interest and costs on taxes	72,000	118,218	46,218	119,141
Total taxes	21,367,284	22,147,286	780,002	21,299,325
Licenses and permits:				
Building permits	142,500	187,014	44,514	163,935
Plumbing/electrical fees	18,000	23,276	5,276	19,739
Motor vehicle renewal fees	43,000	44,960	1,960	44,145
Town clerk fees	48,750	63,811	15,061	62,653
Cable TV franchise fee	196,400	214,316	17,916	202,107
Code fees	5,975	12,585	6,610	9,625
Other	3,500	2,976	(524)	2,679
Total licenses and permits	458,125	548,938	90,813	504,883
Intergovernmental:				
FEMA reimbursement	-	13,031	13,031	16,029
State revenue sharing	1,067,875	1,116,472	48,597	1,131,755
Highway block grant	206,000	246,216	40,216	235,792
Human services assistance	31,000	63,879	32,879	31,284
Homestead exemption	259,083	259,083	-	303,353
BBTE reimbursement	163,064	163,110	46	131,103
Other state grants	22,800	26,611	3,811	28,486
Other agencies	23,000	200,886	177,886	33,918
University of Southern Maine assistance	12,500	12,500	-	21,903
Total intergovernmental	1,785,322	2,101,788	316,466	1,933,623
Charges for services:				
Police fees, fines and outside work	20,500	26,527	6,027	29,371
Fire and rescue fees	528,850	644,423	115,573	539,537
Subdivision/development fees	31,675	39,192	7,517	36,560
Sewer inspection fees	2,500	3,750	1,250	4,850
Miscellaneous code	500	478	(22)	825
Miscellaneous public works	2,900	2,898	(2)	1,679
Solid waste user charges	430,200	473,658	43,458	462,723
Recreation fees	46,700	53,324	6,624	48,666
Payment in lieu of taxes	53,379	55,469	2,090	56,684
Sale of town property	-	67,792	67,792	-
Use of cruisers	-	2,640	2,640	3,490
Fuel depot reserve	-	6,345	6,345	4,349
Cemetery reserve	-	1,650	1,650	1,125
Total charges for services	1,117,204	1,378,146	260,942	1,189,859

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

	2011		Variance positive (negative)	2010 Actual
	Budget	Actual		
Revenues, continued:				
Other revenues:				
Cemetery income	\$ 7,500	16,696	9,196	16,363
Interest on investments	60,000	12,309	(47,691)	31,672
Rent	95,400	95,472	72	95,025
Recreation reimbursement	-	539,605	539,605	599,092
Senior mealsite	11,500	10,106	(1,394)	11,305
Miscellaneous	11,000	22,684	11,684	21,726
Miscellaneous unbudgeted	-	234,439	234,439	322,042
Total other revenues	185,400	931,311	745,911	1,097,225
Total revenues	24,913,335	27,107,469	2,194,134	26,024,915
Expenditures:				
Current:				
General government:				
Administration	412,120	432,428	(20,308)	396,396
Technology	93,100	89,916	3,184	83,298
Town Clerk	222,642	212,737	9,905	241,991
Planning	206,965	172,033	34,932	248,351
Assessing	125,112	123,398	1,714	123,659
Code enforcement	119,925	121,510	(1,585)	111,797
Gorham municipal center	208,450	164,098	44,352	209,319
Total general government	1,388,314	1,316,120	72,194	1,414,811
Public safety:				
Police department	1,541,064	1,525,794	15,270	1,537,976
Fire department	968,248	951,623	16,625	895,269
Rescue squad	440,466	409,208	31,258	366,444
Public safety building	98,450	88,503	9,947	99,093
Public utilities	149,800	143,840	5,960	136,611
Public safety contract services	272,729	272,594	135	257,803
Total public safety	3,470,757	3,391,562	79,195	3,293,196
Public works:				
Public works maintenance	1,442,538	1,460,127	(17,589)	1,427,509
Solid waste removal	875,129	849,002	26,127	841,831
Total public works	2,317,667	2,309,129	8,538	2,269,340
Health and welfare:				
Welfare and senior mealsite	83,235	136,253	(53,018)	74,469
Health council	600	600	-	600
Total health and welfare	83,835	136,853	(53,018)	75,069

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

	2011		Variance positive (negative)	2010 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Recreation:				
Baxter Memorial Library	\$ 422,845	409,838	13,007	422,577
Little Falls Library	1,800	1,800	-	1,800
North Gorham Library	12,000	12,000	-	12,000
Baxter Museum	6,600	3,132	3,468	2,252
Recreation	227,520	218,742	8,778	222,772
Old Robie School	12,810	12,337	473	13,917
Recreation - reimbursable programs	-	548,729	(548,729)	535,033
Total recreation	683,575	1,206,578	(523,003)	1,210,351
Economic development	65,000	61,666	3,334	65,000
Insurances:				
Multi peril policy	175,000	155,404	19,596	153,924
Public liability	13,000	10,029	2,971	10,002
Total insurances	188,000	165,433	22,567	163,926
Employee benefits:				
Direct unemployment compensation	7,500	3,664	3,836	121
Worker's compensation	103,116	102,011	1,105	98,639
Retirement	327,336	286,133	41,203	374,380
Major medical insurance	928,000	935,137	(7,137)	873,446
Social security	395,368	352,034	43,334	350,367
Employee assistance program	1,000	660	340	975
Group life insurance	550	887	(337)	343
Total employee benefits	1,762,870	1,680,526	82,344	1,698,271
Public agencies:				
Appeals board/assessment appeals	1,250	-	1,250	-
Parks and conservation	500	459	41	339
Recycling committee	1,000	1,564	(564)	-
G.P.C.O.G.	14,141	14,141	-	12,727
MMA	12,035	12,155	(120)	11,859
P.A.C.T.S.	2,064	-	2,064	1,239
Total public agencies	30,990	28,319	2,671	26,164
Unclassified:				
Gorham cable TV	74,899	73,124	1,775	67,473
Town Clock	800	800	-	-
Memorial Day	2,100	2,090	10	1,705
Contingency	70,000	53,984	16,016	117,772
Miscellaneous unbudgeted	-	212,237	(212,237)	69,195
Total unclassified	147,799	342,235	(194,436)	256,145

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

	2011		Variance positive (negative)	2010 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Intergovernmental - County tax	\$ 766,668	766,668	-	789,829
Debt service (excluding education):				
Principal	787,772	787,772	-	787,772
Interest	412,542	452,354	(39,812)	439,831
Total debt service	1,200,314	1,240,126	(39,812)	1,227,603
Capital:				
Capital maintenance	167,044	670,962	(503,918)	563,749
Capital improvements	1,128,800	1,219,128	(90,328)	392,593
Total capital	1,295,844	1,890,090	(594,246)	956,342
Total expenditures	\$ 13,401,633	14,535,305	(1,133,672)	13,446,047
Excess of revenues over expenditures	11,511,702	12,572,164	1,060,462	12,578,868
Other financing sources (uses):				
Use of unassigned fund balance	1,128,800	-	(1,128,800)	-
Transfers to special revenue - School Fund	(12,856,701)	(12,856,701)	-	(12,551,333)
Transfers in from special revenue - TIF	216,199	212,865	(3,334)	229,632
Transfers to capital projects - Municipal Center	-	(90,000)	(90,000)	-
Transfer in from capital project fund - Elementary School Project	-	-	-	235,000
Total other financing sources (uses)	(11,511,702)	(12,733,836)	(1,222,134)	(12,086,701)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses - budgetary basis	-	(161,672)	(161,672)	492,167
Reconciliation to GAAP basis:				
Change in encumbrances		(60,962)		160,096
Net change in fund balance		(222,634)		652,263
Fund balance, beginning of year		11,185,988		10,533,725
Fund balance, end of year	\$	10,963,354		11,185,988

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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, 2011**

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
<b>ASSETS</b>				
Cash	\$ 175,995	-	-	175,995
Investments	88,225	1,327,964	759,545	2,175,734
Receivables:				
Accounts	284,078	-	-	284,078
Notes	133,812	-	-	133,812
Intergovernmental	281,128	-	-	281,128
Inventories	36,337	-	-	36,337
Interfund loans receivable	2,596,724	319,608	10,758	2,927,090
<b>Total assets</b>	<b>\$ 3,596,299</b>	<b>1,647,572</b>	<b>770,303</b>	<b>6,014,174</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	534,770	-	11,988	546,758
Unearned revenues	23,007	-	-	23,007
Interfund loans payable	177,112	723,642	20,598	921,352
<b>Total liabilities</b>	<b>734,889</b>	<b>723,642</b>	<b>32,586</b>	<b>1,491,117</b>
Fund balances:				
Nonspendable	170,149	-	524,205	694,354
Restricted	1,130,992	683,079	213,512	2,027,583
Committed	1,561,139	240,851	-	1,801,990
Assigned	11,657	-	-	11,657
Unassigned	(12,527)	-	-	(12,527)
<b>Total fund balances</b>	<b>2,861,410</b>	<b>923,930</b>	<b>737,717</b>	<b>4,523,057</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,596,299</b>	<b>1,647,572</b>	<b>770,303</b>	<b>6,014,174</b>



**TOWN OF GORHAM, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**All Other Governmental Funds**  
**For the year ended June 30, 2011**

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
Revenues:				
Taxes	\$ 483,804	-	-	483,804
Intergovernmental	2,973,091	-	-	2,973,091
Investment income	10,973	16,911	30,265	58,149
Charges for services	1,633,824	-	-	1,633,824
Other revenue	133,894	350	10,758	145,002
Total revenues	5,235,586	17,261	41,023	5,293,870
Expenditures:				
Current:				
Grants and other special uses	2,975,933	-	-	2,975,933
Food services	818,023	-	-	818,023
Public works - sewer	1,068,444	-	-	1,068,444
Recreation	21,695	-	-	21,695
Unclassified	232,874	-	30,839	263,713
Capital improvements	-	4,218,881	-	4,218,881
Total expenditures	5,116,969	4,218,881	30,839	9,366,689
Excess (deficiency) of revenues over (under) expenditures	118,617	(4,201,620)	10,184	(4,072,819)
Other financing sources (uses):				
Long-term debt issued	-	3,450,000	-	3,450,000
Transfer in from other funds	5,000	416,546	-	421,546
Transfer to other funds	(416,118)	(126,546)	(1,747)	(544,411)
Total other financing sources (uses)	(411,118)	3,740,000	(1,747)	3,327,135
Net change in fund balances	(292,501)	(461,620)	8,437	(745,684)
Fund balances, beginning of year	3,153,911	1,385,550	729,280	5,268,741
Fund balances, end of year	\$ 2,861,410	923,930	737,717	4,523,057

## **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 Grants and Other Special Uses Fund** -- 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 Fund** -- 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.

**Impact Fees Fund** -- To account for the various impact fees established by the Town Council for recreational and open space purposes, and extension of water service in the Fort Hill area.

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

**Recreation Fund** -- To account for the activity of the expendable Phinney Shade Tree Trust account, and donations for the Community Center granite sign account and Shaw Park.

**TIF Fund** -- 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 Center development district, the Nappi development district, and the Olde Canal Business Park development district.

**Miscellaneous Fund** -- To account for the activities that benefit the senior citizens of Gorham, expendable trust funds left to the Town to use as they see fit, and proceeds from tree removal operations associated with the construction of the by-pass.

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**TOWN OF GORHAM, MAINE**  
**Combining Balance Sheet**  
**Special Revenue Funds**

June 30, 2011

(with comparative actual amounts for the year ended June 30, 2010)

	Little Falls											
	Sewer						Totals					
	School Grants Fund	School Lunch Fund	School Operations Fund	Sewer Reserve and Loan Fund	Impact Fees Fund	Library Fund	Recreation Fund	TIF Fund	Miscellaneous Fund	2011	2010	
<b>ASSETS</b>												
Cash	-	175,995	-	-	-	-	-	-	-	175,995	119,786	
Investments	-	-	-	59,211	-	12,284	1,314	-	15,416	88,225	87,149	
Receivables:												
Accounts	50,934	5,728	227,416	-	-	-	-	-	-	284,078	258,551	
Notes	-	-	-	-	-	-	-	133,812	-	133,812	145,348	
Intergovernmental	231,150	49,978	-	-	-	-	-	-	-	281,128	445,122	
Inventories	-	36,337	-	-	-	-	-	-	-	36,337	37,004	
Interfund loans receivable	962,896	-	878,851	14,552	290,574	10,346	3,862	435,643	-	2,596,724	2,503,125	
<b>Total assets</b>	<b>\$ 1,244,980</b>	<b>268,038</b>	<b>1,106,267</b>	<b>73,763</b>	<b>290,574</b>	<b>22,630</b>	<b>5,176</b>	<b>569,455</b>	<b>15,416</b>	<b>3,596,299</b>	<b>3,596,085</b>	
<b>LIABILITIES AND FUND BALANCES</b>												
Liabilities:												
Accounts payable	533,215	1,555	-	-	-	-	-	-	-	534,770	45,350	
Unearned revenues	-	23,007	-	-	-	-	-	-	-	23,007	20,440	
Interfund loans payable	132,364	44,537	-	-	-	-	-	-	211	177,112	376,384	
<b>Total liabilities</b>	<b>665,579</b>	<b>69,099</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>211</b>	<b>734,889</b>	<b>442,174</b>	
Fund balances:												
Nonspendable:												
Noncurrent receivables	-	-	-	-	-	-	-	133,812	-	133,812	145,348	
Inventories	-	36,337	-	-	-	-	-	-	-	36,337	37,004	
Restricted to:												
Grants	591,928	-	-	-	-	-	-	-	-	591,928	885,232	
Impact fees	-	-	-	-	290,574	-	-	-	-	290,574	360,246	
Library	-	-	-	-	-	12,946	-	-	-	12,946	11,766	
Recreation	-	-	-	-	-	-	5,176	-	-	5,176	1,264	
Miscellaneous	-	-	-	-	-	-	-	-	12,163	12,163	14,830	
TIF	-	-	-	-	-	-	-	218,205	-	218,205	145,666	
Committed to:												
Food services	-	162,602	-	-	-	-	-	-	-	162,602	116,722	
Sewer operations	-	-	1,106,267	73,763	-	-	-	-	-	1,180,030	1,189,190	
TIF	-	-	-	-	-	-	-	217,438	-	217,438	230,392	
Miscellaneous	-	-	-	-	-	-	-	-	1,069	1,069	-	
Assigned to:												
Library	-	-	-	-	-	9,684	-	-	-	9,684	10,416	
Recreation	-	-	-	-	-	-	-	-	-	-	3,862	
Miscellaneous	-	-	-	-	-	-	-	-	1,973	1,973	1,973	
Unassigned:												
Grants	(12,527)	-	-	-	-	-	-	-	-	(12,527)	-	
<b>Total fund balances</b>	<b>579,401</b>	<b>198,939</b>	<b>1,106,267</b>	<b>73,763</b>	<b>290,574</b>	<b>22,630</b>	<b>5,176</b>	<b>569,455</b>	<b>15,205</b>	<b>2,861,410</b>	<b>3,153,911</b>	
<b>Total liabilities and fund balances</b>	<b>\$ 1,244,980</b>	<b>268,038</b>	<b>1,106,267</b>	<b>73,763</b>	<b>290,574</b>	<b>22,630</b>	<b>5,176</b>	<b>569,455</b>	<b>15,416</b>	<b>3,596,299</b>	<b>3,596,085</b>	

**TOWN OF GORHAM, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Special Revenue Funds**  
**For the year ended June 30, 2011**  
**(with comparative actual amounts for the year ended June 30, 2010)**

		Little Falls										Totals	
		School Grants Fund	School Lunch Fund	Sewer Operations Fund	Sewer Reserve and Loan Fund	Impact Fees Fund	Library Fund	Recreation Fund	TIF Fund	Miscellaneous Fund		2011	2010
<b>Revenues:</b>													
Taxes	\$	-	-	-	-	-	-	-	483,804	-	-	483,804	469,315
Intergovernmental:													
Federal grants		1,859,450	-	-	-	-	-	-	-	-	-	1,859,450	1,568,853
Other state grants		810,652	-	-	-	-	-	-	-	-	-	810,652	925,830
USDA subsidies		-	302,989	-	-	-	-	-	-	-	-	302,989	299,304
Total intergovernmental		2,670,102	302,989	-	-	-	-	-	-	-	-	2,973,091	2,793,987
Investment income		-	-	95	2,251	-	518	50	7,473	586	10,973	7,066	
Charges for services		-	560,247	1,056,938	-	-	16,639	-	-	-	1,633,824	1,576,607	
Other revenues		-	-	-	-	133,152	-	-	742	-	133,894	149,910	
Total revenues		2,670,102	863,236	1,057,033	2,251	133,152	17,157	50	492,019	586	5,235,586	4,996,885	
<b>Expenditures:</b>													
Current:													
Grants and other special uses:													
Federal education grants		2,047,867	-	-	-	-	-	-	-	-	2,047,867	1,500,427	
State grants and special uses		928,066	-	-	-	-	-	-	-	-	928,066	1,002,096	
Total grants and other special uses		2,975,933	-	-	-	-	-	-	-	-	2,975,933	2,502,523	
Food services		-	818,023	-	-	-	-	-	-	-	818,023	798,284	
Public works - sewer		-	-	1,068,444	-	-	-	-	-	-	1,068,444	1,049,179	
Recreation		-	-	-	-	1,055	16,709	-	-	3,931	21,695	56,893	
Unclassified		-	-	-	-	1,769	-	-	231,105	-	232,874	206,516	
Total expenditures		2,975,933	818,023	1,068,444	-	2,824	16,709	-	231,105	3,931	5,116,969	4,613,395	

**TOWN OF GORHAM, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Special Revenue Funds**  
**For the year ended June 30, 2011**  
**(with comparative actual amounts for the year ended June 30, 2010)**

		Little Falls										Totals	
		School Grants Fund	School Lunch Fund	School Operations Fund	Sewer Fund	Reserve and Loan Fund	Impact Fees Fund	Library Fund	Recreation Fund	TIF Fund	Miscellaneous Fund	2011	2010
Excess (deficiency) of revenues over (under) expenditures	\$	(305,831)	45,213	(11,411)		2,251	130,328	448	50	260,914	(3,345)	118,617	383,490
Other financing sources (uses):													
Transfers in		-	-	-	-	-	-	-	-	-	5,000	5,000	-
Transfers out		-	-	-	-	-	(200,000)	-	-	(212,865)	(3,253)	(416,118)	(230,260)
Total other financing sources (uses)		-	-	-	-	-	(200,000)	-	-	(212,865)	1,747	(411,118)	(230,260)
Net change in fund balance		(305,831)	45,213	(11,411)		2,251	(69,672)	448	50	48,049	(1,598)	(292,501)	153,230
Fund balances, beginning of year		885,232	153,726	1,117,678		71,512	360,246	22,182	5,126	521,406	16,803	3,153,911	3,000,681
Fund balances, end of year	\$	579,401	198,939	1,106,267		73,763	290,574	22,630	5,176	569,455	15,205	2,861,410	3,153,911

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## **CAPITAL PROJECT FUNDS**

Capital project funds 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:

### **Municipal Center Project**

To account for the renovation of the old Shaw School into a Municipal/Community Center as well as associated capital projects at the Chick Property.

### **2008 Road Projects**

To account for the reconstruction of roads funded with general obligation bonds.

### **2010 GO Bond Projects**

To account for the purchase of a heavy rescue vehicle and the reconstruction of roads funded with general obligation bonds.

### **Turf Field Project**

To account for the construction of a multi-purpose synthetic turf field and related facilities.

### **Middle School Project**

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

### **Elementary School Project**

To account for construction of a new elementary school on Stevens Drive to replace the White Rock Elementary School. The Elementary School Project 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, 2011**

(with comparative actual amounts for the year ended June 30, 2010)

	Municipal Center Project	2008 Road Projects	2010 GO Bond Projects	Turf Field Project	Middle School Project	Various School Projects	Totals
							2011      2010
<b>ASSETS</b>							
Investments	\$ -	-	1,327,964	-	-	-	1,327,964      1,380,039
Interfund loans receivable	78,757	-	-	197,668	4,138	39,045	319,608      43,183
<b>Total assets</b>	<b>\$ 78,757</b>	<b>-</b>	<b>1,327,964</b>	<b>197,668</b>	<b>4,138</b>	<b>39,045</b>	<b>1,647,572      1,423,222</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable	-	-	-	-	-	-	-      37,672
Interfund loans payable	-	-	723,642	-	-	-	723,642      -
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>723,642</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>723,642      37,672</b>
<b>Fund balances:</b>							
Restricted to:							
Municipal center project	78,757	-	-	-	-	-	78,757      1,035,831
Bonded road projects	-	-	604,322	-	-	-	604,322      306,536
Committed to:							
Turf field project	-	-	-	197,668	-	-	197,668      -
Middle school project	-	-	-	-	4,138	-	4,138      4,138
Various school projects	-	-	-	-	-	39,045	39,045      39,045
<b>Total fund balances</b>	<b>78,757</b>	<b>-</b>	<b>604,322</b>	<b>197,668</b>	<b>4,138</b>	<b>39,045</b>	<b>923,930      1,385,550</b>
<b>Total liabilities and fund balances</b>	<b>\$ 78,757</b>	<b>-</b>	<b>1,327,964</b>	<b>197,668</b>	<b>4,138</b>	<b>39,045</b>	<b>1,647,572      1,423,222</b>

**TOWN OF GORHAM, MAINE**  
**Capital Project Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2011**  
**(with comparative actual amounts for the year ended June 30, 2010)**

	Municipal Center Project	2008 Road Projects	2010 GO Bond Projects	Turf Field Project	Middle School Project	Various School Projects	Totals
							2011      2010
<b>Revenues:</b>							
Investment income	\$ 301	788	15,822	-	-	-	16,911      2,898
Other revenue	-	-	350	-	-	-	-      350
Total revenues	301	788	16,172	-	-	-	17,261      2,898
<b>Expenditures:</b>							
Capital improvements:							
Construction and renovation	1,047,375	180,778	2,988,396	2,332	-	-	4,218,881      219,301
Total capital improvements	1,047,375	180,778	2,988,396	2,332	-	-	4,218,881      219,301
Total expenditures	1,047,375	180,778	2,988,396	2,332	-	-	4,218,881      219,301
Excess (deficiency) of revenues over (under) expenditures	(1,047,074)	(179,990)	(2,972,224)	(2,332)	-	-	(4,201,620)      (216,403)
Other financing sources (uses):							
Long-term debt issued	-	-	3,450,000	-	-	-	3,450,000      -
Transfers - in	90,000	-	126,546	200,000	-	-	416,546      -
Transfers - out	-	(126,546)	-	-	-	-	(126,546)      -
Total other financing sources (uses)	90,000	(126,546)	3,576,546	200,000	-	-	3,740,000      -
Net change in fund balance	(957,074)	(306,536)	604,322	197,668	-	-	(461,620)      (216,403)
Fund balances, beginning of year	1,035,831	306,536	-	-	4,138	39,045	1,385,550      1,601,953
Fund balances, end of year	\$ 78,757	-	604,322	197,668	4,138	39,045	923,930      1,385,550

## **PERMANENT FUNDS**

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 Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Permanent Funds**  
**For the year ended June 30, 2011**  
**(with comparative actual amounts for the year ended June 30, 2010)**

		Cemetery Perpetual Care	Parks and Recreation Grounds	Baxter Library and Museum	Schools	Public Improvements and Civic	Miscellaneous	Totals
								2011      2010
Revenues:								
Investment income	\$	11,345	510	7,668	1,727	524	8,491	30,265      23,857
Donations		5,825	-	4,933	-	-	-	10,758      91,455
Total revenues		17,170	510	12,601	1,727	524	8,491	41,023      115,312
Expenditures:								
Current:								
Other miscellaneous		11,988	-	5,051	-	-	13,800	30,839      10,682
Total expenditures		11,988	-	5,051	-	-	13,800	30,839      10,682
Excess (deficiency) of revenues over (under) expenditures		5,182	510	7,550	1,727	524	(5,309)	10,184      104,630
Other financing sources (uses):								
Transfers - out		-	-	-	-	-	(1,747)	(1,747)      -
Total other financing sources (uses)		-	-	-	-	-	(1,747)	(1,747)      -
Net change in fund balance		5,182	510	7,550	1,727	524	(7,056)	8,437      104,630
Fund balances, beginning of year		285,038	12,906	194,712	43,698	13,267	179,659	729,280      624,650
Fund balances, end of year	\$	290,220	13,416	202,262	45,425	13,791	172,603	737,717      729,280

## **FIDUCIARY FUNDS**

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and which cannot be used to support the government's own programs.

### **Private-purpose Trust Funds:**

These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations and other governments.

#### **Scholarships:**

##### **Malcolm Smith Scholarship Fund**

Provides an annual scholarship to a worthy graduate of Gorham High School, as selected by its principal.

##### **Bob Grant Memorial Scholarship Fund**

Provides an annual scholarship to a worthy graduate of Gorham High School, as selected by its principal.

##### **Harry Shevis Scholarship Fund**

Provides an annual scholarship to a graduating senior at Gorham High School who, in the opinion of the principal, like Harry Shevis has a true intellectual gift for math and computer science, but, like Harry may not necessarily have the highest grade point average. Special consideration shall be given for potential recipients who are either National Merit Finalists or Semi-finalists or who plan to pursue a college degree in math, engineering or computer science.

##### **Watson Family Scholarship Fund**

Provides an annual scholarship to a graduating senior for the purpose of furthering their education. The selection is made on the basis of need, scholarship, and ability demonstrated during the last two years of study by a committee composed of the principal, the guidance director, and one teacher.

##### **Charles C. Shaw Scholarship Fund**

Provides an annual scholarship to a worthy student pursuing an educational experience beyond high school, requiring at least two (2) years of post high school education. The criteria shall be based on a combination of most need and scholarship effort, but not necessarily to a student of the highest academic standing.

##### **Thomas A. Fogg Vocational Scholarship Fund**

Provides a scholarship to a Gorham student for the purposes of allowing that student to attend a vocational school program that he or she would otherwise be unable to afford. Criteria for this award shall be financial need, vocational training background and desire to continue training at a vocational school.

##### **Arthur and Jane Fogg Memorial Scholarship Fund**

Provides a scholarship to a Gorham High School student with the greatest financial need.

### **Agency Funds:**

The School & Student Activities, Public Safety Activities, and Recreation Activities Agency Funds are used to report resources held by the Town in a purely custodial capacity.



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**TOWN OF GORHAM, MAINE**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2011**

	Agency Funds			
	School & Student Activity Funds	Public Safety Activity Funds	Recreation Activity Funds	Scholarships Private-purpose Trust Funds
<b>ASSETS</b>				
Cash	\$ 270,326	87,101	20,789	-
Investments	-	42,302	-	46,927
<b>Total assets</b>	<b>270,326</b>	<b>129,403</b>	<b>20,789</b>	<b>46,927</b>
<b>LIABILITIES AND NET ASSETS</b>				
Liabilities:				
Due to:				
Student groups	270,326	-	-	-
Public safety	-	129,403	-	-
Recreation	-	-	20,789	-
Accounts payable	-	-	-	1,000
<b>Total liabilities</b>	<b>270,326</b>	<b>129,403</b>	<b>20,789</b>	<b>1,000</b>
Net assets:				
Principal	-	-	-	4,700
Unexpended income	-	-	-	41,227
<b>Total net assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45,927</b>
<b>Total liabilities and and net assets</b>	<b>\$ 270,326</b>	<b>129,403</b>	<b>20,789</b>	<b>46,927</b>

(with comparative actual amounts for the year ended June 30, 2010)									
School & Student Activity Agency Funds									
	High School Activity Fund	High School CBE Fund	White Rock Activity Fund	Narragansett Office	Village Activity Fund	Middle School Activity Fund	Special Education	Totals	
								2011	2010
ASSETS									
Cash	\$ 198,590	2,270	2,310	20,040	10,611	33,611	2,813	81	270,326 298,939
Total assets	198,590	2,270	2,310	20,040	10,611	33,611	2,813	81	270,326 298,939
LIABILITIES									
Due to student groups	198,590	2,270	2,310	20,040	10,611	33,611	2,813	81	270,326 298,939
Total liabilities	\$ 198,590	2,270	2,310	20,040	10,611	33,611	2,813	81	270,326 298,939

**TOWN OF GORHAM, MAINE**  
**Combining Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2011**

(with comparative actual amounts for the year ended June 30, 2010)

<b>Public Safety Activity Agency Funds</b>							
	<b>Guns and Hoses Fund</b>	<b>Central Station Auxiliary Fund</b>	<b>S Windham Fire Company Fund</b>	<b>Presumpscot Valley Hazmat Fund</b>	<b>Totals</b>		
					<b>2011</b>	<b>2010</b>	
<b>ASSETS</b>							
Cash	\$ 7,935	7,351	421	71,394	87,101	87,792	
Investments	40,650	1,553	99	-	42,302	41,483	
<b>Total assets</b>	<b>48,585</b>	<b>8,904</b>	<b>520</b>	<b>71,394</b>	<b>129,403</b>	<b>129,275</b>	
<b>LIABILITIES</b>							
Due to public safety groups	48,585	8,904	520	71,394	129,403	129,275	
<b>Total liabilities</b>	<b>\$ 48,585</b>	<b>8,904</b>	<b>520</b>	<b>71,394</b>	<b>129,403</b>	<b>129,275</b>	

**TOWN OF GORHAM, MAINE**  
**Combining Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2011**

(with comparative actual amounts for the year ended June 30, 2010)

	Recreation Activity Agency Funds					Totals	
	Gorham Family Fair Fund	Gorham Founders Festival Fund	Gorham Travel Basketball Fund	Men's Basketball League Fund	New Year Gorham Fund	2011	2010
<b>ASSETS</b>							
Cash	\$ 67	7,812	1,330	6,351	5,229	20,789	7,641
<b>Total assets</b>	<b>67</b>	<b>7,812</b>	<b>1,330</b>	<b>6,351</b>	<b>5,229</b>	<b>20,789</b>	<b>7,641</b>
<b>LIABILITIES</b>							
Due to recreation groups	67	7,812	1,330	6,351	5,229	20,789	7,641
<b>Total liabilities</b>	<b>\$ 67</b>	<b>7,812</b>	<b>1,330</b>	<b>6,351</b>	<b>5,229</b>	<b>20,789</b>	<b>7,641</b>

**TOWN OF GORHAM, MAINE**  
**Combining Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2011**

(with comparative actual amounts for the year ended June 30, 2010)

		Private-purpose Trust Funds											
		Bob		Watson		Charles		Thomas		Arthur/Jane			
		Malcolm	Grant	Harry	Family	Shaw		Fogg		Fogg			
		Scholarship	Scholarship	Scholarship	Trust	Scholarship	Scholarship	Scholarship	Scholarship	Scholarship	Scholarship	2011	2010
<b>ASSETS</b>													
Investments	\$	3,025	2,523	6,732	13,406	9,468	10,013	1,760				46,927	45,681
<b>Total assets</b>		<b>3,025</b>	<b>2,523</b>	<b>6,732</b>	<b>13,406</b>	<b>9,468</b>	<b>10,013</b>	<b>1,760</b>				<b>46,927</b>	<b>45,681</b>
<b>LIABILITIES AND NET ASSETS</b>													
<b>Liabilities:</b>													
Accounts payable		100	-	100	300	500	-	-				1,000	550
<b>Total liabilities</b>		<b>100</b>	<b>-</b>	<b>100</b>	<b>300</b>	<b>500</b>	<b>-</b>	<b>-</b>				<b>1,000</b>	<b>550</b>
<b>Net assets:</b>													
Principal		100	166	100	366	3,968	-	-				4,700	40,423
Unexpended income		2,825	2,357	6,532	12,740	5,000	10,013	1,760				41,227	4,708
<b>Total net assets</b>		<b>2,925</b>	<b>2,523</b>	<b>6,632</b>	<b>13,106</b>	<b>8,968</b>	<b>10,013</b>	<b>1,760</b>				<b>45,927</b>	<b>45,131</b>
<b>Total liabilities and net assets</b>	<b>\$</b>	<b>3,025</b>	<b>2,523</b>	<b>6,732</b>	<b>13,406</b>	<b>9,468</b>	<b>10,013</b>	<b>1,760</b>				<b>46,927</b>	<b>45,681</b>

**TOWN OF GORHAM, MAINE**  
**Combining Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds - Private-purpose**  
**For the year ended June 30, 2011**  
**(with comparative actual amounts for the year ended June 30, 2010)**

	Malcolm Smith	Bob Grant Memorial Scholarship	Harry Shevis Scholarship	Watson Family Trust Scholarship	Charles Shaw Scholarship	Thomas Fogg Scholarship	Arthur & Jane Fogg Scholarship	Totals
								2010
								2011
Contributions:								
Donations	\$ -	-	-	-	-	-	-	9,860
Investment earnings:								
Interest	124	104	273	545	380	402	71	1,899
Net increase/(decrease) in the fair value of investments	(7)	(6)	(15)	(30)	(20)	(21)	(4)	(103)
Total additions	117	98	258	515	360	381	67	1,796
								11,353
Deductions:								
Current:								
Scholarships awarded	100	-	100	300	500	-	-	1,000
Total deductions	100	-	100	300	500	-	-	1,000
Changes in net assets	17	98	158	215	(140)	381	67	796
								10,803
Net assets, beginning of year	2,908	2,425	6,474	12,891	9,108	9,632	1,693	45,131
								34,328
Net assets, end of year	\$ 2,925	2,523	6,632	13,106	8,968	10,013	1,760	45,927
								45,131

**TOWN OF GORHAM, MAINE**  
**Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the year ended June 30, 2011**

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
<b>ASSETS</b>				
Cash:				
Student activities:				
High School Activity Fund	\$ 222,021	329,598	353,029	198,590
Gorham High School CBE	2,813	3,412	3,955	2,270
White Rock Activity Fund	1,538	8,010	7,238	2,310
Narragansett Office	23,577	23,885	27,422	20,040
Village Activity Fund	8,335	52,015	49,739	10,611
Middle School Activity Fund	35,032	106,384	107,805	33,611
GSVP	2,278	3,937	3,402	2,813
Special Education	3,345	343	3,607	81
Subtotal student activities	298,939	527,584	556,197	270,326
Public safety activities:				
Guns and Hoses Fund	48,097	6,762	6,274	48,585
Central Station Auxiliary Fund	9,176	557	829	8,904
S Windham Fire Company Fund	915	387	782	520
Presumpscot Valley Hazmat Fund	71,087	60,426	60,119	71,394
Subtotal public safety activities	129,275	68,132	68,004	129,403
Recreation activities:				
Gorham Family Fair Fund	67	-	-	67
Gorham Travel Basketball Fund	1,265	4,245	4,180	1,330
Men's Basketball League Fund	3,928	5,023	2,600	6,351
New Year Gorham Fund	2,381	12,505	9,657	5,229
Founder's Festival Fund	-	18,564	10,752	7,812
Subtotal recreation activities	7,641	40,337	27,189	20,789
<b>Total assets</b>	<b>\$ 435,855</b>	<b>636,053</b>	<b>651,390</b>	<b>420,518</b>



**TOWN OF GORHAM, MAINE**  
**Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the year ended June 30, 2011**

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
<b>LIABILITIES</b>				
Funds held for student activities:				
High School Activity Fund	\$ 222,021	329,598	353,029	198,590
Gorham High School CBE	2,813	3,412	3,955	2,270
White Rock Activity Fund	1,538	8,010	7,238	2,310
Narragansett Office	23,577	23,885	27,422	20,040
Village Activity Fund	8,335	52,015	49,739	10,611
Middle School Activity Fund	35,032	106,384	107,805	33,611
GCVP	2,278	3,937	3,402	2,813
Special Education	3,345	343	3,607	81
Subtotal student activities	298,939	527,584	556,197	270,326
Public safety activities:				
Guns and Hoses Fund	48,097	6,762	6,274	48,585
Central Station Auxiliary Fund	9,176	557	829	8,904
S Windham Fire Company Fund	915	387	782	520
Presumpscot Valley Hazmat Fund	71,087	60,426	60,119	71,394
Subtotal public safety activities	129,275	68,132	68,004	129,403
Recreation activities:				
Gorham Family Fair Fund	67	-	-	67
Gorham Travel Basketball Fund	1,265	4,245	4,180	1,330
Men's Basketball League Fund	3,928	5,023	2,600	6,351
New Year Gorham Fund	2,381	12,505	9,657	5,229
Founder's Festival Fund	-	18,564	10,752	7,812
Subtotal recreation activities	7,641	40,337	27,189	20,789
<b>Total liabilities</b>	<b>\$ 435,855</b>	<b>636,053</b>	<b>651,390</b>	<b>420,518</b>

**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, 2011**  
**(with comparative actual amounts for the year ended June 30, 2010)**

	<b>Totals</b>	
	<b>2011</b>	<b>2010</b>
Governmental fund capital assets:		
Land and buildings	\$ 55,149,470	54,255,938
Furniture and equipment	16,041,123	14,809,978
Infrastructure	55,611,547	40,948,030
<b>Total governmental fund capital assets</b>	<b>\$ 126,802,140</b>	<b>110,013,946</b>
Investments in governmental fund capital assets by source:		
General fund	106,056,499	102,335,678
Capital project funds	20,745,641	7,678,268
<b>Total governmental fund capital assets</b>	<b>\$ 126,802,140</b>	<b>110,013,946</b>

**TOWN OF GORHAM, MAINE**  
**Schedule of Capital Assets Used in the Operation of Governmental Funds by Function and Activity**  
**June 30, 2011**  
(with comparative actual amounts for the year ended June 30, 2010)

Function and Activity	Totals			
	Land and buildings	Furniture and equipment	Infrastructure	2010
General government	\$ 8,331,703	1,101,245	33,578	9,466,526
Education	39,499,294	4,737,565	-	44,236,859
Public safety	1,992,781	4,891,978	-	6,884,759
Public works	1,766,294	3,374,173	34,820,928	39,961,395
Recreation, library and museum	3,559,398	551,825	11,400	4,122,623
Construction in progress	-	-	20,745,641	20,745,641
Book collection, historical treasurers and artwork	-	1,384,337	-	1,384,337
<b>Total governmental fund capital assets</b>	<b>\$ 55,149,470</b>	<b>16,041,123</b>	<b>55,611,547</b>	<b>126,802,140</b>
				<b>110,013,946</b>

## Exhibit G-3

**Schedule of Changes in Governmental Funds Capital Assets - By Function and Activity**  
**For the year ended June 30, 2011**

Function and Activity	Balance		
	2010	Additions	Deletions
General government	\$ 9,407,661	58,865	-
Education	43,972,441	264,418	-
Public safety	5,493,269	1,543,840	92,113
Public works	38,266,640	1,765,791	131,273
Recreation, library and museum	4,105,393	17,230	-
Construction in progress	7,678,268	13,127,743	60,370
Book collection, historical treasurers and artwork	1,090,274	294,063	-
<b>Totals</b>	<b>\$ 110,013,946</b>	<b>17,071,950</b>	<b>283,756</b>
			<b>126,802,140</b>

## 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.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	<b>139</b>
<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>	
<b>Revenue Capacity</b>	<b>144</b>
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
<b>Debt Capacity</b>	<b>148</b>
<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>	
<b>Demographic and Economic Information</b>	<b>152</b>
<i>These schedules offer demographic and economic indicators to help the reader understand the environment that the government's financial activity takes place.</i>	
<b>Operating Information</b>	<b>154</b>
<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>	<u>2010</u> <sup>2</sup>	<u>2011</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	\$ 33,076,636	\$ 36,550,035
Restricted	350,383	354,163	352,781	384,443	375,446	375,446	424,928	2,148,284	1,868,709
Unrestricted	12,901,374	11,607,484	11,735,345	13,430,419	12,441,818	15,039,117	12,982,245	12,792,387	11,219,195
Total governmental activities net assets	\$ 23,402,750	\$ 25,782,481	\$ 28,465,217	\$ 31,777,452	\$ 36,021,265	\$ 37,145,159	\$ 46,700,549	\$ 48,017,307	\$ 49,637,939

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

<sup>2</sup> Fiscal year 2010 has been restated to reflect the implementation of GASB Statement No. 54.



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	2010 <sup>4</sup>	2011	
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	\$ 4,791,437	\$ 4,787,454	
Public safety	2,496,047	2,819,226	2,879,251	2,979,424	3,317,132	3,811,471	3,742,859	3,581,802	3,838,634	
Public works	1,957,858	1,973,330	3,262,818	3,517,160	3,902,787	5,531,287	2,781,765	4,540,156	5,376,501	
Health and welfare	44,010	57,263	52,415	45,423	55,774	57,765	87,628	74,469	136,853	
Recreation	267,235	1,039,901	1,264,777	1,229,648	1,216,449	1,414,999	1,368,309	1,407,246	1,110,653	
Development	425,216	445,018	377,263	414,130	406,590	429,849	495,299	271,516	294,540	
County tax <sup>3</sup>	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	34,667,562	34,310,102	
Interest on debt	1,251,078	1,158,576	1,306,889	1,370,154	1,272,191	1,226,075	1,250,260	1,387,958	1,878,175	
Capital maintenance <sup>2</sup>	944,278	-	-	-	-	-	-	-	-	
Total governmental activities expenses	33,738,971	36,967,732	40,839,724	44,143,797	45,485,450	49,383,198	46,792,366	50,722,146	51,732,912	
Program Revenues										
Governmental activities:										
Charges for services:										
General government	352,799	474,992	553,250	762,661	518,926	399,105	470,309	545,365	592,358	
Public safety	1,176,497	1,167,015	265,997	435,752	434,044	527,077	617,224	593,483	670,950	
Public works	530,137	420,736	1,205,385	1,181,418	1,571,638	1,454,912	1,584,478	1,476,406	1,550,190	
Health and welfare	12,735	13,712	12,186	13,710	13,672	11,261	11,643	11,305	10,106	
Recreation	35,739	124,983	568,976	513,804	550,704	597,558	634,268	647,758	609,568	
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	616,409	595,506	
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	23,263,805	23,132,157	
Capital grants and contributions	175,064	256,658	1,800,096	2,262,981	2,318,647	775,035	5,518,682	1,306,107	1,796,568	
Total governmental activities program revenues	16,807,578	18,817,818	21,659,144	25,175,525	26,856,070	25,866,025	32,029,937	28,460,638	28,957,403	
Net (expense)/revenue, governmental activities	(16,931,393)	(18,149,914)	(19,180,580)	(18,968,272)	(18,629,380)	(23,517,173)	(14,762,429)	(22,261,508)	(22,775,509)	
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	19,309,185	19,873,946	
Payment in lieu of taxes	45,233	52,922	51,083	55,469	54,396	36,385	91,351	56,684	55,469	
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	2,374,614	2,385,626	
Grants and contributions not restricted										
Homestead exemption	441,123	410,820	369,434	379,972	331,237	309,050	306,543	303,353	259,083	
BETE reimbursement	-	-	-	-	-	-	78,942	131,103	163,110	
Other state aid	22,265	27,119	27,807	31,716	10,865	39,204	29,003	28,486	26,611	
State revenue sharing	1,194,609	1,236,201	1,302,053	1,372,122	1,265,414	1,389,770	1,326,817	1,131,755	1,116,472	
Unrestricted investment earnings	317,110	151,965	273,500	628,511	727,022	501,024	224,431	216,622	188,676	
Miscellaneous revenues	194,214	129,491	245,789	251,818	307,381	739,880	435,727	148,644	259,356	
Special item - sale of property	-	-	-	161,500	-	-	-	-	67,792	
Total governmental activities	19,130,902	20,529,645	21,863,316	22,280,507	22,873,193	24,641,067	24,317,819	23,700,446	24,396,141	
Change in Net Assets	\$ 2,199,509	\$ 2,379,731	\$ 2,682,736	\$ 3,312,235	\$ 4,243,813	\$ 1,123,894	\$ 9,555,390	\$ 1,438,938	\$ 1,620,632	
Governmental activities										

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

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

<sup>3</sup> 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.

<sup>4</sup> Fiscal year 2010 has been restated as the result of implementing GASB Statement No. 54.

Table 3

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

<b>Fiscal Year</b>	<b>Property Taxes</b>	<b>Interest &amp; Costs on Taxes</b>	<b>Excise Taxes</b>	<b>Total</b>
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
2010	19,309,185	119,141	2,374,614	21,802,940
2011	19,873,946	118,218	2,385,626	22,377,790

(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)**

	(Audited financial statements as presented)									
	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	
General fund										
Nonspendable										
Noncurrent receivable	\$ 14,181	\$ 13,371	\$ 12,561	\$ 11,750	\$ 10,940	\$ 10,535	\$ 9,319	\$ 8,509	\$ 7,698	
Inventories <sup>2</sup>	40,054	16,676	11,187	15,097	14,024	16,753	58,646	65,126	66,266	
Restricted										
Public safety operations	-	-	-	-	-	-	-	192,996	201,653	
Public works operations	-	-	-	-	-	-	-	91,992	93,761	
Recreation operations	-	-	-	-	-	-	-	2,108	2,108	
Committed										
General government purposes	-	-	-	-	-	-	-	545,620	545,620	
Other purposes	-	-	-	-	-	-	-	145,015	219,257	
Assigned										
Capital funding	584,477	-	308,071	186,998	622,345	691,231	541,862	1,128,800	139,220	
Encumbrances	338,905	507,194	379,300	298,828	270,652	296,508	61,996	222,092	161,130	
General government purposes	-	-	-	-	-	-	-	628,858	666,191	
Public safety operations	-	-	-	-	-	-	-	365,256	208,642	
Public works operations	-	-	-	-	-	-	-	567,559	585,374	
Recreation operations	-	-	-	-	-	-	-	272,649	291,377	
Economic development	-	-	-	-	-	-	-	75,316	75,316	
Insurance and employee benefits	-	-	-	-	-	-	-	532,767	519,941	
Other purposes	-	-	-	-	-	-	-	686,340	336,048	
Capital reserves	2,133,803	2,504,341	2,758,377	2,827,485	3,106,331	3,172,519	3,515,695	-	-	
Compensated absences	240,837	241,166	251,068	256,162	279,289	295,344	316,262	320,086	335,706	
Unassigned	2,965,462	3,970,818	4,573,301	5,601,951	6,069,876	5,837,508	6,029,809	5,334,899	6,508,046	
Total General Fund	<u>\$ 6,317,719</u>	<u>\$ 7,253,566</u>	<u>\$ 8,293,865</u>	<u>\$ 9,198,271</u>	<u>\$ 10,373,457</u>	<u>\$ 10,320,398</u>	<u>\$ 10,533,589</u>	<u>\$ 11,185,988</u>	<u>\$ 10,963,354</u>	
All other governmental funds										
Nonspendable										
Special revenue funds	\$ 18,659	\$ 24,466	\$ 20,000	\$ 20,203	\$ 45,769	\$ 35,253	\$ 101,853	\$ 182,352	\$ 170,149	
Permanent funds	350,383	354,163	352,781	358,817	375,446	375,446	424,928	513,326	524,205	
Restricted										
Special revenue funds	365,804	448,107	563,345	602,954	974,328	997,803	1,344,305	1,419,004	1,130,992	
Capital project funds	4,616,841	2,971,649	2,365,700	4,056,040	1,613,688	3,882,761	-	14,264,545 <sup>3</sup>	3,807,139	
Permanent funds	212,341	204,502	185,697	182,337	193,310	214,008	198,362	215,954	213,512	
Committed										
Special revenue funds	1,429,645	1,504,095	1,809,608	1,499,202	1,500,520	1,388,842	1,543,348	1,536,304	1,561,139	
Capital project funds	40,276	30,561	29,044	107,059	14,792	58,834	146,956	43,183	240,851	
Assigned										
Special revenue funds	438,561	507,837	597,371	107,537	220,585	347,771	714,805	885,155	429,115	
Unassigned										
Special revenue funds	(787,015)	(1,106,583)	(1,716,277)	(2,018,627)	(2,078,838)	(1,916,952)	(1,361,516)	(1,784,809)	(1,107,297)	
Total all other governmental funds	<u>\$ 6,685,495</u>	<u>\$ 4,938,797</u>	<u>\$ 4,207,269</u>	<u>\$ 4,915,522</u>	<u>\$ 2,859,600</u>	<u>\$ 5,383,766</u>	<u>\$ 3,113,041</u>	<u>\$ 17,275,014</u>	<u>\$ 6,969,805</u>	

(1) Fiscal year 2003 is the initial year of implementation of GASB Statement No. 34. Beginning with the year ended June 30, 2011, the Town reported governmental fund balances in accordance with the categories defined in GASB Statement No. 54. Prior years have been restated to reflect the GASB 54 categorization for All Other Governmental Funds but only fiscal year 2010 for General Fund.

<sup>2</sup> Effective June 30, 2009, the Town has chosen to record the gas and diesel fuel remaining in the tanks at year end as inventory.

<sup>3</sup> The increase in capital project funds restricted fund balance was due to unspent bond proceeds from an issuance during the period for capital projects.

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	2010	2011	
<b>Revenues</b>										
Taxes	\$ 17,013,285	\$ 18,623,095	\$ 19,605,533	\$ 19,416,436	\$ 20,225,048	\$ 21,590,218	\$ 21,728,434	\$ 21,768,640	\$ 22,631,090	
Licenses and permits	265,683	403,479	478,148	671,498	434,921	282,421	277,563	300,923	548,938	
Intergovernmental	15,512,386	17,277,215	17,889,358	20,496,153	22,238,074	22,781,117	23,900,879	24,423,021	24,630,449	
Investment income <sup>3</sup>	321,070	91,689	219,617	578,474	667,452	404,760	145,202	98,943	-	
Charges for services	1,039,249	948,434	1,710,070	1,878,026	2,311,948	2,300,477	2,556,325	2,425,130	3,047,229	
Unclassified	1,887,704	2,191,176	2,268,251	2,553,714	1,993,011	2,255,787	2,251,650	2,195,366	1,152,994	
Total revenues	36,039,377	39,535,088	42,170,977	45,594,301	47,870,454	49,614,780	50,860,053	51,212,023	52,010,700	
<b>Expenditures</b>										
General government	2,299,593	2,532,185	3,546,209	3,676,038	3,571,950	3,800,490	3,846,027	4,060,023	3,945,945	
Public safety	2,404,927	2,528,566	2,680,546	2,755,743	2,944,915	3,254,798	3,395,235	3,295,577	3,401,184	
Public works	2,358,406	2,271,766	2,680,700	2,764,528	2,890,905	3,496,519	3,103,513	3,308,541	3,394,776	
Health and welfare	44,010	57,263	52,199	45,423	55,774	57,765	87,628	74,469	136,853	
Recreation	503,617	613,591	1,088,416	1,122,005	1,164,766	1,215,668	1,187,799	1,202,986	1,245,047	
Development	227,103	218,559	180,108	196,437	222,750	241,787	221,348	321,323	61,666	
County tax <sup>2</sup>	595,692	645,663	-	-	-	-	-	-	-	
Public agencies	-	-	-	-	-	-	-	-	28,484	
Unclassified	996,485	1,132,948	1,120,904	1,182,951	1,227,331	1,374,541	1,297,684	229,345	605,948	
Education	22,400,701	24,275,500	25,472,463	27,706,039	28,845,645	30,034,275	30,748,351	33,329,869	32,992,753	
Debt service										
Principal	3,671,646	2,299,646	2,474,646	2,694,646	2,659,650	2,674,650	2,664,650	2,609,650	2,404,650	
Interest	1,227,883	1,283,126	1,321,723	1,386,092	1,303,291	1,198,483	1,305,978	1,235,485	1,852,572	
Capital maintenance	3,565,148	681,611	914,079	1,176,816	671,071	151,694	598,297	713,962	983,754	
Capital improvements	13,046,960	5,177,893	912,630	4,606,632	3,862,117	3,731,353	4,527,450	6,533,337	15,247,703	
Total expenditures	53,342,171	43,718,317	42,444,623	49,313,350	49,420,165	51,232,023	52,983,960	56,914,567	66,301,335	
<b>Other financing sources (uses)</b>										
Capital lease proceeds	323,256	227,224	344,308	330,058	666,521	151,694	74,639	146,972	312,792	
Long-term debt issued	21,225,000	3,150,000	-	5,000,000	-	4,000,000	-	20,384,680	3,450,000	
Transfers in	10,841,842	12,667,625	13,279,543	13,401,011	12,889,444	14,727,079	14,349,706	14,101,181	13,491,112	
Transfers out	(10,841,842)	(12,667,625)	(13,279,543)	(13,401,011)	(12,889,444)	(14,727,079)	(14,349,706)	(14,101,181)	(13,491,112)	
Total other financing sources (uses)	21,548,256	3,377,224	344,308	5,330,058	666,521	4,151,694	74,639	20,531,652	3,762,792	
Net change in fund balances	\$ 4,245,462	\$ (806,005)	\$ 70,662	\$ 1,611,009	\$ (883,190)	\$ 2,534,451	\$ (2,049,268)	\$ 14,829,108	\$ (10,527,843)	
Debt service as a percentage of noncapital expenditures	13.5%	9.4%	9.6%	9.5%	9.1%	8.0%	9.6%	7.8%	8.6%	

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

<sup>2</sup> 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 functions.

<sup>3</sup> Beginning with fiscal year 2011, investment income has become part of the Unclassified revenue source.

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 <sup>1</sup>	Total Direct Tax Rate	State Equalized Value <sup>2</sup>	Assessed Value as a Percentage of Equalized Value
	Residential Property	Commercial Property						
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%
2010	1,136,006,800	307,125,800	48,405,200	275,176,000	1,216,361,800	15.90	1,443,450,000	84.3%
2011	1,053,680,100	423,490,100	45,804,100	270,335,500	1,252,638,800	15.90	1,432,100,000	87.5%

Sources:

<sup>1</sup> Gorham Assessing office.

<sup>2</sup> 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		
2002	\$ 4.58	\$ 12.20	\$ 0.62		\$ 17.40
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 <sup>1</sup>
2009	4.98	10.40	0.62		16.00
2010	5.17	10.09	0.64		15.90
2011	5.25	10.05	0.60		15.90

Source: Gorham Assessing office

- 1 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	2011			2002		
	Current year assessed value	Rank	Percentage of total assessed value	Current year assessed value	Rank	Percentage of total assessed value
Central Maine Power Co.	\$ 38,733,000	1	3.09%	\$23,104,700	1	2.96%
Grondin, R J & Phillip	12,855,200	2	1.03%	9,556,500	3	1.23%
New Portland Road Realty LLC (formerly known as Gorham House)	11,055,700	3	0.88%	10,172,700	2	1.30%
Gorham Savings Bank	10,673,900	4	0.85%	6,032,200	7	0.77%
Nappi Distributors	9,914,600	5	0.79%			
Maritimes & NE Pipeline	7,842,800	6	0.63%	9,345,300	4	1.20%
Scott Paper	7,336,700	7	0.59%	5,711,000	9	0.73%
Maine Mobile Homes LTD	6,480,800	8	0.52%			
Irwin Industrial ToolAmerican Tool (formerly American Tool)	6,368,500	9	0.51%	6,334,000	6	0.81%
Hannaford Brothers	5,204,200	10	0.42%			
Shaw Brothers Construction Co.				7,132,900	5	0.91%
Sebago, Inc.				5,978,300	8	0.77%
Foreside Management Co. LLC				5,202,400	10	0.67%
Totals	\$ 116,465,400		9.30%	\$ 88,570,000		11.35%

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 <sup>1</sup>	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	\$ 13,626,308	\$ 13,138,832	96.4%	\$ 486,888	\$ 13,625,720	100.0%
2003	14,852,234	14,470,933	97.4%	378,525	14,849,458	100.0%
2004	16,311,136	15,827,928	97.0%	477,387	16,305,315	100.0%
2005	17,379,982	16,828,596	96.8%	542,328	17,370,924	99.9%
2006	16,980,208	16,487,705	97.1%	483,008	16,970,713	99.9%
2007	17,730,424	17,116,397	96.5%	588,245	17,704,642	99.9%
2008	19,215,434	18,541,490	96.5%	654,816	19,196,306	99.9%
2009	19,458,932	18,646,974	95.8%	764,629	19,411,603	99.8%
2010	19,359,897	18,705,614	96.6%	477,237	19,182,851	99.1%
2011	19,926,919	19,368,870	97.2%	-	19,368,870	97.2%

<sup>1</sup> 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**

<b>Fiscal Year</b>	<b>Governmental Activities</b>		<b>Total Primary Government</b>	<b>Percentage of Personal Income <sup>1</sup></b>	<b>Per Capita <sup>1</sup></b>
	<b>General Obligation Debt</b>	<b>Capital Leases</b>			
2002	\$ 14,498,884	\$ 419,344	\$ 14,918,228	4.82%	1,020
2003	32,052,238	501,385	32,553,623	10.24%	2,168
2004	32,902,542	534,671	33,437,213	10.44%	2,211
2005	30,427,896	659,477	31,087,373	9.63%	2,039
2006	32,733,250	708,418	33,441,668	10.27%	2,174
2007	30,073,600	1,040,747	31,114,347	9.51%	2,013
2008	31,398,950	833,367	32,232,317	9.78%	2,071
2009	28,734,300	555,342	29,289,642	8.89%	1,882
2010	46,509,330	429,878	46,939,208	14.24%	3,016
2011	47,554,680	427,866	47,982,546	11.61%	2,929

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

<sup>1</sup> 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**

<b>Fiscal Year</b>	<b>General Obligation Debt</b>	<b>State Assessed Value of Property <sup>1</sup></b>	<b>Per Capita <sup>2</sup></b>
2002	\$ 14,498,884	2.02%	991
2003	32,052,238	3.84%	2,135
2004	32,902,542	3.51%	2,176
2005	30,427,896	2.80%	1,996
2006	32,733,250	2.65%	2,128
2007	30,073,600	2.22%	1,945
2008	31,398,950	2.11%	2,018
2009	28,734,300	1.93%	1,846
2010	46,509,330	3.22%	2,988
2011	47,554,680	3.32%	2,903

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

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

<sup>2</sup> 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, 2011**

<b>Jurisdiction</b>	<b>Total debt outstanding</b>	<b>Percentage applicable to Gorham</b>	<b>Amount applicable to Gorham</b>
Direct debt:			
Town of Gorham	\$ 47,554,680	100.00%	\$ 47,554,680
Overlapping debt:			
Cumberland County	1,445,000	3.52%	50,807
Portland Water District - sewer debt, Gorham only	137,200	100.00%	137,200
Portland Water District - sewer shared with Windham	5,808,500	70.47%	4,093,360
Portland Water District - sewer shared with Windham and Westbrook	6,349,805	16.21%	1,029,025
Portland Water District - water debt	28,463,828	5.43%	1,544,931
Subtotal Overlapping debt:			6,855,323
<b>Total direct and overlapping debt:</b>			<b>\$ 54,410,003</b>

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.

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

<b>Fiscal Year</b>	<b>Debt Limit</b>	<b>Total net debt applicable to limit</b>	<b>Legal Debt Margin</b>	<b>Total net debt applicable to limit as a percentage of debt limit</b>
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%
2010	216,517,500	46,509,330	170,008,170	21.48%
2011	214,815,000	47,554,680	167,260,320	22.14%

**Legal Debt Margin Calculation for Fiscal Year 2011**

	<b>Outstanding bonds and notes</b>	<b>Percent of state assessed value of \$ 1,432,100,000</b>	<b>Allowable Amount</b>	<b>Margin</b>
For school purposes	\$ 13,240,000	10.00%	\$ 143,210,000	\$ 129,970,000
For storm or sanitary sewer purposes	-	7.50%	107,407,500	107,407,500
For municipal, airport, water, and special district purposes	-	3.00%	42,963,000	42,963,000
For all other purposes	34,314,680	7.50%	107,407,500	73,092,820
<b>Total</b>	<b>\$ 47,554,680</b>	<b>15.00%</b>	<b>\$ 214,815,000</b>	<b>\$ 167,260,320</b>

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

<b>Fiscal Year</b>	<b>Population <sup>1</sup></b>	<b>Personal Income</b>	<b>Per Capita Personal Income <sup>2</sup></b>	<b>Median Age <sup>2</sup></b>	<b>School Enrollment <sup>3</sup></b>	<b>Unemployment Rate <sup>4</sup></b>
2002	14,625	\$309,669,750	21,174	34.3	2,639	2.90%
2003	15,015	317,927,610	21,174	34.3	2,702	3.20%
2004	15,122	320,193,228	21,174	34.3	2,751	3.20%
2005	15,248	322,861,152	21,174	34.3	2,753	3.30%
2006	15,383	325,719,642	21,174	34.3	2,718	3.10%
2007	15,459	327,328,866	21,174	34.3	2,740	3.20%
2008	15,563	329,530,962	21,174	34.3	2,713	3.60%
2009	15,563	329,530,962	21,174	34.3	2,693	5.80%
2010	15,563	329,530,962	21,174	34.3	2,647	6.10%
2011	16,381	413,276,249	25,229	38.0	2,652	5.80%

**Data Source**

<sup>1</sup> U.S. Dept. of Commerce, Bureau of Census  
The 2001-2008 are based on July Census estimates.  
The 2009 and 2010 figures are the July 1, 2008 estimate from the Bureau of Census.  
The 2011 figure is based upon the 2010 census.

<sup>2</sup> U.S. Dept. of Commerce, Bureau of Census (2000 and 2010)

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

<sup>4</sup> State of Maine, Department of Labor, Division of Economics Analysis and Research.

Table 15

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

Employer	2011 <sup>2</sup>			2002 <sup>1</sup>		
	Employees	Rank	Percentage of Gorham's Labor Force	Employees	Rank	Percentage of Gorham's Labor Force
Town of Gorham: School/Municipal	503	1	5.4%	461	1	5.5%
University of Southern Maine*	469	2	5.1%	396	2	4.7%
Gorham House	216	3	2.3%	220	4	2.6%
Irwin Industrial Tool	210	4	2.3%	210	3	2.5%
(formerly American Tool)						
Nappi Distributors	184	5	2.0%			
R. J. Grondin	144	6	1.6%	144	5	1.7%
Hannaford Brothers	126	7	1.4%			
Shaw Brothers Construction, Inc.	105	7	1.1%			
Gorham Savings Bank	89	9	1.0%			
Yotul Stove, Inc.	81	10	0.9%			
	2,127		23.0%	1,431		17.1%

Source: Maine Department of Labor and Gorham Economic Development Corp. website.

<sup>1</sup> Only top five employers information available for fiscal year 2002.

<sup>2</sup> Labor force figure was for June 2011 and provided by the Maine Department of Labor.

\* Gorham campus only.

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

<b>Function</b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>
General Government	14.0	15.0	15.0	15.0	16.5	17.5	16.5	15.5	15.5	19.0
Public Safety:										
Police:										
Officers	20.0	20.0	20.0	21.0	21.0	21.0	22.0	23.0	23.0	23.0
Civilians <sup>1</sup>	8.0	8.0	8.0	9.0	2.0	2.0	2.0	2.0	2.0	2.0
Fire:										
Firefighters and EMT's	7.0	7.0	7.0	7.0	7.0	9.0	13.0	13.0	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	18.0	18.0	18.0	18.0	19.0	21.0	21.0	19.0	19.0	19.0
Recreation	12.0	12.0	15.0	15.0	15.0	17.0	17.0	16.0	14.3	14.0
Development <sup>2</sup>	4.0	4.0	4.0	4.0	4.0	4.5	4.5	4.5	4.5	1.0
<b>Total</b>	<b>86.0</b>	<b>87.0</b>	<b>90.0</b>	<b>92.0</b>	<b>87.5</b>	<b>95.0</b>	<b>99.0</b>	<b>96.0</b>	<b>94.3</b>	<b>94.0</b>

<sup>1</sup> Dispatchers eliminated in fiscal year 2006. Contracted with Cumberland County for dispatching services.

<sup>2</sup> Planning department employees have become part of the general government category in 2011.

Table 17

**TOWN OF GORHAM, MAINE**  
**Operating Indicators by Function <sup>2</sup>**  
**Last Ten Fiscal Years**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Function</b>										
General Government:										
Building permits: <sup>3</sup>										
Single family	137	193	84	90	91	66	64	30	41	63
Condos	0	0	7	13	41	9	4	5	0	4
Commercial	21	25	31	23	16	23	22	18	17	14
Total number permits issued	n/a	n/a	1,118	1,276	1,374	n/a	1,025	n/a	n/a	941
Public Safety:										
Police:										
Number of calls for service	12,600	16,502	17,359	18,832	17,076	17,434	16,303	18,245	18,473	18,781
Number of physical arrests	521	462	349	286	353	406	423	782	771	734
Number of summons and warnings	3,711	3,086	3,654	2,525	3,168	3,427	2,960	3,674	3,621	2,725
Parking tickets issued	n/a	369	662	503	372	305	245	269	391	180
Number of accidents investigated	n/a	649	658	586	668	528	544	555	519	449
Fire:										
Number of fire and rescue calls	2,106	2,170	2,004	2,112	2,223	2,407	2,352	2,102	2,549	2,807
Number of fire hydrants	n/a	n/a	n/a	n/a	265	269	281	286	292	292
Number of fire ponds	n/a	n/a	n/a	n/a	71	70	69	69	70	71
Public Works:										
Number of roads maintained	234	247	256	261	263	269	274	276	278	283
Lane miles of roads maintained	252.8	268.4	273.8	275.0	276.0	278.5	280.3	282.2	283.1	286.7
Acres of public area maintained	108.1	108.1	108.1	113.1	113.1	113.1	113.1	113.1	113.1	113.1
Acres of cemeteries maintained	17.8	17.8	17.8	19.6	21.1	21.1	29.9	30.1	30.1	30.1
Tons of residential solid waste <sup>4</sup>	3,724	3,914	1,860	2,212	2,307	2,290	2,235	2,304	2,166	2,099
Tons of waste recycled	n/a	n/a	n/a	n/a	1,356	1,555	1,421	1,444	1,200	1,246
Recreation:										
Library:										
Number of items circulated	95,166	106,238	91,669	89,091	95,179	103,080	101,158	109,409	116,050	114,309

Sources: Various town departments.

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

<sup>3</sup> Figures shown are based on calendar year.

<sup>4</sup> 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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Function</b>										
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)	252.8	268.4	273.8	275.0	276.0	278.5	280.3	282.2	283.1	286.7
Street lights	342	342	357	357	366	375	381	385	385	389
Traffic signals/blinkers	10	10	11	11	11	11	11	11	11	11
Cemeteries	8	8	8	8	8	8	10	12	12	12
Recreation:										
Libraries	3	3	3	3	3	3	3	3	3	3
Parks acreage	203.8	203.8	203.8	203.8	211.3	211.3	211.3	211.3	211.3	211.3
Parks	4	4	4	4	5	5	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.