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TOWN OF GORHAM, MAINE

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2013

Prepared by:

Sharon LaFlamme, Finance Director

TOWN OF GORHAM, MAINE
Comprehensive Annual Financial Report
June 30, 2013

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INTRODUCTORY SECTION

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Town of Gorham

Municipal Center

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Sharon LaFlamme
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December 5, 2013

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, 2013 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, 2013. 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, 2013, 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's 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 Committee 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 Committee 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 2012-2013 is \$1,290,426,700 (excludes the valuation attributable to the State Homestead Exemption and BETE personal property reimbursement), resulting in an increase of about 1.61% from the 2011-2012 total taxable valuation. Approximately 16% 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 97.2% for last fiscal year and 97.4% 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 2.9% of the state assessed value.

During fiscal year 2013, the Code office issued permits for 80 single-family/condo dwellings, and 44 commercial/institutional structures. The department issued a total of 1,073 permits during fiscal year 2013.

In August 2012, Narragansett School parking lot project was completed. This project was funded by capital part II funds by the Town Council to separate the bus loop from the parent drop off and teacher parking lot. This separation of drop offs will improve the safety of the children in Narragansett School.

In August 2012, the Town purchased two properties in Gorham Village with the intention of increasing parking space for this area. The first property is located on 21 Main Street and the second is located on 10 Preble Street. The Town Council ordered to have a parking study performed by Terrance DeWan & Associates to commence in September 2013.

In November 2012, two referendum questions were put before the voters of Gorham. The first referendum asked them if a capital expenditure of a sum of money not to exceed \$450,000 be authorized to purchase a new fire engine. The second referendum asked them if a capital expenditure of a sum of money not to exceed \$500,000 be authorized to pay for the costs of renovation, improvement and equipping the existing Little Falls School building. The voters of Gorham overwhelmingly approved these referendum questions. On December 4, 2012, the Town Council approved the bid of Ferrara Fire Apparatus to replace two fire engines. These fire engines will arrive in October 2013. Work on the Little Falls School is expected to begin in fiscal year 2014.

On February 8-9, 2013, a Nor'easter had hit Southern Maine. Town of Gorham received somewhere between 35"-36" of snow. The State of Maine declared a State of Emergency which allowed the Town to receive Federal Emergency Management Agency (FEMA) assistance. The Town was reimbursed 90% of our cost due to this storm from both FEMA and Maine Emergency Management Agency.

In May 2013, the Town received new aerial photos of the Town of Gorham. Prior to 2013, the last aerial photos of Gorham were taken in 2006. Both 2006 and 2013 aerial photos are available to the public which can be accessed on the Town's website.

Fiscal Year 2013 Budget

The Town of Gorham's gross budget for 2013 showed an increase of 2.8% from the 2012 budget. Although the gross budget was up by \$1,248,695, the mil rate remained the same fiscal year 2012 rate of 16.30.

The following is a comparison of the FY2012 mil rate to the FY2013 mil rate.

| | FY 11 – 12 | FY 12 – 13 | \$ Incr/(Decr) | % Chg |
|-------------------|------------|------------|----------------|--------|
| Town's Tax Rate | \$ 5.46 | \$ 5.27 | (\$0.19) | (3.48) |
| School's Tax Rate | \$10.23 | \$10.39 | \$0.16 | 1.56 |
| County's Tax Rate | \$ 0.61 | \$ 0.64 | \$0.03 | 4.92 |

This is the eighth 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.

The Town's gross expenditure budget increased by \$179,609 or 1.5%. The major increases are salary and benefits increase due to contractual obligations as well as increase in general assistance. Also, Economic Development was increased to create a new website.

The Town's non-property tax revenues also saw an increase of 1.9%. This minor increase of \$110,059 was the result of increases in rescue billing revenue (\$60,000), state highway revenue (\$20,000), state revenue sharing (\$15,000) and recreation revenue (\$15,000).

As a result of the increase in the gross budget and the non-property tax revenues for the municipal side of the budget, the amount required from property taxes was up \$73,679 or 1.2%.

The School gross expenditure budget of \$32,215,329 was up \$1,019,659 or 3.3%. The major increase in this budget is the addition of seven positions that were previously covered by federal funds. Also, there are increases in salaries due to contractual obligations.

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 2013, there was \$1,721,034 in funds available for allocation to capital equipment and capital project needs. The Town Council approved at their June 5, 2012 meeting as part of the adopted budget the use of the excess unassigned fund balance of \$1,721,034 for the following purposes:

- \$20,000 to close and remove the Little Falls South Windham Library;
- \$165,600 to reconstruct 0.24 miles of New Portland Road;
- \$249,000 to fund Flaggy Meadow Road Improvements;
- \$45,000 to replace 12 year old ¾ ton dump truck with 1-ton dump truck;
- \$20,000 to install holiday lights on Main Street

- \$18,000 to help implement the Yellow Dot Program- 1 year non-renewable grant for Triad;
- \$16,500 to replace carpet at Baxter Memorial Library;
- \$4,900 to replace sonic fire wall from GoCAT;
- \$4,000 to replace 1 or 2 character generators in GoCAT;
- \$160,000 to replace 11 year old tandem axle dump truck;
- \$46,800 to purchase new mobile truck lifts with Town of Windham;
- \$200,000 to fund the Land Acquisition reserve account;
- \$50,000 to improve public safety at Narragansett School;
- \$440,000 to be allocated at a later date by the Town Council;
- \$281,234 to fund road projects.

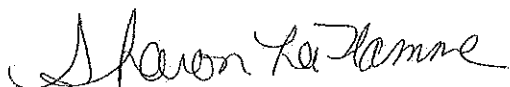
Other Information

Awards: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Gorham, Maine for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This was the tenth 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,



Sharon LaFlamme
Finance Director

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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

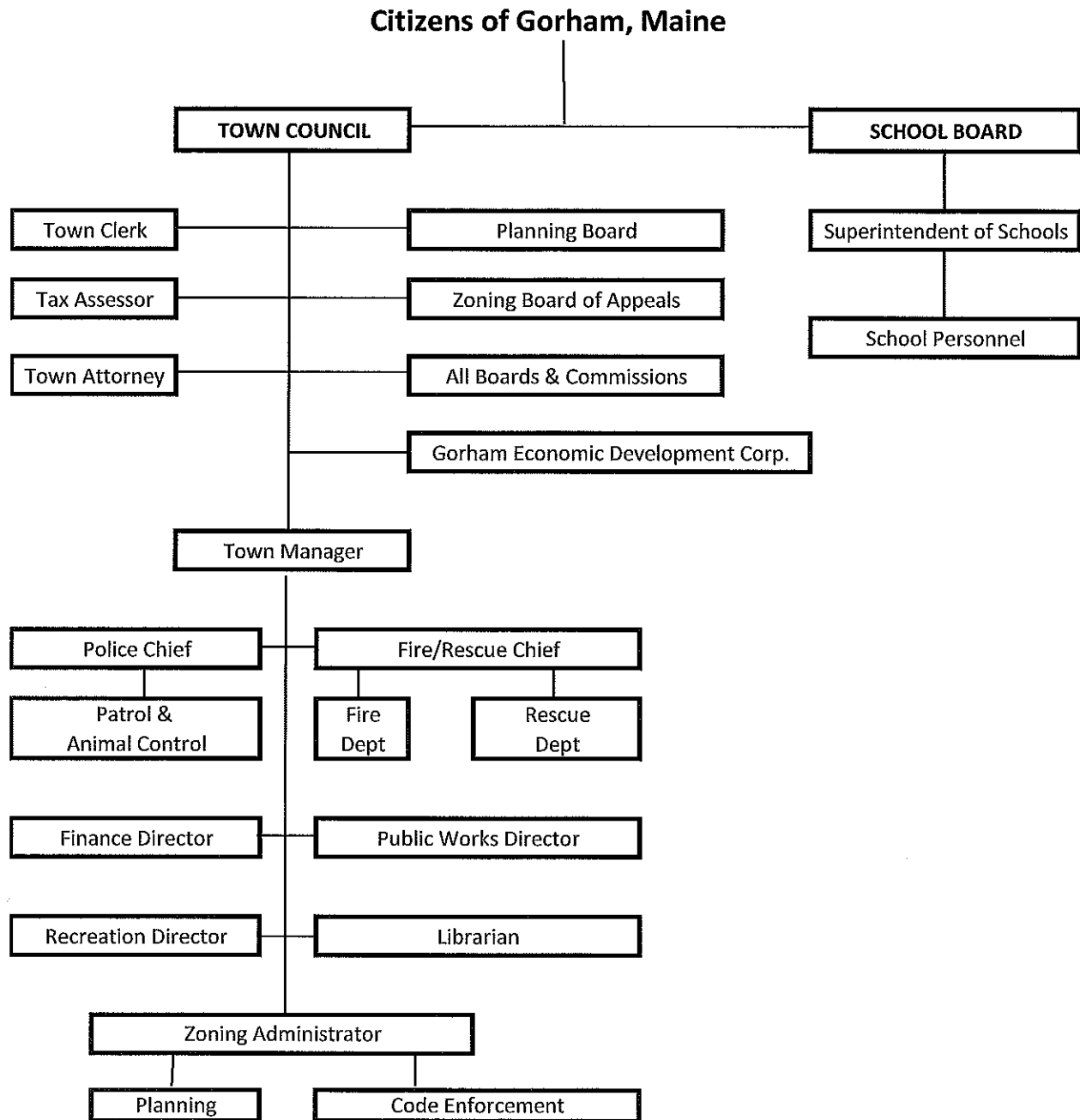
**Town of Gorham
Maine**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

Town of Gorham, Maine Organizational Chart



TOWN OF GORHAM, MAINE
List of Principal Officials
June 30, 2013

Philip T. Gagnon, Jr., Chairman, Town Council

Michael J. Phinney, Vice Chairman

Suzanne Phillips

Sherrie Benner

Matthew J. Robinson

Shonn Moulton

John A. Pressey

David O. Cole, Town Manager

Cornelia C. Loughran, Town Clerk

Michael D'Arcangelo, Tax Assessor

Thomas E. Ellsworth, Econ. Dev. Dir.

Sharon LaFlamme, 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

David Galbraith, Zoning Administrator

Kyle P. Currier, Chairman, School Board

Darryl B. Wright, Vice Chairman

Kathy Garrard

Roger L. Marchand

Dennis Libby

Sara Nelson

Timothy Burns

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Gorham, Maine, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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, 2013, and the respective changes in financial position and the budgetary comparison for the General Fund and the School Operations Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual fund financial statements, capital assets used in the operation of governmental funds exhibit, and statistical section are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

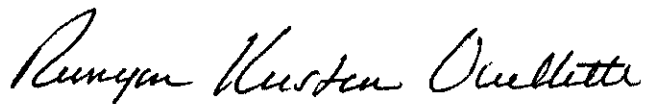
The combining and individual fund financial statements and the capital assets used in the operation of governmental funds exhibit are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and capital assets used in the operation of governmental funds exhibit are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Town Council
Town of Gorham, Maine

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2013 on our consideration of the Town of Gorham, Maine's internal control over financial reporting and on 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 or internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Gorham, Maine's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Remya Kristen Ouellette". The signature is written in a cursive, flowing style.

December 5, 2013
South Portland, Maine

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TOWN OF GORHAM, 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, 2013. 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 \$52,610,971, a decrease of \$377,304 or .7% when compared to the beginning net position figure of \$52,988,275.
- The ending fund balance for Governmental Funds is \$14,400,526. The expenditures exceeded revenues by \$652,998.
- The General Fund's ending fund balance is \$11,570,621; an increase of \$247,625 from the prior year's ending fund balance of \$11,322,996. Of the \$11,570,621, only \$6,491,317 is unassigned. A detailed listing of the nonspendable, restricted, committed and assigned fund balances can be found in the notes to basic financial statements, NOTE 18, 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, 2013 was \$4,906,738 or 10.7% of the total FY14 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 \$1,005,423 to allocate to the Capital Part II budget during the FY15 budget process.
- The Town of Gorham's general obligation debt decreased by \$3,593,125 or 8.2% in the outstanding bonded debt total.

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. In addition to the basic financial statements, this report also contains supplementary information and other information.

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 position* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 (except fiduciary funds), 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-two 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 Position and Changes in Fiduciary Net Position on pages 44 and 45. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

TOWN OF GORHAM, MAINE
Management's Discussion and Analysis, Continued

Reporting the Town as a Whole

Net Position

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

| | <u>Governmental Activities</u> | | | |
|----------------------------------|--------------------------------|--------------------------|-------------------------|-----------------------|
| | <u>2013</u> | <u>2012</u> | <u>\$ Change</u> | <u>% Change</u> |
| Current & other assets | \$ 19,708,055 | 21,240,312 | (1,532,257) | (7.21%) |
| Capital assets, net | 80,304,899 | 83,550,475 | (3,245,576) | (3.88%) |
| Total assets | <u>100,012,954</u> | <u>104,790,787</u> | <u>(4,777,833)</u> | <u>(4.56%)</u> |
| Deferred outflows of resources | <u>1,032,061</u> | <u>1,123,123</u> | <u>(91,062)</u> | <u>(8.11%)</u> |
| Long-term debt outstanding | 43,608,539 | 47,334,920 | (3,726,381) | (7.87%) |
| Other liabilities | 4,825,505 | 5,590,715 | (765,210) | (13.69%) |
| Total liabilities | <u>48,434,044</u> | <u>52,925,635</u> | <u>(4,491,591)</u> | <u>(8.49%)</u> |
| Net investment in capital assets | 38,739,461 | 38,304,529 | 434,932 | 1.14% |
| Restricted | 3,242,839 | 3,109,143 | 133,696 | 4.30% |
| Unrestricted | 10,628,671 | 11,574,603 | (945,932) | (8.17%) |
| Total net position | <u><u>\$ 52,610,971</u></u> | <u><u>52,988,275</u></u> | <u><u>(377,304)</u></u> | <u><u>(0.71%)</u></u> |

The decrease of \$1,532,257 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 (\$3,245,576) resulted. However, the decrease is primarily due to depreciation expense.

The Long-term Debt disclosure in the notes to the financial statements, see Note 10, shows how the reduction in long-term debt outstanding of \$3,726,381 resulted.

The change in the other liabilities of \$765,210 is primarily due to an increase of \$1,030,913 in accrued wages and benefits and a decrease in accounts payable of \$1,721,285. In FY12, there was a third payroll in June which reduced the accrued wages. In FY13, there were only two payrolls in June, therefore, increasing accrued wages. In FY13, a major development project was completed which reduced the performance guarantee escrow by \$1,170,866.

The increase in net investment in capital assets is the result of the change in the following:

| | <u>2013</u> | <u>2012</u> | <u>\$ Change</u> | <u>% Change</u> |
|---|-----------------------------|--------------------------|-----------------------|---------------------|
| Capital assets | \$ 133,173,475 | 133,004,275 | 169,200 | 0.13% |
| Accumulated depreciation | (52,868,576) | (49,453,800) | (3,414,776) | (6.90%) |
| Bonds payable (includes premium) | (41,618,288) | (45,339,066) | 3,720,778 | 8.21% |
| Notes payable | (217,603) | (220,336) | 2,733 | 1.24% |
| Capital leases | (288,820) | (425,265) | 136,445 | 32.08% |
| Add back unspent bond proceeds | <u>559,273</u> | <u>738,721</u> | <u>(179,448)</u> | <u>(24.29%)</u> |
| Net investment in capital assets | <u><u>\$ 38,739,461</u></u> | <u><u>38,304,529</u></u> | <u><u>434,932</u></u> | <u><u>1.14%</u></u> |

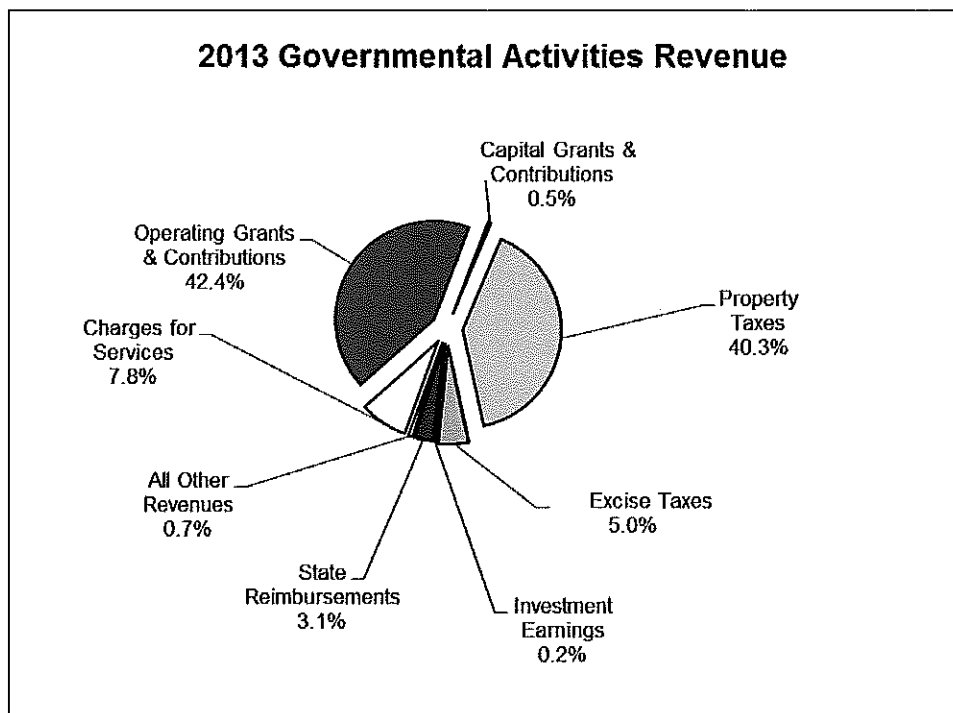
TOWN OF GORHAM, MAINE
Management's Discussion and Analysis, Continued

Changes in Net Position

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

| | <u>2013</u> | <u>2012</u> | <u>\$ Change</u> | <u>% Change</u> |
|---|-------------------------|-------------------------|---------------------------|-------------------------|
| REVENUES | | | | |
| Program Revenues: | | | | |
| Charges for services | \$ 4,062,930 | 3,953,320 | 109,610 | 2.77% |
| Operating grants & contributions | 22,140,676 | 22,891,354 | (750,678) | (3.28%) |
| Capital grants & contributions | 275,574 | 3,316,795 | (3,041,221) | (91.69%) |
| General Revenues: | | | | |
| Property taxes | 20,982,710 | 20,677,988 | 304,722 | 1.47% |
| Payment in lieu of taxes | 58,207 | 57,067 | 1,140 | 2.00% |
| Motor vehicle & boat excise taxes | 2,618,905 | 2,425,578 | 193,327 | 7.97% |
| Grants and contributions not restricted to specific programs: | | | | |
| Homestead exemption | 260,833 | 263,253 | (2,420) | (0.92%) |
| BETE reimbursement | 189,602 | 161,074 | 28,528 | 17.71% |
| Other state aid | 41,769 | 41,956 | (187) | (0.45%) |
| State revenue sharing | 1,105,086 | 1,124,259 | (19,173) | (1.71%) |
| Investment earnings | 100,293 | 87,250 | 13,043 | 14.95% |
| Miscellaneous revenues | 288,815 | 254,434 | 34,381 | 13.51% |
| Sale of property | 2,983 | 12,961 | (9,978) | (76.98%) |
| Total revenues | <u>52,128,383</u> | <u>55,267,289</u> | <u>(3,138,906)</u> | <u>(5.68%)</u> |
| EXPENSES | | | | |
| General government | 4,743,171 | 4,768,295 | (25,124) | (0.53%) |
| Public safety | 3,803,853 | 3,823,459 | (19,606) | (0.51%) |
| Public works | 5,401,195 | 5,041,673 | 359,522 | 7.13% |
| Health & welfare | 188,183 | 149,617 | 38,566 | 25.78% |
| Recreation | 1,454,250 | 1,488,702 | (34,452) | (2.31%) |
| Development | 240,178 | 296,115 | (55,937) | (18.89%) |
| Education | 35,364,568 | 34,654,427 | 710,141 | 2.05% |
| Interest on debt | 1,310,289 | 1,472,657 | (162,368) | (11.03%) |
| Total expenses | <u>52,505,687</u> | <u>51,694,945</u> | <u>810,742</u> | <u>1.57%</u> |
| Change in net position \$ | <u><u>(377,304)</u></u> | <u><u>3,572,344</u></u> | <u><u>(3,949,648)</u></u> | <u><u>(110.56%)</u></u> |

The following pie chart shows the sources of revenue for fiscal year 2013.



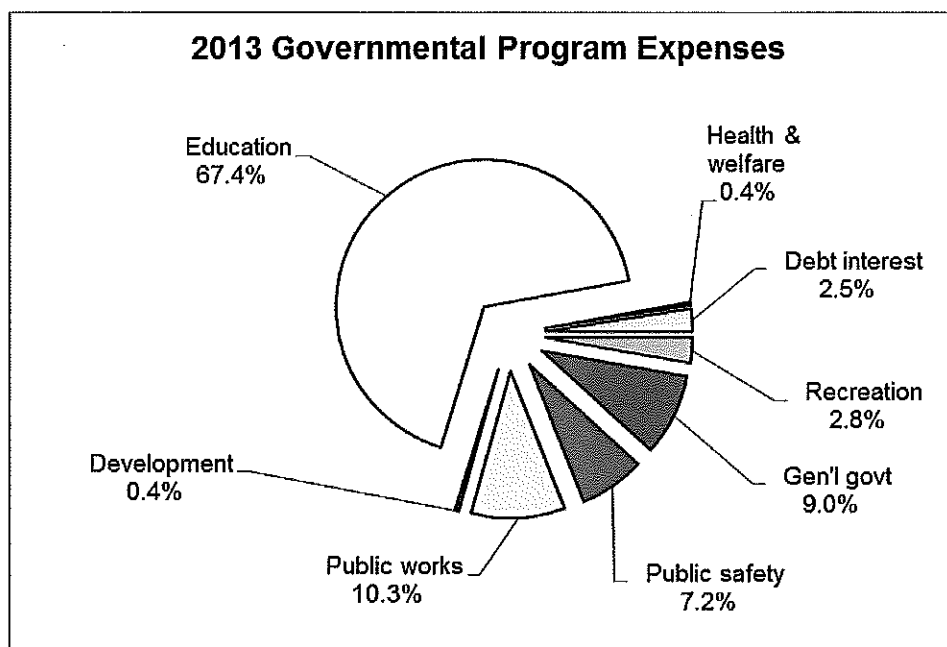
Overall revenues were down \$3,138,906 or 5.7% when compared to fiscal year 2012. There were a number of reasons for the decrease in the revenues and they are highlighted below.

Approximately 40.3% of the Town's revenues come from property taxes, while 42.4% comes from operating grants and contributions. Approximately 79.8% of the operating grants and contributions revenue source comes from state aid to education and state construction aid. The operating grants and contributions program revenues were down 3.3% or \$750,678 primarily because the School Department received approximately \$514,892 less in federal aid.

The capital grants and contributions were down \$3,041,221 or 91.7% due to the Town accepting only one road from developers during fiscal year 2013 at an estimated cost of \$109,350. This is \$3,036,228 less than the \$3,145,578 of accepted roads received in fiscal year 2012.

The increase seen in the property tax revenue source of \$304,722 was due to the increase in taxable valuation from \$1,269,986,500 in fiscal year 2012 to \$1,290,426,700 in fiscal year 2013.

The following pie chart shows functional expenses for fiscal year 2013.



Education makes up 67.4% of the expenses for fiscal year 2013 and had an increase of 2% or \$710,141.

The public works expenses are 7.1% or \$359,522 higher than fiscal year 2012. The primary reason for the increase is that fewer expenses were allocated to capital improvement.

Governmental Activities

The cost of all governmental activities was \$52,505,687. 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. The general government activity also includes public agencies, insurance, employee benefits, unclassified and county tax expenditures. The fiscal year 2013 expenses were a 1.6% increase over fiscal year 2012 expenses or \$810,742.

However, as shown on the Statement of Activities, the amount that the taxpayers of Gorham ended up financing through property taxes was \$20,982,710 or 40%, because some of the cost was paid by those who directly benefit from the programs -- \$4,062,930, or by other governments and organizations that subsidized certain programs with operating grants and contributions -- \$22,140,676, and capital grants and contributions -- \$275,574. The Town also received \$4,666,493 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 2013.

TOWN OF GORHAM, MAINE
Management's Discussion and Analysis, Continued

As a result of the Governmental activities' expenses of \$52,505,687 exceeding the revenues of \$52,128,383, the Town of Gorham realized a decrease to its net position of \$377,304. Approximately \$3,036,228 of the decrease can be attributed to the fact that only one was road donated from developers and accepted by the Town during fiscal year 2013. In fiscal year 2012, there were four roads accepted by the Town. Also in fiscal year 2013, there were less capital assets, thus many improvements made by the Town were expensed.

The Town's Funds

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

General Major Governmental Functions

The following table summarizes the fiscal year 2013 revenues by source for the General Fund with the 2012 information for comparison. Information is from Statement 4.

| | <u>2013</u> | <u>2012</u> | <u>\$ Change</u> | <u>% Change</u> |
|--------------------------|-------------------|-------------------|------------------|-----------------|
| Revenues by source: | | | | |
| Taxes | \$ 23,516,633 | 22,561,260 | 955,373 | 4.23% |
| Licenses and permits | 644,599 | 527,362 | 117,237 | 22.23% |
| Intergovernmental | 2,011,434 | 2,002,818 | 8,616 | 0.43% |
| Charges for services | 1,234,851 | 1,223,106 | 11,745 | 0.96% |
| Other revenues | 896,083 | 1,062,209 | (166,126) | (15.64%) |
| Total revenues \$ | 28,303,600 | 27,376,755 | 926,845 | 3.39% |

General Fund revenues have increased by 3.4% or \$926,845 from the fiscal year 2012 amount. Below are some of the reasons for the changes in the revenue sources.

Taxes: In fiscal year 2013, the mil rate did not increase. With an increased valuation, tax revenue increased by \$714,115. The change in deferred property taxes was a positive \$241,258.

Licenses and permits: The building permit and code permit revenues were \$121,225 higher than the FY12 actual. Cable TV franchise fee was also lower than FY12 actual by \$7,011.

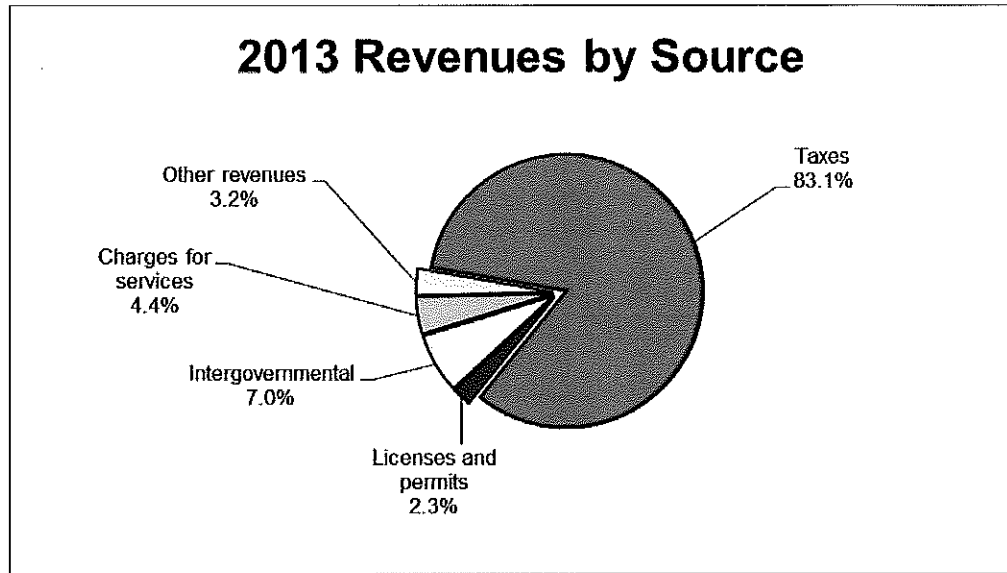
Intergovernmental: The major decreases in fiscal year 2013 are \$19,173 in state revenue sharing, \$14,681 in USM confined space revenues, \$5,032 in Highway Block Grant and \$2,211 in snowmobile reimbursement. In fiscal year 2013, there were increases in human service assistance and BETE reimbursement totaling \$53,159.

Charges for services: In fiscal year 2013, fire and rescue fees increased \$8,826 from fiscal year 2012. Also the Town saw an increase of \$4,059 in solid waste user charges which can be attributed to the increase in sales of trash bags.

Other: There were two revenue sources that contributed to the decrease of \$166,126 in the other revenue category. They were: the recreation reimbursement revenue which was down approximately \$24,991 from fiscal year 2012 actuals and the miscellaneous unbudgeted revenues were down by \$161,447 from the FY12 actual.

TOWN OF GORHAM, MAINE
Management's Discussion and Analysis, Continued

The following pie chart depicts the General Fund revenues by source for fiscal year 2013.



The following table summarizes the General Fund expenditures by function for fiscal year 2013 with 2012 information for comparison. Information is from Statement 4.

| | | <u>2013</u> | <u>2012</u> | <u>\$ Change</u> | <u>% Change</u> |
|---------------------------|-----------|-------------------|-------------------|------------------|-----------------|
| Expenditures by function: | | | | | |
| General government | \$ | 3,917,516 | 3,864,910 | 52,606 | 1.36% |
| Public safety | | 3,483,363 | 3,548,053 | (64,690) | (1.82%) |
| Public works | | 2,290,830 | 2,331,376 | (40,546) | (1.74%) |
| Health and welfare | | 188,183 | 149,617 | 38,566 | 25.78% |
| Recreation | | 1,247,709 | 1,265,102 | (17,393) | (1.37%) |
| Economic development | | 59,701 | 63,216 | (3,515) | (5.56%) |
| Public agencies | | 26,646 | 28,276 | (1,630) | (5.76%) |
| Unclassified | | 207,404 | 294,060 | (86,656) | (29.47%) |
| Debt service | | 1,326,393 | 1,277,550 | 48,843 | 3.82% |
| Capital outlay | | 1,770,730 | 1,113,769 | 656,961 | 58.99% |
| Total expenditures | \$ | 14,518,475 | 13,935,929 | 582,546 | 4.18% |

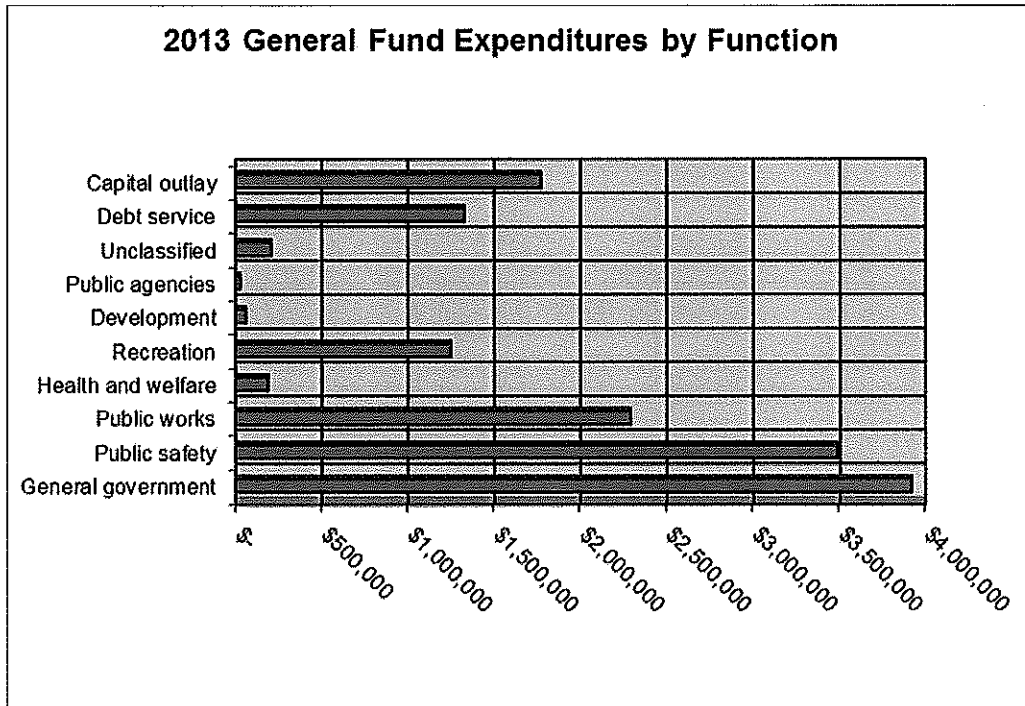
The General Fund expenditures increased 4.2% from fiscal year 2012 levels. The largest change was in the capital outlay function, which increased by \$656,961 or 59%. In fiscal year 2012, \$139,220 was allocated from unassigned fund balance to fund various capital purchases whereas in fiscal year 2013, the Town allocated \$1,721,034 from unassigned fund balance. Three of the largest projects funded in fiscal year 2013 were as follows: road maintenance project at \$695,834, replacement of two dump trucks in the public works department funded at \$205,000 and to fund the land acquisition reserve for \$200,000.

The large percentage increase in the health and welfare category of 25.8% was due to an increase of general assistance claims processed by the Town during fiscal year 2013.

TOWN OF GORHAM, MAINE
Management's Discussion and Analysis, Continued

The \$86,656 or 29.5% decrease in unclassified function was the results of more unbudgeted expenditures occurring during fiscal year 2012. In fiscal year 2012, the Town returned \$100,000 to the State of Maine for the regional grant for maintenance facility that was unused.

The following is a graph depicting the General Fund expenditures by function for fiscal year 2013.



The net results of operations for fiscal year 2013 are \$247,625, after transfers in of \$237,564 and transfers out of \$13,775,064. The following table summarizes the General Fund's fund balance for fiscal year 2013 with 2012 information for comparison.

| | 2013 | 2012 | \$ Change | % Change |
|---------------------------|----------------------|-------------------|----------------|--------------|
| Fund balance: | | | | |
| Nonspendable | \$ 154,833 | \$ 44,833 | 110,000 | 245.35% |
| Restricted | 272,171 | 250,573 | 21,598 | 8.62% |
| Committed | 858,606 | 412,922 | 445,684 | 107.93% |
| Assigned | 3,793,694 | 4,927,570 | (1,133,876) | -23.01% |
| Unassigned | 6,491,317 | 5,687,098 | 804,219 | 14.14% |
| Total fund balance | \$ 11,570,621 | 11,322,996 | 247,625 | 2.19% |

The largest decrease is in the assigned fund balance of \$1,133,876 or 23%. This is the result of less unassigned fund balance from FY12 available to allocate to the fiscal year 2014 capital budget under the Town's fund balance policy. At the end of fiscal year 2012, there was \$1,721,034 assigned for the Town's FY13 capital budget, while \$466,800 at the end of fiscal year 2013 was assigned to the FY14 capital budget.

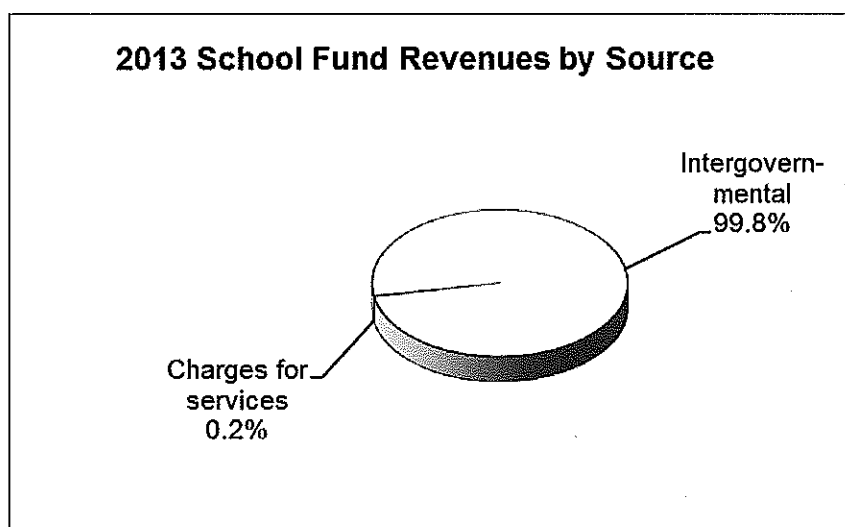
TOWN OF GORHAM, MAINE
Management's Discussion and Analysis, Continued

The following table summarizes the fiscal year 2013 revenues by source for the Special Revenue Fund's School Operations Fund with 2012 information for comparison. The information is from Statement 4.

| | | <u>2013</u> | <u>2012</u> | <u>\$ Change</u> | <u>% Change</u> |
|-----------------------|-----------|-------------------|-------------------|------------------|-----------------|
| Revenues by source: | | | | | |
| Intergovernmental | \$ | 20,119,207 | 20,294,908 | (175,701) | (0.87%) |
| Charges for services | | 37,743 | 61,649 | (23,906) | (38.78%) |
| Other | | 1,648 | 3,667 | (2,019) | (55.06%) |
| Total revenues | \$ | 20,158,598 | 20,360,224 | (201,626) | (0.99%) |

The .99% decrease in School Operation Fund revenues is primarily from the decrease in state education subsidy.

The following is a pie chart depicting the Special Revenue Fund - School Operations Fund revenues by source for fiscal year 2013.



The following table summarizes the School Operations Fund expenditures by function for fiscal year 2013 with 2012 information for comparison. Information is from Statement 4. Following the table, an explanation of the major changes is provided.

| | | <u>2013</u> | <u>2012</u> | <u>\$ Change</u> | <u>% Change</u> |
|-------------------------------|-----------|-------------------|-------------------|------------------|-----------------|
| Expenses by function: | | | | | |
| Regular instruction | \$ | 12,620,793 | 12,519,931 | 100,862 | 0.81% |
| Special education | | 5,013,227 | 4,804,732 | 208,495 | 4.34% |
| CTE instruction | | 534,045 | 517,945 | 16,100 | 3.11% |
| Other instruction | | 720,865 | 545,782 | 175,083 | 32.08% |
| Student and staff support | | 2,020,891 | 2,060,799 | (39,908) | (1.94%) |
| System administration | | 848,559 | 692,569 | 155,990 | 22.52% |
| School administration | | 1,692,625 | 1,550,257 | 142,368 | 9.18% |
| Transportation | | 1,676,824 | 1,713,412 | (36,588) | (2.14%) |
| Facilities maintenance | | 3,079,624 | 2,704,551 | 375,073 | 13.87% |
| Adult education | | 227,963 | 260,306 | (32,343) | (12.42%) |
| Maine PERS on-behalf payments | | 2,459,687 | 2,549,432 | (89,745) | (3.52%) |
| Debt service | | 3,628,705 | 3,791,170 | (162,465) | (4.29%) |
| Total expenses | \$ | 34,523,808 | 33,710,886 | 812,922 | 2.41% |

TOWN OF GORHAM, MAINE
Management's Discussion and Analysis, Continued

The School Operations Fund's expenditures are 2.41% or \$812,922 more than fiscal year 2012. The increase is due to an increase in wages and benefits due to contractual obligations. Also, seven FTE positions that were covered under the School's Special Revenues are now covered in the School Operations Fund since the School lost federal funding for these positions.

The net results of operations for fiscal year 2013 are (\$746,422), after transfers in of \$13,700,064 and transfers out of \$81,276. The following table summarizes the School Operation Fund's fund balance for fiscal year 2013 with 2012 information for comparison.

| | <u>2013</u> | <u>2012</u> | <u>\$ Change</u> | <u>% Change</u> |
|---------------------------|-----------------------|------------------|------------------|-----------------|
| Fund balance: | | | | |
| Assigned | \$ 294,290 | 1,059,863 | (765,573) | (72.23%) |
| Unassigned | (1,584,579) | (1,603,730) | 19,151 | 1.19% |
| Total fund balance | \$ (1,290,289) | (543,867) | (746,422) | 137.24% |

During the development of the fiscal year 2014 budget, the School Board did not authorize the use of budgetary fund balance to help balance the fiscal year 2014 budget. This is \$620,000 less than fiscal year 2013 use of surplus. The change in encumbrances between fiscal year 2012 and 2013 was \$145,573. As a result, the assigned fund balance decreased by 72.23% or \$765,573.

The following table summarizes the fiscal year 2013 revenues by source for the Capital Project Fund's Elementary School Project with 2012 information for comparison. The information is from Statement 4.

| | <u>2013</u> | <u>2012</u> | <u>\$ Change</u> | <u>% Change</u> |
|-----------------------|-------------------|-------------|------------------|-------------------|
| Revenues by source: | | | | |
| Intergovernmental | \$ 120,000 | - | 120,000 | n/a |
| Investment income | 1,015 | 900 | 115 | 12.78% |
| Total revenues | \$ 121,015 | 900 | 120,115 | 13,346.11% |

The bond proceeds were not drawn down until March 2013; therefore, the amount invested remained the same amount plus accumulated interest. The interest rate was higher in FY2013 than in FY2012. Also, the Town of Gorham's School Department received a grant from Efficiency Maine for the High Performance School Program which is awarded for designing and operating an energy efficient school.

The following table summarizes the Elementary School Capital Projects Fund expenditures by function for fiscal year 2013 with 2012 information for comparison. Information is from Statement 4.

| | <u>2013</u> | <u>2012</u> | <u>\$ Change</u> | <u>% Change</u> |
|---------------------------|-------------------|------------------|--------------------|-----------------|
| Expenditures by function: | | | | |
| Capital improvements | \$ 300,960 | 2,791,479 | (2,490,519) | (89.22%) |
| Total expenditures | \$ 300,960 | 2,791,479 | (2,490,519) | (89.22%) |

During the construction process, a 5% retainage is withheld from the contractor. In fiscal year 2012, the expenditures reflect a few months of construction activity whereas in fiscal year 2013 the remaining retainage was released.

TOWN OF GORHAM, MAINE
Management's Discussion and Analysis, Continued

The net results of operations for fiscal year 2013 are (\$179,945). The following table summarizes the Elementary School Capital Projects Fund's fund balance for fiscal year 2013 with 2012 information for comparison.

| | | <u>2013</u> | <u>2012</u> | <u>\$ Change</u> | <u>% Change</u> |
|---------------------------|-----------|-----------------------|-----------------------|-------------------------|------------------------|
| Fund balance: | | | | | |
| Restricted | \$ | <u>153,536</u> | <u>333,481</u> | <u>(179,945)</u> | <u>(53.96%)</u> |
| Total fund balance | \$ | <u>153,536</u> | <u>333,481</u> | <u>(179,945)</u> | <u>(53.96%)</u> |

Since the new elementary school project was completed in August 2011, 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 \$1,827,843, while actual expenditures were under budgeted appropriations by \$8,774. This resulted in a positive net effect of \$1,836,617. After transfers and changes in encumbrances, the net change in fund balance was \$247,625.

The unassigned fund balance at \$6,491,317 is a healthy figure and represents 14.1% of the total general fund and School Operations Fund budgeted appropriations for FY2014. 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 (\$1,584,579) is factored in the percentage drops to 10.7%. The Town's management anticipates that during the FY2015 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 2012-2013 was \$45,207,023 and there were no adjustments made to the original budget during fiscal year 2013.

TOWN OF GORHAM, MAINE
Management's Discussion and Analysis, Continued

Capital Asset and Debt Administration

Capital Assets

During the fiscal year 2013, the Town invested \$1,127,655 in a broad range of capital assets. The following chart identifies the assets that were added during fiscal year 2013 (including the construction in progress projects – Little Falls/Public Safety feasibility study, Gorham Rail Trail Project, and Gorham High School Expansion & Renovation less the removal of the construction in progress projects – Orthoimagery Data reflected in previous fiscal years).

| | | | Category Total |
|--|---|----------|---------------------------|
| Land | | | |
| General Govt | 21 Main Street | \$81,332 | |
| | 10 Preble Street | 74,486 | |
| | 55 Morrill Avenue | 81,339 | |
| | | | 237,157 |
| Land improvements | | | |
| Public Works | Narragansett School Parking Lot | 56,028 | |
| | | | 56,028 |
| Buildings and building improvements | | | |
| General Govt | 10 Preble Street | 166,152 | |
| | 21 Main Street | 89,096 | |
| | Construction in Progress – Little Falls/Public Safety Feasibility Study | 43,114 | |
| Education | Construction in progress – Gorham HS Expansion & Renovation | 31,063 | |
| | | | 329,425 |
| Machinery and equipment | | | |
| Public Safety | Fire – Mobile Truck Lifts | 37,876 | |
| Education | Genie GR20 Runabout | 14,310 | |
| | | | 52,186 |
| Furniture & office equipment | | | |
| General Govt | Postage Machine | 5,396 | |
| Recreation | Recreation Workstation | 8,406 | |
| | | | 13,802 |
| Vehicles | | | |
| Public Safety | Police - 2012 Ford Fusion | 21,383 | |
| | Police - 2003 Chevrolet Avalanche | 11,016 | |
| | Fire – 2007 Military 5-Ton 6x6 Truck | 20,000 | |
| Public Works | 2012 4WD 1-Ton Dump Truck, Plow & Sander | 50,333 | |
| | 2013 BWS 25T Tag-Along Trailer | 27,000 | |
| | 2014 International Dump Truck 7600 | 157,615 | |
| Education | 2013 CH13406 AWD 1500 Van | 26,250 | |
| | | | 313,597 |

Infrastructure

TOWN OF GORHAM, MAINE
Management's Discussion and Analysis, Continued

| | | |
|--|------------|---------------------|
| Accepted roads | \$ 109,350 | |
| Construction in progress – Gorham Rail Trail Project | 16,110 | |
| | | 125,460 |
| Total Assets Added During FY2013 | | \$ 1,127,655 |

During fiscal year 2013, assets were transferred from one function/activity to another function/activity. The following chart shows these transfers.

| Category | Function and Activity | Amount Transferred |
|-----------------|---------------------------------|---------------------------|
| Buildings | Education - Portable Classroom | \$21,886 |
| | Recreation – Portable Classroom | (21,886) |

The depreciation expense for 2013 was \$4,211,025.

The following is a summary of the Town of Gorham's capital assets, net of depreciation. This amount represents a net decrease (including additions and deductions) of \$3,245,576 or 3.88% under last fiscal year.

| Capital Assets (Net of depreciation) | | | | |
|---|-------------------|-------------------|--------------------|-----------------|
| | 2013 | 2012 | \$ Change | % Change |
| Land | \$ 2,362,977 | 2,125,820 | 237,157 | 11.16% |
| Books/historical treasures/artwork | 1,429,837 | 1,429,837 | - | 0.00% |
| Construction in progress | 100,665 | 24,882 | 75,783 | 304.57% |
| Land improvements | 6,971,739 | 7,261,934 | (290,195) | (4.00%) |
| Buildings and building improvements | 40,286,872 | 41,982,722 | (1,695,850) | (4.04%) |
| Machinery and equipment | 1,083,968 | 1,233,811 | (149,843) | (12.14%) |
| Furniture and office equipment | 1,166,798 | 1,430,425 | (263,627) | (18.43%) |
| Computer equipment | 85,105 | 119,090 | (33,985) | (28.54%) |
| Vehicles | 2,802,544 | 3,033,880 | (231,336) | (7.63%) |
| Infrastructure | 24,014,394 | 24,908,074 | (893,680) | (3.59%) |
| Totals \$ | 80,304,899 | 83,550,475 | (3,245,576) | (3.88%) |

The Town has appropriated \$138,250 in fiscal year 2014 for the following capital expenditures: two police cruisers, and the first lease payment for anticipated capital equipment needs.

TOWN OF GORHAM, MAINE
Management's Discussion and Analysis, Continued

Additionally, the Council allocated \$466,800 from unassigned fund balance, which was in excess of the 8.5% fund balance policy for the following purposes:

- \$30,000 to replace 1998 Loader/Backhoe with an excavator,
- \$15,100 to paint exterior of library, gazebo, Robie Gym and municipal center,
- \$15,000 to purchase a new video server with HD system,
- \$26,000 to make energy improvements at North Gorham and West Gorham fire stations,
- \$380,700 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, 2013, the Town had a total of \$40,171,555 of outstanding general obligation debt. The Town's outstanding general obligation bonds as of June 30, 2013 are \$3,593,125 less than last fiscal year – a decrease of 8.2%.

The Town of Gorham currently has an AA+ rating from Standard and Poor's and an AA2 rating from Moody's on its general obligation bond issues. The Town's outstanding indebtedness is only 2.85% 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 2013–2014 budget was very challenging. The major obstacle was calculating the revenues the Town would be receiving from the State. The Governor's proposed budget eliminated all State Revenue Sharing provided to the Local Municipalities as well as taking some of the excise tax. The potential impacts of the Governor's proposals are so large that it is very difficult to provide a responsible budget while they remain unresolved. This budget assumes that the state will continue taking over \$478,000 in revenue sharing money that, by law, belongs to the Town of Gorham in order to fund the State budget. The \$478,000 not available to the Town is worth over 36 cents on the tax rate.

This was the sixth year of developing budgets since the deep recession that resulted from the collapse in the financial sector. Over that 6 year period of time, the Town's budget (excludes School's budget) has increased by 4%. Compared to the rate of inflation from January 1, 2008 to January 1, 2013 of 9.3% (as measured by the CPI-U U.S. City average), the increase in the Town's budget is less than half the rate of inflation.

TOWN OF GORHAM, MAINE
Management's Discussion and Analysis, Continued

The following are some of highlights of the Town's fiscal year 2013- 2014 budget.

1. Little Falls School was closed at the beginning of the 2013-2014 fiscal year.
2. Reduction of \$15,664 in our assessment from Ecomaine. Ecomaine has been paying down several of their debts which then reduces the assessments to their owner communities, which includes Gorham.
3. Debt service has been increased to include bond closing costs for the 1.4 million that was approved by the voters.

The Education budget was also affected by the Governor's proposed budget. Prior to the Governor's proposed budget, the State funded 7.65% of the education retirement. The Governor proposed budget requires the School Department's to fund 2.65% of the 7.65% State contribution. The fiscal year 2013-2014 budget includes \$411,113 to cover the School's responsibility to fund retirement costs as proposed in the Governor's budget. The Education's budget also includes \$296,850 dedicated to upgrading school security systems and initiatives.

The Town's assessed value ratio as of April 1, 2013 is 90%; the same as the April 1, 2012 assessed value ratio and well above the State required 70%.

The total assessed value as of April 1, 2013, is \$1,335,778,050; an increase of \$17,722,610 or 1.3% from the prior year, while the taxable value increased \$19,113,000 from \$1,309,539,700 to \$1,290,426,700. The Town of Gorham's tax rate increased to \$17.30, which increased by a dollar from fiscal year 2013.

The Town's municipal appropriation is \$12,091,556; a decrease of \$56,907 or .5% from FY 2013. A decrease in non-property tax revenue of \$267,403 and a decrease in the transfer in from the TIF fund of \$124,519 resulted in a net appropriation of \$6,427,781; an increase of \$335,015 or 5.5%.

The Town's education budget is \$32,918,129; an increase of \$702,799 or 2.2%. The School Department saw an increase in non-property tax revenue of \$22,740, and a decrease in the use of fund balance of \$620,000. The net education appropriation for FY14 is \$14,990,123; an increase of \$1,300,059 or 9.5%.

The County tax assessment increased by \$44,914, or 5.3%. The Town's state equalized valuation went from \$1,445,250,000 in 2012 to \$1,409,850,000 in 2013; a 2.5% 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.

BASIC FINANCIAL STATEMENTS

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TOWN OF GORHAM, MAINE
Statement of Net Position
June 30, 2013

| | Governmental Activities |
|---|------------------------------------|
| ASSETS | |
| Cash | \$ 1,321,360 |
| Investments | 14,551,484 |
| Receivables: | |
| Accounts | 468,893 |
| Intergovernmental | 713,540 |
| Rescue receivable (net of allowance of \$126,000) | 260,594 |
| Taxes receivable - current year | 548,903 |
| Taxes receivable - prior year | 67,961 |
| Tax liens | 282,829 |
| Notes | 118,195 |
| Tax acquired property | 35,132 |
| Performance bonds | 983,518 |
| Inventories | 76,859 |
| Prepaid expenses | 105,687 |
| Costs of bond issuance | 173,100 |
| Capital assets not being depreciated: | |
| Books/historical treasures/artwork | 1,429,837 |
| Land | 2,362,977 |
| Construction in progress | 100,665 |
| Capital assets net of accumulated depreciation: | |
| Buildings and improvements | 40,286,872 |
| Improvements other than buildings | 6,971,739 |
| Machinery and equipment | 5,138,415 |
| Infrastructure | 24,014,394 |
| Total assets | 100,012,954 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred charge on refunding | 1,032,061 |
| Total deferred outflows of resources | 1,032,061 |
| LIABILITIES | |
| Accounts payable | 1,410,728 |
| Accrued wages and benefits | 2,407,203 |
| Performance bond deposits | 983,518 |
| Unearned revenues | 24,056 |
| Noncurrent liabilities: | |
| Due within one year | 3,959,781 |
| Due in more than one year | 39,648,758 |
| Total liabilities | 48,434,044 |
| NET POSITION | |
| Net investment in capital assets | 38,739,461 |
| Restricted for: | |
| Special revenue programs and grants | 2,499,236 |
| Permanent funds: | |
| Expendable | 205,258 |
| Nonexpendable | 538,345 |
| Unrestricted | 10,628,671 |
| Total net position | \$ 52,610,971 |

See accompanying notes to basic financial statements.

TOWN OF GORHAM, MAINE
Statement of Activities
For the Year Ended June 30, 2013

| For the year ended June 30, 2020 | | | | | Net (expense) revenue and changes in net position |
|---|--------------|-------------------------|--|--|--|
| Functions/programs | Expenses | Program Revenues | | | Primary Governmental activities |
| | | Charges for services | Operating grants and contributions | Capital grants and contributions | |
| Primary government: | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 4,743,171 | 669,844 | 3,229 | 1,375 | (4,068,723) |
| Public safety | 3,803,853 | 643,240 | 146,008 | 24,000 | (2,990,605) |
| Public works | 5,401,195 | 1,518,310 | 262,008 | 129,184 | (3,491,693) |
| Health and welfare | 188,183 | 10,454 | 92,374 | - | (85,355) |
| Recreation | 1,454,250 | 655,906 | 5,868 | - | (792,476) |
| Development | 240,178 | - | - | - | (240,178) |
| Education | 35,364,568 | 565,176 | 21,631,189 | 121,015 | (13,047,188) |
| Interest on debt | 1,310,289 | - | - | - | (1,310,289) |
| Total governmental activities | 52,505,687 | 4,062,930 | 22,140,676 | 275,574 | (26,026,507) |
| Total primary government | 52,505,687 | 4,062,930 | 22,140,676 | 275,574 | (26,026,507) |
| General revenues: | | | | | |
| Property taxes, levied for general purposes | | | | | 20,982,710 |
| Payment in lieu of taxes | | | | | 58,207 |
| Motor vehicle and boat excise taxes | | | | | 2,618,905 |
| Grants and contributions not restricted to specific programs: | | | | | |
| Homestead exemption | | | | | 260,833 |
| BETE reimbursement | | | | | 189,602 |
| Other State aid | | | | | 41,769 |
| State Revenue Sharing | | | | | 1,105,086 |
| Unrestricted investment earnings | | | | | 100,296 |
| Miscellaneous revenues | | | | | 288,812 |
| Sale of property | | | | | 2,983 |
| Total general revenues | | | | | 25,649,203 |
| Change in net position | | | | | (377,304) |
| Net position - beginning | | | | | 52,988,275 |
| Net position - ending | | | | | \$ 52,610,971 |

See accompanying notes to basic financial statements.

TOWN OF GORHAM, MAINE
Balance Sheet
Governmental Funds
June 30, 2013

| | General | School Operations Fund | Elementary School Capital Projects Fund | Other Governmental Funds | Total Governmental Funds |
|---|----------------------|------------------------------|--|--------------------------------|--------------------------------|
| ASSETS | | | | | |
| Cash | \$ 581,447 | - | 32,324 | 707,589 | 1,321,360 |
| Investments | 13,714,526 | - | - | 836,958 | 14,551,484 |
| Receivables: | | | | | |
| Accounts | 247,306 | 2,182 | - | 219,405 | 468,893 |
| Intergovernmental | - | 428,653 | - | 284,887 | 713,540 |
| Rescue receivable (net of allowance of \$126,000) | 260,594 | - | - | - | 260,594 |
| Taxes receivable - current year | 548,903 | - | - | - | 548,903 |
| Taxes receivable - prior year | 67,961 | - | - | - | 67,961 |
| Tax liens | 282,829 | - | - | - | 282,829 |
| Notes | 6,078 | - | - | 112,117 | 118,195 |
| Interfund loans receivable | - | 805,026 | 121,212 | 2,108,025 | 3,034,263 |
| Tax acquired property | 35,132 | - | - | - | 35,132 |
| Performance bonds | 983,518 | - | - | - | 983,518 |
| Inventories | 43,068 | - | - | 33,791 | 76,859 |
| Prepaid expenditures | 105,687 | - | - | - | 105,687 |
| Total assets | \$ 16,877,049 | 1,235,861 | 153,536 | 4,302,772 | 22,569,218 |
| LIABILITIES | | | | | |
| Accounts payable | 835,125 | 260,856 | - | 10,611 | 1,106,592 |
| Accrued wages and benefits | 141,909 | 2,265,294 | - | - | 2,407,203 |
| Interfund loans payable | 2,744,434 | - | - | 301,447 | 3,045,881 |
| Performance bond deposits | 983,518 | - | - | - | 983,518 |
| Unearned revenues | - | - | - | 24,056 | 24,056 |
| Total liabilities | 4,704,986 | 2,526,150 | - | 336,114 | 7,567,250 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue - property taxes | 601,442 | - | - | - | 601,442 |
| Total deferred inflows of resources | 601,442 | - | - | - | 601,442 |
| FUND BALANCES | | | | | |
| Nonspendable: | | | | | |
| Noncurrent receivables | 6,078 | - | - | 112,117 | 118,195 |
| Prepaid items | 105,687 | - | - | - | 105,687 |
| Nonexpendable trust principal | - | - | - | 538,345 | 538,345 |
| Inventories | 43,068 | - | - | 33,791 | 76,859 |
| Restricted: | | | | | |
| General fund | 272,171 | - | - | - | 272,171 |
| Special revenue funds | - | - | - | 2,499,236 | 2,499,236 |
| Capital projects funds | - | - | 153,536 | 405,737 | 559,273 |
| Permanent funds | - | - | - | 205,258 | 205,258 |
| Committed: | | | | | |
| General fund | 858,606 | - | - | - | 858,606 |
| Special revenue funds | - | - | - | 99,629 | 99,629 |
| Capital projects funds | - | - | - | 82,982 | 82,982 |
| Assigned: | | | | | |
| General fund - FY13 capital funding | 466,800 | - | - | - | 466,800 |
| Encumbrances | 445,389 | 294,290 | - | - | 739,679 |
| Compensated absences | 369,162 | - | - | - | 369,162 |
| General fund - capital reserves | 2,512,343 | - | - | - | 2,512,343 |
| Special revenue funds | - | - | - | 11,017 | 11,017 |
| Unassigned: | | | | | |
| General fund | 6,491,317 | - | - | - | 6,491,317 |
| Special revenue funds | - | (1,584,579) | - | (21,454) | (1,606,033) |
| Total fund balances (deficit) | 11,570,621 | (1,290,289) | 153,536 | 3,966,658 | 14,400,526 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 16,877,049 | 1,235,861 | 153,536 | 4,302,772 | 22,569,218 |

TOWN OF GORHAM, MAINE
Balance Sheet
Governmental Funds
June 30, 2013

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

| | | |
|--|-------------------|-------------------|
| Total fund balances - total governmental funds, Statement 3 | \$ | 14,400,526 |
| Amounts reported for governmental activities in the statement of net position (Statement 1) are different because: | | |
| Bond issuance costs amortized in governmental activities are not reported in the funds | | 173,100 |
| The deferred charge on the refunding bond in governmental activities is not reported in the funds. | | 1,032,061 |
| Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. More specifically: | | |
| Non-depreciable capital assets | 3,893,479 | |
| Depreciable capital assets, net | <u>76,411,420</u> | 80,304,899 |
| Long-term liabilities are not due and payable in the current period and therefore not reported in the funds: | | |
| General obligation bonds | 40,171,555 | |
| Bond premium | 1,446,733 | |
| Notes payable | 217,603 | |
| Capital leases | 288,820 | |
| Compensated absences | 957,347 | |
| Accrued interest payable | 292,518 | |
| Other postemployment benefits liability | <u>526,481</u> | (43,901,057) |
| Unavailable revenues - property taxes not reported on Statement 1 | | 601,442 |
| Net position of governmental activities | | 52,610,971 |

See accompanying notes to basic financial statements.

TOWN OF GORHAM, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2013

| | General | School Operations Fund | Elementary School Project Fund | Other Governmental Funds | Total Governmental Funds |
|---------------------------|---------------|------------------------------|---|--------------------------------|--------------------------------|
| Revenues: | | | | | |
| Taxes | \$ 23,516,633 | - | - | 290,013 | 23,806,646 |
| Licenses and permits | 644,599 | - | - | - | 644,599 |
| Intergovernmental | 2,011,434 | 20,119,207 | 120,000 | 1,511,982 | 23,762,623 |
| Charges for services | 1,234,851 | 37,743 | - | 1,589,525 | 2,862,119 |
| Other revenues | 896,083 | 1,648 | 1,015 | 170,709 | 1,069,455 |
| Total revenues | 28,303,600 | 20,158,598 | 121,015 | 3,562,229 | 52,145,442 |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 3,917,516 | - | - | - | 3,917,516 |
| Public safety | 3,483,363 | - | - | - | 3,483,363 |
| Public works | 2,290,830 | - | - | 1,084,464 | 3,375,294 |
| Health and welfare | 188,183 | - | - | - | 188,183 |
| Recreation | 1,247,709 | - | - | 27,437 | 1,275,146 |
| Economic development | 59,701 | - | - | - | 59,701 |
| Public agencies | 26,646 | - | - | - | 26,646 |
| Unclassified | 207,404 | - | - | 197,472 | 404,876 |
| Education: | | | | | |
| Regular instruction | - | 12,620,793 | - | - | 12,620,793 |
| Special education | - | 5,013,227 | - | - | 5,013,227 |
| CTE instruction | - | 534,045 | - | - | 534,045 |
| Other instruction | - | 720,865 | - | - | 720,865 |
| Student and staff support | - | 2,020,891 | - | - | 2,020,891 |
| System administration | - | 848,559 | - | - | 848,559 |
| School administration | - | 1,692,625 | - | - | 1,692,625 |
| Transportation | - | 1,676,824 | - | - | 1,676,824 |
| Facilities maintenance | - | 3,079,624 | - | - | 3,079,624 |

TOWN OF GORHAM, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2013

| | General | School Operations Fund | Elementary School Project Fund | Other Governmental Funds | Total Governmental Funds |
|--|---------------|------------------------------|---|--------------------------------|--------------------------------|
| Education: | | | | | |
| Maine PERS on-behalf payments | \$ - | 2,459,687 | - | - | 2,459,687 |
| Adult education | - | 227,963 | - | - | 227,963 |
| Grants and other special uses | - | - | - | 1,250,026 | 1,250,026 |
| Food services | - | - | - | 864,735 | 864,735 |
| Debt service: | | | | | |
| Principal | 978,125 | 2,615,000 | - | - | 3,593,125 |
| Interest and other charges | 348,268 | 1,013,705 | - | - | 1,361,973 |
| Capital maintenance | 418,072 | - | - | - | 418,072 |
| Capital improvements | 1,352,658 | - | 300,960 | 31,063 | 1,684,681 |
| Total expenditures | 14,518,475 | 34,523,808 | 300,960 | 3,455,197 | 52,798,440 |
| Excess (deficiency) of revenues over (under) expenditures | 13,785,125 | (14,365,210) | (179,945) | 107,032 | (652,998) |
| Other financing sources (uses): | | | | | |
| Transfers in | 237,564 | 13,700,064 | - | 156,276 | 14,093,904 |
| Transfers out | (13,775,064) | (81,276) | - | (237,564) | (14,093,904) |
| Total other financing sources (uses) | (13,537,500) | 13,618,788 | - | (81,288) | - |
| Net change in fund balances | 247,625 | (746,422) | (179,945) | 25,744 | (652,998) |
| Fund balances (deficit), beginning of year | 11,322,996 | (543,867) | 333,481 | 3,940,914 | 15,053,524 |
| Fund balances (deficit), end of year | \$ 11,570,621 | (1,290,289) | 153,536 | 3,966,658 | 14,400,526 |

See accompanying notes to basic 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, 2013

| | |
|---|---------------------|
| Net change in fund balances - total governmental funds (from Statement 4) | \$ (652,998) |
| 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 depreciation expense (\$4,211,025) and loss on disposal (\$162,206) exceeded capital outlays (\$1,127,655) in the current period. (Note 6) | (3,245,576) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | (126,408) |
| Bond and note proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. (Note 10) | 3,595,858 |
| The Town is amortizing the deferred charge on refunding, the issuance premium and the bond issuance costs over the life of the refunding bond. | 21,320 |
| 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) | (29,920) |
| 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) | 136,445 |
| 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) | (103,655) |
| 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. | 27,630 |
| Change in net position of governmental activities (see Statement 2) | \$ (377,304) |

See accompanying notes to basic financial statements.

TOWN OF GORHAM, MAINE
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Budgetary Basis
All Budgeted Governmental Funds
For the year ended June 30, 2013

| | General Fund | | | Variance with final budget positive (negative) |
|---|------------------|--------------|--------------|---|
| | Budgeted amounts | | Actual | |
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 22,651,711 | 22,651,711 | 23,516,633 | 864,922 |
| Licenses and permits | 485,950 | 485,950 | 644,599 | 158,649 |
| Intergovernmental | 1,946,849 | 1,946,849 | 2,011,434 | 64,585 |
| Charges for services | 1,245,739 | 1,245,739 | 1,234,851 | (10,888) |
| Other revenues | 145,508 | 145,508 | 896,083 | 750,575 |
| Total revenues | 26,475,757 | 26,475,757 | 28,303,600 | 1,827,843 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 2,225,128 | 2,236,697 | 2,210,216 | 26,481 |
| Public safety | 3,557,620 | 3,613,318 | 3,600,418 | 12,900 |
| Public works | 2,366,361 | 2,382,343 | 2,310,245 | 72,098 |
| Health and welfare | 98,835 | 98,987 | 188,183 | (89,196) |
| Recreation | 800,340 | 733,310 | 1,284,117 | (550,807) |
| Economic development | 75,000 | 75,000 | 66,701 | 8,299 |
| Insurances and employee benefits | 2,017,000 | 2,016,000 | 1,707,900 | 308,100 |
| Public agencies | 30,302 | 30,302 | 31,646 | (1,344) |
| Unclassified | 126,900 | 156,145 | 207,404 | (51,259) |
| Capital | 2,088,034 | 2,043,418 | 1,770,730 | 272,688 |
| Debt service | 1,327,207 | 1,327,207 | 1,326,393 | 814 |
| Total expenditures | 14,712,727 | 14,712,727 | 14,703,953 | 8,774 |
| Excess of revenues over expenditures | 11,763,030 | 11,763,030 | 13,599,647 | 1,836,617 |
| Other financing sources (uses): | | | | |
| Utilization of prior year unassigned fund balance | 1,721,034 | 1,721,034 | - | (1,721,034) |
| Transfers to special revenue - School Operations | (13,690,064) | (13,690,064) | (13,700,064) | (10,000) |
| Transfers to capital projects - High School Renovation & Expansion | - | - | (75,000) | (75,000) |
| Transfers in special revenue - TIF | 206,000 | 206,000 | 207,564 | 1,564 |
| Impact Fees | - | - | 30,000 | 30,000 |
| Total other financing uses | (11,763,030) | (11,763,030) | (13,537,500) | (1,774,470) |
| Excess of revenues and other financing sources over expenditures and other financing uses - budgetary basis | - | - | 62,147 | 62,147 |
| Reconciliation to GAAP basis: | | | | |
| Change in encumbrances | | | 185,478 | |
| Net change in fund balance | | | 247,625 | |
| Fund balance, beginning of year | | | 11,322,996 | |
| Fund balance, end of year | \$ | | 11,570,621 | |

TOWN OF GORHAM, MAINE
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Budgetary Basis
All Budgeted Governmental Funds
For the year ended June 30, 2013

| Budgeted Special Revenue Funds | | | | |
|--|---------------|--------------|--------------|---|
| School Operations Fund | | | | Variance with final budget positive negative |
| Budgeted amounts | | Actual | | |
| Original | Final | | | |
| Revenues: | | | | |
| Intergovernmental | \$ 17,845,265 | 17,845,265 | 17,659,520 | (185,745) |
| Charges for services | 50,000 | 50,000 | 37,743 | (12,257) |
| Other revenues | - | - | 1,648 | 1,648 |
| Total revenues | 17,895,265 | 17,895,265 | 17,698,911 | (196,354) |
| Expenditures: | | | | |
| Current: | | | | |
| Regular instruction | 12,724,929 | 12,724,929 | 12,587,780 | 137,149 |
| Special education | 5,118,367 | 5,118,367 | 4,968,943 | 149,424 |
| CTE instruction | 534,045 | 534,045 | 534,045 | - |
| Other instruction | 656,242 | 656,242 | 714,337 | (58,095) |
| Student and staff support | 2,172,094 | 2,172,094 | 2,154,967 | 17,127 |
| System administration | 829,595 | 829,595 | 856,735 | (27,140) |
| School administration | 1,735,795 | 1,735,795 | 1,693,325 | 42,470 |
| Transportation | 1,670,349 | 1,670,349 | 1,646,824 | 23,525 |
| Facilities maintenance | 2,905,280 | 2,905,280 | 2,739,581 | 165,699 |
| Adult education | 239,928 | 239,928 | 227,963 | 11,965 |
| Debt service | 3,628,705 | 3,628,705 | 3,628,705 | - |
| Total expenditures | 32,215,329 | 32,215,329 | 31,753,205 | 462,124 |
| Deficiency of revenues under expenditures | (14,320,064) | (14,320,064) | (14,054,294) | 265,770 |
| Other financing sources: | | | | |
| Utilization of prior year surplus | 620,000 | 620,000 | - | (620,000) |
| Transfers in general fund | 13,700,064 | 13,700,064 | 13,700,064 | - |
| Transfers to special revenues | - | - | (81,276) | (81,276) |
| Total other financing sources | 14,320,064 | 14,320,064 | 13,618,788 | (701,276) |
| Deficiency of revenues and other financing sources under expenditures and other financing uses - budgetary basis | - | - | (435,506) | (435,506) |
| Reconciliation to GAAP basis: | | | | |
| Change in accrued payroll | | | (165,343) | |
| Change in encumbrances | | | (145,573) | |
| Net change in fund balance | | | (746,422) | |
| Fund balance (deficit), beginning of year | | | (543,867) | |
| Fund balance (deficit), end of year | \$ | | (1,290,289) | |

See accompanying notes to basic financial statements.

TOWN OF GORHAM, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

| | Agency Funds | Scholarships Private-purpose Trust Funds |
|--------------------------|-----------------|--|
| ASSETS | | |
| Cash | \$ 396,967 | - |
| Investments | - | 46,204 |
| Interfund receivable | 12,718 | - |
| Total assets | 409,685 | 46,204 |
| LIABILITIES | | |
| Due to agency funds | 409,685 | - |
| Interfund payable | - | 1,100 |
| Total liabilities | 409,685 | 1,100 |
| NET POSITION | | |
| Held in trust | \$ - | 45,104 |

See accompanying notes to basic financial statements.

TOWN OF GORHAM, MAINE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2013

| | Scholarships Private-purpose Trust Funds |
|----------------------------------|--|
| Additions: | |
| Investment income | \$ 2 |
| Total additions | 2 |
| Deductions: | |
| Scholarships awarded | 1,100 |
| Total deductions | 1,100 |
| Change in net position | (1,098) |
| Net position, beginning of year | 46,202 |
| Net position, end of year | \$ 45,104 |

See accompanying notes to financial statements.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2013

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. The Reporting Entity

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

B. Basis of Presentation

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

C. Basis of Accounting/Measurement Focus

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position 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.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The fiduciary fund financial statements use *accrual basis of accounting*. 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.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements, Continued

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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 except for fiduciary funds. 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.

The Town reports the following major governmental funds:

The General Fund and the School Operations Fund, (a special revenue fund whose revenues sources consist primarily of taxes and governmental grants), 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 2013. 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.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements, Continued

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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 assigned 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, Continued

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

Inventory consists of the School Lunch Fund (Governmental Special Revenue Fund) food, supplies, and donated commodities; the trash bag and compost bin inventory maintained by the Public Works Department for the pay-per-bag program, the lock box inventory maintained by the Fire Department 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. The cost of food, supplies, and donated commodities; and trash bags, compost bins, and lock boxes are recorded as expenditures/expenses when purchased rather than when consumed. The cost of gas and diesel is recorded as expenditures/expenses when consumed rather than when purchased.

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.

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

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements, Continued

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Depreciation is recorded based on the straight-line method using the full-month convention beginning with the month following the purchase date over the assets' estimated useful live. All assets are depreciated 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. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows or resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding results in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements, Continued

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. 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.

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) or more 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.

K. 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.

L. 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.

M. 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.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements, Continued

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

N. 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.

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.

When both restricted and unrestricted resources are available for use, it is the government's intent to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned, and unassigned resources are available for use, it is the government's practice to use committed or assigned resources first, and then unassigned resources as they are needed.

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 \$6,491,317 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 and Other Governmental Funds are reporting an unassigned negative fund balance of (\$1,584,579) and (\$21,454) respectively as shown on Statement 3.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements, Continued

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

As of June 30, 2013, other fund balance components consisted of the following:

| | <u>Nonspendable</u> | <u>Restricted</u> | <u>Committed</u> | <u>Assigned</u> |
|---------------------------------|---------------------|-------------------|------------------|------------------|
| General Fund: | | | | |
| Noncurrent receivable | \$ 6,078 | - | - | - |
| Prepaid items | 105,687 | - | - | - |
| Inventories | 43,068 | - | - | - |
| FY14 capital funding | - | - | - | 466,800 |
| Encumbrances | - | - | - | 445,389 |
| Compensated absences | - | - | - | 369,162 |
| Capital reserves | - | 272,171 | 858,606 | 2,512,343 |
| Special Revenue Funds: | | | | |
| School Operations Fund: | | | | |
| Encumbrances | - | - | - | 294,290 |
| School grants | - | 183,808 | - | - |
| School Lunch Fund: | | | | |
| Inventories | 33,791 | - | - | - |
| Food services | - | 106,257 | - | - |
| Sewer operations | - | 1,178,530 | - | - |
| Impact fee | - | 626,004 | - | - |
| Library | - | 15,595 | - | 9,044 |
| Recreation | - | 5,212 | - | - |
| TIF Fund: | | | | |
| Noncurrent receivable | 112,117 | - | - | - |
| TIFs | - | 371,258 | 98,745 | - |
| Miscellaneous | - | 12,572 | 884 | 1,973 |
| Capital Project Funds: | | | | |
| Elementary school project | - | 153,536 | - | - |
| Bonded road projects | - | 405,737 | - | - |
| High School Expansion | - | - | 43,937 | - |
| Various school projects | - | - | 39,045 | - |
| Permanent Funds: | | | | |
| Nonexpendable trust principal | 538,345 | - | - | - |
| Expendable trust principal | - | 205,258 | - | - |
| Total governmental funds | \$ 839,086 | 3,535,938 | 1,041,217 | 4,099,001 |

(See NOTE 18, COMPONENTS OF FUND BALANCES)

O. 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.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements, Continued

Note 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Budgets are adopted for the General Fund and School Operations Fund only, and are adopted on a basis consistent with generally accepted accounting principles (GAAP) except as described in the budget footnote, Note 19, BUDGETARY VS. GAAP ACCOUNTING. The level of control (level at which expenditures may not exceed budget) is the Department for the general fund budget and the 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, 2013, expenditures exceeded appropriations in the following general fund departments as shown on Statement 6:

| | |
|-----------------------|-----------|
| Health and welfare | \$ 89,196 |
| Recreation | 550,807 |
| Public Agencies | 1,344 |
| Unclassified | 51,259 |
| Education: | |
| Other instruction | 58,095 |
| System administration | 27,140 |

The health and welfare overage is due to a larger number of general assistance claims processed during fiscal year 2013. The State of Maine reimburses communities 50% of general assistance costs incurred so there is a corresponding increase in the Intergovernmental revenue category.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements, Continued

Note 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, Continued

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 public agencies overage is due to the Greater Portland Council of Government's increase cost of membership that was not anticipated.

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 overage in other instruction function was due to athletic stipends being overexpended in FY13. For budgetary purposes, we assume anticipated stipend amounts. Realistically, those positions are not assigned until well after the budget year begins. In FY13, the anticipated stipend amounts were lower than actual.

The system administration function's overage was the result of higher legal fees being incurred during fiscal year 2013 than anticipated when the FY13 budget was developed. This line was increased in the FY14 budget to align more accurately with actual expenditures.

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 (\$1,290,289) at June 30, 2013. This is due primarily to variations between the budgetary and GAAP methods of accounting for summer teachers' payroll. See Note 19, BUDGETARY VS. GAAP ACCOUNTING.

The Middle School Project Fund has a deficit fund balance of (\$344) at June 30, 2013. This is due primarily to this project being slightly over expended, and this fund will need to be reimbursed by the General Fund in the future.

Note 3 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the Town either carries commercial insurance, participates in a public entity risk pool, or is effectively self-insured. Currently, the Town participates in 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 loss 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, 2013.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements, Continued

Note 3 – RISK MANAGEMENT, Continued

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, 2013. 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, 2013, the balance in this reserve account was \$31,500.

Note 4 - DEPOSITS AND INVESTMENTS

A. Deposits

At June 30, 2013, cash consisted of the following:

| | <u>Carrying amount</u> | <u>Bank balance</u> |
|---|----------------------------|-------------------------|
| Checking, savings, NOW, and certificates of deposit accounts: | | |
| Government Funds | \$ 1,313,488 | 1,469,696 |
| Agency Funds | 384,249 | 424,273 |
| Petty Cash - governmental funds | 893 | - |
| Postage machine balance – governmental funds | <u>6,979</u> | <u>-</u> |
| Totals | <u>\$ 1,705,609</u> | <u>1,893,969</u> |

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town's investment policy does not directly address custodial credit risk for deposits. As of June 30, 2013, \$465,923 of the Town's bank balances of \$1,893,969 was exposed to custodial credit risks. This is due to the bank's policy change that does not repurchase funds that are earmarked for payroll direct deposits that will happen on July 1, 2013.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements, Continued

Note 4 - DEPOSITS AND INVESTMENTS, Continued

B. Investments

At June 30, 2013, investments consisted of the following:

| Investment Type | Total | Maturities | | |
|-------------------------|----------------------|---------------------|----------------------|-----------------|
| | | Less than 1 Year | 1 Year to 3 Years | Over 3 Years |
| Mutual Funds | \$ 114,705 | 114,705 | - | - |
| U.S. Treasuries | 6,040,574 | 6,040,574 | - | - |
| Money market accounts | 27,028 | 27,028 | - | - |
| Commercial Paper | 719,258 | - | 461,119 | 258,139 |
| Repurchase Agreements | 7,673,951 | 7,673,951 | - | - |
| Common Stock | 22,172 | n/a | n/a | n/a |
| Total Fair Value | \$ 14,597,688 | 13,856,258 | 461,119 | 258,139 |
| % of Portfolio | | 95.0% | 3.2% | 1.8% |

Out of the total \$14,597,688 in investments, \$14,551,484 is from investments in the governmental funds, while \$46,204 is for investments in the fiduciary funds' private-purpose trust funds.

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

Credit Risk. Maine statutes authorize the Town to invest in obligations of U.S. Treasury and U.S. Agencies, repurchase agreements, and certain corporate stocks and bonds. Generally, the Town invests funds in certificates of deposit or savings accounts in the case of special revenue, capital projects, and trust funds, and in commercial paper or repurchase agreements (through a financial institution trust department) in the case of the General Fund. The Town only invests in commercial paper, rated in the highest tier (e.g., A-1, P-1, F-1, or D-1 or higher) by a nationally recognized rating agency. As of June 30, 2013, the Town had \$719,258 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, 2013, the Town was not in compliance with its investment policy's stipulations on portfolio diversification. The Town had 52% of its invested funds invested with one financial institution in repurchase agreements.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements, Continued

Note 4 - DEPOSITS AND INVESTMENTS, Continued

Custodial Credit Risk – Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investment policy currently does not address custodial credit risk. Of the Town's \$14,597,688 in investments, \$7,815,684 were in mutual funds, money market accounts and repurchase agreements which were 100% collateralized by underlying securities held by the trust department of related bank, in the Town's name.

Note 5 - RECEIVABLES

A. Receivables

Receivables as of year-end for the Town's individual major funds and non-major funds, 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 | \$ 616,864 | - | - | 616,864 |
| Tax liens | 282,829 | - | - | 282,829 |
| Accounts | 247,306 | 2,182 | 219,405 | 468,893 |
| Rescue | 260,594 | - | - | 260,594 |
| Intergovernmental | - | 428,653 | 284,887 | 713,540 |
| Notes | 6,078 | - | 112,117 | 118,195 |
| Net total receivables | \$ 1,413,671 | 430,835 | 616,409 | 2,460,915 |

Governmental funds report *deferred inflows of resources* 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 inflows of resources* reported in the governmental funds were as follows:

| | <u>Unavailable</u> |
|---|--------------------|
| Delinquent property taxes receivable (General Fund) | \$ 601,442 |
| Total deferred inflows of resources for governmental funds | \$ 601,442 |

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements, Continued

Note 5 – RECEIVABLES, Continued

B. Property Taxes

Property taxes for the current year were committed on August 17, 2012, 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 91.5% of the estimated State valuation of \$1,409,850,000.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$566,608 for the year ended June 30, 2013. 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 unavailable revenues-property taxes.

The following summarizes the 2013 and 2012 levies:

| | <u>2013</u> | <u>2012</u> |
|--------------------------------------|--------------------------|--------------------------|
| Taxable Assessed Value | \$ 1,290,426,700 | \$ 1,269,986,500 |
| Tax Rate (per \$1,000) | <u>16.30</u> | <u>16.30</u> |
| Commitment | 21,033,955 | 20,700,780 |
| Supplemental Taxes Assessed | <u>3,735</u> | <u>4,344</u> |
| | 21,037,690 | 20,705,124 |
| Less: Abatements | 40,193 | 18,078 |
| Collections | <u>20,448,594</u> | <u>19,950,139</u> |
| Receivable at June 30, 2013 and 2012 | <u><u>\$ 548,903</u></u> | <u><u>\$ 736,907</u></u> |
| Due Date(s) | ½ 11/15/2012 | ½ 11/15/2011 |
| | ½ 05/15/2013 | ½ 05/15/2012 |
| Interest Rates on Delinquent Taxes | 7.0% | 7.0% |
| Collection Rate | 97.4% | 96.4% |

Of the total taxes committed for the year ended June 30, 2013, the original amount allocated to 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 Nappi Municipal Development Tax Increment Financing District and the Olde Canal Business Park Municipal Development Tax Increment Financing District was \$290,013.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements, Continued

Note 5 – RECEIVABLES, Continued

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

| FY2013 TIF Activity | | | |
|--|----------------------|----------------|-----------------------|
| | Developer's Share | Town Share | TIF District Total |
| ODAT - Grondin District | | | |
| ODAT | \$ 17,714 | 17,714 | 35,428 |
| Grondin Properties | 31,557 | 31,557 | 63,114 |
| Subtotal: | 49,271 | 49,272 | 98,542 |
| Pettingill Ross District | | | |
| Pettingill Ross | 9,853 | - | 9,853 |
| Subtotal: | 9,853 | - | 9,853 |
| Gorham County Road District | | | |
| Gorham County Road LLC | 6,276 | - | 6,276 |
| Subtotal: | 6,276 | - | 6,276 |
| Nappi District | | | |
| Nappi Distributors | 69,585 | 64,233 | 133,818 |
| Subtotal: | 69,585 | 64,233 | 133,818 |
| Olde Canal Business Park | | | |
| Olde Canal | 19,932 | 21,592 | 41,524 |
| Subtotal: | 19,932 | 21,592 | 41,524 |
| Total TIF Financing Plan Amount | \$ 154,917 | 135,097 | 290,013 |

(See Note 16, TAX INCREMENT FINANCING DISTRICT)

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements, Continued

Note 5 – RECEIVABLES, Continued

C. Intergovernmental Receivables

Intergovernmental receivables are comprised of the following:

| | | |
|--|-----------|-----------------------|
| School operations fund: | | |
| State Agency Client | \$ | 34,329 |
| State EPS Subsidy | | 392,904 |
| Adult Education Subsidy | | <u>1,420</u> |
| Total school operations funds | | <u>428,653</u> |
| Other governmental funds: | | |
| School special revenue funds: | | |
| Local Entitlement | | 177,754 |
| Medicaid Reimbursement | | 1,211 |
| Preschool | | 844 |
| Title IIA | | 24,645 |
| Title IA | | 56,885 |
| Adult Ed AEFLA | | 9,100 |
| School Nutrition Program State Subsidy | | <u>14,448</u> |
| Total other governmental funds | | <u>284,887</u> |
| Total | \$ | <u>713,540</u> |

D. Notes Receivables

At June 30, 2013, 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 | \$ 6,078 |
| Isherwood Enterprises, Inc. | 9/2008 | 75,000 | 5.0% | 9/2018 | 9,546 | 43,997 |
| N.E. Tread & Custom Millworks, Inc. | 6/2010 | 74,250 | 6.0% | 6/2030 | 6,383 | <u>68,120</u> |
| | | | | | | <u>\$ 118,195</u> |

Note 6 – CAPITAL ASSETS

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

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements, Continued

Note 6 – CAPITAL ASSETS, Continued

Capital asset activity for the year ended June 30, 2013 was as follows:

| | Balance June 30, 2012 | Increases | Decreases | Balance June 30, 2013 |
|--|-----------------------------|------------------------------|--------------------------|-----------------------------|
| Governmental Activities: | | | | |
| Books/historical treasures/artwork | \$ 1,429,837 | \$ - | \$ - | \$ 1,429,837 |
| Land | 2,125,820 | 237,157 | - | 2,362,977 |
| Construction in progress | 24,881 | 90,287 | 14,503 | 100,665 |
| Total capital assets, not being depreciated | <u>3,580,538</u> | <u>327,444</u> | <u>14,503</u> | <u>3,893,479</u> |
| Land improvements | 9,238,381 | 56,028 | - | 9,294,409 |
| Buildings and building improvements | 62,798,919 | 255,248 | 279,139 | 62,775,028 |
| Machinery and equipment | 2,750,147 | 52,186 | 45,177 | 2,757,156 |
| Furniture and office equipment | 3,846,539 | 28,305 | 44,815 | 3,830,029 |
| Computer equipment | 520,321 | - | - | 520,321 |
| Vehicles | 9,072,535 | 313,597 | 589,324 | 8,796,808 |
| Infrastructure | 41,196,895 | 109,350 | - | 41,306,245 |
| Total capital assets being depreciated | <u>129,423,737</u> | <u>814,714</u> | <u>958,455</u> | <u>129,279,996</u> |
| Less accumulated depreciation for: | | | | |
| Land improvements | 1,976,447 | 346,223 | - | 2,322,670 |
| Buildings and building improvements | 20,816,196 | 1,798,447 | 126,487 | 22,488,156 |
| Machinery and equipment | 1,516,336 | 192,503 | 35,651 | 1,673,188 |
| Furniture and office equipment | 2,416,114 | 291,904 | 44,787 | 2,663,231 |
| Computer equipment | 401,231 | 33,985 | - | 435,216 |
| Vehicles | 6,038,655 | 544,933 | 589,324 | 5,994,264 |
| Infrastructure | 16,288,821 | 1,003,030 | - | 17,291,851 |
| Total accumulated depreciation | <u>49,453,800</u> | <u>4,211,025</u> | <u>796,249</u> | <u>52,868,576</u> |
| Total capital assets being depreciated, net | <u>79,969,937</u> | <u>(3,396,311)</u> | <u>162,206</u> | <u>76,411,420</u> |
| Governmental activities capital assets, net | <u>\$ 83,550,475</u> | <u>\$ (3,068,867)</u> | <u>\$ 176,709</u> | <u>\$ 80,304,899</u> |

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

| | |
|---|---------------------------|
| Governmental activities: | |
| General government | \$ 381,555 |
| Public safety | 355,509 |
| Public works, including depreciation of general infrastructure assets | 1,264,697 |
| Recreation | 119,889 |
| Education | <u>2,089,375</u> |
| Total depreciation expense – governmental activities | <u>\$4,211,025</u> |

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements, Continued

Note 7 – PENSION PLANS

A. MainePERS – Consolidated Plan

Description of the Plan – The Town contributes to Maine Public Employees Retirement System Consolidated Plan, a cost sharing multiple-employer public employee retirement system established by the Maine State legislature. The Maine Public Employees Retirement System (MainePERS) provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State Legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, 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 5.3% to 10% of annual covered payroll. On August 30, 2012, the Town withdrew from MainePERS. Employees who were already plan members will remain in the MainePERS plan. Any new hires after this date will not be able to join MainePERS. 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, 2013, 2012 and 2011 are \$169,953, \$161,938, and \$181,515, respectively, equal to the required contributions for each year.

B. MainePERS Teacher's Group

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

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 \$2,459,687 (15.86%) for the fiscal year 2013. 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 16.33% of their compensation. This cost is charged to the applicable grant.

Beginning on July 1, 2013, as a result of the State Biennial budget, the School will be responsible for approximately half the normal cost of the teacher's plan. This approximates 2.65% of compensation.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements, Continued

Note 7 – PENSION PLANS, Continued

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 \$133,018 for the year ended June 30, 2013, and \$126,546 for the year ended June 30, 2012. 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 \$404,500 including F.I.C.A. and Medicare to the Social Security Retirement Program on behalf of Town employees for the year ended June 30, 2013 and \$390,134 for the year ended June 30, 2012.

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 \$445,417 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, 2013 and \$433,903 for the year ended June 30, 2012.

Note 8 – OTHER POST EMPLOYMENT BENEFITS

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. This pronouncement 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.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements, Continued

Note 8 – OTHER POST EMPLOYMENT BENEFITS, Continued

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.

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.

| | FY2011 | FY2012 | FY2013 |
|---|---------------|---------------|---------------|
| Normal cost | \$ 54,794 | \$ 54,794 | \$ 54,794 |
| 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 | 8,500 | 12,796 | 16,913 |
| Amortizing adjustment to ARC | (12,288) | (18,500) | (24,452) |
| Annual OPEB cost | 120,447 | 118,531 | 116,696 |
| Contributions made | (13,041) | (15,603) | (13,041) |
| Increase in net OPEB obligation | 107,406 | 102,928 | 103,655 |
| Net OPEB obligation - beginning of year | 212,492 | 319,898 | 422,826 |
| Net OPEB obligation - end of year | \$ 319,898 | \$ 422,826 | \$ 526,481 |

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, 2013 and two preceding years.

| Fiscal Year End | Annual OPEB Costs | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|------------------------|--------------------------|---|----------------------------|
| June 30, 2011 | \$ 120,447 | 10.82% | \$ 319,898 |
| June 30, 2012 | 118,531 | 13.16% | 422,826 |
| June 30, 2013 | 116,696 | 11.18% | 526,481 |

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, 2013 and two preceding years are as follows:

| | FY2011 | FY2012 | FY2013 |
|---|---------------|---------------|---------------|
| 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 | \$ 4,534,098 | \$ 4,637,908 | \$ 4,573,747 |
| Unfunded actuarial accrued liability as a percentage of covered payroll | 26.59% | 25.99% | 26.36% |

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements, Continued

Note 8 – OTHER POST EMPLOYMENT BENEFITS, Continued

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 four 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 |
| Open amortization period | 30 years |
| Inflation rate | 3.0% |
| Investment rate of return | 4.0% |
| Projected salary increases | N/A |

Health Care Cost Trend Rate - The trend rates of incurred claims represent the rate of increase in employer claim payments:

| <u>Year</u> | <u>Pre-Medicare</u> | <u>Medicare-Eligible</u> |
|-------------|---------------------|--------------------------|
| 2011 | 7.6% | 8.7% |
| 2012 | 7.2% | 8.3% |
| 2013 | 6.9% | 7.9% |
| 2014 | 6.6% | 7.6% |
| 2015 | 6.4% | 7.2% |
| 2016 | 6.1% | 6.9% |
| 2017 | 5.8% | 6.6% |
| 2018 | 5.6% | 6.3% |
| 2019 | 5.4% | 6.1% |
| 2020 | 5.9% | 5.9% |
| 2021 | 5.7% | 5.7% |
| 2022 | 5.5% | 5.5% |
| 2023 | 5.3% | 5.3% |
| 2024 | 5.1% | 5.1% |
| 2025 | 4.9% | 4.9% |
| 2026 | 4.7% | 4.7% |
| 2027 | 4.5% | 4.5% |
| 2028 | 4.3% | 4.3% |
| 2029+ | 4.0% | 4.0% |

Future Plan Changes – It is assumed that the current plan and cost-sharing structure remains in place for all future years.

Payroll Growth – For the level percentage of pay amortization method, total payroll is assumed to grow at 3.00% per year.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements, Continued

Note 9 – INTERFUND ACCOUNTS

Individual interfund loans receivable and payable balances at June 30, 2013, were as follows:

| <u>Fund</u> | <u>Interfund loans receivable</u> | <u>Interfund loans payable</u> |
|--|---------------------------------------|------------------------------------|
| Governmental Funds: | | |
| General fund | \$ - | \$ 2,744,434 |
| School operations fund | 805,026 | - |
| Elementary School project fund | 121,212 | - |
| Other governmental funds: | | |
| Special revenue funds: | | |
| School grants fund | - | 106,206 |
| School lunch fund | 3,547 | - |
| Sewer operations fund | 826,586 | - |
| Little Falls sewer reserve & loan fund | 75,373 | - |
| Impact fees fund | 626,004 | - |
| Library fund | 15,227 | - |
| Recreation fund | 3,862 | - |
| TIF fund | 469,662 | - |
| Miscellaneous fund | 2,857 | - |
| Capital project funds: | | |
| 2010 GO bond projects | - | 192,847 |
| Middle school project | - | 344 |
| High School Renovation & Expansion | 43,937 | - |
| Various school projects | 39,045 | - |
| Permanent funds: | | |
| Cemetery perpetual care | 1,925 | - |
| Baxter Library and Museum | - | 2,050 |
| Total other governmental funds | 2,108,025 | 301,447 |
| Fiduciary funds: | 12,718 | 1,100 |
| Totals | \$ 3,046,981 | \$ 3,046,981 |

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, Continued

Note 9 – INTERFUND ACCOUNTS, Continued

Interfund transfers during the year ended June 30, 2013 consisted of the following:

| <u>Fund</u> | <u>Transfer In</u> | <u>Transfer Out</u> |
|------------------------------------|-----------------------------|-----------------------------|
| General Fund | \$ <u>237,564</u> | \$ <u>13,775,064</u> |
| School Operations Fund | <u>13,700,064</u> | <u>81,276</u> |
| Other governmental funds: | | |
| Special Revenue Funds: | | |
| School Grants | 81,276 | - |
| Impact Fees Fund | - | 30,000 |
| TIF Fund | - | 207,564 |
| Capital Project Funds: | | |
| High School Renovation & Expansion | <u>75,000</u> | <u>-</u> |
| Total other governmental funds | <u>156,276</u> | <u>237,564</u> |
| Totals | \$ <u>14,093,904</u> | \$ <u>14,093,904</u> |

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 (\$13,690,064); to School Operations Fund for facilities service (\$10,000); and to capital project fund to provide seed money for the High School renovation & expansion (\$75,000).
2. From the School Operation Fund: to cover grant expenses that will not be refunded by grants (\$81,276).
3. From the Special Revenue Fund's Impact Fees Fund: to fund a master plan for the Little Falls Recreation area (\$30,000).
4. From the Special Revenue Fund's TIF Fund; to provide funding for economic development corporation expenditures (\$65,000), the Library's current debt service (\$61,563), and a portion of the Libby/Brackett Road debt service (\$81,001).

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements, Continued

Note 10 – LONG-TERM DEBT

A. Statutory Debt Limit

In accordance with 30 MRSA, Section 5061, as amended, no municipality shall incur debt for specified purposes in excess of certain percentages of state valuation of such municipality. At June 30, 2013, 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, 2013 was as follows:

| | <u>Beginning</u> | | | <u>Ending</u> | <u>Due Within</u> |
|---------------------------------|----------------------|------------------|-------------------|-------------------|-------------------|
| | <u>Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> | <u>One Year</u> |
| Governmental activities: | | | | | |
| General obligation bonds | \$ 43,764,680 | - | 3,593,125 | 40,171,555 | 3,653,125 |
| Bond premium | 1,574,386 | - | 127,653 | 1,446,733 | 127,653 |
| Notes payable | 220,336 | - | 2,733 | 217,603 | 3,953 |
| Capital leases | 425,265 | - | 136,445 | 288,820 | 125,050 |
| Compensated absences | 927,427 | 70,339 | 40,419 | 957,347 | 50,000 |
| Other post-employment benefits | 422,826 | 116,696 | 13,041 | 526,481 | - |
| Governmental activity | | | | | |
| long-term liabilities | \$ 47,334,920 | 187,035 | 3,913,416 | 43,608,539 | 3,959,781 |

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.

In prior years, the Town defeased general obligation public improvement bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. At June 30, 2013, \$1,165,000 of defeased bonds remain outstanding.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements, Continued

Note 10 – LONG-TERM DEBT, Continued

General obligation bonds currently outstanding at June 30, 2013, 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: | | | | | |
| 2012 Advance Refunding Bond | 2.00-3.50% | \$ 17,085,000 | 11/1/2024 | \$ 16,815,000 | \$ 1,145,000 |
| 2011 Maine Municipal Bond (2000 Bond) | .50-5.20% | 585,000 | 11/1/2019 | 511,875 | 73,125 |
| 2010 Road Projects/Heavy Rescue Bond | 2.00-3.50% | 3,450,000 | 8/1/2027 | 3,040,000 | 205,000 |
| 2010 Elementary School Bond | 2.00-4.25% | 20,384,680 | 10/1/2030 | 18,344,680 | 1,020,000 |
| 2008 Road Projects Bond | 3.00-4.00% | 4,000,000 | 5/1/2014 | 235,000 | 235,000 |
| 2005 Municipal/Comm Ctr Bond | 3.75-4.00% | 5,000,000 | 12/1/2014 | 500,000 | 250,000 |
| 2004 Old Shaw School Reno Bond | 3.25-4.35% | 2,688,345 | 2/1/2014 | 140,000 | 140,000 |
| 2004 Fire Truck Bond | 3.25-4.35% | 350,000 | 2/1/2014 | 20,000 | 20,000 |
| 1994 High School Expansion Bond | 4.60-5.25% | 11,565,000 | 9/1/2013 | 565,000 | 565,000 |
| Total governmental activities | | | | \$ 40,171,555 | \$ 3,653,125 |

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

| Fiscal Year Ended June 30 | Principal | Interest | Total |
|--|----------------------|-------------------|-------------------|
| 2014 | \$ 3,653,125 | 1,248,595 | 4,901,720 |
| 2015 | 3,063,125 | 1,151,990 | 4,215,115 |
| 2016 | 3,043,125 | 1,078,744 | 4,121,869 |
| 2017 | 3,013,125 | 1,005,757 | 4,018,882 |
| 2018 | 2,978,125 | 935,138 | 3,913,263 |
| 2019-2023 | 14,171,250 | 3,258,370 | 17,429,620 |
| 2024-2028 | 7,205,000 | 1,262,076 | 8,467,076 |
| 2029-2031 | 3,044,680 | 194,085 | 3,238,765 |
| Totals | \$ 40,171,555 | 10,134,755 | 50,306,310 |

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements, Continued

Note 10 – LONG-TERM DEBT, Continued

On April 27, 2004, the Town entered into an agreement with Portland Water District to expand water main access on Fort Hill Road (Route 114). The Town agreed to pay \$249,000 towards this expansion and will pay Portland Water District yearly with the amount collected as part of a special impact fee. This note payable is interest free. The Town will continue making these payments until the full amount due is paid. If the full amount has not been paid by June 2019 the Town will pay the remaining balance to Portland Water District.

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, 2013:

| | <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 | \$ 557,331 | 74,328 | 210,394 | 10,701 | 199,693 |
| Education, copiers | 146,201 | n/a | 96,678 | 7,551 | 89,127 |
| Totals | \$ 703,532 | 74,328 | 307,072 | 18,252 | 288,820 |

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, 2013:

| <u>Fiscal year ending</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Lease Obligation</u> |
|-------------------------------|------------------|-----------------|-----------------------------------|
| 2014 | \$125,050 | 10,129 | 135,179 |
| 2015 | 97,961 | 5,766 | 103,727 |
| 2016 | 65,809 | 2,357 | 68,166 |
| Totals | \$288,820 | 18,252 | 307,072 |

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 \$957,347 for governmental activities at June 30, 2013, is expected to be paid in future years from future resources. The Town has estimated that out of the \$957,347, 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, Continued

Note 10 – LONG-TERM DEBT, Continued

Long-term compensated absences as of June 30, 2013, are comprised of the following:

| <u>Type of Leave</u> | <u>Governmental Activities</u> |
|----------------------------|------------------------------------|
| Sick paid upon termination | \$ 588,185 |
| Vacation | 331,270 |
| Compensatory time | <u>37,892</u> |
| Total | <u>\$ 957,347</u> |

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 \$526,481 for governmental activities at June 30, 2013, 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.

Note 11 - OPERATING LEASES

The School Department has entered into two leases for portable buildings, both expiring August 31, 2014. For accounting purposes, all of these leases are considered to be operating leases. Lease expenditures for the year ended June 30, 2013 amounted to \$24,200. Future minimum lease payments for these leases are as follows:

| <u>Year ended</u> <u>June 30,</u> | |
|--------------------------------------|-------------------------|
| 2014 | \$ 26,400 |
| 2015 | <u>4,400</u> |
| Total | <u>\$ 30,800</u> |

Note 12 – OVERLAPPING DEBT AND OTHER CONTINGENCIES

A. Overlapping Debt

The Town is subject to an annual assessment of its proportional share of Cumberland County expenses, including debt repayment, as determined by the percentage of the Town's State valuation to the County's State valuation. At June 30, 2013, the Town's State valuation of \$1,409,850,000 was 3.64% of the County's State valuation of \$38,690,850,000. The Town's share is 3.64% or \$1,345,504 of Cumberland County's \$36,925,000 long-term debt outstanding as of June 30, 2013.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements, Continued

Note 12 – OVERLAPPING DEBT AND OTHER CONTINGENCIES, Continued

The Town is also served by the Portland Water District. At June 30, 2013, the Town's share of self-supporting bonded water debt is 5.5594% or \$1,728,167 of total debt of \$31,085,441. At June 30, 2013, 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 \$15,000.

The Town also shares an obligation with the Town of Windham and City of Westbrook for a joint sewer project. Gorham's share of the Little Falls sewer system debt is \$3,639,837, while Gorham's share of the Westbrook sewer system debt is \$1,009,117. The Water District annually assesses the Town for its proportionate share of debt issued for engineering and construction costs of a sewage treatment plant.

Total Debt and Contingencies

| <u>Governmental Unit</u> | <u>As of June 30, 2013</u> | | |
|---|----------------------------|-----------------------------|-----------------------|
| | <u>Direct Debt</u> | <u>Overlapping Debt</u> | <u>Total Debt</u> |
| Town of Gorham - general obligation bonds | \$ 41,835,891 | - | 41,835,891 |
| Town of Gorham – bond premiums | 1,446,733 | - | 1,446,733 |
| Cumberland County | - | 1,345,504 | 1,345,504 |
| Portland Water District – sewer debt | - | 15,000 | 15,000 |
| Portland Water District – sewer shared with Town of Windham and City of Westbrook | - | 4,648,954 | 4,648,954 |
| Portland Water District - water debt | - | 1,728,167 | 1,728,167 |
| Totals | \$ 43,282,624 | 7,737,625 | 51,020,249 |

B. 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, 2013, substantially all such calculations have been performed.

C. 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, Continued

Note 12 – OVERLAPPING DEBT AND OTHER CONTINGENCIES, Continued

D. 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.

E. 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, 2013, there were two series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$810,000.

Note 13 – JOINTLY GOVERNED ORGANIZATION

The Town of Gorham participates in a jointly governed organization, which is not part of the Town's reporting entity.

ecomaine is a solid waste management corporation serving 40 municipalities in Cumberland, Oxford and York counties in Maine. Owned and controlled by 21 member communities, ecomaine creates electricity through its processing of waste and also operates an extensive recycling program. The Town is a member community in ecomaine. Interlocal (waste handling) agreements between ecomaine and participating communities obligate the members to deliver certain solid waste produced within the community to ecomaine for processing and to make service payments and pay tipping fees for such processing. The Town has no explicit, measurable equity interest and therefore has not reported an asset in these financial statements in connection with its participation in ecomaine. Selected balance sheet information for ecomaine for the year ended June 30, 2013 includes total assets of \$60,282,199, and total liabilities of \$17,775,424 and unrestricted net position of \$11,323,226. The liabilities include an accrual for landfill closure and postclosure care amounting to \$15,951,872. ecomaine has a plan to fund this liability in the form of a cash reserve over the period of years between 2011 and a projected closing date. The separate audited financial statements of ecomaine may be obtained at their administrative office: ecomaine, 64 Blueberry Rd., Portland, Maine 04102.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements, Continued

Note 14 – NET POSITION

Net position represents the difference between assets and liabilities. Net investment in capital assets 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 position is 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 investment in capital assets was calculated as follows for fiscal year 2013 with 2012 information provided for comparison:

| | <u>2013</u> | <u>2012</u> | <u>\$ Chg</u> | <u>% Chg</u> |
|---|-----------------------------|-----------------------------|-------------------------|----------------|
| Capital assets | \$133,173,475 | \$133,004,275 | \$169,200 | 0.1% |
| Accumulated depreciation | (52,868,576) | (49,453,800) | (3,414,776) | 6.9% |
| Bonds payable (includes premium) | (41,618,288) | (45,339,066) | 3,720,778 | (8.2%) |
| Notes payable | (217,603) | (220,336) | 2,733 | (1.2%) |
| Capital leases | (288,820) | (425,265) | 136,445 | (32.1%) |
| Add back unspent bond proceeds | <u>559,273</u> | <u>738,721</u> | <u>(179,448)</u> | <u>(24.3%)</u> |
| Net investment in capital assets | <u>\$ 38,739,461</u> | <u>\$ 38,304,529</u> | <u>\$434,932</u> | 1.1% |

Note 15 – REIMBURSEMENT FOR DEBT SERVICE EXPENDITURES

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

Note 16 - TAX INCREMENT FINANCING DISTRICT

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

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

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements, Continued

Note 16 - TAX INCREMENT FINANCING DISTRICT, Continued

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

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

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.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements, Continued

Note 16 - TAX INCREMENT FINANCING DISTRICT, Continued

On March 1, 2005, the Town designated a 2.1-acre parcel of land located at 14 County Road (Route 22) as the VIP, Inc. Tax Increment Financing Development District. VIP, Inc., a retail parts, tires, and automotive services business, requested the TIF designation when they found out that one of the conditions of building a new 9,620 sq. ft. retail store on the former Roberts' Welding property would be to construct a center turning lane.

VIP 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 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.

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.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements, Continued

Note 17 - CLASSIFICATION OF NET POSITION

In the Government-wide financial statements net position is classified in the following categories:

Net Investment in Capital Assets - This category groups all capital assets, including infrastructure, into one component of net position. 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 reduce this category.

Restricted Net Position - 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 Position - Represents the net position of the Town, not restricted for any project or other purpose.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements, Continued

Note 18 – COMPONENTS OF FUND BALANCES

At June 30, 2013 and 2012, other fund balance components consisted of the following:

| | <u>2013</u> | <u>2012</u> |
|--|--------------------|--------------------|
| General Fund: | | |
| Nonspendable: | | |
| Black Brook noncurrent receivable | \$ 6,078 | \$ 6,888 |
| Prepaid items | 105,687 | 2,097 |
| Trash bag inventory | 12,280 | 5,192 |
| Gas inventory | 15,118 | 17,353 |
| Diesel inventory | 12,185 | 13,303 |
| Compost Bins Inventory | 1,794 | - |
| Lockbox Inventory | 1,691 | - |
| Total general fund nonspendable | \$ 154,833 | \$ 44,833 |
| Special Revenue Fund: | | |
| Nonspendable: | | |
| TIF - Isherwood note receivable | 43,997 | 51,148 |
| TIF - N E Tread note receivable | 68,120 | 70,343 |
| TIF – Artistry in Flowers note receivable | - | 20,000 |
| School lunch inventory | 33,791 | 43,049 |
| Total special revenue fund nonspendable | \$ 145,908 | \$ 184,540 |
| Permanent Fund: | | |
| Nonspendable: | | |
| Nonexpendable trust principal | 538,345 | 524,988 |
| Total special revenue fund nonspendable | \$ 538,345 | \$ 524,988 |
| Total nonspendable fund balance | \$ 839,086 | \$ 754,361 |
| General Fund: | | |
| Restricted: | | |
| Heating Assistance | 814 | - |
| Gorham triad | 3,977 | 1,849 |
| Gorham Triad Yellow Dot Program | 7,817 | - |
| D.A.R.E. | 7,652 | 8,164 |
| JAG Grant | 71 | - |
| Drug forfeiture | 12,604 | 14,524 |
| Little Falls substation | 2,272 | 2,272 |
| Restorative justice grant | 2,159 | 4,438 |
| DEA forfeiture | 109,389 | 99,604 |
| Child safety seats | 1,409 | 2,979 |
| Fire/rescue donations | 50 | 25 |
| FEMA fire grant | 708 | 708 |
| Fire memorial | 8,200 | 6,500 |

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements, Continued

Note 18 – COMPONENTS OF FUND BALANCES, Continued

| | <u>2013</u> | <u>2012</u> |
|--|---------------------|---------------------|
| Sprinkler grant (fire) | \$ 7,874 | \$ 5,858 |
| Homeland Grant | - | 2,426 |
| Street opening permits | 106,425 | 97,106 |
| Tree Grant | - | 3,370 |
| Community Center donations | 750 | 750 |
| Total general fund restricted | \$ 272,171 | \$ 250,573 |
| Special Revenue Fund: | | |
| Restricted: | | |
| School grants | 183,808 | 176,879 |
| School lunch fund | 106,257 | 122,071 |
| Transfer overlay district fund | 105,291 | 81,987 |
| Sewer operations | 1,103,157 | 1,151,324 |
| Little Falls sewer reserve | 75,373 | 75,376 |
| Water impact fee (Fort Hill) | 2,909 | - |
| Recreation facilities impact fee | 387,224 | 316,882 |
| Open space impact fee | 130,580 | 112,933 |
| Baxter unrestricted book trust | 7,005 | 1,321 |
| M Smith library trust | 186 | 186 |
| Materials/discretionary library trust | 5,885 | 4,352 |
| C Parker library trust | 1,569 | 2,819 |
| Museum trust | 950 | 718 |
| Shaw park | 3,500 | 3,500 |
| Community Center granite sign | 362 | 362 |
| Phinney shade tree recreation trust | 1,350 | 1,350 |
| M Parkhurst miscellaneous trust | 210 | 210 |
| Senior citizens miscellaneous trust | 12,362 | 12,362 |
| Mega TIF | - | 3,392 |
| CMJ TIF | 431 | 1,250 |
| Transformit TIF | 2,774 | 3,735 |
| DC Associates TIF | - | 745 |
| Revolving loan fund | 327,935 | 242,271 |
| Grondin Properties TIF | 38,422 | 47,991 |
| Olde Canal TIF | 1,696 | - |
| Total special revenue fund restricted | \$ 2,499,236 | \$ 2,364,016 |
| Elementary School Project Fund: | | |
| Restricted | 153,536 | 333,481 |
| Capital Projects Fund: | | |
| Restricted: | | |
| 2010 bond projects | 405,737 | 405,240 |
| Total capital project fund restricted | \$ 559,273 | \$ 738,721 |

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements, Continued

Note 18 – COMPONENTS OF FUND BALANCES, Continued

| | <u>2013</u> | <u>2012</u> |
|---|---------------------|---------------------|
| Permanent Fund: | | |
| Restricted: | | |
| South St cemetery perpetual care | \$ 37 | \$ 37 |
| M Robie grounds recreation trust | 846 | 846 |
| Robie park recreation trust | 3,106 | 3,105 |
| Fort Hill boulder recreation trust | 1,170 | 1,171 |
| M Robie soldier's monument recreation trust | 1,860 | 1,860 |
| Phinney memorial park recreation trust | 2,673 | 2,673 |
| Percival Baxter library trust | 12,816 | 15,988 |
| Restricted book library trust | 1,420 | 2,549 |
| Martha E Robie library trust | 177 | 371 |
| Lucia A Emery library trust | 1,495 | 1,488 |
| Lucy D Waterman library trust | 1,679 | 1,679 |
| Other restricted library trust | 1,309 | 13,205 |
| Baxter/Knight library trust | 1,732 | 1,732 |
| John Cressey library trust | 252 | 1,042 |
| Marie M Irish library trust | 322 | 819 |
| Mary L Reid library trust | 831 | 1,825 |
| Frederick Robie library trust | 1,255 | 1,881 |
| Centennial library trust | 1,047 | 4,165 |
| Mary E Knight school trust | 3,725 | 3,725 |
| Charles Robie school trust | 37,766 | 37,767 |
| Ruth E Smith public purpose trust | 9,166 | 9,167 |
| Dana Estes public purpose trust | 293 | 292 |
| Giddings Chapel public purpose trust | 48,126 | 40,462 |
| Huston Waterman public purpose trust | 72,155 | 72,161 |
| O'Shea public purpose trust | - | 129 |
| Total permanent fund restricted | \$ 205,258 | \$ 220,139 |
| Total restricted fund balance | \$ 3,535,938 | \$ 3,573,449 |
| General Fund: | | |
| Committed: | | |
| Land acquisition | 104,007 | 314,731 |
| Cemetery reserve | 8,050 | 6,675 |
| Rte. 25/114 sidewalks | 91,516 | 91,516 |
| Flaggy Meadow Road | 72,142 | - |
| New Portland Road | 155,350 | - |
| Little Falls Recreation Area | 26,835 | - |
| Little Falls South Windham Library | 17,000 | - |

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements, Continued

Note 18 – COMPONENTS OF FUND BALANCES, Continued

| | <u>2013</u> | <u>2012</u> |
|---|---------------------|--------------------|
| White Rock School Demolition | \$ 160,665 | - |
| School Building Improvement | 208,041 | - |
| Gorham Village Parking Study | 15,000 | - |
| Total general fund committed | \$ 858,606 | \$ 220,139 |
| Special Revenue Fund: | | |
| Committed: | | |
| Industrial Park TIF | 2,266 | 128,828 |
| Odat/Grondin TIF | 2,139 | 2,139 |
| Olde Canal TIF | 30,107 | 25,276 |
| Nappi TIF | 64,233 | 64,240 |
| Founder's Festival | - | 7,232 |
| Founder's Monument | 884 | 9,922 |
| Total special revenue fund committed | \$ 99,629 | \$ 237,637 |
| Capital Project Fund: | | |
| High school renovation & expansion project | 43,937 | - |
| Various school projects | 39,045 | 39,045 |
| Total capital project fund committed | \$ 82,982 | \$ 39,045 |
| Total committed fund balance | \$ 1,041,217 | \$ 689,604 |

General Fund:

Assigned:

| | | |
|------------------------------------|---------|-----------|
| Capital budget, part II | 466,800 | 1,721,034 |
| Encumbrances | 445,389 | 259,911 |
| Accrued compensated absences | 369,162 | 360,078 |
| Municipal center building | 73,172 | 67,172 |
| Revaluation | 183,126 | 183,533 |
| Administration | 26,249 | 26,249 |
| Finance software/computer upgrade | 32,711 | 32,928 |
| Compensation study | 15,100 | 15,100 |
| Town clerk | 32,843 | 27,724 |
| Planning | 35,918 | 34,047 |
| Planning office relocation reserve | 34,000 | 34,000 |
| Assessing | 12,399 | 11,140 |
| GIS system | 58,086 | 61,889 |
| Code | 15,795 | 15,656 |
| Web site development | 25,038 | 25,038 |

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements, Continued

Note 18 – COMPONENTS OF FUND BALANCES, Continued

| | <u>2013</u> | <u>2012</u> |
|---|--------------------|--------------------|
| Facility study | \$ 6,201 | \$ 5,823 |
| Police vests | 2,242 | 2,242 |
| Police | 27,586 | 49,037 |
| Cruisers | 7,449 | - |
| Fire | 5,592 | 5,384 |
| Air bottles | 1,504 | 1,504 |
| Radio reprogramming | 8,857 | 8,857 |
| Protective fire gear | 5,073 | - |
| Pager replacement (Fire) | 6,306 | 19,306 |
| Mobile Truck Lifts (with Town of Windham) | 13,413 | - |
| Rescue | 28,364 | 22,624 |
| Rescue vehicle reserve | 20,744 | 26,484 |
| Fire ponds/dry hydrants | 20,005 | 20,598 |
| Public Works | 14,631 | 6,967 |
| Public Works vehicles | 108,186 | 40,213 |
| Mower & trailer | - | 3,511 |
| Fuel management system software | 2,801 | 2,801 |
| Fuel depot reserve | 31,055 | 28,080 |
| Longfellow bridge | 35,000 | 35,000 |
| Storm water phase II | 24,664 | 24,664 |
| Public Works building | 4,052 | 4,052 |
| DEP site permit | 75,000 | 75,000 |
| Roads | 208,590 | 373,723 |
| Little Falls tennis courts | 1,469 | 1,469 |
| Baxter Library | 21,061 | 17,344 |
| Baxter Library carpet replacement | 6 | - |
| Robie Gym repairs | 16,000 | 16,000 |
| Recreation | 12,175 | 11,908 |
| Baxter Museum repairs | 26,013 | 26,013 |
| Economic development reserve | 85,399 | 77,100 |
| Cable TV | 14,233 | 10,222 |
| Equipment | 129,960 | 135,102 |
| Capital project reserve | 165,307 | 234,430 |

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements, Continued

Note 18 – COMPONENTS OF FUND BALANCES, Continued

| | <u>2013</u> | <u>2012</u> |
|---|---------------------|----------------------|
| Bicycle patrol | \$ 376 | \$ 376 |
| Outside detail (Police) | 14,410 | 9,872 |
| Fire prevention | 5,445 | 5,065 |
| Lock boxes (Fire) | 1,388 | 117 |
| FEMA storm events | 18,563 | 18,563 |
| Recycling committee | 944 | 14 |
| Pay-per-bag startup costs | 5,636 | 5,636 |
| Recreation | 224,418 | 208,562 |
| Vacation/comp/sick reserve | 521,696 | 471,696 |
| Unemployment insurance contingency reserve | 31,500 | 31,500 |
| Employee wellness program | 592 | 1,212 |
| Property insurance deductible reserve | 10,000 | 10,000 |
| Auto insurance deductible reserve | 4,000 | 4,000 |
| Total general fund assigned | \$ 3,793,694 | \$ 4,927,570 |
| School Operations Fund: | | |
| Assigned: | | |
| Use of fund balance | - | 620,000 |
| Encumbrances | 294,290 | 439,863 |
| Special Revenue Fund: | | |
| Assigned: | | |
| Baxter Memorial Library Association | 2,397 | 2,199 |
| Library fund raising | 6,647 | 6,664 |
| Stumpage | 1,973 | 1,973 |
| Total special revenue fund assigned | \$ 305,307 | \$ 1,070,699 |
| Total assigned fund balance | \$ 4,099,001 | \$ 5,998,269 |
| Total governmental funds | \$ 9,515,242 | \$ 11,015,683 |

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements, Continued

Note 19 – BUDGETARY VS. GAAP ACCOUNTING

Through June 30, 2013, 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.

| | General Fund | Special Revenue School |
|--|-------------------------|-----------------------------------|
| Fund balance (deficit), June 30, 2013 – GAAP basis | \$ 11,570,621 | \$ (1,290,289) |
| Accrued summer salaries | - | 2,154,253 |
| Accrued salaries – management | - | 14,521 |
| Accrued MEPERS wages | - | 57,088 |
| Encumbrances | (445,389) | (294,290) |
| Fund balance, June 30, 2013 – budgetary basis | \$ 11,125,232 | \$ 641,283 |

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 \$2,459,687.

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

Note 20 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The Town has two landfills, one that holds household refuse, and a second, which is used for demolition debris. The first was capped in the 1970's in accordance with Maine Department of Environmental Protection (MDEP) standards at the time. Monitoring wells in the area had shown levels of contamination and MDEP ordered a study be performed to determine the extent of contamination. This study has now been completed. Current MDEP requirements call for testing once a year which is expected to cost the Town \$6,500 annually.

The demolition debris landfill is now presently capped. Because of the study, the engineers do not expect any contamination problems in the future.

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

Note 21 – SUBSEQUENT EVENTS

On October 15, 2013, the Town entered into a lease purchase agreement with Gorham Leasing Co. for \$125,031 to purchase an excavator.

On October 21, 2013, the Town issued \$1,400,000 in general obligation bonds to purchase two fire trucks and to fund the Little Falls School's renovation project. The bonds are 15 years for the fire trucks and 20 years for the Little Falls School renovation. The interest rate received on the bonds was 3.149%.

TOWN OF GORHAM, MAINE
Required Supplemental Information
June 30, 2013

SCHEDULE OF FUNDING PROGRESS

Retiree Healthcare Plan

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 the year ending June 30, 2013 and three preceding years.

| Fiscal Year | Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll [(b-a) / c] |
|--------------------|---------------------------------|--------------------------------------|--|----------------------------------|---------------------------|----------------------------|--|
| 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% |
| 2012 | 1/1/2011 | \$ - | \$ 1,205,417 | \$ 1,205,417 | 0.00% | \$4,637,908 | 25.99% |
| 2013 | 1/1/2011 | \$ - | \$ 1,205,417 | \$ 1,205,417 | 0.00% | \$4,573,747 | 26.36% |

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, 2013 and 2012

| | 2013 | 2012 |
|--|----------------------|-------------------|
| ASSETS | | |
| Cash | \$ 581,447 | 41,568 |
| Investments | 13,714,526 | 14,555,402 |
| Receivables: | | |
| Accounts | 247,306 | 249,411 |
| Rescue receivable (net of allowance of \$126,000) | 260,594 | 216,495 |
| Taxes receivable - current year | 548,903 | 736,907 |
| Taxes receivable - prior year | 67,961 | 62,248 |
| Tax liens | 282,829 | 292,783 |
| Notes | 6,078 | 6,888 |
| Tax acquired property | 35,132 | 30,578 |
| Performance bonds | 983,518 | 1,056,343 |
| Inventories | 43,068 | 35,848 |
| Prepaid expenditures | 105,687 | 2,097 |
| Total assets | \$ 16,877,049 | 17,286,568 |
| LIABILITIES | | |
| Accounts payable | 835,125 | 1,925,170 |
| Accrued wages and benefits | 141,909 | 105,666 |
| Retainage payable | - | 4,323 |
| Interfund loans payable | 2,744,434 | 2,144,220 |
| Performance bond deposits | 983,518 | 1,056,343 |
| Total liabilities | 4,704,986 | 5,235,722 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Unavailable revenue - property taxes | 601,442 | 727,850 |
| Total deferred inflows of resources | 601,442 | 727,850 |
| FUND BALANCE | | |
| Nonspendable: | | |
| Noncurrent receivables | 6,078 | 6,888 |
| Prepaid items | 105,687 | 2,097 |
| Inventories | 43,068 | 35,848 |
| Restricted to: | | |
| Public safety operations | 164,996 | 149,347 |
| Public works operations | 106,425 | 100,476 |
| Recreation operations | 750 | 750 |
| Committed to: | | |
| General government purposes | 104,006 | 314,731 |
| Other purposes | 754,600 | 98,191 |
| Assigned to: | | |
| Encumbrances | 445,389 | 259,911 |
| Designated for FY13 & FY12 capital budget | 466,800 | 1,721,034 |
| General government purposes | 550,638 | 540,298 |
| Public safety operations | 187,318 | 171,468 |
| Public works operations | 510,559 | 618,224 |
| Recreation operations | 301,141 | 281,296 |
| Economic development | 85,399 | 77,100 |
| Insurance and employee benefits | 936,951 | 878,486 |
| Other purposes | 309,499 | 379,753 |
| Unassigned | 6,491,317 | 5,687,098 |
| Total fund balance | 11,570,621 | 11,322,996 |
| Total liabilities, deferred inflows of resources and fund balance | \$ 16,877,049 | 17,286,568 |

TOWN OF GORHAM, MAINE
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
Year ended June 30, 2013
(with comparative actual amounts for the year ended June 30, 2012)

| | 2013 | | Variance positive (negative) | 2012 Actual |
|---|---------------|------------|------------------------------------|----------------|
| | Budget | Actual | | |
| Revenues: | | | | |
| Taxes: | | | | |
| Property taxes | \$ 20,175,711 | 20,692,697 | 516,986 | 20,198,648 |
| Change in deferred property tax revenue | - | 126,408 | 126,408 | (114,850) |
| Excise taxes | 2,426,000 | 2,618,905 | 192,905 | 2,425,578 |
| Interest and costs on taxes | 50,000 | 78,623 | 28,623 | 51,884 |
| Total taxes | 22,651,711 | 23,516,633 | 864,922 | 22,561,260 |
| Licenses and permits: | | | | |
| Building permits | 150,000 | 293,182 | 143,182 | 178,545 |
| Plumbing/electrical fees | 23,000 | 35,429 | 12,429 | 28,841 |
| Motor vehicle renewal fees | 44,000 | 44,589 | 589 | 44,406 |
| Town clerk fees | 49,600 | 55,253 | 5,653 | 52,789 |
| Cable TV franchise fee | 210,000 | 205,015 | (4,985) | 212,026 |
| Code fees | 6,350 | 7,980 | 1,630 | 7,790 |
| Other | 3,000 | 3,151 | 151 | 2,965 |
| Total licenses and permits | 485,950 | 644,599 | 158,649 | 527,362 |
| Intergovernmental: | | | | |
| State revenue sharing | 1,115,000 | 1,105,086 | (9,914) | 1,124,259 |
| Highway block grant | 250,000 | 250,764 | 764 | 255,796 |
| Human services assistance | 37,500 | 92,374 | 54,874 | 67,743 |
| Homestead exemption | 260,833 | 260,833 | - | 263,253 |
| BETE reimbursement | 189,516 | 189,602 | 86 | 161,074 |
| Other state grants | 26,000 | 41,769 | 15,769 | 41,956 |
| Other agencies | 48,500 | 58,506 | 10,006 | 61,556 |
| University of Southern Maine assistance | 19,500 | 12,500 | (7,000) | 27,181 |
| Total intergovernmental | 1,946,849 | 2,011,434 | 64,585 | 2,002,818 |
| Charges for services: | | | | |
| Police fees, fines and outside work | 23,000 | 24,831 | 1,831 | 19,570 |
| Fire and rescue fees | 612,210 | 586,373 | (25,837) | 577,547 |
| Subdivision/development fees | 30,500 | 18,832 | (11,668) | 16,883 |
| Sewer inspection fees | 2,500 | 6,192 | 3,692 | 2,800 |
| Miscellaneous code | 750 | 221 | (529) | 332 |
| Miscellaneous public works | 2,900 | 908 | (1,992) | 23 |
| Solid waste user charges | 454,500 | 460,858 | 6,358 | 456,799 |
| Recreation fees | 63,000 | 64,101 | 1,101 | 69,788 |
| Payment in lieu of taxes | 56,379 | 58,207 | 1,828 | 57,067 |
| Sale of town property | - | 2,983 | 2,983 | 12,961 |
| Use of cruisers | - | 2,725 | 2,725 | - |
| Fuel depot reserve | - | 7,245 | 7,245 | 7,036 |
| Cemetery reserve | - | 1,375 | 1,375 | 2,300 |
| Total charges for services | 1,245,739 | 1,234,851 | (10,888) | 1,223,106 |

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

| | 2013 | | Variance positive (negative) | 2012 Actual |
|---------------------------------|------------|------------|------------------------------------|----------------|
| | Budget | Actual | | |
| Revenues, continued: | | | | |
| Other revenues: | | | | |
| Cemetery income | \$ 7,500 | 20,047 | 12,547 | 15,601 |
| Interest on investments | 20,000 | 6,186 | (13,814) | 5,660 |
| Rent | 95,508 | 101,995 | 6,487 | 102,738 |
| Recreation reimbursement | - | 565,235 | 565,235 | 590,226 |
| Senior mealsite | 11,500 | 10,454 | (1,046) | 11,217 |
| Miscellaneous | 11,000 | 37,740 | 26,740 | 20,894 |
| Miscellaneous unbudgeted | - | 154,426 | 154,426 | 315,873 |
| Total other revenues | 145,508 | 896,083 | 750,575 | 1,062,209 |
| Total revenues | 26,475,757 | 28,303,600 | 1,827,843 | 27,376,755 |
| Expenditures: | | | | |
| Current: | | | | |
| General government: | | | | |
| Administration | 424,384 | 453,388 | (29,004) | 416,602 |
| Technology | 100,800 | 89,933 | 10,867 | 92,858 |
| Town Clerk | 206,212 | 195,955 | 10,257 | 195,978 |
| Planning | 200,824 | 199,686 | 1,138 | 187,377 |
| Assessing | 130,578 | 127,964 | 2,614 | 121,479 |
| Code enforcement | 120,319 | 120,041 | 278 | 108,233 |
| Gorham municipal center | 210,350 | 180,019 | 30,331 | 200,618 |
| Total general government | 1,393,467 | 1,366,986 | 26,481 | 1,323,145 |
| Public safety: | | | | |
| Police department | 1,608,671 | 1,603,507 | 5,164 | 1,554,311 |
| Fire department | 1,026,460 | 1,053,720 | (27,260) | 1,028,129 |
| Rescue squad | 448,285 | 420,250 | 28,035 | 424,887 |
| Public safety building | 93,500 | 93,357 | 143 | 94,835 |
| Public utilities | 146,500 | 139,963 | 6,537 | 136,578 |
| Public safety contract services | 289,902 | 289,621 | 281 | 281,780 |
| Total public safety | 3,613,318 | 3,600,418 | 12,900 | 3,520,520 |
| Public works: | | | | |
| Public works maintenance | 1,517,221 | 1,484,641 | 32,580 | 1,486,133 |
| Solid waste removal | 865,122 | 825,604 | 39,518 | 882,862 |
| Total public works | 2,382,343 | 2,310,245 | 72,098 | 2,368,995 |
| Health and welfare: | | | | |
| Welfare and senior mealsite | 98,387 | 188,183 | (89,796) | 149,017 |
| Health council | 600 | - | 600 | 600 |
| Total health and welfare | 98,987 | 188,183 | (89,196) | 149,617 |

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

| | 2013 | | Variance positive (negative) | 2012 Actual |
|------------------------------------|------------|-----------|------------------------------------|----------------|
| | Budget | Actual | | |
| Expenditures, continued: | | | | |
| Current, continued: | | | | |
| Recreation: | | | | |
| Baxter Memorial Library | \$ 430,058 | 422,609 | 7,449 | 411,024 |
| Little Falls Library | - | - | - | 1,600 |
| North Gorham Library | 10,000 | 10,000 | - | 10,000 |
| Baxter Museum | 6,600 | 2,279 | 4,321 | 1,727 |
| Recreation | 236,362 | 235,787 | 575 | 227,429 |
| Middle School Softball Field | - | 4,955 | (4,955) | - |
| Old Robie School | 12,046 | 11,705 | 341 | 11,622 |
| Little Falls School | 38,244 | 37,779 | 465 | 12,259 |
| White Rock School | - | 9,624 | (9,624) | - |
| Recreation - reimbursable programs | - | 549,379 | (549,379) | 599,396 |
| Total recreation | 733,310 | 1,284,117 | (550,807) | 1,275,057 |
| Economic development | 75,000 | 66,701 | 8,299 | 63,216 |
| Insurances: | | | | |
| Multi peril policy | 153,500 | 108,342 | 45,158 | 159,022 |
| Public liability | 11,500 | 9,035 | 2,465 | 10,176 |
| Total insurances | 165,000 | 117,377 | 47,623 | 169,198 |
| Employee benefits: | | | | |
| Direct unemployment compensation | 10,000 | 176 | 9,824 | 4,502 |
| Worker's compensation | 128,000 | 74,170 | 53,830 | 110,942 |
| Retirement | 341,600 | 300,335 | 41,265 | 271,488 |
| Major medical insurance | 957,000 | 826,885 | 130,115 | 853,178 |
| Social security | 413,400 | 387,774 | 25,626 | 371,049 |
| Employee assistance program | - | - | - | 1,805 |
| Group life insurance | 1,000 | 1,183 | (183) | 1,754 |
| Total employee benefits | 1,851,000 | 1,590,523 | 260,477 | 1,614,718 |
| Public agencies: | | | | |
| Appeals board/assessment appeals | 1,050 | 414 | 636 | 83 |
| Parks and conservation | 500 | 50 | 450 | 246 |
| Recycling committee | 500 | - | 500 | - |
| G.P.C.O.G. | 14,141 | 16,405 | (2,264) | 15,488 |
| MMA | 12,500 | 12,848 | (348) | 12,459 |
| P.A.C.T.S. | 1,611 | 1,929 | (318) | - |
| Total public agencies | 30,302 | 31,646 | (1,344) | 28,276 |
| Unclassified: | | | | |
| Gorham cable TV | 78,245 | 77,013 | 1,232 | 73,011 |
| Founders Festival | - | - | - | 3,951 |
| Town Clock | 800 | 800 | - | - |
| Memorial Day | 2,100 | 1,707 | 393 | 2,827 |
| Contingency | 70,000 | 300 | 69,700 | 16,376 |
| Sno-Goers | 5,000 | 5,000 | - | - |
| Miscellaneous unbudgeted | - | 122,584 | (122,584) | 203,895 |
| Total unclassified | 156,145 | 207,404 | (51,259) | 300,060 |

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

| | 2013 | | Variance positive (negative) | 2012 Actual |
|---|--------------|--------------|------------------------------------|----------------|
| | Budget | Actual | | |
| Expenditures, continued: | | | | |
| Current, continued: | | | | |
| Intergovernmental - County tax | \$ 843,230 | 843,230 | - | 793,804 |
| Debt service (excluding education): | | | | |
| Principal | 978,125 | 978,125 | - | 905,000 |
| Interest | 349,082 | 348,268 | 814 | 372,550 |
| Total debt service | 1,327,207 | 1,326,393 | 814 | 1,277,550 |
| Capital: | | | | |
| Capital maintenance | 112,384 | 418,072 | (305,688) | 626,728 |
| Capital improvements | 1,931,034 | 1,352,658 | 578,376 | 523,826 |
| Total capital | 2,043,418 | 1,770,730 | 272,688 | 1,150,554 |
| Total expenditures | 14,712,727 | 14,703,953 | 8,774 | 14,034,710 |
| Excess of revenues over expenditures | 11,763,030 | 13,599,647 | 1,836,617 | 13,342,045 |
| Other financing sources (uses): | | | | |
| Use of unassigned fund balance | 1,721,034 | - | (1,721,034) | - |
| Transfers to special revenue - | | | | |
| School Fund | (13,690,064) | (13,700,064) | (10,000) | (13,270,760) |
| Founders Festival/Monument | - | - | - | (17,672) |
| Transfers in from special revenue - | | | | |
| TIF | 206,000 | 207,564 | 1,564 | 208,413 |
| Impact Fees | - | 30,000 | 30,000 | 3,370 |
| Transfers to capital projects - | | | | |
| Municipal Center | - | - | - | (4,652) |
| High School Renovation & Expansion | - | (75,000) | (75,000) | - |
| Transfer in from capital project fund - | | | | |
| Turf field project | - | - | - | 117 |
| Refunding bonds issued | - | - | - | 16,815,000 |
| Premium on refunding bonds issued | - | - | - | 1,616,937 |
| Bond issuance cost | - | - | - | (193,459) |
| Payment to refunding bond escrow agent | - | - | - | (18,238,478) |
| Total other financing uses | (11,763,030) | (13,537,500) | (1,774,470) | (13,081,184) |
| Excess of revenues and other financing sources over expenditures and other uses - budgetary basis | - | 62,147 | 62,147 | 260,861 |
| Reconciliation to GAAP basis: | | | | |
| Change in encumbrances | | 185,478 | | 98,781 |
| Net change in fund balance | | 247,625 | | 359,642 |
| Fund balance, beginning of year | | 11,322,996 | | 10,963,354 |
| Fund balance, end of year | \$ | 11,570,621 | | 11,322,996 |

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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, 2013

| | Special Revenue Funds | Capital Projects Funds | Permanent Funds | Total Other Governmental Funds |
|--|-----------------------------|------------------------------|--------------------|--------------------------------------|
| ASSETS | | | | |
| Cash | \$ 109,005 | 598,584 | - | 707,589 |
| Investments | 84,154 | - | 752,804 | 836,958 |
| Receivables: | | | | |
| Accounts | 219,405 | - | - | 219,405 |
| Notes | 112,117 | - | - | 112,117 |
| Intergovernmental | 284,887 | - | - | 284,887 |
| Inventories | 33,791 | - | - | 33,791 |
| Interfund loans receivable | 2,023,118 | 82,982 | 1,925 | 2,108,025 |
| Total assets | \$ 2,866,477 | 681,566 | 754,729 | 4,302,772 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | 1,535 | - | 9,076 | 10,611 |
| Interfund loans payable | 106,206 | 193,191 | 2,050 | 301,447 |
| Unearned revenues | 24,056 | - | - | 24,056 |
| Total liabilities | 131,797 | 193,191 | 11,126 | 336,114 |
| Fund balances: | | | | |
| Nonspendable | 145,908 | - | 538,345 | 684,253 |
| Restricted | 2,499,236 | 405,737 | 205,258 | 3,110,231 |
| Committed | 99,629 | 82,982 | - | 182,611 |
| Assigned | 11,017 | - | - | 11,017 |
| Unassigned | (21,110) | (344) | - | (21,454) |
| Total fund balances | 2,734,680 | 488,375 | 743,603 | 3,966,658 |
| Total liabilities and fund balances | \$ 2,866,477 | 681,566 | 754,729 | 4,302,772 |

TOWN OF GORHAM, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Other Governmental Funds
For the year ended June 30, 2013

| | Special Revenue Funds | Capital Projects Funds | Permanent Funds | Total Other Governmental Funds |
|--|-----------------------------|------------------------------|--------------------|--------------------------------------|
| Revenues: | | | | |
| Taxes | \$ 290,013 | - | - | 290,013 |
| Intergovernmental | 1,511,982 | - | - | 1,511,982 |
| Investment income | 7,809 | - | 7,678 | 15,487 |
| Charges for services | 1,589,525 | - | - | 1,589,525 |
| Other revenue | 146,932 | 497 | 7,793 | 155,222 |
| Total revenues | 3,546,261 | 497 | 15,471 | 3,562,229 |
| Expenditures: | | | | |
| Current: | | | | |
| Grants and other special uses | 1,250,026 | - | - | 1,250,026 |
| Food services | 864,735 | - | - | 864,735 |
| Public works - sewer | 1,084,464 | - | - | 1,084,464 |
| Recreation | 27,437 | - | - | 27,437 |
| Unclassified | 180,477 | - | 16,995 | 197,472 |
| Capital improvements | - | 31,063 | - | 31,063 |
| Total expenditures | 3,407,139 | 31,063 | 16,995 | 3,455,197 |
| Excess (deficiency) of revenues over (under) expenditures | 139,122 | (30,566) | (1,524) | 107,032 |
| Other financing sources (uses): | | | | |
| Transfer in from other funds | 81,276 | 75,000 | - | 156,276 |
| Transfer to other funds | (237,564) | - | - | (237,564) |
| Total other financing sources (uses) | (156,288) | 75,000 | - | (81,288) |
| Net change in fund balances | (17,166) | 44,434 | (1,524) | 25,744 |
| Fund balances, beginning of year | 2,751,846 | 443,941 | 745,127 | 3,940,914 |
| Fund balances, end of year | \$ 2,734,680 | 488,375 | 743,603 | 3,966,658 |

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 Grondin-ODAT development district, the Pettingill Ross development district, the Gorham County Road 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, 2013

(with comparative actual amounts for June 30, 2012)

| | 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 | 2013 | 2012 |
| ASSETS | | | | | | | | | | | |
| Cash | \$ - | 109,005 | - | - | - | - | - | - | - | 109,005 | 180,582 |
| Investments | - | - | 60,820 | - | - | 9,412 | 1,350 | - | 12,572 | 84,154 | 88,028 |
| Receivables: | | | | | | | | | | | |
| Accounts | - | 3,313 | 215,751 | - | - | - | - | 341 | - | 219,405 | 214,539 |
| Notes | - | - | - | - | - | - | - | 112,117 | - | 112,117 | 141,491 |
| Intergovernmental | 270,439 | 14,448 | - | - | - | - | - | - | - | 284,887 | 174,326 |
| Inventories | - | 33,791 | - | - | - | - | - | - | - | 33,791 | 43,049 |
| Interfund loans receivable | - | 3,547 | 826,586 | 75,373 | 626,004 | 15,227 | 3,862 | 469,662 | 2,857 | 2,023,118 | 2,093,286 |
| Total assets | \$ 270,439 | 164,104 | 1,103,157 | 75,373 | 626,004 | 24,639 | 5,212 | 582,120 | 15,429 | 2,866,477 | 2,935,301 |
| LIABILITIES AND FUND BALANCES | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | |
| Accounts payable | 1,535 | - | - | - | - | - | - | - | - | 1,535 | 113,919 |
| Interfund loans payable | 106,206 | - | - | - | - | - | - | - | - | 106,206 | 43,466 |
| Unearned revenue | - | 24,056 | - | - | - | - | - | - | - | 24,056 | 26,070 |
| Total liabilities | 107,741 | 24,056 | - | - | - | - | - | - | - | 131,797 | 183,455 |
| Fund balances: | | | | | | | | | | | |
| Nonspendable: | | | | | | | | | | | |
| Noncurrent receivables | - | - | - | - | - | - | - | 112,117 | - | 112,117 | 141,491 |
| Inventories | - | 33,791 | - | - | - | - | - | - | - | 33,791 | 43,049 |
| Restricted to: | | | | | | | | | | | |
| Grants | 183,808 | - | - | - | - | - | - | - | - | 183,808 | 176,879 |
| Impact fees | - | - | - | - | 626,004 | - | - | - | - | 626,004 | 511,802 |
| Library | - | - | - | - | - | 15,595 | - | - | - | 15,595 | 9,396 |
| Recreation | - | - | - | - | - | - | 5,212 | - | - | 5,212 | 5,212 |
| Miscellaneous | - | - | - | - | - | - | - | - | 12,572 | 12,572 | 12,572 |
| TIF | - | - | - | - | - | - | - | 371,258 | - | 371,258 | 299,384 |
| Food services | - | 106,257 | - | - | - | - | - | - | - | 106,257 | 122,071 |
| Sewer operations | - | - | 1,103,157 | 75,373 | - | - | - | - | - | 1,178,530 | 1,226,700 |
| Committed to: | | | | | | | | | | | |
| TIF | - | - | - | - | - | - | - | 98,745 | - | 98,745 | 220,483 |
| Miscellaneous | - | - | - | - | - | - | - | - | 884 | 884 | 17,154 |
| Assigned to: | | | | | | | | | | | |
| Library | - | - | - | - | - | 9,044 | - | - | - | 9,044 | 8,863 |
| Miscellaneous | - | - | - | - | - | - | - | - | 1,973 | 1,973 | 1,973 |
| Unassigned: | | | | | | | | | | | |
| Grants | (21,110) | - | - | - | - | - | - | - | - | (21,110) | (45,183) |
| Total fund balances | 162,698 | 140,048 | 1,103,157 | 75,373 | 626,004 | 24,639 | 5,212 | 582,120 | 15,429 | 2,734,680 | 2,751,846 |
| Total liabilities and fund balances | \$ 270,439 | 164,104 | 1,103,157 | 75,373 | 626,004 | 24,639 | 5,212 | 582,120 | 15,429 | 2,866,477 | 2,935,301 |

TOWN OF GORHAM, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Special Revenue Funds
For the year ended June 30, 2013
(with comparative actual amounts for the year ended June 30, 2012)

| | School Grants Fund | School Lunch Fund | Sewer Operations Fund | Little Falls Sewer Reserve and Loan Fund | Impact Fees Fund | Library Fund | Recreation Fund | TIF Fund | Miscellaneous Fund | Totals | |
|-------------------------------------|--------------------------|-------------------------|-----------------------------|---|------------------------|-----------------|--------------------|-------------|-----------------------|-----------|-----------|
| | | | | | | | | | | 2013 | 2012 |
| Revenues: | | | | | | | | | | | |
| Taxes | \$ - | - | - | - | - | - | - | 290,013 | - | 290,013 | 479,340 |
| Intergovernmental: | | | | | | | | | | | |
| Federal grants | 1,010,559 | - | - | - | - | - | - | - | - | 1,010,559 | 1,525,451 |
| Other state grants | 189,193 | - | - | - | - | - | - | - | - | 189,193 | 218,524 |
| USDA subsidies | - | 312,230 | - | - | - | - | - | - | - | 312,230 | 314,892 |
| Total intergovernmental | 1,199,752 | 312,230 | - | - | - | - | - | - | - | 1,511,982 | 2,058,867 |
| Investment income | - | - | 775 | - | - | 15 | - | 7,019 | - | 7,809 | 10,985 |
| Charges for services | - | 527,433 | 1,035,522 | - | - | 26,570 | - | - | - | 1,589,525 | 1,567,026 |
| Other revenues | - | - | - | (3) | 146,935 | - | - | - | - | 146,932 | 127,135 |
| Total revenues | 1,199,752 | 839,663 | 1,036,297 | (3) | 146,935 | 26,585 | - | 297,032 | - | 3,546,261 | 4,243,353 |
| Expenditures: | | | | | | | | | | | |
| Current: | | | | | | | | | | | |
| Grants and other special uses: | | | | | | | | | | | |
| Federal education grants | 1,250,026 | - | - | - | - | - | - | - | - | 1,250,026 | 1,481,605 |
| State grants and special uses | - | - | - | - | - | - | - | - | - | - | 665,859 |
| Total grants and other special uses | 1,250,026 | - | - | - | - | - | - | - | - | 1,250,026 | 2,147,464 |
| Food services | - | 864,735 | - | - | - | - | - | - | - | 864,735 | 866,592 |
| Public works - sewer | - | - | 1,084,464 | - | - | - | - | - | - | 1,084,464 | 987,417 |
| Recreation | - | - | - | - | - | 20,205 | - | - | 7,232 | 27,437 | 40,217 |
| Unclassified | - | - | - | - | 2,733 | - | - | 168,706 | 9,038 | 180,477 | 232,899 |
| Total expenditures | 1,250,026 | 864,735 | 1,084,464 | - | 2,733 | 20,205 | - | 168,706 | 16,270 | 3,407,139 | 4,274,589 |

TOWN OF GORHAM, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Special Revenue Funds
For the year ended June 30, 2013
(with comparative actual amounts for the year ended June 30, 2012)

| | 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 | 2013 | 2012 |
| Excess (deficiency) of revenues over (under) expenditures | \$ (50,274) | (25,072) | (48,167) | (3) | 144,202 | 6,380 | - | 128,326 | (16,270) | 139,122 | (31,236) |
| Other financing sources (uses): | | | | | | | | | | | |
| Transfers in | 81,276 | - | - | - | - | - | - | - | - | 81,276 | 177,672 |
| Transfers out | - | - | - | - | (30,000) | - | - | (207,564) | - | (237,564) | (255,999) |
| Total other financing sources (uses) | 81,276 | - | - | - | (30,000) | - | - | (207,564) | - | (156,288) | (78,327) |
| Net change in fund balance | 31,002 | (25,072) | (48,167) | (3) | 114,202 | 6,380 | - | (79,238) | (16,270) | (17,166) | (109,563) |
| Fund balances, beginning of year | 131,696 | 165,120 | 1,151,324 | 75,376 | 511,802 | 18,259 | 5,212 | 661,358 | 31,699 | 2,751,846 | 2,861,409 |
| Fund balances, end of year | \$ 162,698 | 140,048 | 1,103,157 | 75,373 | 626,004 | 24,639 | 5,212 | 582,120 | 15,429 | 2,734,680 | 2,751,846 |

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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:

2010 GO Bond Projects

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

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.

High School Renovation and Expansion Project

To account for the design and future renovations / expansion of the high school.

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TOWN OF GORHAM, MAINE

Combining Balance Sheet

Capital Project Funds

June 30, 2013

(with comparative actual amounts for June 30, 2012)

| | 2010 | Middle | Various | High School | Totals | |
|--|-------------------|--------------|---------------|---------------|----------------|----------------|
| | GO Bond | School | School | Renovation | 2013 | 2012 |
| | Projects | Project | Projects | & Expansion | | |
| ASSETS | | | | | | |
| Cash | \$ 598,584 | - | - | - | 598,584 | 598,088 |
| Interfund loans receivable | - | - | 39,045 | 43,937 | 82,982 | 39,045 |
| Total assets | \$ 598,584 | - | 39,045 | 43,937 | 681,566 | 637,133 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | - | - | - | - | - | 29,363 |
| Interfund loans payable | 192,847 | 344 | - | - | 193,191 | 163,829 |
| Total liabilities | 192,847 | 344 | - | - | 193,191 | 193,192 |
| Fund balances (deficit): | | | | | | |
| Restricted to: | | | | | | |
| Bonded road projects | 405,737 | - | - | - | 405,737 | 405,240 |
| Committed to: | | | | | | |
| Various school projects | - | - | 39,045 | - | 39,045 | - |
| High School renovation & expansion | - | - | - | 43,937 | 43,937 | 39,045 |
| Unassigned: | | | | | | |
| Middle school project | - | (344) | - | - | (344) | (344) |
| Total fund balances (deficit) | 405,737 | (344) | 39,045 | 43,937 | 488,375 | 443,941 |
| Total liabilities and fund balances | \$ 598,584 | - | 39,045 | 43,937 | 681,566 | 637,133 |

TOWN OF GORHAM, MAINE
Capital Project Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2013
(with comparative actual amounts for the year ended June 30, 2012)

| | 2010 GO Bond Projects | Middle School Project | Various School Projects | High School Renovation & Expansion | Totals | |
|--|-----------------------------|-----------------------------|-------------------------------|--|----------|-----------|
| | | | | | 2013 | 2012 |
| Revenues: | | | | | | |
| Investment income | \$ - | - | - | - | - | 318 |
| Other revenue | 497 | - | - | - | 497 | - |
| Total revenues | 497 | - | - | - | 497 | 318 |
| Expenditures: | | | | | | |
| Capital improvements: | | | | | | |
| Construction and renovation | - | - | - | 31,063 | 31,063 | 324,842 |
| Total capital improvements | - | - | - | 31,063 | 31,063 | 324,842 |
| Total expenditures | - | - | - | 31,063 | 31,063 | 324,842 |
| Excess (deficiency) of revenues over (under) expenditures | 497 | - | - | (31,063) | (30,566) | (324,524) |
| Other financing sources (uses): | | | | | | |
| Transfers - in | - | - | - | 75,000 | 75,000 | 4,652 |
| Transfers - out | - | - | - | - | - | (160,117) |
| Total other financing sources (uses) | - | - | - | 75,000 | 75,000 | (155,465) |
| Net change in fund balances | 497 | - | - | 43,937 | 44,434 | (479,989) |
| Fund balances, beginning of year | 405,240 | (344) | 39,045 | - | 443,941 | 923,930 |
| Fund balances, end of year | \$ 405,737 | (344) | 39,045 | 43,937 | 488,375 | 443,941 |

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 Balance Sheet

Permanent Funds

June 30, 2013

(with comparative actual amounts for June 30, 2012)

| | Cemetery Perpetual Care | Parks and Recreation Grounds | Baxter Library and Museum | Schools | Public Purpose and Civic Improvements | Miscellaneous | Totals | |
|--|-------------------------------|---------------------------------------|------------------------------------|---------------|--|----------------|----------------|----------------|
| | | | | | | | 2013 | 2012 |
| ASSETS | | | | | | | | |
| Investments | \$ 291,422 | 13,780 | 203,654 | 46,660 | 14,166 | 183,122 | 752,804 | 756,120 |
| Interfund loans receivable | 1,925 | - | - | - | - | - | 1,925 | 4,500 |
| Total assets | 293,347 | 13,780 | 203,654 | 46,660 | 14,166 | 183,122 | 754,729 | 760,620 |
| LIABILITIES AND FUND BALANCES | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable | 9,076 | - | - | - | - | - | 9,076 | 11,366 |
| Interfund loans payable | - | - | 2,050 | - | - | - | 2,050 | 4,127 |
| Total liabilities | 9,076 | - | 2,050 | - | - | - | 11,126 | 15,493 |
| Fund balances: | | | | | | | | |
| Nonspendable | 284,234 | 4,125 | 177,268 | 5,170 | 5,000 | 62,548 | 538,345 | 524,988 |
| Restricted | 37 | 9,655 | 24,336 | 41,490 | 9,166 | 120,574 | 205,258 | 220,139 |
| Total fund balances | 284,271 | 13,780 | 201,604 | 46,660 | 14,166 | 183,122 | 743,603 | 745,127 |
| Total liabilities and and fund balances | \$ 293,347 | 13,780 | 203,654 | 46,660 | 14,166 | 183,122 | 754,729 | 760,620 |

TOWN OF GORHAM, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Permanent Funds
For the year ended June 30, 2013
(with comparative actual amounts for the year ended June 30, 2012)

| | Cemetery Perpetual Care | Parks and Recreation Grounds | Baxter Library and Museum | Schools | Public Purpose and Civic Improvements | Miscellaneous | Totals | |
|--|-------------------------------|---------------------------------------|------------------------------------|---------|--|---------------|----------|---------|
| | | | | | | | 2013 | 2012 |
| Revenues: | | | | | | | | |
| Investment income | \$ 15 | - | 8 | (2) | (1) | 7,658 | 7,678 | 18,403 |
| Donations | 1,925 | - | 5,868 | - | - | - | 7,793 | 6,908 |
| Total revenues | 1,940 | - | 5,876 | (2) | (1) | 7,658 | 15,471 | 25,311 |
| Expenditures: | | | | | | | | |
| Current: | | | | | | | | |
| Other miscellaneous | 9,076 | - | 7,919 | - | - | - | 16,995 | 17,901 |
| Total expenditures | 9,076 | - | 7,919 | - | - | - | 16,995 | 17,901 |
| Excess (deficiency) of revenues over (under) expenditures | (7,136) | - | (2,043) | (2) | (1) | 7,658 | (1,524) | 7,410 |
| Other financing uses: | | | | | | | | |
| Transfers in | - | - | 24,334 | - | - | - | 24,334 | - |
| Transfers out | - | - | (24,334) | - | - | - | (24,334) | - |
| Total other financing uses | - | - | - | - | - | - | - | - |
| Net change in fund balance | (7,136) | - | (2,043) | (2) | (1) | 7,658 | (1,524) | 7,410 |
| Fund balances, beginning of year | 291,407 | 13,780 | 203,647 | 46,662 | 14,167 | 175,464 | 745,127 | 737,717 |
| Fund balances, end of year | \$ 284,271 | 13,780 | 201,604 | 46,660 | 14,166 | 183,122 | 743,603 | 745,127 |

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.

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.

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.

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TOWN OF GORHAM, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

| | Agency Funds | | | |
|----------------------|--|---------------------------------------|---------------------------------|--------------------------|
| | School & Student Activity Funds | Public Safety Activity Funds | Recreation Activity Funds | Total Agency Funds |
| ASSETS | | | | |
| Cash | \$ 230,452 | 129,515 | 11,564 | 371,531 |
| Interfund receivable | 12,718 | - | - | 12,718 |
| Total assets | 243,170 | 129,515 | 11,564 | 384,249 |
| LIABILITIES | | | | |
| Due to: | | | | |
| Student groups | 243,170 | - | - | 243,170 |
| Public safety | - | 129,515 | - | 129,515 |
| Recreation | - | - | 11,564 | 11,564 |
| Total liabilities | 243,170 | 129,515 | 11,564 | 384,249 |

TOWN OF GORHAM, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

| | Scholarships |
|------------------------------|------------------|
| | Private-purpose |
| | Trust Funds |
| <hr/> | |
| ASSETS | |
| Investments | \$ 46,204 |
| Total assets | 46,204 |
| <hr/> | |
| LIABILITIES AND | |
| NET POSITION | |
| Liabilities: | |
| Interfund payable | 1,100 |
| Total liabilities | 1,100 |
| <hr/> | |
| Net position: | |
| Principal | 41,113 |
| Unexpended income | 3,991 |
| Total net position | 45,104 |
| <hr/> | |
| Total liabilities and | |
| and net position | \$ 46,204 |
| <hr/> | |

TOWN OF GORHAM, MAINE
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

(with comparative actual amounts for June 30, 2012)

| | School & Student Activity Agency Funds | | | | | | | Totals | |
|--------------------------|--|-------------------------------|-----------------------------------|------------------------|-----------------------------|--------------------------------------|--------------|----------------|----------------|
| | High School Activity Fund | High School CBE Fund | White Rock Activity Fund | Narragansett Office | Village Activity Fund | Middle School Activity Fund | GVP | 2013 | 2012 |
| ASSETS | | | | | | | | | |
| Cash | \$ 154,504 | 114 | 8,245 | 10,359 | 14,804 | 40,365 | 2,061 | 230,452 | 258,343 |
| Interfund receivable | 12,718 | - | - | - | - | - | - | 12,718 | - |
| Total assets | 167,222 | 114 | 8,245 | 10,359 | 14,804 | 40,365 | 2,061 | 243,170 | 258,343 |
| LIABILITIES | | | | | | | | | |
| Due to student groups | 167,222 | 114 | 8,245 | 10,359 | 14,804 | 40,365 | 2,061 | 243,170 | 258,343 |
| Total liabilities | \$ 167,222 | 114 | 8,245 | 10,359 | 14,804 | 40,365 | 2,061 | 243,170 | 258,343 |

TOWN OF GORHAM, MAINE
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

(with comparative actual amounts for June 30, 2012)

| | Public Safety Activity Agency Funds | | | | Totals | |
|-----------------------------|-------------------------------------|---|---------------------------------------|---|----------------|----------------|
| | Guns and Hoses Fund | Central Station Auxiliary Fund | S. Windham Fire Company Fund | Presumpscot Valley Hazmat Fund | 2013 | 2012 |
| | | | | | | |
| ASSETS | | | | | | |
| Cash | \$ 50,862 | 7,762 | 2,868 | 68,023 | 129,515 | 140,744 |
| Total assets | 50,862 | 7,762 | 2,868 | 68,023 | 129,515 | 140,744 |
| LIABILITIES | | | | | | |
| Due to public safety groups | 50,862 | 7,762 | 2,868 | 68,023 | 129,515 | 140,744 |
| Total liabilities | \$ 50,862 | 7,762 | 2,868 | 68,023 | 129,515 | 140,744 |

TOWN OF GORHAM, MAINE
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

(with comparative actual amounts for June 30, 2012)

| | Recreation Activity Agency Funds | | | | | Totals | |
|--------------------------|----------------------------------|--|---------------------------------------|-------------------------------|--|---------------|--------------|
| | Gorham Family Fair Fund | Gorham Travel Basketball Fund | Men's Basketball League Fund | New Year Gorham Fund | | | |
| | | | | | | 2013 | 2012 |
| ASSETS | | | | | | | |
| Cash | \$ 67 | 1,165 | 3,958 | 6,374 | | 11,564 | 8,398 |
| Total assets | 67 | 1,165 | 3,958 | 6,374 | | 11,564 | 8,398 |
| LIABILITIES | | | | | | | |
| Due to recreation groups | 67 | 1,165 | 3,958 | 6,374 | | 11,564 | 8,398 |
| Total liabilities | \$ 67 | 1,165 | 3,958 | 6,374 | | 11,564 | 8,398 |

TOWN OF GORHAM, MAINE
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

(with comparative actual amounts for June 30, 2012)

| | Private-purpose Trust Funds | | | | | | | Totals | |
|---|---------------------------------|--------------------------------------|--------------------------------|---------------------------------|-----------------------------------|----------------------------------|--|---------------|---------------|
| | Malcolm Smith Scholarship | Bob Grant Memorial Scholarship | Harry Shevis Scholarship | Watson Family Scholarship | Charles C. Shaw Scholarship | Thomas A. Fogg Scholarship | Arthur and Jane Fogg Scholarship | 2013 | 2012 |
| | | | | | | | | | |
| ASSETS | | | | | | | | | |
| Investments | \$ 2,907 | 2,592 | 6,715 | 13,171 | 8,726 | 10,285 | 1,808 | 46,204 | 47,202 |
| Total assets | 2,907 | 2,592 | 6,715 | 13,171 | 8,726 | 10,285 | 1,808 | 46,204 | 47,202 |
| LIABILITIES AND NET POSITION | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| Interfund loan payable | 100 | 100 | 100 | 300 | 500 | - | - | 1,100 | 1,000 |
| Total liabilities | 100 | 100 | 100 | 300 | 500 | - | - | 1,100 | 1,000 |
| Net position: | | | | | | | | | |
| Principal | 2,707 | 2,308 | 6,515 | 12,489 | 5,000 | 10,286 | 1,808 | 41,113 | 41,638 |
| Unexpended income | 100 | 184 | 100 | 382 | 3,225 | - | - | 3,991 | 4,564 |
| Total net position | 2,807 | 2,492 | 6,615 | 12,871 | 8,225 | 10,286 | 1,808 | 45,104 | 46,202 |
| Total liabilities and and net position | \$ 2,907 | 2,592 | 6,715 | 13,171 | 8,725 | 10,286 | 1,808 | 46,204 | 47,202 |

TOWN OF GORHAM, MAINE
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Private-purpose
For the year ended June 30, 2013

(with comparative actual amounts for the year ended June 30, 2012)

| | Malcolm Smith Scholarship | Bob Grant Memorial Scholarship | Harry Shevis Scholarship | Watson Family Scholarship | Charles C. Shaw Scholarship | Thomas A. Fogg Scholarship | Arthur and Jane Fogg Scholarship | Totals | |
|---|---------------------------------|--------------------------------------|--------------------------------|---------------------------------|-----------------------------------|----------------------------------|--|---------|--------|
| | | | | | | | | 2013 | 2012 |
| Additions: | | | | | | | | | |
| Investment earnings: | | | | | | | | | |
| Interest | \$ 91 | 79 | 208 | 410 | 280 | 314 | 55 | 1,437 | 1,800 |
| Net increase/(decrease) in the fair value of investments | (91) | (79) | (208) | (409) | (279) | (314) | (55) | (1,435) | (525) |
| Total additions | - | - | - | 1 | 1 | - | - | 2 | 1,275 |
| Deductions: | | | | | | | | | |
| Current: | | | | | | | | | |
| Scholarships awarded | 100 | 100 | 100 | 300 | 500 | - | - | 1,100 | 1,000 |
| Total deductions | 100 | 100 | 100 | 300 | 500 | - | - | 1,100 | 1,000 |
| Changes in net position | (100) | (100) | (100) | (299) | (499) | - | - | (1,098) | 275 |
| Net position, beginning of year | 2,907 | 2,592 | 6,715 | 13,170 | 8,724 | 10,286 | 1,808 | 46,202 | 45,927 |
| Net position, end of year | \$ 2,807 | 2,492 | 6,615 | 12,871 | 8,225 | 10,286 | 1,808 | 45,104 | 46,202 |

TOWN OF GORHAM, MAINE
Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2013

| | Balance July 1, 2012 | Additions | Deletions | Balance June 30, 2013 |
|-----------------------------------|-------------------------|----------------|----------------|--------------------------|
| ASSETS | | | | |
| Cash and interfund receivables: | | | | |
| Student activities: | | | | |
| High School Activity Fund | \$ 187,501 | 371,520 | 366,363 | 192,658 |
| Gorham High School CBE | 452 | 4,248 | 4,586 | 114 |
| White Rock Activity Fund | 7,364 | 29,551 | 28,670 | 8,245 |
| Narragansett Office | 9,570 | 23,126 | 22,337 | 10,359 |
| Village Activity Fund | 14,323 | 33,028 | 32,547 | 14,804 |
| Middle School Activity Fund | 33,633 | 149,644 | 142,912 | 40,365 |
| GSVP | 2,258 | 2,259 | 2,456 | 2,061 |
| Special Education | 3,242 | - | 3,242 | - |
| Subtotal student activities | 258,343 | 613,376 | 603,113 | 268,606 |
| Public safety activities: | | | | |
| Guns and Hoses Fund | 48,156 | 9,212 | 6,506 | 50,862 |
| Central Station Auxiliary Fund | 8,284 | 325 | 847 | 7,762 |
| S. Windham Fire Company Fund | 355 | 3,718 | 1,205 | 2,868 |
| Presumpscot Valley Hazmat Fund | 83,949 | 73,735 | 89,661 | 68,023 |
| Subtotal public safety activities | 140,744 | 86,990 | 98,219 | 129,515 |
| Recreation activities: | | | | |
| Gorham Family Fair Fund | 67 | - | - | 67 |
| Gorham Travel Basketball Fund | 1,644 | 8,505 | 8,984 | 1,165 |
| Men's Basketball League Fund | 977 | 6,161 | 3,180 | 3,958 |
| New Year Gorham Fund | 5,710 | 11,424 | 10,760 | 6,374 |
| Subtotal recreation activities | 8,398 | 26,090 | 22,924 | 11,564 |
| Total assets | \$ 407,485 | 726,456 | 724,256 | 409,685 |

TOWN OF GORHAM, MAINE
Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2013

| | Balance July 1, 2012 | Additions | Deletions | Balance June 30, 2013 |
|------------------------------------|-------------------------|----------------|----------------|--------------------------|
| LIABILITIES | | | | |
| Funds held for student activities: | | | | |
| High School Activity Fund | \$ 187,501 | 371,520 | 366,363 | 192,658 |
| Gorham High School CBE | 452 | 4,248 | 4,586 | 114 |
| White Rock Activity Fund | 7,364 | 29,551 | 28,670 | 8,245 |
| Narragansett Office | 9,570 | 23,126 | 22,337 | 10,359 |
| Village Activity Fund | 14,323 | 33,028 | 32,547 | 14,804 |
| Middle School Activity Fund | 33,633 | 149,644 | 142,912 | 40,365 |
| GCVP | 2,258 | 2,259 | 2,456 | 2,061 |
| Special Education | 3,242 | - | 3,242 | - |
| Subtotal student activities | 258,343 | 613,376 | 603,113 | 268,606 |
| Public safety activities: | | | | |
| Guns and Hoses Fund | 48,156 | 9,212 | 6,506 | 50,862 |
| Central Station Auxiliary Fund | 8,284 | 325 | 847 | 7,762 |
| S Windham Fire Company Fund | 355 | 3,718 | 1,205 | 2,868 |
| Presumpscot Valley Hazmat Fund | 83,949 | 73,735 | 89,661 | 68,023 |
| Subtotal public safety activities | 140,744 | 86,990 | 98,219 | 129,515 |
| Recreation activities: | | | | |
| Gorham Family Fair Fund | 67 | - | - | 67 |
| Gorham Travel Basketball Fund | 1,644 | 8,505 | 8,984 | 1,165 |
| Men's Basketball League Fund | 977 | 6,161 | 3,180 | 3,958 |
| New Year Gorham Fund | 5,710 | 11,424 | 10,760 | 6,374 |
| Subtotal recreation activities | 8,398 | 26,090 | 22,924 | 11,564 |
| Total liabilities | \$ 407,485 | 726,456 | 724,256 | 409,685 |

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

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TOWN OF GORHAM, MAINE
Capital Assets Used in the Operation of Governmental Funds - By Source
June 30, 2013
(with comparative actual amounts for June 30, 2012)

| | | Totals | |
|--|-----------|--------------------|--------------------|
| | | 2013 | 2012 |
| Governmental fund capital assets: | | | |
| Land and buildings | \$ | 74,516,969 | 74,173,498 |
| Furniture and equipment | | 17,334,151 | 17,633,882 |
| Infrastructure | | 41,322,355 | 41,196,895 |
| Total governmental fund capital assets | \$ | 133,173,475 | 133,004,275 |
| Investments in governmental fund capital assets by source: | | | |
| General fund | | 133,072,810 | 132,979,394 |
| Capital project funds | | 100,665 | 24,881 |
| Total governmental fund capital assets | \$ | 133,173,475 | 133,004,275 |

TOWN OF GORHAM, MAINE
Schedule of Capital Assets Used in the Operation of Governmental Funds by Function and Activity
June 30, 2013
(with comparative actual amounts for June 30, 2012)

| Function and Activity | | Land and buildings | Furniture and equipment | Infrastructure | Totals | |
|---|-----------|-----------------------|----------------------------|-------------------|--------------------|--------------------|
| | | | | | 2013 | 2012 |
| General government | \$ | 8,899,564 | 1,116,638 | 33,578 | 10,049,780 | 9,623,321 |
| Education | | 58,018,881 | 6,186,352 | - | 64,205,233 | 64,455,643 |
| Public safety | | 2,195,049 | 4,613,000 | - | 6,808,049 | 7,088,583 |
| Public works | | 1,822,322 | 3,436,044 | 41,261,267 | 46,519,633 | 46,253,743 |
| Recreation, library and museum | | 3,496,598 | 552,280 | 11,400 | 4,060,278 | 4,128,267 |
| Construction in progress | | 84,555 | - | 16,110 | 100,665 | 24,881 |
| Book collection, historical treasures and artwork | | - | 1,429,837 | - | 1,429,837 | 1,429,837 |
| Total governmental fund capital assets | \$ | 74,516,969 | 17,334,151 | 41,322,355 | 133,173,475 | 133,004,275 |

Exhibit G-3

Schedule of Changes in Governmental Funds Capital Assets - By Function and Activity
For the year ended June 30, 2013

| Function and Activity | | Balance 2012 | Additions | Deletions | Balance 2013 |
|---|-----------|--------------------|------------------|----------------|--------------------|
| | | | | | |
| General government | \$ | 9,623,321 | 512,304 | 85,845 | 10,049,780 |
| Education | | 64,455,643 | 40,560 | 290,970 | 64,205,233 |
| Public safety | | 7,088,583 | 90,275 | 370,809 | 6,808,049 |
| Public works | | 46,253,743 | 400,326 | 134,436 | 46,519,633 |
| Recreation, library and museum | | 4,128,267 | 8,406 | 76,395 | 4,060,278 |
| Construction in progress | | 24,881 | 90,287 | 14,503 | 100,665 |
| Book collection, historical treasures and artwork | | 1,429,837 | - | - | 1,429,837 |
| Totals | \$ | 133,004,275 | 1,142,158 | 972,958 | 133,173,475 |

STATISTICAL SECTION

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

| CONTENTS | PAGE |
|---|---------|
| Financial Trends | 131-135 |
| <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i> | |
| Revenue Capacity | 136-139 |
| <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i> | |
| Debt Capacity | 140-143 |
| <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i> | |
| Demographic and Economic Information | 144-145 |
| <i>These schedules offer demographic and economic indicators to help the reader understand the environment that the government's financial activity takes place.</i> | |
| Operating Information | 146-148 |
| <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 Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> ¹ | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| Governmental activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 13,820,834 | \$ 16,377,091 | \$ 17,962,590 | \$ 23,204,001 | \$ 21,730,596 | \$ 33,293,376 | \$ 33,076,636 | \$ 36,550,035 | \$ 38,304,529 | \$ 38,739,461 |
| Restricted | 354,163 | 352,781 | 384,443 | 375,446 | 375,446 | 424,928 | 16,412,829 | 1,868,709 | 3,109,143 | 3,242,839 |
| Unrestricted | 11,607,484 | 11,735,345 | 13,430,419 | 12,441,818 | 15,039,117 | 12,982,245 | (1,472,158) | 11,219,195 | 11,574,603 | 10,628,671 |
| Total governmental activities net position | \$ <u>25,782,481</u> | \$ <u>28,465,217</u> | \$ <u>31,777,452</u> | \$ <u>36,021,265</u> | \$ <u>37,145,159</u> | \$ <u>46,700,549</u> | \$ <u>48,017,307</u> | \$ <u>49,637,939</u> | \$ <u>52,988,275</u> | \$ <u>52,610,971</u> |

¹ Fiscal year 2010 has been restated to reflect the implementation of GASB Statement No. 54.

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

| | Fiscal Year | | | | | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 ² | 2011 | 2012 | 2013 |
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 2,562,887 | \$ 3,925,978 | \$ 4,023,144 | \$ 3,897,193 | \$ 4,262,644 | \$ 4,692,737 | \$ 4,791,437 | \$ 4,787,454 | \$ 4,768,295 | \$ 4,743,171 |
| Public safety | 2,819,226 | 2,879,251 | 2,979,424 | 3,317,132 | 3,811,471 | 3,742,859 | 3,581,802 | 3,838,634 | 3,823,459 | 3,803,853 |
| Public works | 1,973,330 | 3,262,818 | 3,517,160 | 3,902,787 | 5,531,287 | 2,781,765 | 4,540,156 | 5,376,501 | 5,041,673 | 5,401,195 |
| Health and welfare | 57,263 | 52,415 | 45,423 | 55,774 | 57,765 | 87,628 | 74,469 | 136,853 | 149,617 | 188,183 |
| Recreation | 1,039,901 | 1,264,777 | 1,229,648 | 1,216,449 | 1,414,399 | 1,368,309 | 1,407,246 | 1,110,653 | 1,488,702 | 1,454,250 |
| Development | 445,018 | 377,263 | 414,130 | 406,590 | 429,849 | 495,299 | 271,516 | 294,540 | 296,115 | 240,178 |
| County tax ¹ | 645,663 | - | - | - | - | - | - | - | - | - |
| Education | 26,265,868 | 27,770,333 | 30,564,714 | 31,417,334 | 32,649,708 | 32,373,509 | 34,667,562 | 34,310,102 | 34,654,427 | 35,364,568 |
| Interest on debt | 1,158,576 | 1,306,889 | 1,370,154 | 1,272,191 | 1,226,075 | 1,250,260 | 1,387,958 | 1,878,175 | 1,472,657 | 1,310,289 |
| Total governmental activities expenses | <u>36,967,732</u> | <u>40,839,724</u> | <u>44,143,797</u> | <u>45,485,450</u> | <u>49,383,198</u> | <u>46,792,366</u> | <u>50,722,146</u> | <u>51,732,912</u> | <u>51,694,945</u> | <u>52,505,687</u> |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | 474,992 | 553,250 | 762,661 | 518,926 | 399,105 | 470,309 | 545,365 | 592,358 | 547,377 | 669,844 |
| Public safety | 1,167,015 | 265,997 | 435,752 | 434,044 | 527,077 | 617,224 | 593,483 | 670,950 | 633,614 | 643,240 |
| Public works | 420,736 | 1,205,385 | 1,181,418 | 1,571,638 | 1,454,912 | 1,584,478 | 1,476,406 | 1,550,190 | 1,504,559 | 1,518,310 |
| Health and welfare | 13,712 | 12,186 | 13,710 | 13,672 | 11,261 | 11,643 | 11,305 | 10,106 | 11,217 | 10,454 |
| Recreation | 124,983 | 568,976 | 513,804 | 550,704 | 597,558 | 634,268 | 647,758 | 609,568 | 677,022 | 655,906 |
| Development | 55,508 | 99,721 | 91,139 | 123,738 | 98,601 | 82,050 | - | - | - | - |
| Education | 633,132 | 660,199 | 669,220 | 696,114 | 632,641 | 654,443 | 616,409 | 595,506 | 579,531 | 565,176 |
| Operating grants and contributions | 15,671,082 | 16,493,334 | 19,244,840 | 20,628,587 | 21,369,835 | 22,456,840 | 23,263,805 | 23,132,157 | 22,891,354 | 22,140,676 |
| Capital grants and contributions | 256,658 | 1,800,096 | 2,262,981 | 2,318,647 | 775,035 | 5,518,682 | 1,306,107 | 1,796,568 | 3,316,795 | 275,574 |
| Total governmental activities program revenues | <u>18,817,818</u> | <u>21,659,144</u> | <u>25,175,525</u> | <u>26,856,070</u> | <u>25,866,025</u> | <u>32,029,937</u> | <u>28,460,638</u> | <u>28,957,403</u> | <u>30,161,469</u> | <u>26,479,180</u> |
| Net (expense)/revenue, governmental activities | <u>(18,149,914)</u> | <u>(19,180,580)</u> | <u>(18,968,272)</u> | <u>(18,629,380)</u> | <u>(23,517,173)</u> | <u>(14,762,429)</u> | <u>(22,261,508)</u> | <u>(22,775,509)</u> | <u>(21,533,476)</u> | <u>(26,026,507)</u> |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes, levied for general purposes | 16,253,550 | 17,234,005 | 16,918,807 | 17,690,199 | 19,138,898 | 19,421,626 | 19,309,185 | 19,873,946 | 20,677,988 | 20,982,710 |
| Payment in lieu of taxes | 52,922 | 51,083 | 55,469 | 54,396 | 36,385 | 91,351 | 56,684 | 55,469 | 57,067 | 58,207 |
| Motor vehicle and boat excise taxes | 2,267,577 | 2,359,645 | 2,480,592 | 2,486,679 | 2,486,856 | 2,403,379 | 2,374,614 | 2,385,626 | 2,425,578 | 2,618,905 |
| Grants and contributions not restricted | | | | | | | | | | |
| Homestead exemption | 410,820 | 369,434 | 379,972 | 331,237 | 309,050 | 306,543 | 303,353 | 259,083 | 263,253 | 260,833 |
| BETE reimbursement | - | - | - | - | - | 78,942 | 131,103 | 163,110 | 161,074 | 189,602 |
| Other state aid | 27,119 | 27,807 | 31,716 | 10,865 | 39,204 | 29,003 | 28,486 | 26,611 | 41,956 | 41,769 |
| State revenue sharing | 1,236,201 | 1,302,053 | 1,372,122 | 1,265,414 | 1,389,770 | 1,326,817 | 1,131,755 | 1,116,472 | 1,124,259 | 1,105,086 |
| Unrestricted investment earnings | 151,965 | 273,500 | 628,511 | 727,022 | 501,024 | 224,431 | 216,622 | 188,676 | 87,250 | 100,293 |
| Miscellaneous revenues | 129,491 | 245,789 | 251,818 | 307,381 | 739,880 | 435,727 | 148,644 | 259,356 | 254,434 | 288,815 |
| Sale of property | - | - | 161,500 | - | - | - | - | 67,792 | 12,961 | 2,983 |
| Total governmental activities | <u>20,529,645</u> | <u>21,863,316</u> | <u>22,280,507</u> | <u>22,873,193</u> | <u>24,641,067</u> | <u>24,317,819</u> | <u>23,700,446</u> | <u>24,396,141</u> | <u>25,105,820</u> | <u>25,649,203</u> |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | <u>\$ 2,379,731</u> | <u>\$ 2,682,736</u> | <u>\$ 3,312,235</u> | <u>\$ 4,243,813</u> | <u>\$ 1,123,894</u> | <u>\$ 9,555,390</u> | <u>\$ 1,438,938</u> | <u>\$ 1,620,632</u> | <u>\$ 3,572,344</u> | <u>\$ (377,304)</u> |

¹ Fiscal year 2004 is the only year 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.

² 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
(accrual basis of accounting)

| Fiscal Year | | Property Taxes | | Interest & Costs on Taxes | | Excise Taxes | | Total |
|------------------------|----|---------------------------|----|--|----|-------------------------|----|--------------|
| 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 |
| 2012 | | 20,677,988 | | 51,884 | | 2,425,578 | | 23,155,450 |
| 2013 | | 20,982,710 | | 78,623 | | 2,618,905 | | 23,680,238 |

Table 4

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

| | Fiscal Year | | | | | | | | | |
|------------------------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|-------------------------|------------------------|----------------------|----------------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| General Fund | | | | | | | | | | |
| Nonspendable | | | | | | | | | | |
| Noncurrent receivable | \$ 13,371 | \$ 12,561 | \$ 11,750 | \$ 10,940 | \$ 10,535 | \$ 9,319 | \$ 8,509 | \$ 7,698 | \$ 6,888 | \$ 6,078 |
| Prepaid items | - | - | - | - | - | - | - | - | 2,097 | 105,687 |
| Inventories ² | 16,676 | 11,187 | 15,097 | 14,024 | 16,753 | 58,646 | 65,126 | 66,266 | 35,848 | 43,068 |
| Restricted | | | | | | | | | | |
| Public safety operations | - | - | - | - | - | - | 192,996 | 201,653 | 149,347 | 164,996 |
| Public works operations | - | - | - | - | - | - | 91,992 | 93,761 | 100,476 | 106,425 |
| Recreation operations | - | - | - | - | - | - | 2,108 | 2,108 | 750 | 750 |
| Committed | | | | | | | | | | |
| General government purposes | - | - | - | - | - | - | 545,620 | 545,620 | 314,731 | 104,006 |
| Other purposes | - | - | - | - | - | - | 145,015 | 219,257 | 98,191 | 754,600 |
| Assigned | | | | | | | | | | |
| Capital funding | - | 308,071 | 186,998 | 622,345 | 691,231 | 541,862 | 1,128,800 | 139,220 | 1,721,034 | 466,800 |
| Encumbrances | 507,194 | 379,300 | 298,828 | 270,652 | 296,508 | 61,996 | 222,092 | 161,130 | 259,911 | 445,389 |
| General government purposes | - | - | - | - | - | - | 628,858 | 666,191 | 540,298 | 550,638 |
| Public safety operations | - | - | - | - | - | - | 365,256 | 208,642 | 171,468 | 187,318 |
| Public works operations | - | - | - | - | - | - | 567,559 | 585,374 | 618,224 | 510,559 |
| Recreation operations | - | - | - | - | - | - | 272,649 | 291,377 | 281,296 | 301,141 |
| Economic development | - | - | - | - | - | - | 75,316 | 75,316 | 77,100 | 85,399 |
| Insurance and employee benefits | - | - | - | - | - | - | 532,767 | 519,941 | 518,408 | 567,789 |
| Other purposes | - | - | - | - | - | - | 686,340 | 336,048 | 379,753 | 309,499 |
| Capital reserves | 2,504,341 | 2,758,377 | 2,827,485 | 3,106,331 | 3,172,519 | 3,515,695 | - | - | - | - |
| Compensated absences | 241,166 | 251,068 | 256,162 | 279,289 | 295,344 | 316,262 | 320,086 | 335,706 | 360,078 | 369,162 |
| Unassigned | 3,970,818 | 4,573,301 | 5,601,951 | 6,069,876 | 5,837,508 | 6,029,809 | 5,334,899 | 6,508,046 | 5,687,098 | 6,491,317 |
| Total General Fund | <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> | <u>\$ 11,322,996</u> | <u>\$ 11,570,621</u> |
| All other governmental funds | | | | | | | | | | |
| Nonspendable | | | | | | | | | | |
| Special revenue funds | \$ 24,466 | \$ 20,000 | \$ 20,203 | \$ 45,769 | \$ 35,253 | \$ 101,853 | \$ 182,352 | \$ 170,149 | \$ 184,540 | \$ 145,908 |
| Permanent funds | 354,163 | 352,781 | 358,817 | 375,446 | 375,446 | 424,928 | 513,326 | 524,205 | 524,988 | 538,345 |
| Restricted | | | | | | | | | | |
| Special revenue funds | 448,107 | 563,345 | 602,954 | 974,328 | 997,803 | 1,344,305 | 1,419,004 | 1,130,992 | 2,364,016 | 2,499,236 |
| Capital project funds | 2,971,649 | 2,365,700 | 4,056,040 | 1,613,688 | 3,882,761 | - | 14,264,545 ³ | 3,807,139 ³ | 738,721 | 559,273 |
| Permanent funds | 204,502 | 185,697 | 182,337 | 193,310 | 214,008 | 198,362 | 215,954 | 213,512 | 220,139 | 205,258 |
| Committed | | | | | | | | | | |
| Special revenue funds | 1,504,095 | 1,809,608 | 1,499,202 | 1,500,520 | 1,388,842 | 1,543,348 | 1,536,304 | 1,561,139 | 237,637 | 99,629 |
| Capital project funds | 30,561 | 29,044 | 107,059 | 14,792 | 58,834 | 146,956 | 43,183 | 240,851 | 39,045 | 82,982 |
| Assigned | | | | | | | | | | |
| Special revenue funds | 507,837 | 597,371 | 107,537 | 220,585 | 347,771 | 714,805 | 885,155 | 429,115 | 1,070,699 | 305,307 |
| Unassigned | | | | | | | | | | |
| Special revenue funds | (1,106,583) | (1,716,277) | (2,018,627) | (2,078,838) | (1,916,952) | (1,361,516) | (1,784,809) | (1,107,297) | (1,649,257) | (1,606,033) |
| Total all other governmental funds | <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> | <u>\$ 3,730,528</u> | <u>\$ 2,829,905</u> |

(1) 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.

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

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

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

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Revenues | | | | | | | | | | |
| Taxes | \$ 18,623,095 | \$ 19,605,533 | \$ 19,416,436 | \$ 20,225,048 | \$ 21,590,218 | \$ 21,728,434 | \$ 21,768,640 | \$ 22,631,090 | \$ 23,040,600 | 23,806,646 |
| Licenses and permits | 403,479 | 478,148 | 671,498 | 434,921 | 282,421 | 277,563 | 300,923 | 548,938 | 527,362 | 644,599 |
| Intergovernmental | 17,277,215 | 17,889,358 | 20,496,153 | 22,238,074 | 22,781,117 | 23,900,879 | 24,423,021 | 24,630,449 | 24,356,593 | 23,642,623 |
| Investment income ² | 91,689 | 219,617 | 578,474 | 667,452 | 404,760 | 145,202 | 98,943 | - | - | - |
| Charges for services | 948,434 | 1,710,070 | 1,878,026 | 2,311,948 | 2,300,477 | 2,556,325 | 2,425,130 | 3,047,229 | 2,851,781 | 2,862,119 |
| Unclassified | 2,191,176 | 2,268,251 | 2,553,714 | 1,993,011 | 2,255,787 | 2,251,650 | 2,195,366 | 1,152,994 | 1,230,525 | 1,189,455 |
| Total revenues | <u>39,535,088</u> | <u>42,170,977</u> | <u>45,594,301</u> | <u>47,870,454</u> | <u>49,614,780</u> | <u>50,860,053</u> | <u>51,212,023</u> | <u>52,010,700</u> | <u>52,006,861</u> | <u>52,145,442</u> |
| Expenditures | | | | | | | | | | |
| General government | 2,532,185 | 3,546,209 | 3,676,038 | 3,571,950 | 3,800,490 | 3,846,027 | 4,060,023 | 3,945,945 | 3,864,910 | 3,917,516 |
| Public safety | 2,528,566 | 2,680,546 | 2,755,743 | 2,944,915 | 3,254,798 | 3,395,235 | 3,295,577 | 3,401,184 | 3,548,053 | 3,483,363 |
| Public works | 2,271,766 | 2,680,700 | 2,764,528 | 2,890,905 | 3,496,519 | 3,103,513 | 3,308,541 | 3,394,776 | 3,318,793 | 3,375,294 |
| Health and welfare | 57,263 | 52,199 | 45,423 | 55,774 | 57,765 | 87,628 | 74,469 | 136,853 | 149,617 | 188,183 |
| Recreation | 613,591 | 1,088,416 | 1,122,005 | 1,164,766 | 1,215,668 | 1,187,799 | 1,202,986 | 1,245,047 | 1,305,319 | 1,275,146 |
| Economic development | 218,559 | 180,108 | 196,437 | 222,750 | 241,787 | 221,348 | 321,323 | 61,666 | 63,216 | 59,701 |
| County tax ¹ | 645,663 | - | - | - | - | - | - | - | - | - |
| Public agencies | - | - | - | - | - | - | - | 28,484 | 28,276 | 26,646 |
| Unclassified | 1,132,948 | 1,120,904 | 1,182,951 | 1,227,331 | 1,374,541 | 1,297,684 | 229,345 | 605,948 | 544,860 | 404,876 |
| Education | 24,275,500 | 25,472,463 | 27,706,039 | 28,845,645 | 30,034,275 | 30,748,351 | 33,329,869 | 32,992,753 | 32,933,772 | 33,009,864 |
| Debt service | | | | | | | | | | |
| Principal | 2,299,646 | 2,474,646 | 2,694,646 | 2,659,650 | 2,674,650 | 2,664,650 | 2,609,650 | 2,404,650 | 3,520,000 | 3,593,125 |
| Interest | 1,283,126 | 1,321,723 | 1,386,092 | 1,303,291 | 1,198,483 | 1,305,978 | 1,235,485 | 1,852,572 | 1,548,720 | 1,361,973 |
| Capital maintenance | 681,611 | 914,079 | 1,176,816 | 671,071 | 151,694 | 598,297 | 713,962 | 983,754 | 586,728 | 418,072 |
| Capital improvements | 5,177,893 | 912,630 | 4,606,632 | 3,862,117 | 3,731,353 | 4,527,450 | 6,533,337 | 15,247,703 | 3,643,362 | 1,684,681 |
| Total expenditures | <u>43,718,317</u> | <u>42,444,623</u> | <u>49,313,350</u> | <u>49,420,165</u> | <u>51,232,023</u> | <u>52,983,960</u> | <u>56,914,567</u> | <u>66,301,335</u> | <u>55,055,626</u> | <u>52,798,440</u> |
| Other financing sources (uses) | | | | | | | | | | |
| Capital lease proceeds | 227,224 | 344,308 | 330,058 | 666,521 | 151,694 | 74,639 | 146,972 | 312,792 | 169,130 | - |
| Long-term debt issued | 3,150,000 | - | 5,000,000 | - | 4,000,000 | - | 20,384,680 | 3,450,000 | - | - |
| Transfers in | 12,667,625 | 13,279,543 | 13,401,011 | 12,889,444 | 14,727,079 | 14,349,706 | 14,101,181 | 13,491,112 | 13,709,200 | 14,093,904 |
| Transfers out | (12,667,625) | (13,279,543) | (13,401,011) | (12,889,444) | (14,727,079) | (14,349,706) | (14,101,181) | (13,491,112) | (13,709,200) | (14,093,904) |
| Total other financing sources (uses) | <u>3,377,224</u> | <u>344,308</u> | <u>5,330,058</u> | <u>666,521</u> | <u>4,151,694</u> | <u>74,639</u> | <u>20,531,652</u> | <u>3,762,792</u> | <u>169,130</u> | <u>-</u> |
| Net change in fund balances | \$ (806,005) | \$ 70,662 | \$ 1,611,009 | \$ (883,190) | \$ 2,534,451 | \$ (2,049,268) | \$ 14,829,108 | \$ (10,527,843) | \$ (2,879,635) | (652,998) |
| Debt service as a percentage of noncapital expenditures | 9.4% | 9.6% | 9.5% | 9.1% | 8.0% | 9.6% | 7.8% | 8.6% | 10.6% | 9.6% |

¹ Fiscal year 2004 is the only year 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.

² 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 ¹ | Total Direct Tax Rate | State Equalized Value ² | Assessed Value as a Percentage of Equalized Value |
|------------------------------------|-------------------------|------------------------|----------------------|-------------------------------------|--|--------------------------------|--|---|
| | Residential Property | Commercial Property | | | | | | |
| 2004 | \$ 758,447,900 | \$ 240,177,400 | \$ 43,985,800 | \$ 203,250,100 | \$ 839,361,000 | 18.65 | \$ 937,300,000 | 89.6% |
| 2005 | 782,949,600 | 238,791,800 | 46,492,900 | 199,926,400 | 868,307,900 | 19.26 | 1,085,600,000 | 80.0% |
| 2006 | 808,313,900 | 237,869,000 | 44,511,600 | 220,950,100 | 869,744,400 | 18.74 | 1,234,200,000 | 70.5% |
| 2007 | 841,957,600 | 239,730,600 | 47,696,100 | 216,041,300 | 913,343,000 | 18.65 | 1,352,300,000 | 67.5% |
| 2008 | 1,098,762,800 | 324,401,000 | 49,657,400 | 274,295,100 | 1,198,526,100 | 15.41 | 1,487,700,000 | 80.6% |
| 2009 | 1,128,282,000 | 313,801,500 | 49,080,200 | 275,472,200 | 1,215,691,500 | 15.38 | 1,492,250,000 | 81.5% |
| 2010 | 1,136,006,800 | 307,125,800 | 48,405,200 | 275,176,000 | 1,216,361,800 | 15.26 | 1,443,450,000 | 84.3% |
| 2011 | 1,054,053,000 | 423,117,200 | 45,804,100 | 270,335,500 | 1,252,638,800 | 15.30 | 1,432,100,000 | 87.5% |
| 2012 | 1,073,578,500 | 423,490,100 | 42,087,400 | 269,169,500 | 1,269,986,500 | 15.69 | 1,445,250,000 | 87.9% |
| 2013 | 1,082,943,100 | 469,042,200 | 36,987,600 | 298,546,200 | 1,290,426,700 | 15.66 | 1,409,850,000 | 91.5% |

Sources:

¹ Gorham Assessing office.

² State of Maine, Bureau of Taxation

Table 7

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

| Fiscal Year | Direct | | Overlapping | Total Tax Rate |
|----------------|-----------------------|--------------------|--------------------|--------------------|
| | Municipal Tax Rate | School Tax Rate | County Tax Rate | |
| 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 ¹ |
| 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 |
| 2012 | 5.46 | 10.23 | 0.61 | 16.30 |
| 2013 | 5.27 | 10.39 | 0.64 | 16.30 |

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 | 2013 | | | 2004 | | |
|--|--------------------------------------|------|---|--------------------------------------|------|---|
| | Current year assessed value | Rank | Percentage of total assessed value | Current year assessed value | Rank | Percentage of total assessed value |
| Central Maine Power Co. | \$ 56,677,300 | 1 | 4.39% | \$ 25,854,300 | 1 | 3.08% |
| New Portland Road Realty LLC (formerly known as Gorham House) | 11,605,700 | 2 | 0.90% | 9,803,700 | 3 | 1.17% |
| Grondin, R J & Phillip | 10,639,000 | 3 | 0.82% | 10,001,900 | 2 | 1.19% |
| Gorham Savings Bank | 9,824,000 | 4 | 0.76% | 6,685,700 | 5 | 0.80% |
| Nappi Distributors | 8,528,800 | 5 | 0.66% | | | |
| Shaw Brothers Construction Co. | 8,048,300 | 6 | 0.62% | 6,074,200 | 8 | 0.72% |
| Scott Paper | 7,336,700 | 7 | 0.57% | 5,711,000 | 9 | 0.68% |
| Maritimes & NE Pipeline | 6,945,100 | 8 | 0.54% | 6,831,300 | 4 | 0.81% |
| Maine Mobile Homes LTD | 6,709,700 | 9 | 0.52% | | | |
| Hannaford Brothers | 6,241,200 | 10 | 0.48% | 6,430,900 | 7 | 0.77% |
| Irwin Industrial ToolAmerican Tool (formerly American Tool) | | | | 6,586,000 | 6 | 0.78% |
| Foreside Management Co. LLC | | | | 5,157,000 | 10 | 0.61% |
| Totals | \$ 132,555,800 | | 10.27% | \$ 89,136,000 | | 10.61% |

Source: Gorham Assessing office

Table 9

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

| Fiscal Year Ended June 30 | Total Tax Levy for Fiscal Year ¹ | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|---------------------------------|---|---|-----------------------|--|------------------------------|-----------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2004 | \$ 16,311,136 | \$ 15,827,928 | 97.0% | \$ 481,262 | \$ 16,309,190 | 100.0% |
| 2005 | 17,379,982 | 16,828,596 | 96.8% | 547,153 | 17,375,749 | 100.0% |
| 2006 | 16,980,208 | 16,487,705 | 97.1% | 487,941 | 16,975,646 | 100.0% |
| 2007 | 17,730,424 | 17,116,397 | 96.5% | 599,079 | 17,715,476 | 99.9% |
| 2008 | 19,215,434 | 18,541,490 | 96.5% | 654,611 | 19,196,101 | 99.9% |
| 2009 | 19,458,932 | 18,646,974 | 95.8% | 788,525 | 19,435,499 | 99.9% |
| 2010 | 19,359,897 | 18,705,614 | 96.6% | 620,834 | 19,326,448 | 99.8% |
| 2011 | 19,926,919 | 19,368,870 | 97.2% | 489,376 | 19,858,246 | 99.7% |
| 2012 | 20,705,124 | 19,968,524 | 96.4% | 541,907 | 20,510,431 | 99.1% |
| 2013 | 21,037,690 | 20,488,787 | 97.4% | - | 20,488,787 | 97.4% |

¹ Tax commitment plus supplemental taxes assessed during fiscal year

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

| Fiscal Year | Governmental Activities | | | Total Primary Government | Percentage of Personal Income ¹ | Per Capita ¹ |
|----------------|--|------------------|-------------------|--------------------------------|--|----------------------------|
| | General Obligation Debt ² | Notes Payable | Capital Leases | | | |
| 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 |
| 2012 | 45,339,066 | 220,336 | 425,265 | 45,984,667 | 11.13% | 2,807 |
| 2013 | 41,618,288 | 217,603 | 288,820 | 42,124,711 | 10.19% | 2,572 |

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

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

² The 2012 and 2013 amount includes the premium on bonds as well as bond amounts.

Table 11

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

| Fiscal Year | General Obligation Debt ¹ | State Assessed Value of Property ² | Per Capita ³ |
|------------------------|---|--|------------------------------------|
| 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 |
| 2012 | 45,339,066 | 3.14% | 2,768 |
| 2013 | 41,618,288 | 2.95% | 2,541 |

¹ Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

Amount for 2012-2013 includes bond premium.

² See Table 6, Schedule of Assessed Value and State Equalized Value of Taxable Property, for property value data.

³ 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, 2013

| Jurisdiction | Total debt outstanding | Percentage applicable to Gorham | Amount applicable to Gorham |
|--|-----------------------------------|--|--|
| Direct debt: | | | |
| Town of Gorham | \$ 42,124,711 | 100.00% | 42,124,711 |
| Overlapping debt: | | | |
| Cumberland County | 36,925,000 | 3.64% | 1,345,504 |
| Portland Water District - sewer debt, Gorham only | 15,000 | 100.00% | 15,000 |
| Portland Water District - sewer shared with Windham | 5,165,500 | 70.46% | 3,639,837 |
| Portland Water District - sewer shared with Windham and Westbrook | 5,297,390 | 19.05% | 1,009,117 |
| Portland Water District - water debt | 31,085,441 | 5.56% | 1,728,167 |
| Subtotal overlapping debt: | | | 7,737,625 |
| Total direct and overlapping debt: | | | \$ 49,862,336 |

The direct debt includes the premium on bonds as well as bond amounts.

Source: Jurisdictions' finance department.

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

Table 13

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

| Fiscal Year | Debt Limit | Total net debt applicable to limit | Legal Debt Margin | Total net debt applicable to limit as a percentage of debt limit |
|--------------------|-------------------|---|------------------------------|---|
| 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% |
| 2012 | 216,787,500 | 45,339,066 | 171,448,434 | 20.91% |
| 2013 | 211,477,500 | 41,618,288 | 169,859,212 | 19.68% |

Legal Debt Margin Calculation for Fiscal Year 2013

| | Outstanding bonds and notes | Percent of state assessed value of \$ 1,409,850,000 | Allowable Amount | Margin |
|--|--|--|-----------------------------|-----------------------|
| For school purposes | \$ 29,563,704 | 10.00% | \$ 140,985,000 | \$ 111,421,296 |
| For storm or sanitary sewer purposes | - | 7.50% | 105,738,750 | 105,738,750 |
| For municipal, airport, water, and special district purposes | - | 3.00% | 42,295,500 | 42,295,500 |
| For all other purposes | 12,054,584 | 7.50% | 105,738,750 | 93,684,166 |
| Total | \$ 41,618,288 | 15.00% | \$ 211,477,500 | \$ 169,859,212 |

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

| Fiscal Year | Population ¹ | Personal Income | Per Capita Personal Income ² | Median Age ² | School Enrollment ³ | Unemployment Rate ⁴ |
|--------------------|--------------------------------|------------------------|--|--------------------------------|---------------------------------------|---------------------------------------|
| 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% |
| 2012 | 16,381 | 413,276,249 | 25,229 | 38.0 | 2,697 | 6.30% |
| 2013 | 16,381 | 413,276,249 | 25,229 | 38.0 | 2,691 | 5.60% |

Data Source

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

The 2004-2008 are based on July Census estimates.

The 2009 and 2010 figures are the July 1, 2008 estimate from the Bureau of Census.

The 2011-2013 figure is based upon the 2010 census.

² U.S. Dept. of Commerce, Bureau of Census (2000 and 2010)

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

⁴ 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 | 2013 ² | | | 2004 ¹ | | |
|--|-------------------|------|--|-------------------|------|--|
| | Employees | Rank | Percentage of Gorham's Labor Force | Employees | Rank | Percentage of Gorham's Labor Force |
| Town of Gorham: School/Municipal | 510 | 1 | 5.4% | 500 | 1 | 5.7% |
| University of Southern Maine* | 500 | 2 | 5.3% | 381 | 2 | 4.4% |
| New Portland Road Realty LLC (formerly known as Gorham House) | 230 | 3 | 2.4% | 200 | 4 | 2.3% |
| Irwin Industrial Tool (formerly American Tool) | 210 | 4 | 2.2% | 220 | 3 | 2.5% |
| Nappi Distributors | 200 | 5 | 2.1% | | | |
| Shaw Brothers Construction, Inc. | 185 | 6 | 2.0% | | | |
| Hannaford Brothers | 158 | 7 | 1.7% | | | |
| R. J. Grondin | 116 | 8 | 1.2% | 146 | 5 | 1.7% |
| Gorham Savings Bank | 92 | 9 | 1.0% | | | |
| Yotul Stove, Inc. | 79 | 10 | 0.8% | | | |
| | 2,280 | | 24.2% | 1,447 | | 16.5% |

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

¹ Only top five employers information available for fiscal year 2004.

² Labor force figure was for June 2013 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

| Function | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|--------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| General Government | 15.0 | 15.0 | 16.5 | 17.5 | 16.5 | 15.5 | 15.5 | 19.0 | 17.5 | 17.5 |
| Public Safety: | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Officers | 20.0 | 21.0 | 21.0 | 21.0 | 22.0 | 23.0 | 23.0 | 23.0 | 23.0 | 23.0 |
| Civilians ¹ | 8.0 | 9.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Fire: | | | | | | | | | | |
| Firefighters and EMT's | 7.0 | 7.0 | 7.0 | 9.0 | 13.0 | 13.0 | 13.0 | 13.0 | 12.0 | 12.0 |
| 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 | 19.0 | 21.0 | 21.0 | 19.0 | 19.0 | 19.0 | 19.0 | 19.0 |
| Recreation | 15.0 | 15.0 | 15.0 | 17.0 | 17.0 | 16.0 | 14.3 | 14.0 | 14.0 | 14.0 |
| Development ² | 4.0 | 4.0 | 4.0 | 4.5 | 4.5 | 4.5 | 4.5 | 1.0 | 1.0 | 1.0 |
| Total | 90.0 | 92.0 | 87.5 | 95.0 | 99.0 | 96.0 | 94.3 | 94.0 | 91.5 | 91.5 |

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

² Planning department employees have become part of the general government category in 2011.

Table 17

TOWN OF GORHAM, MAINE
Operating Indicators by Function ¹
Last Ten Fiscal Years

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Function | | | | | | | | | | |
| General Government: | | | | | | | | | | |
| Building permits: ² | | | | | | | | | | |
| Single family | 84 | 90 | 91 | 66 | 64 | 30 | 41 | 58 | 63 | 43 |
| Condos | 7 | 13 | 41 | 9 | 4 | 5 | 0 | 4 | 5 | 4 |
| Commercial | 31 | 23 | 16 | 23 | 22 | 18 | 17 | 14 | 19 | 38 |
| Total number permits issued | 1,118 | 1,276 | 1,374 | n/a | 1,025 | n/a | n/a | 941 | 917 | 966 |
| Public Safety: | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Number of calls for service | 17,359 | 18,832 | 17,076 | 17,434 | 16,303 | 18,245 | 18,473 | 18,781 | 15,335 | 17,137 |
| Number of physical arrests | 349 | 286 | 353 | 406 | 423 | 782 | 771 | 734 | 777 | 738 |
| Number of summons and warnings | 3,654 | 2,525 | 3,168 | 3,427 | 2,960 | 3,674 | 3,621 | 2,725 | 2,301 | 1,906 |
| Parking tickets issued | 662 | 503 | 372 | 305 | 245 | 269 | 391 | 180 | 112 | 117 |
| Number of accidents investigated | 658 | 586 | 668 | 528 | 544 | 555 | 519 | 449 | 482 | 455 |
| Fire: | | | | | | | | | | |
| Number of fire and rescue calls | 2,004 | 2,112 | 2,223 | 2,407 | 2,352 | 2,102 | 2,549 | 2,807 | 2,815 | 2,732 |
| Number of fire hydrants | n/a | n/a | 265 | 269 | 281 | 286 | 292 | 292 | 296 | 304 |
| Number of fire ponds | n/a | n/a | 71 | 70 | 69 | 69 | 70 | 71 | 71 | 71 |
| Public Works: | | | | | | | | | | |
| Number of roads maintained | 256 | 261 | 263 | 269 | 274 | 276 | 278 | 283 | 287 | 288 |
| Lane miles of roads maintained | 273.8 | 275.0 | 276.0 | 278.5 | 280.3 | 282.2 | 283.1 | 286.7 | 290.7 | 291.0 |
| Acres of public area maintained | 108.1 | 113.1 | 113.1 | 113.1 | 113.1 | 113.1 | 113.1 | 113.1 | 129.19 | 154.65 |
| Acres of cemeteries maintained | 17.8 | 19.6 | 21.1 | 21.1 | 29.9 | 30.1 | 30.1 | 30.1 | 30.02 | 30.03 |
| Tons of residential solid waste | 1,860 | 2,212 | 2,307 | 2,290 | 2,235 | 2,304 | 2,166 | 2,099 | 2,155 | 2,154 |
| Tons of waste recycled | n/a | n/a | 1,356 | 1,555 | 1,421 | 1,444 | 1,200 | 1,246 | 1,266 | 1,314 |
| Recreation: | | | | | | | | | | |
| Library: | | | | | | | | | | |
| Number of items circulated | 91,669 | 89,091 | 95,179 | 103,080 | 101,158 | 109,409 | 116,050 | 114,309 | 114,159 | 115,826 |

Sources: Various town departments.

¹ Information reported for each fiscal year is for prior year's activity. Therefore, the fiscal year 2005 information is for activity in 2004.

² 2004-2011 figures shown are based on calendar year. 2012-2013 figures are based on fiscal year.

n/a = data not available

Table 18

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

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|---------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Function | | | | | | | | | | |
| Public Safety: | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 19 | 19 |
| Fire stations | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Public Works: | | | | | | | | | | |
| Streets (miles) | 273.8 | 275.0 | 276.0 | 278.5 | 280.3 | 282.2 | 283.1 | 286.7 | 290.7 | 291.0 |
| Street lights | 357 | 357 | 366 | 375 | 381 | 385 | 385 | 389 | 392 | 395 |
| Traffic signals/blinkers | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Cemeteries | 8 | 8 | 8 | 8 | 10 | 12 | 12 | 12 | 12 | 12 |
| Recreation: | | | | | | | | | | |
| Libraries | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 2 |
| Parks acreage | 203.8 | 203.8 | 211.3 | 211.3 | 211.3 | 211.3 | 211.3 | 211.3 | 211.3 | 211.3 |
| Parks | 4 | 4 | 5 | 5 | 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.