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2016

## Gorham Maine Annual Financial Audit Report 2016

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# TOWN OF GORHAM, MAINE

## Comprehensive Annual Financial Report For Fiscal Year Ended June 30, 2016



Firefighter Memorial – Gorham Public Safety Building  
~ Photo courtesy of Eric Winsor ~

**TOWN OF GORHAM, MAINE**  
**Comprehensive Annual Financial Report**  
**June 30, 2016**

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# Town of Gorham

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December 16, 2016

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

This comprehensive annual financial report of the Town of Gorham for the fiscal year ending June 30, 2016 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 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, 2016. The auditor's report on the basic financial statements and combined and individual fund statements are 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, 2016, 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 the Uniform Guidance as the Town expended more than \$750,000 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 a budget validation referendum on or before the 10th calendar day following Council adoption of the budget.

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 2015-2016 is \$1,505,075,300 (excludes the valuation attributable to the State Homestead Exemption and BETE personal property reimbursement), resulting in an increase of about 12.1% from the 2014-2015 total taxable valuation. Approximately 16.3% 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, equaling 97.0% for last fiscal year and 97.1% 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 2.5% of the state assessed value.

During fiscal year 2016, the Code office issued permits for 104 single-family/condo dwellings, and 32 commercial/institutional structures. The department issued a total of 1,334 permits during fiscal year 2016.

According to the recently released SmartAsset list of towns/cities that are the most affordable in Maine, the Town of Gorham ranked number seven, the only town in Cumberland County to be listed in the top 10.

During fiscal year 2016, the Town of Gorham experienced growth in businesses. Construction was completed on new senior housing, as well as a new building that is leased to Aroma Joes, US Cellular, Subway and a nail salon. Three Gorham businesses constructed new buildings in fiscal year 2016 for their business – Casco Federal Credit Union, Century 21, and Woods Excavating. Thirsty-Turf relocated from Portland into the Gorham Industrial Park and constructed a new building.

The Town of Gorham has seen a number of improvements during fiscal year 2016. The Town constructed a new Police Station that was completed in April. The Town also started to renovate the former Public Safety Building which will be the Central Fire Station. This renovation was completed in August 2016. The Town continued to make improvements to the Little Falls Recreation Area which started in fiscal year 2015; constructing a new multi-purpose field, which was funded by the recreation area impact fees. The Town received a Community Development Block Grant to replace the sidewalks in the Little Falls area and the project was completed in June 2016. The Town also reconstructed Preble Street's sidewalk and repaved the road in August 2015.

The Town issued general obligation bonds in the amount of \$1,775,000 on March 3, 2016. The bonds were issued to finance improvements of Gorham Schools (\$1,175,000) and to fund the Town's share of the reconstruction of Main Street in Gorham Village (\$600,000). The voters of Gorham approved the issuance of these bonds at the November 3, 2015 referendum election.

## Fiscal Year 2016 Budget

The Town of Gorham's gross budget for 2016 showed an increase of 3.6% from 2015. The gross budget increased by \$1,693,213 and the mil rate decreased from \$17.40 in fiscal year 2015 to \$16.30 in fiscal year 2016 due to a revaluation.

The following is a comparison of the fiscal year 2015 mil rate to the fiscal year 2016 mil rate.

	Fiscal year 2015	Fiscal year 2016	\$ Incr/(Decr)	% Chg
Town's Tax Rate	\$ 5.47	\$ 5.24	(\$0.23)	-4.21%
School's Tax Rate	\$11.25	\$10.41	(\$0.84)	-7.47%
County's Tax Rate	\$ 0.68	\$ 0.65	(\$0.03)	-4.41%

This is the eleventh 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,
- cap spending growth at all government levels, and
- direct 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 \$707,531 or 5.7%. The major increase was the addition of 6-month's expenses for the Police Station, the assistant code enforcement officer/building inspector changed from part time to full time, and increased debt service due to addition of the \$4.99 million public safety bond.

The Town's non-property tax revenues also saw an increase of 3.9%. This major increase was the result of a \$200,000 increase in auto excise.

As a result of the increase in the gross budget, net of the increase in non-property tax revenues for the municipal budget, the amount required from property taxes was up \$479,207 or 7.3%.

The School gross expenditure budget of \$35,074,530 increased by \$922,390 or 2.7%. The major increase in this budget was the increases in salaries due to contractual obligations and the addition of a full time Social Worker and full time literacy interventionist Ed Tech III.

## 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 2016, there was \$1,130,012 in funds available for allocation to capital equipment and capital project needs. On June 2, 2015, the Town Council approved the use of \$1,130,012 excess unassigned fund balance for the following purposes:

- \$201,000 to replace the 1993 John Deere Loader and purchase a snow plow and wing;
- \$42,000 to replace the 14 year old ¾ ton pickup truck and plow for Public Works;
- \$38,500 to replace the 16 year old ¾ ton pickup truck and plow for Recreation;



- \$38,000 to replace the Fire Chief's 14 year old vehicle;
- \$15,000 to purchase internet based HVAC control system for the Baxter Memorial Library;
- \$42,000 to replace 7 air pack breathing units;
- \$14,056 to install a security camera system at Baxter Memorial Library;
- \$37,000 to install a fiber network in Public Safety Complex and Narragansett School;
- \$11,000 for the MS4 stormwater program;
- \$16,200 to replace 22 ballistic vests in Police Department;
- \$2,500 to purchase 21 Blauer vest carriers in Police Department;
- \$17,650 to purchase Watch Guard digital cruiser video server and wireless connector;
- \$9,000 to provide full access to Spillman and DMV databases;
- \$3,880 to replace the intrusion control system panel at Baxter Memorial Library;
- \$10,000 to pave the driveway at Little Falls Activity Center;
- \$4,000 to install a backflow preventer and parking space markings at the Little Falls Activity Center;
- \$26,400 to replace the obsolete energy management software;
- \$15,000 to replace lights with energy efficient lights;
- \$65,000 to update the video system in the Council Chambers;
- \$1,826 to be allocated at a later date by the Town Council;
- \$520,000 to fund road projects.

#### **Other Information**

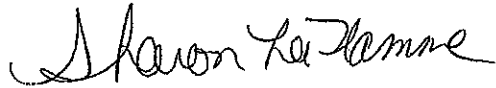
**Awards:** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Gorham, Maine for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the 13<sup>th</sup> 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 their continued support and assistance.

Sincerely,

A handwritten signature in cursive script, reading "Sharon LaFlamme". The signature is written in black ink and is positioned above the printed name and title.

Sharon LaFlamme  
Finance Director



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, 2015**

Executive Director/CEO



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, 2016, 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 from 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 require 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 risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Gorham, Maine as of June 30, 2016, 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 require that the management's discussion and analysis, the schedule of funding progress for the retiree healthcare plan, schedule of proportionate share of the net pension liability and the schedule of contributions 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 opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual fund financial statements, 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 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 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 16, 2016 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 of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Gorham, Maine's internal control over financial reporting and compliance.



December 16, 2016  
South Portland, Maine



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**TOWN OF GORHAM, MAINE**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2016**

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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, 2016. 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 and deferred outflows of resources of the Town of Gorham exceed its liabilities and deferred inflows of resources by \$58,561,267, an increase of \$3,116,066, or 5.6% when compared to the beginning net position figure of \$55,445,201.
- The ending fund balance for Governmental Funds is \$19,643,422. The expenditures exceeded revenues by \$1,891,651.
- The General Fund's ending fund balance is \$13,786,397; an increase of \$1,030,477 from the prior year's ending fund balance of \$12,755,920. Of the \$13,786,397, only \$7,011,371 is unassigned. A detailed listing of the nonspendable, restricted, committed, and assigned fund balances can be found in exhibit A-3 in the basic financial statements.
- 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, 2016 was \$5,725,977 or 11.2% of the total fiscal year 2017 budgeted appropriations, NOTE 17, BUDGETARY VS. GAAP ACCOUNTING. 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 \$1,394,848 to allocate to the Capital Part II budget during the fiscal year 2018 budget process.
- The Town of Gorham's general obligation debt decreased by \$1,603,125 or 4.0% even though the Town issued a \$1.775 million bond in March 2016 for capital improvement projects for Gorham's Schools and the Town's Main Street project with Maine DOT and Portland Water District.

### **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 deferred outflows of resources less liabilities and deferred inflows of resources, with the difference 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

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

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

	2016	2015	\$ Change	% Change
Capital assets	\$ 145,722,458	138,112,894	7,609,564	5.51%
Accumulated depreciation	(64,290,673)	(60,388,913)	(3,901,760)	(6.46%)
Deferred charge on refunding	758,875	849,937	(91,062)	(10.71%)
Bonds payable (includes premium)	(39,384,157)	(41,100,775)	1,716,618	4.18%
Notes payable	(210,642)	(212,574)	1,932	0.91%
Capital leases	(404,010)	(416,060)	12,050	2.90%
Add back unspent bond proceeds	2,290,650	5,382,372	(3,091,722)	(57.44%)
<b>Net investment in capital assets</b>	<b>\$ 44,482,501</b>	<b>42,226,881</b>	<b>2,255,620</b>	<b>5.34%</b>

**Changes in Net Position**

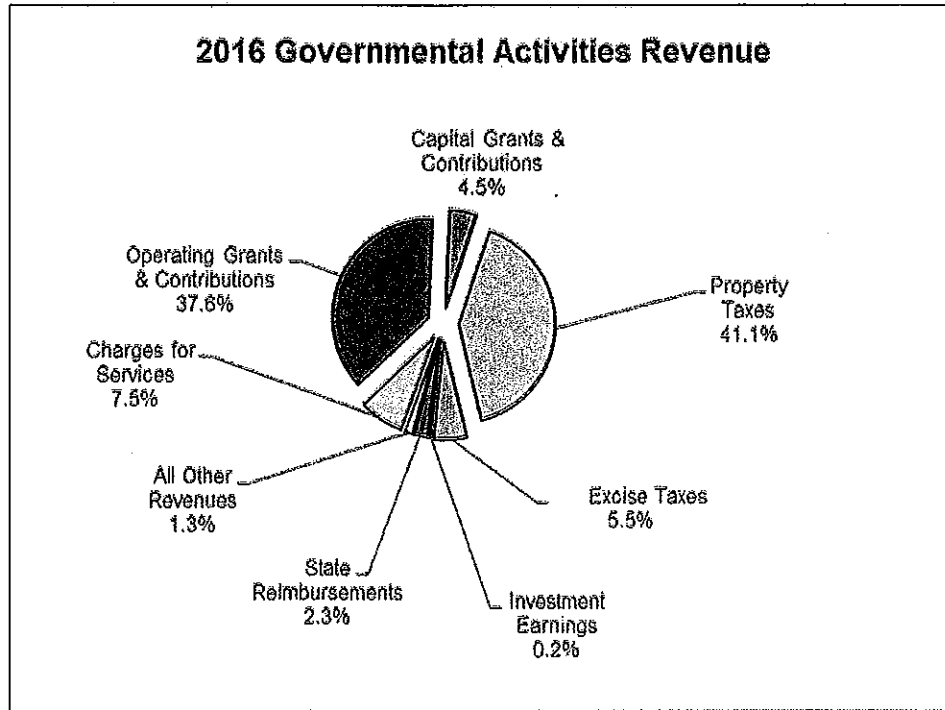
The following is a condensed version of the Statement of Activities.

	2016	2015	\$ Change	% Change
<b>REVENUES</b>				
Program Revenues:				
Charges for services	\$ 4,455,402	4,325,669	129,733	3.00%
Operating grants and contributions	22,449,423	23,720,701	(1,271,278)	(5.36%)
Capital grants and contributions	2,696,445	217,919	2,478,526	1,137.36%
General Revenues:				
Property taxes	24,499,792	23,320,184	1,179,608	5.06%
Payment in lieu of taxes	58,688	58,967	(279)	(0.47%)
Motor vehicle and boat excise taxes	3,272,059	3,034,851	237,208	7.82%
Grants and contributions not restricted to specific programs:				
Homestead exemption	287,369	273,442	13,927	5.09%
BETE reimbursement	292,684	215,861	76,823	35.59%
Other state aid	40,755	40,914	(159)	(0.39%)
State Revenue Sharing	780,829	731,086	49,743	6.80%
Unrestricted investment earnings	128,724	118,144	10,580	8.96%
Miscellaneous revenues	421,513	262,310	159,203	60.69%
Gain on sale of property	289,589	2,000	287,589	14,379.45%
<b>Total revenues</b>	<b>59,673,272</b>	<b>56,322,048</b>	<b>3,351,224</b>	<b>5.95%</b>
<b>EXPENSES</b>				
General government	5,750,902	5,212,457	538,445	10.33%
Public safety	4,582,029	3,893,475	688,554	17.68%
Public works	5,300,666	5,159,276	141,390	2.74%
Health and welfare	52,100	50,170	1,930	3.85%
Recreation	1,601,851	1,648,025	(46,174)	(2.80%)
Development	309,488	240,827	68,661	28.51%
Education	37,728,542	36,435,791	1,292,751	3.55%
Interest on debt	1,231,628	1,218,765	12,863	1.06%
<b>Total expenses</b>	<b>56,557,206</b>	<b>53,858,786</b>	<b>2,698,420</b>	<b>5.01%</b>
<b>Change in net position</b>	<b>3,116,066</b>	<b>2,463,262</b>	<b>652,804</b>	<b>26.50%</b>
Net position - beginning	55,445,201	52,981,939	2,463,262	4.65%
<b>Net position ending</b>	<b>\$ 58,561,267</b>	<b>55,445,201</b>	<b>3,116,066</b>	<b>5.62%</b>

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

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The following pie chart shows the sources of revenue for fiscal year 2016.



Overall, revenues were up \$3,351,224 or 6.0 % when compared to fiscal year 2015. There were a number of reasons for the increase in the revenues and they are highlighted below.

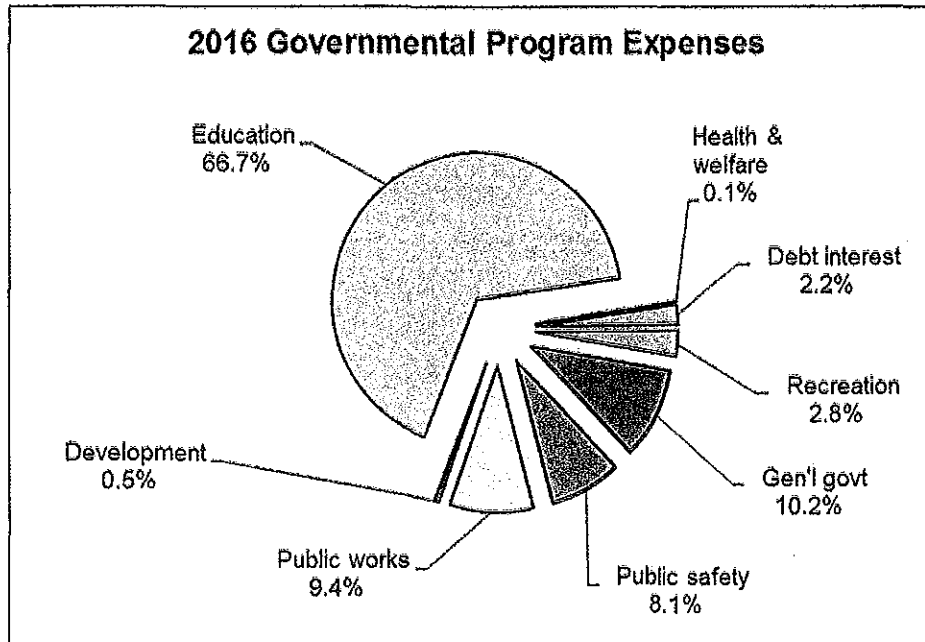
Approximately 41.1% of the Town's revenues come from property taxes, while 37.6% comes from operating grants and contributions. Approximately 82.7% of the operating grants and contributions revenue source comes from state aid to education and state construction aid. The operating grants and contributions program revenues were down 5.4% or \$1,271,278, primarily because the Maine Public Employees Retirement System returned approximately \$768,583 in fiscal year 2015 that was the Town's overfunded pension, before it was consolidated in the state's pension.

The capital grants and contributions were up \$2,478,526 or 1,137.4% due to the Town accepting six roads from developers during fiscal year 2016, at an estimated cost of \$2,567,739. This is \$2,374,639 more than the \$193,100 of accepted roads received in fiscal year 2015.

The \$1,179,608 increase in property tax revenue was due to the revaluation of properties which increased tax values. This decreased the mil rate from \$17.40 in fiscal year 2015 to \$16.30 in fiscal year 2016.

Gain on sale of property increased by \$287,589, as a result of the Town Council selling two Town owned parcels.

The following pie chart shows functional expenses for fiscal year 2016.



Education makes up 66.7% of expenses for fiscal year 2016, an increase of 3.55% or \$1,292,751 from fiscal year 2015.

Fiscal year 2016 development expenses are higher than fiscal year 2015 by 28.5% or \$68,661. The primary reason for this increase was the result of Martin's Point Tax Increment Financing District (TIF) being valued at full value as construction was completed in the current year. This created a reimbursement to Martin's Point that was \$24,778 higher than fiscal year 2015. Also, the revaluation increased reimbursements to the other TIF districts. The Tax Increment Financing District (Note 16) disclosure in the notes to the financial statement explain further.

#### **Governmental Activities**

The cost of all governmental activities was \$56,557,206. 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. Fiscal year 2016 expenses were \$2,698,420 or 5.0% over fiscal year 2015 expenses.

However, as shown on the Statement of Activities, the amount that the taxpayers of Gorham ended up financing through property taxes was \$24,499,792 or 43.3%, because some of the cost was paid by those who directly benefit from the programs -- \$4,455,402, or by other governments and organizations that subsidized certain programs with operating grants and contributions -- \$22,449,423, and capital grants and contributions -- \$2,696,445. The Town also received \$5,572,210 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 2016.

As a result of the Governmental activities' revenues (\$59,673,272) exceeding the expenses (\$56,557,206), the Town of Gorham realized an increase in its net position of \$3,116,066. Approximately \$2,567,739 of the increase can be attributed to six roads donated from developers and accepted by the Town during fiscal year 2016. The Town also received more revenues in excise tax and permits than anticipated.

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

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**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 2016 revenues by source for the General Fund with the 2015 information for comparison. Information is from Statement 4.

	<u>2016</u>	<u>2015</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues by source:				
Taxes	\$ 27,486,030	26,105,799	1,380,231	5.29%
Licenses and permits	684,459	674,697	9,762	1.45%
Intergovernmental	1,915,234	1,681,513	233,721	13.90%
Charges for services	2,077,253	1,963,819	113,434	5.78%
Other revenues	569,538	1,075,449	(505,911)	(47.04%)
<b>Total revenues \$</b>	<b>32,732,514</b>	<b>31,501,277</b>	<b>1,231,237</b>	<b>3.91%</b>

General Fund revenues increased by 3.9% or \$1,231,237 from fiscal year 2015 amounts. Below are some of the reasons for the changes in the revenue.

**Taxes:** In fiscal year 2016, the mil rate decreased from \$17.40 to \$16.30, as the Town completed a property revaluation. With an increased valuation and a decrease in mil rate, tax revenue after abatements and supplements was up by \$1,187,138, when compared to last fiscal year. The change in deferred property taxes was a positive \$60,670. Excise tax revenues were \$237,208 higher than in fiscal year 2015.

**Licenses and permits:** Building permit revenues were \$16,134 higher than fiscal year 2015 and fluctuate year to year depending on if there are any large developments. Town clerk fees were \$15,378 lower than fiscal year 2016 due to less burial fees and late dog revenues collected.

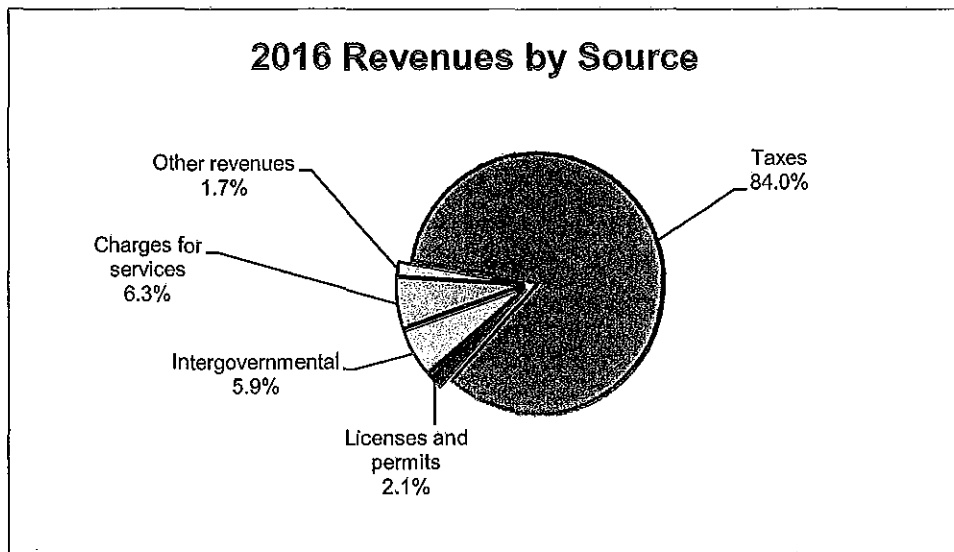
**Intergovernmental:** The major changes in fiscal year 2016 were related to an increase in the BETE and homestead reimbursements; combined equaling \$90,750 from fiscal year 2015. The Town also saw a \$49,743 increase in state revenue sharing, and a \$39,766 increase in Maine Bureau of Highway Safety grants.

**Charges for services:** In fiscal year 2016, trash bag sales increased \$46,388 from fiscal year 2015. This revenue can increase/decrease year to year depending on the demands for trash bags. Also, recreation received \$61,500 more in revenues in fiscal year 2016.

**Other revenues:** The major factor for the decrease in this revenue category was the \$768,583 received from the Maine Public Employees Retirement System in fiscal year 2015.

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

The following pie chart depicts the General Fund revenues by source for fiscal year 2016.



The following table summarizes the General Fund expenditures by function for fiscal year 2016 with 2015 information for comparison. Information is from Statement 4.

	2016	2015	\$ Change	% Change
<b>Expenditures by function:</b>				
General government	\$ 4,713,140	4,409,516	303,624	6.89%
Public safety	4,063,172	4,277,147	(213,975)	(5.00%)
Public works	2,874,014	2,863,861	10,153	0.35%
Health and welfare	52,100	50,170	1,930	3.85%
Recreation	1,672,158	1,636,365	35,793	2.19%
Economic development	80,993	68,674	12,319	17.94%
Public agencies	32,361	29,878	2,483	8.31%
Unclassified	243,530	159,755	83,775	52.44%
Debt service	1,843,982	1,449,587	394,395	27.21%
Capital outlay	215,411	294,730	(79,319)	(26.91%)
<b>Total expenditures</b>	<b>\$ 15,790,861</b>	<b>15,239,683</b>	<b>551,178</b>	<b>3.62%</b>

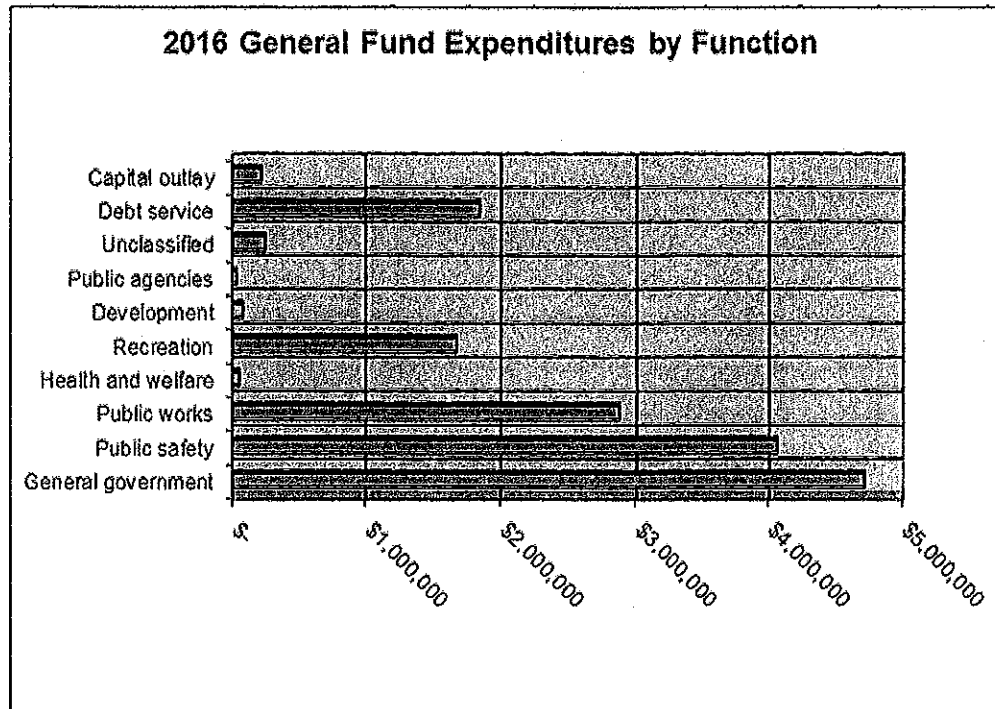
The General Fund expenditures increased 3.6% from fiscal year 2015 levels. The largest percentage increases are in unclassified and debt service category. Unclassified had an increase of 52.4% or \$83,775 which represents a video system expenditure of \$66,871 for the council chambers. Debt service increased \$394,395 or 27.2%, due to an increase in bond payments. The first payment on the \$4,990,000 bond was in fiscal year 2016.

The largest percentage decreases were in the public safety and capital outlay categories, equaling 5.0%, and 26.9%, respectively. The \$213,975 decrease in public safety expenditures resulted because in fiscal year 2015, a fire truck was re-chassised and the pump truck was replaced for \$239,840. In the capital outlay category, the majority of the \$79,319 decrease was due to \$50,000 less in road improvements expenditures.



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

The following is a graph depicting the General Fund expenditures by function for fiscal year 2016.



The net result of operations in the General Fund for fiscal year 2016 was \$1,030,477, after transfers in of \$135,510 and transfers out of \$16,046,686. The following table summarizes the General Fund's fund balance for fiscal year 2016, with 2015 information for comparison.

	2016	2015	\$ Change	% Change
Fund balance:				
Nonspendable	\$ 194,487	\$ 300,619	(106,132)	-35.30%
Restricted	390,761	409,070	(18,309)	-4.48%
Committed	1,126,973	753,401	373,572	49.58%
Assigned	5,062,805	4,584,157	478,648	10.44%
Unassigned	7,011,371	6,708,673	302,698	4.51%
<b>Total fund balance</b>	<b>\$ 13,786,397</b>	<b>12,755,920</b>	<b>1,030,477</b>	<b>8.08%</b>

The largest increase was in assigned fund balance, equal to \$478,648 or 10.4%. This was primarily due to funds for roads that were not fully expended. The next largest increase was in the committed funds, equal to \$373,572 or 49.6%. The Town sold two town owned properties for \$278,237. Also, there were committed funds from fiscal year 2016 not fully expended. The largest decrease was in nonspendable fund balance, equal to \$106,132 or 35.3% and was due to less prepaid items in fiscal year 2016.

### **The School's Funds**

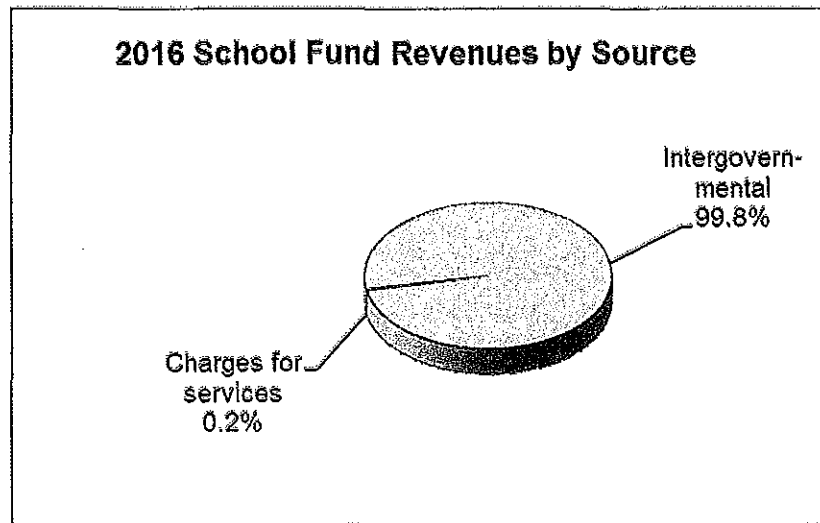
The following table summarizes fiscal year 2016 revenues by source for the Special Revenue Fund's School Operations Fund with 2015 information for comparison. The information is from Statement 4.

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

	<u>2016</u>	<u>2015</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues by source:				
Intergovernmental	\$ 20,726,887	20,824,254	(97,367)	(0.47%)
Charges for services	35,319	34,928	391	1.12%
Other	557	13,519	(12,962)	(95.88%)
<b>Total revenues \$</b>	<b>20,762,763</b>	<b>20,872,701</b>	<b>(109,938)</b>	<b>(0.53%)</b>

The 0.5% decrease in School Operation Fund revenues was primarily from the decrease in MainePERS on-behalf payments from the State.

The following is a pie chart depicting the Special Revenue Fund - School Operations Fund revenues by source for fiscal year 2016.



The following table summarizes the School Operations Fund expenditures by function for fiscal year 2016 with 2015 information for comparison. Information is from Statement 4. Following the table, an explanation of the major changes is provided.

	<u>2016</u>	<u>2015</u>	<u>\$ Change</u>	<u>% Change</u>
Expenses by function:				
Regular instruction	\$ 14,804,668	14,502,362	302,306	2.08%
Special education	5,126,554	4,582,763	543,791	11.87%
CTE instruction	408,263	459,353	(51,090)	(11.12%)
Other instruction	824,968	791,183	33,785	4.27%
Student and staff support	2,607,366	2,296,682	310,684	13.53%
System administration	1,028,313	981,911	46,402	4.73%
School administration	1,940,818	1,796,705	144,113	8.02%
Transportation	1,676,766	1,772,575	(95,809)	(5.41%)
Facilities maintenance	3,411,649	3,299,969	111,680	3.38%
Adult education	240,367	237,379	2,988	1.26%
Maine PERS on-behalf payments	2,164,340	2,505,712	(341,372)	(13.62%)
Debt service	2,865,149	2,928,749	(63,600)	(2.17%)
<b>Total expenses \$</b>	<b>37,099,221</b>	<b>36,155,343</b>	<b>943,878</b>	<b>2.61%</b>

The School Operations Fund's expenditures were 2.6% or \$943,878 more than fiscal year 2015. The increase was due to an increase in wages and benefits due to contractual obligations.

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

The net results of operations for fiscal year 2016 were (\$121,844), after transfers in of \$16,046,686 and capital lease proceeds of \$167,928. The following table summarizes the School Operation Fund's fund balance for fiscal year 2016 with 2015 information for comparison.

	<u>2016</u>	<u>2015</u>	<u>\$ Change</u>	<u>% Change</u>
Fund balance:				
Unassigned	\$ (720,407)	(598,563)	(121,844)	(20.36%)
<b>Total fund deficit</b>	<b>\$ (720,407)</b>	<b>(598,563)</b>	<b>(121,844)</b>	<b>(20.36%)</b>

During the development of the fiscal year 2017 budget, the School Board authorized the use of budgetary fund balance in the amount of \$350,000 to help balance the fiscal year 2017 budget. The School Department also had \$214,987 assigned to encumbrances. These assigned amounts are not reflected in fund balance as the School Department had a deficit in fund balance due to the school recognizing summer salaries, which is required by generally accepted accounting principles (GAAP).

**The Capital Project Funds**

The following table summarizes fiscal year 2016 revenues by source for the Capital Project Fund's Public Safety Project, with 2015 information for comparison. The information is from Statement 4.

	<u>2016</u>	<u>2015</u>	<u>\$ Change</u>	<u>% Change</u>
Revenue by source:				
Investment income	\$ 4,336	1,049	3,287	313.3%
<b>Total revenues</b>	<b>\$ 4,336</b>	<b>1,049</b>	<b>3,287</b>	<b>313.3%</b>

During fiscal year 2016, the Public Safety Project was able to earn interest for the full fiscal year. In fiscal year 2015, interest was only earned in the last quarter of the fiscal year amounting to \$315 with the remaining investment income coming from accrued interest on the bond sale.

The following table summarizes the Public Safety Project expenditures by function for fiscal year 2016, with 2015 information for comparison. Information is from Statement 4.

	<u>2016</u>	<u>2015</u>	<u>\$ Change</u>	<u>% Change</u>
Expenditures by function:				
Capital improvements	\$ 4,581,313	316,789	4,264,524	1,346.2%
<b>Total expenditures</b>	<b>\$ 4,581,313</b>	<b>316,789</b>	<b>4,264,524</b>	<b>1,346.2%</b>

Construction on the public safety building began in fiscal year 2016. The fiscal year 2015 expenditures reflect only engineering costs.

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

The net result of operations for fiscal year 2016 was a decrease of \$4,576,977. The following table summarizes the Public Safety Project fund's fund balance for fiscal year 2016, with 2015 information for comparison.

	<u>2016</u>	<u>2015</u>	<u>\$ Change</u>	<u>% Change</u>
Fund balance:				
Restricted	\$ 246,326	4,823,303	(4,576,977)	(94.9%)
<b>Total fund balance</b>	<b>\$ 246,326</b>	<b>4,823,303</b>	<b>(4,576,977)</b>	<b>(94.9%)</b>

**General Fund Budgetary Highlights**

The Town continues to meet its responsibilities for sound financial management. As shown in Statement 6, actual revenues exceeded budgeted revenues by \$1,288,241, while actual expenditures were under budgeted appropriations by \$297,777. This resulted in a positive net effect of \$1,586,018. After transfers and changes in encumbrances, the net change in fund balance was \$1,030,477.

Unassigned fund balance of \$7,011,371 is a healthy figure and represents 13.8% of the total General Fund and School Operations Fund budgeted appropriations for fiscal year 2017. The goal of the Town's fund balance policy is to maintain a General Fund and School Operations Fund unassigned fund balance of at least 8.5% of the yearly School, Town, and Cumberland County appropriations. However, when the \$1,285,394 School Operations Fund's deficit balance is factored in the percentage, it drops to 11.2%. The Town's management anticipates that during the fiscal year 2018 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 2015-2016 was \$49,228,640 and there were no adjustments made to the original budget during fiscal year 2016.

**Capital Asset and Debt Administration**

**Capital Assets**

During fiscal year 2016, the Town invested \$8,366,565 in a broad range of capital assets. The following chart identifies the assets that were added during the year (including the construction in progress projects – Gorham rail trail project, Little Falls recreation multi-purpose field, Central Fire Station, Public Safety Complex landscaping, Public Safety Complex asphalt paving, Fire Memorial, Public Safety fiber network and School's CIP projects less the removal of the construction in progress projects – Little Falls sidewalk project and Public Safety feasibility study reflected in previous fiscal years).

			<b>Category Total</b>
<b>Land improvements</b>			
Recreation	Construction in Progress – Little Falls multi-purpose field		\$165,512
	Construction in Progress - Gorham rail trail project-Pedestrian Trail Grant		320
Public Safety	Construction in Progress – Public Safety Complex Asphalt paving		17,878
	Construction in Progress – Fire Memorial		36,283
	Construction in Progress – Public Safety Complex landscaping		43,829
			<b>263,822</b>

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

Buildings and building improvements			
Public Safety	Construction in Progress – Central Fire Station	\$ 1,806,985	
	Police Station	1,758,018	
	Police Station electrical	238,007	
	Police Station HVAC system	312,698	
	Police Station roof	64,359	
	Construction in Progress – Public Safety fiber fiber network	27,977	
	Education	Construction in Progress – School CIPS Projects	292,438
Machinery and equipment			
Public Safety	Central Fire Station radio communications	27,378	
	Dehy-6 Dehydrator 6 station	6,800	
General Gov't	Video system in Council Chambers	66,871	101,049
Furniture and office equipment			
Education	School Copiers (capital lease)	115,891	
Public Safety	Central Fire Station security system	26,597	
	Police Station security system	51,630	
	Police Station audio/visual system	10,687	
	Police Station file system	9,946	
	Police Station lockers	70,313	
Recreation	Library security system	14,056	299,120
Vehicles			
Public Safety	Police – 2016 Ford Explorer #5	34,940	
	Police – 2016 Ford Explorer #7	35,240	
	Fire – 2016 Chevrolet Tahoe	38,383	
Public Works	2015 GMC Pickup truck	39,298	
Recreation	2015 GMC Pickup truck	34,475	
	2002 Ford Windstar	27,260	
Education	2008 Uplander Van	5,000	
	2016 Ford Transit T-150 Van	28,967	
	2016 GMC/Blue Bird Micro Bus	52,037	
	2017 Blue Bird Vision Bus	92,030	
	2017 Blue Bird Vision Bus	92,030	
			479,660
Infrastructure			
	Accepted roads	2,567,739	
	Little Falls Sidewalk Project	154,694	
			2,722,433
Total assets added during fiscal year 2016			\$8,366,566

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

During fiscal year 2016, assets were transferred from one function/activity to another function/activity. The following chart shows these transfers.

Category	Function and Activity	Amount Transferred
Vehicle	Public Works – 1997 International 3800 Bus	\$50,672
	Public Works – 2000 Chevrolet ¾ Ton Pickup	23,463
	Public Works – 2011 Ford Crown Victoria	28,358
	Recreation – 1997 International 3800 Bus	50,692
	Recreation – 1997 International 3800 Bus	(50,672)
	Recreation – 2000 Chevrolet ¾ Ton Pickup	(23,463)
	Education – 1997 International 3800 Bus	(50,692)
	Public Safety – 2011 Ford Crown Victoria	(28,358)

The depreciation expense for 2016 was \$4,258,943.

The following is a summary of the Town of Gorham's capital assets, net of depreciation. This amount represents a net increase (including additions and deductions) of \$3,707,804 or 4.8% over last fiscal year.

**Capital Assets**  
**(Net of depreciation)**

	2016	2015	\$ Change	% Change
Land	\$ 2,118,828	2,274,646	(155,818)	(6.85%)
Books/historical treasures/artwork	1,429,837	1,429,837	-	0.00%
Construction in progress	2,879,960	522,942	2,357,018	450.72%
Land improvements	5,966,592	6,315,680	(349,088)	(5.53%)
Buildings and building improvements	37,887,047	37,495,017	392,030	1.05%
Machinery and equipment	976,161	1,042,833	(66,672)	(6.39%)
Furniture and office equipment	1,002,284	948,514	53,770	5.67%
Computer equipment	24,579	50,019	(25,440)	(50.86%)
Vehicles	3,646,091	3,785,766	(139,675)	(3.69%)
Infrastructure	25,500,406	23,858,727	1,641,679	6.88%
<b>Totals \$</b>	<b>81,431,785</b>	<b>77,723,981</b>	<b>3,707,804</b>	<b>4.77%</b>

The Town has appropriated \$158,700 in fiscal year 2017 for the following capital expenditures: two police cruisers, fourth lease payment for excavator, and funds for road maintenance work.

Additionally, the Council allocated \$1,344,000 from unassigned fund balance, which was in excess of the 8.5% fund balance policy for the following purposes:

- \$15,000 to install a waste water holding tank at Public Works
- \$49,000 to replace 7 air pack breathing units
- \$35,100 to install a hose tower at Central Fire Station
- \$150,000 to replace the 2000 John Deere loader backhoe
- \$172,000 to replace the 2003 tandem axle plow truck and plow equipment
- \$205,000 to replace Rescue 1
- \$50,000 to construct a storage building at the Public Safety Complex
- \$10,300 to replace Shaw Gym lights with energy efficient lights
- \$19,500 to install a security fence at the Police Station

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

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- \$10,000 to install the in-ground irrigation at Robie Field
- \$46,800 to purchase a 4 wheel drive tractor with snowblower and attachments for Police, Fire & Recreation
- \$575,000 to provide funds for road maintenance projects
- \$6,300 to be allocated at a later date by the Town Council

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

#### **Debt Administration**

As of June 30, 2016, the Town had a total of \$38,157,180 in outstanding general obligation debt. The Town's outstanding general obligation bonds as of June 30, 2016 were \$1,603,125 less than last fiscal year – a decrease of 4.0%.

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 general obligation bonds are only 2.71% of the State's equalized value.

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

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

One of the Town Council's approved goals is to develop a budget that maintains essential services while having a reasonable property tax rate. This is certainly a challenge. The Town has done well with keeping this goal. The fiscal year 2017 budget is \$2,049,536 below the Town's LD-1 property tax limit.

The Town's assessed value ratio as of April 1, 2016 is 100%; the same as the April 1, 2015 assessed value ratio, and is well above the State required 70%.

The total assessed value as of April 1, 2016, was \$1,577,373,823; an increase of \$36,718,115 or 2.4% from the prior year, while the taxable value increased \$28,209,422 from \$1,505,075,300 to \$1,533,284,722. The Town of Gorham's tax rate, equal to \$17.00, increased by \$.70 from fiscal year 2016.

The following are some of highlights of the Town's fiscal year 2017 budget.

1. The state revenue sharing revenues in this budget year increased \$35,000 from fiscal year 2016. Under Maine law, the Town of Gorham should receive approximately \$1.76 million in revenue sharing, instead of the \$750,000 budgeted. This additional \$1,010,000 would reduce the tax rate by 68 cents.
2. The budget incorporates funds for a new voting location at the Little Falls Activity Center, approved by the Town Council on January 5, 2016.
3. A separate account has been established for the Little Falls Recreation Area since there will be increased maintenance costs in the future. This will allow the Town to track these cost as they occur.
4. Due to the increase in vehicle and equipment, an additional mechanic at Public Works was budgeted.
5. There was an adjustment in the staffing in the Police Department. Since one of our patrol officer will be reimbursed through the Maine Drug Enforcement Agency, the Town added a new deputy police chief position. This will mean an increase of approximately \$25,000.

The Education budget for fiscal year 2017 shows an increase in state subsidy of \$66,845 over the prior fiscal year's budget. The fiscal year 2017 budget includes \$140,000 for two new teachers, due to increased enrollment in Kindergarten and 3<sup>rd</sup> grade, and an approximately \$160,000 increase in capital improvements.



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

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The Town's municipal appropriation is \$13,618,860; an increase of \$462,719 or 3.5% over fiscal year 2016. An increase in non-property tax revenue of \$193,013 and a \$16,554 increase in the transfer in from the TIF fund resulted in a net appropriation of \$7,317,224; an increase of \$253,152 or 3.6%.

The Town's education budget is \$36,291,178; an increase of \$1,216,648 or 3.5%. The School Department saw a decrease in non-property tax revenue of \$40,055, and no change in the use of fund balance. The net education appropriation for fiscal year 2017 is \$17,293,389; an increase of \$1,256,703 or 7.8%.

The County tax assessment increased by \$46,454, or 4.7%. The Town's state equalized valuation went from \$1,467,850,000 in 2015 to \$1,541,700,000 in 2016; a 5.0% increase.

**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***

## TOWN OF GORHAM, MAINE

## Statement of Net Position

June 30, 2016

	Governmental Activities
<b>ASSETS</b>	
Cash	\$ 14,820,575
Investments	7,294,523
Receivables:	
Accounts	555,787
Intergovernmental	259,220
Rescue (net of allowance of \$197,000)	316,349
Taxes - current year	719,459
Taxes - prior year	66,774
Tax liens	288,496
Notes	241,082
Tax acquired property	29,005
Performance bonds	2,378,406
Inventory	78,910
Prepaid expenses	144,676
Capital assets not being depreciated:	
Books/historical treasures/artwork	1,429,837
Land	2,118,828
Construction in progress	2,879,960
Capital assets net of accumulated depreciation:	
Buildings and improvements	37,887,047
Improvements other than buildings	5,966,592
Machinery and equipment	5,649,115
Infrastructure	25,500,406
<b>Total assets</b>	<b>108,625,047</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding	758,875
Deferred outflows of resources related to pensions	975,152
<b>Total deferred outflows of resources</b>	<b>1,734,027</b>
<b>LIABILITIES</b>	
Accounts payable	1,388,524
Accrued wages and benefits	2,711,167
Performance bond deposits	3,016,445
Unearned revenues	28,530
Noncurrent liabilities:	
Due within one year	3,773,657
Due in more than one year	40,294,489
<b>Total liabilities</b>	<b>51,212,812</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources related to pensions	584,995
<b>Total deferred inflows of resources</b>	<b>584,995</b>
<b>NET POSITION</b>	
Net investment in capital assets	44,482,501
Restricted for:	
Grants and programs	2,920,231
Permanent funds:	
Expendable	213,616
Nonexpendable	933,457
Unrestricted	10,011,462
<b>Total net position</b>	<b>\$ 58,561,267</b>

See accompanying notes to basic financial statements.

**TOWN OF GORHAM, MAINE**  
**Statement of Activities**  
**For the Year Ended June 30, 2016**

					Net (expense) revenue and changes in net position
		Program Revenues			Primary Governmental activities
Functions/programs	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	
Primary government:					
Governmental activities:					
General government	\$ 5,750,902	742,951	5,101	-	(5,002,850)
Public safety	4,582,029	595,448	127,426	-	(3,859,155)
Public works	5,300,666	1,605,862	243,094	2,696,445	(755,265)
Health and welfare	52,100	10,373	20,720	-	(21,007)
Recreation	1,601,851	859,864	16,639	-	(725,348)
Development	309,488	-	-	-	(309,488)
Education	37,728,542	640,904	22,036,443	-	(15,051,195)
Interest on debt	1,231,628	-	-	-	(1,231,628)
Total governmental activities	56,557,206	4,455,402	22,449,423	2,696,445	(26,955,936)
Total primary government	56,557,206	4,455,402	22,449,423	2,696,445	(26,955,936)
General revenues:					
Property taxes, levied for general purposes					24,499,792
Payment in lieu of taxes					58,688
Motor vehicle and boat excise taxes					3,272,059
Grants and contributions not restricted to specific programs:					
Homestead exemption					287,369
BETE reimbursement					292,684
Other State aid					40,755
State Revenue Sharing					780,829
Unrestricted investment earnings					128,724
Miscellaneous revenues					421,513
Gain on sale of property					289,589
Total general revenues and gain on sale					30,072,002
Change in net position					3,116,066
Net position - beginning					55,445,201
Net position - ending					\$ 58,561,267

*See accompanying notes to basic financial statements.*

**TOWN OF GORHAM, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2016**

	General	School Operations Fund	Public Safety Capital Project Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash	\$ 11,704,497	-	769,414	2,346,664	14,820,575
Investments	6,045,523	-	-	1,249,000	7,294,523
Receivables:					
Accounts	318,405	1,000	-	236,382	555,787
Intergovernmental	-	6,744	-	252,476	259,220
Rescue (net of allowance of \$197,000)	316,349	-	-	-	316,349
Taxes - current year	719,459	-	-	-	719,459
Taxes - prior year	66,774	-	-	-	66,774
Tax liens	288,496	-	-	-	288,496
Notes	1,823	-	-	239,259	241,082
Interfund loans receivable	-	2,054,371	-	2,476,215	4,530,586
Tax acquired property	29,005	-	-	-	29,005
Performance bonds	2,378,406	-	-	-	2,378,406
Inventory	47,988	-	-	30,922	78,910
Prepaid expenditures	144,676	-	-	-	144,676
<b>Total assets</b>	<b>\$ 22,061,401</b>	<b>2,062,115</b>	<b>769,414</b>	<b>6,830,918</b>	<b>31,723,848</b>
<b>LIABILITIES</b>					
Accounts payable	597,512	275,454	206,178	39,320	1,118,464
Accrued wages and benefits	204,099	2,507,068	-	-	2,711,167
Interfund loans payable	3,786,848	-	316,910	431,962	4,535,720
Performance bond deposits	3,016,445	-	-	-	3,016,445
Unearned revenues	-	-	-	28,530	28,530
<b>Total liabilities</b>	<b>7,604,904</b>	<b>2,782,522</b>	<b>523,088</b>	<b>499,812</b>	<b>11,410,326</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	670,100	-	-	-	670,100
<b>Total deferred inflows of resources</b>	<b>670,100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>670,100</b>
<b>FUND BALANCES</b>					
<b>Nonspendable:</b>					
Noncurrent receivables	1,823	-	-	239,259	241,082
Prepaid items	144,676	-	-	-	144,676
Nonexpendable trust principal	-	-	-	933,457	933,457
Inventory	47,988	-	-	30,922	78,910
<b>Restricted:</b>					
General fund	390,761	-	-	-	390,761
Special revenue funds	-	-	-	2,498,548	2,498,548
Capital projects funds	-	-	246,326	2,044,324	2,290,650
Permanent funds	-	-	-	213,616	213,616
<b>Committed:</b>					
General fund	1,126,973	-	-	-	1,126,973
Special revenue funds	-	-	-	291,647	291,647
Capital projects funds	-	-	-	68,825	68,825
<b>Assigned:</b>					
FY17 capital funding	1,344,000	-	-	-	1,344,000
Compensated absences	411,255	-	-	-	411,255
Future general fund expenditures	544,638	-	-	-	544,638
Capital reserves	2,762,912	-	-	-	2,762,912
Special revenue funds	-	-	-	10,852	10,852
<b>Unassigned:</b>					
General fund	7,011,371	-	-	-	7,011,371
Special revenue funds	-	(720,407)	-	(344)	(720,751)
<b>Total fund balances (deficit)</b>	<b>13,786,397</b>	<b>(720,407)</b>	<b>246,326</b>	<b>6,331,106</b>	<b>19,643,422</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 22,061,401</b>	<b>2,062,115</b>	<b>769,414</b>	<b>6,830,918</b>	<b>31,723,848</b>

**TOWN OF GORHAM, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2016**

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	\$	19,643,422
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Amounts reported for governmental activities in the statement of  
net position (Statement 1) are different because:

The deferred charge on the refunding bond in governmental activities is not reported in the funds.		758,875
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Capital assets used in governmental activities are not financial  
resources and therefore not reported in the funds. More  
specifically:

Non-depreciable capital assets	6,428,625	
Depreciable capital assets, net	75,003,160	81,431,785

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

General obligation bonds	38,157,180	
Bond premium	1,226,977	
Notes payable	210,642	
Capital leases	404,010	
Net pension liability, including related deferred inflows and outflows of resources	1,806,479	
Compensated absences	1,027,533	
Accrued interest payable	264,926	
Other postemployment benefits	845,168	(43,942,915)

Unavailable revenues - property taxes not reported on Statement 1		670,100
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<b>Net position of governmental activities</b>	<b>\$</b>	<b>58,561,267</b>
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*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, 2016**

	General	School Operations Fund	Public Safety Capital Project Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 27,486,030	-	-	420,669	27,906,699
Licenses and permits	684,459	-	-	-	684,459
Intergovernmental	1,915,234	20,726,887	-	1,309,556	23,951,677
Charges for services	2,077,253	35,319	-	1,725,306	3,837,878
Other revenues	569,538	557	4,336	233,037	807,468
<b>Total revenues</b>	<b>32,732,514</b>	<b>20,762,763</b>	<b>4,336</b>	<b>3,688,568</b>	<b>57,188,181</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	4,713,140	-	-	-	4,713,140
Public safety	4,063,172	-	-	-	4,063,172
Public works	2,874,014	-	-	1,106,148	3,980,162
Health and welfare	52,100	-	-	-	52,100
Recreation	1,672,158	-	-	13,044	1,685,202
Economic development	80,993	-	-	-	80,993
Public agencies	32,361	-	-	-	32,361
Unclassified	243,530	-	-	236,055	479,585
<b>Education:</b>					
Regular instruction	-	14,804,668	-	-	14,804,668
Special education	-	5,126,554	-	-	5,126,554
CTE instruction	-	408,263	-	-	408,263
Other instruction	-	824,968	-	-	824,968
Student and staff support	-	2,607,366	-	-	2,607,366
System administration	-	1,028,313	-	-	1,028,313
School administration	-	1,940,818	-	-	1,940,818
Transportation	-	1,676,766	-	-	1,676,766
Facilities maintenance	-	3,411,649	-	-	3,411,649

**TOWN OF GORHAM, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2016**

	General	School Operations Fund	Public Safety Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Expenditures, continued:					
Current:					
Education:					
Maine PERS on-behalf payments	\$ -	2,164,340	-	-	2,164,340
Adult education	-	240,367	-	-	240,367
Grants and other special uses	-	-	-	973,003	973,003
Food services	-	-	-	952,655	952,655
Debt service:					
Principal	1,338,125	2,040,000	-	-	3,378,125
Interest and other charges	505,857	825,149	-	-	1,331,006
Capital maintenance	65,411	-	-	-	65,411
Capital improvements	150,000	-	4,581,313	292,438	5,023,751
Total expenditures	15,790,861	37,099,221	4,581,313	3,573,343	61,044,738
Excess (deficiency) of revenues over (under) expenditures	16,941,653	(16,336,458)	(4,576,977)	115,225	(3,856,557)
Other financing sources (uses):					
Capital lease proceeds	-	167,928	-	-	167,928
Bond proceeds	-	-	-	1,775,000	1,775,000
Bond premium	-	-	-	21,978	21,978
Transfers in	135,510	16,046,686	-	-	16,182,196
Transfers out	(16,046,686)	-	-	(135,510)	(16,182,196)
Total other financing sources (uses)	(15,911,176)	16,214,614	-	1,661,468	1,964,906
Net change in fund balances	1,030,477	(121,844)	(4,576,977)	1,776,693	(1,891,651)
Fund balances (deficit), beginning of year	12,755,920	(598,563)	4,823,303	4,554,413	21,535,073
Fund balances (deficit), end of year	\$ 13,786,397	(720,407)	246,326	6,331,106	19,643,422

*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, 2016**

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Net change in fund balances - total governmental funds (from Statement 4)	\$ (1,891,651)
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Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$8,366,565) exceeded depreciation expense (\$4,258,943) and book value of disposal (\$399,818) in the current period. (Note 6)	3,707,804
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(60,670)
Bond, note and capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond, note and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. (Note 11)	1,617,107
The Town is amortizing the deferred charge on refunding and the issuance premium over the life of the refunding bond.	22,431
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. More specifically, this represents the change in long-term accrued compensated absences. (Note 11)	(22,848)
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 11)	(98,563)
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.	31,058
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 net pension liability with related deferred inflows and outflows.	(188,602)

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Change in net position of governmental activities (see Statement 2)	\$ 3,116,066
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*See accompanying notes to basic financial statements.*

**TOWN OF GORHAM, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Budgetary Basis**  
**All Budgeted Governmental Funds**  
**For the year ended June 30, 2016**

General Fund				
	Budgeted amounts			Variance with final budget positive (negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 26,901,576	26,419,766	27,486,030	1,066,264
Licenses and permits	536,050	536,050	684,459	148,409
Intergovernmental	1,553,942	1,679,461	1,713,953	34,492
Charges for services	1,338,479	1,338,479	1,357,346	18,867
Other revenues	133,508	133,508	153,717	20,209
Total revenues	30,463,555	30,107,264	31,395,505	1,288,241
Expenditures:				
Current:				
General government	2,441,905	2,470,754	2,428,479	42,275
Public safety	3,863,217	3,904,790	3,872,291	32,499
Public works	2,350,964	2,371,430	2,367,950	3,480
Health and welfare	94,940	94,940	52,100	42,840
Recreation	803,801	820,673	815,384	5,289
Economic development	69,532	71,600	73,218	(1,618)
Insurances and employee benefits	2,137,340	2,137,340	1,984,199	153,141
Public agencies	32,400	32,400	32,361	39
Unclassified	305,922	196,094	170,958	25,136
Capital	220,000	220,000	215,411	4,589
Debt service	1,834,089	1,834,089	1,843,982	(9,893)
Total expenditures	14,154,110	14,154,110	13,856,333	297,777
Excess of revenues over expenditures	16,309,445	15,953,154	17,539,172	1,586,018
Other financing sources (uses):				
Transfers to special revenue - School Operations	(16,392,977)	(16,036,686)	(16,046,686)	(10,000)
Transfers in special revenue - Impact fees	-	-	30,000	30,000
TIF	83,532	83,532	83,532	-
Transfers in capital projects - 2016 GO bond projects	-	-	21,978	21,978
Total other financing uses	(16,309,445)	(15,953,154)	(15,911,176)	41,978
Net change in fund balances - budgetary basis	-	-	1,627,996	1,627,996
Reconciliation to GAAP basis:				
Change in restricted			(15,313)	
Change in committed			(160,231)	
Change in assigned			(253,295)	
Change in unassigned			(168,680)	
Net change in fund balance - GAAP basis			1,030,477	
Fund balance, beginning of year			12,755,920	
Fund balance, end of year	\$		13,786,397	

**TOWN OF GORHAM, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Budgetary Basis**  
**All Budgeted Governmental Funds**  
**For the year ended June 30, 2016**

Budgeted Special Revenue Funds				
School Operations Fund				Variance with final budget positive (negative)
Budgeted amounts		Actual		
	Original		Final	
Revenues:				
Intergovernmental	\$ 18,287,654	18,643,944	18,562,547	(81,397)
Charges for services	43,900	43,900	35,319	(8,581)
Other revenues	-	-	557	557
Total revenues	18,331,554	18,687,844	18,598,423	(89,421)
Expenditures:				
Current:				
Regular instruction	14,761,242	14,774,709	14,729,027	45,682
Special education	5,498,651	5,495,166	5,180,485	314,681
CTE instruction	408,263	408,263	408,263	-
Other instruction	783,717	783,752	824,809	(41,057)
Student and staff support	2,501,002	2,490,980	2,577,019	(86,039)
System administration	1,076,416	1,078,752	1,029,789	48,963
School administration	1,813,667	1,802,923	1,822,640	(19,717)
Transportation	1,752,023	1,756,193	1,613,825	142,368
Facilities maintenance	3,371,871	3,376,444	3,356,679	19,765
Adult education	242,529	242,199	240,389	1,810
Debt service	2,865,149	2,865,149	2,865,149	-
Total expenditures	35,074,530	35,074,530	34,648,074	426,456
Deficiency of revenues under expenditures	(16,742,976)	(16,386,686)	(16,049,651)	337,035
Other financing sources:				
Use of surplus	350,000	350,000	-	(350,000)
Transfers in - general fund	16,392,976	16,036,686	16,046,686	10,000
Total other financing sources	16,742,976	16,386,686	16,046,686	(340,000)
Deficiency of revenues and other financing sources under expenditures and other financing uses - budgetary basis	-	-	(2,965)	(2,965)
Reconciliation to GAAP basis:				
Change in accrued payroll			(102,190)	
Change in encumbrances			(16,689)	
Net change in fund balance			(121,844)	
Fund deficit, beginning of year			(598,563)	
Fund deficit, end of year	\$		(720,407)	

*See accompanying notes to basic financial statements.*

**TOWN OF GORHAM, MAINE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2016**

	Agency Funds	Scholarships Private-purpose Trust Funds
<b>ASSETS</b>		
Cash	\$ 432,740	-
Investments	-	44,108
Interfund loans receivable	5,934	-
<b>Total assets</b>	<b>438,674</b>	<b>44,108</b>
<b>LIABILITIES</b>		
Due to others	438,674	-
Interfund loans payable	-	800
<b>Total liabilities</b>	<b>438,674</b>	<b>800</b>
<b>NET POSITION</b>		
Held in trust	\$ -	43,308

*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, 2016**

	Scholarships Private-purpose Trust Funds
Additions:	
Investment income	\$ 485
Total additions	485
Deductions:	
Scholarships awarded	800
Total deductions	800
Change in net position	(315)
Net position, beginning of year	43,623
Net position, end of year	\$ 43,308

*See accompanying notes to financial statements.*

**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2016**

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

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

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

**A. The Reporting Entity**

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

**B. Basis of Presentation**

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources, 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**

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

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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 Public Safety Building Capital Project Fund accounts for the bond revenues and related expenditures for the construction of the Public Safety Building.

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**

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

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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**

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

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

Investment in derivatives is forbidden under this investment policy.

Investments are stated at fair value.

**F. Receivables and Payables**

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

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, recycling bins 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, donated commodities, gas and diesel, trash bags, compost bins and lock boxes are recorded as expenditures/expenses when consumed rather than when purchased.

**H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2016, are recorded as prepaid items. The cost of prepaid items is recorded as expenses/expenditures when consumed rather than when purchased.

**I. Capital Assets**

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

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

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

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

Depreciation is recorded based on the straight-line method using the full-month convention beginning with the month following the purchase date over the assets' estimated useful live. 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.

**J. Deferred Outflows/Inflows of Resources**

In addition to assets and liabilities, the statement of net position and balance sheet will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represent a consumption or acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) or inflow of resources (revenue) until that time. The governmental funds only report a deferred inflow of resources, unavailable revenue from property taxes. These amounts are deferred and recognized as in inflow of resources in the period that the amounts become available. The governmental activities have two items that qualify for reporting in this category. One is the deferred charge on refunding, which 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. The other deferred inflows and outflows relate to the net pension liability, which include the Town's contributions subsequent to the measurement date, which is recognized as a reduction of the net pension liability in the subsequent year.

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

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

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They also include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between Town contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. They also include the net difference between projected and actual earnings on pension plan investments, which are deferred and amortized over a five-year period.

**K. 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.

**L. 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.

**M. 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.

**N. 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.

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

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**O. 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. The Town Council is the highest level of decision making authority, and can commit fund balance.

***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. The Town Council authorized itself and the Town Manager within defined limits with this authority.

***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, by Council Order duly adopted at a Town Council meeting. Once adopted, the limitation imposed by the Order remains in place until a similar action is taken (the adoption of another Order) to remove or revise the limitation. For assigned fund balance amounts, the Town Council or Town Manager may assign unspent budgeted amounts to specific purposes in the General Fund by the year end.

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 \$7,011,371 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 (\$720,407) and (\$344), 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, 2016, other fund balance components consisted of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
<b>General Fund:</b>				
Noncurrent receivables	\$ 1,823	-	-	-
Prepaid items	144,676	-	-	-
Inventory	47,988	-	-	-
FY17 capital funding	-	-	-	1,344,000
Encumbrances	-	-	-	544,638
Compensated absences	-	-	-	411,255
Capital reserves	-	390,761	1,126,973	2,762,912
<b>Public Safety Capital Project Fund:</b>				
Public safety building	-	246,326	-	-
<b>Special Revenue Funds:</b>				
School grants	-	144,393	-	-
<b>School lunch Fund:</b>				
Inventory	30,922	-	-	-
Food services	-	46,615	-	-
Sewer operations	-	1,132,505	-	-
Impact fees	-	804,699	-	-
Library	-	32,972	-	8,879
Recreation	-	5,238	-	-
<b>TIF fund:</b>				
Noncurrent receivable	239,259	-	-	-
TIFs	-	319,314	290,763	-
Miscellaneous	-	12,812	884	1,973
<b>Capital Project Funds:</b>				
Main Street road project	-	600,785	-	-
School CIPS project	-	883,639	-	-
Great Falls Elementary school project	-	145,941	-	-
Fire Trucks	-	8,622	-	-
Little Falls School renovation	-	1,598	-	-
Bonded road projects	-	403,739	-	-
High School renovation and expansion	-	-	29,780	-
Various school projects	-	-	39,045	-
<b>Permanent Funds:</b>				
Nonexpendable trust principal	933,457	-	-	-
Expendable trust principal	-	213,616	-	-
<b>Total governmental funds</b>	<b>\$ 1,398,125</b>	<b>5,393,575</b>	<b>1,487,445</b>	<b>5,073,657</b>

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

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

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**P. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Maine Public Employees Retirement System Consolidated Plan for Participating Local Districts (PLD Plan) and Maine Public Employees Retirement System State Employee and Teacher Plan (SET Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Q. Comparative Data/Reclassification**

Comparative data for the prior year have been presented only for certain funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

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

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**A. Budgetary Information**

Budgets are adopted for the General Fund and School Operations Fund only, and are adopted on a basis consistent with generally accepted accounting principles (GAAP) except as described in the budget footnote, Note 17, 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.

**B. Excess of Expenditures over Appropriations**

For the year ended June 30, 2016, expenditures exceeded appropriations in the following General Fund departments as shown on Statement 6:

Economic development	\$ 1,618
Debt service	9,893

The economic development overage is due to the not budgeting enough for landscaping that continues to be done for the Gorham Industrial Park sign area.

The overage in debt service is due to the 2016 bond costs coming in higher than anticipated.

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

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

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For the year ended June 30, 2016, expenditures exceeded appropriations in the following School Operations Fund cost centers as shown on Statement 6:

Other instruction	\$ 41,057
Student and staff support	86,039
School administration	19,717

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 (\$720,407) at June 30, 2016. This is due primarily to variations between the budgetary and GAAP methods of accounting for summer teachers' payroll. See Note 17, BUDGETARY VS. GAAP ACCOUNTING.

The Middle School Project Fund has a deficit fund balance of (\$344) at June 30, 2016. 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.

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**Note 3 – RISK MANAGEMENT**

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The Town is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the Town either carries commercial insurance, participates in a public entity risk pool, or is effectively self-insured. Currently, the Town participates in a public entity risk pool and self-insured risk pool sponsored by the Maine Municipal Association, which provides the following insurance coverage to the Town: property and casualty, liability, vehicle, and workers' compensation. Maine Municipal Association's Risk Management Services provides all underwriting, marketing, claims and 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, 2016.

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, 2016. 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, 2016, the balance in this reserve account was \$31,500.

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

**Note 4 – DEPOSITS AND INVESTMENTS**

**A. Deposits**

At June 30, 2016, cash consisted of the following:

	<u>Carrying amount</u>	<u>Bank balance</u>
Checking, savings, NOW, and certificates of deposit accounts:		
Government Funds	\$14,818,961	15,087,064
Agency Funds	432,740	455,192
Petty Cash - governmental funds	1,045	-
Postage machine balance – governmental funds	569	-
<b>Totals</b>	<b>\$ 15,253,315</b>	<b>\$15,542,256</b>

*Custodial Credit Risk – Deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town's investment policy does not directly address custodial credit risk for deposits. As of June 30, 2016, none of the Town's bank balances of \$15,542,256 was exposed to custodial credit risks. The Town changed from repurchase agreements to a demand deposit marketplace in which all of our funds are FDIC insured.

**B. Investments**

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

At June 30, 2016, investments consisted of the following:

Investment Type	Fair value	Maturities			Level 1 inputs
		Less than 1 Year	1 Year to 3 Years	Over 3 Years	
Mutual funds	\$ 644,849		Not applicable		644,849
U.S. treasuries	6,045,523	6,045,523	-	-	6,045,523
Money market accounts	47,392		Not applicable		Not applicable
Commercial paper	570,460	150,227	104,546	315,687	570,460
U.S. savings Bonds	4,304	4,304	-	-	4,304
Common stock	26,103		Not applicable		26,103
<b>Total Fair Value</b>	<b>\$ 7,338,631</b>	<b>6,200,054</b>	<b>104,546</b>	<b>315,687</b>	<b>7,291,239</b>
<b>% of Portfolio</b>		<b>84.5%</b>	<b>1.4%</b>	<b>4.3%</b>	

(1) Mutual funds and money market funds are not considered securities and are exempt from risk disclosure noted above.



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

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

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Out of the total \$7,338,631 in investments, \$7,294,523 is from investments in the governmental funds, while \$44,108 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, 2016, the Town had \$570,460 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, 2016, the Town was in compliance with its investment policy's stipulations on portfolio diversification.

*Custodial Credit Risk – Investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investment policy currently does not address custodial credit risk. Of the Town's \$7,338,631 in investments, \$692,241 were in mutual funds and money market accounts which were 100% collateralized by underlying securities held by the trust department of related bank, in the Town's name.

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

**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	\$ 786,233	-	-	786,233
Tax liens	288,496	-	-	288,496
Accounts	318,405	1,000	236,382	555,787
Rescue (net of allowance of \$197,000)	316,349	-	-	316,349
Intergovernmental	-	6,744	252,476	259,220
Notes	1,823	-	239,259	241,082
<b>Net total receivables</b>	<b><u>\$1,711,306</u></b>	<b><u>7,744</u></b>	<b><u>728,117</u></b>	<b><u>2,447,167</u></b>

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)	<u>\$ 670,100</u>
<b>Total deferred inflows of resources for governmental funds</b>	<b><u>\$ 670,100</u></b>

**B. Property Taxes**

Property taxes for the current year were committed on August 28, 2015, 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, 2015. The assessed value represented 97.6% of the estimated State valuation of \$1,541,700,000.

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 \$593,292 for the year ended June 30, 2016. 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.

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

**Note 5 – RECEIVABLES, Continued**

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 2016 and 2015 levies:

	<u>2016</u>	<u>2015</u>
Taxable Assessed Value	\$1,505,075,300	\$ 1,342,175,000
Tax Rate (per \$1,000)	<u>16.30</u>	<u>17.40</u>
Commitment	24,532,727	23,353,845
Supplemental Taxes Assessed	<u>5,880</u>	<u>10,167</u>
	24,538,607	23,364,012
Less: Abatements	18,975	31,518
Collections	<u>23,800,173</u>	<u>22,632,095</u>
Receivable at June 30, 2016 and 2015	<u><u>\$ 719,459</u></u>	<u><u>\$ 700,399</u></u>
Due Date(s)	½ 11/15/2015 ½ 05/15/2016	½ 11/15/2014 ½ 05/15/2015
Interest Rates on Delinquent Taxes	7.0%	7.0%
Collection Rate	97.1%	97.0%

Of the total taxes committed for the year ended June 30, 2016, 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, the Olde Canal Business Park Municipal Development Tax Increment Financing District and the Martin's Point Municipal Development Tax Increment Financing District was \$420,669.

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

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**Note 7 – MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM**

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***General Information about the Pension Plan***

**Plan Description** - Employees of the Town are provided with pensions through the Maine Public Employees Retirement System Consolidated Plan for Local Participating Districts (PLD Plan) and teaching-certified employees of the Town are provided with pensions through the Maine Public Employees Retirement System State Employee and Teacher Plan (SET Plan), cost-sharing multiple-employer defined benefit pension plans, administered by the Maine Public Employees Retirement System (MPERS). Benefit terms are established in Maine statute. MPERS issues a publicly available financial report that can be obtained at [www.mainebers.org](http://www.mainebers.org)

**Benefits Provided** - The PLD and SET Plans provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e. eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 (65 for new members to the PLD Plan on or after July 1, 2014). For SET members, normal retirement age is 60, 62; or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. MPERS also provides disability and death benefits, which are established by contract under applicable statutory provisions (PLD Plan) or by statute (SET Plan).

**Contributions** - Employee contribution rates are defined by law or Board rule and depend on the terms of the plan under which an employee is covered. Employer contributions are determined by actuarial valuations. The contractually required contribution rates are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

**PLD Plan** - Employees are required to contribute 7.5% to 8.8% of their annual pay. The Town's contractually required contribution rate for the year ended June 30, 2016, was 8.9% of annual payroll for the regular plan and 11.4% of annual payroll for the special plan. Contributions to the pension plan from the Town were \$229,391 for the year ended June 30, 2016.

**SET Plan** - Maine statute requires the State to contribute a portion of the Town's contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The Town's contractually required contribution rate for the year ended June 30, 2016, was 13.38% of annual payroll of which 3.36% of payroll was required from the Town and 10.02% was required from the State. Contributions to the pension plan from the Town were \$579,457 for the year ended June 30, 2016.

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

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**NOTE 7 – MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, Continued**

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***Pension Liabilities, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions***

The net pension liabilities were measured as of June 30, 2015, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of that date. The Town's proportion of the net pension liabilities were based on projections of the Town's long-term share of contributions to the pension plans relative to the projected contributions of all participating local districts (PLD Plan) and of all participating School Administrative Units and the State (SET Plan), actuarially determined.

**PLD Plan** – At June 30, 2016, the Town reported a liability of \$1,739,229 for its proportionate share of the net pension liability. At June 30, 2015, the Town's proportion of the PLD Plan was 0.5451%.

**SET Plan** – At June 30, 2016, the Town reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Town. The amount recognized by the Town as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ 457,407
State's proportionate share of the net pension liability	
associated with the Town	<u>19,001,327</u>
<b>Total</b>	<b><u>\$ 19,458,734</u></b>

At June 30, 2015, the Town's proportion of the SET Plan was 0.0339%.

For the year ended June 30, 2016, the Town recognized pension expense of \$351,116 for the PLD Plan and \$2,661,185 for the SET Plan with revenue of \$2,181,115 for support provided by the State. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 156,327
Changes of assumptions	166,304	
Net difference between projected and actual earnings on pension plan investments	-	152,082
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	276,586
Town contributions subsequent to the measurement date	<u>808,848</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 975,152</u></b>	<b><u>\$ 584,995</u></b>

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

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**NOTE 7 – MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, Continued**

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\$808,848 is reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2017	\$ (125,200)
2018	(246,465)
2019	(205,419)
2020	158,393

**Actuarial Assumptions** - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PLD Plan</u>	<u>SET Plan</u>
Inflation	3.5%	3.5%
Salary Increases, per year	3.5% to 9.5%	3.5% to 13.5%
Investment return, per annum, compounded annually	7.125%	7.125%
Cost of living benefit increases, per annum	2.55%	2.55%

Mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2005 to June 30, 2010.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US equities	20%	5.2%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real estate	10%	3.7%
Infrastructure	10%	4.0%
Hard assets	5%	4.8%
Fixed income	25%	0.7%
<b>Total</b>	<b>100%</b>	

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

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**NOTE 7 – MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, Continued**

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**Discount Rate** - The discount rate used to measure the total pension liability was 7.125% for the PLD Plan and 7.125% for the SET Plan. The projection of cash flows used to determine the discount rates assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liabilities.

**Sensitivity of the Town's Proportionate Share of the net Pension Liabilities to Changes in the Discount Rate** - The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.125% for the PLD Plan and 7.125% for the SET Plan, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.125% for PLD Plan and 6.125% for SET Plan) or 1 percentage-point higher (8.125% for PLD Plan and 8.125% for SET Plan) than the current rate:

<u><b>PLD Plan</b></u>	1% Decrease <u>(6.125%)</u>	Current Discount Rate <u>(7.125%)</u>	1% Increase <u>(8.125%)</u>
Town's proportionate share of the net pension liability	\$ 3,465,059	\$ 1,739,229	\$ 103,035
 <u><b>SET Plan</b></u>	 1% Decrease <u>(6.125%)</u>	 Current Discount Rate <u>(7.125%)</u>	 1% Increase <u>(8.125%)</u>
Town's proportionate share of the net pension liability	\$ 800,811	\$ 457,407	\$ 171,391

**Pension Plan Fiduciary Net Position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS financial report.

**Payables to the Pension Plan** - None as of June 30, 2016.

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

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**Note 8 – OTHER PENSION PLANS**

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**A. 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 \$133,936 for the year ended June 30, 2016, and \$132,843 for the year ended June 30, 2015. 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.

**B. Other Retirement Contributions**

Additionally, the Town participates in the Social Security Retirement Program. The Town contributed \$423,681 including F.I.C.A. and Medicare to the Social Security Retirement Program on behalf of Town employees for the year ended June 30, 2016 and \$423,776 for the year ended June 30, 2015.

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 \$227,602 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, 2016 and \$219,041 for the year ended June 30, 2015.

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**Note 9 – OTHER POST EMPLOYMENT BENEFITS**

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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 August 2014. 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 9 – 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.

	<b>FY2014</b>	<b>FY2015</b>	<b>FY2016</b>
Normal cost	\$ 60,808	60,808	60,808
Amortization of unfunded	70,887	70,887	70,887
Interest	2,608	2,608	2,608
Annual required contribution	134,303	134,303	134,303
Interest on net OPEB obligation	21,059	25,464	29,864
Amortizing adjustment to ARC	(30,446)	(36,814)	(43,176)
Annual OPEB cost	124,916	122,953	120,991
Contributions made	(14,800)	(12,946)	(22,427)
Increase in net OPEB obligation	110,116	110,007	98,564
Net OPEB obligation - beginning of year	526,481	636,597	746,604
Net OPEB obligation - end of year	\$ 636,597	746,604	845,168

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, 2016 and two preceding years.

<b>Fiscal Year End</b>	<b>Annual OPEB Costs</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
June 30, 2014	\$ 124,916	11.85%	\$ 636,597
June 30, 2015	122,953	10.53%	746,604
June 30, 2016	120,991	18.54%	845,168

**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, 2016 and two preceding years are as follows:

	<b>FY2014</b>	<b>FY2015</b>	<b>FY2016</b>
Actuarial accrued liability	\$ 1,274,815	1,274,815	1,274,815
Plan assets	-	-	-
Unfunded actuarial accrued liability	\$ 1,274,815	1,274,815	1,274,815
Funded ratio	0%	0%	0%
Covered payroll	\$ 4,675,532	4,625,713	4,700,877
Unfunded actuarial accrued liability as a percentage of covered payroll	27.27%	27.56%	27.12%

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

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**Note 9 – OTHER POST EMPLOYMENT BENEFITS, Continued**

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Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The required schedule of funding progress presented as required supplementary information provides multiyear trend information (only 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	1/1/14
Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar
Open amortization period	30 years
Inflation rate	4.6%
Investment rate of return	4.0%
Projected salary increases	3.0%

**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>
2014	8.2%	8.9%
2015	7.9%	8.6%
2016	7.7%	8.3%
2017	7.5%	8.0%
2018	7.2%	7.8%
2019	7.0%	7.5%
2020	6.7%	7.2%
2021	6.5%	6.9%
2022	6.3%	6.6%
2023	6.0%	6.3%
2024	5.8%	6.0%
2025	5.6%	5.8%
2026	5.3%	5.5%
2027	5.1%	5.2%
2028	4.8%	4.9%
2029+	4.6%	4.6%

**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 10 – INTERFUND ACCOUNTS**

Individual interfund loans receivable and payable balances at June 30, 2016 were as follows:

<u>Fund</u>	<u>Interfund loans receivable</u>	<u>Interfund loans payable</u>
Governmental Funds:		
General Fund	\$ -	3,786,848
School Operations Fund	2,054,371	-
Public Safety Capital Project Fund	-	316,910
Other governmental funds:		
Special revenue funds:		
School Grants Fund	-	74,600
School Lunch Fund	-	64,580
Sewer Operations Fund	836,582	-
Little Falls Sewer Reserve and Loan Fund	14,552	-
Impact Fees Fund	804,699	-
Library Fund	8,703	-
Recreation Fund	3,862	-
TIF Fund	610,077	-
Miscellaneous Fund	2,857	-
Capital project funds:		
School CIPS Projects	-	292,438
Great Falls Elementary Project	113,534	-
Middle School Project	-	344
High School Renovation and Expansion	29,780	-
Various School Projects	39,045	-
Permanent funds:		
Cemetery Perpetual Care	1,850	-
Baxter Library and Museum	10,674	-
Total other governmental funds	2,476,215	431,962
Fiduciary funds	5,934	800
<b>Totals</b>	<b>\$ 4,536,520</b>	<b>4,536,520</b>

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

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

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**Note 10 – INTERFUND ACCOUNTS, Continued**

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Interfund transfers during the year ended June 30, 2016 consisted of the following:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ <u>135,510</u>	<u>16,046,686</u>
School Operations Fund	<u>16,046,686</u>	<u>-</u>
Other governmental funds:		
Special Revenue Funds:		
Impact Fees Fund	-	30,000
TIF Fund	-	83,532
Capital Project Funds:		
2016 GO bond projects	<u>-</u>	<u>21,978</u>
Total other governmental funds	<u>-</u>	<u>135,510</u>
<b>Totals</b>	<b>\$ <u>16,182,196</u></b>	<b><u>16,182,196</u></b>

The transfers out comprised of the following:

1. From the General Fund: to provide the School Operations Fund with the local tax allocations for education (\$16,036,686) and to School Operations Fund for facilities service (\$10,000).
2. From the Special Revenue Fund's Impact Fees Fund: to fund Little Falls multi-purpose field improvements (\$30,000).
3. From the Special Revenue Fund's TIF Fund: to provide funding for the Libby/Brackett Road debt service (\$83,532).
4. From the Capital Project Fund's 2016 GO bond projects: to transfer bond premium to offset bond costs (\$21,978).

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**Note 11 – LONG-TERM DEBT**

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**A. Statutory Debt Limit**

In accordance with 30 MRSA, Section 5061, as amended, no municipality shall incur debt for specified purposes in excess of certain percentages of state valuation of such municipality. At June 30, 2016, the Town was in compliance with these limitations. (See Table 13, STATISTICAL SECTION)

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

**Note 11 – LONG-TERM DEBT, Continued**

**B. Changes in Long-term Debt**

Long-term liability activity for the year ended June 30, 2016 was as follows:

	Beginning			Ending	Due Within
	Balance	Additions	Reductions	Balance	One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 39,760,305	1,775,000	3,378,125	38,157,180	3,438,125
Bond premium	1,340,470	21,978	135,471	1,226,977	136,204
Notes payable	212,574	-	1,932	210,642	3,941
Capital leases	416,060	167,928	179,978	404,010	145,387
Compensated absences	1,004,685	108,847	85,999	1,027,533	50,000
Net pension liability	1,449,641	746,995	-	2,196,636	-
Other post-employment benefits	746,604	120,992	22,428	845,168	-
<b>Governmental activity long-term liabilities</b>	<b>\$ 44,930,339</b>	<b>2,941,740</b>	<b>3,803,933</b>	<b>44,068,146</b>	<b>3,773,657</b>

**C. Bonds and Notes Payable**

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

On March 3, 2016, the Town issued \$1,775,000 in general obligation bonds for both the School and Town. The Town's \$600,000 bond is to fund Town's portion of a major Main Street road project with Maine DOT and Portland Water District. The School's \$1,175,000 bond is to fund capital improvements projects for the school buildings. This bond is for 20 years with interest rates ranging from 2.0% and 3.0%.

General obligation bonds currently outstanding at June 30, 2016 are comprised of the following:

	Interest	Original	Final	Balance	Due
General Obligation Bonds	Rate	Issue	Maturity	End of	Within
		Amount	Date	Year	One Year
<b>Governmental activities:</b>					
2016 Main Street Bond	2.00-3.00%	\$ 600,000	12/1/2035	600,000	30,000
2016 School CIP Bond	2.00-3.00%	1,175,000	12/1/2035	1,175,000	60,000
2015 Public Safety Building Bond	2.00-3.25%	4,990,000	6/1/2035	4,740,000	250,000
2013 Fire Truck/Little Falls School Bond	2.00-4.00%	1,400,000	11/15/2033	1,230,000	85,000
2012 Advance Refunding Bond	2.00-3.50%	17,085,000	11/1/2024	12,410,000	1,715,000
2011 Maine Municipal Bond (2000 Bond)	.50-5.20%	585,000	11/1/2019	292,500	73,125
2010 Road Projects/Heavy Rescue Bond	2.00-3.50%	3,450,000	8/1/2027	2,425,000	205,000
2010 Elementary School Bond	2.00-4.25%	20,384,680	10/1/2030	15,284,680	1,020,000
<b>Total governmental activities</b>				<b>\$ 38,157,180</b>	<b>3,438,125</b>

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

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**Note 11 – LONG-TERM DEBT, Continued**

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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 payable are as follows:

<b>Fiscal Year Ended June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 3,438,125	\$ 1,219,016	\$ 4,657,141
2018	3,403,125	1,129,651	4,532,776
2019	3,328,125	1,035,910	4,364,035
2020	3,313,125	931,888	4,245,013
2021	3,230,000	826,336	4,056,336
2022-2026	12,465,000	2,587,563	15,052,563
2027-2031	7,489,680	942,914	8,432,594
2032-2036	1,490,000	114,450	1,604,450
<b>Totals</b>	<b>\$ 38,157,180</b>	<b>\$ 8,787,728</b>	<b>\$ 46,944,908</b>

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, photocopiers and a piano, and the Town has entered into a lease agreement for a new excavator. 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.

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

**Note 11 – LONG-TERM DEBT, Continued**

The following is a summary of the capital lease commitments as of June 30, 2016:

	<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, six (6) school buses	\$ 446,924	44,730	241,062	13,161	227,901
Education, photocopiers	115,891	8,001	123,884	7,993	115,891
Education, piano	15,400	2,200	10,161	628	9,533
Public Works, 2013 Komatsu Excavator	135,189	13,519	52,862	2,177	50,685
<b>Totals</b>	<b>\$ 713,404</b>	<b>68,450</b>	<b>427,969</b>	<b>23,959</b>	<b>404,010</b>

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, 2016:

<u>Fiscal year ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Lease Obligation</u>
2017	\$ 145,387	10,324	155,711
2018	147,318	8,393	155,711
2019	70,669	3,812	74,481
2020	40,636	1,430	42,066
<b>Totals</b>	<b>\$404,010</b>	<b>23,959</b>	<b>427,969</b>

**E. Compensated Absences**

The Town's policy relating to compensated absences is described in Note 1, K. The long-term portion of this debt, amounting to \$1,027,533 for governmental activities at June 30, 2016, is expected to be paid in future years from future resources. The Town has estimated that out of the \$1,027,533 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**

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**Note 11 – LONG-TERM DEBT, Continued**

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Long-term compensated absences as of June 30, 2016 are comprised of the following:

<u>Type of Leave</u>	<u>Governmental Activities</u>
Sick paid upon termination	\$ 616,278
Vacation	355,010
Compensatory time	<u>56,245</u>
<b>Total</b>	<b><u>\$ 1,027,533</u></b>

**F. Other Post Employment Benefits**

The Town's post-retirement benefit plan providing health insurance to retiring employees is described in Note 9. The long-term portion of this benefit, amounting to \$845,167 for governmental activities at June 30, 2016, is expected to be funded on a pay-as-you-go basis. The Town does not estimate any of OPEB will be due within the next year. If and when the Town does have other post-employment benefits these will be liquidated primarily by the general fund.

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

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**A. Overlapping Debt**

The Town is subject to an annual assessment of its proportional share of Cumberland County expenses, including debt repayment, as determined by the percentage of the Town's State valuation to the County's State valuation. At June 30, 2016, the Town's State valuation of \$1,541,700,000 was 3.78% of the County's State valuation of \$40,806,800,000. The Town's share is 3.78% or \$1,350,085 of Cumberland County's \$35,735,000 long-term debt outstanding as of June 30, 2016.



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

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

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The Town is also served by the Portland Water District. At June 30, 2016, the Town's share of self-supporting bonded water debt is 5.71% or \$2,706,043 of total debt of \$47,391,288.

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 \$2,988,761, while Gorham's share of the Westbrook sewer system debt is \$750,985. 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, 2016</u>		<u>Total Debt</u>
	<u>Direct Debt</u>	<u>Overlapping Debt</u>	
Town of Gorham - general obligation bonds and notes payable	\$ 38,367,822	-	38,367,822
Town of Gorham - bond premiums	1,226,977	-	1,226,977
Cumberland County	-	1,350,085	1,350,085
Portland Water District - sewer shared with Town of Windham and City of Westbrook	-	3,739,746	3,739,746
Portland Water District - water debt	-	2,706,043	2,706,043
<b>Totals</b>	<b>\$ 39,594,799</b>	<b>7,795,874</b>	<b>47,390,673</b>

**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, 2016, 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**

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

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**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, 2016, there was no outstanding principal amount payable.

**F. Encumbrances**

Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	\$ 544,638
School Operations Fund	214,987

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**Note 13 – JOINTLY GOVERNED ORGANIZATION**

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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, 2016 includes total assets of \$62,510,802, and total liabilities of \$18,994,187 and unrestricted net position of \$14,477,555. The liabilities include an accrual for landfill closure and postclosure care amounting to \$692,656. 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**

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**Note 14 – NET POSITION**

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Net position represents the assets and deferred outflows of resources less the liabilities and deferred inflows of resources. 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 2016 with 2015 information provided for comparison:

	<u>2016</u>	<u>2015</u>	<u>\$ Chg</u>	<u>% Chg</u>
Capital assets	\$145,722,458	\$138,112,894	\$ 7,609,564	5.5%
Accumulated depreciation	(64,290,673)	(60,388,913)	(3,901,760)	6.5%
Deferred charge on refunding	758,875	849,937	(91,062)	-10.7%
Bonds payable (includes premium)	(39,384,157)	(41,100,775)	1,716,618	-4.2%
Notes payable	(210,642)	(212,574)	1,932	-0.9%
Capital leases	(404,010)	(416,060)	12,050	-2.9%
Add back unspent bond proceeds	<u>2,290,650</u>	<u>5,382,372</u>	<u>(3,094,032)</u>	-57.5%
 Net investment in capital assets	 <u>\$44,482,501</u>	 <u>\$ 42,226,881</u>	 <u>\$ 2,253,310</u>	 5.4%

**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.

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**Note 15 – REIMBURSEMENT FOR DEBT SERVICE EXPENDITURES**

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

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**Note 16 – TAX INCREMENT FINANCING DISTRICT**

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

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

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

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**Note 16 - TAX INCREMENT FINANCING DISTRICT, Continued**

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

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

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**

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**Note 16 - TAX INCREMENT FINANCING DISTRICT, Continued**

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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 square foot 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 square foot 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 Distributors, 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 to pay remaining debt of the 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 the 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.

On September 3, 2013, the Town Council approved the Martin's Point Health Care Tax Increment Financing and Development District. Martin's Point Health Care intends to develop a 12,500 square foot building on a 19.94 acre parcel at the intersection of Route 25 and Route 237 in Gorham. This is a 15 year district with 100% of the increased assessed value being shared 50%-50% between the developer, Martin's Point Health Care and the Town.

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

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**Note 16 - TAX INCREMENT FINANCING DISTRICT, Continued**

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The Town's portion of the tax increment revenues will be used to finance the operation of the Gorham Economic Development Corporation and to update the Town's Comprehensive Plan that was approved in 1993.

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

<b>FY2016 TIF Activity</b>			
	<b>Developer's Share</b>	<b>Town Share</b>	<b>TIF District Total</b>
<b>ODAT - Grondin District</b>			
ODAT	\$ 23,688	23,688	47,376
Grondin Properties	54,495	54,495	108,990
Subtotal:	78,183	78,183	156,366
<b>Pettingill-Ross District</b>			
Pettingill Ross	13,722	-	13,722
Subtotal:	13,722	-	13,722
<b>Gorham County Road District</b>			
Gorham County Road LLC	8,144	-	8,144
Subtotal:	8,144	-	8,144
<b>Nappi District</b>			
Nappi Distributors	76,714	70,813	147,527
Subtotal:	76,714	70,813	147,527
<b>Olde Canal Business Park</b>			
Olde Canal	21,770	23,584	45,354
Subtotal:	21,770	23,584	45,354
<b>Martin's Point</b>			
Martin's Point	24,778	24,778	49,556
Subtotal:	24,778	24,778	49,556
<b>Total TIF Financing Plan Amount</b>	<b>\$ 223,311</b>	<b>197,358</b>	<b>420,669</b>

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

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**Note 17 – BUDGETARY VS. GAAP ACCOUNTING**

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Through June 30, 2016, the Town did not budget for expenditures related to teachers' summer pay on an accrual basis. Additionally, for budgetary purposes, the Town has recorded certain encumbrances as expenditures at year-end. The following is a reconciliation of fund balance for the General Fund and School Operations Fund (Special Revenue Fund) on the basis of accounting principles generally accepted in the United States of America and on the budgetary basis.

	<b>General Fund</b>	<b>School Operations Fund</b>
Fund balance (deficit), June 30, 2016 – GAAP basis	\$13,786,397	\$ (720,407)
Accrued summer salaries	-	2,306,093
Accrued salaries – maintenance	-	22,350
Accrued MEPSERS wages	-	77,485
Encumbrances	(544,638)	(214,987)
<b>Fund balance, June 30, 2016 – budgetary basis</b>	<b>\$ 13,241,759</b>	<b>\$ 1,470,534</b>

\* The School Committee has approved \$350,000 of fund balance to reduce taxes for the 2017 fiscal year. This coupled with the \$214,987 in encumbrances, results in a deficit fund balance of \$1,285,394. Per the Town's fund balance policy, the deficit fund balance of \$1,285,394 is combined with the Town's unassigned total of \$7,011,371, when preparing the 2018 budget.

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 School Special Revenue 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 \$2,164,340.

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

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**Note 18 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS**

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

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

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

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

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**Note 19 – SUBSEQUENT EVENT**

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On June 14, 2016, the voters of the Town of Gorham, Maine passed a referendum to issue a general obligation bond for \$1,365,000 to purchase a new Tank 1 Fire Engine, to replace the Town's 26-year old Tank and a new Ladder Fire Engine to replace the Town's 27 year old Ladder 1 Fire Engine. On July 5, 2016, the Town Council authorized an advanced refunding of previously issued bonds – 2010 Elementary School Bond and the 2010 Road Projects/Heavy Rescue Bond.



**TOWN OF GORHAM, MAINE**  
**Required Supplementary Information**  
**For the year ended June 30, 2016**

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**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, 2016 and six preceding years.

<b>Fiscal Year</b>	<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll [(b-a) / c]</b>
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%
2014	1/1/2014	\$ -	\$ 1,274,815	\$ 1,274,815	0.00%	\$4,675,532	27.27%
2015	1/1/2014	\$ -	\$ 1,274,815	\$ 1,274,815	0.00%	\$4,625,713	27.56%
2016	1/1/2014	\$ -	\$ 1,274,815	\$ 1,274,815	0.00%	\$4,700,877	27.12%

TOWN OF GORHAM, MAINE  
Required Supplementary Information, Continued

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Schedule of Town's Proportionate Share of the Net Pension Liability  
Maine Public Employees Retirement System Consolidated Plan (PLD) and State Employee and Teacher Plan  
(SET)  
Last 10 Fiscal Years\*\*

	<u>2016*</u>	<u>2015*</u>
<b><u>PLD Plan</u></b>		
Town's proportion of the net pension liability	0.5451%	0.6508%
Town's proportionate share of the net pension liability	\$ 1,739,229	\$ 1,001,423
Town's covered-employee payroll	2,047,466	2,074,545
Town's proportion share of the net pension liability as a percentage of its covered-employee payroll	84.95%	48.27%
Plan fiduciary net position as a percentage of the total pension liability	88.27%	94.10%
<b><u>SET Plan</u></b>		
Town's proportion of the net pension liability	0.0339%	0.0415%
Town's proportionate share of the net pension liability	\$457,407	\$ 448,218
State's proportionate share of the net pension liability associated with the Town	19,001,327	14,819,750
<b>Total</b>	<b>\$ 19,458,734</b>	<b>\$ 15,267,968</b>
Town's covered-employee payroll	\$17,245,735	\$ 16,495,802
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	2.65%	2.72%
Plan fiduciary net position as a percentage of the total pension liability	81.18%	83.91%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year.

\*\* Only two years of information available

**TOWN OF GORHAM, MAINE**  
**Required Supplementary Information, Continued**

**Schedule of Town Contributions**  
**Maine Public Employees Retirement System Consolidated Plan (PLD) and State Employee and Teacher Plan (SET)**  
**Last 10 Fiscal Years\***

		<u>2016</u>	<u>2015</u>	<u>2014</u>
<b><u>PLD Plan</u></b>				
Contractually required contribution	\$	229,391	222,645	215,650
Contributions in relation to the required contractually required contribution		(229,391)	(222,645)	(215,650)
<b>Contribution deficiency (excess)</b>	<b>\$</b>	<b>-</b>	<b>-</b>	<b>-</b>
Town's covered-employee payroll	\$	2,047,466	2,074,545	2,160,307
Contributions as a percentage of covered-employee payroll		11.20%	10.73%	9.98%
<b><u>SET Plan</u></b>				
Contractually required contribution	\$	579,457	437,139	419,332
Contributions in relation to the contractually required contribution		(579,457)	(437,139)	(419,312)
<b>Contribution deficiency (excess)</b>	<b>\$</b>	<b>-</b>	<b>-</b>	<b>-</b>
Town's covered-employee payroll	\$	17,245,735	16,495,802	15,872,616
Contributions as a percentage of covered-employee payroll		3.36%	2.65%	2.65%

\* Only three years of information available

**TOWN OF GORHAM, MAINE**  
**Notes to Required Supplemental Information**  
**For the year ended June 30, 2016**

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**Changes of Benefit Terms - None**

**Changes of Assumptions** - The discount rate for the PLD Plan was changed from 7.25% in 2014 to 7.125% in 2015 and the cost of living benefit increase assumption for the PLD Plan was changed from 3.12% in 2014 to 2.55% in 2015.

## **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, 2016 and 2015**

	2016	2015
<b>ASSETS</b>		
Cash	\$ 11,704,497	9,142,151
Investments	6,045,523	6,041,782
Receivables:		
Accounts	318,405	1,274,504
Rescue (net of allowance of \$197,000)	316,349	293,879
Taxes - current year	719,459	700,399
Taxes - prior year	66,774	47,477
Tax liens	288,496	289,573
Notes	1,823	2,228
Tax acquired property	29,005	35,132
Performance bonds	2,378,406	3,588,401
Inventory	47,988	70,300
Prepaid expenditures	144,676	228,091
<b>Total assets</b>	<b>\$ 22,061,401</b>	<b>21,713,917</b>
<b>LIABILITIES</b>		
Accounts payable	597,512	275,586
Accrued wages and benefits	204,099	166,671
Interfund loans payable	3,786,848	3,530,693
Performance bond deposits	3,016,445	4,254,277
<b>Total liabilities</b>	<b>7,604,904</b>	<b>8,227,227</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	670,100	730,770
<b>Total deferred inflows of resources</b>	<b>670,100</b>	<b>730,770</b>
<b>FUND BALANCE</b>		
Nonspendable:		
Noncurrent receivables	1,823	2,228
Prepaid items	144,676	228,091
Inventory	47,988	70,300
Restricted for:		
General government purposes	31,099	26,751
Public safety operations	200,241	194,803
Public works operations	149,987	176,551
Recreation operations	9,434	10,965
Committed to:		
General government purposes	652,000	363,659
Public safety operations	46,313	11,604
Public works operations	308,509	148,930
Recreation operations	120,151	229,208
Assigned to:		
Encumbrances	544,638	256,426
Designated for FY17 and FY16 capital budget	1,344,000	1,130,012
General government purposes	408,959	795,656
Public safety operations	165,258	172,952
Public works operations	793,465	607,394
Recreation operations	258,284	237,986
Economic development	75,124	82,899
Insurance and employee benefits	1,473,077	1,300,832
Unassigned	7,011,371	6,708,673
<b>Total fund balance</b>	<b>13,786,397</b>	<b>12,755,920</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 22,061,401</b>	<b>21,713,917</b>

**TOWN OF GORHAM, MAINE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - Budgetary Basis**  
**For the year ended June 30, 2016**  
**(with comparative actual amounts for the year ended June 30, 2015)**

	2016		Variance positive (negative)	2015 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 23,518,766	24,079,123	560,357	22,996,747
Change in unavailable property tax revenue	-	60,670	60,670	(7,530)
Excise taxes	2,836,000	3,272,059	436,059	3,034,851
Interest and costs on taxes	65,000	74,178	9,178	81,731
Total taxes	26,419,766	27,486,030	1,066,264	26,105,799
Licenses and permits:				
Building permits	210,000	336,217	126,217	320,083
Plumbing/electrical fees	25,000	48,266	23,266	33,646
Motor vehicle renewal fees	44,000	47,476	3,476	45,469
Town clerk fees	47,200	54,849	7,649	70,227
Cable TV franchise fee	200,000	187,398	(12,602)	189,631
Code fees	5,850	7,194	1,344	9,865
Other	4,000	3,059	(941)	5,776
Total licenses and permits	536,050	684,459	148,409	674,697
Intergovernmental:				
State revenue sharing	715,000	780,829	65,829	731,086
Highway block grant	257,000	231,644	(25,356)	229,068
Human services assistance	34,500	20,720	(13,780)	10,768
Homestead exemption	287,369	287,369	-	273,442
BETE reimbursement	292,592	292,684	92	215,861
Other state grants	42,000	40,755	(1,245)	40,914
Other agencies	38,500	47,452	8,952	44,457
University of Southern Maine assistance	12,500	12,500	-	12,500
Total intergovernmental	1,679,461	1,713,953	34,492	1,558,096
Charges for services:				
Police fees, fines and outside work	21,100	26,621	5,521	24,054
Fire and rescue fees	626,600	548,291	(78,309)	572,027
Subdivision/development fees	25,500	50,751	25,251	30,655
Sewer inspection fees	4,000	6,500	2,500	4,950
Miscellaneous code/assessing	400	216	(184)	252
Miscellaneous public works	3,000	1,247	(1,753)	2,239
Solid waste user charges	454,700	502,789	48,089	457,939
Recreation fees	144,000	151,722	7,722	147,604
Payment in lieu of taxes	59,179	58,688	(491)	58,967
Sale of town property	-	10,521	10,521	2,000
Total charges for services	1,338,479	1,357,346	18,867	1,300,687



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

	2016		Variance positive (negative)	2015 Actual
	Budget	Actual		
Revenues, continued:				
Other revenues:				
Cemetery income	\$ 10,000	6,468	(3,532)	6,535
Interest on investments	9,000	24,938	15,938	11,968
Rent	95,508	96,678	1,170	96,022
Senior mealsite	8,000	10,373	2,373	9,848
Miscellaneous	11,000	15,260	4,260	22,917
Total other revenues	133,508	153,717	20,209	147,290
 Total revenues	 30,107,264	 31,395,505	 1,288,241	 29,786,569
Expenditures:				
Current:				
General government:				
Administration	454,700	448,647	6,053	454,189
Technology	106,975	102,505	4,470	99,483
Town Clerk	200,702	182,637	18,065	180,146
Planning	212,597	209,677	2,920	205,963
Assessing	138,081	142,124	(4,043)	132,910
Code enforcement	142,830	142,407	423	121,202
Gorham municipal center	216,900	202,513	14,387	177,715
Total general government	1,472,785	1,430,510	42,275	1,371,608
Public safety:				
Police department	1,743,234	1,721,361	21,873	1,656,121
Fire/Rescue department	1,552,840	1,552,826	14	1,508,259
Central Fire Station	88,700	85,898	2,802	67,641
Police Station	27,300	12,932	14,368	-
Public utilities	152,475	159,532	(7,057)	155,107
Public safety contract services	340,241	339,742	499	330,271
Total public safety	3,904,790	3,872,291	32,499	3,717,399
Public works:				
Public works maintenance	1,592,720	1,589,763	2,957	1,545,811
Solid waste removal	754,900	754,893	7	719,828
Cemeteries	23,810	23,294	516	17,115
Total public works	2,371,430	2,367,950	3,480	2,282,754
Health and welfare:				
Welfare	94,340	51,500	42,840	49,570
Health council	600	600	-	600
Total health and welfare	94,940	52,100	42,840	50,170

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

	2016		Variance positive (negative)	2015 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Recreation:				
Baxter Memorial Library	\$ 455,528	452,559	2,969	443,741
North Gorham Library	11,000	11,000	-	11,000
Baxter Museum	5,000	2,144	2,856	2,378
Recreation	283,375	282,905	470	274,288
Middle School Softball Field	6,120	7,485	(1,365)	10,540
Old Robie School	12,214	12,359	(145)	16,363
Little Falls School	37,064	36,599	465	34,710
Robie Gym	10,372	10,333	39	9,580
Total recreation	820,673	815,384	5,289	802,600
Economic development	71,600	73,218	(1,618)	68,674
Insurances:				
Multi peril policy	145,500	121,124	24,376	118,867
Public liability	11,500	10,154	1,346	9,255
Total insurances	157,000	131,278	25,722	128,122
Employee benefits:				
Direct unemployment compensation	8,000	5,616	2,384	1,713
Worker's compensation	105,000	156,916	(51,916)	81,156
Retirement	325,962	306,827	19,135	302,112
Major medical insurance	1,138,978	979,113	159,865	1,002,978
Social security	401,000	403,105	(2,105)	404,943
Group life insurance	1,400	1,344	56	1,303
Total employee benefits	1,980,340	1,852,921	127,419	1,794,205
Public agencies:				
Parks and conservation	2,000	2,000	-	-
G.P.C.O.G.	16,400	16,381	19	16,381
MMA	14,000	13,980	20	13,497
Total public agencies	32,400	32,361	39	29,878
Unclassified:				
Gorham cable TV	85,971	81,681	4,290	80,977
Senior Mealsite	16,000	19,734	(3,734)	22,857
Memorial Day	2,200	2,200	-	2,176
Founders Festival	4,000	4,000	-	4,000
New Years Gorham	2,500	2,500	-	2,500
Contingency	83,623	59,043	24,580	69,895
Town Clock	800	800	-	800
Sno-Goers	1,000	1,000	-	1,000
Total unclassified	196,094	170,958	25,136	184,205

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

	2016		Variance positive (negative)	2015 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Intergovernmental - County tax	\$ 997,969	997,969	-	934,677
Debt service (excluding education):				
Principal	1,338,125	1,338,125	-	1,093,125
Interest	495,964	505,857	(9,893)	356,462
Total debt service	1,834,089	1,843,982	(9,893)	1,449,587
Capital:				
Capital maintenance	70,000	65,411	4,589	94,731
Capital improvements	150,000	150,000	-	200,000
Total capital	220,000	215,411	4,589	294,731
Total expenditures	14,154,110	13,856,333	297,777	13,108,610
Excess of revenues over expenditures	15,953,154	17,539,172	1,586,018	16,677,959
Other financing sources (uses):				
Transfers to special revenue -				
School Operations Fund	(16,036,686)	(16,046,686)	(10,000)	(15,422,463)
Transfers in from special revenue -				
Impact fees	-	30,000	30,000	-
TIF	83,532	83,532	-	80,258
Transfers in from capital projects -				
2016 GO bond projects	-	- 21,978	21,978	-
Total other financing uses	(15,953,154)	(15,911,176)	41,978	(15,342,205)
Net change in fund balances - budgetary basis	-	1,627,996	1,627,996	1,335,754
Reconciliation to GAAP basis:				
Change in restricted		(15,313)		55,348
Change in committed		(160,231)		(554,628)
Change in assigned		(253,295)		390,256
Change in unassigned		(168,680)		(58,341)
Net change in fund balance - GAAP basis		1,030,477		1,168,389
Fund balance, beginning of year		12,755,920		11,587,531
Fund balance, end of year	\$	13,786,397		12,755,920

TOWN OF GORHAM, MAINE  
 Restricted, Committed, Assigned and Unassigned Funds - General Fund  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
 For the year ended June 30, 2016

	Fund balances beginning of year	Capital Part II	Council Transfer	Revenues Transfer In	Revenues	Expenditures Transfer Out	Expenditures	Fund balances end of year
Restricted to:								
General government purposes:								
Park & Conservation committee	2,000	-	-	-	40	-	134	1,906
Safety grant	-	-	-	-	1,160	-	1,160	-
Heating assistance	703	-	-	-	1,237	-	1,644	296
South Street sewer project	20,000	-	-	-	-	-	-	20,000
CDBG grant-So Gorham	4,000	-	-	-	-	4,000	-	-
Gorham Village pedestrian study	-	-	-	8,000	-	-	-	8,000
Employee wellness program	48	-	-	-	3,941	-	3,092	897
Total general government purposes	26,751	-	-	8,000	6,378	4,000	6,030	31,099
Public safety operations:								
D.A.R.E.	9,604	-	-	-	-	-	376	9,228
Little Falls substation	2,272	-	-	-	-	-	-	2,272
Drug forfeiture	8,435	-	-	-	494	-	1,085	7,844
DRE callout	-	-	-	-	157	-	157	-
Young drivers grant	-	-	-	-	1,747	-	1,747	-
JAG grant	-	-	-	-	2,590	-	2,590	-
DEA forfeiture	123,183	-	-	-	24,624	-	30,000	117,807
MEMA grant (Homeland Security)	595	-	-	-	-	-	15	580
Impaired driving grant	-	-	-	-	13,492	-	13,492	-
Speed grant	-	-	-	-	7,837	1,278	6,559	-
Seatbelt grant	-	-	-	-	3,915	-	3,915	-
ATV grant	-	-	-	-	1,988	460	1,528	-
RIDE grant	-	-	-	-	10,630	-	10,630	-
Child safety seats	1,146	-	-	-	-	-	90	1,056
Fire/Rescue donations	75	-	-	-	-	-	-	75
Fire prevention	6,410	-	-	-	80	-	81	6,409
Fire memorial	23,456	-	-	-	39,803	-	27,916	35,343
USM confined space	11,045	-	-	-	-	-	-	11,045
FEMA fire grant	708	-	-	-	-	-	-	708
Sprinkler grant	7,874	-	-	-	-	-	-	7,874
Total public safety operations	194,803	-	-	-	107,357	1,738	100,181	200,241
Public works operations:								
Street opening	116,549	-	-	-	11,730	-	1,100	127,179
Gorham Village grant	2,402	-	-	-	-	-	-	2,402
Little Falls sidewalk grant	57,600	-	-	-	117,500	-	154,694	20,406
Connector trail grant	(2,996)	-	-	-	11,206	-	8,210	-
Total public works operations	173,555	-	-	-	140,436	-	164,004	149,987
Recreation operations:								
Community center donations	750	-	-	-	-	-	-	750
New Year's Gorham	10,215	-	-	-	10,795	-	12,326	8,684
Total recreation operations	10,965	-	-	-	10,795	-	12,326	9,434
Total restricted to	406,074	-	-	8,000	264,966	5,738	282,541	390,761

**TOWN OF GORHAM, MAINE**  
**Restricted, Committed, Assigned and Unassigned Funds - General Fund**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the year ended June 30, 2016**

	Fund balances beginning of year	Capital Part II	Council Transfer	Revenues		Expenditures		Fund balances end of year
				Transfer In	Revenues	Transfer Out	Expenditures	
<b>Committed to:</b>								
General government purposes:								
Energy Management Software	\$ -	26,400	-	-	-	-	25,650	750
Energy Efficient Lights at Robie Gym/Mun Ctr	-	15,000	-	-	-	-	-	15,000
Land acquisition	104,006	-	-	-	278,237	-	-	382,243
Compensation Study	-	-	-	10,000	-	-	4,000	6,000
Cemetery reserve	10,650	-	-	-	1,025	-	-	11,675
Gorham Village parking study	350	-	-	-	-	-	-	350
Emergency reserve account	160,311	1,826	-	-	-	-	-	162,137
Gorham village parking improvement	48,575	-	-	-	-	4,000	-	44,575
McLellan/Sampson House repairs	26,266	-	-	-	-	-	10,497	15,769
Exterior painting for Library, Gazebo, Robie Gym & Municipal Center	1,463	-	-	-	-	-	-	1,463
Elmwood School	-	-	-	-	3,350	-	3,350	-
Rte 25/114 sidewalks	12,038	-	-	-	-	-	-	12,038
Total general government purposes	363,659	43,226	-	10,000	282,612	4,000	43,497	652,000
Public safety operations:								
Watch guard digital cruiser video server	-	17,650	-	-	-	-	4,989	12,661
Spillman & DMV database full access	-	9,000	-	-	-	-	-	9,000
Blauer vest carriers (21)	-	2,500	-	-	-	-	-	2,500
Ballistic vests (22)	-	16,200	-	-	-	-	14,867	1,333
Regional fire & EMA study	1,912	-	-	-	-	-	-	1,912
Life pack 15 defibrillators	3,166	-	-	-	-	-	-	3,166
Air pack breathing units	192	42,000	-	-	-	-	41,808	384
Energy improvements at North Gorham & West Gorham fire station	1,489	-	-	-	-	-	-	1,489
Pulice Safety building	4,845	-	-	-	-	-	-	4,845
Public Safety building fiber network	-	37,000	-	-	-	-	27,977	9,023
Total public safety operations	11,604	124,350	-	-	-	-	89,641	46,313
Public works operations:								
Automotive diagnostic unit	221	-	-	-	-	-	-	221
Ecomaine recycling reserve	10,000	-	-	-	-	-	-	10,000
Street striping	1,425	-	-	-	-	-	1,425	-
3/4 ton pickup truck & plow	3,375	-	-	-	-	-	2,351	1,024
Trackless tractor	20,719	-	-	-	-	-	-	20,719
Dump truck & sander	41,363	-	-	-	-	-	359	41,004
Snow plow & wing	-	201,000	-	-	-	-	-	201,000
3/4 ton pickup truck & plow	-	42,000	-	-	-	-	39,298	2,702
MS4 stormwater program	-	11,000	-	-	-	-	9,900	1,100
Flaggy Meadow Road	71,827	-	-	-	-	71,827	-	-
Utility study	-	-	-	45,614	-	-	14,875	30,739
Total public works operations	148,930	254,000	-	45,614	-	71,827	68,208	308,509
Recreation operations:								
Patio garden	-	-	-	-	3,000	-	-	3,000
Internet based HVAC control system	-	15,000	-	-	-	-	-	15,000

TOWN OF GORHAM, MAINE  
 Restricted, Committed, Assigned and Unassigned Funds - General Fund  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
 For the year ended June 30, 2016

	Fund balances beginning of year	Capital Part II	Council Transfer	Revenues Transfer In	Revenues	Expenditures Transfer Out	Expenditures	Fund balances end of year
Committed to:								
Recreation operations, continued:								
Security camera system at BML	\$ -	14,056	-	-	-	-	14,055	1
Intrusion control system panel	-	3,880	-	-	-	-	3,880	-
Little Falls master plan	13,438	-	-	-	-	13,438	-	-
Chick property master plan	(434)	-	-	12,641	-	-	-	12,207
Little Falls-multi purpose field	215,770	-	30,000	-	-	-	165,512	80,258
Little Falls tennis/basketball courts	(797)	-	-	797	-	-	-	-
3/4 ton pickup truck & plow	-	38,500	-	-	-	-	34,475	4,025
Little Falls backflow/parking space markers	(1,978)	4,000	-	-	-	-	-	2,022
Little Falls paving	-	10,000	-	-	-	-	6,362	3,638
Total recreation operations	225,999	85,436	30,000	13,438	3,000	13,438	224,284	120,151
Total committed to	750,192	507,012	30,000	69,052	285,612	89,265	425,630	1,126,973
Assigned to:								
Encumbrances:								
General government	71,874	-	-	-	29,417	-	9,094	92,197
Public safety	83,195	-	-	-	213,901	-	120,571	176,525
Public works	68,783	-	-	-	141,219	-	10,131	199,871
Recreation	24,954	-	-	-	43,930	-	2,558	66,326
Economic development	588	-	-	-	-	-	-	588
Other	7,032	-	-	-	9,000	-	6,901	9,131
Total encumbrances	256,426	-	-	-	437,467	-	149,255	544,638
General government purposes:								
Radio programming	5,795	-	-	-	-	-	-	5,795
Capital project reserve	3,427	-	-	-	-	-	-	3,427
Municipal Center building	23,172	-	-	-	-	-	-	23,172
Municipal Center building roof replacement	22,457	-	-	-	-	-	-	22,457
10 Preble Street	-	-	-	-	2,535	-	2,535	-
Revaluation	149,133	-	-	-	-	-	7,609	141,524
Listing project	291	-	-	-	-	-	-	291
Compensation study	15,100	-	-	-	-	10,000	-	5,100
Finance serve/computer upgrade	32,041	-	-	-	-	-	2,603	29,438
Administration savings account	7,926	-	-	-	6,053	-	315	13,664
Town clerk savings account	55,059	-	-	-	18,065	-	10,426	62,698
Planning savings account	24,026	-	-	5,000	2,920	-	5,261	26,685
Assessing savings account	8,537	-	-	-	-	-	-	8,537
G.I.S. system	35,165	-	-	-	-	-	4,859	30,306
Code savings account	14,704	-	-	-	423	-	2,300	12,827
Web site development/maintenance	25,038	-	-	-	-	-	2,000	23,038
Total general government purposes	421,871	-	-	5,000	29,996	10,000	37,908	408,959
Public safety operations:								
Outside detail (police)	17,429	-	-	1,738	14,492	-	12,620	21,039
Police software	6,020	-	-	-	-	-	-	6,020
Police savings account	38,440	-	-	-	24,042	-	30,122	32,360
Police vests/tactical vests	1,347	-	-	-	-	-	1,347	-
Cruisers	9,100	-	-	-	6,044	-	-	15,144
Fire training	1,287	-	-	-	-	-	1,287	-

**TOWN OF GORHAM, MAINE**  
**Restricted, Committed, Assigned and Unassigned Funds - General Fund**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the year ended June 30, 2016**

	Fund balances beginning of year	Capital Part II	Council Transfer	Revenues		Expenditures		Fund balances end of year
				Transfer In	Revenues	Transfer Out	Expenditures	
<b>Assigned to:</b>								
Public safety operations, continued:								
Fire savings account	\$ 10,435	-	-	-	-	-	-	10,435
Air bottles	1,504	-	-	-	-	-	-	1,504
New mobile truck lifts (with Town of Windham)	13,413	-	-	-	-	-	-	13,413
Rescue savings account	28,364	-	-	-	-	-	9,969	18,395
Rescue vehicle reserve	20,744	-	-	-	-	-	-	20,744
Fire ponds/dry hydrants	23,721	-	-	-	1,995	-	-	25,716
Lock boxes	1,149	-	-	-	-	-	661	488
Total public safety operations	172,953	-	-	1,738	46,573	-	56,006	165,258
Public works operations:								
Public works savings account	17,984	-	-	-	2,957	-	-	20,941
New plow truck/sander	15,998	-	-	-	-	-	-	15,998
1-ton dump truck/tandem axle dump truck	5,851	-	-	-	-	-	2,270	3,581
Public works vehicles (lease payment account)	78,901	-	-	-	-	-	-	78,901
Fuel depot reserve	40,063	-	-	-	3,134	-	19,221	23,976
Longfellow bridge	2,123	-	-	-	-	-	-	2,123
Storm water management	17,495	-	-	-	-	-	-	17,495
Public works building	4,052	-	-	-	-	-	-	4,052
Roads	379,314	520,000	-	71,827	-	-	344,743	626,398
ecomaine recycling dividends	45,614	-	-	-	-	45,614	-	-
Total public works operations	607,395	520,000	-	71,827	6,091	45,614	366,234	793,465
Recreation operations:								
Baxter Library savings account	18,353	-	-	-	2,968	-	2,650	18,671
Baxter Library repairs	7,373	-	-	-	-	-	-	7,373
Little Falls wood clearing	11,845	-	-	-	-	-	-	11,845
Robie Gym repairs	4,591	-	-	-	-	-	-	4,591
Recreation savings account	-	-	-	-	470	-	-	470
Baxter Museum repairs	19,347	-	-	-	-	-	7,103	12,244
Recreation reimbursable	169,430	-	-	-	680,645	-	650,522	199,553
Total recreation operations	230,939	-	-	-	684,083	-	660,275	254,747
Economic development savings account	82,899	-	-	-	-	-	7,775	75,124
Unclassified:								
Cable TV savings account	7,047	-	-	-	4,290	-	7,800	3,537
Total unclassified	7,047	-	-	-	4,290	-	7,800	3,537
Insurance and employee benefits:								
UIC contingency reserve	31,500	-	-	-	-	-	-	31,500
PO334 IUUAL	138,518	-	-	-	-	-	30,000	108,518
PO133 IUUAL	258,327	-	-	-	-	-	-	258,327
School's IUUAL	371,738	-	-	-	-	-	184,060	187,678
Vacation/compensation/sick reserve	461,799	-	-	-	-	-	-	461,799
Property insurance deductible reserve	10,000	-	-	-	-	-	-	10,000
Auto insurance deductible reserve	4,000	-	-	-	-	-	-	4,000
Accrued compensated absences	396,688	-	-	-	14,567	-	-	411,255
Total insurance and employee benefits	1,672,570	-	-	-	14,567	-	214,060	1,473,077
<b>Total assigned to</b>	<b>3,452,100</b>	<b>520,000</b>	<b>-</b>	<b>78,565</b>	<b>1,223,067</b>	<b>55,614</b>	<b>1,499,313</b>	<b>3,718,805</b>

**TOWN OF GORHAM, MAINE**  
**Restricted, Committed, Assigned and Unassigned Funds - General Fund**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the year ended June 30, 2016**

	Fund balances beginning of year	Capital Part II	Council Transfer	Revenues		Expenditures		Fund balances end of year
				Transfer In	Revenues	Transfer Out	Expenditures	
<b>Unassigned to:</b>								
General government purposes:								
Security camera system at Municipal Center	\$ (759)	-	-	-	-	-	-	(759)
55 Morrill Avenue	(3,776)	-	-	-	-	-	-	(3,776)
Tax acquired costs	-	-	-	-	831	-	2,669	(1,838)
Comprehensive plan	2,044	-	-	-	-	5,000	14,133	(17,089)
Old Town Hall	-	-	-	-	-	-	988	(988)
McLellan/Sampson House	-	-	-	-	-	-	1,500	(1,500)
Total general government purposes	(2,491)	-	-	-	831	5,000	19,290	(25,950)
Public safety operations:								
Rechassis tank 2 & replace pump	(4,840)	-	-	-	-	-	-	(4,840)
Fire Chief's vehicle replacement	-	38,000	-	-	-	-	38,383	(383)
Total public safety operations	(4,840)	38,000	-	-	-	-	38,383	(5,223)
Public works operations:								
Pedestrian Trail grant	(13,340)	-	-	-	-	-	320	(13,660)
County Road	(54,472)	-	-	-	-	-	38,386	(92,858)
New Portland Road	(83,569)	-	-	-	-	-	-	(83,569)
Gordon Farms Road	(19,999)	-	-	-	-	-	-	(19,999)
Total public works operations	(171,380)	-	-	-	-	-	38,706	(210,086)
Recreation operations:								
Baxter library lights	(5,870)	-	-	-	-	-	1,261	(7,131)
Total recreation operations	(5,870)	-	-	-	-	-	1,261	(7,131)
Unclassified:								
Video system in Council Chambers	-	65,000	-	-	-	-	66,871	(1,871)
Video server for GoCAT	(28)	-	-	-	-	-	-	(28)
Total unclassified	(28)	65,000	-	-	-	-	66,871	(1,899)
Total unassigned to	(184,609)	103,000	-	-	831	5,000	164,511	(250,289)
<b>Total General Fund Restricted, Committed</b>								
<b>Assigned and Unassigned Funds</b>	<b>4,423,757</b>	<b>1,130,012</b>	<b>30,000</b>	<b>155,617</b>	<b>1,774,476</b>	<b>155,617</b>	<b>2,371,995</b>	<b>4,986,250</b>



**ALL OTHER GOVERNMENTAL FUNDS**

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**TOWN OF GORHAM, MAINE**  
**Combining Balance Sheet**  
**All Other Nonmajor Governmental Funds**  
**June 30, 2016**

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
<b>ASSETS</b>				
Cash	\$ 123,436	2,223,228	-	2,346,664
Investments	109,316	-	1,139,684	1,249,000
Receivables:				
Accounts	236,382	-	-	236,382
Notes	239,259	-	-	239,259
Intergovernmental	252,476	-	-	252,476
Inventory	30,922	-	-	30,922
Interfund loans receivable	2,281,332	182,359	12,524	2,476,215
<b>Total assets</b>	<b>\$ 3,273,123</b>	<b>2,405,587</b>	<b>1,152,208</b>	<b>6,830,918</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	34,185	-	5,135	39,320
Interfund loans payable	139,180	292,782	-	431,962
Unearned revenues	28,530	-	-	28,530
<b>Total liabilities</b>	<b>201,895</b>	<b>292,782</b>	<b>5,135</b>	<b>499,812</b>
Fund balances:				
Nonspendable	270,181	-	933,457	1,203,638
Restricted	2,498,548	2,044,324	213,616	4,756,488
Committed	291,647	68,825	-	360,472
Assigned	10,852	-	-	10,852
Unassigned	-	(344)	-	(344)
<b>Total fund balances</b>	<b>3,071,228</b>	<b>2,112,805</b>	<b>1,147,073</b>	<b>6,331,106</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,273,123</b>	<b>2,405,587</b>	<b>1,152,208</b>	<b>6,830,918</b>

**TOWN OF GORHAM, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**All Other Nonmajor Governmental Funds**  
**For the year ended June 30, 2016**

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 420,669	-	-	420,669
Intergovernmental	1,309,556	-	-	1,309,556
Charges for services	1,725,306	-	-	1,725,306
Investment income	12,240	2,693	10,339	25,272
Other revenue	179,676	-	28,089	207,765
<b>Total revenues</b>	<b>3,647,447</b>	<b>2,693</b>	<b>38,428</b>	<b>3,688,568</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Education	973,003	-	-	973,003
Food services	952,655	-	-	952,655
Public works - sewer	1,106,148	-	-	1,106,148
Recreation	13,044	-	-	13,044
Unclassified	228,495	-	7,560	236,055
Capital improvements	-	292,438	-	292,438
<b>Total expenditures</b>	<b>3,273,345</b>	<b>292,438</b>	<b>7,560</b>	<b>3,573,343</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>374,102</b>	<b>(289,745)</b>	<b>30,868</b>	<b>115,225</b>
<b>Other financing sources (uses):</b>				
Bond proceeds	-	1,775,000	-	1,775,000
Bond premium	-	21,978	-	21,978
Transfer to other funds	(113,532)	(21,978)	-	(135,510)
<b>Total other financing sources (uses)</b>	<b>(113,532)</b>	<b>1,775,000</b>	<b>-</b>	<b>1,661,468</b>
<b>Net change in fund balances</b>	<b>260,570</b>	<b>1,485,255</b>	<b>30,868</b>	<b>1,776,693</b>
<b>Fund balances, beginning of year</b>	<b>2,810,658</b>	<b>627,550</b>	<b>1,116,205</b>	<b>4,554,413</b>
<b>Fund balances, end of year</b>	<b>\$ 3,071,228</b>	<b>2,112,805</b>	<b>1,147,073</b>	<b>6,331,106</b>

## **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 Operations Fund has been presented as a major fund. See Statements 3 and 4.

**School Grants 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, the Olde Canal Business Park development district and the Martin's Point 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  
Nonmajor Special Revenue Funds  
June 30, 2016

(with comparative amounts for June 30, 2015)

	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	
										2016	2015
<b>ASSETS</b>											
Cash	\$ -	123,436	-	-	-	-	-	-	-	123,436	140,197
Investments	-	-	-	61,980	-	33,148	1,376	-	12,812	109,316	97,479
Receivables:											
Accounts	702	16,289	219,391	-	-	-	-	-	-	236,382	241,607
Notes	-	-	-	-	-	-	-	239,259	-	239,259	170,562
Intergovernmental	252,476	-	-	-	-	-	-	-	-	252,476	697,492
Inventory	-	30,922	-	-	-	-	-	-	-	30,922	33,214
Interfund loans receivable	-	-	836,582	14,552	804,699	8,703	3,862	610,077	2,857	2,281,332	2,093,779
<b>Total assets</b>	<b>\$ 253,178</b>	<b>170,647</b>	<b>1,055,973</b>	<b>76,532</b>	<b>804,699</b>	<b>41,851</b>	<b>5,238</b>	<b>849,336</b>	<b>15,669</b>	<b>3,273,123</b>	<b>3,474,330</b>
<b>LIABILITIES AND FUND BALANCES</b>											
<b>Liabilities:</b>											
Accounts payable	34,185	-	-	-	-	-	-	-	-	34,185	36,041
Interfund loans payable	74,600	64,580	-	-	-	-	-	-	-	139,180	599,538
Unearned revenue	-	28,530	-	-	-	-	-	-	-	28,530	28,093
<b>Total liabilities</b>	<b>108,785</b>	<b>93,110</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>201,895</b>	<b>663,672</b>
<b>Fund balances:</b>											
<b>Nonspendable:</b>											
Noncurrent receivables	-	-	-	-	-	-	-	239,259	-	239,259	170,562
Inventory	-	30,922	-	-	-	-	-	-	-	30,922	33,214
<b>Restricted:</b>											
Grants	144,393	-	-	-	-	-	-	-	-	144,393	124,365
Impact fees	-	-	-	-	804,699	-	-	-	-	804,699	656,955
Library	-	-	-	-	-	32,972	-	-	-	32,972	19,756
Recreation	-	-	-	-	-	-	5,238	-	-	5,238	5,223
Miscellaneous	-	-	-	-	-	-	-	-	12,812	12,812	12,673
TIF	-	-	-	-	-	-	-	319,314	-	319,314	380,836
Food services	-	46,615	-	-	-	-	-	-	-	46,615	79,863
Sewer operations	-	-	1,055,973	76,532	-	-	-	-	-	1,132,505	1,145,027
<b>Committed:</b>											
TIF	-	-	-	-	-	-	-	290,763	-	290,763	176,938
Miscellaneous	-	-	-	-	-	-	-	-	884	884	884
<b>Assigned:</b>											
Library	-	-	-	-	-	8,879	-	-	-	8,879	7,554
Miscellaneous	-	-	-	-	-	-	-	-	1,973	1,973	1,973
<b>Unassigned:</b>											
Library	-	-	-	-	-	-	-	-	-	-	(170)
Grants	-	-	-	-	-	-	-	-	-	-	(4,995)
<b>Total fund balances</b>	<b>144,393</b>	<b>77,537</b>	<b>1,055,973</b>	<b>76,532</b>	<b>804,699</b>	<b>41,851</b>	<b>5,238</b>	<b>849,336</b>	<b>15,669</b>	<b>3,071,228</b>	<b>2,810,658</b>
<b>Total liabilities and fund balances</b>	<b>\$ 253,178</b>	<b>170,647</b>	<b>1,055,973</b>	<b>76,532</b>	<b>804,699</b>	<b>41,851</b>	<b>5,238</b>	<b>849,336</b>	<b>15,669</b>	<b>3,273,123</b>	<b>3,474,330</b>

TOWN OF GORHAM, MAINE  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the year ended June 30, 2016  
(with comparative amounts for the year ended June 30, 2015)

	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		2016	2015
Revenues:												
Taxes	\$ -	-	-	-	-	-	-	420,669	-		420,669	323,437
Intergovernmental:												
Federal grants	834,253	-	-	-	-	-	-	-	-		834,253	979,148
Other state grants	163,773	-	-	-	-	-	-	-	-		163,773	481,267
USDA subsidies	-	311,530	-	-	-	-	-	-	-		311,530	574,055
Total intergovernmental	998,026	311,530	-	-	-	-	-	-	-		1,309,556	2,034,470
Charges for services	-	605,585	1,092,224	-	-	27,497	-	-	-		1,725,306	1,081,736
Investment income	-	-	730	672	-	258	15	10,426	139		12,240	9,140
Other revenues	-	-	-	-	179,676	-	-	-	-		179,676	127,307
Total revenues	998,026	917,115	1,092,954	672	179,676	27,755	15	431,095	139		3,647,447	3,576,090
Expenditures:												
Current:												
Education	973,003	-	-	-	-	-	-	-	-		973,003	1,160,691
Food services	-	952,655	-	-	-	-	-	-	-		952,655	886,847
Public works - sewer	-	-	1,106,148	-	-	-	-	-	-		1,106,148	1,106,148
Recreation	-	-	-	-	-	13,044	-	-	-		13,044	24,906
Unclassified	-	-	-	-	1,932	-	-	226,563	-		228,495	172,153
Total expenditures	973,003	952,655	1,106,148	-	1,932	13,044	-	226,563	-		3,273,345	3,350,745
Excess (deficiency) of revenues over (under) expenditures	25,023	(35,540)	(13,194)	672	177,744	14,711	15	204,532	139		374,102	225,345
Other financing sources (uses):												
Transfers in	-	-	-	-	-	-	-	-	-		-	30,973
Transfers out	-	-	-	-	(30,000)	-	-	(83,532)	-		(113,532)	(330,788)
Total other financing uses	-	-	-	-	(30,000)	-	-	(83,532)	-		(113,532)	(299,815)
Net change in fund balance	25,023	(35,540)	(13,194)	672	147,744	14,711	15	121,000	139		260,570	(74,470)
Fund balances, beginning of year	119,370	113,077	1,069,167	75,860	656,955	27,140	5,223	728,336	15,530		2,810,658	2,885,128
Fund balances, end of year	\$ 144,393	77,537	1,055,973	76,532	804,699	41,851	5,238	849,336	15,669		3,071,228	2,810,658



## **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:

### **Public Safety Building Capital Project Fund**

The Public Safety Building Capital Project Fund has been presented as a major fund. See Statements 3 and 4.

### **2016 GO Bond Projects**

To account for the reconstruction of Main Street with general obligation bonds.

### **2013 GO Bond Projects**

To account for the purchase of a two fire trucks and the renovation of the Little Falls School with general obligation bonds.

### **2010 GO Bond Projects**

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

### **2016 CIPS School Bond**

To account for major repairs to the Town of Gorham's school buildings with general obligation bonds.

### **Great Falls Elementary School Project**

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

### **Middle School Project**

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

### **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**  
**Nonmajor Capital Project Funds**  
**June 30, 2016**

(with comparative amounts for June 30, 2015)

	2016	2013	2010	2016	Great Falls	Middle	Various	High School	Totals	
	GO Bond	GO Bond	GO Bond	CIPS	Elementary	School	School	Renovation	2016	2015
	Projects	Projects	Projects	School Bond	School Project	Project	Projects	and Expansion		
<b>ASSETS</b>										
Cash	\$ 600,785	10,220	403,739	1,176,077	32,407	-	-	-	2,223,228	447,393
Interfund loans receivable	-	-	-	-	113,534	-	39,045	29,780	182,359	182,359
<b>Total assets</b>	<b>\$ 600,785</b>	<b>10,220</b>	<b>403,739</b>	<b>1,176,077</b>	<b>145,941</b>	<b>-</b>	<b>39,045</b>	<b>29,780</b>	<b>2,405,587</b>	<b>629,752</b>
<b>LIABILITIES AND FUND BALANCES</b>										
<b>Liabilities:</b>										
Interfund loans payable	-	-	-	292,438	-	344	-	-	292,782	2,202
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>292,438</b>	<b>-</b>	<b>344</b>	<b>-</b>	<b>-</b>	<b>292,782</b>	<b>2,202</b>
<b>Fund balances (deficit):</b>										
<b>Restricted:</b>										
CIPS School Bond	-	-	-	883,639	-	-	-	-	883,639	-
Great Falls Elementary School	-	-	-	-	145,941	-	-	-	145,941	145,880
Bonded road projects	-	-	403,739	-	-	-	-	-	403,739	402,988
Fire trucks	-	8,622	-	-	-	-	-	-	8,622	8,603
Main Street road project	600,785	-	-	-	-	-	-	-	600,785	-
Little Falls School renovation	-	1,598	-	-	-	-	-	-	1,598	1,598
<b>Committed:</b>										
Various school projects	-	-	-	-	-	-	39,045	-	39,045	39,045
High School renovation and expansion	-	-	-	-	-	-	-	29,780	29,780	29,780
<b>Unassigned:</b>										
Middle School project	-	-	-	-	-	(344)	-	-	(344)	(344)
<b>Total fund balances (deficit)</b>	<b>600,785</b>	<b>10,220</b>	<b>403,739</b>	<b>883,639</b>	<b>145,941</b>	<b>(344)</b>	<b>39,045</b>	<b>29,780</b>	<b>2,112,805</b>	<b>627,550</b>
<b>Total liabilities and fund balances</b>	<b>\$ 600,785</b>	<b>10,220</b>	<b>403,739</b>	<b>1,176,077</b>	<b>145,941</b>	<b>-</b>	<b>39,045</b>	<b>29,780</b>	<b>2,405,587</b>	<b>629,752</b>

TOWN OF GORHAM, MAINE  
Nonmajor Capital Project Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the year ended June 30, 2016  
(with comparative amounts for the year ended June 30, 2015)

	2016	2013	2010	2016	Great Falls	Middle	Various	High School	Totals	
	GO Bond	GO Bond	GO Bond	CIPS	Elementary	School	School	Renovation	2016	2015
	Projects	Projects	Projects	School Bond	School Project	Project	Projects	and Expansion		
Revenues:										
Investment income	\$ 785	19	751	1,077	61	-	-	-	2,693	188
Other revenue	-	-	-	-	-	-	-	-	-	1,505
Total revenues	785	19	751	1,077	61	-	-	-	2,693	1,693
Expenditures:										
Capital improvements:										
Construction and renovation	-	-	-	292,438	-	-	-	-	292,438	499,439
Total capital improvements	-	-	-	292,438	-	-	-	-	292,438	499,439
Total expenditures	-	-	-	292,438	-	-	-	-	292,438	499,439
Excess (deficiency) of revenues over (under) expenditures	785	19	751	(291,361)	61	-	-	-	(289,745)	(497,746)
Other financing sources:										
Long-term debt issued	600,000	-	-	1,175,000	-	-	-	-	1,775,000	-
Bond Premium	21,978	-	-	-	-	-	-	-	21,978	-
Transfers - out	(21,978)	-	-	-	-	-	-	-	(21,978)	-
Total other financing sources	600,000	-	-	1,175,000	-	-	-	-	1,775,000	-
Net change in fund balances	600,785	19	751	883,639	61	-	-	-	1,485,255	(497,746)
Fund balances (deficit), beginning of year	-	10,201	402,988	-	145,880	(344)	39,045	29,780	627,550	1,125,296
Fund balances (deficit), end of year	\$ 600,785	10,220	403,739	883,639	145,941	(344)	39,045	29,780	2,112,805	627,550

## **PERMANENT FUNDS**

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

### **Cemetery Perpetual Care**

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

### **Parks and Recreation Grounds**

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

### **Baxter Library and Museum**

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

### **Schools**

Various funds established to be used for the purchase of equipment, library books, and artwork 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**  
**Nonmajor Permanent Funds**  
**June 30, 2016**

(with comparative amounts for June 30, 2015)

	Cemetery Perpetual Care	Parks and Recreation Grounds	Baxter Library and Museum	Schools	Public Purpose and Civic Improvements	Miscellaneous	Totals	
							2016	2015
<b>ASSETS</b>								
Investments	\$ 501,611	12,598	371,294	47,550	14,437	192,194	1,139,684	1,121,361
Interfund loans receivable	1,850	-	10,674	-	-	-	12,524	1,800
<b>Total assets</b>	<b>503,461</b>	<b>12,598</b>	<b>381,968</b>	<b>47,550</b>	<b>14,437</b>	<b>192,194</b>	<b>1,152,208</b>	<b>1,123,161</b>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	5,135	-	-	-	-	-	5,135	6,547
Interfund loans payable	-	-	-	-	-	-	-	409
<b>Total liabilities</b>	<b>5,135</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,135</b>	<b>6,956</b>
Fund balances:								
Nonspendable	498,286	4,125	358,236	5,170	5,000	62,640	933,457	905,102
Restricted	40	8,473	23,732	42,380	9,437	129,554	213,616	211,103
<b>Total fund balances</b>	<b>498,326</b>	<b>12,598</b>	<b>381,968</b>	<b>47,550</b>	<b>14,437</b>	<b>192,194</b>	<b>1,147,073</b>	<b>1,116,205</b>
<b>Total liabilities and and fund balances</b>	<b>\$ 503,461</b>	<b>12,598</b>	<b>381,968</b>	<b>47,550</b>	<b>14,437</b>	<b>192,194</b>	<b>1,152,208</b>	<b>1,123,161</b>

TOWN OF GORHAM, MAINE  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Permanent Funds  
For the year ended June 30, 2016  
(with comparative amounts for the year ended June 30, 2015)

	Cemetery Perpetual Care	Parks and Recreation Grounds	Baxter Library and Museum	Schools	Public Purpose and Civic Improvements	Miscellaneous	Totals	
							2016	2015
Revenues:								
Investment income	\$ 5,350	150	3,985	515	157	182	10,339	15,107
Donations	11,450	-	16,639	-	-	-	28,089	153,501
Total revenues	16,800	150	20,624	515	157	182	38,428	168,608
Expenditures:								
Current:								
Other miscellaneous	5,135	1,443	982	-	-	-	7,560	8,673
Total expenditures	5,135	1,443	982	-	-	-	7,560	8,673
Excess (deficiency) of revenues over (under) expenditures	11,665	(1,293)	19,642	515	157	182	30,868	159,935
Other financing sources:								
Transfers in	-	-	-	-	-	-	-	1,530
Total other financing sources	-	-	-	-	-	-	-	1,530
Net change in fund balance	11,665	(1,293)	19,642	515	157	182	30,868	161,465
Fund balances, beginning of year	486,661	13,891	362,326	47,035	14,280	192,012	1,116,205	954,740
Fund balances, end of year	\$ 498,326	12,598	381,968	47,550	14,437	192,194	1,147,073	1,116,205



## **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 and 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**  
**Combining Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2016**

	Agency Funds			
	School and Student Activity Funds	Public Safety Activity Funds	Recreation Activity Funds	Total Agency Funds
<b>ASSETS</b>				
Cash	\$ 291,198	141,312	230	432,740
Interfund receivable	5,934	-	-	5,934
<b>Total assets</b>	<b>297,132</b>	<b>141,312</b>	<b>230</b>	<b>438,674</b>
<b>LIABILITIES</b>				
Due to:				
Student groups	297,132	-	-	297,132
Public safety	-	141,312	-	141,312
Recreation	-	-	230	230
<b>Total liabilities</b>	<b>\$ 297,132</b>	<b>141,312</b>	<b>230</b>	<b>438,674</b>

TOWN OF GORHAM, MAINE  
Combining Statement of Fiduciary Net Position  
Agency Funds  
June 30, 2016  
(with comparative amounts for June 30, 2015)

	School and 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	GCVP	2016	2015
<b>ASSETS</b>									
Cash	\$ 212,953	667	17,456	12,854	12,877	32,923	1,468	291,198	274,624
Interfund receivable	5,934	-	-	-	-	-	-	5,934	5,934
<b>Total assets</b>	<b>218,887</b>	<b>667</b>	<b>17,456</b>	<b>12,854</b>	<b>12,877</b>	<b>32,923</b>	<b>1,468</b>	<b>297,132</b>	<b>280,558</b>
<b>LIABILITIES</b>									
Due to student groups	218,887	667	17,456	12,854	12,877	32,923	1,468	297,132	280,558
<b>Total liabilities</b>	<b>\$ 218,887</b>	<b>667</b>	<b>17,456</b>	<b>12,854</b>	<b>12,877</b>	<b>32,923</b>	<b>1,468</b>	<b>297,132</b>	<b>280,558</b>

TOWN OF GORHAM, MAINE  
Combining Statement of Fiduciary Net Position  
Agency Funds  
June 30, 2016  
(with comparative amounts for June 30, 2015)

	Public Safety Activity Agency Funds				Totals	
	Guns and Hoses Fund	Central Station Auxiliary Fund	S. Windham Fire Company Fund	Presumpscot Valley Hazmat Fund	2016	2015
<b>ASSETS</b>						
Cash	\$ 50,522	3,145	4,644	83,001	141,312	118,293
<b>Total assets</b>	<b>50,522</b>	<b>3,145</b>	<b>4,644</b>	<b>83,001</b>	<b>141,312</b>	<b>118,293</b>
<b>LIABILITIES</b>						
Due to public safety groups	50,522	3,145	4,644	83,001	141,312	118,293
<b>Total liabilities</b>	<b>\$ 50,522</b>	<b>3,145</b>	<b>4,644</b>	<b>83,001</b>	<b>141,312</b>	<b>118,293</b>

TOWN OF GORHAM, MAINE  
Combining Statement of Fiduciary Net Position  
Agency Funds  
June 30, 2016  
(with comparative amounts for June 30, 2015)

	Recreation Activity		
	Funds		Totals
	Basketball	League	
	Fund		2016 2015
<b>ASSETS</b>			
Cash	\$ 230	230	1,114
<b>Total assets</b>	<b>230</b>	<b>230</b>	<b>1,114</b>
<b>LIABILITIES</b>			
Due to recreation groups	230	230	1,114
<b>Total liabilities</b>	<b>\$ 230</b>	<b>230</b>	<b>1,114</b>

**TOWN OF GORHAM, MAINE**  
**Combining Statement of Fiduciary Net Position**  
**Private-purpose Trust Funds**  
**June 30, 2016**  
**(with comparative amounts for June 30, 2015)**

	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	
								2016	2015
<b>ASSETS</b>									
Investments	\$ 2,660	2,589	6,541	12,615	7,380	10,481	1,842	44,108	44,373
Interfund loan receivable	-	-	-	-	-	-	-	-	150
<b>Total assets</b>	<b>2,660</b>	<b>2,589</b>	<b>6,541</b>	<b>12,615</b>	<b>7,380</b>	<b>10,481</b>	<b>1,842</b>	<b>44,108</b>	<b>44,523</b>
<b>LIABILITIES AND NET POSITION</b>									
Liabilities:									
Interfund loan payable	100	-	100	100	500	-	-	800	900
<b>Total liabilities</b>	<b>100</b>	<b>-</b>	<b>100</b>	<b>100</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>800</b>	<b>900</b>
Net position:									
Principal	2,460	2,536	6,341	12,376	5,000	10,481	1,842	41,036	40,942
Unexpended income	100	53	100	139	1,880	-	-	2,272	2,681
<b>Total net position</b>	<b>2,560</b>	<b>2,589</b>	<b>6,441</b>	<b>12,515</b>	<b>6,880</b>	<b>10,481</b>	<b>1,842</b>	<b>43,308</b>	<b>43,623</b>
<b>Total liabilities and and net position</b>	<b>\$ 2,660</b>	<b>2,589</b>	<b>6,541</b>	<b>12,615</b>	<b>7,380</b>	<b>10,481</b>	<b>1,842</b>	<b>44,108</b>	<b>44,523</b>

**TOWN OF GORHAM, MAINE**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds - Private-purpose Trust Funds**  
**For the year ended June 30, 2016**  
**(with comparative amounts for the year ended June 30, 2015)**

	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	
								2016	2015
<b>Additions:</b>									
Investment earnings:									
Interest	\$ 28	25	69	134	82	109	19	466	613
Net increase (decrease) in the fair value of investments	1	1	3	5	3	5	1	19	(585)
Donations	-	-	-	-	-	-	-	-	250
<b>Total additions</b>	<b>29</b>	<b>26</b>	<b>72</b>	<b>139</b>	<b>85</b>	<b>114</b>	<b>20</b>	<b>485</b>	<b>278</b>
<b>Deductions:</b>									
Current:									
Scholarships awarded	100	-	100	100	500	-	-	800	1,000
<b>Total deductions</b>	<b>100</b>	<b>-</b>	<b>100</b>	<b>100</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>800</b>	<b>1,000</b>
<b>Changes in net position</b>	<b>(71)</b>	<b>26</b>	<b>(28)</b>	<b>39</b>	<b>(415)</b>	<b>114</b>	<b>20</b>	<b>(315)</b>	<b>(722)</b>
<b>Net position, beginning of year</b>	<b>2,631</b>	<b>2,563</b>	<b>6,469</b>	<b>12,476</b>	<b>7,295</b>	<b>10,367</b>	<b>1,822</b>	<b>43,623</b>	<b>44,345</b>
<b>Net position, end of year</b>	<b>\$ 2,560</b>	<b>2,589</b>	<b>6,441</b>	<b>12,515</b>	<b>6,880</b>	<b>10,481</b>	<b>1,842</b>	<b>43,308</b>	<b>43,623</b>



**TOWN OF GORHAM, MAINE**  
**Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the year ended June 30, 2016**

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<b>ASSETS</b>				
Cash and interfund receivables:				
Student activities:				
High School Activity Fund	\$ 207,620	385,922	374,655	218,887
Gorham High School CBE	917	4,141	4,391	667
White Rock Activity Fund	13,707	37,323	33,574	17,456
Narragansett Office	10,119	20,494	17,759	12,854
Village Activity Fund	11,157	33,923	32,203	12,877
Middle School Activity Fund	35,133	71,402	73,612	32,923
GSVP	1,905	3,465	3,902	1,468
Subtotal student activities	280,558	556,670	540,096	297,132
Public safety activities:				
Guns and Hoses Fund	48,850	13,360	11,688	50,522
Central Station Auxiliary Fund	5,493	2	2,350	3,145
S. Windham Fire Company Fund	1,996	4,021	1,373	4,644
Presumpscot Valley Hazmat Fund	61,954	151,951	130,904	83,001
Subtotal public safety activities	118,293	169,334	146,315	141,312
Recreation activities:				
Men's Basketball League Fund	1,114	901	1,785	230
Subtotal recreation activities	1,114	901	1,785	230
<b>Total assets</b>	<b>\$ 399,965</b>	<b>726,905</b>	<b>688,196</b>	<b>438,674</b>

**TOWN OF GORHAM, MAINE**  
**Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the year ended June 30, 2016**

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<b>LIABILITIES</b>				
Student activities:				
High School Activity Fund	\$ 207,620	385,922	374,655	218,887
Gorham High School CBE	917	4,141	4,391	667
White Rock Activity Fund	13,707	37,323	33,574	17,456
Narragansett Office	10,119	20,494	17,759	12,854
Village Activity Fund	11,157	33,923	32,203	12,877
Middle School Activity Fund	35,133	71,402	73,612	32,923
GSVP	1,905	3,465	3,902	1,468
Subtotal student activities	280,558	556,670	540,096	297,132
Public safety activities:				
Guns and Hoses Fund	48,850	13,360	11,688	50,522
Central Station Auxiliary Fund	5,493	2	2,350	3,145
S Windham Fire Company Fund	1,996	4,021	1,373	4,644
Presumpscot Valley Hazmat Fund	61,954	151,951	130,904	83,001
Subtotal public safety activities	118,293	169,334	146,315	141,312
Recreation activities:				
Men's Basketball League Fund	1,114	901	1,785	230
Subtotal recreation activities	1,114	901	1,785	230
<b>Total liabilities</b>	<b>\$ 399,965</b>	<b>726,905</b>	<b>688,196</b>	<b>438,674</b>

## STATISTICAL SECTION

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

CONTENTS	PAGE
<b>Financial Trends</b>	127-131
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
<b>Revenue Capacity</b>	132-135
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
<b>Debt Capacity</b>	136-139
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
<b>Demographic and Economic Information</b>	140-141
<i>These schedules offer demographic and economic indicators to help the reader understand the environment that the government's financial activity takes place.</i>	
<b>Operating Information</b>	142-144
<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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u> <sup>1</sup>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u> <sup>2</sup>	<u>2016</u>
Governmental activities:										
Net investment in capital assets	\$ 23,204,001	\$ 21,730,596	\$ 33,293,376	\$ 33,076,636	\$ 36,550,035	\$ 38,304,529	\$ 39,771,522	\$ 41,744,384	\$ 42,226,881	\$ 44,482,501
Restricted	375,446	375,446	424,928	16,412,829	1,868,709	3,109,143	3,242,839	3,936,188	3,949,973	4,067,304
Unrestricted	<u>12,441,818</u>	<u>15,039,117</u>	<u>12,982,245</u>	<u>(1,472,158)</u>	<u>11,219,195</u>	<u>11,574,603</u>	<u>9,596,610</u>	<u>9,556,973</u>	<u>9,268,347</u>	<u>10,011,462</u>
Total governmental activities net position	<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>	<u>\$ 55,237,545</u>	<u>\$ 55,445,201</u>	<u>\$ 58,561,267</u>

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

<sup>2</sup> Fiscal year 2015 has been restated to reflect the implementation of GASB Statement No. 68

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u> <sup>1</sup>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u> <sup>2</sup>	<u>2016</u>
<b>Expenses</b>										
Governmental activities:										
General government	\$ 3,897,193	\$ 4,262,644	\$ 4,692,737	\$ 4,791,437	\$ 4,787,454	\$ 4,768,295	\$ 4,743,171	\$ 5,045,971	\$ 5,212,457	\$ 5,750,902
Public safety	3,317,132	3,811,471	3,742,859	3,581,802	3,838,634	3,823,459	3,803,853	4,181,443	3,893,475	4,582,029
Public works	3,902,787	5,531,287	2,781,765	4,540,156	5,376,501	5,041,673	5,401,195	5,430,356	5,159,276	5,300,666
Health and welfare	55,774	57,765	87,628	74,469	136,853	149,617	188,183	121,093	50,170	52,100
Recreation	1,216,449	1,414,399	1,368,309	1,407,246	1,110,653	1,488,702	1,454,250	1,616,165	1,648,025	1,601,851
Development	406,590	429,849	495,299	271,516	294,540	296,115	240,178	246,957	240,827	309,488
Education	31,417,334	32,649,708	32,373,509	34,667,562	34,310,102	34,654,427	35,364,568	35,457,060	36,435,791	37,728,542
Interest on debt	1,272,191	1,226,075	1,250,260	1,387,958	1,878,175	1,472,657	1,310,289	1,260,694	1,218,765	1,231,628
Total governmental activities expenses	<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>	<u>53,359,739</u>	<u>53,858,786</u>	<u>56,557,206</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	518,926	399,105	470,309	545,365	592,358	547,377	669,844	733,768	710,554	742,951
Public safety	434,044	527,077	617,224	593,483	670,950	633,614	643,240	582,398	635,994	595,448
Public works	1,571,638	1,454,912	1,584,478	1,476,406	1,550,190	1,504,559	1,518,310	1,592,331	1,522,571	1,605,862
Health and welfare	13,672	11,261	11,643	11,305	10,106	11,217	10,350	10,391	9,848	10,373
Recreation	550,704	597,558	634,268	647,758	609,568	677,022	655,906	798,272	792,628	859,864
Development	123,738	98,601	82,050	-	-	-	-	-	-	-
Education	696,114	632,641	654,443	616,409	595,506	579,531	565,176	585,729	34,928	640,904
Operating grants and contributions	20,628,587	21,369,835	22,456,840	23,263,805	23,132,157	22,891,354	22,140,676	22,890,431	24,339,847	22,449,423
Capital grants and contributions	2,318,647	775,035	5,518,682	1,306,107	1,796,568	3,316,795	275,574	1,712,233	217,919	2,696,445
Total governmental activities program revenues	<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>	<u>28,905,553</u>	<u>28,264,289</u>	<u>29,601,270</u>
Net (expense)/revenue, governmental activities	<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>	<u>(24,454,186)</u>	<u>(25,594,497)</u>	<u>(26,955,936)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes, levied for general purposes	17,690,199	19,138,898	19,421,626	19,309,185	19,873,946	20,677,988	20,982,710	22,639,056	23,320,184	24,499,792
Payment in lieu of taxes	54,396	36,385	91,351	56,684	55,469	57,067	58,207	59,272	58,967	58,688
Motor vehicle and boat excise taxes	2,486,679	2,486,856	2,403,379	2,374,614	2,385,626	2,425,578	2,618,905	2,860,442	3,034,851	3,272,059
Grants and contributions not restricted to specific programs:										
Homestead exemption	331,237	309,050	306,543	303,353	259,083	263,253	260,833	273,331	273,442	287,369
BETE reimbursement	-	-	78,942	131,103	163,110	161,074	189,602	180,676	215,861	292,684
Other state aid	10,865	39,204	29,003	28,486	26,611	41,956	41,769	41,730	40,914	40,755
State revenue sharing	1,265,414	1,389,770	1,326,817	1,131,755	1,116,472	1,124,259	1,105,086	784,766	731,086	780,829
Unrestricted investment earnings	727,022	501,024	224,431	216,622	188,676	87,250	100,293	91,407	118,144	128,724
Miscellaneous revenues	307,381	739,880	435,727	148,644	259,356	254,434	288,815	308,262	262,310	421,513
Sale of property	-	-	-	-	67,792	12,961	2,983	14,918	2,000	289,589
Total governmental activities	<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>	<u>27,253,860</u>	<u>28,057,759</u>	<u>30,072,002</u>
<b>Change in Net Position</b>										
Governmental activities	<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>	<u>\$ 2,799,674</u>	<u>\$ 2,463,262</u>	<u>\$ 3,116,066</u>

<sup>1</sup> Fiscal year 2010 has been restated as the result of implementing GASB Statement No. 54.

<sup>2</sup> Fiscal year 2015 has been restated to reflect the implementation of GASB Statement No. 68

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

Fiscal Year	Interest and			Total
	Property Taxes	Costs on Taxes	Excise Taxes	
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
2014	22,639,056	69,969	2,860,442	25,569,467
2015	23,320,184	81,731	3,034,851	26,436,766
2016	24,499,792	74,179	3,272,059	27,846,030

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>General Fund</b>										
Nonspendable										
Noncurrent receivables	\$ 10,940	\$ 10,535	\$ 9,319	\$ 8,509	\$ 7,698	\$ 6,888	\$ 6,078	\$ 2,634	\$ 2,228	\$ 1,823
Prepaid items	-	-	-	-	-	2,097	105,687	212,149	228,091	144,676
Inventory <sup>4</sup>	14,024	16,753	58,646	65,126	66,266	35,848	43,068	79,362	70,300	47,988
Restricted										
General government purposes	-	-	-	-	-	-	-	15,006	26,751	31,099
Public safety operations	-	-	-	192,996	201,653	149,347	164,996	151,483	194,803	200,241
Public works operations	-	-	-	91,992	93,761	100,476	106,425	179,875	176,551	149,987
Recreation operations	-	-	-	2,108	2,108	750	750	7,359	10,965	9,434
Committed										
General government purposes	-	-	-	545,620	545,620	314,731	104,006	310,677	363,659	652,000
Public safety operations	-	-	-	-	-	-	-	24,760	11,604	46,313
Public works operations	-	-	-	-	-	-	-	83,827	148,930	308,509
Recreation operations	-	-	-	-	-	-	-	60,342	229,208	120,151
Other purposes	-	-	-	145,015	219,257	98,191	754,600	-	-	-
Assigned										
Capital funding	622,345	691,231	541,862	1,128,800	139,220	1,721,034	466,800	1,005,423	1,130,012	1,344,000
Encumbrances	270,652	296,508	61,996	222,092	161,130	259,911	445,389	277,951	256,426	544,638
General government purposes	-	-	-	628,858	666,191	540,298	550,638	492,432	795,656	408,959
Public safety operations	-	-	-	365,256	208,642	171,468	187,318	147,693	172,952	165,258
Public works operations	-	-	-	567,559	585,374	618,224	510,559	649,994	607,394	793,465
Recreation operations	-	-	-	272,649	291,377	281,296	301,141	321,926	237,986	258,284
Economic development	-	-	-	75,316	75,316	77,100	85,399	82,899	82,899	75,124
Insurance and employee benefits	-	-	-	532,767	519,941	518,408	567,789	537,873	904,144	1,061,822
Other purposes	-	-	-	686,340	336,048	379,753	309,499	-	-	-
Capital reserves	3,106,331	3,172,519	3,515,695	-	-	-	-	-	-	-
Compensated absences	279,289	295,344	316,262	320,086	335,706	360,078	369,162	376,121	396,688	411,255
Unassigned	6,069,876	5,837,508	6,029,809	5,334,899	6,508,046	5,687,098	6,491,317	6,567,745	6,708,673	7,011,371
<b>Total General Fund</b>	<b>\$ 10,373,457</b>	<b>\$ 10,320,398</b>	<b>\$ 10,533,589</b>	<b>\$ 11,185,988</b>	<b>\$ 10,963,354</b>	<b>\$ 11,322,996</b>	<b>\$ 11,570,621</b>	<b>\$ 11,587,531</b>	<b>\$ 12,755,920</b>	<b>\$ 13,786,397</b>
<b>All other governmental funds</b>										
Nonspendable										
Special revenue funds	\$ 45,769	\$ 35,253	\$ 101,853	\$ 182,352	\$ 170,149	\$ 184,540	\$ 145,908	\$ 169,010	\$ 203,776	\$ 270,181
Permanent funds	375,446	375,446	424,928	513,326	524,205	524,988	538,345	746,715	905,102	933,457
Restricted										
Special revenue funds	974,328	997,803	1,344,305	1,419,004	1,130,992	2,364,016	2,499,236	2,627,725	2,424,698	2,498,548
Capital project funds	1,613,688	3,882,761	-	14,264,545 <sup>3</sup>	3,807,139	738,721	559,273	1,056,815	5,382,372 <sup>3</sup>	2,290,650
Permanent funds	193,310	214,008	198,362	215,954	213,512	220,139	205,258	208,025	211,103	213,616
Committed										
Special revenue funds	1,500,520	1,388,842	1,543,348	1,536,304	1,561,139	237,637	99,629	106,714	177,822	291,647
Capital project funds	14,792	58,834	146,956	43,183	240,851	39,045	82,982	68,825	68,825	68,825
Assigned										
Special revenue funds	220,585	347,771	714,805	885,155	429,115	1,070,699	305,307	10,396	9,527	10,852
Unassigned										
Special revenue funds	(2,078,838)	(1,916,952)	(1,361,516)	(1,784,809)	(1,107,297)	(1,649,257)	(1,606,033)	(872,680)	(604,072)	(720,751)
<b>Total all other governmental funds</b>	<b>\$ 2,859,600</b>	<b>\$ 5,383,766</b>	<b>\$ 3,113,041</b>	<b>\$ 17,275,014</b>	<b>\$ 6,969,805</b>	<b>\$ 3,730,528</b>	<b>\$ 2,829,905</b>	<b>\$ 4,121,545</b>	<b>\$ 8,779,153</b>	<b>\$ 5,857,025</b>

(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.

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

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



Table 5

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
Taxes	\$ 20,225,048	\$ 21,590,218	\$ 21,728,434	\$ 21,768,640	\$ 22,631,090	\$ 23,040,600	\$ 23,806,646	\$ 25,447,669	\$ 26,429,236	27,906,699
Licenses and permits	434,921	282,421	277,563	300,923	548,938	527,362	644,599	691,597	674,697	684,459
Intergovernmental	22,238,074	22,781,117	23,900,879	24,423,021	24,630,449	24,356,593	23,642,623	23,896,480	24,505,354	23,951,677
Investment income <sup>1</sup>	667,452	404,760	145,202	98,943	-	-	-	-	-	-
Charges for services	2,311,948	2,300,477	2,556,325	2,425,130	3,047,229	2,851,781	2,862,119	3,030,321	2,461,337	3,837,878
Unclassified	1,993,011	2,255,787	2,251,650	2,195,366	1,152,994	1,230,525	1,189,455	1,266,969	2,050,794	807,468 <sup>2</sup>
Total revenues	47,870,454	49,614,780	50,860,053	51,212,023	52,010,700	52,006,861	52,145,442	54,333,036	56,121,418	57,188,181
<b>Expenditures</b>										
General government	3,571,950	3,800,490	3,846,027	4,060,023	3,945,945	3,864,910	3,917,516	4,082,567	4,216,477	4,713,140
Public safety	2,944,915	3,254,798	3,395,235	3,295,577	3,401,184	3,548,053	3,483,363	3,708,786	3,765,789	4,063,172
Public works	2,890,905	3,496,519	3,103,513	3,308,541	3,394,776	3,318,793	3,375,294	3,467,186	3,314,864	3,980,162
Health and welfare	55,774	57,765	87,628	74,469	136,853	149,617	188,183	121,093	50,170	52,100
Recreation	1,164,766	1,215,668	1,187,799	1,202,986	1,245,047	1,305,319	1,275,146	1,458,993	1,514,686	1,685,202
Economic development	222,750	241,787	221,348	321,323	61,666	63,216	59,701	73,970	68,674	80,993
Public agencies	-	-	-	-	28,484	28,276	26,646	30,018	29,878	32,361
Unclassified	1,227,331	1,374,541	1,297,684	229,345	605,948	544,860	404,876	490,165	534,140	479,585
Education	28,845,645	30,034,275	30,748,351	33,329,869	32,992,753	32,933,772	33,009,864	34,130,460	35,274,132	36,159,730
Debt service										
Principal	2,659,650	2,674,650	2,664,650	2,609,650	2,404,650	3,520,000	3,593,125	3,653,125	3,148,125	3,378,125
Interest	1,303,291	1,198,483	1,305,978	1,235,485	1,852,572	1,548,720	1,361,973	1,308,722	1,230,211	1,331,006
Capital maintenance	671,071	151,694	598,297	713,962	983,754	586,728	418,072	214,165	827,997	65,411
Capital improvements	3,862,117	3,731,353	4,527,450	6,533,337	15,247,703	3,643,362	1,684,681	2,084,346	1,595,529	5,023,751
Total expenditures	49,420,165	51,232,023	52,983,960	56,914,567	66,301,335	55,055,626	52,798,440	54,823,596	55,570,672	61,044,738
<b>Other financing sources (uses)</b>										
Capital lease proceeds	666,521	151,694	74,639	146,972	312,792	169,130	-	399,110	136,208	167,928
Bond proceeds	-	4,000,000	-	20,384,680	3,450,000	-	-	-	5,139,043	1,775,000
Bond premium	-	-	-	-	-	-	-	-	-	21,978
Transfers in	12,889,444	14,727,079	14,349,706	14,101,181	13,491,112	13,709,200	14,093,904	15,171,646	15,784,224	16,182,196
Transfers out	(12,889,444)	(14,727,079)	(14,349,706)	(14,101,181)	(13,491,112)	(13,709,200)	(14,093,904)	(15,171,646)	(15,784,224)	(16,182,196)
Total other financing sources (uses)	666,521	4,151,694	74,639	20,531,652	3,762,792	169,130	-	399,110	5,275,251	1,964,906
Net change in fund balances	\$ (883,190)	\$ 2,534,451	\$ (2,049,268)	\$ 14,829,108	\$ (10,527,843)	\$ (2,879,635)	\$ (652,998)	\$ (91,450)	\$ 5,825,997	\$ (1,891,651)
Debt service as a percentage of noncapital expenditures	9.1%	8.0%	9.6%	7.8%	8.6%	10.6%	9.6%	9.7%	8.2%	8.9%

<sup>1</sup> Beginning with fiscal year 2011, investment income has become part of the Unclassified revenue source.

<sup>2</sup> Beginning with fiscal year 2016, recreation reimbursables has become part of the Charges for services source.

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

Fiscal Year Ended June 30	Real Property		Personal Property	Less Tax Exempt Real Property	Total Taxable Assessed Value <sup>1</sup>	Total Direct Tax Rate	State Equalized Value <sup>2</sup>	Assessed Value as a Percentage of Equalized Value
	Residential Property	Commercial Property						
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%
2014	1,092,702,600	474,477,300	41,245,100	298,885,300	1,309,539,700	16.63	1,420,400,000	92.2%
2015	1,119,027,500	478,491,000	45,522,400	300,865,900	1,342,175,000	16.72	1,467,850,000	91.4%
2016	1,242,064,900	526,927,200	42,871,100	306,787,900	1,505,075,300	15.65	1,541,700,000	97.6%

## Sources:

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

<sup>2</sup> State of Maine, Bureau of Taxation

**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	Total Direct Tax Rate	County Tax Rate	
2007	6.04	12.61	18.65	0.75	19.40
2008	4.95	10.46	15.41	0.59	16.00 <sup>1</sup>
2009	4.98	10.40	15.38	0.62	16.00
2010	5.17	10.09	15.26	0.64	15.90
2011	5.25	10.05	15.30	0.60	15.90
2012	5.46	10.23	15.69	0.61	16.30
2013	5.27	10.39	15.66	0.64	16.30
2014	5.41	11.22	16.63	0.67	17.30
2015	5.47	11.25	16.72	0.68	17.40
2016	5.24	10.41	15.65	0.65	16.30 <sup>2</sup>

Source: Gorham Assessing office

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

2 The drop in the tax rate for fiscal year 2016 was the result of property value trending.

Table 8

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

Taxpayer	2016			2007		
	Current year assessed value	Rank	Percentage of total assessed value	Current year assessed value	Rank	Percentage of total assessed value
Central Maine Power Co.	\$ 72,842,993	1	4.84%	\$ 21,691,000	1	2.37%
New Portland Road Realty LLC (formerly known as Gorham House)	13,137,400	2	0.87%	9,689,100	3	1.06%
Nappi Distributors	10,424,900	3	0.69%			
Grondin, R J & Phillip				12,424,500	2	1.36%
Scott Paper	7,998,400	4	0.53%	5,713,200	7	0.63%
Maine Mobile Homes LTD	7,718,200	5	0.51%	5,397,400	10	0.59%
Gorham Savings Bank	7,216,400	6	0.48%	8,375,600	4	0.92%
Maritimes & NE Pipeline	6,942,000	7	0.46%	6,828,900	5	0.75%
Hannaford Brothers	6,588,800	8	0.44%	5,493,900	9	0.60%
Village Square Housing Corp	5,991,300	9	0.40%			
Shaw Brothers Construction Co.	4,754,200	10	0.32%	5,655,400	8	0.62%
Irwin Industrial Tool (formerly American Tool)				6,651,300	6	0.73%
Totals	\$ 143,614,593		9.54%	\$ 87,920,300		9.63%

Source: Gorham Assessing office

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

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year <sup>1</sup>	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 17,730,424	\$ 17,116,397	\$ 1	\$ 602,607	\$ 17,719,004	99.9%
2008	19,215,434	18,541,490	96.5%	664,277	19,205,767	99.9%
2009	19,458,932	18,646,974	95.8%	801,880	19,448,854	99.9%
2010	19,359,897	18,705,614	96.6%	641,019	19,346,633	99.9%
2011	19,926,919	19,368,870	97.2%	514,848	19,883,718	99.8%
2012	20,705,124	19,968,524	96.4%	699,886	20,668,410	99.8%
2013	21,037,690	20,488,787	97.4%	524,437	21,013,224	99.9%
2014	22,661,472	21,966,820	96.9%	652,047	22,618,867	99.8%
2015	23,364,012	22,663,613	97.0%	520,465	23,184,078	99.2%
2016	24,538,607	23,819,148	97.1%	-	23,819,148	97.1%

<sup>1</sup> 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 <sup>1</sup>	Per Capita <sup>1</sup>
	General Obligation Debt <sup>2</sup>	Notes Payable	Capital Leases			
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
2014	39,237,510	213,650	481,939	39,933,099	9.66%	2,438
2015	41,100,775	212,574	416,060	41,729,409	10.10%	2,547
2016	39,384,157	210,642	404,010	39,998,809	9.68%	2,442

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

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

<sup>2</sup> The 2012, 2013, 2014, 2015 and 2016 amounts include the premium on bonds, as well as bond amounts.

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

<b>Fiscal Year</b>	<b>General Obligation Debt <sup>1</sup></b>	<b>State Assessed Value of Property <sup>2</sup></b>	<b>Per Capita <sup>3</sup></b>
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
2014	39,237,510	2.76%	2,395
2015	41,100,775	2.80%	2,509
2016	39,384,157	2.55%	2,404

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

Amount for 2012-2016 includes bond premium.

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

<sup>3</sup> Population data can be found in the Schedule of Demographic and Economic Statistics, Table 14.

**TOWN OF GORHAM, MAINE**  
**Direct and Overlapping Governmental Activities Debt**  
**General Obligation Bonds**  
**As of June 30, 2016**

<b>Jurisdiction</b>	<b>Total debt outstanding</b>	<b>Percentage applicable to Gorham</b>	<b>Amount applicable to Gorham</b>
Direct debt:			
Town of Gorham	\$ 39,594,799	100.00%	39,594,799
Overlapping debt:			
Cumberland County	35,735,000	3.78%	1,350,085
Portland Water District - sewer shared with Windham	4,201,000	70.45%	2,959,561
Portland Water District - sewer shared with Windham and Westbrook	4,221,314	18.48%	780,185
Portland Water District - water debt	47,391,288	5.71%	2,706,043
Subtotal overlapping debt:			7,795,874
<b>Total direct and overlapping debt:</b>			<b>\$ 47,390,673</b>

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.



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

<b>Fiscal Year</b>	<b>Debt Limit</b>	<b>Total net debt applicable to limit</b>	<b>Legal Debt Margin</b>	<b>Total net debt applicable to limit as a percentage of debt limit</b>
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%
2014	213,060,000	39,237,510	173,822,490	18.42%
2015	220,177,500	41,100,775	179,076,725	18.67%
2016	231,255,000	39,384,157	191,870,843	17.03%

**Legal Debt Margin Calculation for Fiscal Year 2016**

	<b>Outstanding bonds and notes</b>	<b>Percent of state assessed value of \$ 1,541,700,000</b>	<b>Allowable Amount</b>	<b>Margin</b>
For school purposes	\$ 23,780,286	10.00%	\$ 154,170,000	\$ 130,389,714
For storm or sanitary sewer purposes	-	7.50%	115,627,500	115,627,500
For municipal, airport, water, and special district purposes	-	3.00%	46,251,000	46,251,000
For all other purposes	15,603,871	7.50%	115,627,500	100,023,629
<b>Total</b>	<b>\$ 39,384,157</b>	<b>15.00%</b>	<b>\$ 231,255,000</b>	<b>\$ 191,870,843</b>

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

Fiscal Year	Population <sup>1</sup>	Personal Income	Per Capita	Median Age <sup>2</sup>	School Enrollment <sup>3</sup>	Unemployment Rate <sup>4</sup>
			Personal Income <sup>2</sup>			
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%
2014	16,381	413,276,249	25,229	38.0	2,666	4.20%
2015	16,381	413,276,249	25,229	38.0	2,631	3.40%
2016	16,381	413,276,249	25,229	38.0	2,660	3.30%

Data Source

<sup>1</sup> U.S. Dept. of Commerce, Bureau of Census  
The 2005-2008 are based on July Census estimates.  
The 2009 and 2010 figures are the July 1, 2008 estimate from the Bureau of Census.  
The 2011-2015 figure is based upon the 2010 census.

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

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

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

Table 15

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

Employer	2016 <sup>1</sup>			2007		
	Employees	Rank	Percentage of Gorham's Labor Force	Employees	Rank	Percentage of Gorham's Labor Force
Town of Gorham: School/Municipal	507	1	4.9%	595	2	6.4%
University of Southern Maine*	321	2	3.1%	974	1	10.5%
New Portland Road Realty LLC (formerly known as Gorham House)	260	3	2.5%	208	3	2.2%
Nappi Distributors	215	4	2.1%			
Shaw Brothers Construction, Inc.	214	5	2.1%	121	6	1.3%
Hannaford Brothers	152	6	1.5%	180	4	1.9%
Irwin Industrial Tool (formerly American Tool)	150	7	1.4%	117	7	1.3%
R. J. Grondin	135	8	1.3%	154	5	1.7%
Gorham Savings Bank	102	9	1.0%	91	8	1.0%
Yotul Stove, Inc.	92	10	0.9%			
Knowlton Machine				50	10	0.5%
Maine Rubber International				68	9	0.7%
Totals	<u>2,148</u>		20.7%	<u>2,558</u>		27.5%

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

<sup>1</sup> Labor force figure was for June 2016 and provided by the Maine Department of Labor.

\* Gorham campus only.

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

<b>Function</b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>
General Government	17.5	16.5	15.5	15.5	19.0	17.5	17.5	18.0	18.0	17.0
Public Safety:										
Police:										
Officers	21.0	22.0	23.0	23.0	23.0	23.0	23.0	23.5	23.0	23.0
Civilians	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.5	2.5
Fire:										
Firefighters and EMT's	9.0	13.0	13.0	13.0	13.0	12.0	12.0	12.0	12.5	12.5
Civilians	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Public Works	21.0	21.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	18.0
Recreation	17.0	17.0	16.0	14.3	14.0	14.0	14.0	16.0	16.0	16.0
Development <sup>1</sup>	4.5	4.5	4.5	4.5	1.0	1.0	1.0	1.0	1.0	1.0
<b>Total</b>	<b>95.0</b>	<b>99.0</b>	<b>96.0</b>	<b>94.3</b>	<b>94.0</b>	<b>91.5</b>	<b>91.5</b>	<b>94.5</b>	<b>95.0</b>	<b>93.0</b>

<sup>1</sup> Planning department employees have become part of the general government category in 2011.

**TOWN OF GORHAM, MAINE**  
**Operating Indicators by Function <sup>1</sup>**  
**Last Ten Fiscal Years**

<b>Function</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>General Government:</b>										
Building permits: <sup>2</sup>										
Single family	66	64	30	41	58	63	43	75	67	66
Condos	9	4	5	0	4	5	4	4	13	2
Commercial	23	22	18	17	14	19	38	44	43	23
Total number permits issued	n/a	1,025	n/a	n/a	941	917	966	1,079	1,116	1141
<b>Public Safety:</b>										
Police:										
Number of calls for service	17,434	16,303	18,245	18,473	18,781	15,335	17,137	17,411	13,748	14192
Number of physical arrests	406	423	782	771	734	777	738	648	265	279
Number of summons and warnings	3,427	2,960	3,674	3,621	2,725	2,301	1,906	2,059	2,132	1871
Parking tickets issued	305	245	269	391	180	112	117	110	91	88
Number of accidents investigated	528	544	555	519	449	482	455	420	556	432
Fire:										
Number of fire and rescue calls	2,407	2,352	2,102	2,549	2,807	2,815	2,728	2,732	2,589	2,664
Number of fire hydrants	269	281	286	292	292	296	296	304	310	316
Number of fire ponds	70	69	69	70	71	71	71	71	71	71
<b>Public Works:</b>										
Number of roads maintained	269	274	276	278	283	287	288	290	290	290
Lane miles of roads maintained	278.5	280.3	282.2	283.1	286.7	290.7	291.0	292.8	292.8	292.8
Acres of public area maintained	113.1	113.1	113.1	113.1	113.1	129.19	154.65	154.65	154.65	154.65
Acres of cemeteries maintained	21.1	29.9	30.1	30.1	30.1	30.02	30.03	30.12	30.12	30.03
Tons of residential solid waste	2,290	2,235	2,304	2,166	2,099	2,155	2,154	2,233	2,331	2,400
Tons of waste recycled	1,555	1,421	1,444	1,200	1,246	1,266	1,314	1,266	1,260	1,226
<b>Recreation:</b>										
Library:										
Number of items circulated	103,080	101,158	109,409	116,050	114,309	114,159	115,826	116,987	115,477	110,329

Sources: Various town departments.

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

<sup>2</sup> 2007-2011 figures shown are based on calendar year. 2012-2016 figures are based on fiscal year.

n/a = data not available

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Function</b>										
<b>Public Safety:</b>										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	13	13	13	13	13	19	19	19	19	19
Fire stations	6	6	6	6	6	6	6	6	6	7
<b>Public Works:</b>										
Streets (miles)	278.5	280.3	282.2	283.1	286.7	290.7	291.0	292.8	292.8	292.8
Street lights	375	381	385	385	389	392	395	405	405	405
Traffic signals/blinkers	11	11	11	11	11	11	11	11	11	11
Cemeteries	8	10	12	12	12	12	12	12	12	12
<b>Recreation:</b>										
Libraries	3	3	3	3	3	3	2	2	2	2
Parks acreage	211.3	211.3	211.3	211.3	211.3	211.3	211.3	211.3	211.3	211.3
Parks	5	5	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.