

# **TOWN OF GORHAM, MAINE**

## **Comprehensive Annual Financial Report**

**For the Fiscal Year Ended June 30, 2012**

**Prepared by:**

**Sharon Laflamme, Finance Director**



**TOWN OF GORHAM, MAINE**  
**Comprehensive Annual Financial Report**  
**June 30, 2012**

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# ***INTRODUCTORY SECTION***

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# Town of Gorham

## **Municipal Center**

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Gorham, Maine 04038

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Sharon LaFlamme  
slaflamme@gorham.me.us



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December 10, 2012

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

The comprehensive annual financial report of the Town of Gorham for the fiscal year ending June 30, 2012 is hereby submitted as required by Town Charter and State law.

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

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

*Independent Audit:* State statutes require an annual audit by independent certified public accountants. The accounting firm of Runyon Kersteen Ouellette, Certified Public Accountants, performed for the Town Council the annual audit for fiscal year ending June 30, 2012. The auditor's report on the basic financial statements and combined and individual fund statements and schedules is included in the financial section of this report. In the opinion of the independent auditor, the Town of Gorham's basic financial statements, as of June 30, 2012, present fairly, in all material respects, the financial position of the Town, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The auditors were required to do a single audit under OMB Circular A-133 as the Town expended more than \$500,000 in federal funds. Information related to this single audit, including a report on internal controls, report on compliance with requirements applicable to each major program, schedule of expenditures of federal awards, notes to schedule of expenditures of federal awards, and schedule of findings and questioned costs, are included in a separately issued single audit report. This report is available at the Finance Office at the Municipal Center.

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

## **Profile of the Government**

The Town of Gorham is located in Cumberland County, approximately nine miles west of downtown Portland and is bordered by the Towns of Scarborough, Buxton, Standish, Windham, and the City of Westbrook. The land area is 59.88 square miles with a population of 16,381 residents according to the 2010 U.S. Census. The Town is a suburban community and is comprised of a mix of residential, local business, industrial, and commercial activity. The University of Southern Maine has a campus located within walking distance of the Village Center. Routes 25 and 114 provide convenient access to Gorham.

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

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

*Budgeting Controls:* Article V of the Town's Charter provides for a budget process. The fiscal year or budget year of the Town begins on the first day of July and ends on the thirtieth day of June of the following calendar year. The Charter provides that the Town and School budgets be submitted by the Town Manager to the Council on or before 60 days prior to the first day of each fiscal year. The Superintendent of Schools on or before 70 days prior to the first day of each fiscal year must submit to the Town Manager the Schools' budget request in both budget category summary and in detailed analysis. The summary shall be compatible for incorporation into the Town budget. Upon receipt of the Town Manager's budget, the Council shall set a time and place for a public hearing on the Town budget as received by the Council. Following the public hearing, the Council shall consider all relevant information received and adopt a budget for the fiscal year. Upon adoption of the Town budget by the Council, a referendum must be held to allow the voters to validate or reject the total School budget as adopted. The Town must hold on or before the 10th calendar day following Council adoption of the budget a budget validation referendum.

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

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



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

The municipal budget is prepared by fund, function (e.g. public safety), and department (e.g. police). Department heads may transfer resources within a department as they see fit. Transfers between departments, however, need special approval from the governing council. The School budget is prepared by budget categories. The School Committee may transfer an amount not exceeding 5% of the total appropriation for any budget category to another budget category or among other budget categories without voter approval.

### **Local Economy**

The Town's total taxable valuation for tax year 2011-2012 is \$1,269,986,500 (excludes the valuation attributable to the State Homestead Exemption and BETE personal property reimbursement), resulting in an increase of about 1.4% from the 2010-2011 total taxable valuation. Approximately 16% of the tax base is commercial and industrial with the remainder being residential (these figures include vacant parcels as well as developed parcels). The Town's rate of tax collection continues to be strong with a 97.2% for last fiscal year and 96.4% for this fiscal year. The Town's legal debt margin is set by State law at 15% of its state assessed value. Currently, the Town's outstanding debt is 3.5% of the state assessed value.

During fiscal year 2012, the Code office issued permits for 48 single-family/condo dwellings, and 38 commercial/institutional structures. The department issued a total of 966 permits during fiscal year 2012.

In August 2011, Great Falls Elementary School was completed. This project was approved by the voters in November 2008 and replaces the White Rock Elementary School. Davis & Hanscom constructed the new school and was financed with the issuance of a \$20,384,680 bond in April 2010.

During fiscal year 2012, reconstruction of North Gorham Road and Finn Parker Road were completed. These road projects were financed by the issuance of general obligation bonds in the amount of \$3,450,000 on August 1, 2010. The bonds were issued to finance improvements to roads (\$3,000,000) and for the purchase of a heavy rescue truck (\$450,000). The heavy rescue truck was purchased in fiscal year 2011. There is \$405,240 remaining to finance improvements to roads.

In fiscal year 2012, the Town took advantage of the low interest rates and refunded five bonds. On August 2, 2011 the Gorham Town Council approved the refunding of the 2000 general obligation bonds. This refunding, which was issued October 27, 2011 through the Maine Bond Bank, will save the Town approximately \$87,584. On January 17, 2012 the Gorham Town Council approved the advance refunding of the 2002, 2004, 2005 and 2008 general obligation bonds. The Town issued general obligation bonds in the amount of \$16,815,000 on February 15, 2012. This advance refunding will save the Town approximately \$1,515,318.

### **Fiscal Year 2012 Budget**

The Town of Gorham's gross budget for 2012 showed an increase of 3.1% from the 2011 budget. The gross budget was up by \$1,322,468 and the mil rate increased from \$15.90 in FY11 to \$16.30 in FY12.

The following is a comparison of the FY2011 mil rate to the FY2012 mil rate.

	FY 10 – 11	FY 11 – 12	\$ Incr/(Decr)	% Chg
Town's Tax Rate	\$ 5.25	\$ 5.46	\$0.21	4.00
School's Tax Rate	\$10.05	\$10.23	\$0.18	1.79
County's Tax Rate	\$ 0.60	\$ 0.61	\$0.01	1.67

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

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

The Town's gross expenditure budget increased by \$462,689 or 4%. The major increase in this budget is to cover the initial interest and principal payment for the road improvement/heavy rescue equipment bond (\$288,988) and adding back the capital projects fund that was eliminated in FY11 (\$200,000).

The Town's non-property tax revenues also saw an increase of 2.6%. This minor increase of \$146,793 was the result of the additional revenue for Gorham Rescue Department providing billing service for the Town of Westbrook's Rescue Department (\$25,500), increase rescue billing revenue (\$25,000) and an increase in state revenue sharing of (\$212,125).

As a result of the increase in the gross budget and the non-property tax revenues for the municipal side of the budget, the amount required from property taxes was up \$320,025 or 5.6%.

The School gross expenditure budget of \$31,195,670 was up \$832,643 or 2.7%. The major increase in this budget is to cover the initial principal payment for the new elementary school's debt service. However, the State subsidizes 87.8% of this debt service payment for the new elementary school, which amounts to approximately \$1,501,730.

### **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 2012, there was \$139,220 in funds available for allocation to capital equipment and capital project needs. The Town Council approved at their June 7, 2011 meeting as part of the adopted budget the use of the excess unassigned fund balance of \$139,220 for the following purposes:

- \$19,000 to purchase 25 self-contained air bottles for fire fighters;
- \$15,000 to replace 10 sets of protective clothing (bunker gear). The Fire Department has 30 sets of bunker gear and with this funding it is intended to start a 3-year replacement program;
- \$105,220 to fund road projects.

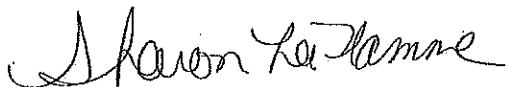
### **Other Information**

*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, 2011. This was the ninth 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 patience and support on my first year as Finance Director. I would like to acknowledge our independent auditors, Runyon Kersteen Ouellette, for the professional audit work provided and the continued support and assistance.

Sincerely,

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

Sharon Laflamme  
Finance Director

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# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Gorham  
Maine

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

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



*Linda C. Davidson*

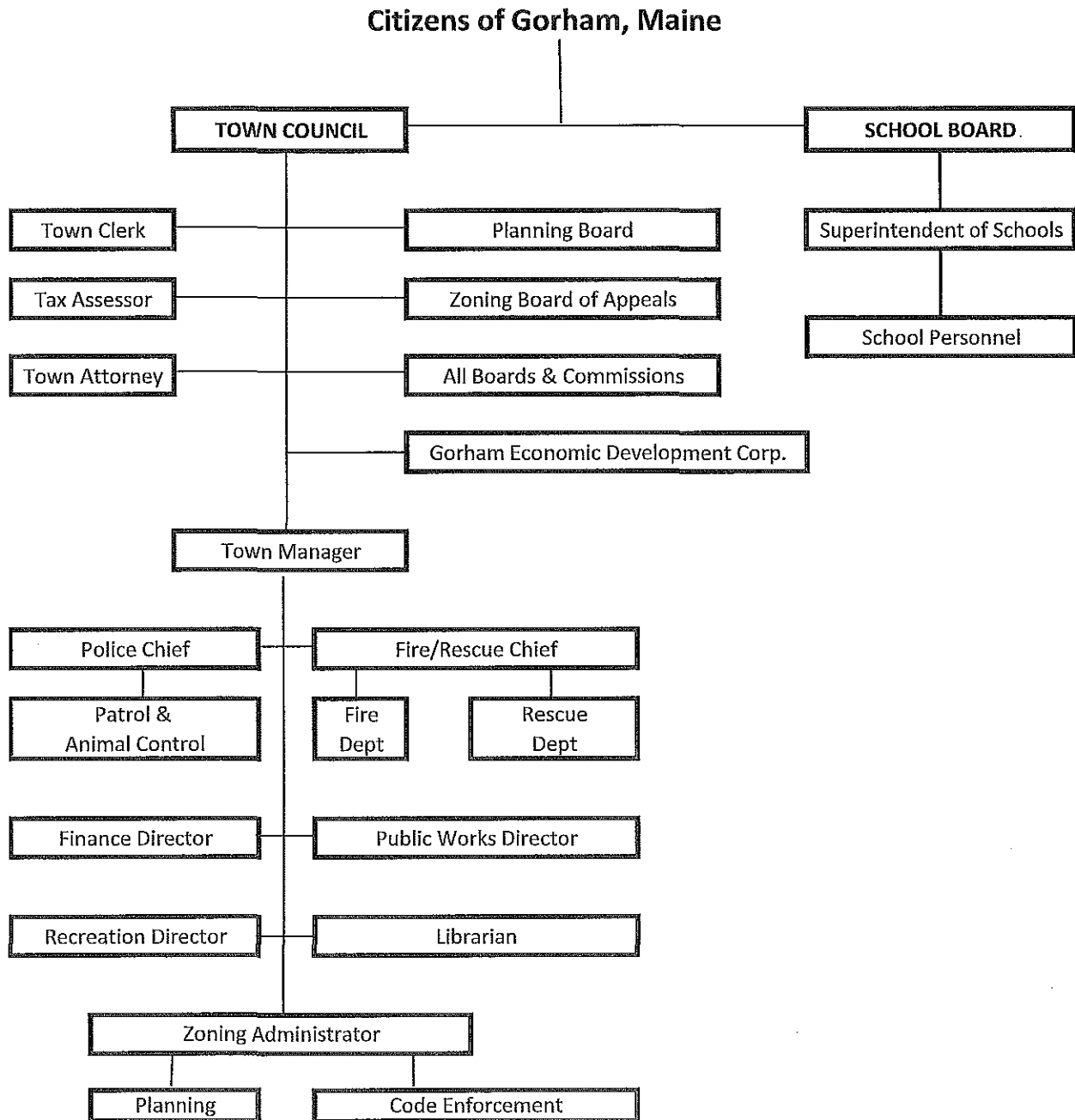
President

*Jeffrey R. Enos*

Executive Director



# Town of Gorham, Maine Organizational Chart



**TOWN OF GORHAM, MAINE**  
**List of Principal Officials**  
**June 30, 2012**

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D. Brenda Caldwell, Chairman, Town Council

Philip T. Gagnon, Jr., Vice Chairman

Suzanne Phillips

Matthew Mattingly

Matthew J. Robinson

Michael J. Phinney

John A. Pressey

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David O. Cole, Town Manager

Cornelia C. Loughran, Town Clerk

Michael D'Arcangelo, Tax Assessor

Thomas E. Ellsworth, Econ. Dev. Dir.

Sharon LaFlamme, Finance Director

Robert S. Lefebvre, Fire Chief

Pamela E. Turner, Library Director

Ronald W. Shepard, Police Chief

Robert J. Burns, Jr., Public Works Dir.

Cynthia A. Hazelton, Recreation Director

David Galbraith, Zoning Administrator

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James J. Hager, Jr., Chairman, School Board

Roger L. Marchand, Vice Chairman

Kyle P. Currier

Anne Lawrence

Dennis Libby

Sara Nelson

Darryl B. Wright

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Theodore G. Sharp, School Superintendent

Hollis S. Cobb, School Finance Officer



## ***FINANCIAL SECTION***

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## Independent Auditor's Report

Town Council  
Town of Gorham, Maine

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Gorham, Maine as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Gorham, Maine's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

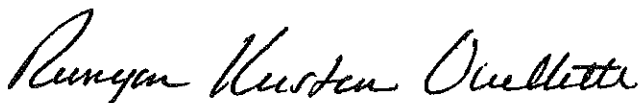
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Gorham, Maine, as of June 30, 2012, and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2012, on our consideration of the Town of Gorham, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Town Council  
Town of Gorham, Maine

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

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



December 10, 2012  
South Portland, Maine

**TOWN OF GORHAM, MAINE**  
**Management's Discussion and Analysis**  
**June 30, 2012**

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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, 2012. We encourage the readers to consider the information presented in conjunction with the Town's financial statements, which follow this section.

**Financial Highlights**

- The total assets of the Town of Gorham exceed its liabilities by \$52,988,275, an increase of \$3,572,344 or 7.2% when compared to the beginning net asset figure of \$49,415,931.
- The ending fund balance for Governmental Funds is \$15,053,524. The expenditures exceeded revenues by \$2,879,635.
- The General Fund's ending fund balance is \$11,322,996; an increase of \$359,642 from the prior year's ending fund balance of \$10,963,354. Of the \$11,322,996 only \$5,687,098 is unassigned. A detailed listing of the nonspendable, restricted, committed and assigned fund balances can be found in the notes to basic financial statements, NOTE 18, COMPONENTS OF FUND BALANCES.
- The Town of Gorham has a fund balance policy. The Town must maintain a combined General Fund and Special Revenue Fund (School Operations Fund) unassigned fund balance of at least 8.5% of the succeeding year's School, Town, and Cumberland County appropriations. The combined General Fund and Special Revenue Fund – School Operations Fund unassigned fund balances as of June 30, 2012 was \$4,083,368 or 9.1% of the total FY13 budgeted appropriations. The Town Council uses any excess funds to fund the capital needs of the community as deemed appropriate. The Town Council generally reviews and approves the capital projects during the annual budget process. It is anticipated that the Town Council will have approximately \$296,021 to allocate to the Capital Part II budget during the FY14 budget process.
- The Town of Gorham's general obligation debt decreased by \$3,790,000 or 8.0% in the outstanding bonded debt total.

**Overview of the Financial Statements**

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

**Government-wide Statements**

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

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

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

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

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

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

### **Fund Financial Statements**

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

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

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

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

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

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

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

The Town of Gorham is the trustee, or fiduciary, for the various School activity accounts, various public safety activity accounts, various recreation activity funds, and Trust Funds that are set up primarily as scholarships. These assets, because of a trust arrangement, can only be used for trust beneficiaries. All of the Town's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 42 and 43. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

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

**Reporting the Town as a Whole**

**Net Assets**

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

	<u>Governmental Activities</u>			
	<u>2012</u>	<u>2011</u>	<u>\$ Change</u>	<u>% Change</u>
Current & other assets	\$ 22,363,435	24,868,131	(2,504,696)	(10.07%)
Capital assets, net	83,550,475	80,628,399	2,922,076	3.62%
<b>Total assets</b>	<b>105,913,910</b>	<b>105,496,530</b>	<b>417,380</b>	<b>0.40%</b>
Long-term debt outstanding	47,334,920	49,371,198	(2,036,278)	(4.12%)
Other liabilities	5,590,715	6,709,402	(1,118,687)	(16.67%)
<b>Total liabilities</b>	<b>52,925,635</b>	<b>56,080,600</b>	<b>(3,154,965)</b>	<b>(5.63%)</b>
Net assets:				
Invested in:				
Capital assets, net of related debt	38,304,529	36,328,026	1,976,503	5.44%
Restricted	3,109,143	1,868,709	1,240,434	66.38%
Unrestricted	11,574,603	11,441,204	133,399	1.17%
<b>Total net assets</b>	<b>\$ 52,988,275</b>	<b>49,637,939</b>	<b>3,350,336</b>	<b>6.75%</b>

The decrease of \$2,504,696 in the current and other assets category is primarily due to the spending down of the bond proceeds for the elementary school project. The bonds were issued in April 2010.

The Capital Asset disclosure in the notes to the financial statements, see Note 6, shows how the change in capital assets, net change of \$2,922,076 resulted. However, the increase is primarily due to the completion of the new elementary school.

The Long-term Debt disclosure in the notes to the financial statements, see Note 10, shows how the reduction in long-term debt outstanding of \$2,036,278 resulted.

The change in the other liabilities of \$1,118,687 is primarily due to a decrease of \$934,534 in accrued wages and benefits due to a third payroll in June.

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

	<u>2012</u>	<u>2011</u>	<u>\$ Change</u>	<u>% Change</u>
Capital assets	\$ 133,004,275	126,802,140	6,202,135	4.89%
Accumulated depreciation	(49,453,800)	(46,173,741)	(3,280,059)	(7.10%)
Bonds payable (includes premium)	(45,339,066)	(47,554,680)	2,215,614	4.66%
Notes payable	(220,336)	(222,009)	1,673	0.75%
Capital leases	(425,265)	(427,866)	2,601	0.61%
Add back unspent bond proceeds	738,721	3,904,182	(3,165,461)	(81.08%)
<b>Total invested in capital assets, net of related debt</b>	<b>\$ 38,304,529</b>	<b>36,328,026</b>	<b>1,976,503</b>	<b>5.44%</b>

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

**Changes in Net Assets**

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

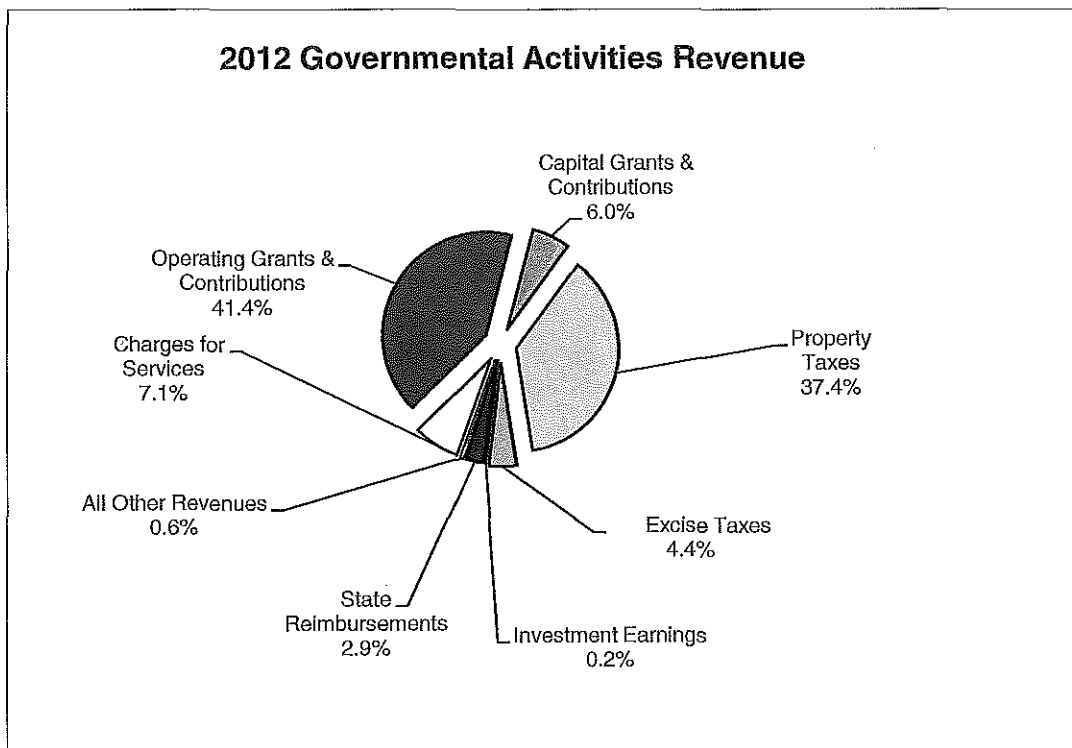
	<u>2012</u>	<u>2011</u>	<u>\$ Change</u>	<u>% Change</u>
<b>REVENUES</b>				
Program Revenues:				
Charges for services	\$ 3,953,320	4,028,678	(75,358)	(1.87%)
Operating grants & contributions	22,891,354	23,132,157	(240,803)	(1.04%)
Capital grants & contributions	3,316,795	1,796,568	1,520,227	84.62%
General Revenues:				
Property taxes	20,677,988	19,873,946	804,042	4.05%
Payment in lieu of taxes	57,067	55,469	1,598	2.88%
Motor vehicle & boat excise taxes	2,425,578	2,385,626	39,952	1.67%
Grants and contributions not restricted to specific programs:				
Homestead exemption	263,253	259,083	4,170	1.61%
BETE reimbursement	161,074	163,110	(2,036)	(1.25%)
Other state aid	41,956	26,611	15,345	57.66%
State revenue sharing	1,124,259	1,116,472	7,787	0.70%
Investment earnings	87,250	188,676	(101,426)	(53.76%)
Miscellaneous revenues	254,434	259,356	(4,922)	(1.90%)
Special item - sale of property	12,961	67,792	(54,831)	(80.88%)
Total revenues	<u>55,267,289</u>	<u>53,353,544</u>	<u>1,913,745</u>	<u>3.59%</u>
<b>EXPENSES</b>				
General government	4,768,295	4,787,454	-19,159	(0.40%)
Public safety	3,823,459	3,838,634	-15,175	(0.40%)
Public works	5,041,673	5,376,501	-334,828	(6.23%)
Health & welfare	149,617	136,853	12,764	9.33%
Recreation	1,488,702	1,110,653	378,049	34.04%
Development	296,115	294,540	1,575	0.53%
Education	34,654,427	34,310,102	344,325	1.00%
Interest on debt	1,472,657	1,878,175	-405,518	(21.59%)
Total expenses	<u>51,694,945</u>	<u>51,732,912</u>	<u>-37,967</u>	<u>(0.07%)</u>
<b>Change in net assets \$</b>	<u><b>3,572,344</b></u>	<u><b>1,620,632</b></u>	<u><b>1,951,712</b></u>	<u><b>120.43%</b></u>



**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 2012.



Overall revenues were up \$1,913,745 or 3.6% when compared to fiscal year 2011. There were a number of reasons for the increase in the revenues and they are highlighted below.

Approximately 37.4% of the Town's revenues come from property taxes, while 41.4% comes from operating grants and contributions. Approximately 77.5% 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 1% or \$240,803 primarily because the School Department received approximately \$173,759 less in federal aid.

The capital grants and contributions were up \$1,520,227 or 84.6% due to the Town accepting four roads from developers during fiscal year 2012 at an estimated cost of \$3,145,578. This is \$1,549,434 more than the \$1,596,144 of accepted roads received in fiscal year 2011.

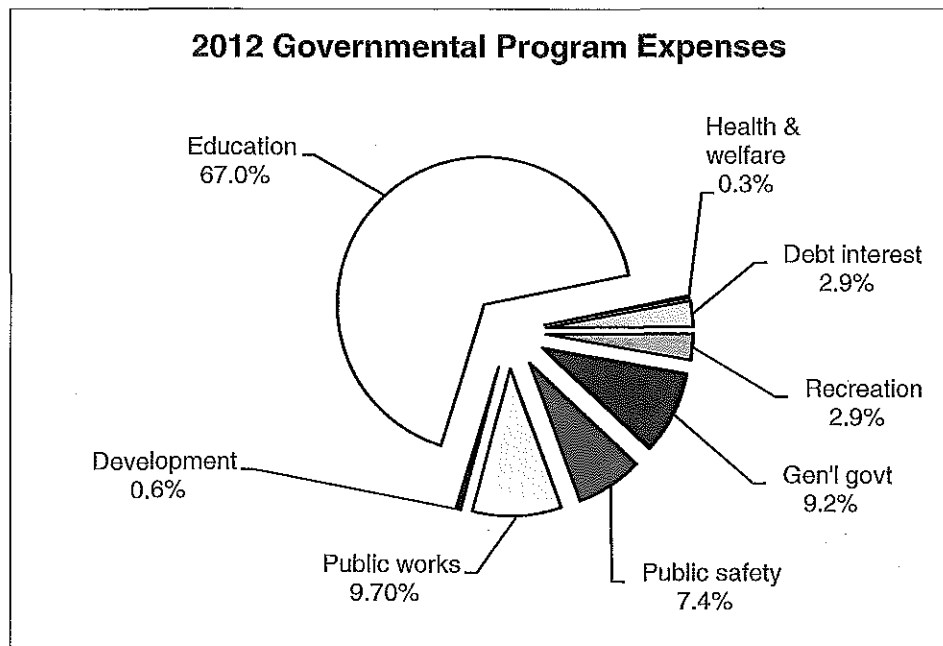
The increase seen in the property tax revenue source of \$804,042 was due to the increase in mil rate from \$15.90 in fiscal year 2011 to \$16.30 in fiscal year 2012.

The other large revenue reduction was seen in investment earnings, which was down \$101,426 or 53.8%. This is due to the drawing down the 2010 general obligation bonds for the elementary school and road projects.

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

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The following pie chart shows functional expenses for fiscal year 2012.



Education makes up 67.0% of the expenses for fiscal year 2012 and had an increase of 1.0% or \$344,325.

The public works expenses are 6.2% or \$334,828 lower than fiscal year 2011. The primary reason for the decrease is that more expenses were allocated to capital improvements including two roads that were rebuilt.

The interest on debt was down \$405,518 or 21.6% primarily due to the advanced refinancing of 2002, 2004, 2005, and 2008 general obligation bonds. In fiscal year 2012 the Town saved \$208,539 in interest by refinancing.

Recreation saw an increase of \$378,049 or 34% in expenses when compared to fiscal year 2011. The main increase is due to less expenses being capitalized. In fiscal year 2011, \$311,293 of expenses were recognized as capital assets whereas in fiscal year 2012 only \$5,644 of expenses were recognized as capital assets.

#### **Governmental Activities**

The cost of all governmental activities was \$51,694,945. The Town's governmental activities include general government, public safety, public works, health and welfare, recreation (includes library and museum), development, education, and interest on debt. The general government activity also includes public agencies, insurance, employee benefits, unclassified and county tax expenditures. The fiscal year 2012 expenses were a 0.1% decrease over fiscal year 2011 expenses or \$37,967.

However, as shown on the Statement of Activities, the amount that the taxpayers of Gorham ended up financing through property taxes was \$20,677,988 or 40%, because some of the cost was paid by those who directly benefit from the programs -- \$3,953,320, or by other governments and organizations that subsidized certain programs with operating grants and contributions -- \$22,891,354, and capital grants and contributions -- \$3,316,795. The Town also received \$4,427,832 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 2012.

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

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As a result of the Governmental activities' revenues of \$55,267,289 exceeding the expenses of \$51,694,945, the Town of Gorham realized an increase to its net assets of \$3,572,344. Approximately \$3,145,578 of the increase can be attributed to four roads donated from developers and accepted by the Town during fiscal year 2012.

**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 2012 revenues by source for the General Fund with the 2011 information for comparison. Information is from Statement 4.

	<u>2012</u>	<u>2011</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues by source:				
Taxes	\$ 22,561,260	22,147,286	413,974	1.87%
Licenses and permits	527,362	548,938	(21,576)	(3.93%)
Intergovernmental	2,002,818	2,101,788	(98,970)	(4.71%)
Charges for services	1,223,106	1,378,146	(155,040)	(11.25%)
Other revenues	1,062,209	931,311	130,898	14.06%
<b>Total revenues \$</b>	<b>27,376,755</b>	<b>27,107,469</b>	<b>269,286</b>	<b>0.99%</b>

General Fund revenues have increased by 1% or \$269,286 from the fiscal year 2011 amount. Below are some of the reasons for the changes in the revenue sources.

**Taxes:** In fiscal year 2012, the mil rate increased to \$16.30 from \$15.90. With an increased valuation and mil rate, tax revenue increased by \$783,823. The change in deferred property taxes was a negative \$114,850.

**Licenses and permits:** The building permit and code permit revenues were \$10,360 lower than the FY11 actual. Clerk's office permits were also lower than FY11 actual by \$11,022 due to a decrease in victualer license, passport fee and late dog registration revenues.

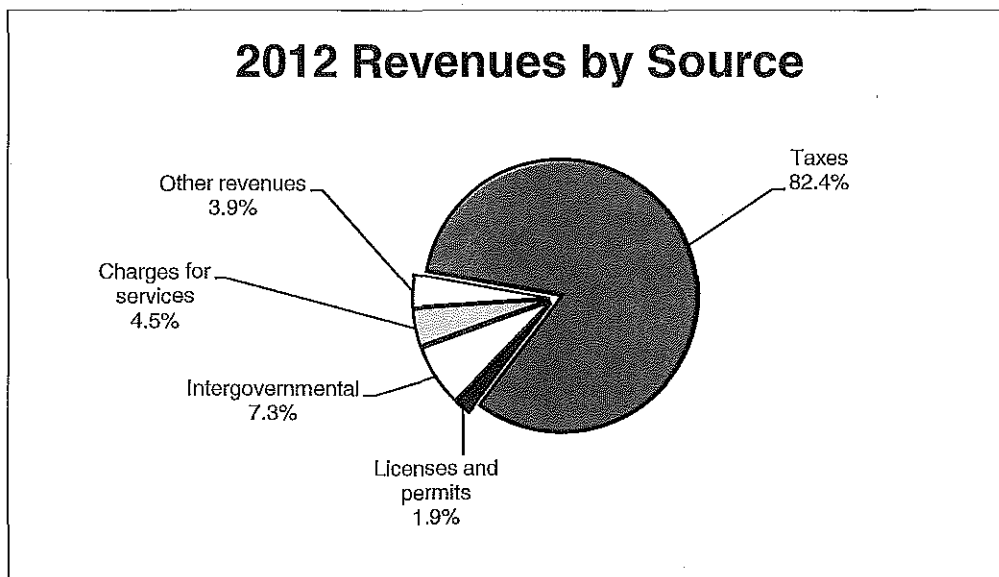
**Intergovernmental:** In fiscal year 2011, the Town received a \$150,000 Community Development Block Grant. This is the major decrease in fiscal year 2012. In fiscal year 2012, there were increases in tree growth, Westbrook billing, and USM confined space revenues totaling \$40,307.

**Charges for services:** In fiscal year 2012, fire and rescue fees decreased \$66,876 from fiscal year 2011. Also in fiscal year 2012, sale of town property was \$12,961 compared to fiscal year 2011's \$67,792. As a result of the economic times, subdivision/development fees decreased \$22,309 compared to fiscal year 2011.

**Other:** There were two revenue sources that contributed to the increase of \$130,898 in the other revenue category. They were: the recreation reimbursement revenue which was up approximately \$ 50,621 from fiscal year 2011 actuals and the miscellaneous unbudgeted revenues were up by \$81,434 from the FY11 actual.

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

The following pie chart depicts the General Fund revenues by source for fiscal year 2012.



The following table summarizes the General Fund expenditures by function for fiscal year 2012 with 2011 information for comparison. Information is from Statement 4.

		<u>2012</u>	<u>2011</u>	<u>\$ Change</u>	<u>% Change</u>
Expenditures by function:					
General government	\$	3,864,910	3,945,945	(81,035)	(2.05%)
Public safety		3,548,053	3,401,184	146,869	4.32%
Public works		2,331,376	2,326,332	5,044	0.22%
Health and welfare		149,617	136,853	12,764	9.33%
Recreation		1,265,102	1,223,352	41,750	3.41%
Economic development		63,216	61,666	1,550	2.51%
Public agencies		28,276	28,484	(208)	(0.73%)
Unclassified		294,060	342,235	(48,175)	(14.08%)
Debt service		1,277,550	1,240,126	37,424	3.02%
Capital outlay		1,113,769	1,890,090	(776,321)	(41.07%)
<b>Total expenditures</b>	<b>\$</b>	<b>13,935,929</b>	<b>14,596,267</b>	<b>(660,338)</b>	<b>(4.52%)</b>

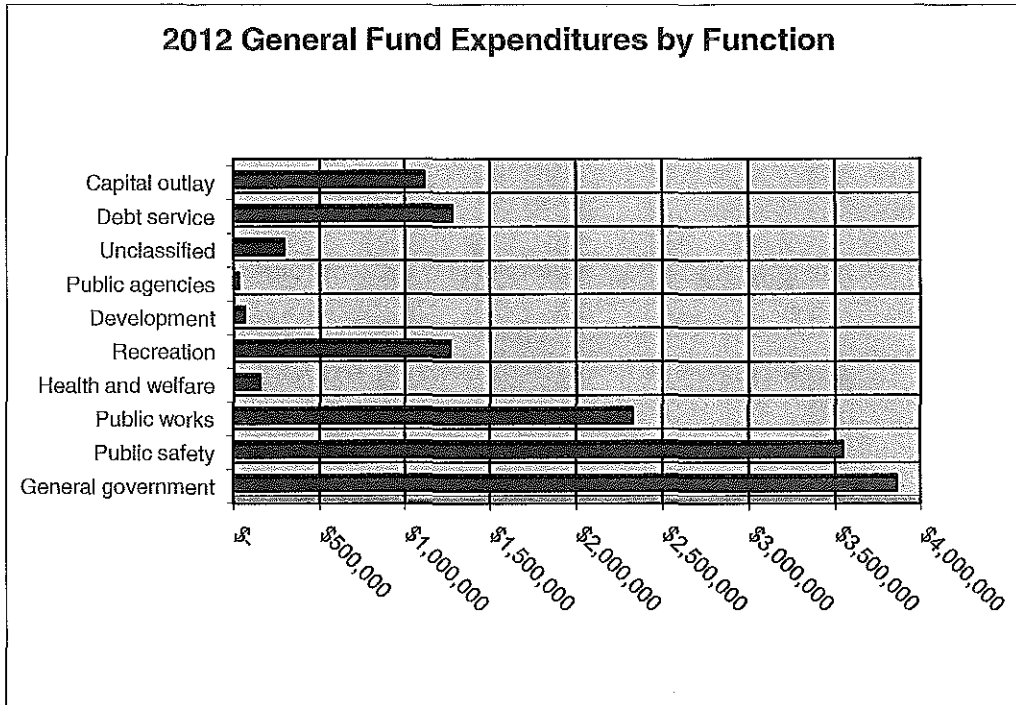
The General Fund expenditures decreased 4.5% from fiscal year 2011 levels. The largest change was in the capital outlay function, which decreased by \$776,321 or 41.1%. In fiscal year 2011, \$1,128,800 was allocated from unassigned fund balance to fund various capital purchases whereas in fiscal year 2012, the Town allocated \$139,220 from unassigned fund balance. The projects funded in fiscal year 2012 were as follows: road maintenance project at \$105,220, replacement of protective clothing for the fire department funded at \$15,000 and to replace 25 air bottles for the fire department for \$19,000. Also, in fiscal year 2012, \$200,000 was spent on road maintenance compared to fiscal year 2011.

The public safety increase of 4.3% or \$146,869 was due to increases in police, fire and rescue of \$28,517, \$76,506 and \$15,679 respectively.

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

The large percentage increase in the health and welfare category of 9.3% was due to an increase of general assistance claims processed by the Town during fiscal year 2012.

The following is a graph depicting the General Fund expenditures by function for fiscal year 2012.



The net results of operations for fiscal year 2012 are \$359,642, after transfers in of \$211,900 and transfers out of \$13,293,084. The following table summarizes the General Fund's fund balance for fiscal year 2012 with 2011 information for comparison.

	2012	2011	\$ Change	% Change
Fund balance:				
Nonspendable	\$ 44,833	\$73,964	(29,131)	-39.4%
Restricted	250,573	297,522	(46,949)	-15.8%
Committed	412,922	764,877	(351,955)	-46.0%
Assigned	4,927,570	3,318,945	1,608,625	48.5%
Unassigned	5,687,098	6,508,046	(820,948)	-12.6%
<b>Total fund balance</b>	<b>\$ 11,322,996</b>	<b>10,963,354</b>	<b>359,642</b>	<b>3.3%</b>

The largest increase is in the assigned fund balance of \$1,608,625 or 48.5%. This is the result of more unassigned fund balance being available to allocate to the fiscal year 2013 capital budget under the Town's fund balance policy. At the end of fiscal year 2011, there was only \$139,220 assigned for the Town's FY12 capital budget, while \$1,721,034 at the end of fiscal year 2012 was available for assignment to the FY13 capital budget.

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

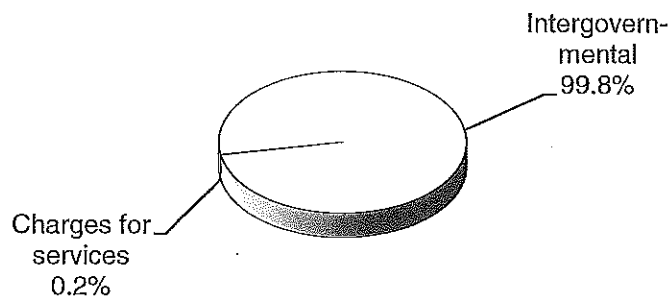
The following table summarizes the fiscal year 2012 revenues by source for the Special Revenue Fund's School Operations Fund with 2011 information for comparison. The information is from Statement 4.

	<u>2012</u>	<u>2011</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues by source:				
Intergovernmental	\$ 20,294,908	\$ 19,555,570	739,338	3.78%
Charges for services	61,649	35,259	26,390	74.85%
Other	3,667	6,956	(3,289)	(47.28%)
<b>Total revenues \$</b>	<b>20,360,224</b>	<b>19,597,785</b>	<b>762,439</b>	<b>3.89%</b>

The 3.9% increase in School Operation Fund revenues is primarily from the increase in state education subsidy due to the new elementary debt service.

The following is a pie chart depicting the Special Revenue Fund - School Operations Fund revenues by source for fiscal year 2012.

**2012 School Fund Revenues by Source**



The following table summarizes the School Operations Fund expenditures by function for fiscal year 2012 with 2011 information for comparison. Information is from Statement 4. Following the table, an explanation of the major changes is provided.

	<u>2012</u>	<u>2011</u>	<u>\$ Change</u>	<u>% Change</u>
Expenses by function:				
Regular instruction	\$ 12,519,931	12,286,285	233,646	1.90%
Special education	4,804,732	4,727,911	76,821	1.62%
CTE instruction	517,945	483,666	34,279	7.09%
Other instruction	545,782	553,524	(7,742)	(1.40%)
Student and staff support	2,060,799	1,938,802	121,997	6.29%
System administration	692,569	679,460	13,109	1.93%
School administration	1,550,257	1,592,125	(41,868)	(2.63%)
Transportation	1,713,412	1,519,024	194,388	12.80%
Facilities maintenance	2,704,551	2,469,339	235,212	9.53%
Adult education	260,306	264,643	(4,337)	(1.64%)
Maine PERS on-behalf payments	2,549,432	2,684,018	(134,586)	(5.01%)
Debt service	3,791,170	3,017,096	774,074	25.66%
Capital outlay	-	312,792	(312,792)	(100.00%)
<b>Total expenses \$</b>	<b>33,710,886</b>	<b>32,528,685</b>	<b>1,182,201</b>	<b>3.63%</b>

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

The School Operations Fund's expenditures are 3.6% or \$1,182,201 more than fiscal year 2011. The majority of the increase is due to the debt service payment for the new elementary school.

The net results of operations for fiscal year 2012 are \$133,444, after transfers in of \$13,314,976. The following table summarizes the School Operation Fund's fund balance for fiscal year 2012 with 2011 information for comparison.

	<u>2012</u>	<u>2011</u>	<u>\$ Change</u>	<u>% Change</u>
Fund balance:				
Assigned	\$ 1,059,863	417,458	642,405	153.88%
Unassigned	(1,603,730)	(1,094,770)	(508,960)	(46.49%)
<b>Total fund balance \$</b>	<b>(543,867)</b>	<b>(677,312)</b>	<b>133,445</b>	<b>(19.70%)</b>

During the development of the fiscal year 2013 budget, the School Board authorized the use of budgetary fund balance in the amount of \$620,000 to help balance the fiscal year 2013 budget. This is \$420,000 more than fiscal year 2012 use of surplus. The change in encumbrances between fiscal year 2011 and 2012 was \$222,405. As a result, the assigned fund balance increased by 153.9% or \$642,405.

The following table summarizes the fiscal year 2012 revenues by source for the Capital Project Fund's Elementary School Project with 2011 information for comparison. The information is from Statement 4.

	<u>2012</u>	<u>2011</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues by source:				
Investment income	\$ 900	11,576	(10,676)	(92.23%)
<b>Total revenues \$</b>	<b>900</b>	<b>11,576</b>	<b>(10,676)</b>	<b>(92.23%)</b>

As the bond proceeds were drawn down, the amount invested decreased resulting in the lower interest earnings for 2012.

The following table summarizes the Elementary School Capital Projects Fund expenditures by function for fiscal year 2012 with 2011 information for comparison. Information is from Statement 4.

	<u>2012</u>	<u>2011</u>	<u>\$ Change</u>	<u>% Change</u>
Expenditures by function:				
Capital improvements	\$ 2,791,479	9,809,694	(7,018,215)	(71.54%)
<b>Total expenditures \$</b>	<b>2,791,479</b>	<b>9,809,694</b>	<b>(7,018,215)</b>	<b>(71.54%)</b>

The fiscal year 2011 expenditures reflect a full year of construction activity resulting in the higher expenditures for 2011. Since the elementary school opened mid-August 2011, there were only a few months of construction expense in fiscal year 2012.

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

The net results of operations for fiscal year 2012 are (\$2,790,579). The following table summarizes the Elementary School Capital Projects Fund's fund balance for fiscal year 2012 with 2011 information for comparison.

		<u>2012</u>	<u>2011</u>	<u>\$ Change</u>	<u>% Change</u>
Fund balance:					
Restricted	\$	333,481	3,124,060	(2,790,579)	(89.33%)
<b>Total fund balance</b>	<b>\$</b>	<b>333,481</b>	<b>3,124,060</b>	<b>(2,790,579)</b>	<b>(89.33%)</b>

Since the new elementary school project was completed in August 2011, the majority of the bond proceeds have been spent resulting in the decrease in the restricted fund balance.

**General Fund Budgetary Highlights**

The Town continues to meet its responsibilities for sound financial management. As shown in Schedule 1, actual revenues exceed budgeted revenues by \$1,565,407, while actual expenditures were over budgeted appropriations by \$1,132,832. However, approximately \$718,259 of this overage was due to unbudgeted capital expenditures funded by assigned fund balance approved in prior fiscal years. Also, unbudgeted expenditures associated with recreation programs funded by program fees contributed another \$589,085 to this overage. Finally, miscellaneous unbudgeted expenditures of \$203,895 funded through various outside sources also contributed to this overage. This resulted in a net effect of \$432,575. After transfers and changes in encumbrances, the net change in fund balance was \$359,642.

The unassigned fund balance at \$5,687,098 is a healthy figure and represents 12.6% of the total general fund and School Operations Fund budgeted appropriations for FY2013. The goal of the Town's fund balance policy is to maintain a General Fund and Special Revenue Fund (School Operations Fund) unassigned fund balance of at least 8.5% of the yearly School, Town, and Cumberland County appropriations. However, when the School Operations Fund's deficit balance of (\$1,603,730) is factored in the percentage drops to 9.0%. The Town's management anticipates that during the FY2014 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 2011-2012 was \$43,958,328 and there were no adjustments made to the original budget during fiscal year 2012.



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

**Capital Asset and Debt Administration**

**Capital Assets**

During the fiscal year 2012, the Town invested \$7,012,136 in a broad range of capital assets. The following chart identifies the assets that were added during fiscal year 2012 (including the construction in progress projects – Orthoimagery Data and Little Falls/Public Safety feasibility study less the removal of the construction in progress projects – new elementary school, reconstruction of Finn Parker Road and North Gorham Road, Village Square sidewalk and Chick property improvements reflected in previous fiscal years).

Category			Category Total
Historical Treasurers/ Artwork			
Education	Great Falls Elementary Artwork-Shoshannah White	\$ 25,500	45,500
	Great Falls Elementary Artwork-Joe Kievitt	20,000	
Land improvements			
Public Safety	Public Safety Parking Lot	148,546	1,681,626
Public Works	Village Sidewalk	124,136	
Education	Great Falls Elementary Parking Lot	400,300	
	Great Falls Landscaping	1,008,644	
Buildings and building improvements			
Genl Govt	55 Morrill Avenue	156,794	167,172
	Construction in Progress – Little Falls/Public Safety Feasibility Study	10,378	
Machinery and equipment			
Public Safety	Police – (3) Noptic Thermo Imaging Cameras	12,765	185,994
	Police - CCTB Installation	22,090	
	Fire - Site Radio Stations (McLellan, North Gorham & Standish)	54,943	
Public Works	Toro Mower	46,442	
Recreation	Library Phone System	5,644	
Education	John Deere Commercial Max Frame Z Trak Mower	14,662	
	John Deere Front Mount Mower, 5-Wheel Drive	29,448	
Furniture & office equipment			
Education	Great Falls Elementary Gym Bleachers	11,590	1,251,569
Education	Great Falls Elementary Fixed Seating/Telescoping Platforms	33,000	
Education	Great Falls Elementary Food Service Equipment	183,156	
Education	Great Falls Elementary Furniture and Fixtures	1,023,823	
Computer equipment			
Genl Govt	Construction in Progress – Orthoimagery Data-Aerial Maps	14,503	20,154
Public Safety	Sweet Software Upgrade	5,651	

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

**Vehicles**

Public Safety	Police - 2011 Ford Crown Victoria cruisers	\$ 24,294	
	Police - 2011 Ford Crown Victoria cruisers	24,404	
	Police - (2) 2011 Ford Crown Victoria cruisers	56,716	
	Police - 2012 Ford Fusion	21,383	
Public Works	2004 Chevrolet Silverado 2500H	5,250	
	2004 Chevrolet Silverado 1500	7,300	
Education	2011 International bus	84,585	
	2011 International bus	84,585	
	Liftgate for 2010 GMC	6,625	
			315,142

**Infrastructure**

Accepted roads	3,145,578	
Finn Parker Road Reconstruction	140,449	
North Gorham Road Reconstruction	58,952	
		3,344,979

**Total Assets Added During FY2012** \$ 7,012,136

The depreciation expense for 2012 was \$4,090,060.

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 \$2,922,076 or 3.6% over last fiscal year.

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

	<b>2012</b>	<b>2011</b>	<b>\$ Change</b>	<b>% Change</b>
Land	\$ 2,125,820	2,008,359	117,461	5.85%
Books/historical treasures/artwork	1,429,837	1,384,337	45,500	3.29%
Construction in progress	24,882	20,745,641	(20,720,759)	(99.88%)
Land improvements	7,261,934	4,277,247	2,984,687	69.78%
Buildings and building improvements	41,982,722	28,139,887	13,842,835	49.19%
Machinery and equipment	1,233,811	1,111,629	122,182	10.99%
Furniture and office equipment	1,430,425	437,760	992,665	226.76%
Computer equipment	119,090	149,064	(29,974)	(20.11%)
Vehicles	3,033,880	3,287,615	(253,735)	(7.72%)
Infrastructure	24,908,074	19,086,860	5,821,214	30.50%
<b>Totals \$</b>	<b>83,550,475</b>	<b>80,628,399</b>	<b>2,922,076</b>	<b>3.62%</b>

The Town has appropriated \$424,000 in fiscal year 2013 for the following capital expenditures: two police cruisers, the first lease payment for anticipated capital equipment needs, and funds for road maintenance work.

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

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Additionally, the Council allocated \$1,721,034 from unassigned fund balance, which was in excess of the 8.5% fund balance policy for the following purposes:

- \$20,000 to close and remove the Little Falls South Windham Library,
- \$45,000 to replace 12 year old ¾ ton dump truck with 1-ton dump truck,
- \$20,000 to install holiday lights on Main Street,
- \$18,000 to implement the Yellow Dot Program, a non-renewable grant for Triad,
- \$16,500 to replace carpet at Baxter Memorial Library,
- \$4,900 to replace sonic fire wall for GoCAT,
- \$4,000 to replace 1 or 2 Character Generators in GoCAT,
- \$160,000 to replace 11 year old tandem axle dump truck,
- \$46,800 to purchase new mobile truck lifts with Town of Windham,
- \$200,000 to provide funds for land acquisition,
- \$50,000 to construct parent drop off at Narragansett School,
- \$165,600 to reconstruct 0.24 miles of New Portland Road,
- \$249,000 to improve Flaggy Meadow Road,
- \$281,234 to provide funds for road maintenance projects,
- \$440,000 to provide funds for future capital projects.

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

#### **Debt Administration**

As of June 30, 2012, the Town had a total of \$43,764,680 of outstanding general obligation debt. The Town's outstanding general obligation bonds as of June 30, 2012 are \$3,790,000 less than last fiscal year – a decrease of 8.0%.

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 outstanding indebtedness is only 3% of the State's equalized value.

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

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

One of the Town Council's approved goals was to develop a budget that maintained essential services while having no or a low increase in property taxes. The fiscal year 2012 – 2013 budget was developed focusing on that goal, although it was difficult to do so. The budget adversely impacted some areas but maintains the Town's essential services.

This was the fifth year of developing budgets since the deep recession that resulted from the collapse in the financial sector. Over that time, the Town and School Department responded with constrained budgets that did not increase the Municipal tax rate until fiscal year 2012. In fact, during those five years, the tax rate had declined slightly from a tax rate of \$16.00 to a tax rate of \$15.90 in fiscal year 2010 and 2011. The fiscal year 2013 tax rate is \$16.30, which did not increase from fiscal year 2012.

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

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Although the economy has been through a deep recession and is now in a slow recovery, the Town has still experienced demands for new services in some areas with the addition of 20 new roads and the extension of one other road for a little over 7 miles of new roads to plow, sand, and maintain since January 2007. In addition, the new elementary school is estimated to add between \$22,000 and \$28,000 in annual maintenance costs when it opens in September 2011.

Perhaps more insidious during this period of time has been the State taking more of the Town's revenue to solve its financial problems, thereby magnifying the budget problems faced by the Town of Gorham. Beginning in 2006, the State started transferring local revenue sharing funds that belonged to local governments to fix the State's budget problems. At first it was only a small amount – 2% – intended to be only a 1-year transfer to assist a serious State problem. However, this year will mark the 7<sup>th</sup> consecutive 1-year transfer. In fiscal year 2012 this amount was increased to 30%. Fiscal year 2013 transfer will cost the Town of Gorham an estimated \$458,000 this year or an amount equal to \$0.35 on the tax rate.

The following are some of highlights of the Town's fiscal year 2012 – 2013 budget.

1. Increased the welfare budget by \$13,000 due to the increased need in this area ever since the recession began several years ago.
2. Decreased solid waste budget by \$18,047 primarily because of a reduction of \$34,465 in our assessment from Ecomaine. Ecomaine has been paying down several of their debts which then reduces the assessments to their owner communities, which includes Gorham.
3. Added Little Falls School to the budget for a net cost of \$23,244. The recreation program's before and after school programs are housed in this building. It is estimated that the expenses will be \$38,244. Recreation covers \$15,000 of this expense with its recreation program fees.
4. Debt service interest has been reduced by \$119,410. This reflects the savings from the Town refinancing the 2000, 2002, 2004, 2005 and 2008 general obligation bonds.

The Education budget was also severely affected by economic conditions facing the State of Maine. Since fiscal year 2009, Federal, State and local funding restrictions has resulted in the elimination of 53.1 full-time equivalent positions in the District. The School Committee and the Administration have worked diligently during this time to minimize the impact of these reductions in force on the educational programs and the classroom. In the 2013 fiscal year budget the School Committee added .20 full-time equivalent positions in the district.

The Town's assessed value ratio as of April 1, 2012 is 90%, the same as the April 1, 2011 assessed value ratio and well above the State required 70%.

The total assessed value as of April 1, 2012, is \$1,318,055,440, an increase of \$22,039,270 or 1.7% from the prior year, while the taxable value increased \$20,440,200 from \$1,269,986,500 to \$1,290,426,700. The Town of Gorham's tax rate remained at \$16.30.

The Town's municipal appropriation is \$12,148,463; an increase of \$179,609 or 1.5% from FY 2012. A slight increase in non-property tax revenue of \$110,059 and a slight decrease in the transfer in from the TIF fund of (\$4,129) resulted in a net appropriation of \$6,092,766; an increase of \$73,679 or 1.2%.

The Town's education budget is \$32,215,330, an increase of \$1,019,660 or 3.3%. The School Department saw an increase in non-property tax revenue of \$170,356, resulting in an increase in the use of fund balance of \$420,000. The net education appropriation for FY13 is \$13,690,064, an increase of \$429,304 or 3.2%.

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

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The County tax assessment increased by \$49,426, or 6.2%. The Town's state equalized valuation went from \$1,432,100,000 in 2011 to \$1,445,250,000 in 2012, a .9% 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.

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## ***BASIC FINANCIAL STATEMENTS***

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**TOWN OF GORHAM, MAINE**  
**Statement of Net Assets**  
**June 30, 2012**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash	\$ 222,150
Investments	17,503,188
Receivables:	
Accounts	472,755
Intergovernmental	229,122
Rescue receivable (net of allowance of \$126,000)	216,495
Taxes receivable - current year	736,907
Taxes receivable - prior year	62,248
Tax liens	292,783
Notes	148,379
Other:	
Tax acquired property	30,578
Performance bonds	1,056,343
Inventories	78,897
Prepaid expenses	2,097
Costs of bond issuance	188,370
Deferred charge on refunding	1,123,123
Capital assets not being depreciated:	
Books/historical treasures/artwork	1,429,837
Land	2,125,820
Construction in progress	24,881
Capital assets net of accumulated depreciation:	
Buildings and improvements	41,982,723
Improvements other than buildings	7,261,934
Machinery and equipment	5,817,206
Infrastructure	24,908,074
Total assets	105,913,910
<b>LIABILITIES</b>	
Accounts payable	3,132,012
Accrued wages and benefits	1,376,290
Performance bond deposits	1,056,343
Unearned revenues	26,070
Noncurrent liabilities:	
Due within one year	3,909,956
Due in more than one year	43,424,964
Total liabilities	52,925,635
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	38,304,529
Restricted for:	
Special revenue programs and grants	2,364,016
Permanent funds:	
Expendable	220,139
Nonexpendable	524,988
Unrestricted	11,574,603
Total net assets	\$ 52,988,275

*See accompanying notes to financial statements.*

**TOWN OF GORHAM, MAINE**  
**Statement of Activities**  
**For the Year Ended June 30, 2012**

Functions/programs	Expenses	Program Revenues			Net (expense) revenue and changes in net assets
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government
					Governmental activities
Primary government:					
Governmental activities:					
General government	\$ 4,768,295	547,377	-	12,300	(4,208,618)
Public safety	3,823,459	633,614	201,575	9,782	(2,978,488)
Public works	5,041,673	1,504,559	264,936	3,293,813	21,635
Health and welfare	149,617	11,217	68,660	-	(69,740)
Recreation	1,488,702	677,022	2,408	-	(809,272)
Development	296,115	-	-	-	(296,115)
Education	34,654,427	579,531	22,353,775	900	(11,720,221)
Interest on debt	1,472,657	-	-	-	(1,472,657)
Total governmental activities	51,694,945	3,953,320	22,891,354	3,316,795	(21,533,476)
Total primary government	51,694,945	3,953,320	22,891,354	3,316,795	(21,533,476)
General revenues:					
Property taxes, levied for general purposes					20,677,988
Payment in lieu of taxes					57,067
Motor vehicle and boat excise taxes					2,425,578
Grants and contributions not restricted to specific programs:					
Homestead exemption					263,253
BETE reimbursement					161,074
Other State aid					41,956
State Revenue Sharing					1,124,259
Unrestricted investment earnings					87,250
Miscellaneous revenues					254,434
Sale of property					12,961
Total general revenues					25,105,820
Change in net assets					3,572,344
Net assets - beginning, as restated					49,415,931
Net assets - ending					\$ 52,988,275

*See accompanying notes to financial statements.*

**TOWN OF GORHAM, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2012**

	General	School Operations Fund	Elementary School Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash	\$ 41,568	-	-	180,582	222,150
Investments	14,555,402	-	1,505,550	1,442,236	17,503,188
Receivables:					
Accounts	249,411	8,805	-	214,539	472,755
Intergovernmental	-	54,796	-	174,326	229,122
Rescue receivable (net of allowance of \$126,000)	216,495	-	-	-	216,495
Taxes receivable - current year	736,907	-	-	-	736,907
Taxes receivable - prior year	62,248	-	-	-	62,248
Tax liens	292,783	-	-	-	292,783
Notes	6,888	-	-	141,491	148,379
Interfund loans receivable	-	1,391,880	-	2,136,831	3,528,711
Tax acquired property	30,578	-	-	-	30,578
Performance bonds	1,056,343	-	-	-	1,056,343
Inventories	35,848	-	-	43,049	78,897
Prepaid expenses	2,097	-	-	-	2,097
<b>Total assets</b>	<b>\$ 17,286,568</b>	<b>1,455,481</b>	<b>1,505,550</b>	<b>4,333,054</b>	<b>24,580,653</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	1,925,170	728,724	-	154,648	2,808,542
Accrued wages and benefits	105,666	1,270,624	-	-	1,376,290
Retainage payable	4,323	-	-	-	4,323
Interfund loans payable	2,144,220	-	1,172,069	211,422	3,527,711
Deferred revenues	727,850	-	-	-	727,850
Unearned revenues	-	-	-	26,070	26,070
Performance bond deposits	1,056,343	-	-	-	1,056,343
<b>Total liabilities</b>	<b>5,963,572</b>	<b>1,999,348</b>	<b>1,172,069</b>	<b>392,140</b>	<b>9,527,129</b>
Fund balances:					
Nonspendable:					
Noncurrent receivables	6,888	-	-	141,491	148,379
Prepaid items	2,097	-	-	-	2,097
Nonexpendable trust principal	-	-	-	524,988	524,988
Inventories	35,848	-	-	43,049	78,897
Restricted:					
General fund	250,573	-	-	-	250,573
Special revenue funds	-	-	-	2,364,016	2,364,016
Capital projects funds	-	-	333,481	405,240	738,721
Permanent funds	-	-	-	220,139	220,139
Committed:					
General fund	412,922	-	-	-	412,922
Special revenue funds	-	-	-	237,637	237,637
Capital projects funds	-	-	-	39,045	39,045
Assigned:					
General fund - FY13 capital funding	1,721,034	620,000	-	-	2,341,034
Encumbrances	259,911	439,863	-	-	699,774
Compensated absences	360,078	-	-	-	360,078
General fund - capital reserves	2,586,547	-	-	-	2,586,547
Special revenue funds	-	-	-	10,836	10,836
Unassigned:					
General fund	5,687,098	-	-	-	5,687,098
Special revenue funds	-	(1,603,730)	-	(45,527)	(1,649,257)
<b>Total fund balances (deficit)</b>	<b>11,322,996</b>	<b>(543,867)</b>	<b>333,481</b>	<b>3,940,914</b>	<b>15,053,524</b>
<b>Total liabilities and fund balances</b>	<b>\$ 17,286,568</b>	<b>1,455,481</b>	<b>1,505,550</b>	<b>4,333,054</b>	<b>24,580,653</b>

**TOWN OF GORHAM, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2012**

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

Total fund balances - total governmental funds, Statement 3 \$ 15,053,524

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

Bond issuance costs amortized in governmental activities,  
are not reported in the funds 188,370

The deferred charge on the refunding bond in governmental  
activities is not reported in the funds. 1,123,123

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

Non-depreciable capital assets	3,580,538	
Depreciable capital assets, net	79,969,937	83,550,475

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

General obligation bonds	43,764,680	
Bond premium	1,574,386	
Notes payable	220,336	
Capital leases	425,265	
Compensated absences	927,427	
Accrued interest payable	320,147	
Other postemployment benefits liability	422,826	(47,655,067)

Deferred revenues -- more specifically, property taxes  
not reported on Statement 1 727,850

<b>Net assets of governmental activities</b>		<b>52,988,275</b>
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*See accompanying notes to financial statements.*

**TOWN OF GORHAM, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2012**

	General	School Operations Fund	Elementary School Project Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 22,561,260	-	-	479,340	23,040,600
Licenses and permits	527,362	-	-	-	527,362
Intergovernmental	2,002,818	20,294,908	-	2,058,867	24,356,593
Charges for services	1,223,106	61,649	-	1,567,026	2,851,781
Other revenues	1,062,209	3,667	900	163,749	1,230,525
Total revenues	27,376,755	20,360,224	900	4,268,982	52,006,861
<b>Expenditures:</b>					
<b>Current:</b>					
General government	3,864,910	-	-	-	3,864,910
Public safety	3,548,053	-	-	-	3,548,053
Public works	2,331,376	-	-	987,417	3,318,793
Health and welfare	149,617	-	-	-	149,617
Recreation	1,265,102	-	-	40,217	1,305,319
Economic development	63,216	-	-	-	63,216
Public agencies	28,276	-	-	-	28,276
Unclassified	294,060	-	-	250,800	544,860
<b>Education:</b>					
Regular instruction	-	12,519,931	-	-	12,519,931
Special education	-	4,804,732	-	-	4,804,732
CTE instruction	-	517,945	-	-	517,945
Other instruction	-	545,782	-	-	545,782
Student and staff support	-	2,060,799	-	-	2,060,799
System administration	-	692,569	-	-	692,569
School administration	-	1,550,257	-	-	1,550,257
Transportation	-	1,713,412	-	-	1,713,412
Facilities maintenance	-	2,704,551	-	-	2,704,551

**TOWN OF GORHAM, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2012**

	General	School Operations Fund	Elementary School Project Fund	Other Governmental Funds	Total Governmental Funds
Education:					
Maine PERS on-behalf payments	\$ -	2,549,432	-	-	2,549,432
Adult education	-	260,306	-	-	260,306
Grants and other special uses	-	-	-	2,147,464	2,147,464
Food services	-	-	-	866,592	866,592
Debt service:					
Principal	905,000	2,615,000	-	-	3,520,000
Interest and other charges	372,550	1,176,170	-	-	1,548,720
Capital maintenance	586,728	-	-	-	586,728
Capital improvements	527,041	-	2,791,479	324,842	3,643,362
Total expenditures	13,935,929	33,710,886	2,791,479	4,617,332	55,055,626
Excess (deficiency) of revenues over (under) expenditures	13,440,826	(13,350,662)	(2,790,579)	(348,350)	(3,048,765)
Other financing sources (uses):					
Capital leases	-	169,130	-	-	169,130
Transfers in	211,900	13,314,976	-	182,324	13,709,200
Transfers out	(13,293,084)	-	-	(416,116)	(13,709,200)
Refunding bonds issued	16,815,000	-	-	-	16,815,000
Premium on refunding bonds issued	1,616,937	-	-	-	1,616,937
Bond issuance cost	(193,459)	-	-	-	(193,459)
Payment to refunding bond escrow agent	(18,238,478)	-	-	-	(18,238,478)
Total other financing sources (uses)	(13,081,184)	13,484,106	-	(233,792)	169,130
Net change in fund balances	359,642	133,444	(2,790,579)	(582,142)	(2,879,635)
Fund balances (deficit), beginning of year	10,963,354	(677,311)	3,124,060	4,523,056	17,933,159
Fund balances (deficit), end of year	\$ 11,322,996	(543,867)	333,481	3,940,914	15,053,524

*See accompanying notes to financial statements.*

**TOWN OF GORHAM, MAINE**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the year ended June 30, 2012**

Net change in fund balances - total governmental funds (from Statement 4)	\$ (2,879,635)
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 (\$7,012,136) exceeded depreciation expense (\$4,090,060) in the current period. (Note 6)	2,922,076
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	114,850
Bond and note proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments (\$21,191,673) exceeded the proceeds (\$17,400,000) on new debt.	3,791,673
The proceeds of the refunding bonds (\$16,815,000) were less than the amount refunded (\$17,085,000). This is the amount by which the defeased bonds exceeded the proceeds of the new debt.	(270,000)
The Town is amortizing the deferred charge on refunding, the issuance premium and the bond issuance costs over the life of the refunding bond. This is the amount by which the amortization of the premium (\$42,551) exceeded the amortization of the deferred charge on refunding (\$30,353) and the amortization of the issuance costs (\$5,091)	7,107
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. More specifically, this represents the change in long-term accrued compensated absences. (Note 10)	(80,682)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. More specifically, this represents the change in long-term capital leases. (Note 10)	2,601
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. More specifically, this represents the change in other post employment benefits liability. (Note 10)	(102,928)
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.	67,282
<b>Change in net assets of governmental activities (see Statement 2)</b>	<b>\$ 3,572,344</b>

*See accompanying notes to financial statements.*

**TOWN OF GORHAM, MAINE**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2012**

		Agency Funds	Scholarships Private-purpose Trust Funds
<b>ASSETS</b>			
Cash	\$	364,345	-
Investments		43,140	47,202
<b>Total assets</b>		<b>407,485</b>	<b>47,202</b>
<b>LIABILITIES</b>			
Due to agency funds		- 407,485	-
Interfund payable		-	1,000
<b>Total liabilities</b>		<b>407,485</b>	<b>1,000</b>
<b>NET ASSETS</b>			
Held in trust	\$	-	46,202

*See accompanying notes to financial statements.*



**TOWN OF GORHAM, MAINE**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the year ended June 30, 2012**

	Scholarships Private-purpose Trust Funds
<b>Additions:</b>	
Investment income	\$ 1,275
Total additions	1,275
<b>Deductions:</b>	
Scholarships awarded	1,000
Total deductions	1,000
Change in net assets	275
Net assets, beginning of year	45,927
<b>Net assets, end of year</b>	<b>\$ 46,202</b>

*See accompanying notes to financial statements.*

**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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

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

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

**A. The Reporting Entity**

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

**B. Basis of Presentation**

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

**C. Basis of Accounting/Measurement Focus**

*Government-wide Financial Statements*

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

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

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

**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. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. An exception to the general rule is principal and interest on long-term debt which is recognized when due.

The Town reports the following major governmental funds:

The General Fund and the School Operations Fund, (a special revenue fund whose revenues sources consist primarily of taxes and governmental grants), are the Town's primary operating funds. They account for all financial resources of the general government and education, except those required to be accounted for in another fund.

The Elementary School Capital Projects Fund is another major governmental fund being reported for fiscal year 2012. This fund accounts for the expenditures related to the construction of the Great Falls Elementary School.

Additionally, the Town reports the following fund types:

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

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

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

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

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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 a designation of fund balance within the fund financial statements, since they do not constitute expenditures or liabilities and are added to the subsequent year's adopted appropriations.

**E. Investments**

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

**TOWN OF GORHAM, MAINE**  
**Notes to Basic Financial Statements, 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 "due to/from other funds".

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

**G. Inventories**

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

**H. Capital Assets**

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

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

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

**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 following estimated useful lives are used to compute depreciation:

Buildings	40 years
HVAC systems & roofing	20 years
Electrical/plumbing systems	30 years
Land improvements	20-30 years
Roads	20-50 years
Bridges	50 years
Vehicles:	
Cars and light trucks	7 years
Police cruisers	4 years
Buses and rescue units	10 years
Fire trucks	20 years
Office furniture and fixtures	7 years
Equipment	10-20 years
Computer equipment	5-7 years

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

**I. Compensated Absences**

Employees earn vacation and sick leave as they provide services. Under the terms of personnel policies and union contracts, vacation and sick leave are granted in varying amounts according to length of service. Town employees may accumulate (subject to certain limitations) up to 180 days of unused sick leave and, upon retirement, termination or death may be compensated for amounts up to 135 days at current rates of pay.

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

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

**J. Long-term Obligations**

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

**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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**K. Interfund Transactions**

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

**L. Use of Estimates**

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

**M. Fund Equity**

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

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

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

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

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

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

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

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

The General Fund unassigned fund balance total of \$5,687,098 represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. The School Operations Special Revenue Fund is reporting an unassigned negative fund balance of (\$1,603,730) 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, 2012, 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 receivable	\$ 6,888	-	-	-
Prepaid items	2,097	-	-	-
Inventories	35,848	-	-	-
FY13 capital funding	-	-	-	1,721,034
Encumbrances	-	-	-	259,911
Compensated absences	-	-	-	360,078
Capital reserves	-	250,573	412,922	2,586,547
<b>Special Revenue Funds:</b>				
School Operations Fund:				
Budget appropriation	-	-	-	620,000
Encumbrances	-	-	-	439,863
School grants	-	176,879	-	-
School Lunch Fund:				
Inventory	43,049	-	-	-
Food services	-	122,071	-	-
Sewer operations	-	1,226,700	-	-
Impact fee	-	511,802	-	-
Library	-	9,396	-	8,863
Recreation	-	5,212	-	-
TIF Fund:				
Noncurrent receivable	141,491	-	-	-
TIFs	-	299,384	220,483	-
Miscellaneous	-	12,572	17,154	1,973
<b>Capital Project Funds:</b>				
Elementary school project	-	333,481	-	-
Bonded road projects	-	405,240	-	-
Various school projects	-	-	39,045	-
<b>Permanent Funds:</b>				
Nonexpendable trust principal	524,988	-	-	-
Expendable trust principal	-	220,139	-	-
<b>Total governmental funds</b>	<b>\$ 754,361</b>	<b>3,573,449</b>	<b>689,604</b>	<b>5,998,269</b>

(See NOTE 17, COMPONENTS OF FUND BALANCES)



**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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**N. Comparative Data/Reclassification**

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

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

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**A. Budgetary Information**

Budgets are adopted for the General Fund and School Operations Fund only, and are adopted on a basis consistent with generally accepted accounting principles (GAAP) except as described in the budget footnote, Note 18, BUDGETARY VS. GAAP ACCOUNTING. The level of control (level at which expenditures may not exceed budget) is the Department for the general fund budget and the budget categories for the School Operations Fund. With Council authorization, mid-year budget adjustments between departments can be made. The School Board may transfer an amount not exceeding 5% of the total appropriation for any budget category without voter approval. The budget as presented reflects these changes. At the close of the fiscal year all unexpended budgetary accounts generally lapse. However, the Town adopted a policy that allows certain departments to carry 50% of unexpended balances to be used towards future capital purchases. These amounts are shown as assigned fund balance in the general fund at year-end. Additionally, the Town has a policy in which the amount of unassigned fund balance at the end of the year, which is greater than 8.5% of the budget, is transferred to a capital reserve account. This transfer happens subsequent to year-end, during the next fiscal years' budget process.

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

**B. Excess of Expenditures Over Appropriations**

For the year ended June 30, 2012, expenditures exceeded appropriations in the following general fund departments as shown on Schedule 1:

Health and welfare	\$ 63,782
Recreation	589,085
Unclassified	148,440
Capital	718,259
Education:	
Special education	8,537
Other instruction	12,415
Student and staff support	78,331
System administration	18,042
Facilities maintenance	208,199
Adult education	33,490

The health and welfare overage is due to a larger number of general assistance claims processed during fiscal year 2012. The State of Maine reimburses communities 50% of general assistance costs incurred so there is a corresponding increase in the Intergovernmental revenue category.

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

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

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

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

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

The special education function overage was the result of the fluctuation of out of district placement. In FY12 one Gorham out of district student moved out of the district but two others moved into Gorham from another district.

The overage in other instruction function was due to athletic stipends being overexpended in FY12. For budgetary purposes, we assume anticipated stipend amounts. Realistically, those positions are not assigned until well after the budget year begins. In FY12, the anticipated stipend amounts were lower than actual.

The student and staff support function's overage was the result of higher than expected wages expenditures for the year.

The system administration function's overage was the result of higher legal fees being incurred during fiscal year 2012 than anticipated when the FY12 budget was developed.

The overage in the facilities maintenance function was due to the HVAC/boiler system at Narragansett School needing to be replaced prior to the start of school in FY13. Due to the timing of the project, some of those costs were incurred in FY12.

The Gorham Adult Education program has retained a healthy fund balance for several years. The Director of Adult Education developed a plan identifying how to best use fund balance for improvements of the program. Those costs are reflected in FY12 actual expenditures.

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

**C. Deficit Fund Equity**

The School Operations Fund has a deficit fund balance of (\$543,867) at June 30, 2012. This is due primarily to variations between the budgetary and GAAP methods of accounting for summer teachers' payroll. See Note 19, BUDGETARY VS. GAAP ACCOUNTING.

The Middle School Project Fund has a deficit fund balance of (\$344) at June 30, 2012. 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.

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

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**Note 3 – RISK MANAGEMENT**

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The Town is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the Town either carries commercial insurance, participates in a public entity risk pool, or is effectively self-insured. Currently, the Town participates in a public entity risk pool and self-insured risk pool sponsored by the Maine Municipal Association, which provides the following insurance coverage to the Town: property and casualty, liability, vehicle, and workers' compensation. Maine Municipal Association's Risk Management Services provides all underwriting, marketing, claims and lost prevention service to program participants. The financial condition of the program is excellent and includes sound financial management and the purchase of high quality reinsurance. Each program is managed individually and overseen by its own board of elected and appointed municipal officials.

If the assets of either the MMA Property and Casualty Pool or the Worker's Compensation Pool are at any time actuarially determined to be insufficient to enable either pool to discharge its legal liability and other obligations and to maintain actuarially sound reserves, either pool has the power to make up the deficiency by the levy of a prorated assessment upon its members for the amount needed to make up the deficiency. There has been no such deficiency in the past three years. Management believes that no such deficiency exists as of June 30, 2012.

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, 2012. 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, 2012, the balance in this reserve account was \$31,500.

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**Note 4 - DEPOSITS AND INVESTMENTS**

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**A. Deposits**

At June 30, 2012, cash consisted of the following:

	<b><u>Carrying amount</u></b>	<b><u>Bank balance</u></b>
Checking, savings, NOW, and certificates of deposit accounts		
Government Funds	\$ 195,106	193,802
Agency Funds	364,345	367,343
Petty Cash - Government Funds	915	-
Postage Machine Balance	<u>26,129</u>	<u>-</u>
<b>Totals</b>	<b><u>\$ 586,495</u></b>	<b><u>561,145</u></b>

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

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

*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, 2012, none of the Town's bank balances of \$561,145 was exposed to custodial credit risks.

**B. Investments**

At June 30, 2012, investments consisted of the following:

Investment Type	Total	Maturities		
		Less than 1 Year	1 Year to 3 Years	Over 3 Years
Mutual Funds	\$ 519,546	519,546	-	-
U.S. Treasuries	6,038,832	6,038,832	-	-
Savings accounts	1,654	1,654	-	-
Certificates of deposit	41,486	41,486	-	-
Money market accounts	2,143,932	2,143,932	-	-
Commercial Paper	316,503	101,188	158,373	56,942
Repurchase Agreements	8,516,570	8,516,570	-	-
Common Stock	15,007	n/a	n/a	n/a
<b>Total Fair Value</b>	<b>\$ 17,593,530</b>	<b>17,363,208</b>	<b>158,373</b>	<b>56,942</b>
<b>% of Portfolio</b>		<b>98.8%</b>	<b>0.9%</b>	<b>0.3%</b>

Out of the total \$17,593,530 in investments, \$17,503,188 is from investments in the governmental funds, while \$90,342 is for investments in the fiduciary funds' private-purpose trust funds and public safety agency 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, 2012, the Town had \$316,503 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, 2012, the Town was in compliance with its investment policy's stipulations on portfolio diversification.

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

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

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*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 \$17,593,530 in investments, \$11,180,048 were in mutual funds, money market accounts and repurchase agreements which were 100% collateralized by underlying securities held by the trust department of related bank, in the Town's name.

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**Note 5 - RECEIVABLES**

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**A. Receivables**

Receivables as of year-end for the Town's individual major funds and non-major funds, 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	\$ 799,155	-	-	799,155
Tax liens	292,783	-	-	292,783
Accounts	249,411	8,805	214,539	472,755
Rescue	216,495	-	-	216,495
Intergovernmental	-	54,796	174,326	229,122
Notes	6,888	-	141,491	148,379
<b>Net total receivables</b>	<b>\$ 1,564,732</b>	<b>63,601</b>	<b>530,356</b>	<b>2,158,689</b>

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

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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (general fund)	\$ 727,850	-
Lunch program pre-paid meals not yet earned (special revenue fund)	-	26,070
<b>Total deferred/unearned revenue for governmental funds</b>	<b>\$ 727,850</b>	<b>26,070</b>

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

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**Note 5 – RECEIVABLES, Continued**

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**B. Property Taxes**

Property taxes for the current year were committed on August 22, 2011, on the assessed value listed as of the prior April 1st for all real and personal property located in the Town. Assessed values are periodically established by the Town's Assessor at 100% of assumed market value. A revaluation was completed for the list of April 1, 2001. The assessed value represented 87.9% of the estimated State valuation of \$1,445,250,000.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$572,073 for the year ended June 30, 2012. The variance between actual property tax revenues and budgeted property tax revenues represents overlay plus supplemental taxes less abatements.

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The Town has the authority to foreclose on property eighteen months after the filing of the lien if tax liens and associated costs remain unpaid.

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

The following summarizes the 2012 and 2011 levies:

	<u>2012</u>	<u>2011</u>
Taxable Assessed Value	\$1,269,986,500	1,252,638,800
Tax Rate (per \$1,000)	<u>16.30</u>	<u>15.90</u>
Commitment	20,700,780	19,916,957
Supplemental Taxes Assessed	<u>4,344</u>	<u>5,152</u>
	20,705,124	19,922,109
Less: Abatements	18,078	22,479
Collections	<u>19,950,139</u>	<u>19,346,391</u>
Receivable at June 30, 2012 and 2011	<u><b>736,907</b></u>	<u><b>553,239</b></u>
Due Date(s)	½ 11/15/2011	½ 11/15/2010
	½ 05/15/2012	½ 05/15/2011
Interest Rates on Delinquent Taxes	7.0%	7.0%
Collection Rate	96.4%	97.2%

Of the total taxes committed for the year ended June 30, 2012, the original amount allocated to the Gorham Industrial Park Municipal Development Tax Increment Financing District, the ODAT-Grondin Municipal Development Tax Increment Financing District, the Pettingill Ross Municipal Development Tax Increment Financing District, the Gorham County Road LLC Municipal Development Tax Increment Financing District, the Moody's Collision Centers Municipal Development Tax Increment Financing District, the Nappi Municipal Development Tax Increment Financing District and the Olde Canal Business Park Municipal Development Tax Increment Financing District was \$479,340.

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

**Note 5 – RECEIVABLES, Continued**

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

<b>FY2012 TIF Activity</b>			
	<b>Developer's Share</b>	<b>Town Share</b>	<b>TIF District Total</b>
<b>Gorham Industrial Park District</b>			
Big Water	\$ 2,026	6,079	8,105
CMJ, Inc.	2,067	6,203	8,270
Foreside Management Co.	8,838	26,512	35,350
D C Associates	1,491	4,473	5,964
D & G Group	4,198	12,595	16,793
Hampstead Associates	5,365	16,095	21,460
Mega Industries	6,784	20,354	27,138
Montalvo	8,541	25,623	34,164
Transformit	2,492	7,476	9,968
Subtotal:	41,802	125,410	167,212
<b>ODAT - Grondin District</b>			
ODAT	18,414	18,414	36,828
Grondin Properties	39,949	39,949	79,898
Subtotal:	58,363	58,363	116,726
<b>Pettingill Ross District</b>			
Pettingill Ross	10,216	-	10,216
Subtotal:	10,216	-	10,216
<b>Gorham County Road District</b>			
Gorham County Road LLC	6,260	-	6,260
Subtotal:	6,260	-	6,260
<b>Moody's District</b>			
Moody's	3,536	-	3,536
Subtotal:	3,536	-	3,536
<b>Nappi District</b>			
Nappi Distributors	69,585	64,233	133,818
Subtotal:	69,585	64,233	133,818
<b>Olde Canal Business Park</b>			
Olde Canal	19,955	21,617	41,572
Subtotal:	19,955	21,617	41,572
<b>Total TIF Financing Plan Amount</b>	<b>\$ 209,717</b>	<b>269,623</b>	<b>479,340</b>

(see Note 15, TAX INCREMENT FINANCING DISTRICT)

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

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**Note 5 – RECEIVABLES, Continued**

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**C. Intergovernmental Receivables**

Intergovernmental receivables are comprised of the following:

School operations fund - State agency clients	\$ 54,796
Other governmental funds:	
School special revenue funds:	
Local Entitlement	30,282
Medicaid Reimbursement	106
CDC Flu Clinic Reimbursement	5,000
Title IIA	11,550
Title IA	20,990
Adult Ed AEFLA	1,602
Me Jobs Fund	93,169
School Nutrition Program State Subsidy	11,627
Total other governmental funds	<u>174,326</u>
<b>Total</b>	<u><b>\$ 229,122</b></u>

**D. Notes Receivables**

At June 30, 2012, the Town of Gorham had the following long-term receivables:

<u>Receivable From</u>	<u>Issue Date</u>	<u>Amount Issued</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Annual Payments</u>	<u>Amount Outstanding</u>
Black Brook Water Main Notes	12/2000	\$16,587	1.0%	10/2020	\$ 810	\$ 6,888
Isherwood Enterprises, Inc.	9/2008	75,000	5.0%	9/2018	9,546	51,148
N.E. Tread & Custom Millworks, Inc.	6/2010	74,250	6.0%	6/2030	6,383	70,343
Artistry in Flowers	9/2011	20,000	5.0%	9/2016	5,527	20,000
						<u><u>\$ 148,379</u></u>

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**Note 6 – CAPITAL ASSETS**

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



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

**Note 6 – CAPITAL ASSETS, Continued**

Capital asset activity for the year ended June 30, 2012 was as follows:

	Balance June 30, 2011	Increases	Decreases	Balance June 30, 2012
<b>Governmental Activities:</b>				
Books/Historical Treasures/Artwork	\$ 1,384,337	\$ 45,500	\$ -	\$ 1,429,837
Land	2,008,359	117,461	-	2,125,820
Construction in Progress	20,745,641	24,881	20,745,641	24,881
Total capital assets, not being depreciated	<u>24,138,337</u>	<u>187,842</u>	<u>20,745,641</u>	<u>3,580,538</u>
Land improvements	5,925,274	3,313,107	-	9,238,381
Buildings and building improvements	47,215,837	15,583,082	-	62,798,919
Machinery and equipment	2,444,793	319,854	14,500	2,750,147
Furniture and office equipment	2,570,915	1,275,624	-	3,846,539
Computer equipment	514,670	5,651	-	520,321
Vehicles	9,126,408	315,142	369,015	9,072,535
Infrastructure	34,865,906	6,757,475	426,486	41,196,895
Total capital assets being depreciated	<u>102,663,803</u>	<u>27,569,935</u>	<u>810,001</u>	<u>129,423,737</u>
Less accumulated depreciation for:				
Land improvements	1,648,027	328,420	-	1,976,447
Buildings and building improvements	19,075,950	1,740,246	-	20,816,196
Machinery and equipment	1,333,164	197,672	14,500	1,516,336
Furniture and office equipment	2,133,155	282,959	-	2,416,114
Computer equipment	365,606	35,625	-	401,231
Vehicles	5,838,793	568,877	369,015	6,038,655
Infrastructure	15,779,046	936,261	426,486	16,288,821
Total accumulated depreciation	<u>46,173,741</u>	<u>4,090,060</u>	<u>810,001</u>	<u>49,453,800</u>
Total capital assets being depreciated, net	<u>56,490,062</u>	<u>23,479,875</u>	<u>-</u>	<u>79,969,937</u>
<b>Governmental activities capital assets, net</b>	<b><u>\$ 80,628,399</u></b>	<b><u>\$ 23,667,717</u></b>	<b><u>\$ 20,745,641</u></b>	<b><u>\$ 83,550,475</u></b>

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

<b>Governmental activities:</b>	
General government	\$ 377,102
Public safety	360,192
Public works, including depreciation of general infrastructure assets	1,206,515
Recreation	123,909
Education	2,022,342
<b>Total depreciation expense – governmental activities</b>	<b><u>\$ 4,090,060</u></b>

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

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**Note 7 – PENSION PLANS**

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**A. MainePERS – Consolidated Plan**

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

**Funding Policy** – Plan members are required to contribute 6.5% or 8.0% of their annual covered salary depending upon the plan they are in and the Town of Gorham is required to contribute an actuarially determined rate. The current rates range from 3.5% to 6.6% of annual covered payroll. The Town rejoined MainePERS on July 1, 2009 allowing regular full-time employees of the Fire and Police departments to enroll in Special Plan 3C. As a result, the Town also must pay a rejoin fee for 28 months, ending October 31, 2011. The rejoin rate for fiscal year 2012 was 5.5%. The contribution rates of plan members and the Town of Gorham are established and may be amended by the MainePERS Board of Trustees. Due to an unfunded liability credit, the Town's contribution to the Maine Public Employees Retirement System Consolidated Plan for the years ended June 30, 2012, 2011 and 2010 are \$161,938, \$181,515, and \$147,649, respectively, equal to the required contributions for each year.

**B. MainePERS Teacher's Group**

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

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

**Funding Policy** – Plan members are required to contribute 7.65% of their compensation to the retirement system. The same statute requires the State of Maine's Department of Education to contribute the employer contribution, which amounts to \$2,549,432 (16.36%) for the fiscal year 2012. This amount has been reported as an intergovernmental revenue and Education expenditure in the GAAP basis financial statements (Statement 2 and Statement 4). There is no contribution required by the School except for federally funded teachers, for which the School contributed 16.36% of their compensation. This cost is charged to the applicable grant.

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

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**Note 7 – PENSION PLANS, Continued**

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**C. Deferred Compensation Plan**

The Town of Gorham offers all its employees not participating in MainePERS a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan permits participating employees to defer a portion of their salary until future years. The Town expended \$126,546 for the year ended June 30, 2012, and \$116,315 for the year ended June 30, 2011. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

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

**D. Other Retirement Contributions**

Additionally, the Town participates in the Social Security Retirement Program. The Town contributed \$390,134 including F.I.C.A. and Medicare to the Social Security Retirement Program on behalf of Town employees for the year ended June 30, 2012 and \$392,002 for the year ended June 30, 2011.

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 \$433,903 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, 2012 and \$391,734 for the year ended June 30, 2011.

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**Note 8 – OTHER POST EMPLOYMENT BENEFITS**

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GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, was implemented, as required, by the Town of Gorham, Maine for the year ended June 30, 2009. Under this pronouncement, it requires that the long-term cost of retirement health care and obligations for other postemployment benefits be determined on an actuarial basis and reported similar to pension plans.

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

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

**Funding Policy** – GASB Statement 45 does not mandate the prefunding of postemployment benefits liability. The Town currently plans to fund these benefits on a pay-as-you-go basis. No assets have been segregated and restricted to provide postemployment benefits.

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

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

**Annual OPEB Cost** - The Town's annual OPEB cost is calculated based on the annual required contribution (ARC), an actuarial determined amount. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize unfunded actuarial liabilities over a period not to exceed thirty (30) years.

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

	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>
Normal Cost	\$ 54,794	\$ 54,794	\$ 54,794
Amortization of Unfunded	67,028	67,028	67,028
Interest	2,413	2,413	2,413
Annual Required Contribution	124,235	124,235	124,235
Interest on Net OPEB Obligation	4,239	8,500	12,796
Amortizing Adjustment to ARC	(6,129)	(12,288)	(18,500)
Annual OPEB Cost	122,345	120,447	118,531
Contributions Made	(15,840)	(13,041)	(15,603)
Increase in Net OPEB Obligation	106,505	107,406	102,928
Net OPEB Obligation - beginning of year	105,987	212,492	319,898
Net OPEB Obligation - end of year	\$ 212,492	\$ 319,898	\$ 422,826

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, 2012 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, 2010	\$ 122,345	12.94%	\$ 212,492
June 30, 2011	120,447	10.82%	319,898
June 30, 2012	118,531	13.16%	422,826

**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, 2012 and two preceding years are as follows:

	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>
Actuarial accrued liability	\$ 1,205,417	\$ 1,205,417	\$ 1,205,417
Plan assets	-	-	-
Unfunded actuarial accrued liability	\$ 1,205,417	\$ 1,205,417	\$ 1,205,417
Funded ratio	0%	0%	0%
Covered payroll	\$ 4,387,368	\$ 4,534,098	\$ 4,637,908
Unfunded actuarial accrued liability as a percentage of covered payroll	27.47%	26.59%	25.99%

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

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

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

The required schedule of funding progress presented as required supplementary information provides multiyear trend information (only three years available) that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

Actuarial valuation date	1/1/2011
Actuarial cost method	Entry age normal
Amortization method	Level dollar
Open amortization period	30 years
Inflation rate	3.0%
Investment rate of return	4.0%
Projected salary increases	N/A

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

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

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

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

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

**Note 9 – INTERFUND ACCOUNTS**

Individual interfund loans receivable and payable balances at June 30, 2012, were as follows:

<u>Fund</u>	<u>Interfund loans receivable</u>	<u>Interfund loans payable</u>
Governmental Funds:		
General fund	\$ -	2,144,220
School operations fund	1,391,880	-
Elementary School project fund	-	1,172,069
Other governmental funds:		
Special revenue funds:		
School grants fund	81,361	-
School lunch fund	-	43,466
Sewer operations fund	938,173	-
Little Falls sewer reserve & loan fund	14,553	-
Impact fees fund	511,802	-
Library fund	4,977	-
Recreation fund	3,862	-
TIF fund	519,432	-
Miscellaneous fund	19,126	-
Capital project funds:		
2010 GO bond projects	-	163,485
Middle school project	-	344
Various school projects	39,045	-
Permanent funds:		
Cemetery perpetual care	4,500	-
Baxter Library and Museum	-	4,127
Total other governmental funds	2,136,831	211,422
Fiduciary funds:	-	1,000
<b>Totals</b>	<b>\$ 3,528,711</b>	<b>3,528,711</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 9 – INTERFUND ACCOUNTS, Continued**

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Interfund transfers during the year ended June 30, 2012 consisted of the following:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 211,900	13,293,084
School operations fund	13,314,976	-
Other governmental funds:		
Special revenue funds:		
School Grants	-	44,216
Impact fees fund	160,000	3,370
TIF fund	-	208,413
Miscellaneous fund	17,672	-
Capital project funds:		
Municipal center project	4,652	-
Turf field project	-	160,117
Total other governmental funds	182,324	416,116
<b>Totals</b>	<b>\$ 13,709,200</b>	<b>13,709,200</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 (\$13,260,760); to School Operations Fund for facilities service (\$10,000); to special revenue to provide seed money for Founders Festival (\$4,000) and the founders monument (\$13,672); and to capital project fund to close out the Chick Property project (\$4,652).
2. From the Special Revenue Fund's School Grants Fund: to reimburse school's general fund for grant expenses paid by general fund (\$44,216).
3. From the Special Revenue Fund's Impact Fees Fund: to provide, from the open space impact fee account, the 20% local share of a grant to design a pedestrian trail from New Portland Road to Hutcherson Drive (\$3,370).
4. From the Special Revenue Fund's TIF Fund; to provide funding for economic development corporation expenditures (\$65,000), the Library's current debt service (\$63,000), and a portion of the Libby/Brackett Road debt service (\$80,413).
5. From the Capital Project Fund's Turf Field Project Fund: to return unused funding from the recreation impact fee account (\$160,000) and close out the fund's remaining balance to the general fund (\$117).

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

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**Note 10 – LONG-TERM DEBT**

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**A. Statutory Debt Limit**

In accordance with 30 MRSA, Section 5061, as amended, no municipality shall incur debt for specified purposes in excess of certain percentages of state valuation of such municipality. At June 30, 2012, the Town was in compliance with these limitations. (see Table 13, STATISTICAL SECTION)

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

Long-term liability activity for the year ended June 30, 2012, was as follows:

	Beginning			Ending	Due Within
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>One Year</u>
<b>Governmental activities:</b>					
General obligation bonds	\$ 47,554,680	17,400,000	21,190,000	43,764,680	3,593,125
Bond premium	-	1,616,937	42,551	1,574,386	127,653
Notes payable	222,009	-	1,673	220,336	2,733
Capital leases	427,866	169,130	171,731	425,265	136,445
Compensated absences	846,745	122,270	41,588	927,427	50,000
Other post-employment benefits	319,898	118,531	15,603	422,826	-
<b>Governmental activity long-term liabilities</b>	<b>\$ 49,371,198</b>	<b>19,426,868</b>	<b>21,463,146</b>	<b>47,334,920</b>	<b>3,909,956</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 October 27, 2011, the Town issued \$585,000 in general obligation bonds with interest rates ranging from .5% to 5.20%. The proceeds were used to refinance the Town's 2000 public works building bond.

On February 15, 2012, the Town issued \$16,815,000 in general obligation bonds with interest rates ranging from 2.0% to 4.0%. The proceeds were used to advance refund \$17,085,000 of 2002, 2004 2005, and 2008 general obligation bonds which had interest rates ranging from 2.25% to 4.37%. The net proceeds of \$18,238,478 (including a \$1,616,937 premium and after payment of \$193,461 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payments on the refunded bonds. As a result, the 2002, 2004, 2005 and 2008 general obligation bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.



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

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

The reacquisition price is below the net carrying amount of the old debt by \$1,153,478. This amount is being netted against the new debt and will be amortized over 11 years. The government advance refunded the 2002, 2004, 2005 and 2008 general obligation bonds to reduce its total debt service payment over 13 years by \$1,515,318 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,533,100.

General obligation bonds currently outstanding at June 30, 2012, are comprised of the following:

General Obligation Bonds	Interest Rate	Original Issue Amount	Final Maturity Date	Balance End of Year	Due Within One Year
Governmental activities:					
2012 Advance Refunding Bond	2.00-3.50%	\$ 17,085,000	11/1/2024	\$ 16,815,000	\$ -
2011 Maine Municipal Bond (2000 Bond)	.50-5.20%	585,000	11/1/2019	585,000	73,125
2010 Road Projects/Heavy Rescue Bond	2.00-3.50%	3,450,000	8/1/2027	3,245,000	205,000
2010 Elementary School Bond	2.00-4.25%	20,384,680	10/1/2030	19,364,680	1,020,000
2008 Road Projects Bond	3.00-4.00%	4,000,000	5/1/2025	470,000	235,000
2005 Municipal/Comm Ctr Bond	3.75-4.00%	5,000,000	12/1/2024	750,000	250,000
2004 Old Shaw School Reno Bond	3.25-4.35%	2,688,345	2/1/2024	280,000	140,000
2004 Fire Truck Bond	3.25-4.35%	350,000	2/1/2024	40,000	20,000
2002 Baxter Library Addition Bond	2.25-4.37%	850,000	11/1/2017	55,000	55,000
2002 Middle School Bond	2.25-4.37%	20,375,000	11/1/2017	1,020,000	1,020,000
1994 High School Expansion Bond	4.60-5.25%	11,565,000	9/1/2013	1,140,000	575,000
<b>Total governmental activities</b>				<b>\$ 43,764,680</b>	<b>\$3,593,125</b>

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

Fiscal Year Ended June 30	Principal	Interest	Total
2013	\$ 3,593,125	\$ 1,359,985	\$ 4,953,110
2014	3,653,125	1,248,595	4,901,720
2015	3,063,126	1,151,990	4,215,116
2016	3,043,126	1,078,744	4,121,870
2017	3,013,125	1,005,757	4,018,882
2018-2022	14,364,377	3,744,576	18,108,953
2023-2027	8,769,996	1,557,709	10,327,705
2028-2031	4,264,680	347,384	4,612,064
<b>Totals</b>	<b>\$ 43,764,680</b>	<b>\$ 11,494,740</b>	<b>\$ 55,259,420</b>

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

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

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

**D. Capital Leases**

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

The following is a summary of the capital lease commitments as of June 30, 2012:

	<b>Original Purchase Price</b>	<b>Annual Depreciation Expense</b>	<b>Total Minimum Lease Payments</b>	<b>Interest</b>	<b>Present Value of Minimum Lease Payments</b>
Education, seven (7) school buses	\$ 709,025	74,328	329,600	20,821	308,779
Education, copiers	146,201	n/a	128,905	12,419	116,486
<b>Totals</b>	<b>\$ 855,226</b>	<b>74,328</b>	<b>458,505</b>	<b>33,240</b>	<b>425,265</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, 2012:

<b>Fiscal year ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Lease Obligation</b>
2013	\$ 136,445	14,988	151,433
2014	125,050	10,129	135,179
2015	97,961	5,766	103,727
2016	65,809	2,357	68,166
<b>Totals</b>	<b>\$ 425,265</b>	<b>33,240</b>	<b>458,505</b>

**E. Compensated Absences**

The Town's policy relating to compensated absences is described in Note 1, I. The long-term portion of this debt, amounting to \$927,427 for governmental activities at June 30, 2012, is expected to be paid in future years from future resources. The Town has estimated that out of the \$927,427, 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 10 – LONG-TERM DEBT, Continued**

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Long-term compensated absences as of June 30, 2012, are comprised of the following:

<u>Type of Leave</u>	<u>Governmental Activities</u>
Sick paid upon termination	\$ 567,350
Vacation	324,823
Compensatory time	<u>35,254</u>
<b>Total</b>	<b><u>\$ 927,427</u></b>

**F. Other Post Employment Benefits**

The Town's post-retirement benefit plan providing health insurance to retiring employees is described in Note 8. The long-term portion of this benefit, amounting to \$422,826 for governmental activities at June 30, 2012, is expected to be funded on a pay-as-you-go basis. The Town does not estimate any of OPEB will be due within the next year. If and when the Town does have other post-employment benefits these will be liquidated primarily by the general fund.

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**Note 11 – OPERATING LEASES**

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The School Department has entered into two leases for portable buildings, both expiring August 31, 2014. For accounting purposes, all of these leases are considered to be operating leases. Lease expenditures for the year ended June 30, 2012 amounted to \$24,200. Future minimum lease payments for these leases are as follows:

Year ended June 30,	
2013	\$ 26,400
2014	26,400
2015	<u>4,400</u>
<b>Total</b>	<b><u>\$ 57,200</u></b>

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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, 2012, the Town's State valuation of \$1,445,250,000 was 3.66% of the County's State valuation of \$39,497,000,000. The Town's share is 3.66% or \$1,361,931 of Cumberland County's \$37,220,000 long-term debt outstanding as of June 30, 2012.

**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, 2012, the Town's share of self-supporting bonded water debt is 5.6195% or \$1,598,122 of total debt of \$28,438,885. At June 30, 2012, the Town's portion of Portland Water District's bonded sewer debt for which the Town of Gorham is directly obligated through sewer user fees is \$25,000.

The Town also shares an obligation with the Town of Windham for a joint sewer project. Gorham's share of the Little Falls sewer system debt is \$3,866,596, while Gorham's share of the Westbrook sewer system debt is \$1,072,745. 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>Direct Debt</u>	As of June 30, 2012	
		<u>Overlapping Debt</u>	<u>Total Debt</u>
Town of Gorham	\$ 45,559,402	\$ -	\$ 45,559,402
Cumberland County	-	1,361,931	1,361,931
Portland Water District – sewer debt	-	25,000	25,000
Portland Water District – sewer shared with Town of Windham and City of Westbrook	-	4,939,341	4,939,341
Portland Water District - water debt	-	1,598,122	1,598,122
<b>Totals</b>	<b>\$ 45,559,402</b>	<b>\$ 7,924,394</b>	<b>\$53,483,796</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, 2012, 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, 2012, there were two series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$920,000.

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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, 2012 includes total assets of \$60,491,701, and total liabilities of \$22,953,734 and unrestricted net assets of \$9,881,421. The liabilities include an accrual for landfill closure and postclosure care amounting to \$15,694,020. 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 ASSETS**

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Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Town's net assets invested in capital assets, net of related debt was calculated as follows for fiscal year 2012 with 2011 information provided for comparison:

	<u>2012</u>	<u>2011</u>	<u>\$ Chg</u>	<u>% Chg</u>
Capital assets	\$133,004,275	\$ 126,802,140	\$ 6,202,135	4.9%
Accumulated depreciation	(49,453,800)	(46,173,741)	(3,280,059)	(7.1%)
Bonds payable (includes premium)	(45,339,066)	(47,554,680)	2,215,614	4.7%
Notes payable	(220,336)	(222,009)	1,673	0.8%
Capital leases	(425,265)	(427,866)	2,601	0.6%
Add back unspent bond proceeds	<u>738,721</u>	<u>3,904,182</u>	<u>(3,165,461)</u>	(81.1%)
<b>Total invested in capital assets net of related debt</b>	<u><b>\$ 38,304,529</b></u>	<u><b>\$ 36,328,026</b></u>	<u><b>\$ 1,976,503</b></u>	<b>5.4%</b>

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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.

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

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

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

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

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

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

On March 2, 2004, the Town designated a 6.5-acre parcel of land in the Gorham Industrial Park as the Pettingill Municipal Development District. The Pettingill Ross Company, a sheet metal company, previously located in the Westbrook Industrial Park, acquired the old Hill-Loma building and improved, rehabilitated, constructed, and equipped a manufacturing facility at this location in the Gorham Industrial Park.

**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 sq. ft. retail store on the former Roberts' Welding property would be to construct a center turning lane.

VIP estimated that the cost of the turning lane to be in the \$170,000 range, a cost that "makes the project bear an unreasonable amount of its share of rectifying the traffic problem," as stated in a February 14, 2005 letter to Town Manager David Cole. The Town Council in a 4-1 vote approved a 15-year TIF, which would give back 50% of the taxes generated from the increased tax value generated from the new building.

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

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

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

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

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

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



**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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At the October 6, 2009 Town Council meeting, the Council approved changing the expiration date of the Olde Canal Business Park TIF District from June 30, 2028 to June 30, 2033. The Maine Department of Economic and Community Development approved the amendment on December 21, 2009.

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**Note 17 - CLASSIFICATION OF NET ASSETS**

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

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

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

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

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

**Note 18 – COMPONENTS OF FUND BALANCES**

At June 30, 2012 and 2011, other fund balance components consisted of the following:

	<u><b>2012</b></u>	<u><b>2011</b></u>
General Fund:		
Nonspendable:		
Black Brook noncurrent receivable	\$ 6,888	\$ 7,698
Prepaid items	2,097	-
Trash bag inventory	5,192	33,829
Gas inventory	17,353	15,826
Diesel inventory	13,303	16,611
<b>Total general fund nonspendable</b>	<b>\$ 44,833</b>	<b>\$ 73,964</b>
Special Revenue Fund:		
Nonspendable:		
TIF - Connolly note receivable	-	3,422
TIF - Isherwood note receivable	51,148	57,952
TIF - N E Tread note receivable	70,343	72,438
TIF – Artistry in Flowers note receivable	20,000	-
School lunch inventory	43,049	36,337
<b>Total special revenue fund nonspendable</b>	<b>\$ 184,540</b>	<b>\$ 170,149</b>
Permanent Fund:		
Nonspendable:		
Nonexpendable trust principal	524,988	524,205
<b>Total special revenue fund nonspendable</b>	<b>\$ 524,988</b>	<b>\$ 524,205</b>
<b>Total nonspendable fund balance</b>	<b>\$ 754,361</b>	<b>\$ 768,318</b>
General Fund:		
Restricted:		
Gorham triad	1,849	3,052
D.A.R.E.	8,164	6,698
Drug forfeiture	14,524	14,877
Little Falls substation	2,272	2,272
Restorative justice grant	4,438	6,942
DEA forfeiture	99,604	53,219
Regional grant - maintenance facility	-	100,000
Child safety seats	2,979	885
Fire/rescue donations	25	25
FEMA fire grant	708	2,925
Fire memorial	6,500	4,900

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

**Note 18 – COMPONENTS OF FUND BALANCES, Continued**

	<u><b>2012</b></u>	<u><b>2011</b></u>
Sprinkler grant (fire)	\$ 5,858	\$ 5,858
Homeland Grant	2,426	-
Street opening permits	97,106	93,761
Tree grant	3,370	1,358
Community Center donations	750	750
<b>Total general fund restricted</b>	<b>\$ 250,573</b>	<b>\$ 297,522</b>
<b>Special Revenue Fund:</b>		
Restricted:		
School grants	176,879	591,928
School lunch fund	122,071	162,602
Transfer overlay district fund	81,987	67,534
Sewer operations	1,151,324	1,106,267
Little Falls sewer reserve	75,376	73,763
Water impact fee (Fort Hill)	-	2,427
Recreation facilities impact fee	316,882	94,540
Open space impact fee	112,933	126,073
Baxter unrestricted book trust	1,321	5,444
M Smith library trust	186	181
Materials/discretionary library trust	4,352	1,891
C Parker library trust	2,819	4,996
Museum trust	718	434
Shaw park	3,500	3,500
Community Center granite sign	362	362
Phinney shade tree recreation trust	1,350	1,314
M Parkhurst miscellaneous trust	210	129
Senior citizens miscellaneous trust	12,362	12,034
Mega TIF	3,392	3,446
CMJ TIF	1,250	80
Transformat TIF	3,735	1,243
DC Associates TIF	745	-
Revolving loan fund	242,271	183,335
Grondin Properties TIF	47,991	30,101
<b>Total special revenue fund restricted</b>	<b>\$ 2,364,016</b>	<b>\$ 2,473,624</b>
<b>Elementary School Project Fund:</b>		
Restricted	333,481	3,124,060
<b>Capital Projects Fund:</b>		
Restricted:		
Municipal/community center project	-	78,757
2010 bond projects	405,240	604,322
<b>Total capital project fund restricted</b>	<b>\$ 738,721</b>	<b>\$ 3,807,139</b>

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

**Note 18 – COMPONENTS OF FUND BALANCES, Continued**

	<u><b>2012</b></u>	<u><b>2011</b></u>
Permanent Fund:		
Restricted:		
South St cemetery perpetual care	\$ 37	\$ 34
M Robie grounds recreation trust	846	808
Robie park recreation trust	3,105	2,963
Fort Hill boulder recreation trust	1,171	1,137
M Robie soldier's monument recreation trust	1,860	1,804
Phinney memorial park recreation trust	2,673	2,580
Percival Baxter library trust	15,988	17,111
Restricted book library trust	2,549	2,174
Martha E Robie library trust	371	304
Lucia A Emery library trust	1,488	2,772
Lucy D Waterman library trust	1,679	1,549
Other restricted library trust	13,205	12,479
Baxter/Knight library trust	1,732	1,626
John Cressey library trust	1,042	945
Marie M Irish library trust	819	791
Mary L Reid library trust	1,825	1,514
Frederick Robie library trust	1,881	1,688
Centennial library trust	4,165	2,004
Mary E Knight school trust	3,725	3,611
Charles Robie school trust	37,767	36,643
Ruth E Smith public purpose trust	9,167	8,791
Dana Estes public purpose trust	292	178
Giddings Chapel public purpose trust	40,462	41,126
Huston Waterman public purpose trust	72,161	68,880
O'Shea public purpose trust	129	-
<b>Total permanent fund restricted</b>	<b>\$ 220,139</b>	<b>\$ 213,512</b>
<b>Total restricted fund balance</b>	<b>\$ 3,573,449</b>	<b>\$ 6,791,797</b>
General Fund:		
Committed:		
Land acquisition	314,731	471,525
Town clock	-	74,095
Cemetery reserve	6,675	4,375
Rte. 25/114 sidewalks	91,516	214,882
<b>Total general fund committed</b>	<b>\$ 412,922</b>	<b>\$ 764,877</b>

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

**Note 18 – COMPONENTS OF FUND BALANCES, Continued**

	<u><b>2012</b></u>	<u><b>2011</b></u>
Special Revenue Fund:		
Committed:		
Industrial Park TIF	\$ 128,828	\$ 131,420
Odat/Grondin TIF	2,139	1,939
Olde Canal TIF	25,276	21,422
Nappi TIF	64,240	62,657
Founder's Festival	7,232	1,069
Founder's Monument	9,922	-
<b>Total special revenue fund committed</b>	<b>\$ 237,637</b>	<b>\$ 218,507</b>
Capital Project Fund:		
Turf field project	-	197,668
Middle school project	-	4,138
Various school projects	39,045	39,045
<b>Total capital project fund committed</b>	<b>\$ 39,045</b>	<b>\$ 240,851</b>
<b>Total committed fund balance</b>	<b>\$ 689,604</b>	<b>\$ 1,224,235</b>
General Fund:		
Assigned:		
Capital budget, part II	1,721,034	139,220
Encumbrances	259,911	161,130
Accrued compensated absences	360,078	335,706
Municipal center building	67,172	67,172
Revaluation	183,533	184,554
Administration	26,249	15,623
Finance software/computer upgrade	32,928	148,601
Compensation study	15,100	15,100
Town clerk	27,724	31,539
Planning	34,047	54,831
Planning office relocation reserve	34,000	34,000
Assessing	11,140	7,607
GIS system	61,889	67,569
Code	15,656	8,355
Web site development	25,038	25,038

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

**Note 18 – COMPONENTS OF FUND BALANCES, Continued**

	<u><b>2012</b></u>	<u><b>2011</b></u>
Facility study	\$ 5,823	\$ 6,201
Police vests	2,242	2,242
Police	49,037	54,396
Cruisers	-	4,724
Fire	5,384	15,338
Air bottles	1,504	600
Radio reprogramming	8,857	8,857
Extrication equipment	-	9,647
Protective fire gear	-	20,057
Pager replacement (Fire)	19,306	19,306
Automatic defibrillators	-	1,595
Rescue	22,624	24,624
Rescue vehicle reserve	26,484	20,744
Fire ponds/dry hydrants	20,598	20,846
Public Works	6,967	24,445
Public Works vehicles	40,213	43,171
Vacuum truck	-	50,000
Mower & trailer	3,511	55,000
Fuel management system software	2,801	2,801
Fuel depot reserve	28,080	25,680
Longfellow bridge	35,000	35,000
Storm water phase II	24,664	24,664
Public Works building	4,052	4,052
DEP site permit	75,000	75,000
Roads	373,723	220,960
Little Falls tennis courts	1,469	1,469
Baxter Library	17,344	16,482
Library stairwell roof replacement	-	3,935
Robie Gym repairs	16,000	16,000
Recreation	11,908	9,747
Baxter Museum repairs	26,013	26,013
Economic development reserve	77,100	75,316
Cable TV	10,222	9,367
Equipment	135,102	190,045
Capital project reserve	234,430	136,636

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

**Note 18 – COMPONENTS OF FUND BALANCES, Continued**

	<u><b>2012</b></u>	<u><b>2011</b></u>
Bicycle patrol	\$ 376	\$ 376
Outside detail (Police)	9,872	845
Fire prevention	5,065	4,445
Lock boxes (Fire)	117	-
FEMA storm events	18,563	18,965
Recycling committee	14	-
Pay-per-bag startup costs	5,636	5,636
Recreation	208,562	217,731
Vacation/comp/sick reserve	471,696	471,697
Unemployment insurance contingency reserve	31,500	31,500
Employee wellness program	1,212	2,745
Property insurance deductible reserve	10,000	10,000
Auto insurance deductible reserve	4,000	4,000
<b>Total general fund assigned</b>	<b>\$ 4,927,570</b>	<b>\$ 3,318,945</b>
School Operations Fund:		
Assigned:		
Use of fund balance	620,000	200,000
Encumbrances	439,863	217,458
Special Revenue Fund:		
Assigned:		
Baxter Memorial Library Association	2,199	2,984
Library fund raising	6,664	6,700
Stumpage	1,973	1,973
<b>Total special revenue fund assigned</b>	<b>\$ 1,070,699</b>	<b>\$ 429,115</b>
<b>Total assigned fund balance</b>	<b>\$ 5,998,269</b>	<b>\$ 3,748,060</b>
<b>Total governmental funds</b>	<b>\$ 11,015,683</b>	<b>\$ 12,532,410</b>

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

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**Note 19 – BUDGETARY VS. GAAP ACCOUNTING**

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Through June 30, 2012, 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>Special Revenue School</b>
Fund balance (deficit), June 30, 2012 – GAAP basis	\$ 11,322,996	\$ (543,867)
Accrued summer salaries	-	1,216,354
Accrued salaries – management	-	19,924
Encumbrances	(259,911)	(439,863)
<b>Fund balance, June 30, 2012 – budgetary basis</b>	<b>\$ 11,063,085</b>	<b>\$ 252,548</b>

As required by generally accepted accounting principles (GAAP), the Town has recorded a revenue and expenditure for Maine Public Employees Retirement contributions made by the State of Maine on behalf of the Gorham School Department. These amounts have not been budgeted in the General Fund and result in a difference in reporting on a budgetary basis of accounting vs. reporting under accounting principles generally accepted in the United States of America of \$2,549,432.

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

The School Board approved the use of \$620,000 in budgetary basis fund balance for the FY13 School budget. As a result, the ending School fund balance as of June 30, 2012 on the budgetary basis is a deficit of \$367,452.

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**Note 20 – 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 21 – RESTATEMENT OF NET ASSETS**

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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 notes payable was not reflected on prior financial statements. Net assets as of July 1, 2011 were adjusted by the balance remaining on the note as of June 30, 2011.

Net assets as of July 1, 2011 have been restated as follows:

	<u>Government Activities</u>
Net assets, as previously reported	\$ 49,637,939
Prior period adjustment - PWD note payable	<u>(222,009)</u>
<b><u>Net assets, as restated</u></b>	<b><u>\$ 49,415,930</u></b>

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**Note 22 – SUBSEQUENT EVENTS**

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On July 10, 2012, the Town Council approved a purchase and sales agreement to purchase property at 21 Main Street and 10 Preble Street for \$169,900 and \$239,900, respectively from the land acquisition fund.

**TOWN OF GORHAM, MAINE**  
**Required Supplemental Information**  
**June 30, 2012**

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**SCHEDULE OF FUNDING PROGRESS**

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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, 2012 and two preceding years.

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a) / c]
2010	1/1/2011	\$ -	\$ 1,205,417	\$ 1,205,417	0.00%	\$4,387,368	27.47%
2011	1/1/2011	\$ -	\$ 1,205,417	\$ 1,205,417	0.00%	\$4,534,098	26.59%
2012	1/1/2011	\$ -	\$ 1,205,417	\$ 1,205,417	0.00%	\$4,637,908	25.99%

**TOWN OF GORHAM, MAINE**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Budgetary Basis**  
**All Budgeted Governmental Funds**  
**For the year ended June 30, 2012**

	General Fund			Variance with final budget positive (negative)
	Budgeted amounts		Actual	
	Original	Final		
Revenues:				
Taxes	\$ 22,135,367	22,135,367	22,561,260	425,893
Licenses and permits	470,250	470,250	527,362	57,112
Intergovernmental	1,871,284	1,871,284	2,002,818	131,534
Charges for services	1,168,939	1,168,939	1,223,106	54,167
Other revenues	165,508	165,508	1,062,209	896,701
Total revenues	25,811,348	25,811,348	27,376,755	1,565,407
Expenditures:				
Current:				
General government	2,158,379	2,158,379	2,116,949	41,430
Public safety	3,550,460	3,550,460	3,520,520	29,940
Public works	2,369,810	2,369,810	2,368,995	815
Health and welfare	85,835	85,835	149,617	(63,782)
Recreation	685,972	685,972	1,275,057	(589,085)
Economic development	65,000	65,000	63,216	1,784
Insurances and employee benefits	1,933,713	1,933,713	1,783,916	149,797
Public agencies	30,302	30,302	28,276	2,026
Unclassified	151,620	151,620	300,060	(148,440)
Capital	432,295	432,295	1,150,554	(718,259)
Debt service	1,438,492	1,438,492	1,277,550	160,942
Total expenditures	12,901,878	12,901,878	14,034,710	(1,132,832)
Excess of revenues over expenditures	12,909,470	12,909,470	13,342,045	432,575
Other financing sources (uses):				
Utilization of prior year unassigned fund balance	139,220	139,220	-	(139,220)
Transfers to special revenue -				
School Operations	(13,260,760)	(13,260,760)	(13,270,760)	(10,000)
Founders Festival/Monument	-	-	(17,672)	(17,672)
Transfers to capital projects - Municipal Center	-	-	(4,652)	(4,652)
Transfers in special revenue -				
TIF	212,070	212,070	208,413	(3,657)
Impact Fees	-	-	3,370	3,370
Transfer in capital projects - Turf project	-	-	117	117
Refunding bonds issued	-	-	16,815,000	16,815,000
Premium on refunding bonds issued	-	-	1,616,937	1,616,937
Bond issuance cost	-	-	(193,459)	(193,459)
Discount on special assessment bonds issued	-	-	(18,238,478)	(18,238,478)
Total other financing uses	(12,909,470)	(12,909,470)	(13,081,184)	(171,714)
Excess of revenues and other financing sources over expenditures and other financing uses - budgetary basis	-	-	260,861	260,861
Reconciliation to GAAP basis:				
Change in encumbrances			98,781	
Net change in fund balance			359,642	
Fund balances, beginning of year			10,963,354	
Fund balances, end of year	\$		11,322,996	

**TOWN OF GORHAM, MAINE**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Budgetary Basis**  
**All Budgeted Governmental Funds**  
**For the year ended June 30, 2012**

	Budgeted Special Revenue Funds			
	School Operations Fund			Variance with final budget positive (negative)
	Budgeted amounts		Actual	
	Original	Final		
Revenues:				
Intergovernmental	\$ 17,687,145	17,687,145	17,745,476	58,331
Charges for services	37,765	37,765	61,649	23,884
Other revenues	-	-	3,667	3,667
Total revenues	17,724,910	17,724,910	17,810,792	85,882
Expenditures:				
Current:				
Regular instruction	12,745,876	12,745,876	12,561,364	184,512
Special education	4,692,842	4,692,842	4,701,379	(8,537)
CTE instruction	517,945	517,945	517,945	-
Other instruction	533,768	533,768	546,183	(12,415)
Student and staff support	1,974,814	1,974,814	2,053,145	(78,331)
System administration	676,025	676,025	694,067	(18,042)
School administration	1,587,909	1,587,909	1,548,240	39,669
Transportation	1,600,991	1,600,991	1,573,703	27,288
Facilities maintenance	2,698,923	2,698,923	2,907,122	(208,199)
Adult education	226,816	226,816	260,306	(33,490)
Debt service	3,939,761	3,939,761	3,791,170	148,591
Total expenditures	31,195,670	31,195,670	31,154,624	41,046
Deficiency of revenues under expenditures	(13,470,760)	(13,470,760)	(13,343,832)	126,928
Other financing sources:				
Utilization of prior year surplus	200,000	200,000	-	(200,000)
Transfers in special revenues	-	-	44,216	44,216
Transfers in general fund	13,270,760	13,270,760	13,270,760	-
Total other financing sources	13,470,760	13,470,760	13,314,976	(155,784)
Deficiency of revenues and other financing sources under expenditures and other financing uses - budgetary basis	-	-	(28,856)	(28,856)
Reconciliation to GAAP basis:				
Change in accrued payroll			(60,105)	
Change in encumbrances			222,405	
Net change in fund balance			133,444	
Fund balances (deficit), beginning of year			(677,311)	
Fund balances (deficit), end of year	\$		(543,867)	

*See accompanying notes to financial statements.*

## **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, 2012 and 2011**

	2012	2011
<b>ASSETS</b>		
Cash	\$ 41,568	15,692
Investments	14,555,402	14,891,469
Receivables:		
Accounts	249,411	357,662
Rescue receivable (net of allowance of \$126,000)	216,495	197,694
Taxes receivable - current year	736,907	553,239
Taxes receivable - prior year	62,248	35,479
Tax liens	292,783	272,433
Notes	6,888	7,698
Tax acquired property	30,578	30,578
Performance bonds	1,056,343	1,322,135
Inventories	35,848	66,266
Prepaid expenses	2,097	-
<b>Total assets</b>	<b>\$ 17,286,568</b>	<b>17,750,345</b>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	1,925,170	802,529
Accrued wages and benefits	105,666	269,106
Retainage payable	4,323	-
Interfund loans payable	2,144,220	3,780,221
Deferred tax revenues	727,850	613,000
Performance bond deposits	1,056,343	1,322,135
<b>Total liabilities</b>	<b>5,963,572</b>	<b>6,786,991</b>
Fund balance:		
Nonspendable:		
Noncurrent receivables	6,888	7,698
Prepaid items	2,097	-
Inventories	35,848	66,266
Restricted to:		
Public safety operations	149,347	201,653
Public works operations	100,476	93,761
Recreation operations	750	2,108
Committed to:		
General government purposes	314,731	545,620
Other purposes	98,191	219,257
Assigned to:		
Encumbrances	259,911	161,130
Designated for FY13 & FY12 capital budget	1,721,034	139,220
General government purposes	540,298	666,191
Public safety operations	171,468	208,642
Public works operations	618,224	585,374
Recreation operations	281,296	291,377
Economic development	77,100	75,316
Insurance and employee benefits	878,486	855,647
Other purposes	379,753	336,048
Unassigned	5,687,098	6,508,046
<b>Total fund balance</b>	<b>11,322,996</b>	<b>10,963,354</b>
<b>Total liabilities and fund balance</b>	<b>\$ 17,286,568</b>	<b>17,750,345</b>

**TOWN OF GORHAM, MAINE**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**Year ended June 30, 2012**  
**(with comparative actual amounts for the year ended June 30, 2011)**

	2012		Variance positive (negative)	2011 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 19,649,367	20,198,648	549,281	19,390,142
Change in deferred property tax revenue	-	(114,850)	(114,850)	253,300
Excise taxes	2,396,000	2,425,578	29,578	2,385,626
Interest and costs on taxes	90,000	51,884	(38,116)	118,218
Total taxes	22,135,367	22,561,260	425,893	22,147,286
Licenses and permits:				
Building permits	150,000	178,545	28,545	187,014
Plumbing/electrical fees	18,000	28,841	10,841	23,276
Motor vehicle renewal fees	44,000	44,406	406	44,960
Town clerk fees	49,600	52,789	3,189	63,811
Cable TV franchise fee	200,000	212,026	12,026	214,316
Code fees	5,650	7,790	2,140	12,585
Other	3,000	2,965	(35)	2,976
Total licenses and permits	470,250	527,362	57,112	548,938
Intergovernmental:				
FEMA reimbursement	-	-	-	13,031
State revenue sharing	1,100,000	1,124,259	24,259	1,116,472
Highway block grant	230,000	255,796	25,796	246,216
Human services assistance	32,000	67,743	35,743	63,879
Homestead exemption	263,253	263,253	-	259,083
BETE reimbursement	161,031	161,074	43	163,110
Other state grants	24,000	41,956	17,956	26,611
Other agencies	48,500	61,556	13,056	200,886
University of Southern Maine assistance	12,500	27,181	14,681	12,500
Total intergovernmental	1,871,284	2,002,818	131,534	2,101,788
Charges for services:				
Police fees, fines and outside work	23,500	19,570	(3,930)	26,527
Fire and rescue fees	552,210	577,547	25,337	644,423
Subdivision/development fees	30,500	16,883	(13,617)	39,192
Sewer inspection fees	2,500	2,800	300	3,750
Miscellaneous code	750	332	(418)	478
Miscellaneous public works	2,900	23	(2,877)	2,898
Solid waste user charges	454,500	456,799	2,299	473,658
Recreation fees	46,700	69,788	23,088	53,324
Payment in lieu of taxes	55,379	57,067	1,688	55,469
Sale of town property	-	12,961	12,961	67,792
Use of cruisers	-	-	-	2,640
Fuel depot reserve	-	7,036	7,036	6,345
Cemetery reserve	-	2,300	2,300	1,650
Total charges for services	1,168,939	1,223,106	54,167	1,378,146



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

	2012		Variance positive (negative)	2011 Actual
	Budget	Actual		
Revenues, continued:				
Other revenues:				
Cemetery income	\$ 7,500	15,601	8,101	16,696
Interest on investments	40,000	5,660	(34,340)	12,309
Rent	95,508	102,738	7,230	95,472
Recreation reimbursement	-	590,226	590,226	539,605
Senior mealsite	11,500	11,217	(283)	10,106
Miscellaneous	11,000	20,894	9,894	22,684
Miscellaneous unbudgeted	-	315,873	315,873	234,439
Total other revenues	165,508	1,062,209	896,701	931,311
Total revenues	25,811,348	27,376,755	1,565,407	27,107,469
Expenditures:				
Current:				
General government:				
Administration	417,855	416,602	1,253	432,428
Technology	95,100	92,858	2,242	89,916
Town Clerk	196,966	195,978	988	212,737
Planning	192,122	187,377	4,745	172,033
Assessing	128,546	121,479	7,067	123,398
Code enforcement	122,836	108,233	14,603	121,510
Gorham municipal center	211,150	200,618	10,532	164,098
Total general government	1,364,575	1,323,145	41,430	1,316,120
Public safety:				
Police department	1,570,644	1,554,311	16,333	1,525,794
Fire department	1,004,816	1,028,129	(23,313)	951,623
Rescue squad	447,294	424,887	22,407	409,208
Public safety building	98,150	94,835	3,315	88,503
Public utilities	147,800	136,578	11,222	143,840
Public safety contract services	281,756	281,780	(24)	272,594
Total public safety	3,550,460	3,520,520	29,940	3,391,562
Public works:				
Public works maintenance	1,486,641	1,486,133	508	1,460,127
Solid waste removal	883,169	882,862	307	849,002
Total public works	2,369,810	2,368,995	815	2,309,129
Health and welfare:				
Welfare and senior mealsite	85,235	149,017	(63,782)	136,253
Health council	600	600	-	600
Total health and welfare	85,835	149,617	(63,782)	136,853

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

	2012		Variance positive (negative)	2011 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Recreation:				
Baxter Memorial Library	\$ 424,211	411,024	13,187	409,838
Little Falls Library	1,600	1,600	-	1,800
North Gorham Library	10,000	10,000	-	12,000
Baxter Museum	6,600	1,727	4,873	3,132
Recreation	231,751	227,429	4,322	218,742
Old Robie School	11,810	11,622	188	12,337
Little Falls School	-	12,259	(12,259)	-
Recreation - reimbursable programs	-	599,396	(599,396)	548,729
Total recreation	685,972	1,275,057	(589,085)	1,206,578
Economic development	65,000	63,216	1,784	61,666
Insurances:				
Multi peril policy	160,000	159,022	978	155,404
Public liability	12,000	10,176	1,824	10,029
Total insurances	172,000	169,198	2,802	165,433
Employee benefits:				
Direct unemployment compensation	5,000	4,502	498	3,664
Worker's compensation	119,481	110,942	8,539	102,011
Retirement	331,584	271,488	60,096	286,133
Major medical insurance	912,279	853,178	59,101	935,137
Social security	391,919	371,049	20,870	352,034
Employee assistance program	1,000	1,805	(805)	660
Group life insurance	450	1,754	(1,304)	887
Total employee benefits	1,761,713	1,614,718	146,995	1,680,526
Public agencies:				
Appeals board/assessment appeals	1,050	83	967	-
Parks and conservation	500	246	254	459
Recycling committee	500	-	500	1,564
G.P.C.O.G.	14,141	15,488	(1,347)	14,141
MMA	12,500	12,459	41	12,155
P.A.C.T.S.	1,611	-	1,611	-
Total public agencies	30,302	28,276	2,026	28,319
Unclassified:				
Gorham cable TV	74,720	73,011	1,709	73,124
Founders Festival	4,000	3,951	49	-
Town Clock	800	-	800	800
Memorial Day	2,100	2,827	(727)	2,090
Contingency	70,000	16,376	53,624	53,984
Miscellaneous unbudgeted	-	203,895	(203,895)	212,237
Total unclassified	151,620	300,060	(148,440)	342,235

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

	2012		Variance positive (negative)	2011 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Intergovernmental - County tax	\$ 793,804	793,804	-	766,668
Debt service (excluding education):				
Principal	970,000	905,000	65,000	787,772
Interest	468,492	372,550	95,942	452,354
Total debt service	1,438,492	1,277,550	160,942	1,240,126
Capital:				
Capital maintenance	293,075	626,728	(333,653)	670,962
Capital improvements	139,220	523,826	(384,606)	1,219,128
Total capital	432,295	1,150,554	(718,259)	1,890,090
Total expenditures	12,901,878	14,034,710	(1,132,832)	14,535,305
Excess of revenues over expenditures	12,909,470	13,342,045	432,575	12,572,164
Other financing sources (uses):				
Use of unassigned fund balance	139,220	-	(139,220)	-
Transfers to special revenue -				
School Fund	(13,260,760)	(13,270,760)	(10,000)	(12,856,700)
Founders Festival/Monument	-	(17,672)	(17,672)	-
Transfers in from special revenue -				
TIF	212,070	208,413	(3,657)	212,865
Impact Fees	-	3,370	3,370	-
Transfers to capital projects - Municipal Center	-	(4,652)	(4,652)	(90,000)
Transfer in from capital project fund -				
Turf field project	-	117	117	-
Refunding bonds issued	-	16,815,000	16,815,000	-
Premium on refunding bonds issued	-	1,616,937	1,616,937	-
Bond issuance cost	-	(193,459)	(193,459)	-
Payment to refunding bond escrow agent	-	(18,238,478)	(18,238,478)	-
Total other financing uses	(12,909,470)	(13,081,184)	(171,714)	(12,733,835)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses - budgetary basis	-	260,861	260,861	(161,671)
Reconciliation to GAAP basis:				
Change in encumbrances		98,781		(60,962)
Net change in fund balance		359,642		(222,633)
Fund balance, beginning of year		10,963,354		11,185,988
Fund balance, end of year	\$	11,322,996		10,963,354

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## **ALL OTHER GOVERNMENTAL FUNDS**

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**TOWN OF GORHAM, MAINE**  
**Combining Balance Sheet**  
**All Other Governmental Funds**  
**June 30, 2012**

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
<b>ASSETS</b>				
Cash	\$ 180,582	-	-	180,582
Investments	88,028	598,088	756,120	1,442,236
Receivables:				
Accounts	214,539	-	-	214,539
Notes	141,491	-	-	141,491
Intergovernmental	174,326	-	-	174,326
Inventories	43,049	-	-	43,049
Interfund loans receivable	2,093,286	39,045	4,500	2,136,831
<b>Total assets</b>	<b>\$ 2,935,301</b>	<b>637,133</b>	<b>760,620</b>	<b>4,333,054</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	113,919	29,363	11,366	154,648
Unearned revenues	26,070	-	-	26,070
Interfund loans payable	43,466	163,829	4,127	211,422
<b>Total liabilities</b>	<b>183,455</b>	<b>193,192</b>	<b>15,493</b>	<b>392,140</b>
Fund balances:				
Nonspendable	184,540	-	524,988	709,528
Restricted	2,364,016	405,240	220,139	2,989,395
Committed	237,637	39,045	-	276,682
Assigned	10,836	-	-	10,836
Unassigned	(45,183)	(344)	-	(45,527)
<b>Total fund balances</b>	<b>2,751,846</b>	<b>443,941</b>	<b>745,127</b>	<b>3,940,914</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,935,301</b>	<b>637,133</b>	<b>760,620</b>	<b>4,333,054</b>

**TOWN OF GORHAM, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**All Other Governmental Funds**  
**For the year ended June 30, 2012**

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
Revenues:				
Taxes	\$ 479,340	-	-	479,340
Intergovernmental	2,058,867	-	-	2,058,867
Investment income	10,985	318	18,403	29,706
Charges for services	1,567,026	-	-	1,567,026
Other revenue	127,135	-	6,908	134,043
Total revenues	4,243,353	318	25,311	4,268,982
Expenditures:				
Current:				
Grants and other special uses	2,147,464	-	-	2,147,464
Food services	866,592	-	-	866,592
Public works - sewer	987,417	-	-	987,417
Recreation	40,217	-	-	40,217
Unclassified	232,899	-	17,901	250,800
Capital improvements	-	324,842	-	324,842
Total expenditures	4,274,589	324,842	17,901	4,617,332
Excess (deficiency) of revenues over (under) expenditures	(31,236)	(324,524)	7,410	(348,350)
Other financing sources (uses):				
Transfer in from other funds	177,672	4,652	-	182,324
Transfer to other funds	(255,999)	(160,117)	-	(416,116)
Total other financing uses	(78,327)	(155,465)	-	(233,792)
Net change in fund balances	(109,563)	(479,989)	7,410	(582,142)
Fund balances, beginning of year	2,861,409	923,930	737,717	4,523,056
Fund balances, end of year	\$ 2,751,846	443,941	745,127	3,940,914



## **SPECIAL REVENUE FUNDS**

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

Special revenue funds are established for the following purposes:

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

**School Grants and Other Special Uses Fund** -- To account for various federal and state grants for special programs administered by the School Department, as well as the activity of miscellaneous school programs.

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

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

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

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

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

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

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

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

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TOWN OF GORHAM, MAINE  
Combining Balance Sheet  
Special Revenue Funds  
June 30, 2012  
(with comparative actual amounts for June 30, 2011)

	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	
										2012	2011
<b>ASSETS</b>											
Cash	\$ -	180,582	-	-	-	-	-	-	-	180,582	175,995
Investments	-	-	-	60,823	-	13,282	1,350	-	12,573	88,028	88,225
Receivables:											
Accounts	-	953	213,151	-	-	-	-	435	-	214,539	284,078
Notes	-	-	-	-	-	-	-	141,491	-	141,491	133,812
Intergovernmental	162,699	11,627	-	-	-	-	-	-	-	174,326	281,128
Inventories	-	43,049	-	-	-	-	-	-	-	43,049	36,337
Interfund loans receivable	81,361	-	938,173	14,553	511,802	4,977	3,862	519,432	19,126	2,093,286	2,596,724
<b>Total assets</b>	<b>\$ 244,060</b>	<b>236,211</b>	<b>1,151,324</b>	<b>75,376</b>	<b>511,802</b>	<b>18,259</b>	<b>5,212</b>	<b>661,358</b>	<b>31,699</b>	<b>2,935,301</b>	<b>3,596,299</b>
<b>LIABILITIES AND FUND BALANCES</b>											
<b>Liabilities:</b>											
Accounts payable	112,364	1,555	-	-	-	-	-	-	-	113,919	534,770
Unearned revenues	-	26,070	-	-	-	-	-	-	-	26,070	23,007
Interfund loans payable	-	43,466	-	-	-	-	-	-	-	43,466	177,112
<b>Total liabilities</b>	<b>112,364</b>	<b>71,091</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>183,455</b>	<b>734,889</b>
<b>Fund balances:</b>											
<b>Nonspendable:</b>											
Noncurrent receivables	-	-	-	-	-	-	-	141,491	-	141,491	133,812
Inventories	-	43,049	-	-	-	-	-	-	-	43,049	36,337
<b>Restricted to:</b>											
Grants	176,879	-	-	-	-	-	-	-	-	176,879	591,928
Impact fees	-	-	-	-	511,802	-	-	-	-	511,802	290,574
Library	-	-	-	-	-	9,396	-	-	-	9,396	12,946
Recreation	-	-	-	-	-	-	5,212	-	-	5,212	5,176
Miscellaneous	-	-	-	-	-	-	-	-	12,572	12,572	12,163
TIF	-	-	-	-	-	-	-	299,384	-	299,384	218,205
Food services	-	122,071	-	-	-	-	-	-	-	122,071	162,602
Sewer operations	-	-	1,151,324	75,376	-	-	-	-	-	1,226,700	1,180,030
<b>Committed to:</b>											
TIF	-	-	-	-	-	-	-	220,483	-	220,483	217,438
Miscellaneous	-	-	-	-	-	-	-	-	17,154	17,154	1,069
<b>Assigned to:</b>											
Library	-	-	-	-	-	8,863	-	-	-	8,863	9,684
Miscellaneous	-	-	-	-	-	-	-	-	1,973	1,973	1,973
<b>Unassigned:</b>											
Grants	(45,183)	-	-	-	-	-	-	-	-	(45,183)	(12,527)
<b>Total fund balances</b>	<b>131,696</b>	<b>165,120</b>	<b>1,151,324</b>	<b>75,376</b>	<b>511,802</b>	<b>18,259</b>	<b>5,212</b>	<b>661,358</b>	<b>31,699</b>	<b>2,751,846</b>	<b>2,861,410</b>
<b>Total liabilities and fund balances</b>	<b>\$ 244,060</b>	<b>236,211</b>	<b>1,151,324</b>	<b>75,376</b>	<b>511,802</b>	<b>18,259</b>	<b>5,212</b>	<b>661,358</b>	<b>31,699</b>	<b>2,935,301</b>	<b>3,596,299</b>

TOWN OF GORHAM, MAINE  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Special Revenue Funds  
For the year ended June 30, 2012  
(with comparative actual amounts for the year ended June 30, 2011)

	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	2012	2011
Revenues:											
Taxes	\$ -	-	-	-	-	-	-	479,340	-	479,340	483,804
Intergovernmental:											
Federal grants	1,525,451	-	-	-	-	-	-	-	-	1,525,451	1,859,450
Other state grants	218,524	-	-	-	-	-	-	-	-	218,524	810,652
USDA subsidies	-	314,892	-	-	-	-	-	-	-	314,892	302,989
Total intergovernmental	1,743,975	314,892	-	-	-	-	-	-	-	2,058,867	2,973,091
Investment income	-	-	338	1,613	-	337	36	8,252	409	10,985	10,973
Charges for services	-	517,882	1,032,136	-	-	17,008	-	-	-	1,567,026	1,633,824
Other revenues	-	-	-	-	86,271	-	-	20,200	20,664	127,135	133,894
Total revenues	1,743,975	832,774	1,032,474	1,613	86,271	17,345	36	507,792	21,073	4,243,353	5,235,586
Expenditures:											
Current:											
Grants and other special uses:											
Federal education grants	1,481,605	-	-	-	-	-	-	-	-	1,481,605	2,047,867
State grants and special uses	665,859	-	-	-	-	-	-	-	-	665,859	928,066
Total grants and other special uses	2,147,464	-	-	-	-	-	-	-	-	2,147,464	2,975,933
Food services	-	866,592	-	-	-	-	-	-	-	866,592	818,023
Public works - sewer	-	-	987,417	-	-	-	-	-	-	987,417	1,068,444
Recreation	-	-	-	-	-	21,716	-	-	18,501	40,217	21,695
Unclassified	-	-	-	-	21,673	-	-	207,476	3,750	232,899	232,874
Total expenditures	2,147,464	866,592	987,417	-	21,673	21,716	-	207,476	22,251	4,274,589	5,116,969

TOWN OF GORHAM, MAINE  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Special Revenue Funds  
For the year ended June 30, 2012  
(with comparative actual amounts for the year ended June 30, 2011)

	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		2012	2011
Excess (deficiency) of revenues over (under) expenditures	\$ (403,489)	(33,818)	45,057	1,613	64,598	(4,371)	36	300,316	(1,178)		(31,236)	118,617
Other financing sources (uses):												
Transfers in	-	-	-	-	160,000	-	-	-	17,672		177,672	5,000
Transfers out	(44,216)	-	-	-	(3,370)	-	-	(208,413)	-		(255,999)	(416,118)
Total other financing sources (uses)	(44,216)	-	-	-	156,630	-	-	(208,413)	17,672		(78,327)	(411,118)
Net change in fund balance	(447,705)	(33,818)	45,057	1,613	221,228	(4,371)	36	91,903	16,494		(109,563)	(292,501)
Fund balances, beginning of year	579,401	198,938	1,106,267	73,763	290,574	22,630	5,176	569,455	15,205		2,861,409	3,153,911
Fund balances, end of year	\$ 131,696	165,120	1,151,324	75,376	511,802	18,259	5,212	661,358	31,699		2,751,846	2,861,410

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## **CAPITAL PROJECT FUNDS**

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

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

### **Municipal Center Project**

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

### **2010 GO Bond Projects**

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

### **Turf Field Project**

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

### **Middle School Project**

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

### **Elementary School Project**

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

### **Various School Projects**

To account for various maintenance projects for the School Department.

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## TOWN OF GORHAM, MAINE

## Combining Balance Sheet

## Capital Project Funds

June 30, 2012

(with comparative actual amounts for June 30, 2011)

	Municipal Center Project	2010 GO Bond Projects	Turf Field Project	Middle School Project	Various School Projects	Totals	
						2012	2011
<b>ASSETS</b>							
Investments	\$ -	598,088	-	-	-	598,088	1,327,964
Interfund loans receivable	-	-	-	-	39,045	39,045	319,608
<b>Total assets</b>	<b>\$ -</b>	<b>598,088</b>	<b>-</b>	<b>-</b>	<b>39,045</b>	<b>637,133</b>	<b>1,647,572</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	-	29,363	-	-	-	29,363	-
Interfund loans payable	-	163,485	-	344	-	163,829	723,642
<b>Total liabilities</b>	<b>-</b>	<b>192,848</b>	<b>-</b>	<b>344</b>	<b>-</b>	<b>193,192</b>	<b>723,642</b>
Fund balances (deficit):							
Restricted to:							
Municipal center project	-	-	-	-	-	-	78,757
Bonded road projects	-	405,240	-	-	-	405,240	604,322
Committed to:							
Turf field project	-	-	-	-	-	-	197,668
Middle school project	-	-	-	-	-	-	4,138
Various school projects	-	-	-	-	39,045	39,045	39,045
Unassigned:							
Middle school project	-	-	-	(344)	-	(344)	-
<b>Total fund balances (deficit)</b>	<b>-</b>	<b>405,240</b>	<b>-</b>	<b>(344)</b>	<b>39,045</b>	<b>443,941</b>	<b>923,930</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>598,088</b>	<b>-</b>	<b>-</b>	<b>39,045</b>	<b>637,133</b>	<b>1,647,572</b>

TOWN OF GORHAM, MAINE  
 Capital Project Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 For the year ended June 30, 2012  
 (with comparative actual amounts for the year ended June 30, 2011)

	Municipal Center Project	2010 GO Bond Projects	Turf Field Project	Middle School Project	Various School Projects	Totals	
						2012	2011
Revenues:							
Investment income	\$ -	318	-	-	-	318	16,911
Other revenue	-	-	-	-	-	-	350
Total revenues	-	318	-	-	-	318	17,261
Expenditures:							
Capital improvements:							
Construction and renovation	83,409	199,400	37,551	4,482	-	324,842	4,218,881
Total capital improvements	83,409	199,400	37,551	4,482	-	324,842	4,218,881
Total expenditures	83,409	199,400	37,551	4,482	-	324,842	4,218,881
Deficiency of revenues under expenditures	(83,409)	(199,082)	(37,551)	(4,482)	-	(324,524)	(4,201,620)
Other financing sources (uses):							
Long-term debt issued	-	-	-	-	-	-	3,450,000
Transfers - in	4,652	-	-	-	-	4,652	416,546
Transfers - out	-	-	(160,117)	-	-	(160,117)	(126,546)
Total other financing sources (uses)	4,652	-	(160,117)	-	-	(155,465)	3,740,000
Net change in fund balance	(78,757)	(199,082)	(197,668)	(4,482)	-	(479,989)	(461,620)
Fund balances, beginning of year	78,757	604,322	197,668	4,138	39,045	923,930	1,385,550
Fund balances, end of year	\$ -	405,240	-	(344)	39,045	443,941	923,930

## **PERMANENT FUNDS**

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

### **Cemetery Perpetual Care**

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

### **Parks and Recreation Grounds**

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

### **Baxter Library and Museum**

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

### **Schools**

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

### **Public Purpose and Civic Improvements**

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

### **Miscellaneous**

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

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## TOWN OF GORHAM, MAINE

## Combining Balance Sheet

## Permanent Funds

June 30, 2012

(with comparative actual amounts for June 30, 2011)

	Cemetery Perpetual Care	Parks and Recreation Grounds	Baxter Library and Museum	Schools	Public Purpose and Civic Improvements	Miscellaneous	Totals	
							2012	2011
<b>ASSETS</b>								
Investments	\$ 298,273	13,780	207,774	46,662	14,167	175,464	756,120	759,545
Interfund loans receivable	4,500	-	-	-	-	-	4,500	10,758
<b>Total assets</b>	<b>302,773</b>	<b>13,780</b>	<b>207,774</b>	<b>46,662</b>	<b>14,167</b>	<b>175,464</b>	<b>760,620</b>	<b>770,303</b>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	11,366	-	-	-	-	-	11,366	11,988
Interfund loans payable	-	-	4,127	-	-	-	4,127	20,598
<b>Total liabilities</b>	<b>11,366</b>	<b>-</b>	<b>4,127</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,493</b>	<b>32,586</b>
Fund balances:								
Nonspendable	291,370	4,125	156,903	5,170	5,000	62,420	524,988	524,205
Restricted	37	9,655	46,744	41,492	9,167	113,044	220,139	213,512
<b>Total fund balances</b>	<b>291,407</b>	<b>13,780</b>	<b>203,647</b>	<b>46,662</b>	<b>14,167</b>	<b>175,464</b>	<b>745,127</b>	<b>737,717</b>
<b>Total liabilities and and fund balances</b>	<b>\$ 302,773</b>	<b>13,780</b>	<b>207,774</b>	<b>46,662</b>	<b>14,167</b>	<b>175,464</b>	<b>760,620</b>	<b>770,303</b>

**TOWN OF GORHAM, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Permanent Funds**  
**For the year ended June 30, 2012**  
**(with comparative actual amounts for the year ended June 30, 2011)**

	Cemetery Perpetual Care	Parks and Recreation Grounds	Baxter Library and Museum	Schools	Public Purpose and Civic Improvements	Miscellaneous	Totals	
							2012	2011
Revenues:								
Investment income	\$ 8,053	364	5,512	1,237	376	2,861	18,403	30,265
Donations	4,500	-	2,408	-	-	-	6,908	10,758
Total revenues	12,553	364	7,920	1,237	376	2,861	25,311	41,023
Expenditures:								
Current:								
Other miscellaneous	11,366	-	6,535	-	-	-	17,901	30,839
Total expenditures	11,366	-	6,535	-	-	-	17,901	30,839
Excess of revenues over expenditures	1,187	364	1,385	1,237	376	2,861	7,410	10,184
Other financing uses:								
Transfers - out	-	-	-	-	-	-	-	(1,747)
Total other financing uses	-	-	-	-	-	-	-	(1,747)
Net change in fund balance	1,187	364	1,385	1,237	376	2,861	7,410	8,437
Fund balances, beginning of year	290,220	13,416	202,262	45,425	13,791	172,603	737,717	729,280
Fund balances, end of year	\$ 291,407	13,780	203,647	46,662	14,167	175,464	745,127	737,717

## **FIDUCIARY FUNDS**

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

### **Agency Funds:**

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

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

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

### **Scholarships:**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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**TOWN OF GORHAM, MAINE**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2012**

	Agency Funds			
	School & Student Activity Funds	Public Safety Activity Funds	Recreation Activity Funds	Scholarships Private-purpose Trust Funds
<b>ASSETS</b>				
Cash	\$ 258,343	97,604	8,398	-
Investments	-	43,140	-	47,202
<b>Total assets</b>	<b>258,343</b>	<b>140,744</b>	<b>8,398</b>	<b>47,202</b>
<b>LIABILITIES AND NET ASSETS</b>				
Liabilities:				
Due to:				
Student groups	258,343	-	-	-
Public safety	-	140,744	-	-
Recreation	-	-	8,398	-
Interfund payable	-	-	-	1,000
<b>Total liabilities</b>	<b>258,343</b>	<b>140,744</b>	<b>8,398</b>	<b>1,000</b>
Net assets:				
Principal	-	-	-	4,564
Unexpended income	-	-	-	41,638
<b>Total net assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46,202</b>
<b>Total liabilities and and net assets</b>	<b>\$ 258,343</b>	<b>140,744</b>	<b>8,398</b>	<b>47,202</b>

TOWN OF GORHAM, MAINE  
Combining Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2012  
(with comparative actual amounts for June 30, 2011)

	School & Student Activity Agency Funds								Totals	
	High School Activity Fund	High School CBE Fund	White Rock Activity Fund	Narragansett Office	Village Activity Fund	Middle School Activity Fund	GCVP	Special Education	2012	2011
<b>ASSETS</b>										
Cash	\$ 187,501	452	7,364	9,570	14,323	33,633	2,258	3,242	258,343	270,326
<b>Total assets</b>	<b>187,501</b>	<b>452</b>	<b>7,364</b>	<b>9,570</b>	<b>14,323</b>	<b>33,633</b>	<b>2,258</b>	<b>3,242</b>	<b>258,343</b>	<b>270,326</b>
<b>LIABILITIES</b>										
Due to student groups	187,501	452	7,364	9,570	14,323	33,633	2,258	3,242	258,343	270,326
<b>Total liabilities</b>	<b>\$ 187,501</b>	<b>452</b>	<b>7,364</b>	<b>9,570</b>	<b>14,323</b>	<b>33,633</b>	<b>2,258</b>	<b>3,242</b>	<b>258,343</b>	<b>270,326</b>

**TOWN OF GORHAM, MAINE**  
**Combining Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2012**

(with comparative actual amounts for June 30, 2011)

	Public Safety Activity Agency Funds					Totals	
	Guns and Hoses Fund	Central Station Auxiliary Fund	S. Windham Fire Company Fund	Presumpscot Valley Hazmat Fund		2012	2011
<b>ASSETS</b>							
Cash	\$ 6,670	6,729	256	83,949		97,604	87,101
Investments	41,486	1,555	99	-		43,140	42,302
<b>Total assets</b>	<b>48,156</b>	<b>8,284</b>	<b>355</b>	<b>83,949</b>		<b>140,744</b>	<b>129,403</b>
<b>LIABILITIES</b>							
Due to public safety groups	48,156	8,284	355	83,949		140,744	129,403
<b>Total liabilities</b>	<b>\$ 48,156</b>	<b>8,284</b>	<b>355</b>	<b>83,949</b>		<b>140,744</b>	<b>129,403</b>

**TOWN OF GORHAM, MAINE**  
**Combining Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2012**

(with comparative actual amounts for June 30, 2011)

	Recreation Activity Agency Funds					Totals	
	Gorham Family Fair Fund	Gorham Travel Basketball Fund	Men's Basketball League Fund	New Year Gorham Fund		2012	2011
<b>ASSETS</b>							
Cash	\$ 67	1,644	977	5,710	8,398	20,789	
<b>Total assets</b>	<b>67</b>	<b>1,644</b>	<b>977</b>	<b>5,710</b>	<b>8,398</b>	<b>20,789</b>	
<b>LIABILITIES</b>							
Due to recreation groups	67	1,644	977	5,710	8,398	20,789	
<b>Total liabilities</b>	<b>\$ 67</b>	<b>1,644</b>	<b>977</b>	<b>5,710</b>	<b>8,398</b>	<b>20,789</b>	

**TOWN OF GORHAM, MAINE**  
**Combining Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2012**  
**(with comparative actual amounts for June 30, 2011)**

	Private-purpose Trust Funds							Totals	
	Malcolm Smith Scholarship	Bob Grant Memorial Scholarship	Harry Shevis Scholarship	Watson Family Scholarship	Charles C. Shaw Scholarship	Thomas A. Fogg Scholarship	Arthur and Jane Fogg Scholarship	2012	2011
<b>ASSETS</b>									
Investments	\$ 3,007	2,592	6,815	13,470	9,224	10,286	1,808	47,202	46,927
<b>Total assets</b>	<b>3,007</b>	<b>2,592</b>	<b>6,815</b>	<b>13,470</b>	<b>9,224</b>	<b>10,286</b>	<b>1,808</b>	<b>47,202</b>	<b>46,927</b>
<b>LIABILITIES AND NET ASSETS</b>									
Liabilities:									
Interfund loan payable	100	-	100	300	500	-	-	1,000	1,000
<b>Total liabilities</b>	<b>100</b>	<b>-</b>	<b>100</b>	<b>300</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>1,000</b>
Net assets:									
Principal	100	231	100	409	3,724	-	-	4,564	4,700
Unexpended income	2,807	2,361	6,615	12,761	5,000	10,286	1,808	41,638	41,227
<b>Total net assets</b>	<b>2,907</b>	<b>2,592</b>	<b>6,715</b>	<b>13,170</b>	<b>8,724</b>	<b>10,286</b>	<b>1,808</b>	<b>46,202</b>	<b>45,927</b>
<b>Total liabilities and and net assets</b>	<b>\$ 3,007</b>	<b>2,592</b>	<b>6,815</b>	<b>13,470</b>	<b>9,224</b>	<b>10,286</b>	<b>1,808</b>	<b>47,202</b>	<b>46,927</b>

**TOWN OF GORHAM, MAINE**  
**Combining Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds - Private-purpose**  
**For the year ended June 30, 2012**

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

	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	
								2012	2011
Additions:									
Investment earnings:									
Interest	\$ 116	97	259	514	361	385	68	1,800	1,899
Net increase/(decrease) in the fair value of investments	(34)	(28)	(76)	(150)	(105)	(112)	(20)	(525)	(103)
Total additions	82	69	183	364	256	273	48	1,275	1,796
Deductions:									
Current:									
Scholarships awarded	100	-	100	300	500	-	-	1,000	1,000
Total deductions	100	-	100	300	500	-	-	1,000	1,000
Changes in net assets	(18)	69	83	64	(244)	273	48	275	796
Net assets, beginning of year	2,925	2,523	6,632	13,106	8,968	10,013	1,760	45,927	45,131
Net assets, end of year	\$ 2,907	2,592	6,715	13,170	8,724	10,286	1,808	46,202	45,927

**TOWN OF GORHAM, MAINE**  
**Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the year ended June 30, 2012**

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
<b>ASSETS</b>				
Cash:				
Student activities:				
High School Activity Fund	\$ 198,590	279,519	290,608	187,501
Gorham High School CBE	2,270	4,235	6,053	452
White Rock Activity Fund	2,310	38,682	33,628	7,364
Narragansett Office	20,040	13,542	24,012	9,570
Village Activity Fund	10,611	30,624	26,912	14,323
Middle School Activity Fund	33,611	103,028	103,006	33,633
GSVP	2,813	4,942	5,497	2,258
Special Education	81	3,434	273	3,242
Subtotal student activities	270,326	478,006	489,989	258,343
Public safety activities:				
Guns and Hoses Fund	48,585	1,426	1,855	48,156
Central Station Auxiliary Fund	8,904	400	1,020	8,284
S. Windham Fire Company Fund	520	929	1,094	355
Presumpscot Valley Hazmat Fund	71,394	77,693	65,138	83,949
Subtotal public safety activities	129,403	80,448	69,107	140,744
Recreation activities:				
Gorham Family Fair Fund	67	-	-	67
Gorham Travel Basketball Fund	1,330	4,745	4,431	1,644
Men's Basketball League Fund	6,351	6,888	12,262	977
New Year Gorham Fund	5,229	10,819	10,338	5,710
Founder's Festival Fund	7,812	683	8,495	-
Subtotal recreation activities	20,789	23,135	35,526	8,398
<b>Total assets</b>	<b>\$ 420,518</b>	<b>581,589</b>	<b>594,622</b>	<b>407,485</b>

**TOWN OF GORHAM, MAINE**  
**Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the year ended June 30, 2012**

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
<b>LIABILITIES</b>				
Funds held for student activities:				
High School Activity Fund	\$ 198,590	279,519	290,608	187,501
Gorham High School CBE	2,270	4,235	6,053	452
White Rock Activity Fund	2,310	38,682	33,628	7,364
Narragansett Office	20,040	13,542	24,012	9,570
Village Activity Fund	10,611	30,624	26,912	14,323
Middle School Activity Fund	33,611	103,028	103,006	33,633
GCVP	2,813	4,942	5,497	2,258
Special Education	81	3,434	273	3,242
Subtotal student activities	270,326	478,006	489,989	258,343
Public safety activities:				
Guns and Hoses Fund	48,585	1,426	1,855	48,156
Central Station Auxiliary Fund	8,904	400	1,020	8,284
S Windham Fire Company Fund	520	929	1,094	355
Presumpscot Valley Hazmat Fund	71,394	77,693	65,138	83,949
Subtotal public safety activities	129,403	80,448	69,107	140,744
Recreation activities:				
Gorham Family Fair Fund	67	-	-	67
Gorham Travel Basketball Fund	1,330	4,745	4,431	1,644
Men's Basketball League Fund	6,351	6,888	12,262	977
New Year Gorham Fund	5,229	10,819	10,338	5,710
Founder's Festival Fund	7,812	683	8,495	-
Subtotal recreation activities	20,789	23,135	35,526	8,398
<b>Total liabilities</b>	<b>\$ 420,518</b>	<b>581,589</b>	<b>594,622</b>	<b>407,485</b>



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

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**TOWN OF GORHAM, MAINE**  
**Capital Assets Used in the Operation of Governmental Funds - By Source**  
**June 30, 2012**  
**(with comparative actual amounts for June 30, 2011)**

		Totals	
		2012	2011
Governmental fund capital assets:			
Land and buildings	\$	74,173,498	55,149,470
Furniture and equipment		17,633,882	16,041,123
Infrastructure		41,196,895	55,611,547
<b>Total governmental fund capital assets</b>	<b>\$</b>	<b>133,004,275</b>	<b>126,802,140</b>
Investments in governmental fund capital assets by source:			
General fund		132,979,394	106,056,499
Capital project funds		24,881	20,745,641
<b>Total governmental fund capital assets</b>	<b>\$</b>	<b>133,004,275</b>	<b>126,802,140</b>

**TOWN OF GORHAM, MAINE**  
**Schedule of Capital Assets Used in the Operation of Governmental Funds by Function and Activity**  
**June 30, 2012**  
**(with comparative actual amounts for June 30, 2011)**

Function and Activity		Land and buildings	Furniture and equipment	Infrastructure	Totals	
					2012	2011
General government	\$	8,488,497	1,101,245	33,578	9,623,320	9,466,526
Education		58,153,881	6,301,762	-	64,455,643	44,236,859
Public safety		2,195,049	4,893,534	-	7,088,583	6,884,759
Public works		1,766,294	3,335,532	41,151,917	46,253,743	39,961,395
Recreation, library and museum		3,559,398	557,469	11,400	4,128,267	4,122,623
Construction in progress		10,379	14,503	-	24,882	20,745,641
Book collection, historical treasurers and artwork		-	1,429,837	-	1,429,837	1,384,337
<b>Total governmental fund capital assets</b>	<b>\$</b>	<b>74,173,498</b>	<b>17,633,882</b>	<b>41,196,895</b>	<b>133,004,275</b>	<b>126,802,140</b>

## Exhibit G-3

**Schedule of Changes in Governmental Funds Capital Assets - By Function and Activity**  
**For the year ended June 30, 2012**

Function and Activity		Balance 2011	Additions	Deletions	Balance 2012
General government	\$	9,466,526	156,794	-	9,623,320
Education		44,236,859	20,283,976	65,192	64,455,643
Public safety		6,884,759	424,514	220,690	7,088,583
Public works		39,961,395	6,816,467	524,119	46,253,743
Recreation, library and museum		4,122,623	5,644	-	4,128,267
Construction in progress		20,745,641	24,881	20,745,640	24,882
Book collection, historical treasurers and artwork		1,384,337	45,500	-	1,429,837
<b>Totals</b>	<b>\$</b>	<b>126,802,140</b>	<b>27,757,776</b>	<b>21,555,641</b>	<b>133,004,275</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>	129-133
<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>	134-137
<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>	138-141
<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>	142-143
<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>	144-146
<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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**TOWN OF GORHAM, MAINE**  
**Net Assets by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u> <sup>1</sup>	<u>2011</u>	<u>2012</u>
Governmental activities										
Invested in capital assets, net of related debt	\$ 10,150,993	\$ 13,820,834	\$ 16,377,091	\$ 17,962,590	\$ 23,204,001	\$ 21,730,596	\$ 33,293,376	\$ 33,076,636	\$ 36,550,035	\$ 38,304,529
Restricted	350,383	354,163	352,781	384,443	375,446	375,446	424,928	16,412,829	1,868,709	3,109,143
Unrestricted	12,901,374	11,607,484	11,735,345	13,430,419	12,441,818	15,039,117	12,982,245	(1,472,158)	11,219,195	11,574,603
Total governmental activities net assets	\$ <u>23,402,750</u>	\$ <u>25,782,481</u>	\$ <u>28,465,217</u>	\$ <u>31,777,452</u>	\$ <u>36,021,265</u>	\$ <u>37,145,159</u>	\$ <u>46,700,549</u>	\$ <u>48,017,307</u>	\$ <u>49,637,939</u>	\$ <u>52,988,275</u>

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

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010 <sup>a</sup>	2011	2012
<b>Expenses</b>										
Governmental activities:										
General government	\$ 2,281,895	\$ 2,562,887	\$ 3,925,978	\$ 4,023,144	\$ 3,897,193	\$ 4,262,644	\$ 4,692,737	\$ 4,791,437	\$ 4,787,454	\$ 4,768,295
Public safety	2,496,047	2,819,226	2,879,251	2,979,424	3,317,132	3,811,471	3,742,859	3,581,802	3,838,634	3,823,459
Public works	1,957,858	1,973,330	3,262,818	3,517,160	3,902,787	5,531,287	2,781,765	4,540,156	5,376,501	5,041,673
Health and welfare	44,010	57,263	52,415	45,423	55,774	57,765	87,628	74,469	136,853	149,617
Recreation	267,235	1,039,901	1,264,777	1,229,648	1,216,449	1,414,399	1,368,309	1,407,246	1,110,653	1,488,702
Development	425,216	445,018	377,263	414,130	406,590	429,849	495,299	271,516	294,540	296,115
County tax <sup>2</sup>	595,692	645,663	-	-	-	-	-	-	-	-
Education	23,475,662	26,265,868	27,770,333	30,564,714	31,417,334	32,649,708	32,373,509	34,667,562	34,310,102	34,654,427
Interest on debt	1,251,078	1,158,576	1,306,889	1,370,154	1,272,191	1,226,075	1,250,260	1,387,958	1,878,175	1,472,657
Capital maintenance <sup>1</sup>	944,278	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	<u>33,738,971</u>	<u>36,967,732</u>	<u>40,839,724</u>	<u>44,143,797</u>	<u>45,485,450</u>	<u>49,383,198</u>	<u>46,792,366</u>	<u>50,722,146</u>	<u>51,732,912</u>	<u>51,694,945</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	352,799	474,992	553,250	762,661	518,926	399,105	470,309	545,365	592,358	547,377
Public safety	1,176,497	1,167,015	265,997	435,752	434,044	527,077	617,224	593,483	670,950	633,614
Public works	530,137	420,736	1,205,385	1,181,418	1,571,638	1,454,912	1,584,478	1,476,406	1,550,190	1,504,559
Health and welfare	12,735	13,712	12,186	13,710	13,672	11,261	11,643	11,305	10,106	11,217
Recreation	35,739	124,983	558,976	513,804	550,704	597,558	634,268	647,758	609,568	677,022
Development	51,735	55,508	99,721	91,139	123,738	98,601	82,050	-	-	-
Education	574,896	633,132	660,199	669,220	696,114	632,641	654,443	616,409	595,506	579,531
Operating grants and contributions	13,897,976	15,671,082	16,493,334	19,244,840	20,628,587	21,369,835	22,456,840	23,263,805	23,132,157	22,891,354
Capital grants and contributions	175,064	256,658	1,800,096	2,262,981	2,318,647	775,035	5,518,582	1,306,107	1,796,568	3,316,795
Total governmental activities program revenues	<u>16,807,578</u>	<u>18,817,818</u>	<u>21,659,144</u>	<u>25,175,525</u>	<u>26,856,070</u>	<u>25,866,025</u>	<u>32,029,937</u>	<u>28,460,638</u>	<u>28,957,403</u>	<u>30,161,469</u>
Net (expense)/revenue, governmental activities	<u>(16,931,393)</u>	<u>(18,149,914)</u>	<u>(19,180,580)</u>	<u>(18,968,272)</u>	<u>(18,629,380)</u>	<u>(23,517,173)</u>	<u>(14,762,429)</u>	<u>(22,261,508)</u>	<u>(22,775,509)</u>	<u>(21,533,476)</u>
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Taxes										
Property taxes, levied for general purposes	14,808,959	16,253,550	17,234,005	16,918,807	17,690,199	19,138,898	19,421,626	19,309,185	19,873,946	20,677,988
Payment in lieu of taxes	45,233	52,922	51,083	55,469	54,396	36,385	91,351	56,684	55,469	57,067
Motor vehicle and boat excise taxes	2,107,389	2,267,577	2,359,645	2,480,592	2,486,679	2,486,856	2,403,379	2,374,614	2,385,626	2,425,578
Grants and contributions not restricted										
Homestead exemption	441,123	410,820	369,434	379,972	331,237	309,050	306,543	303,353	259,083	263,253
BETE reimbursement	-	-	-	-	-	-	78,942	131,103	163,110	161,074
Other state aid	22,265	27,119	27,807	31,716	10,865	39,204	29,003	28,486	26,611	41,956
State revenue sharing	1,194,609	1,236,201	1,302,053	1,372,122	1,265,414	1,389,770	1,326,817	1,131,755	1,116,472	1,124,259
Unrestricted investment earnings	317,110	151,965	273,500	628,511	727,022	501,024	224,431	216,622	188,676	87,250
Miscellaneous revenues	194,214	129,491	245,789	251,818	307,381	739,880	435,727	148,644	259,356	254,434
Special item - sale of property	-	-	-	161,500	-	-	-	-	67,792	12,961
Total governmental activities	<u>19,130,902</u>	<u>20,529,645</u>	<u>21,863,316</u>	<u>22,280,507</u>	<u>22,873,193</u>	<u>24,641,067</u>	<u>24,317,819</u>	<u>23,700,446</u>	<u>24,396,141</u>	<u>25,105,820</u>
<b>Change in Net Assets</b>										
Governmental activities	\$ <u>2,199,509</u>	\$ <u>2,379,731</u>	\$ <u>2,682,736</u>	\$ <u>3,312,235</u>	\$ <u>4,243,813</u>	\$ <u>1,123,894</u>	\$ <u>9,555,390</u>	\$ <u>1,438,938</u>	\$ <u>1,620,632</u>	\$ <u>3,572,344</u>

<sup>1</sup> Fiscal year 2003 is the only year that reported capital maintenance expenses. Fiscal year 2004 figures restated.

<sup>2</sup> Fiscal year 2002 and 2003 are the only years that reported county tax expenses separately. Fiscal year 2005 figure was restated and county tax expenses reported in general government. Fiscal year 2006 going forward will have the county tax expenses in the general government category.

<sup>3</sup> Fiscal year 2010 has been restated as the result of implementing GASB Statement No. 54.



Table 3

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

<b>Fiscal Year</b>		<b>Property Taxes</b>		<b>Interest &amp; Costs on Taxes</b>		<b>Excise Taxes</b>		<b>Total</b>
2003	\$	14,828,959	\$	76,937	\$	2,107,389	\$	17,013,285
2004		16,289,550		65,968		2,267,577		18,623,095
2005		17,192,005		53,883		2,359,645		19,605,533
2006		16,885,807		50,037		2,480,592		19,416,436
2007		17,678,799		59,570		2,486,679		20,225,048
2008		19,007,098		96,264		2,486,856		21,590,218
2009		19,245,826		79,229		2,403,379		21,728,434
2010		19,309,185		119,141		2,374,614		21,802,940
2011		19,873,946		118,218		2,385,626		22,377,790
2012		20,677,988		51,884		2,425,578		23,155,450

Table 4

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General fund										
Nonspendable										
Noncurrent receivable	\$ 14,181	\$ 13,371	\$ 12,561	\$ 11,750	\$ 10,940	\$ 10,535	\$ 9,319	\$ 8,509	\$ 7,698	\$ 6,888
Prepaid items	-	-	-	-	-	-	-	-	-	2,097
Inventories <sup>2</sup>	40,054	16,676	11,187	15,097	14,024	16,753	58,646	65,126	66,266	35,848
Restricted										
Public safety operations	-	-	-	-	-	-	-	192,996	201,653	149,347
Public works operations	-	-	-	-	-	-	-	91,992	93,761	100,476
Recreation operations	-	-	-	-	-	-	-	2,108	2,108	750
Committed										
General government purposes	-	-	-	-	-	-	-	545,620	545,620	314,731
Other purposes	-	-	-	-	-	-	-	145,015	219,257	98,191
Assigned										
Capital funding	584,477	-	308,071	186,998	622,345	691,231	541,862	1,128,800	139,220	1,721,034
Encumbrances	338,905	507,194	379,300	298,828	270,652	296,508	61,996	222,092	161,130	259,911
General government purposes	-	-	-	-	-	-	-	628,858	666,191	540,298
Public safety operations	-	-	-	-	-	-	-	365,256	208,642	171,468
Public works operations	-	-	-	-	-	-	-	567,559	585,374	618,224
Recreation operations	-	-	-	-	-	-	-	272,649	291,377	281,296
Economic development	-	-	-	-	-	-	-	75,316	75,316	77,100
Insurance and employee benefits	-	-	-	-	-	-	-	532,767	519,941	518,408
Other purposes	-	-	-	-	-	-	-	686,340	336,048	379,753
Capital reserves	2,133,803	2,504,341	2,758,377	2,827,485	3,106,331	3,172,519	3,515,695	-	-	-
Compensated absences	240,837	241,166	251,068	256,162	279,289	295,344	316,262	320,086	335,706	360,078
Unassigned	2,965,462	3,970,818	4,573,301	5,601,951	6,069,876	5,837,508	6,029,809	5,334,899	6,508,046	5,687,098
Total General Fund	<u>\$ 6,317,719</u>	<u>\$ 7,253,566</u>	<u>\$ 8,293,865</u>	<u>\$ 9,198,271</u>	<u>\$ 10,373,457</u>	<u>\$ 10,320,398</u>	<u>\$ 10,533,589</u>	<u>\$ 11,185,988</u>	<u>\$ 10,963,354</u>	<u>\$ 11,322,996</u>
All other governmental funds										
Nonspendable										
Special revenue funds	\$ 18,659	\$ 24,466	\$ 20,000	\$ 20,203	\$ 45,769	\$ 35,253	\$ 101,853	\$ 182,352	\$ 170,149	\$ 184,540
Permanent funds	350,383	354,163	352,781	358,817	375,446	375,446	424,928	513,326	524,205	524,988
Restricted										
Special revenue funds	365,804	448,107	563,345	602,954	974,328	997,803	1,344,305	1,419,004	1,130,992	2,364,016
Capital project funds	4,616,841	2,971,649	2,365,700	4,056,040	1,613,688	3,882,761	-	14,264,545 <sup>3</sup>	3,807,139 <sup>3</sup>	738,721
Permanent funds	212,341	204,502	185,697	182,337	193,310	214,008	198,362	215,954	213,512	220,139
Committed										
Special revenue funds	1,429,645	1,504,095	1,809,608	1,499,202	1,500,520	1,388,842	1,543,348	1,536,304	1,561,139	237,637
Capital project funds	40,276	30,561	29,044	107,059	14,792	58,834	146,956	43,183	240,851	39,045
Assigned										
Special revenue funds	438,561	507,837	597,371	107,537	220,585	347,771	714,805	885,155	429,115	1,070,699
Unassigned										
Special revenue funds	(787,015)	(1,106,583)	(1,716,277)	(2,018,627)	(2,078,838)	(1,916,952)	(1,361,516)	(1,784,809)	(1,107,297)	(1,549,257)
Total all other governmental funds	<u>\$ 6,685,495</u>	<u>\$ 4,938,797</u>	<u>\$ 4,207,269</u>	<u>\$ 4,915,522</u>	<u>\$ 2,859,600</u>	<u>\$ 5,383,766</u>	<u>\$ 3,113,041</u>	<u>\$ 17,275,014</u>	<u>\$ 6,969,805</u>	<u>\$ 3,730,528</u>

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

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

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

Table 5

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>										
Taxes	\$ 17,013,285	\$ 18,623,095	\$ 19,605,533	\$ 19,416,436	\$ 20,225,048	\$ 21,590,218	\$ 21,728,434	\$ 21,768,640	\$ 22,631,090	\$ 23,040,600
Licenses and permits	265,683	403,479	478,148	671,498	434,921	282,421	277,563	300,923	548,938	527,362
Intergovernmental	15,512,386	17,277,215	17,889,358	20,496,153	22,238,074	22,781,117	23,900,879	24,423,021	24,630,449	24,356,593
Investment income <sup>2</sup>	321,070	91,689	219,617	578,474	667,452	404,760	145,202	98,943	-	-
Charges for services	1,039,249	948,434	1,710,070	1,878,026	2,311,948	2,300,477	2,556,325	2,425,130	3,047,229	2,851,781
Unclassified	1,887,704	2,191,176	2,268,251	2,553,714	1,993,011	2,255,787	2,251,650	2,195,366	1,152,994	1,230,525
Total revenues	<u>36,039,377</u>	<u>39,535,088</u>	<u>42,170,977</u>	<u>45,594,301</u>	<u>47,870,454</u>	<u>49,614,780</u>	<u>50,860,053</u>	<u>51,212,023</u>	<u>52,010,700</u>	<u>52,006,861</u>
<b>Expenditures</b>										
General government	2,299,593	2,532,185	3,546,209	3,676,038	3,571,950	3,800,490	3,846,027	4,060,023	3,945,945	3,864,910
Public safety	2,404,927	2,528,566	2,680,546	2,755,743	2,944,915	3,254,798	3,395,235	3,295,577	3,401,184	3,548,053
Public works	2,358,406	2,271,766	2,680,700	2,764,528	2,890,905	3,496,519	3,103,513	3,308,541	3,394,776	3,318,793
Health and welfare	44,010	57,263	52,199	45,423	55,774	57,765	87,628	74,469	136,853	149,617
Recreation	503,617	613,591	1,088,416	1,122,005	1,164,766	1,215,668	1,187,799	1,202,986	1,245,047	1,305,319
Economic development	227,103	218,559	180,108	196,437	222,750	241,787	221,348	321,323	61,666	63,216
County tax <sup>1</sup>	595,692	645,663	-	-	-	-	-	-	-	-
Public agencies	-	-	-	-	-	-	-	-	28,484	28,276
Unclassified	996,485	1,132,948	1,120,904	1,182,951	1,227,331	1,374,541	1,297,684	229,345	605,948	544,860
Education	22,400,701	24,275,500	25,472,463	27,706,039	28,845,645	30,034,275	30,748,351	33,329,869	32,992,753	32,933,772
Debt service										
Principal	3,671,646	2,299,646	2,474,646	2,694,646	2,659,650	2,674,650	2,664,650	2,609,650	2,404,650	3,520,000
Interest	1,227,883	1,283,126	1,321,723	1,386,092	1,303,291	1,198,483	1,305,978	1,235,485	1,852,572	1,548,720
Capital maintenance	3,565,148	681,611	914,079	1,176,816	671,071	151,694	598,297	713,962	983,754	586,728
Capital improvements	13,046,960	5,177,893	912,630	4,606,632	3,862,117	3,731,353	4,527,450	6,533,337	15,247,703	3,643,362
Total expenditures	<u>53,342,171</u>	<u>43,718,317</u>	<u>42,444,623</u>	<u>49,313,350</u>	<u>49,420,165</u>	<u>51,232,023</u>	<u>52,983,960</u>	<u>56,914,567</u>	<u>66,301,335</u>	<u>55,055,626</u>
<b>Other financing sources (uses)</b>										
Capital lease proceeds	323,256	227,224	344,308	330,058	666,521	151,694	74,639	146,972	312,792	169,130
Long-term debt issued	21,225,000	3,150,000	-	5,000,000	-	4,000,000	-	20,384,680	3,450,000	-
Transfers in	10,841,842	12,667,625	13,279,543	13,401,011	12,889,444	14,727,079	14,349,706	14,101,181	13,491,112	13,709,200
Transfers out	(10,841,842)	(12,667,625)	(13,279,543)	(13,401,011)	(12,889,444)	(14,727,079)	(14,349,706)	(14,101,181)	(13,491,112)	(13,709,200)
Total other financing sources (uses)	<u>21,548,256</u>	<u>3,377,224</u>	<u>344,308</u>	<u>5,330,058</u>	<u>666,521</u>	<u>4,151,694</u>	<u>74,639</u>	<u>20,531,652</u>	<u>3,762,792</u>	<u>169,130</u>
Net change in fund balances	\$ 4,245,462	\$ (806,005)	\$ 70,662	\$ 1,611,009	\$ (883,190)	\$ 2,534,451	\$ (2,049,268)	\$ 14,829,108	\$ (10,527,843)	\$ (2,879,635)
Debt service as a percentage of noncapital expenditures	13.5%	9.4%	9.6%	9.5%	9.1%	8.0%	9.6%	7.8%	8.6%	10.6%

<sup>1</sup> Fiscal year 2003 and 2004 are the only years that reported county tax expenses separately. Fiscal year 2005 figure was restated and county tax expenses reported in general government. Fiscal year 2006 going forward will have the county tax expenses in the general government functions.

<sup>2</sup> Beginning with fiscal year 2011, investment income has become part of the Unclassified revenue source.

Table 6

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

Fiscal Year Ended June 30	Real Property		Personal Property	Less Tax Exempt Real Property	Total Taxable Assessed Value <sup>1</sup>	Total Direct Tax Rate	State Equalized Value <sup>2</sup>	Assessed Value as a Percentage of Equalized Value
	Residential Property	Commercial Property						
2003	\$ 719,958,800	\$ 244,000,100	\$ 42,637,800	\$ 201,604,400	\$ 804,992,300	18.40	\$ 835,200,000	96.4%
2004	758,447,900	240,177,400	43,985,800	203,250,100	839,361,000	19.40	937,300,000	89.6%
2005	782,949,600	238,791,800	46,492,900	199,926,400	868,307,900	20.00	1,085,600,000	80.0%
2006	808,313,900	237,869,000	44,511,600	220,950,100	869,744,400	19.50	1,234,200,000	70.5%
2007	841,957,600	239,730,600	47,696,100	216,041,300	913,343,000	19.40	1,352,300,000	67.5%
2008	1,098,762,800	324,401,000	49,657,400	274,295,100	1,198,526,100	16.00	1,487,700,000	80.6%
2009	1,128,282,000	313,801,500	49,080,200	275,472,200	1,215,691,500	16.00	1,492,250,000	81.5%
2010	1,136,006,800	307,125,800	48,405,200	275,176,000	1,216,361,800	15.90	1,443,450,000	84.3%
2011	1,054,053,000	423,117,200	45,804,100	270,335,500	1,252,638,800	15.90	1,432,100,000	87.5%
2012	1,073,578,500	423,490,100	42,087,400	269,169,500	1,269,986,500	16.30	1,445,250,000	87.9%

Sources:

<sup>1</sup> Gorham Assessing office.<sup>2</sup> State of Maine, Bureau of Taxation

Table 7

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

Fiscal Year	Direct		Overlapping	Total Tax Rate
	Municipal Tax Rate	School Tax Rate	County Tax Rate	
2003	4.92	12.76	0.72	18.40
2004	5.09	13.56	0.75	19.40
2005	5.06	14.20	0.74	20.00
2006	5.76	12.98	0.76	19.50
2007	6.04	12.61	0.75	19.40
2008	4.95	10.46	0.59	16.00 <sup>1</sup>
2009	4.98	10.40	0.62	16.00
2010	5.17	10.09	0.64	15.90
2011	5.25	10.05	0.60	15.90
2012	5.46	10.23	0.61	16.30

Source: Gorham Assessing office

- <sup>1</sup> The drop in the tax rate for fiscal year 2008 was the result of property value trending.

Table 8

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

Taxpayer	2012			2003		
	Current year assessed value	Rank	Percentage of total assessed value	Current year assessed value	Rank	Percentage of total assessed value
Central Maine Power Co.	\$ 56,646,600	1	4.46%	\$ 24,119,500	1	3.00%
New Portland Road Realty LLC (formerly known as Gorham House)	11,605,700	2	0.91%	10,541,600	2	1.31%
Nappi Distributors	8,386,100	3	0.66%			
Gorham Savings Bank	8,251,100	4	0.65%	5,776,200	7	0.72%
Scott Paper	7,336,700	5	0.58%	5,711,000	8	0.71%
Grondin, R J & Phillip	7,333,900	6	0.58%	10,039,300	3	1.25%
Maine Mobile Homes LTD	6,444,600	7	0.51%			
Hannaford Brothers	4,472,500	8	0.35%			
Moody, Shawn	4,002,100	9	0.32%			
Shaw Brothers Construction Co.	3,778,900	10	0.30%	6,737,600	5	0.84%
Maritimes & NE Pipeline				7,282,900	4	0.90%
Irwin Industrial ToolAmerican Tool (formerly American Tool)				6,586,000	6	0.82%
Foreside Management Co. LLC				5,146,800	9	0.64%
Sebago, Inc.				5,074,100	10	0.63%
Totals	\$ 118,258,200		9.31%	\$ 87,015,000		10.82%

Source: Gorham Assessing office

Table 9

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

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year <sup>1</sup>	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 14,852,234	\$ 14,470,933	97.4%	\$ 379,250	\$ 14,850,183	100.0%
2004	16,311,136	15,827,928	97.0%	479,599	16,307,527	100.0%
2005	17,379,982	16,828,596	96.8%	544,884	17,373,480	100.0%
2006	16,980,208	16,487,705	97.1%	485,835	16,973,540	100.0%
2007	17,730,424	17,116,397	96.5%	594,091	17,710,488	99.9%
2008	19,215,434	18,541,490	96.5%	649,049	19,190,539	99.9%
2009	19,458,932	18,646,974	95.8%	781,065	19,428,039	99.8%
2010	19,359,897	18,705,614	96.6%	588,575	19,294,189	99.7%
2011	19,926,919	19,368,870	97.2%	363,632	19,732,502	99.0%
2012	20,705,124	19,968,524	96.4%	-	19,968,524	96.4%

<sup>1</sup> Tax commitment plus supplemental taxes assessed during fiscal year

Table 10

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

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			
2003	\$ 32,052,238	\$ -	\$ 501,385	\$ 32,553,623	10.24%	2,168
2004	32,902,542	-	534,671	33,437,213	10.44%	2,211
2005	30,427,896	-	659,477	31,087,373	9.63%	2,039
2006	32,733,250	-	708,418	33,441,668	10.27%	2,174
2007	30,073,600	-	1,040,747	31,114,347	9.51%	2,013
2008	31,398,950	-	833,367	32,232,317	9.78%	2,071
2009	28,734,300	-	555,342	29,289,642	8.89%	1,882
2010	46,509,330	-	429,878	46,939,208	14.24%	3,016
2011	47,554,680	-	427,866	47,982,546	11.61%	2,929
2012	45,339,066	220,336	425,265	45,984,667	11.13%	2,807

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 amount includes the premium on bonds as well as bond amounts



Table 11

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

Fiscal Year	State		Per Capita <sup>3</sup>
	General Obligation Debt <sup>1</sup>	Assessed Value of Property <sup>2</sup>	
2003	\$ 32,052,238	3.84%	2,135
2004	32,902,542	3.51%	2,176
2005	30,427,896	2.80%	1,996
2006	32,733,250	2.65%	2,128
2007	30,073,600	2.22%	1,945
2008	31,398,950	2.11%	2,018
2009	28,734,300	1.93%	1,846
2010	46,509,330	3.22%	2,988
2011	47,554,680	3.32%	2,903
2012	45,339,066	3.14%	2,768

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

<sup>2</sup> Amount for 2012 includes bond premium

<sup>3</sup> See Table 6, Schedule of Assessed Value and State Equalized Value of Taxable Property, for property value data.

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, 2012**

<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	\$ 45,559,402	100.00%	\$ 45,559,402
Overlapping debt:			
Cumberland County	37,220,000	3.66%	1,361,931
Portland Water District - sewer debt, Gorham only	25,000	100.00%	25,000
Portland Water District - sewer shared with Windham	5,487,000	70.47%	3,866,596
Portland Water District - sewer shared with Windham and Westbrook	5,597,915	19.16%	1,072,745
Portland Water District - water debt	28,438,885	5.62%	1,598,122
Subtotal Overlapping debt:			7,924,394
<b>Total direct and overlapping debt:</b>			<b>\$ 53,483,796</b>

Source: Jurisdictions' finance department.

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

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

<b>Fiscal Year</b>	<b>Debt Limit</b>	<b>Total net debt applicable to limit</b>	<b>Legal Debt Margin</b>	<b>Total net debt applicable to limit as a percentage of debt limit</b>
2003	\$ 125,280,000	\$ 32,052,238	\$ 93,227,762	25.58%
2004	140,595,000	32,902,542	107,692,458	23.40%
2005	162,840,000	30,427,896	132,412,104	18.69%
2006	185,130,000	32,733,250	152,396,750	17.68%
2007	202,845,000	30,073,600	172,771,400	14.83%
2008	223,155,000	31,398,950	191,756,050	14.07%
2009	223,837,500	28,734,300	195,103,200	12.84%
2010	216,517,500	46,509,330	170,008,170	21.48%
2011	214,815,000	47,554,680	167,260,320	22.14%
2012	216,787,500	45,339,066	169,232,820	20.91%

**Legal Debt Margin Calculation for Fiscal Year 2012**

	<b>Outstanding bonds and notes</b>	<b>Percent of state assessed value of \$ 1,445,250,000</b>	<b>Allowable Amount</b>	<b>Margin</b>
For school purposes	\$ 32,421,098	10.00%	\$ 144,525,000	\$ 112,103,902
For storm or sanitary sewer purposes	-	7.50%	108,393,750	108,393,750
For municipal, airport, water, and special district purposes	-	3.00%	43,357,500	43,357,500
For all other purposes	12,917,968	7.50%	108,393,750	95,475,782
<b>Total</b>	<b>\$ 45,339,066</b>	<b>15.00%</b>	<b>\$ 216,787,500</b>	<b>\$ 171,448,434</b>

Table 14

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

<b>Fiscal Year</b>	<b>Population <sup>1</sup></b>	<b>Personal Income</b>	<b>Per Capita Personal Income <sup>2</sup></b>	<b>Median Age <sup>2</sup></b>	<b>School Enrollment <sup>3</sup></b>	<b>Unemployment Rate <sup>4</sup></b>
2003	15,015	\$ 317,927,610	\$ 21,174	34.3	2,702	3.20%
2004	15,122	320,193,228	21,174	34.3	2,751	3.20%
2005	15,248	322,861,152	21,174	34.3	2,753	3.30%
2006	15,383	325,719,642	21,174	34.3	2,718	3.10%
2007	15,459	327,328,866	21,174	34.3	2,740	3.20%
2008	15,563	329,530,962	21,174	34.3	2,713	3.60%
2009	15,563	329,530,962	21,174	34.3	2,693	5.80%
2010	15,563	329,530,962	21,174	34.3	2,647	6.10%
2011	16,381	413,276,249	25,229	38.0	2,652	5.80%
2012	16,381	413,276,249	25,229	38.0	2,697	6.30%

**Data Source**

<sup>1</sup> U.S. Dept. of Commerce, Bureau of Census  
The 2001-2008 are based on July Census estimates.  
The 2009 and 2010 figures are the July 1, 2008 estimate from the Bureau of Census.  
The 2011 and 2012 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	2012 <sup>2</sup>			2003 <sup>1</sup>		
	Employees	Rank	Percentage of Gorham's Labor Force	Employees	Rank	Percentage of Gorham's Labor Force
University of Southern Maine*	511	1	5.2%	601	1	6.8%
Town of Gorham: School/Municipal	500	2	5.1%	500	2	5.6%
Gorham House	230	3	2.3%	210	3	2.4%
Irwin Industrial Tool (formerly American Tool)	210	4	2.1%			
Nappi Distributors	200	5	2.0%			
Shaw Brothers Construction, Inc.	171	6	1.7%	130	5	1.5%
Hannaford Brothers	158	7	1.6%			
R. J. Grondin	140	8	1.4%	170	4	1.9%
Gorham Savings Bank	92	9	0.9%			
Yotul Stove, Inc.	79	10	0.8%			
	2,291		23.3%	1,611		18.1%

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

<sup>1</sup> Only top five employers information available for fiscal year 2003.

<sup>2</sup> Labor force figure was for June 2012 and provided by the Maine Department of Labor.

\* Gorham campus only.

Table 16

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

<b>Function</b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>
General Government	15.0	15.0	15.0	16.5	17.5	16.5	15.5	15.5	19.0	17.5
Public Safety:										
Police:										
Officers	20.0	20.0	21.0	21.0	21.0	22.0	23.0	23.0	23.0	23.0
Civilians <sup>1</sup>	8.0	8.0	9.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Fire:										
Firefighters and EMT's	7.0	7.0	7.0	7.0	9.0	13.0	13.0	13.0	13.0	12.0
Civilians	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Public Works	18.0	18.0	18.0	19.0	21.0	21.0	19.0	19.0	19.0	19.0
Recreation	12.0	15.0	15.0	15.0	17.0	17.0	16.0	14.3	14.0	14.0
Development <sup>2</sup>	4.0	4.0	4.0	4.0	4.5	4.5	4.5	4.5	1.0	1.0
<b>Total</b>	<b>87.0</b>	<b>90.0</b>	<b>92.0</b>	<b>87.5</b>	<b>95.0</b>	<b>99.0</b>	<b>96.0</b>	<b>94.3</b>	<b>94.0</b>	<b>91.5</b>

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

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

Table 17

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Function</b>										
General Government:										
Building permits: <sup>3</sup>										
Single family	193	84	90	91	66	64	30	41	58	63
Condos	0	7	13	41	9	4	5	0	4	5
Commercial	25	31	23	16	23	22	18	17	14	19
Total number permits issued	n/a	1,118	1,276	1,374	n/a	1,025	n/a	n/a	941	917
Public Safety:										
Police:										
Number of calls for service	16,502	17,359	18,832	17,076	17,434	16,303	18,245	18,473	18,781	15,339
Number of physical arrests	462	349	286	353	406	423	782	771	734	664
Number of summons and warnings	3,086	3,654	2,525	3,168	3,427	2,960	3,674	3,621	2,725	2,826
Parking tickets issued	369	662	503	372	305	245	269	391	180	127
Number of accidents investigated	649	658	586	668	528	544	555	519	449	480
Fire:										
Number of fire and rescue calls	2,170	2,004	2,112	2,223	2,407	2,352	2,102	2,549	2,807	2,815
Number of fire hydrants	n/a	n/a	n/a	265	269	281	286	292	292	296
Number of fire ponds	n/a	n/a	n/a	71	70	69	69	70	71	71
Public Works:										
Number of roads maintained	247	256	261	263	269	274	276	278	283	287
Lane miles of roads maintained	268.4	273.8	275.0	276.0	278.5	280.3	282.2	283.1	286.7	290.7
Acres of public area maintained	108.1	108.1	113.1	113.1	113.1	113.1	113.1	113.1	113.1	129.19
Acres of cemeteries maintained	17.8	17.8	19.6	21.1	21.1	29.9	30.1	30.1	30.1	30.02
Tons of residential solid waste <sup>4</sup>	3,914	1,860	2,212	2,307	2,290	2,235	2,304	2,166	2,099	2,155
Tons of waste recycled	n/a	n/a	n/a	1,356	1,555	1,421	1,444	1,200	1,246	1,266
Recreation:										
Library:										
Number of items circulated	106,238	91,669	89,091	95,179	103,080	101,158	109,409	116,050	114,309	114,159

Sources: Various town departments.

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

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

<sup>4</sup> Curbside recycling program started in 2003.

n/a = data not available

Table 18

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

<b>Function</b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>
<b>Public Safety:</b>										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	13	13	13	13	13	13	13	13	13	19
Fire stations	6	6	6	6	6	6	6	6	6	6
<b>Public Works:</b>										
Streets (miles)	268.4	273.8	275.0	276.0	278.5	280.3	282.2	283.1	286.7	290.7
Street lights	342	357	357	366	375	381	385	385	389	392
Traffic signals/blinkers	10	11	11	11	11	11	11	11	11	11
Cemeteries	8	8	8	8	8	10	12	12	12	12
<b>Recreation:</b>										
Libraries	3	3	3	3	3	3	3	3	3	3
Parks acreage	203.8	203.8	203.8	211.3	211.3	211.3	211.3	211.3	211.3	211.3
Parks	4	4	4	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.