

TOWN OF GORHAM, MAINE

Comprehensive Annual Financial Report



**For Fiscal Year Ended
June 30, 2010**

TOWN OF GORHAM, MAINE
Comprehensive Annual Financial Report
For Fiscal Year Ended June 30, 2010

Prepared by:

Maureen R. Finger, Finance Director

TOWN OF GORHAM, MAINE
Annual Financial Report
June 30, 2010

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INTRODUCTORY SECTION

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Town of Gorham

Municipal Center

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Maureen R. Finger
mfinger@gorham.me.us



November 5, 2010

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, 2010, 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, 2010. 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, 2010, 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 schedule of expenditures of federal financial assistance, findings, recommendations and the independent auditor's reports on the internal control and compliance with applicable laws and regulations are included in a separately issued single audit report. This report is available at the Finance Office at the Municipal Center.

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

Profile of the Government

The Town of Gorham is located in Cumberland County, approximately nine miles west of downtown Portland and is bordered by the Towns of Scarborough, Buxton, Standish, Windham, and the City of Westbrook. The land area is 59.88 square miles with a population of 15,563 residents according to estimates by the U.S. Census Bureau released July 1, 2009. The Town is a suburban community and is comprised of a mix of residential, local business, industrial, and commercial activity. The University of Southern Maine has a campus located within walking distance of the Village Center. Routes 25 and 114 provide convenient access to Gorham.

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

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

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

both budget category summary and in detailed analysis. The summary shall be compatible for incorporation into the Town budget. Upon receipt of the Town Manager's budget, the Council shall set a time and place for a public hearing on the Town budget as received by the Council. Following the public hearing, the Council shall consider all relevant information received and adopt a budget for the fiscal year. Upon adoption of the Town budget by the Council, a referendum must be held to allow the voters to validate or reject the total school budget as adopted. The Town must hold on or before the 10th calendar day following Council adoption of the budget a budget validation referendum.

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

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

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

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

Local Economy

The Town's assessed value for tax year 2009-2010 is \$1,243,682,170 (excludes the valuation attributable to the State Homestead Exemption and BETE personal property reimbursement), resulting in an increase of about 0.32% from the 2008-2009 tax assessment. Approximately 25% of the tax base is commercial and industrial with the remainder being residential (these figures include vacant parcels as well as developed parcels). The Town's rate of tax collection continues to be strong with a 95.8% for last year and 96.6% for this year. The Town's legal debt margin is set by State law at 15% of its state assessed value. Currently, the Town's outstanding debt is 3.2% of the state assessed value.

During fiscal year 2010, the Code office issued permits for 54 single-family/condo dwellings, and 13 commercial/institutional structures for a total of 67 permits. This was an increase from the 43 permits issued in fiscal year 2009. The overall value of the building permits issued in fiscal year 2010 was \$24,840,384 compared to the \$8,095,580 issued in fiscal year 2009.

The largest increase was in the commercial/institutional structures value, which was up \$13,400,000 over fiscal year 2009. The major contributor to the higher value was the permit issued to Central Maine Power for the new substation in South Gorham.

In November 2008, the voters of the Town of Gorham approved a bond referendum question for the acquisition of land to construct and equip a new elementary school on Stevens Drive. This school will replace the White Rock Elementary School. A contract to construct the new school was awarded to Davis & Hanscom in September 2009 and a ground breaking ceremony occurred on October 16, 2009. A bond anticipation note was issued on October 14, 2009 to provide temporary financing for this project until the State of Maine's Department of Education allowed the Town to issue permanent financing. The bond anticipation note was paid off when permanent financing was completed with the issuance of a \$20,384,680 bond in April 2010.

During fiscal year 2009, Central Maine Power proposed a major expansion of its facilities in Gorham. The \$20 million project would enhance the reliability and capacity of its electrical transmission system. The project includes the construction of 345KV power transmission lines; erect a new autotransformer and substation in South Gorham. Construction of this facility occurred during fiscal year 2010.

Construction began during fiscal year 2010 on homes being developed under the new zoning ordinance known as the Development Transfer Overlay District, which was adopted by the Town Council in September 2006. This ordinance allows for higher density developments close to the Town's centers of Gorham Village and Little Falls, areas that are serviced by water and sewer. In turn the developer must pay a development fee per unit with these funds set aside to purchase land for open space or add to existing public land. This project, Wagner Farms, is a 42 unit residential development on 20 acres located off Libby Avenue and is being developed by Risbara Bros. Construction. During fiscal year 2010, the Town received approximately \$39,200 in transfer overlay district funds as a result of this project.

Also during fiscal year 2010, Design Dwellings began developing Hawkes Farms, a 44 unit detached single family residential condominium project on 13.05 acres off Main Street.

On December 21, 2009, Mercy Gorham Crossing opened its doors to patients. This 10,000 sq. ft. health care facility resides in the transformed Hansen's Farm Market, which is located at the intersection of South Street and County Road. Mercy Gorham Crossing offers a full range of first-line medical care from primary care to express care as well as radiology and diagnostic testing and is affiliated with Mercy Hospital.

The Town of Gorham's gross budget for 2010 showed a decrease of -0.32% from the 2009 budget. As a result of the slightly lower gross budget, the mill rate was decreased by \$0.10, from \$16.00 to \$15.90.

The following is a comparison of the FY2009 mill rate to the FY2010 mill rate.

| | FY 08 – 09 | FY 09 – 10 | \$ Incr/(Decr) | % Chg |
|-------------------|------------|------------|----------------|-------|
| Town's Tax Rate | \$ 4.98 | \$ 5.17 | \$ 0.19 | 3.82 |
| School's Tax Rate | \$10.40 | \$10.09 | (\$0.31) | -2.98 |
| County's Tax Rate | \$ 0.62 | \$ 0.64 | \$ 0.02 | 3.23 |

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

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

The Town's expenditure budget saw a decrease of -1.30%. This minor decrease of (\$152,731) was the result of shifting to the School budget two thirds the cost of the school resource officers' wages and benefits from the Police budget at approximately \$104,000, the bond retirement of the 88A and 88C bond issues at approximately \$40,000, and the reduction of the asst. code enforcement officer's hours to 20 at a saving of \$18,000.

The Town's non-property tax revenues also saw a significant decrease of -7.22% or (\$444,230), primarily due to the reduction in interest income, vehicle excise taxes, building permits and state revenue sharing. These revenues have all been affected by the economy.

The School expenditure budget remained flat at \$29,677,716. Although the School Department's gross budget remained flat, the School Department's non-property tax revenues were up 2.06%.

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 2010, there was \$541,862 in funds available for allocation to capital equipment and capital project needs. The Town Council approved at their June 2, 2009 meeting as part of the adopted budget the use of the excess undesignated fund balance of \$541,862 for the following purposes:

- \$18,000 to purchase 25 self contained air bottles for fire fighters;
- \$135,000 to purchase a six-wheel plow truck and sander;
- \$388,862 to provide additional funds for road projects.

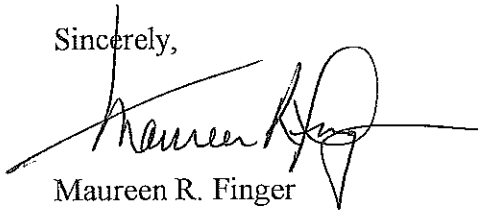
Other Information

Awards: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Gorham, Maine for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This was the seventh 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 eighth comprehensive annual financial report. I would also like to extend my thanks to the Town Manager, David Cole, and Gorham Town Council for their continued support of my efforts to improve the Town's level of financial reporting. I would like to acknowledge our independent auditors, Runyon Kersteen Ouellette, for the professional audit work provided and the continued support and assistance.

Sincerely,

A handwritten signature in black ink, appearing to read 'Maureen R. Finger', with a long horizontal flourish extending to the right.

Maureen R. Finger
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Gorham
Maine

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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



A stylized, handwritten signature in black ink.

President

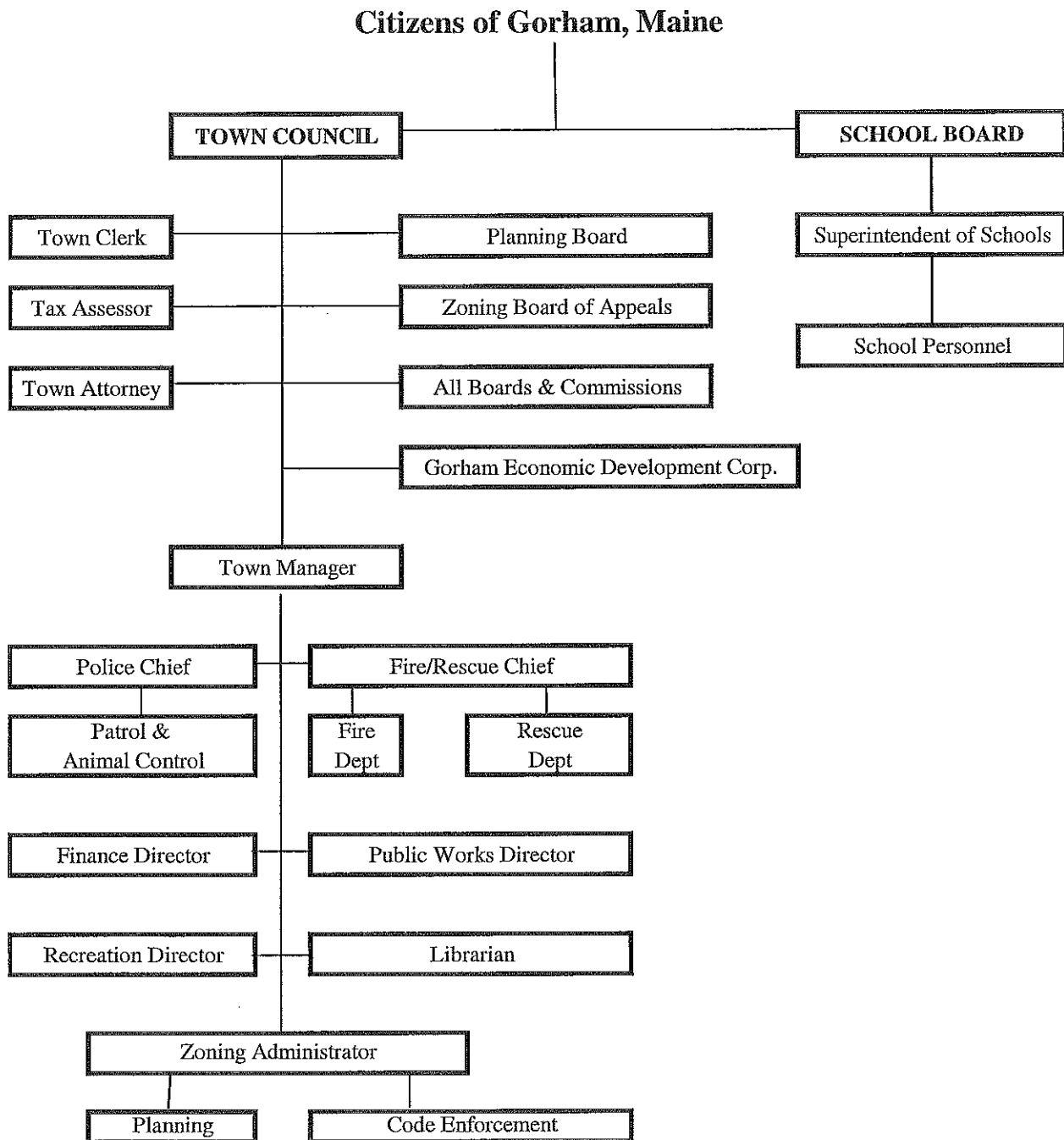
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Executive Director

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Town of Gorham, Maine

Organizational Chart



TOWN OF GORHAM, MAINE
List of Principal Officials
June 30, 2010

Michael J. Phinney, Chairman, Town Council

| | |
|-----------------------------------|---------------------|
| D. Brenda Caldwell, Vice Chairman | Phillip A. Csoros |
| Burleigh H. Loveitt | Matthew Mattingly |
| Noah F. Miner | Matthew J. Robinson |

David O. Cole, Town Manager

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

Dennis Libby, Chairman, School Board

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

Theodore G. Sharp, School Superintendent

Hollis S. Cobb, School Finance Officer

FINANCIAL SECTION

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Certified Public Accountants and Business Consultants

Independent Auditor's Report

Town Council
Town of Gorham, Maine

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Gorham, Maine, as of and for the year ended June 30, 2010, 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.

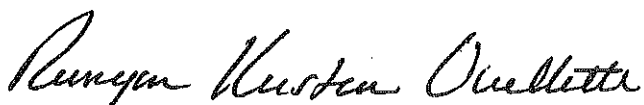
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and 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, 2010, and the respective changes in financial position and budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2010, on our consideration of the Town of Gorham, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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 introductory section, combining and individual nonmajor fund financial statements, exhibits, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and exhibits 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 introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



November 5, 2010
South Portland, Maine

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Town of Gorham's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year that ended on June 30, 2010. 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 \$48,154,223, an increase of \$1,453,674 or 3.1% when compared to the beginning net asset figure of \$46,700,549.
- The ending fund balance for Governmental Funds is \$28,597,918. Although expenditures exceeded revenues by \$5,702,544, with the bond proceeds of \$20,384,680 and capital lease proceeds of \$146,972, the net change was an increase of \$14,829,108.
- The General Fund's ending fund balance is \$8,203,591; an increase of \$446,741 from the prior year's ending fund balance of \$7,756,850. Of the \$8,203,591, \$222,092 is reserved for encumbrances, \$65,126 is reserved for trash bag, gas, and diesel inventories, and \$2,581,474 is designated for capital projects, accrued compensated absences and self-funded programs. A detail listing can be found in the notes to basic financial statements, NOTE 18, DESIGNATED FUND BALANCE.
- The Town of Gorham has a fund balance policy. The Town must maintain a General Fund and Special Revenue Fund (School Operations Fund) balance of at least 8% of the yearly School, Town, and Cumberland County appropriations. The combined General Fund and Special Revenue Fund – School Operations Fund undesignated fund balances as of June 30, 2010 was \$3,550,090 or 8.3% of the total FY11 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 \$139,221 to allocate to the Capital Part II budget during the FY12 budget process.
- The Town of Gorham's general obligation debt increased by \$17,775,030 or 61.9% as a result of issuing a \$20.38 million bond for the elementary school project in April 2010.

Overview of the Financial Statements

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

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

Reporting the Town's Fiduciary Responsibilities

The Town is the trustee, or fiduciary, for the various school activity accounts and Trust Funds that are set up primarily as scholarships. These assets, because of a trust arrangement, can only be used for trust beneficiaries. All of the Town's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 46 and 47. The Town excludes these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Reporting the Town as a Whole

Net Assets

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

| | 2010 | 2009 | \$ Chg | % Chg |
|-------------------------------------|-------------------|-------------------|------------------|-------|
| Current & other assets | \$ 35,005,726 | \$ 20,276,208 | \$ 14,729,518 | 72.6% |
| Capital assets, net | <u>67,093,666</u> | <u>62,583,018</u> | <u>4,510,648</u> | 7.2% |
| Total assets | \$102,099,392 | \$ 82,859,226 | \$ 19,240,166 | 23.2% |
| Long-term debt outstanding | 48,041,834 | 30,273,925 | 17,767,909 | 58.7% |
| Other liabilities | <u>5,903,335</u> | <u>5,884,752</u> | <u>18,583</u> | 0.3% |
| Total liabilities | \$ 53,945,169 | \$ 36,158,677 | \$ 17,786,492 | 49.2% |
| Net assets: | | | | |
| Invested in: | | | | |
| Capital assets, net of related debt | 33,076,636 | 33,293,376 | (216,740) | -0.7% |
| Restricted | 517,698 | 424,928 | 92,770 | 21.8% |
| Unrestricted | <u>14,559,889</u> | <u>12,982,245</u> | <u>1,577,644</u> | 12.2% |
| Total net assets | \$ 48,154,223 | \$ 46,700,549 | \$ 1,453,674 | 3.1% |

The increase of \$14,729,518 in the current and other assets category is primarily due to the unspent 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 \$4,510,648 resulted.

The Long-term Debt disclosure in the notes to the financial statements, see Note 11, shows how the change in long-term debt outstanding of \$17,767,909 resulted.

The change in the other liabilities of \$18,583 is primarily due to an increase of \$1,095,000 in accounts payable and other current liabilities which is due to an elementary school general contractor payment of \$916,945, a reduction of \$956,000 in the performance bond escrow accounts held as of June 30, 2010 from various developers, and a reduction of \$116,000 in accrued wages and benefits.

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

| | 2010 | 2009 | \$ Chg |
|--|-------------------|----------------|-------------------|
| Capital assets | \$ 110,013,946 | \$ 102,489,486 | \$ 7,524,460 |
| Accumulated depreciation | (42,920,280) | (39,906,468) | (3,013,812) |
| Bonds payable | (46,509,330) | (28,734,300) | (17,775,030) |
| Capital leases | (429,878) | (555,342) | 125,464 |
| Add back unspent bond proceeds | <u>12,922,178</u> | <u>-</u> | <u>12,922,178</u> |
| Total invested in capital assets net of related debt | \$ 33,076,636 | \$ 33,293,376 | \$ (216,740) |

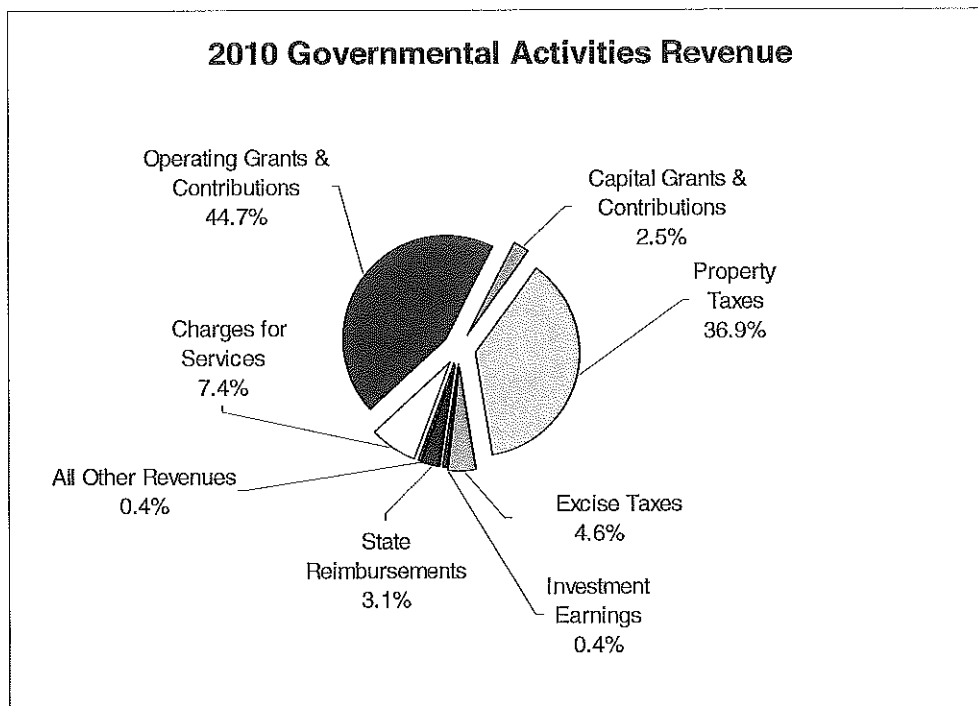
The increase in the restricted net assets of \$92,770 is primarily due to the addition of funds to the Hillside Cemetery trust account from the now defunct Hillside Cemetery Association. The Town has taken over the upkeep and maintenance of the Hillside Cemetery.

Changes in Net Assets

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

| | <u>Governmental Activities</u> | | | |
|--|--------------------------------|------------------|------------------|---------------|
| | 2010 | 2009 | \$ Chg | % Chg |
| Revenues | | | | |
| Program revenues | | | | |
| Charges for services | \$ 3,890,726 | \$ 4,054,415 | \$ (163,689) | -4.0% |
| Operating grants & contributions | 23,388,812 | 22,456,840 | 931,972 | 4.2% |
| Capital grants & contributions | 1,306,107 | 5,518,682 | (4,212,575) | -76.3% |
| General revenues | | | | |
| Property taxes | 19,309,185 | 19,421,626 | (112,441) | -0.6% |
| Payment in lieu of taxes | 56,684 | 91,351 | (34,667) | -37.9% |
| Motor vehicle & boat excise taxes | 2,374,614 | 2,403,379 | (28,765) | -1.2% |
| Grants and contributions not restricted to specific programs | | | | |
| Homestead exemption | 303,353 | 306,543 | (3,190) | -1.0% |
| BETE reimbursement | 131,103 | 78,942 | 52,161 | 66.1% |
| Other state aid | 28,486 | 29,003 | (517) | -1.8% |
| State revenue sharing | 1,131,755 | 1,326,817 | (195,062) | -14.7% |
| Investment earnings | 218,084 | 224,431 | (6,347) | -2.8% |
| Miscellaneous revenues | <u>148,644</u> | <u>435,727</u> | <u>(287,083)</u> | <u>-65.9%</u> |
| Total revenues: | \$ 52,287,553 | \$ 56,347,756 | \$ (4,060,203) | -7.2% |
| Expenses | | | | |
| General government | 4,401,146 | 4,692,737 | (291,591) | -6.2% |
| Public safety | 3,759,159 | 3,742,859 | 16,300 | 0.4% |
| Public works | 4,602,136 | 2,781,765 | 1,820,371 | 65.4% |
| Health & welfare | 74,469 | 87,628 | (13,159) | -15.0% |
| Recreation | 1,407,468 | 1,368,309 | 39,159 | 2.9% |
| Development | 533,981 | 495,299 | 38,682 | 7.8% |
| Education | 34,667,562 | 32,373,509 | 2,294,053 | 7.1% |
| Interest on debt | <u>1,387,958</u> | <u>1,250,260</u> | <u>137,698</u> | <u>11.0%</u> |
| Total expenses: | \$ 50,833,879 | \$ 46,792,366 | \$ 4,041,513 | 8.6% |
| Change in net assets: | \$ 1,453,674 | \$ 9,555,390 | \$ (8,101,716) | -84.8% |

The following pie chart shows the sources of revenue for fiscal year 2010.



Overall revenues were down (\$4,060,203) or -7.2% when compared to fiscal year 2009. There were a number of reasons for the large reduction and are highlighted below.

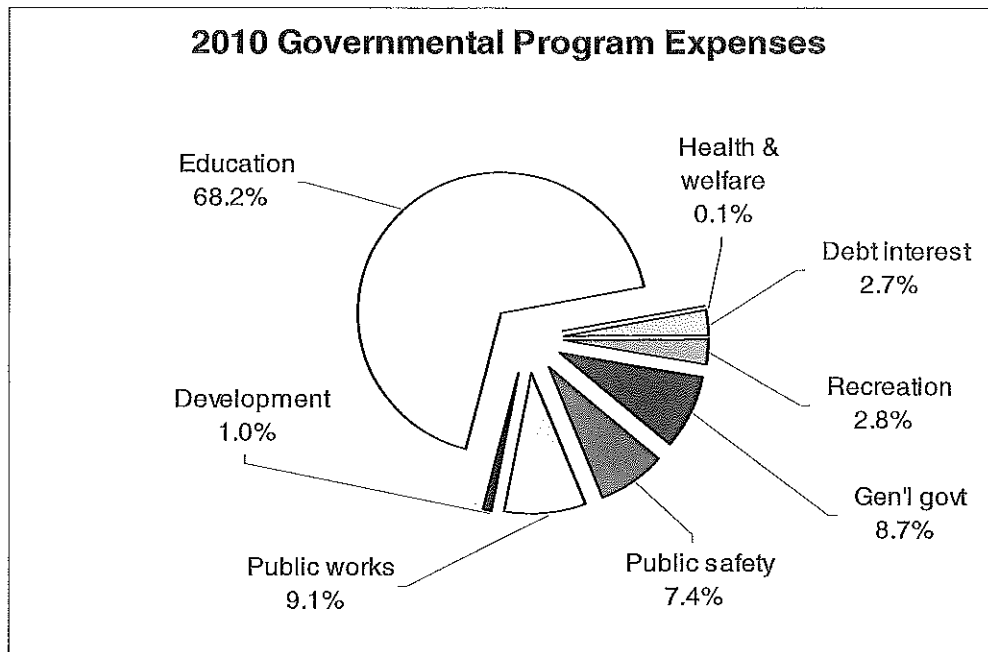
Approximately 36.9% of the Town's revenues come from property taxes, while 44.7% comes from operating grants and contributions. Approximately 73% of the operating grants and contributions revenue source comes from state aid to education and state construction aid. The operating grants and contributions program revenue was up 4.2% or \$931,972 primarily due to additional federal ARRA funds of \$355,000 received in fiscal year 2010 and an increase in the aid to education subsidy for fiscal year 2010.

The capital grants and contribution program revenues were down significantly in fiscal year 2010. A reduction of (\$4,212,575) or -76.3% was seen in fiscal year 2010 when compared to fiscal year 2009. The reduction in this revenue category was due to fewer roads being excepted by the Town Council from developers during fiscal year 2010. Approximately \$4,500,000 in donated roads were capitalized during fiscal year 2009 compared to fiscal year 2010's \$1,041,000.

The state revenue sharing revenue was down -14.7% or (\$195,062) due to the State Legislature tapping the state revenue sharing pool to balance the State budget as well as overall economic conditions.

The other large revenue reduction was seen in the miscellaneous revenue category, which was down (\$287,083) or -65.9%. This was due to the elimination of the middle school impact fee during fiscal year 2009 by the Town Council. As a result, the School Department did not have these funds available to help offset the middle school debt service in fiscal year 2010. This was roughly a \$200,000 impact.

The following pie chart shows functional expenses for fiscal year 2010.



Education makes up 68.2% of the expenses for fiscal year 2010 and was an increase of 7.1% or \$2,294,053.

The Public Works category saw the next largest increase of 65.4% or \$1,820,371. In fiscal year 2010, fewer expenses were allocated to capital improvements, whereas, during fiscal year 2009, a number of roads were rebuilt with bond proceeds and were recognized as assets instead of under the Public Works category.

Governmental Activities

The cost of all governmental activities was \$50,833,879. The Town's governmental activities include general government, public safety, public works, health and welfare, recreation (includes library and museum), development, education, and interest on debt. Note: the general government activity includes insurance, employee benefits, unclassified and county tax expenditures. The fiscal year 2010 expenses were an 8.6% increase over fiscal year 2009 expenses or \$4,041,513.

However, as shown on the Statement of Activities, the amount that the taxpayers of Gorham ended up financing through property taxes was \$19,309,185 or 38.0%, because some of the cost was paid by those who directly benefit from the programs -- \$3,890,726, or by other governments and organizations that subsidized certain programs with operating grants and contributions -- \$23,388,812, and capital grants and contributions -- \$1,306,107. The Town also received \$4,392,723 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 2010.

As a result of the Governmental activities' revenues of \$52,287,553 exceeding the expenses of \$50,833,879, the Town of Gorham realized an increase to its net assets of \$1,453,674. Approximately \$1,041,230 of the increase can be attributed to assets donated to the Town during fiscal year 2010. These donated assets include three roads accepted by the Town Council from developers.

The Town's Funds

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

General Major Governmental Functions

The following table summarizes the fiscal year 2010 revenues by source for the General Fund with the 2009 information for comparison. Information is from Statement 4.

| | <u>2010</u> | <u>2009</u> | <u>\$ Chg</u> | <u>% Chg</u> |
|----------------------|----------------------|----------------------|---------------------|--------------|
| Revenues by source | | | | |
| Taxes | \$ 21,299,325 | \$ 21,199,770 | \$ 99,555 | 0.5% |
| Licenses and permits | 300,923 | 277,563 | 23,360 | 8.4% |
| Intergovernmental | 1,877,802 | 2,176,396 | (298,594) | -13.7% |
| Investment income | 31,672 | 63,995 | (32,323) | -50.5% |
| Charges for services | 1,373,826 | 1,393,314 | (19,488) | -1.4% |
| Other | <u>1,122,237</u> | <u>1,011,042</u> | <u>111,195</u> | 11.0% |
| Total revenue | \$ 26,005,785 | \$ 26,122,080 | \$ (116,295) | -0.4% |

General Fund revenues have decreased by -0.4% or (\$116,295) from the fiscal year 2009 amount. Below are some of the reasons for the changes in the revenue sources.

Taxes: The change in deferred property taxes was a positive \$141,500, while the interest and costs on taxes were up by \$39,912 over fiscal year 2009 levels. However, the tax commitment after abatements and supplements was down \$90,395 when compared to last fiscal year as well as the excise tax collections, which were down by \$28,765.

Licenses and permits: The building permits revenue was \$10,800 higher than the FY09 actual. The building activity in Gorham has begun to pick up slightly. There were two major housing projects started during fiscal year 2010, which has contributed to the higher building permit fees.

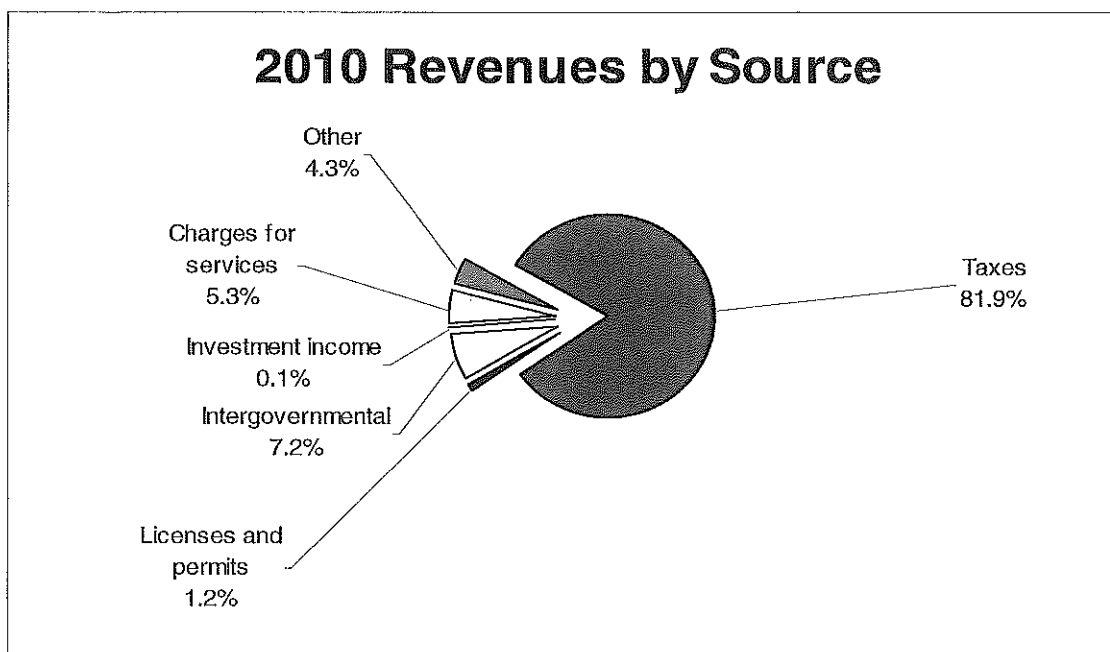
Intergovernmental: During fiscal year 2010 the Governor and legislature cut revenue sharing by \$15M and an additional cut of \$12M out of FY11 to help balance the State's budget. Municipalities receive 5.1% share of sales tax and corporate income tax. So between the State's cut and the decline in the economy, the Town saw a reduction of \$195,000 in State Revenue Sharing from the FY09 level. The other major reduction had to do with FEMA reimbursements. During fiscal year 2009, the Town received \$134,192 in FEMA reimbursements for two storm events. However, in fiscal year 2010, the Town only received \$16,029 for one storm event. Both of these revenue sources contributed to the intergovernmental revenues being down by -13.7% or (\$298,594).

Interest income: During fiscal year 2010, the Town received an average interest rate of less than 0.20% on its investments. Although the Town anticipated a decline in the interest income for fiscal year 2010, it did not anticipate that interest rates would drop to historic lows resulting in the 50.5% reduction from fiscal year 2009 levels.

Charges for services: The overall collections for this revenue source is down by (\$19,488) or -1.4%. The rescue fees were \$22,000 lower than the FY09 actual, while the subdivision/development fees were down \$42,000 from the FY09 actual. However, the solid waste user charges were \$25,000 higher, the Cable TV franchise fee received was \$9,000 higher, and the USM assistance payments were \$9,000 higher than the FY09 actual.

Other: The major contributors to the \$111,195 increase in this category were the result of the following items. The Town decided to close out the Special Revenue Fund's Economic Development Fund and move it to the General Fund at the end of fiscal year 2010 in preparation for implementing GASB 54. This contributed \$67,000 toward the increase in the miscellaneous unbudgeted revenue source. The Town also transferred from the general fund's retirement budget \$105,500 to establish a retirement reserve account.

The following is a pie chart depicting the General Fund revenues by source for fiscal year 2010.



The following table summarizes the General Fund expenditures by function for fiscal year 2010 with 2009 information for comparison. Information is from Statement 4.

| | <u>2010</u> | <u>2009</u> | <u>\$ Chg</u> | <u>% Chg</u> |
|---------------------------|----------------------|----------------------|-------------------|--------------|
| Expenditure by function | | | | |
| General government | \$ 4,060,023 | \$ 3,846,027 | \$ 213,996 | 5.6% |
| Public safety | 3,205,708 | 3,395,235 | (189,527) | -5.6% |
| Public works | 2,259,362 | 2,122,620 | 136,742 | 6.4% |
| Health and welfare | 74,469 | 87,628 | (13,159) | -15.0% |
| Recreation | 1,181,121 | 1,187,799 | (6,678) | -0.6% |
| Development | 321,323 | 221,348 | 99,975 | 45.2% |
| Debt service | 1,227,603 | 1,290,420 | (62,817) | -4.9% |
| Total expenditures | \$ 12,329,609 | \$ 12,151,077 | \$ 178,532 | 1.5% |

The General Fund expenditures increased 1.5% from fiscal year 2009 levels. The largest change was in the general government function, which increased by \$213,996 or 5.6%. Approximately \$154,000 in higher employee benefit expenses is the majority reason for the increase. As mentioned under the Other revenue category, the Town transferred \$105,500 from the retirement budget to establish a retirement reserve account. Also the health insurance premiums were up by \$37,500 over fiscal year 2009 expenses.

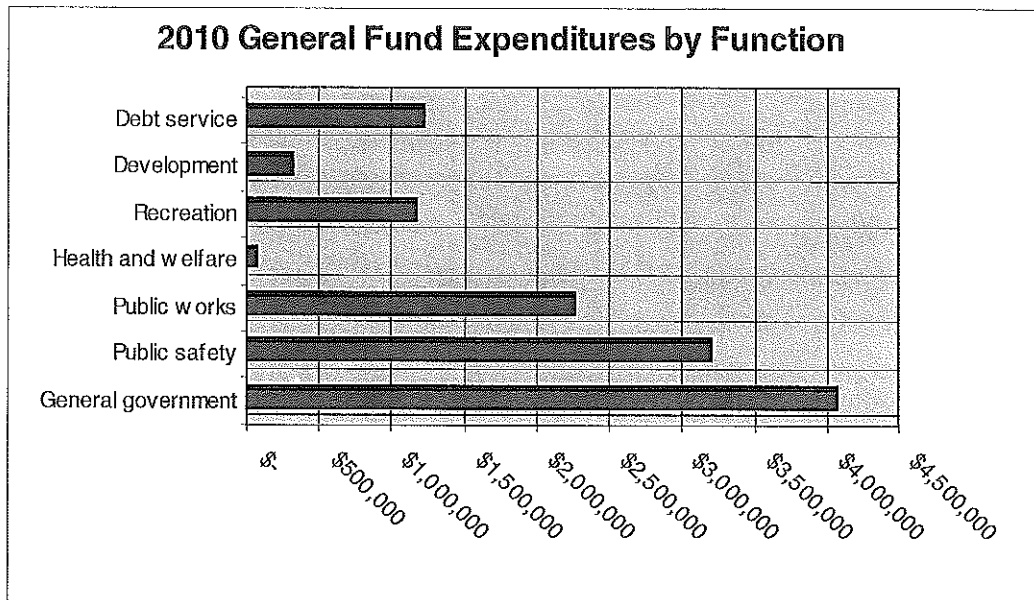
The public safety decrease of -5.6% or (\$189,527) was due to the change in encumbrances and lower fire and rescue call force payments in fiscal year 2010.

The public works increase of 6.4% or \$136,742 was primarily due to the change in recording the purchase of gas and diesel fuel. In previous fiscal years, the Town recorded the expense in the public works budget. However, at the end of fiscal year 2009, the Town decided to record the fuel remaining in the tanks as inventory and adjusted the public works expense lines. During fiscal year 2010, all fuel purchases were charged to the inventory account and monthly usage was charged back to the appropriate department budgets. This had a \$94,600 impact on the public works budget due to the year end adjustment made in fiscal year 2009 to record the fuel inventory. Also, during fiscal year 2010 higher overtime and part time costs of approximately \$41,200 were incurred to cover for a vacancy during a portion of the fiscal year.

The development function saw a 45.2% or \$99,975 increase as a result of the decision by the Town to bring the Economic Development fund's expenses into the general fund from the Special Revenue Fund. This impact was \$65,000. Also, the Town hired a Zoning Administrator in September 2009, which increased the Planning department's expenses over fiscal year 2009 by \$59,800. These two increases were offset by the change in encumbrances.

The debt service function saw a reduction of -4.9% or (\$62,817) as a result of two bonds being paid off during fiscal year 2009. The impact on the fiscal year 2010 budget was approximately \$51,900.

The following is a graph depicting the General Fund expenditures by function for fiscal year 2010.



The net results of operations for fiscal year 2010 are \$446,741, after transfers in of \$339,059 and transfers out of \$13,568,494. The following table summarizes the General Fund's fund balance for fiscal year 2010 with 2009 information for comparison.

| | <u>2010</u> | <u>2009</u> | <u>\$ Chg</u> | <u>% Chg</u> |
|---------------------------|---------------------|---------------------|-------------------|--------------|
| Fund balance: | | | | |
| Reserved for: | | | | |
| Encumbrances | \$ 222,092 | \$ 61,996 | \$ 160,096 | 258.2% |
| Inventory | 65,126 | 58,646 | 6,480 | 11.0% |
| Unreserved: | | | | |
| Designated | 2,581,474 | 1,606,399 | 975,075 | 60.7% |
| Undesignated | <u>5,334,899</u> | <u>6,029,809</u> | <u>(694,910)</u> | -11.5% |
| Total fund balance | \$ 8,203,591 | \$ 7,756,850 | \$ 446,741 | 5.8% |

The Town saw a substantial increase in its designated fund balance at the end of fiscal year 2010. The increase of \$975,075 or 60.7% is due to the following:

- Excess fund balance from fiscal year 2009 was used to fund the fiscal year 2011 Capital Part II budget resulting in an increase of \$586,938 from the amount designated at the end of fiscal year 2009. This in turn contributed to the reduction in the undesignated fund balance for fiscal year 2010.
- An increase of \$216,886 in the designated fund balance for insurance and employee benefits. A retirement reserve of \$105,500 was established at the end of fiscal year 2010 and contributes to 49% of the increase. The remaining increase is the result of adding \$107,000 to the vacation/comp/sick reserve account.

- The decision to close out the Special Revenue Fund's Economic Development account and transfer the funds to the General Fund for the purpose of economic development contributed \$67,427.
- The recreation reimbursable operations added \$64,000 to its designated fund balance account at the end of fiscal year 2010.

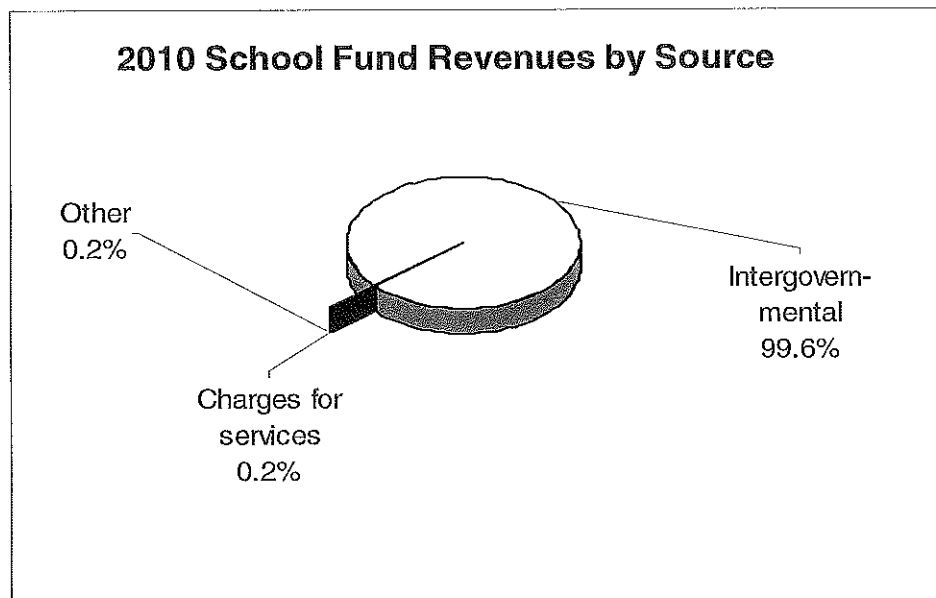
During fiscal year 2010, the Town Manager placed a spending and hiring freeze on departmental budgets. However, in June when it became apparent that the Town would not sustain heavy revenue shortfalls, he allowed departments to encumber funds for items that had been placed on hold during the fiscal year. As a result, the year end encumbrances increased by \$160,096 or 258.2%.

The following table summarizes the fiscal year 2010 revenues by source for the Special Revenue Fund's School Operations Fund with 2009 information for comparison. The information is from Statement 4.

| | <u>2010</u> | <u>2009</u> | <u>\$ Chg</u> | <u>% Chg</u> |
|----------------------|----------------------|----------------------|-------------------|--------------|
| Revenues by source | | | | |
| Intergovernmental | \$ 19,741,066 | \$ 19,245,334 | \$ 495,732 | 2.6% |
| Charges for services | 41,122 | 32,635 | 8,487 | 26.0% |
| Other | <u>31,858</u> | <u>223,549</u> | <u>(191,691)</u> | -85.7% |
| Total revenue | \$ 19,814,046 | \$ 19,501,518 | \$ 312,528 | 1.6% |

The 1.6% increase in School Operation Fund revenues is primarily from the increased state education subsidies, which amounted to an increase of \$474,983.

The following is a pie chart depicting the Special Revenue Fund - School Operations Fund revenues by source for fiscal year 2010.



The following table summarizes the School Operations Fund expenditures by function for fiscal year 2010 with 2009 information for comparison. Information is from Statement 4. Following the table, an explanation of the major changes is provided.

| | <u>2010</u> | <u>2009</u> | <u>\$ Chg</u> | <u>% Chg</u> |
|-------------------------------|----------------------|----------------------|---------------------|--------------|
| Expenses by function | | | | |
| Regular instruction | \$ 12,861,806 | \$ 11,923,186 | \$ 938,620 | 7.9% |
| Special education instruction | 4,420,651 | 4,692,064 | (271,413) | -5.8% |
| CTE instruction | 370,469 | 327,594 | 42,875 | 13.1% |
| Other instruction | 511,467 | 610,467 | (99,000) | -16.2% |
| Student and staff support | 2,513,880 | 2,013,096 | 500,784 | 24.9% |
| System administration | 710,019 | 694,197 | 15,822 | 2.3% |
| School administration | 1,604,236 | 1,689,981 | (85,745) | -5.1% |
| Transportation | 1,374,520 | 1,345,199 | 29,321 | 2.2% |
| Facilities maintenance | 2,631,055 | 2,512,019 | 119,036 | 4.7% |
| Other expenditures | - | 27,652 | (27,652) | -100.0% |
| Adult education | 266,097 | 274,774 | (8,677) | -3.2% |
| Maine PERS on-behalf payments | 2,764,862 | 2,744,113 | 20,749 | 0.8% |
| Debt service | 2,593,605 | 2,680,208 | (86,603) | -3.2% |
| Capital outlay | 146,972 | 74,639 | 72,333 | 96.9% |
| Total expenses | \$ 32,769,639 | \$ 31,609,189 | \$ 1,160,450 | 3.7% |

The School Operations Fund's expenditures are 3.7% higher or \$1,160,450 than fiscal year 2009. The increase was primarily due to wages and benefits.

The net results of operations for fiscal year 2010 are (\$256,660), after transfers in of \$12,551,961 and lease proceeds of \$146,972. The following table summarizes the School Operation Fund's fund balance for fiscal year 2010 with 2009 information for comparison.

| | <u>2010</u> | <u>2009</u> | <u>\$ Chg</u> | <u>% Chg</u> |
|-------------------------------------|---------------------|---------------------|---------------------|--------------|
| Fund balance: | | | | |
| Reserved for: | | | | |
| Encumbrances | \$ 73,904 | \$ 702,271 | \$ (628,367) | -89.5% |
| Unreserved: | | | | |
| Designated | 795,000 | - | 795,000 | n/a |
| Undesignated | <u>(1,784,809)</u> | <u>(1,361,516)</u> | <u>(423,293)</u> | 31.1% |
| Total fund balance (deficit) | \$ (915,905) | \$ (659,245) | \$ (256,660) | 38.9% |

As you can see, the School Operation Fund's reserve for encumbrances decreased significantly from the fiscal year 2009 amount. The fiscal year 2009 higher encumbrance amount was due to the year-end restoration of State curtailment funds by the Maine Department of Education.

During the development of the fiscal year 2011 budget, the School Board authorized the use of budgetary fund balance in the amount of \$795,000 to help balance the fiscal year 2011 budget. As a result of this designation, the undesignated fund balance deficit grew to (\$1,784,809) or 31.1% higher than fiscal year 2009.

However, it should be noted that without this designation, the undesignated fund balance deficit would have decreased by \$371,700 as a result of the School Department adjusting their spending due to the State's notification of a reduction in aid to education funding during fiscal year 2010.

The following table summarizes the fiscal year 2010 revenues by source for the Special Revenue Fund's Capital Reserve Fund with 2009 information for comparison. The information is from Statement 4.

| | <u>2010</u> | <u>2009</u> | <u>\$ Chg</u> | <u>% Chg</u> |
|-----------------------|-------------------|-------------------|--------------------|---------------|
| Revenue by source | | | | |
| Intergovernmental | \$ 10,166 | \$ 3,150 | \$ 7,016 | 222.7% |
| Investment income | 2,988 | 64,891 | (61,903) | -95.4% |
| Charges for services | 15,471 | 12,326 | 3,145 | 25.5% |
| Unclassified | <u>139,742</u> | <u>177,045</u> | <u>(37,303)</u> | -21.1% |
| Total revenues | \$ 168,367 | \$ 257,412 | \$ (89,045) | -34.6% |

The major decrease in the Investment income category is due to the drawdown of the road projects bond proceeds during the later part of fiscal year 2009 to complete the reconstruction of four roads. Therefore, during fiscal year 2010 there were less bond proceeds to be earning interest.

The major decrease in the Unclassified revenue was primarily due to the Town receiving a large contribution of over \$60,000 to repair the Town Clock in fiscal year 2009. This decrease was offset by an increase in recreation impact fees, which were up approximately \$45,000 over the fiscal year 2009 amount.

The following table summarizes the Capital Reserve Fund expenditures by function for fiscal year 2010 with 2009 information for comparison. Information is from Statement 4.

| | <u>2010</u> | <u>2009</u> | <u>\$ Chg</u> | <u>% Chg</u> |
|-------------------------|---------------------|---------------------|-----------------------|---------------|
| Expenses by function | | | | |
| Roads and road projects | \$ 454,833 | \$ 2,937,282 | \$ (2,482,449) | -84.5% |
| Library and museum | 162,053 | 233,807 | (71,754) | -30.7% |
| Community center | 23,713 | 30,041 | (6,328) | -21.1% |
| Public safety building | - | 6,819 | (6,819) | -100.0% |
| All other | <u>579,789</u> | <u>438,244</u> | <u>141,545</u> | 32.3% |
| Total expenses | \$ 1,220,388 | \$ 3,646,193 | \$ (2,425,805) | -66.5% |

As you can see from the above table, the Special Revenue Fund's Capital Reserve Fund expenses for fiscal year 2010 were down significantly, -66.5% or (\$2,425,805) from fiscal year 2009.

The biggest decrease was in the road and road projects function, which shows an -84.5% or (\$2,482,449) decrease. The Town issued \$4,000,000 in GO bonds in May 2008 for the purpose of reconstructing a number of roads in Gorham and paying the local share of a state road reconstruction project. The majority of these funds were spent during fiscal year 2009.

The large increase in the All Other function was the result of the timing on payment for a new plow truck/sander. The funds were allocated in fiscal year 2009 but delivery was not taken until fiscal year 2010 for this truck resulting in the increase in this function.

The net results of operations for fiscal year 2010 are \$158,140 higher than fiscal year 2009 after transfers in of \$1,210,161. The following table summarizes the Capital Reserve Fund's fund balance for fiscal year 2010 with 2009 information for comparison.

| | <u>2010</u> | <u>2009</u> | <u>\$ Chg</u> | <u>% Chg</u> |
|-------------------------------------|---------------------|---------------------|-------------------|--------------|
| Fund balances: | | | | |
| Reserved for: | | | | |
| Noncurrent receivables/encumbrances | \$ 8,509 | \$ 9,319 | \$ (810) | -8.7% |
| Unreserved: | | | | |
| Designated | 4,202,805 | 3,976,016 | 226,789 | 5.7% |
| Undesignated | <u>489,947</u> | <u>557,786</u> | <u>(67,839)</u> | -12.2% |
| Total fund balance | \$ 4,701,261 | \$ 4,543,121 | \$ 158,140 | 3.5% |

As you can see by the above chart, the biggest increase in the fund balance is in the designated fund balance. This increase is due to a couple of factors:

- Upon the issuance of the bonds for the elementary school project, the project reimbursed the Special Revenue Fund's capital reserve fund for the loan of \$193,000 given to cover the start up cost associated with this school construction project. \$100,000 of this "loan" repayment was placed in the land acquisition account, and the balance was placed in the capital reserve account.
- The Town Council during fiscal year 2010 allocated funds from the undesignated fund balance account (capital reserve account) for various purposes. The largest being \$142,000 as the local match to a Community Block Grant project to replace the sidewalks in the village center. They also funded the replacement of the Robie Gym roof at a cost of \$32,850.

The following table summarizes the fiscal year 2010 revenues by source for the Capital Project Fund's Elementary School Project with 2009 information for comparison. The information is from Statement 4.

| | <u>2010</u> | <u>2009</u> | <u>\$ Chg</u> | <u>% Chg</u> |
|-----------------------|-------------------|-------------|-------------------|--------------|
| Revenue by source | | | | |
| Investment income | \$ 31,864 | \$ - | \$ 31,864 | n/a |
| Unclassified | <u>99,498</u> | <u>-</u> | <u>99,498</u> | n/a |
| Total revenues | \$ 131,362 | \$ - | \$ 131,362 | n/a |

With the issuance of bonds in April 2010 and the investment of the unspent bond proceeds, the project was able to earn interest during the last quarter of the fiscal year amounting to \$4,600 with the remaining investment income coming from accrued interest on the bond sale.

The Unclassified revenue was from the premium received on the bonds.

The following table summarizes the Elementary School Capital Projects Fund expenditures by function for fiscal year 2010 with 2009 information for comparison. Information is from Statement 4.

| | <u>2010</u> | <u>2009</u> | <u>\$ Chg</u> | <u>% Chg</u> |
|-----------------------|---------------------|---------------------|---------------------|---------------|
| Expenses by function | | | | |
| Debt service | \$ 23,927 | \$ - | \$ 23,927 | n/a |
| Capital improvements | 5,879,939 | 1,402,821 | 4,477,118 | 319.2% |
| Total expenses | \$ 5,903,866 | \$ 1,402,821 | \$ 4,501,045 | 320.9% |

Construction on the elementary school began in October 2009, which is reflected in the higher expenses incurred during fiscal year 2010.

The net results of operations for fiscal year 2010 are \$14,377,176. The following table summarizes the Elementary School Capital Projects Fund's fund balance for fiscal year 2010 with 2009 information for comparison.

| | <u>2010</u> | <u>2009</u> | <u>\$ Chg</u> | <u>% Chg</u> |
|-------------------------------------|----------------------|-----------------------|----------------------|---------------|
| Fund balances: | | | | |
| Unreserved: | | | | |
| Undesignated | <u>\$ 12,922,178</u> | <u>\$ (1,454,998)</u> | <u>\$ 14,377,176</u> | 888.1% |
| Total fund balance (deficit) | \$ 12,922,178 | \$ (1,454,998) | \$ 14,377,176 | 888.1% |

As previously mentioned, the Town issued bonds in April 2010 for the elementary school project and the increase in the fund balance is result of this bond issue and the unspent portion of the bond proceeds.

General Fund Budgetary Highlights

The Town continues to meet its responsibilities for sound financial management. As shown in Statement 6, actual revenues exceed budgeted revenues by \$1,264,759, while actual expenditures were over budgeted appropriations by \$311,944. This resulted in a positive net effect of \$952,815. However, after transfers and changes in encumbrances, the net change in fund balance was a positive \$446,741.

The undesignated fund balance at \$5,334,899 is a healthy figure and represents 12.5% of the total general fund and school operations fund budgeted appropriations for FY2011. The goal of the Town's fund balance policy is to maintain a General Fund and Special Revenue Fund (School Operations Fund) balance of at least 8% of the yearly School, Town, and Cumberland County appropriations. However, when the school operations fund's deficit balance of (\$1,784,809) is factored in the percentage drops to 8.3%. The Town's management anticipates that during the FY2012 budget process, the Council will utilize the undesignated fund balance in excess of the 8% for the Town's Capital Budget Part II.

The original (or adopted) budget for fiscal year 2009-2010 amount of \$42,092,041 (expenditures of \$41,855,477 plus transfers of \$241,564, compared to the final budget amount of \$42,092,041 (expenditures of \$41,855,477 plus net transfers of \$241,564) reflects no adjustments to the budget for fiscal year 2010. There was a transfer between the general government and unclassified function. This was for the Town Manager's mid-year salary adjustment.

The following chart shows the changes made to the adopted budget during the fiscal year.

FY 2009 - 2010

| Department | Original | Adjustment | Final Budget |
|------------------------------------|----------------------|-------------|----------------------|
| General government | \$ 1,990,399 | \$ 3,025 | \$ 1,993,424 |
| Public safety | 3,448,075 | - | 3,448,075 |
| Public works | 2,302,667 | - | 2,302,667 |
| Health and welfare | 81,235 | - | 81,235 |
| Recreation | 685,659 | - | 685,659 |
| Development | 361,341 | - | 361,341 |
| Insurances & employee benefits | 1,874,304 | - | 1,874,304 |
| Unclassified | 204,989 | (3,025) | 201,964 |
| Debt service | 1,229,092 | - | 1,229,092 |
| Education | <u>29,677,716</u> | <u>-</u> | <u>29,677,716</u> |
| Budget without transfers: | \$ 41,855,477 | \$ - | \$ 41,855,477 |
| Transfers to SRF - Capital Reserve | <u>241,564</u> | <u>-</u> | <u>241,564</u> |
| Budget with transfers: | \$ 42,097,041 | \$ - | \$ 42,097,041 |

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2010, the Town had invested \$7,768,061 in a broad range of capital assets. The following chart identifies the assets that were added during fiscal year 2010 (including the construction in progress projects – new elementary school and chick property improvements less the removal of the construction in progress projects – Queen Street reconstruction reflected in previous fiscal years.

| Category | | Category Total |
|-------------------------------------|-----------------------------------|----------------|
| Land improvements | | |
| Genl Govt | North St Cemetery fencing | \$ 15,404 |
| | | <u>15,404</u> |
| Buildings and building improvements | | |
| Genl Govt | Membrane roof at Municipal Center | 17,933 |
| Recreation | Metal roof on Robie Gym | <u>33,356</u> |
| | | 51,289 |

| Category | | | Category Total |
|---|---|-----------|---------------------|
| Machinery and equipment | | | |
| Education | White Rock School, playground equipment | \$ 28,949 | |
| Public Safety | Fire, 2009 Honda generator | 2,300 | |
| | Fire, Hazmat search camera | 20,995 | |
| Public Works | Used leaf vacuum | 7,000 | |
| | Quest mower | 5,049 | |
| Recreation | John Deere gator | 6,913 | |
| | | | 71,206 |
| Furniture and office equipment | | | |
| General Govt | Town Clerk, Ricoh copier | 6,364 | |
| | | | 6,364 |
| Computer equipment | | | |
| Recreation | Cable TV, Earthcaster encoder | 5,995 | |
| | | | 5,995 |
| Vehicles | | | |
| Public Safety | Police, (2) 2009 Ford Crown Victoria cruisers | 45,666 | |
| | Police, 2008 Dodge Avenger | 9,800 | |
| Public Works | Public Works, 2009 Intl plow truck w/sander & sprayer | 172,201 | |
| | 2010 Intl plow truck w/sander | 125,049 | |
| Education | (2) 2011 International busses | 146,972 | |
| | | | 499,688 |
| Infrastructure | | | |
| General Govt | ADA pedestrian pushbutton system in Square | 9,980 | |
| Public Works | Accepted roads | 1,041,230 | |
| | Construction in progress -- Queen Street | (447,560) | |
| | Queen Street | 526,195 | |
| | Construction in progress -- Chick property | 84,404 | |
| Education | Construction in progress -- elementary school | 5,903,866 | |
| | | | 7,118,115 |
| Total Assets Added During FY2010 | | | \$ 7,768,061 |

During fiscal year 2010, a number of assets were transferred from one function/activity to another function/activity. The following chart shows these transfers.

| Category | Function and Activity | Amount Transferred |
|----------|--|-----------------------|
| Vehicles | Education, 1997 Intl Bus | \$ (50,692) |
| | Recreation, 1997 Intl Bus | 50,692 |
| | Police, 2003 Chevy Impala | (18,980) |
| | Public Works, 2003 Chevy Impala | 18,980 |
| | Police, 2004 Ford Crown Victoria | (20,869) |
| | Public Works, 2004 Ford Crown Victoria | 20,869 |
| | Education, 1997 Intl Bus | (50,692) |
| | Recreation, 1997 Intl Bus | 50,692 |
| | Police, 2005 Ford Crown Victoria | (21,330) |
| | Code, 2005 Ford Crown Victoria | 21,330 |
| | Police, 1998 Jeep Cherokee | (20,844) |
| | Public Works, 1998 Jeep Cherokee | 20,844 |

| Category | Function and Activity | Amount Transferred |
|--------------|--|--------------------|
| | Police, 2004 Ford Crown Victoria | \$ (20,869) |
| | Assessing, 2004 Ford Crown Victoria | 20,869 |
| | Public Works, 1999 Ford Crown Victoria | (20,690) |
| | Fire, 1999 Ford Crown Victoria | 20,690 |
| Office Equip | General Govt, Toshiba E35 Copier | (6,795) |
| | Recreation, Toshiba E35 Copier | 6,795 |

The depreciation expense for 2010 was \$3,251,488. 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 \$4,510,648 or 7.2% over last fiscal year.

| Capital Assets (net of depreciation) | | | | |
|---|----------------------|----------------------|---------------------|--------------|
| Governmental Activities | | | | |
| | <u>2010</u> | <u>2009</u> | <u>\$ Change</u> | <u>% Chg</u> |
| Land | \$ 2,007,959 | \$ 2,007,959 | \$ - | 0.0% |
| Books/Historical Treasures/Artwork | 1,090,274 | 1,090,274 | - | 0.0% |
| Construction in Progress | 7,678,268 | 2,137,558 | 5,540,710 | 259.2% |
| Land improvements | 4,013,052 | 4,200,525 | (187,473) | -4.5% |
| Buildings and building improvements | 29,124,924 | 30,374,309 | (1,249,385) | -4.1% |
| Machinery and equipment | 1,208,524 | 1,311,449 | (102,925) | -7.8% |
| Furniture and office equipment | 627,151 | 910,105 | (282,954) | -31.1% |
| Computer equipment | 118,361 | 146,268 | (27,907) | -19.1% |
| Vehicles | 2,901,352 | 2,906,873 | (5,521) | -0.2% |
| Infrastructure | <u>18,323,801</u> | <u>17,497,698</u> | <u>826,103</u> | <u>4.7%</u> |
| Totals | \$ 67,093,666 | \$ 62,583,018 | \$ 4,510,648 | 7.2% |

The Town has appropriated \$167,044 in fiscal year 2011 for the following capital expenditures: two police cruisers and the fifth and final lease payment for a plow truck, a front end loader, a street sweeper and a trackless tractor. Additionally, the Council allocated \$1,128,800 in undesignated fund balance, which was in excess of the 8% fund balance policy for the following purposes:

- \$150,000 to purchase a new plow truck and sander,
- \$19,000 to replace twenty-five air bottles,
- \$16,000 to fund the Town's share of a facility study with the School Department,
- \$85,500 to provide funds to supplement funds already approved by the Town Council in fiscal year 2010 for a grant match to replace the sidewalks at the intersection of Rt 114/25,
- \$13,000 to replace 19 bullet resistant vests,
- \$10,000 to replace the roof over the stairwell at Baxter Memorial Library,
- \$55,000 to purchase a large mower and trailer for maintenance of the new athletic fields at the Middle School and the acres of additional fields expected at the new Elementary School,
- \$16,000 to replace chimney at Robie Gym,
- \$15,000 to replace 30 sets of protective clothing (bunker gear),
- \$135,000 to replace the existing roof at the Public Safety Building with a new 24 gauge metal roof,
- \$14,300 to replace two showers located on the 2nd floor of the Public Safety Building,

- \$75,000 to establish a reserve for the potential DEP site permit required at the Public Works – School Bus Garage location if new school bus parking lot area is built, and
- \$525,000 to provide funds for road maintenance projects.

The Town Council also approved the purchase of an additional police cruiser for \$25,473 with funds coming out of the police cruiser reserve fund in the Special Revenue Fund's Capital Reserve Fund.

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

Debt Administration

As of June 30, 2010, the Town had a total of \$46,509,330 of outstanding general obligation debt. The Town's outstanding general obligation bonds as of June 30, 2010 are \$17,775,030 more than last fiscal year – an increase of 61.8%.

Also as of June 30, 2010, the Town had authorized but unissued long-term debt of \$3,450,000 in general obligation bonds to finance road projects and purchase a new heavy rescue truck.

The Town of Gorham currently has an AA rating from Standard and Poor's and an A1 rating from Moody's on its general obligation bond issues. The Town's outstanding indebtedness is only 3.22% of the State's equalized value.

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

Economic Factors and Next Year's Budget and Tax Rates

The FY 2010-2011 budget is the third budget in a row that was developed in a recessionary environment. For the Town's budget, current economic conditions continue to affect certain state revenues such as state revenue sharing and URIP (road funding) payments. Between these two revenues, the Town of Gorham is anticipating a loss of \$272,000 in FY2011. Due to significant reduction in non-property tax revenues, the Town Manager's budget contained no wage increases, and many of the operating accounts saw reduced funding, flat funding, or funding increases of less than 1%. Also, one position, the Assistant Planner, was eliminated in the FY2011 budget and all funding for capital projects was eliminated. However, the Town Manager was able to compensate with additional funding in the Capital Part II budget, which is funded with excess fund balance. (See Fund Balance Policy)

The Education budget was also severely affected by economic conditions facing the State of Maine. The education subsidy payments from the State for FY11 are anticipated to be \$1,197,000 less than those in FY10. However, with the two interest payments on the new Elementary School debt occurring in FY11 and the State's share of this debt service is approximately \$615,000 or 88%, the results are an overall reduction in State aid to education of \$582,057 or 3.44%.

As a result of the reduced state aid, the FY11 Education budget reflects the elimination of 15.6 FTE (full-time equivalents) positions. These include 7.0 FTE Ed techs, 6.60 FTE teachers, and 2.0 FTE other student services personnel.

The Town's assessed value ratio as of April 1, 2010 is 90%, up from 80% in the prior year and well above the State required 70%.

The total assessed value as of April 1, 2010, is \$1,279,188,900, an increase of \$35,506,730 or 2.85% from the prior year, while the taxable value increased \$36,277,000 from \$1,216,361,800 to \$1,252,638,800. The Town of Gorham's tax rate remained flat at \$15.90.

The Town's municipal appropriation is \$11,506,165; a decrease of \$123,331 or 1.06% from FY 2010. A decrease in non-property tax revenue of \$119,771 and in the transfer in from the TIF fund of \$13,433 resulted in a net appropriation of \$5,699,062; an increase of \$9,873 or 0.17%.

The Town's education budget is \$30,363,027, an increase of \$685,311 or 2.31%. The School Department saw a decrease in non-property tax revenue of \$415,057 requiring the School Board to utilize \$795,000 in fund balance to offset the increase in appropriations and reduction in non-property tax revenue. The net education appropriation for FY11 is \$12,856,701, an increase of \$305,368 or 2.43%.

The County tax assessment decreased by \$23,161, or 2.93%. This was the result of a lower 2010 state equalized valuation for Gorham. The Town's state equalized valuation went from \$1,492,250,000 in 2009 to \$1,443,450,000 in 2010, a 3.3% decrease.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions about this report or need additional information, contact the Finance Department, at the Town, 75 South Street, Gorham, Maine 04038.

BASIC FINANCIAL STATEMENTS

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TOWN OF GORHAM, MAINE
Statement of Net Assets
June 30, 2010

| | Governmental Activities |
|--|------------------------------------|
| ASSETS | |
| Cash | \$ 273,471 |
| Investments | 31,110,706 |
| Receivables: | |
| Accounts | 344,527 |
| Intergovernmental | 507,056 |
| Rescue receivable (net of allowance of \$75,000) | 162,792 |
| Taxes receivable - current year | 654,283 |
| Taxes receivable - prior year | 48,634 |
| Tax liens | 417,771 |
| Notes | 153,857 |
| Inventories | 102,130 |
| Other | 1,230,499 |
| Capital assets not being depreciated: | |
| Books/historical treasures/artwork | 1,090,274 |
| Land | 2,007,959 |
| Construction in progress | 7,678,268 |
| Capital assets net of accumulated depreciation: | |
| Buildings and improvements | 29,124,924 |
| Improvements other than buildings | 4,013,052 |
| Machinery and equipment | 4,855,388 |
| Infrastructure | 18,323,801 |
| Total assets | 102,099,392 |
| LIABILITIES | |
| Accounts payable | 2,286,126 |
| Accrued wages and benefits | 2,391,998 |
| Performance bond deposits | 1,204,771 |
| Unearned revenues | 20,440 |
| Noncurrent liabilities: | |
| Due within one year | 2,776,104 |
| Due in more than one year | 45,265,730 |
| Total liabilities | 53,945,169 |
| NET ASSETS | |
| Invested in capital assets, net of related debt | 33,076,636 |
| Restricted for: | |
| Nonexpendable trust principal | 517,698 |
| Unrestricted | 14,559,889 |
| Total net assets | \$ 48,154,223 |

See accompanying notes to financial statements.

TOWN OF GORHAM, MAINE
Statement of Activities
For the Year Ended June 30, 2010

For the Year Ended June 30, 2010

| Functions/programs | Expenses | Program Revenues | | | Net (expense) revenue and changes in net assets |
|---|--------------|-------------------------|--|--|--|
| | | Charges for services | Operating grants and contributions | Capital grants and contributions | Primary Governmental activities |
| Primary government: | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 4,401,146 | 503,030 | 214,149 | 51,563 | (3,632,404) |
| Public safety | 3,759,159 | 593,483 | 214,839 | 3,490 | (2,947,347) |
| Public works | 4,602,136 | 1,476,406 | 350,263 | 1,045,579 | (1,729,888) |
| Health and welfare | 74,469 | 11,305 | 31,284 | - | (31,880) |
| Recreation | 1,407,468 | 647,758 | 35,335 | 105,977 | (618,398) |
| Development | 533,981 | 42,335 | 7,889 | - | (483,757) |
| Education | 34,667,562 | 616,409 | 22,535,053 | 99,498 | (11,416,602) |
| Interest on debt | 1,387,958 | - | - | - | (1,387,958) |
| Total governmental activities | 50,833,879 | 3,890,726 | 23,388,812 | 1,306,107 | (22,248,234) |
| Total primary government | 50,833,879 | 3,890,726 | 23,388,812 | 1,306,107 | (22,248,234) |
| General revenues: | | | | | |
| Property taxes, levied for general purposes | | | | | 19,309,185 |
| Payment in lieu of taxes | | | | | 56,684 |
| Motor vehicle and boat excise taxes | | | | | 2,374,614 |
| Grants and contributions not restricted to specific programs: | | | | | |
| Homestead exemption | | | | | 303,353 |
| BETE reimbursement | | | | | 131,103 |
| Other State aid | | | | | 28,486 |
| State Revenue Sharing | | | | | 1,131,755 |
| Unrestricted investment earnings | | | | | 218,084 |
| Miscellaneous revenues | | | | | 148,644 |
| Total general revenues | | | | | 23,701,908 |
| Change in net assets | | | | | 1,453,674 |
| Net assets - beginning | | | | | 46,700,549 |
| Net assets - ending | | | | | \$ 48,154,223 |

See accompanying notes to financial statements.

TOWN OF GORHAM, MAINE
Balance Sheet
Governmental Funds
June 30, 2010

| | General | School Operations Fund | Capital Reserve Fund | Elementary School Capital Projects Fund | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|------------------------------|----------------------------|--|--------------------------------|--------------------------------|
| ASSETS | | | | | | |
| Cash | \$ 16,769 | - | - | - | 256,702 | 273,471 |
| Investments | 15,071,340 | - | 1,380,038 | 13,839,988 | 819,340 | 31,110,706 |
| Receivables: | | | | | | |
| Accounts | 84,376 | 1,600 | - | - | 258,551 | 344,527 |
| Intergovernmental | - | 61,934 | - | - | 445,122 | 507,056 |
| Rescue receivable (net of allowance of \$75,000) | 162,792 | - | - | - | - | 162,792 |
| Taxes receivable - current year | 654,283 | - | - | - | - | 654,283 |
| Taxes receivable - prior year | 48,634 | - | - | - | - | 48,634 |
| Tax liens | 417,771 | - | - | - | - | 417,771 |
| Notes | - | - | 8,509 | - | 145,348 | 153,857 |
| Interfund loans receivable | - | 2,540,042 | 3,550,767 | - | 2,190,181 | 8,280,990 |
| Tax acquired property | 25,728 | - | - | - | - | 25,728 |
| Performance bonds | 1,204,771 | - | - | - | - | 1,204,771 |
| Inventories | 65,126 | - | - | - | 37,004 | 102,130 |
| Total assets | \$ 17,751,590 | 2,603,576 | 4,939,314 | 13,839,988 | 4,152,248 | 43,286,716 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | 259,956 | 494,410 | 200,381 | 916,945 | 52,607 | 1,924,299 |
| Accrued wages and benefits | 250,033 | 2,141,965 | - | - | - | 2,391,998 |
| Interfund loans payable | 6,966,939 | 883,106 | 37,672 | 865 | 392,408 | 8,280,990 |
| Deferred revenues | 866,300 | - | - | - | - | 866,300 |
| Unearned revenues | - | - | - | - | 20,440 | 20,440 |
| Performance bond deposits | 1,204,771 | - | - | - | - | 1,204,771 |
| Total liabilities | 9,547,999 | 3,519,481 | 238,053 | 917,810 | 465,455 | 14,688,798 |
| Fund balances: | | | | | | |
| Reserved for: | | | | | | |
| Noncurrent receivables/encumbrances | 222,092 | 73,904 | 8,509 | - | 145,348 | 449,853 |
| Nonexpendable trust principal | - | - | - | - | 517,698 | 517,698 |
| Inventory | 65,126 | - | - | - | 37,004 | 102,130 |
| Unreserved, designated for, reported in: | | | | | | |
| General fund | 2,581,474 | - | - | - | - | 2,581,474 |
| Capital reserve fund | - | - | 4,202,805 | - | - | 4,202,805 |
| Special revenue fund - designated for subsequent year's budget | - | 795,000 | - | - | - | 795,000 |
| Special revenue fund - TIF reimbursement | - | - | - | - | 145,666 | 145,666 |
| Undesignated, reported in: | | | | | | |
| General fund | 5,334,899 | - | - | - | - | 5,334,899 |
| Special revenue funds | - | (1,784,809) | 489,947 | - | 2,570,029 | 1,275,167 |
| Capital projects funds | - | - | - | 12,922,178 | 43,183 | 12,965,361 |
| Permanent funds | - | - | - | - | 227,865 | 227,865 |
| Total fund balances (deficit) | 8,203,591 | (915,905) | 4,701,261 | 12,922,178 | 3,686,793 | 28,597,918 |
| Total liabilities and fund balances | \$ 17,751,590 | 2,603,576 | 4,939,314 | 13,839,988 | 4,152,248 | |

Continued

TOWN OF GORHAM, MAINE
Balance Sheet
Governmental Funds
June 30, 2010

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 | \$ | 28,597,918 |
|---|----|------------|

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

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

| | | |
|---------------------------------|---------------|------------|
| Non-depreciable capital assets | \$ 10,776,501 | |
| Depreciable capital assets, net | 56,317,165 | 67,093,666 |

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

| | | |
|---|---------------|--------------|
| General obligation bonds | \$ 46,509,330 | |
| Capital leases | 429,878 | |
| Compensated absences | 872,596 | |
| Accrued interest payable | 361,827 | |
| Other postemployment benefits liability | 230,030 | (48,403,661) |

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

866,300

Net assets of governmental activities

\$ 48,154,223

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, 2010

| | | Elementary | | | | | |
|---------------------------|---------------|------------------------------|----------------------------|-----------------------------|--------------------------------|--------------------------------|--|
| | | School Operations Fund | Capital Reserve Fund | Capital Projects Fund | Other Governmental Funds | Total Governmental Funds | |
| Revenues: | | | | | | | |
| Taxes | \$ 21,299,325 | - | - | - | 469,315 | 21,768,640 | |
| Licenses and permits | 300,923 | - | - | - | - | 300,923 | |
| Intergovernmental | 1,877,802 | 19,741,066 | 10,166 | - | 2,793,987 | 24,423,021 | |
| Investment income | 31,672 | - | 2,988 | 31,864 | 32,419 | 98,943 | |
| Charges for services | 1,373,826 | 41,122 | 15,471 | - | 994,711 | 2,425,130 | |
| Other revenues | 1,122,237 | 31,858 | 139,742 | 99,498 | 802,031 | 2,195,366 | |
| Total revenues | 26,005,785 | 19,814,046 | 168,367 | 131,362 | 5,092,463 | 51,212,023 | |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| General government | 4,060,023 | - | - | - | - | 4,060,023 | |
| Public safety | 3,205,708 | - | - | - | 89,869 | 3,295,577 | |
| Public works | 2,259,362 | - | - | - | 1,049,179 | 3,308,541 | |
| Health & welfare | 74,469 | - | - | - | - | 74,469 | |
| Recreation | 1,181,121 | - | - | - | 21,865 | 1,202,986 | |
| Development | 321,323 | - | - | - | - | 321,323 | |
| Unclassified | - | - | - | - | 229,345 | 229,345 | |
| Education | | | | | | | |
| Regular instruction | - | 12,861,806 | - | - | - | 12,861,806 | |
| Special education | - | 4,420,651 | - | - | - | 4,420,651 | |
| CTE instruction | - | 370,469 | - | - | - | 370,469 | |
| Other instruction | - | 511,467 | - | - | - | 511,467 | |
| Student and staff support | - | 2,513,880 | - | - | - | 2,513,880 | |
| System administration | - | 710,019 | - | - | - | 710,019 | |
| School administration | - | 1,604,236 | - | - | - | 1,604,236 | |
| Transportation | - | 1,374,520 | - | - | - | 1,374,520 | |
| Facilities maintenance | - | 2,631,055 | - | - | - | 2,631,055 | |

TOWN OF GORHAM, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2010

| | | General | School Operations Fund | Capital Reserve Fund | Elementary School Capital Projects Fund | Other Governmental Funds | Total Governmental Funds |
|--|----|--------------|------------------------------|----------------------------|--|--------------------------------|--------------------------------|
| Education: | | | | | | | |
| Maine PERS on-behalf payments | \$ | - | 2,764,862 | - | - | - | 2,764,862 |
| Adult education | | - | 266,097 | - | - | - | 266,097 |
| Grants and other special uses | | - | - | - | - | 2,502,523 | 2,502,523 |
| Food services | | - | - | - | - | 798,284 | 798,284 |
| Debt service: | | | | | | | |
| Principal | | 787,772 | 1,821,878 | - | - | - | 2,609,650 |
| Interest and other charges | | 439,831 | 771,727 | - | 23,927 | - | 1,235,485 |
| Capital maintenance | | - | 146,972 | 566,990 | - | - | 713,962 |
| Capital improvements | | - | - | 653,398 | 5,879,939 | - | 6,533,337 |
| Total expenditures | | 12,329,609 | 32,769,639 | 1,220,388 | 5,903,866 | 4,691,065 | 56,914,567 |
| Excess (deficiency) of revenues over (under) expenditures | | 13,676,176 | (12,955,593) | (1,052,021) | (5,772,504) | 401,398 | (5,702,544) |
| Other financing sources (uses): | | | | | | | |
| Long-term debt issued | | - | - | - | 20,384,680 | - | 20,384,680 |
| Capital leases | | - | 146,972 | - | - | - | 146,972 |
| Transfers in | | 339,059 | 12,551,961 | 1,210,161 | - | - | 14,101,181 |
| Transfers out | | (13,568,494) | - | - | (235,000) | (297,687) | (14,101,181) |
| Total other financing sources (uses) | | (13,229,435) | 12,698,933 | 1,210,161 | 20,149,680 | (297,687) | 20,531,652 |
| Net change in fund balances | | 446,741 | (256,660) | 158,140 | 14,377,176 | 103,711 | 14,829,108 |
| Fund balances (deficit), beginning of year | | 7,756,850 | (659,245) | 4,543,121 | (1,454,998) | 3,583,082 | 13,768,810 |
| Fund balances (deficit), end of year | \$ | 8,203,591 | (915,905) | 4,701,261 | 12,922,178 | 3,686,793 | 28,597,918 |

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, 2010

| | |
|---|---------------------|
| Net change in fund balances - total governmental funds (from Statement 4) | \$ 14,829,108 |
| 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 (\$7,768,061) exceeded depreciation expense (\$3,251,488) and loss on disposal (\$5,925) in the current period. (Note 6) | 4,510,648 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | 34,300 |
| Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. (Note 11) | 2,609,650 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. More specifically, this represents the change in long-term accrued compensated absences. (Note 11) | (21,576) |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. More specifically, this represents the change in long-term capital leases. (Note 11) | 125,464 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. More specifically, this represents the change in other post employment benefits liability. (Note 11) | (96,767) |
| 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. | (152,473) |
| Change in net assets of governmental activities (see Statement 2) | \$ 1,453,674 |

See accompanying notes to financial statements.

TOWN OF GORHAM, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Budgetary Basis
All Budgeted Governmental Funds
For the year ended June 30, 2010

| | General Fund | | | Variance with final budget positive (negative) |
|---|------------------|--------------|--------------|---|
| | Budgeted amounts | | Actual | |
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 21,050,957 | 21,050,957 | 21,299,325 | 248,368 |
| Licenses and permits | 228,275 | 228,275 | 300,923 | 72,648 |
| Intergovernmental | 2,042,490 | 2,042,490 | 1,877,802 | (164,688) |
| Investment income | 60,000 | 60,000 | 31,672 | (28,328) |
| Charges for services | 1,180,425 | 1,180,425 | 1,373,826 | 193,401 |
| Other revenues | 178,879 | 178,879 | 1,122,237 | 943,358 |
| Total revenues | 24,741,026 | 24,741,026 | 26,005,785 | 1,264,759 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 1,990,399 | 1,993,424 | 1,956,289 | 37,135 |
| Public safety | 3,448,075 | 3,448,075 | 3,293,196 | 154,879 |
| Public works | 2,302,667 | 2,302,667 | 2,269,340 | 33,327 |
| Health and welfare | 81,235 | 81,235 | 74,469 | 6,766 |
| Recreation | 685,659 | 685,659 | 1,210,690 | (525,031) |
| Development | 361,341 | 361,341 | 327,917 | 33,424 |
| Insurances and employee benefits | 1,874,304 | 1,874,304 | 1,874,056 | 248 |
| Unclassified | 204,989 | 201,964 | 256,145 | (54,181) |
| Debt service | 1,229,092 | 1,229,092 | 1,227,603 | 1,489 |
| Total expenditures | 12,177,761 | 12,177,761 | 12,489,705 | (311,944) |
| Excess of revenues over expenditures | 12,563,265 | 12,563,265 | 13,516,080 | 952,815 |
| Other financing sources (uses): | | | | |
| Transfers to special revenue - school operations | (12,551,333) | (12,551,333) | (12,551,333) | - |
| Transfers to special revenue - capital reserve | (241,564) | (241,564) | (1,017,161) | (775,597) |
| Transfer in special revenue - Economic Development | - | - | 67,427 | 67,427 |
| Transfers in special revenue - TIF | 229,632 | 229,632 | 229,632 | - |
| Transfer in capital project - Elementary School project | - | - | 42,000 | 42,000 |
| Total other financing sources (uses) | (12,563,265) | (12,563,265) | (13,229,435) | (666,170) |
| Excess of revenues and other financing sources over expenditures and other financing uses - budgetary basis | - | - | 286,645 | 286,645 |
| Reconciliation to GAAP basis: | | | | |
| Change in encumbrances | | | 160,096 | |
| Net change in fund balance | | | 446,741 | |
| Fund balances, beginning of year | | | 7,756,850 | |
| Fund balances, end of year | \$ | | 8,203,591 | |

TOWN OF GORHAM, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Budgetary Basis
All Budgeted Governmental Funds
For the year ended June 30, 2010

| Budgeted Special Revenue Funds | | | | |
|---|------------------|--------------|--------------|---|
| School Operations Fund | | | | |
| | Budgeted amounts | | Actual | Variance with final budget positive (negative) |
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ 17,088,383 | 17,088,383 | 16,976,204 | (112,179) |
| Charges for services | 28,000 | 28,000 | 41,122 | 13,122 |
| Other revenues | 10,000 | 10,000 | 31,858 | 21,858 |
| Total revenues | 17,126,383 | 17,126,383 | 17,049,184 | (77,199) |
| Expenditures: | | | | |
| Current: | | | | |
| Regular instruction | 12,604,107 | 12,604,107 | 12,719,022 | (114,915) |
| Special education | 4,693,097 | 4,693,097 | 4,597,327 | 95,770 |
| CTE instruction | 371,065 | 371,065 | 370,469 | 596 |
| Other instruction | 527,162 | 527,162 | 514,881 | 12,281 |
| Student and staff support | 2,209,348 | 2,209,348 | 2,291,496 | (82,148) |
| System administration | 638,292 | 638,292 | 647,466 | (9,174) |
| School administration | 1,625,255 | 1,625,255 | 1,585,732 | 39,523 |
| Transportation | 1,381,925 | 1,381,925 | 1,370,560 | 11,365 |
| Facilities maintenance | 2,775,499 | 2,775,499 | 2,418,511 | 356,988 |
| Adult education | 260,446 | 260,446 | 268,349 | (7,903) |
| Debt service | 2,591,520 | 2,591,520 | 2,593,605 | (2,085) |
| Total expenditures | 29,677,716 | 29,677,716 | 29,377,418 | 300,298 |
| Excess (deficiency) of revenues over (under) expenditures | (12,551,333) | (12,551,333) | (12,328,234) | 223,099 |
| Other financing sources: | | | | |
| Transfers in general fund | 12,551,333 | 12,551,333 | 12,551,333 | - |
| Transfer in special revenue - School Grants | - | - | 628 | 628 |
| Total other financing sources | 12,551,333 | 12,551,333 | 12,551,961 | 628 |
| Excess of revenues and other financing sources over expenditures and other financing uses - budgetary basis | - | - | 223,727 | 223,727 |
| Reconciliation to GAAP basis: | | | | |
| Change in accrued payroll | | | 147,980 | |
| Change in encumbrances | | | (628,367) | |
| Net change in fund balance | | | (256,660) | |
| Fund balances (deficit), beginning of year | | | (659,245) | |
| Fund balances (deficit), end of year | \$ | | (915,905) | |

See accompanying notes to financial statements.

TOWN OF GORHAM, MAINE
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

| | School & Student Activity Funds | Scholarships Private-purpose Trust Funds |
|--------------------------|--|--|
| ASSETS | | |
| Cash | \$ 298,939 | - |
| Investments | - | 45,681 |
| Total assets | 298,939 | 45,681 |
| LIABILITIES | | |
| Due to student groups | 298,939 | - |
| Accounts payable | - | 550 |
| Total liabilities | 298,939 | 550 |
| NET ASSETS | | |
| Held in trust | \$ - | 45,131 |

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, 2010

| | Scholarships Private-purpose Trust Funds |
|-------------------------------|--|
| Additions: | |
| Donations | \$ 9,860 |
| Investment income | 1,493 |
| Total additions | 11,353 |
| Deductions: | |
| Scholarships awarded | 550 |
| Total deductions | 550 |
| Change in net assets | 10,803 |
| Net assets, beginning of year | 34,328 |
| Net assets, end of year | \$ 45,131 |

See accompanying notes to financial statements.

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TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2010

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. The Reporting Entity

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

B. Basis of Presentation

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

C. Basis of Accounting/Measurement Focus

Government-wide Financial Statements

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

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2010

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Fund financial statements report detailed information about the Town. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

GOVERNMENTAL FUNDS

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

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2010

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The Town reports the following major governmental funds:

The General Fund and the School Operations Fund in the Special Revenue Fund are the Town's primary operating funds. They account for all financial resources of the general government and education, except those required to be accounted for in another fund.

The Capital Reserve Fund in the Special Revenue Fund, which accounts for all capital equipment and project expenditures funded through fund balance transfers and bond proceeds is another major governmental fund.

The Elementary School Capital Projects Fund is another major governmental fund being reported for fiscal year 2010. This fund accounts for the expenditures related to the construction of a new elementary school.

Additionally, the Town reports the following fund type:

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

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2010

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

E. Investments

Investments are stated at fair value.

F. Inventories

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

G. Capital Assets

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

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

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2010

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

The following estimated useful lives are used to compute depreciation:

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

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

H. Compensated Absences

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

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2010

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

I. Long-term Obligations

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

J. Interfund Transactions

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

K. Use of Estimates

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

L. Fund Equity

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

M. Comparative Data/Reclassification

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

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2010

Note 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Budgets are adopted for the General Fund and School Operations Fund only, and are adopted on a basis consistent with generally accepted accounting principles (GAAP) except as described in the budget footnote, Note 19, BUDGETARY VS. GAAP ACCOUNTING. The level of control (level at which expenditures may not exceed budget) is the Department for the general fund budget and the budget categories for the School Operations Fund. With Council authorization, mid-year budget adjustments between departments can be made. The School Board may transfer an amount not exceeding 5% of the total appropriation for any budget category without voter approval. The budget as presented reflects these changes. At the close of the fiscal year all unexpended budgetary accounts generally lapse. However, the Town adopted a policy that allows certain departments to carry 50% of unexpended balances to be used towards future capital purchases. These amounts have been shown as transfers to the capital reserve special revenue fund at year-end. Additionally, the Town has a policy in which the amount of fund balance at the end of the year, which is greater than 8% of the budget, is transferred to a capital reserve account. This transfer happens subsequent to year-end, during the next fiscal years' budget process.

The Capital Reserve Fund in the Special Revenue Fund does not have an adopted budget. And 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, 2010, expenditures exceeded appropriations in the following general fund departments as shown on Statement 6:

| | |
|---------------------------|-----------|
| Recreation | \$525,031 |
| Unclassified | \$ 54,181 |
| Education: | |
| Regular instruction | \$114,915 |
| Student and staff support | \$ 82,148 |
| System administration | \$ 9,174 |
| Adult education | \$ 7,903 |
| Debt service | \$ 2,085 |

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.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2010

Note 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

The regular instruction function overage was the result of language in the Gorham Teachers Association contract pertaining to health insurance contributions. The language specifies that the Gorham School Department will pay 100% of the prior year's health insurance premiums. In FY10, there was no increase to the health insurance plan premiums. While this was beneficial for employees, it adversely affected the school department's budget since there were no employee withholdings to offset the costs. The school department also experienced an increase in members electing coverage in FY10 because there were no costs involved for employees in this bargaining unit.

The overage in the student and staff support function was partially the result of the school department's decision to increase nursing staff at one of the elementary schools due to the medical needs of students. The additional nursing staff was not a full time position but rather an hourly employee reporting daily to accommodate student needs. The school department also experienced a situation where an increase to staff hours was necessary to complete required summer work that could not be completed during the normal school year.

The system administration function's overage was the result of higher legal fees being incurred during fiscal year 2010 than anticipated when the FY2010 budget was developed.

The Gorham Adult Education program currently has a healthy fund balance due to an increase in course revenues and State subsidy over the past two years. Maine Adult Education law allows the program to incur expenditures greater than the amount approved in the warrant articles as long as they have additional revenue to support the higher expenditures. The Adult Education office during fiscal year 2010 invested some of this surplus into a computer lab for adult learners resulting in the overage in this function.

The debt service function overage was the result of underestimating the interest payment due on the 1990 Village School bond.

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

C. Deficit Fund Equity

The School Operations Fund has a deficit fund balance of (\$915,905) at June 30, 2010. 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.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2010

Note 3 – RISK MANAGEMENT

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

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, 2010. 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, 2010 the balance in this reserve account was \$21,500.

Note 4 - DEPOSITS AND INVESTMENTS

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

A. Deposits

At June 30, 2010, cash consisted of the following:

| | <u>Carrying amount</u> | <u>Bank balance</u> |
|--|----------------------------|--------------------------|
| Checking, savings, NOW, and certificates of deposit accounts | | |
| Government Funds | \$ 272,626 | \$ 274,067 |
| Agency Funds | 298,939 | 314,572 |
| Petty Cash - Government Funds | <u>845</u> | <u>-</u> |
| Totals | <u>\$ 572,410</u> | <u>\$ 588,639</u> |

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2010

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, 2010, \$0 of the Town's bank balances of \$572,410 was exposed to custodial credit risks.

B. Investments

At June 30, 2010, investments consisted of the following:

| Investment Type | Total | Maturities | | | |
|--------------------------|-----------------------------|--------------------------|--------------------|-----------------------|-----------------------|
| | | Within 6 Months | 6 Months to 1 Year | 1 Year to 3 Years | Over 3 Years |
| Mutual Funds | \$ 15,329,356 | 15,204,943 | - | 124,413 | - |
| U.S. Treasuries | 6,031,248 | 6,031,248 | - | - | - |
| Repurchase Agreements | 9,470,566 | 9,470,566 | - | - | - |
| Corporate Bond | 309,841 | - | - | 103,795 | 206,046 |
| Common Stock | <u>15,376</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Fair Value: | \$ <u>31,156,387</u> | <u>30,706,757</u> | <u>-</u> | <u>228,208</u> | <u>206,046</u> |
| % of Portfolio: | | 98.6% | 0.0% | 0.7% | 0.7% |

Out of the total \$31,156,387 in investments, \$31,110,706 is from investments in the governmental funds, while \$45,681 is for investments in the fiduciary funds' private-purpose trust funds.

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

Credit Risk. Maine statutes authorize the Town to invest in obligations of U.S. Treasury and U.S. Agencies, repurchase agreements, and certain corporate stocks and bonds. Generally, the Town invests funds in certificates of deposit or savings accounts in the case of special revenue, capital projects, and trust funds, and in commercial paper or repurchase agreements (through a financial institution trust department) in the case of the General Fund. The Town only invests in commercial paper, rated in the highest tier (e.g., A-1, P-1, F-1, or D-1 or higher) by a nationally recognized rating agency. As of June 30, 2010, the Town did not have any funds invested in commercial paper. Standard and Poor's rate the funds invested in federal money market accounts AAAm. The repurchase agreements are generally U.S. government securities, which are unrated.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2010

Note 4 - DEPOSITS AND INVESTMENTS, Continued

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, 2010, the Town was in compliance with its investment policy's stipulations on portfolio diversification.

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

Note 5 - PROPERTY TAXES

Property taxes for the current year were committed on August 27, 2009, on the assessed value listed as of the prior April 1 for all real and personal property located in the Town. Assessed values are periodically established by the Town's Assessor at 100% of assumed market value. A revaluation was completed for the list of April 1, 2001. The assessed value represented 84.3% of the estimated State valuation of \$1,443,450,000.

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 \$274,881 for the year ended June 30, 2010. The variance between actual property tax revenues and budgeted property tax revenues represents overlay plus supplemental taxes less abatements.

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

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

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2010

Note 5 - PROPERTY TAXES, Continued

The following summarizes the 2010 and 2009 levies:

| | <u>2010</u> | <u>2009</u> |
|--------------------------------------|------------------------------|------------------------------|
| Taxable Assessed Value | \$1,216,361,800 | \$1,215,691,500 |
| Tax Rate (per \$1,000) | <u>15.90</u> | <u>16.00</u> |
| Commitment | 19,340,153 | 19,451,064 |
| Supplemental Taxes Assessed | <u>19,745</u> | <u>7,906</u> |
| | 19,359,898 | 19,458,970 |
| Less: Abatements | 24,075 | 32,752 |
| Collections | <u>18,681,540</u> | <u>18,614,222</u> |
| Receivable at June 30, 2010 and 2009 | <u><u>\$ 654,283</u></u> | <u><u>\$ 811,996</u></u> |
| Due Date(s) | ½ 11/12/2009 ½ 05/13/2010 | ½ 11/13/2008 ½ 05/14/2009 |
| Interest Rates on Delinquent Taxes | 9.0% | 11.0% |
| Collection Rate | 96.6% | 95.8% |

Of the total taxes committed for the year ended June 30, 2010, 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 \$469,315.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2010

Note 5 - PROPERTY TAXES, Continued

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

| FY2010 TIF Activity | | | |
|---|------------------------------|-----------------------|-------------------------------|
| | Developer's Share | Town Share | TIF District Total |
| Gorham Industrial Park District | | | |
| Big Water | \$ 1,977 | 5,929 | 7,906 |
| CMJ, Inc. | 1,755 | 5,266 | 7,021 |
| Foreside Management Co. | 8,621 | 25,862 | 34,483 |
| D C Associates | 1,454 | 4,363 | 5,817 |
| D & G Group | 4,095 | 12,286 | 16,381 |
| Hampstead Associates | 5,233 | 15,700 | 20,933 |
| Mega Industries | 7,258 | 21,774 | 29,032 |
| Montalvo | 9,192 | 27,575 | 36,767 |
| Transformit | 2,562 | 7,687 | 10,249 |
| Subtotal: | 42,147 | 126,442 | 168,589 |
| ODAT/Grondin District | | | |
| ODAT | 19,775 | 19,775 | 39,550 |
| Grondin Properties | 31,592 | 31,592 | 63,184 |
| Subtotal: | 51,367 | 51,367 | 102,734 |
| Pettingill Ross District | | | |
| Pettingill Ross | 11,102 | - | 11,102 |
| Gorham County Road District | | | |
| Gorham County Road LLC | 6,415 | - | 6,415 |
| Moody's District | | | |
| Moody's | 9,207 | - | 9,207 |
| Nappi District | | | |
| Nappi Distributors | 67,878 | 62,656 | 130,534 |
| Olde Canal Business Park | | | |
| Olde Canal | 19,552 | 21,182 | 40,734 |
| Total TIF Financing Plan Amount: | \$ 207,668 | \$ 261,647 | \$ 469,315 |

(see Note 16, TAX INCREMENT FINANCING DISTRICT)

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2010

Note 6 – CAPITAL ASSETS

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

Capital asset activity for the year ended June 30, 2010 was as follows:

| | Balance June 30, 2009 | Increases | Decreases | Balance June 30, 2010 |
|--|-----------------------------|---------------------|-------------------|-----------------------------|
| <i>Governmental Activities:</i> | | | | |
| Capital assets, not being depreciated: | | | | |
| Books/Historical Treasures/Artwork | \$ 1,090,274 | \$ - | \$ - | \$ 1,090,274 |
| Land | 2,007,959 | - | - | 2,007,959 |
| Construction in Progress | 2,137,558 | 5,988,270 | 447,560 | 7,678,268 |
| Total capital assets, not being depreciated | 5,235,791 | 5,988,270 | 447,560 | 10,776,501 |
| Capital assets, being depreciated: | | | | |
| Land improvements | 5,424,640 | 15,404 | - | 5,440,044 |
| Buildings and building improvements | 46,785,666 | 51,289 | 29,020 | 46,807,935 |
| Machinery and equipment | 2,317,989 | 87,181 | - | 2,405,170 |
| Furniture and office equipment | 2,558,311 | 6,364 | - | 2,564,675 |
| Computer equipment | 459,761 | - | - | 459,761 |
| Vehicles | 7,937,392 | 499,688 | 146,982 | 8,290,098 |
| Infrastructure | 31,769,936 | 1,567,425 | 67,599 | 33,269,762 |
| Total capital assets being depreciated | 97,253,695 | 2,227,351 | 243,601 | 99,237,445 |
| Less accumulated depreciation for: | | | | |
| Land improvements | 1,224,115 | 202,877 | - | 1,426,992 |
| Buildings and building improvements | 16,411,357 | 1,294,749 | 23,095 | 17,683,011 |
| Machinery and equipment | 1,006,540 | 190,106 | - | 1,196,646 |
| Furniture and office equipment | 1,648,206 | 289,318 | - | 1,937,524 |
| Computer equipment | 313,493 | 27,907 | - | 341,400 |
| Vehicles | 5,030,519 | 505,209 | 146,982 | 5,388,746 |
| Infrastructure | 14,272,238 | 741,322 | 67,599 | 14,945,961 |
| Total accumulated depreciation | 39,906,468 | 3,251,488 | 237,676 | 42,920,280 |
| Total capital assets being depreciated, net | 57,347,227 | (1,024,137) | 5,925 | 56,317,165 |
| Governmental activities capital assets, net | \$62,583,018 | \$ 4,964,133 | \$ 453,485 | \$67,093,666 |

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2010

Note 6 – CAPITAL ASSETS, Continued

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

Governmental activities:

| | |
|---|----------------------------|
| General government | \$ 366,559 |
| Public safety | 280,602 |
| Public works, including depreciation of general infrastructure assets | 1,010,595 |
| Recreation and library | 137,741 |
| Education | <u>1,455,991</u> |
| Total depreciation expense – governmental activities | <u>\$ 3,251,488</u> |

Note 7 – PENSION PLANS

A. MainePERS – Consolidated Plan

Description of the Plan – The Town contributes to Maine Public Employees Retirement System Consolidated Plan, a cost sharing multiple-employer public employee retirement system established by the Maine State legislature. The Maine Public Employees Retirement System (MainePERS) provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State Legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, 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 2.8% to 5.3% 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 2010 was 7.3%. 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, 2010, 2009 and 2008 are \$147,649, \$0 and \$0, respectively, equal to the required contributions for each year.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2010

Note 7 – PENSION PLANS, Continued

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 \$2,764,862 (17.78%) for the fiscal year 2010. This amount has been reported as an intergovernmental revenue and Education expenditure in the GAAP basis financial statements (Statement 2 and Statement 4). There is no contribution required by the School except for federally funded teachers, for which the School contributed 17.78% of their compensation. This cost is charged to the applicable grant.

C. Deferred Compensation Plan

The Town of Gorham offers all its employees not participating in MainePERS a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan permits participating employees to defer a portion of their salary until future years. The Town expended \$128,209 for the year ended June 30, 2010, and \$215,520 for the year ended June 30, 2009. 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 \$389,648 including F.I.C.A. and Medicare to the Social Security Retirement Program on behalf of Town employees for the year ended June 30, 2010 and \$396,198 for the year ended June 30, 2009.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2010

Note 7 – PENSION PLANS, Continued

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 \$411,688 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, 2010 and \$338,271 for the year ended June 30, 2009.

Note 8 – OTHER POST EMPLOYMENT BENEFITS

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

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

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

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

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

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

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2010

Note 8 – OTHER POST EMPLOYMENT BENEFITS, Continued

Net OPEB Obligation – The Town's net OPEB obligation was calculated as follows:

| | |
|-------------------------------|------------------|
| OPEB liability, June 30, 2009 | \$ 133,263 |
| Annual required contribution | 133,263 |
| <u>Actual contribution</u> | <u>(36,496)</u> |
| OPEB liability, June 30, 2010 | \$ 230,030 |

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, 2010 were as follows:

| | |
|--|-------------|
| Annual required contribution | \$ 133,263 |
| Actual contribution | 36,496 |
| Percent contributed | 27.39% |
| Actuarial accrued liability | 1,193,350 |
| <u>Plan assets</u> | <u>-</u> |
| Unfunded actuarial accrued liability | \$1,193,350 |
| Covered payroll | \$4,387,368 |
| Unfunded actuarial accrued liability as a percentage of covered payroll | 27.20% |

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 two year available) that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

| | |
|-------------------------------|------------------|
| Actuarial valuation date | 1/1/2009 |
| Actuarial cost method | Entry age normal |
| Amortization method | Level dollar |
| Remaining amortization period | 30 years |

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2010

Note 8 – OTHER POST EMPLOYMENT BENEFITS, Continued

| | |
|----------------------------|-------------|
| Actuarial assumptions: | |
| Investment rate of return | 4.0% |
| Projected salary increases | N/A |
| Healthcare inflation rate | 4.0% - 9.6% |

Note 9 – INTERFUND ACCOUNTS

Interfund transfers during the year ended June 30, 2010 consisted of the following:

| <u>Fund</u> | <u>Transfer In</u> | <u>Transfer Out</u> |
|--|----------------------|----------------------|
| General Fund | \$ 339,059 | \$ 13,568,494 |
| School operations fund | 12,551,961 | - |
| Capital reserve fund | 1,210,161 | - |
| Elementary school capital project fund | - | 235,000 |
| Other governmental funds: | | |
| Special revenue funds: | | |
| School grant fund | - | 628 |
| Economic development fund | - | 67,427 |
| TIF fund | - | 229,632 |
| Total other governmental funds | - | 297,687 |
| Totals | \$ 14,101,181 | \$ 14,101,181 |

The transfers out comprised of the following:

1. From the General Fund: to provide the school operations fund with the local tax allocations for education (\$12,551,333) and to provide the capital reserve fund with the allocation of undesignated fund balance approved by the Town Council to fund projects and the transfer of half balances remaining at year-end in departmental budgets to fund future capital needs for those departments (\$1,017,161).
2. From the Capital Project Fund's Elementary School Project Fund: to repay the "loan" for startup cost associated with the project -- (\$42,000) to General Fund and (\$193,000) to two Capital Reserve Funds.
3. From the Special Revenue Fund's School Grant Fund: to close out grants with negative balances and grants no longer active (\$628) to the School's Operations Fund.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2010

Note 9 – INTERFUND ACCOUNTS, Continued

4. From the Special Revenue Fund's Economic Development Fund: to close out this fund (\$67,427) to the General Fund.
5. From the Special Revenue Fund's TIF Fund: to provide funding for economic development corporation expenditures (\$65,000), the Library's current debt service (\$72,394), and a portion of the Libby/Brackett Road debt service (\$92,238).

Individual interfund loans receivable and payable balances at June 30, 2010, were as follows:

| <u>Fund</u> | <u>Interfund loan receivable</u> | <u>Interfund loan payable</u> |
|--|--------------------------------------|-----------------------------------|
| Governmental Funds | | |
| General fund | \$ - | \$ 6,966,939 |
| School operations fund | 2,540,042 | 883,106 |
| Capital reserve fund | 3,550,767 | 37,672 |
| Other governmental funds: | | |
| Special revenue funds: | | |
| School lunch fund | 4,256 | - |
| School special revenue funds | 834,649 | 376,384 |
| Tax increment financing district | 376,058 | - |
| Sewer operations | 899,442 | - |
| Little Falls sewer reserve & loan fund | 14,552 | - |
| Capital project funds: | | |
| Middle school construction | 4,138 | - |
| Elementary school project | - | 865 |
| Various school projects | 39,045 | - |
| Permanent funds: | | |
| Cemetery perpetual care | 3,700 | - |
| Baxter library and museum | 14,341 | 15,524 |
| Miscellaneous | - | 500 |
| Total other governmental funds | 2,190,181 | 393,273 |
| Totals: | \$ 8,280,990 | \$ 8,280,990 |

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

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2010

Note 10 – INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables are comprised of the following:

| | |
|---|-------------------|
| School operations fund – State agency clients | \$ 61,934 |
| Other governmental funds: | |
| School special revenue funds | |
| ARRA – Basic Ed | 410,705 |
| Adult Ed Basic Grant | 1,635 |
| Medicaid Reimbursement | 18,107 |
| School Nutrition Program State Subsidy | 14,675 |
| <u>Total other governmental funds</u> | <u>445,122</u> |
| Total | \$ 507,056 |

Note 11 – LONG-TERM DEBT

A. Statutory Debt Limit

In accordance with 30 MRSA, Section 5061, as amended, no municipality shall incur debt for specified purposes in excess of certain percentages of state valuation of such municipality. At June 30, 2010, 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, 2010, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---------------------------------|----------------------|---------------------|--------------------|---------------------|------------------------|
| Governmental activities: | | | | | |
| General obligation bonds | \$ 28,734,300 | \$20,384,680 | \$2,609,650 | \$46,509,330 | \$2,404,650 |
| Capital leases | 555,342 | 146,972 | 272,436 | 429,878 | 279,454 |
| Compensated absences | 851,020 | 78,730 | 57,154 | 872,596 | 92,000 |
| Other post employment benefits | 133,263 | 133,263 | 36,496 | 230,030 | - |
| Governmental activity | | | | | |
| Long-term liabilities | \$ 30,273,925 | \$20,743,645 | \$2,975,736 | \$48,041,834 | \$2,776,104 |

C. Bonds and Notes Payable

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

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2010

Note 11 – LONG-TERM DEBT, Continued

As of June 30, 2010, the Town had authorized but unissued long-term debt of \$3,450,000 in general obligation bonds to finance road projects and purchase a new heavy rescue truck.

General obligation bonds currently outstanding at June 30, 2010, are comprised of the following:

| General Obligation Bonds | Interest Rate | Original Issue Amount | Final Maturity Date | Balance End of Year | Due Within One Year |
|--------------------------------------|---------------|-----------------------|---------------------|----------------------|---------------------|
| Governmental activities: | | | | | |
| 2010 Elementary School Bond | 2.00-4.25% | 20,384,680 | 10/1/2030 | \$ 20,384,680 | \$ - |
| 2008 Road Projects Bond | 3.00-4.00% | 4,000,000 | 5/1/2025 | 3,525,000 | 235,000 |
| 2005 Municipal/Comm Ctr Bond | 3.75-4.00% | 5,000,000 | 12/1/2024 | 3,750,000 | 250,000 |
| 2004 Old Shaw School Reno Bond | 3.25-4.35% | 2,688,345 | 2/1/2024 | 1,960,000 | 140,000 |
| 2004 Fire Truck Bond | 3.25-4.35% | 350,000 | 2/1/2024 | 230,000 | 20,000 |
| 2002 Baxter Library Addition Bond | 2.25-4.37% | 850,000 | 11/1/2017 | 440,000 | 55,000 |
| 2002 Middle School Bond | 2.25-4.37% | 20,375,000 | 11/1/2017 | 13,235,000 | 1,020,000 |
| 2000 Public Works Building Bond | 5.70-5.75% | 1,295,000 | 6/1/2020 | 650,000 | 65,000 |
| 1994 High School Expansion Bond | 4.60-5.25% | 11,565,000 | 9/1/2013 | 2,290,000 | 575,000 |
| 1990 School Bond | 7.10-7.20% | 437,570 | 10/25/2010 | 21,882 | 21,882 |
| 1990 Town CIP Bond | 7.10-7.20% | 455,430 | 10/25/2010 | 22,768 | 22,768 |
| Total governmental activities | | | | \$ 46,509,330 | \$ 2,404,650 |

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 |
|---------------------------|----------------------|----------------------|----------------------|
| 2011 | \$ 2,404,650 | \$ 1,710,959 | \$ 4,115,609 |
| 2012 | 3,380,000 | 1,607,464 | 4,987,464 |
| 2013 | 3,380,000 | 1,493,889 | 4,873,889 |
| 2014 | 3,370,000 | 1,377,958 | 4,747,958 |
| 2015 | 2,800,000 | 1,270,468 | 4,070,468 |
| 2016-2020 | 13,880,000 | 4,851,339 | 18,731,339 |
| 2021-2025 | 11,190,000 | 2,294,728 | 13,484,728 |
| 2026-2030 | 5,090,000 | 744,320 | 5,834,320 |
| 2031-2035 | 1,014,680 | 21,562 | 1,036,242 |
| Total: | \$ 46,509,330 | \$ 15,372,687 | \$ 61,882,017 |

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2010

Note 11 – LONG-TERM DEBT, Continued

D. Capital Leases

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

The following is a summary of the capital lease commitments as of June 30, 2010:

| | <u>Original Purchase Price</u> | <u>Annual Depreciation Expense</u> | <u>Total Minimum Lease Payments</u> | <u>Interest</u> | <u>Present Value of Minimum Lease Payments</u> |
|--|--|--|---|------------------|--|
| Education, nine (9) School Buses | 618,683 | 56,969 | \$ 294,867 | \$ 21,044 | \$ 273,823 |
| Education, Photocopiers, | 212,046 | n/a | 47,109 | 1,790 | 45,319 |
| Public Works, 2007 John Deere Loader | 140,286 | 14,029 | 30,781 | 1,426 | 29,355 |
| Public Works, 2007 Street Sweeper | 149,800 | 14,980 | 32,041 | 1,476 | 30,565 |
| Public Works, 2007 Internat'l Dump | 109,272 | 10,927 | 23,373 | 1,079 | 22,294 |
| Public Works, Trackless Tractor & Mowers | 139,797 | 9,320 | 29,902 | 1,380 | 28,522 |
| | | | <u>\$ 458,073</u> | <u>\$ 28,195</u> | <u>\$ 429,878</u> |

The following is a schedule of future minimum lease payments under the capital lease and the present value of the minimum lease payment at June 30, 2010:

| <u>Fiscal year ending</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Lease Obligation</u> |
|-------------------------------|-------------------|------------------|-----------------------------------|
| 2011 | \$ 279,454 | \$ 18,457 | \$ 297,911 |
| 2012 | 75,086 | 5,919 | 81,005 |
| 2013 | 44,956 | 2,749 | 47,705 |
| 2014 | 30,382 | 1,070 | 31,452 |
| | <u>\$ 429,878</u> | <u>\$ 28,195</u> | <u>\$ 458,073</u> |

E. Compensated Absences

The Town's policy relating to compensated absences is described in Note 1, H. The long-term portion of this debt, amounting to \$872,596 for governmental activities at June 30, 2010, is expected to be paid in future years from future resources. The Town has estimated that out of the \$872,596, approximately \$92,000 will be due within the next year. In prior years, compensated absences have been liquidated primarily by the general fund.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2010

Note 11 – LONG-TERM DEBT, Continued

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 \$230,030 for governmental activities at June 30, 2010, 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.

Note 12 - OPERATING LEASES

The School Department has entered into seven leases for portable buildings, six expiring July 31, 2012, and one expiring August 31, 2011. For accounting purposes, all of these leases are considered to be operating leases. Lease expenditures for the year ended June 30, 2010 amounted to \$92,400. Future minimum lease payments for these leases are as follows:

| Year ended June 30, | |
|------------------------|------------------|
| 2011 | 81,400 |
| 2012 | 13,200 |
| Total | \$ 94,600 |

Note 13 – OVERLAPPING DEBT AND OTHER CONTINGENCIES

A. Overlapping Debt

The Town is subject to an annual assessment of its proportional share of Cumberland County expenses, including debt repayment, as determined by the percentage of the Town's State valuation to the County's State valuation. At June 30, 2010, the Town's State valuation of \$1,443,450,000 was 3.46% of the County's State valuation of \$41,772,500,000. The Town's share is 3.46% or \$130,363 of Cumberland County's \$3,772,625 long-term debt outstanding as of June 30, 2010.

The Town is also served by the Portland Water District. At June 30, 2010, the Town's share of self-supporting bonded water debt is 5.3367% or \$1,678,394 of total debt of \$31,450,023. At June 30, 2010, 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 \$71,800. The Town also shares an obligation with the Town of Windham for a joint sewer project. Gorham's share of the Little Falls sewer system debt is \$4,320,113, while Gorham's share of the Westbrook sewer system debt is \$1,160,981. The Water District annually assesses the Town for its proportionate share of debt issued for engineering and construction costs of a sewage treatment plant.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2010

Note 13 – OVERLAPPING DEBT AND OTHER CONTINGENCIES, Continued

B. Contingencies

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

Notwithstanding the foregoing, pursuant to the Waste Handling Agreements, the participating municipalities are obligated severally to deliver certain of the solid waste produced within each such participating municipality to Ecomaine for processing, to make service payments and pay tipping fees for such processing in amounts which, when added to other available monies, will at least equal required debt service of the bonds. The obligations of the participating municipalities under the Waste Handling Agreements are secured by the full faith and credit of the participating municipalities subject to certain limitations. On June 30, 2010, outstanding "Incinerator Debt" of Ecomaine totaled \$9,210,000 of which the Gorham share, based on estimated tonnage to be delivered, amounted to \$370,634.

The Town has also entered into an agreement with Ecomaine, as one of twenty-one Ecomaine Member Municipalities along with an additional six Participating Municipalities, to establish a Material Recycling Facility ("MRF") at Ecomaine's demolition debris and recycling facility in Portland. It is anticipated that the Town's share of debt incurred for this project will also be paid through service charges and user fees over the life of the project. At June 30, 2010, the Town's share is \$110,880 of Ecomaine's outstanding MRF debt of \$1,980,000.

Ecomaine operates a licensed balefill and ashfill site for which projected landfill closure and postclosure care costs approximate \$14,834,132 at June 30, 2009, the most recent data available. The Town's proportionate share of these estimated landfill closure and postclosure care costs is 4.02% or \$596,193.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2010

Note 13 – OVERLAPPING DEBT AND OTHER CONTINGENCIES, Continued

Total Debt and Contingencies

| <u>Governmental Unit</u> | As of June 30, 2010 | | | <u>Total Debt</u> |
|---|-----------------------------|-----------------------------|----------------------------|-----------------------------|
| | <u>Direct Debt</u> | <u>Overlapping Debt</u> | <u>Contingent Debt</u> | |
| Town of Gorham | \$ 46,509,330 | \$ - | \$ - | \$ 46,509,330 |
| Cumberland County | - | 130,363 | - | 130,363 |
| Portland Water District – sewer debt | - | 71,800 | - | 71,800 |
| Portland Water District – sewer shared with Town of Windham and City of Westbrook | - | 5,481,094 | - | 5,481,094 |
| Portland Water District - water debt | - | 1,678,394 | - | 1,678,394 |
| Ecomaine: | | | | |
| Resources recovery system | - | - | 370,634 | 370,634 |
| Material recycling facility | - | - | 110,880 | 110,880 |
| Landfill closure | - | - | 596,193 | 596,193 |
| Totals | <u>\$ 46,509,330</u> | <u>\$ 7,361,651</u> | <u>\$ 1,077,707</u> | <u>\$ 54,948,688</u> |

C. Arbitrage

Pursuant to the Tax Reform Act of 1986, municipalities issuing tax-exempt bonds or entering into note or lease obligations are required to perform an arbitrage rebate calculation upon the fifth anniversary of the obligation and to remit such rebate to the federal government, subject to certain exceptions. The Town has had several issues for which a rebate calculation is or has been required. As of June 30, 2010, substantially all such calculations have been performed.

D. Grant Funds

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

E. Litigation

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

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2010

Note 13 – OVERLAPPING DEBT AND OTHER CONTINGENCIES, Continued

F. Conduit Debt

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

As of June 30, 2010, there were two series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$2,090,000.

Note 14 – NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Town's net assets invested in capital assets, net of related debt was calculated as follows at June 30, 2010:

| | |
|---|----------------------|
| Capital assets | \$ 110,013,946 |
| Accumulated depreciation | (42,920,280) |
| Bonds payable | (46,509,330) |
| Capital leases | (429,878) |
| Add back unspent bond proceeds | <u>12,922,178</u> |
| Total invested in capital assets net of related debt | \$ 33,076,636 |

Note 15 – REIMBURSEMENT FOR DEBT SERVICE EXPENDITURES

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

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2010

Note 16 - TAX INCREMENT FINANCING DISTRICT

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

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

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

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

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

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

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

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2010

Note 16 - TAX INCREMENT FINANCING DISTRICT, Continued

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

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

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

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

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

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2010

Note 16 - TAX INCREMENT FINANCING DISTRICT, Continued

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

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

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

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

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

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

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2010

Note 17 - CLASSIFICATION OF NET ASSETS

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

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

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

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

In the Funds financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Town Council and Management and can be increased, reduced or eliminated by similar actions. As of June 30, 2010, reservations of fund balance are described as follows:

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

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

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

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2010

Note 18 – DESIGNATED FUND BALANCES

At June 30, 2010 and 2009, portions of the General Fund and the Special Revenue Funds' School Operation Fund and Capital Reserve Fund fund balances were appropriated to future periods as follows:

| | <u>2010</u> | <u>2009</u> |
|--|---------------------|---------------------|
| General Fund: | | |
| D.A.R.E. | \$ 7,641 | \$ 7,922 |
| Bicycle patrol | 376 | 376 |
| Restorative justice grant | 9,447 | 5,512 |
| Drug forfeiture | 15,924 | 14,873 |
| Little Falls substation | 2,272 | 2,272 |
| Gorham triad | 4,876 | 5,016 |
| DEA forfeiture | 29,442 | 25,290 |
| Lock boxes (Fire) * | (899) | - |
| Narragansett grant (Fire) | 5,000 | - |
| Sprinkler grant (Fire) | 6,900 | - |
| Child safety seats | 885 | 885 |
| Fire/rescue donations | 25 | 25 |
| FEMA fire grant | 7,285 | 3,500 |
| Fire prevention | 4,250 | 3,837 |
| Fire memorial | 3,300 | 2,100 |
| Regional grant - maintenance facility | 100,000 | 100,000 |
| Street opening permits | 91,992 | 86,242 |
| Pay-per-bag startup costs | 5,636 | 5,636 |
| Recycling committee | 1,189 | 179 |
| Recreation | 226,856 | 162,797 |
| Tree grant | 1,358 | 1,358 |
| Community Center donations | 750 | 750 |
| Vacation/comp/sick reserve | 389,374 | 282,374 |
| Retirement reserve | 105,500 | - |
| Unemployment insurance contingency reserve | 21,500 | 21,500 |
| Employee wellness program | 2,393 | 1,832 |
| Property insurance deductible reserve | 10,000 | 10,000 |
| Auto insurance deductible reserve | 4,000 | 4,000 |
| Economic development reserve | 75,316 | - |
| Accrued compensated absences | 320,086 | 316,262 |
| Capital budget, part II | 1,128,800 | 541,862 |
| Total general fund | \$ 2,581,474 | \$ 1,606,400 |

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2010

Note 18 – DESIGNATED FUND BALANCES, continued

| | <u>2010</u> | <u>2009</u> |
|--------------------------------------|-------------------|-------------|
| Special Revenue Fund: | | |
| School operation fund: | | |
| Budgeted use of fund balance | \$ 795,000 | \$ - |
| Total school operation fund | \$ 795,000 | \$ - |
| Capital reserve fund: | | |
| Village plan study | - | 6,000 |
| North St cemetery fence | 411 | 16,000 |
| Streaming video | 510 | - |
| Rte 25/114 sidewalks | 142,290 | - |
| Municipal center building | 24,845 | 32,054 |
| Revaluation | 184,554 | 184,554 |
| Roads | 322,463 | 202,349 |
| Impact study - residential growth | - | 30 |
| State roads projects | - | 1 |
| Longfellow bridge | 35,000 | 35,000 |
| Fire ponds/dry hydrants | 14,946 | 11,446 |
| Drainage, 130 Main Street | - | 6,219 |
| Storm water phase II | 24,664 | 5,160 |
| Stumpage | 1,973 | 1,973 |
| Morrell Ave sidewalk | - | 13,583 |
| Community center granite sign | 362 | 362 |
| Shaw park | 3,500 | 3,500 |
| Town clock | 74,095 | 74,095 |
| Timber harvest - bypass | - | 13,285 |
| Repairs to outlying fire stations | 1,367 | 1,367 |
| Fire Dept master plan | - | 200 |
| Little Falls tennis courts | 1,469 | 1,469 |
| Old Robie school | - | 221 |
| Baxter Memorial Library Assoc (BMLA) | 3,716 | 5,779 |
| Baxter library expansion | 6,700 | 920 |
| Public Works building | 10,208 | 10,208 |
| Recreation master plan | - | 1,371 |
| Baxter museum repairs | 28,987 | 25,462 |
| Municipal/community center project | 1,035,831 | 1,143,831 |
| Land acquisition | 471,525 | 371,525 |
| Transfer overlay district fund | 39,286 | - |
| Recreation facility impact fee | 208,833 | 165,541 |

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2010

Note 18 – DESIGNATED FUND BALANCES, Continued

| | <u>2010</u> | <u>2009</u> |
|-----------------------------------|-------------|-------------|
| Open space impact fee | \$ 111,373 | \$ 96,699 |
| Water impact fee | 754 | 220 |
| 4M bond project | 306,536 | 414,940 |
| Equipment | 186,991 | 173,947 |
| Administration | 15,623 | 12,183 |
| Finance software/computer upgrade | 175,914 | 196,739 |
| Compensation study | 15,100 | 15,100 |
| Assessing | 6,750 | 5,705 |
| Code | 8,355 | 5,297 |
| Town clerk | 26,586 | 32,540 |
| Cemetery maintenance software | - | 2,878 |
| Police vests | 1,056 | 1,019 |
| Shotguns (replacement) | - | 12 |
| Cruisers | 64,403 | 73,068 |
| Police | 55,148 | 54,883 |
| Communications | - | 5,480 |
| Fire | 38,804 | 38,804 |
| Radio reprogramming | 10,000 | - |
| Fire vehicle | 30,000 | - |
| Extrication equipment | 35,000 | - |
| Protective fire gear | 30,000 | - |
| Pager replacement (Fire) | 42,000 | - |
| Automatic defibrillators | 1,595 | 1,595 |
| Rescue | 16,466 | 22,466 |
| Public Works | 63,302 | 73,286 |
| Public Works vehicles | 31,138 | 164,288 |
| Vacuum truck | 50,000 | 50,000 |
| Fuel management system software | 2,800 | 2,800 |
| Fuel depot reserve | 21,159 | 17,927 |
| Baxter Library | 9,979 | 9,849 |
| Recreation | 5,358 | 9,911 |
| Cable TV | 8,480 | 10,227 |
| Planning | 59,331 | 53,661 |
| GIS system | 85,189 | 45,789 |
| Internet | - | 18,711 |
| Web site development | 26,611 | 10,143 |
| Rescue vehicle reserve | 20,744 | 20,744 |

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2010

Note 18 – DESIGNATED FUND BALANCES, Continued

| | <u>2010</u> | <u>2009</u> |
|-----------------------------------|---------------------|---------------------|
| Cemetery reserve | \$ 2,725 | \$ 1,600 |
| Total capital reserve fund | \$ 4,202,805 | \$ 3,976,016 |
| TIF fund: | | |
| Foreside | 18,926 | 10,305 |
| Mega | 1,395 | - |
| Transformit | 2,562 | 2,719 |
| Revolving loan fund | 99,750 | 113,441 |
| Grondin Properties | 23,033 | 31,288 |
| Total TIF fund | \$ 145,666 | \$ 157,753 |
| Total governmental funds | \$ 7,724,945 | \$ 5,740,169 |

Note: *Lock Boxes (Fire) reserve was set up towards the end of the fiscal year and the revenues received did not cover the expenditures as of June 30, 2010.

Note 19 – BUDGETARY VS. GAAP ACCOUNTING

Through June 30, 2010, the Town did not budget for expenditures related to teachers' summer pay on an accrual basis. Additionally, for budgetary purposes, the Town has recorded certain encumbrances as expenditures at year-end. The following is a reconciliation of fund balance for the General Fund and School Operations Fund (Special Revenue Fund) on the basis of accounting principles generally accepted in the United States of America and on the budgetary basis.

| | <u>General Fund</u> | <u>Special Revenue School</u> |
|--|-------------------------|-----------------------------------|
| Fund balance (deficit), June 30, 2010 – GAAP basis | \$8,203,591 | \$ (915,905) |
| Accrued summer salaries | - | 2,061,204 |
| Accrued salaries – management | - | 45,029 |
| Encumbrances | (222,092) | (73,904) |
| Fund balance, June 30, 2010 – budgetary basis | \$7,981,499 | \$ 1,116,424 |

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 \$2,764,862.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2010

Note 19 – BUDGETARY VS. GAAP ACCOUNTING, Continued

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 \$795,000 in budgetary basis fund balance for the FY11 school budget. As a result, the ending School fund balance as of June 30, 2010 on the budgetary basis is \$321,424.

Note 20 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

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

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

Note 21 – CONSTRUCTION COMMITMENT

At June 30, 2010, the Gorham School Department was committed to contracts to construct a new elementary school for approximately \$15,610,000 and architect fees associated with this project of approximately \$400,000. The Town entered into a contract with R J Grondin in June to construct a retention pond and new road on the Chick property, the site of the public safety building for \$991,500.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2010

Note 22 – SUBSEQUENT EVENTS

On August 3, 2010, the Town Council accepted bids from Shaw Brothers, Inc. to reconstruct North Gorham Road for \$1,127,533 and from Gorham Sand and Gravel to reconstruct Finn Parker Road for \$485,000. These two roads will be funded with general obligation bonds.

On August 11, 2010, the Town issued \$3,450,000 in general obligation bonds to fund road projects and to purchase a heavy rescue truck. The bonds are 17 year bonds and the interest rate received on the bonds was 2.717%.

TOWN OF GORHAM, MAINE
Required Supplementary Information
June 30, 2010

SCHEDULE OF FUNDING PROGRESS

Retiree Healthcare Plan

A. Schedule of Funding Progress

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

| 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] |
|------------------------|---|--|--|--|-----------------------------------|------------------------------------|--|
| 2009 | 1/1/2009 | \$ - | \$ 1,193,350 | \$1,193,350 | 0.00% | \$3,834,785 | 31.12% |
| 2010 | 1/1/2009 | \$ - | \$ 1,193,350 | \$1,193,350 | 0.00% | \$4,387,368 | 27.20% |

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, 2010 and 2009

| | 2010 | 2009 |
|---|----------------------|-------------------|
| ASSETS | | |
| Cash | \$ 16,769 | 15,868 |
| Investments | 15,071,340 | 12,450,923 |
| Receivables: | | |
| Accounts | 84,376 | 133,393 |
| Rescue receivable (net of allowance of \$75,000 and \$96,000) | 162,792 | 165,139 |
| Taxes receivable - current year | 654,283 | 811,958 |
| Taxes receivable - prior year | 48,634 | 22,490 |
| Tax liens | 417,771 | 313,602 |
| Tax acquired property | 25,728 | 2,710 |
| Inventories | 65,126 | 58,646 |
| Performance bonds | 1,204,771 | 2,161,159 |
| Total assets | \$ 17,751,590 | 16,135,888 |
| LIABILITIES AND FUND BALANCE | | |
| Liabilities: | | |
| Accounts payable and payroll withholdings | 259,956 | 349,526 |
| Accrued wages and benefits | 250,033 | 235,630 |
| Interfund loans payable | 6,966,939 | 4,800,723 |
| Deferred tax revenues | 866,300 | 832,000 |
| Performance bond deposits | 1,204,771 | 2,161,159 |
| Total liabilities | 9,547,999 | 8,379,038 |
| Fund balance: | | |
| Reserved for: | | |
| Encumbrances | 222,092 | 61,996 |
| Inventories | 65,126 | 58,646 |
| Unreserved: | | |
| Designated for public safety operations | 196,723 | 171,608 |
| Designated for public works operations | 98,818 | 92,057 |
| Designated for recreation operations | 228,964 | 164,905 |
| Designated for economic development | 75,316 | - |
| Designated for insurance and employee benefits | 852,853 | 635,967 |
| Designated for FY11 & FY10 capital budget | 1,128,800 | 541,862 |
| Undesignated | 5,334,899 | 6,029,809 |
| Total fund balance | 8,203,591 | 7,756,850 |
| Total liabilities and fund balance | \$ 17,751,590 | 16,135,888 |

TOWN OF GORHAM, MAINE
General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year ended June 30, 2010

(with comparative actual amounts for the year ended June 30, 2009)

| | 2010 | | Variance positive (negative) | 2009 Actual |
|---|---------------|------------|------------------------------------|----------------|
| | Budget | Actual | | |
| Revenues: | | | | |
| Taxes: | | | | |
| Property taxes | \$ 18,595,957 | 18,839,870 | 243,913 | 18,892,962 |
| Change in deferred property tax revenue | - | (34,300) | (34,300) | (175,800) |
| Excise taxes | 2,395,000 | 2,374,614 | (20,386) | 2,403,379 |
| Interest and costs on taxes | 60,000 | 119,141 | 59,141 | 79,229 |
| Total taxes | 21,050,957 | 21,299,325 | 248,368 | 21,199,770 |
| Licenses and permits: | | | | |
| Building permits | 120,000 | 163,935 | 43,935 | 153,133 |
| Plumbing/electrical fees | 18,000 | 19,739 | 1,739 | 15,865 |
| Motor vehicle renewal fees | 43,000 | 44,145 | 1,145 | 43,557 |
| Town clerk fees | 40,800 | 62,653 | 21,853 | 58,951 |
| Other | 6,475 | 10,451 | 3,976 | 6,057 |
| Total licenses and permits | 228,275 | 300,923 | 72,648 | 277,563 |
| Intergovernmental: | | | | |
| State revenue sharing | 1,280,000 | 1,131,755 | (148,245) | 1,326,817 |
| Homestead exemption | 303,353 | 303,353 | - | 306,543 |
| BETE reimbursement | 131,041 | 131,103 | 62 | 78,942 |
| Highway block grant | 268,396 | 235,792 | (32,604) | 260,684 |
| Other state grants | 29,700 | 28,486 | (1,214) | 29,003 |
| FEMA reimbursement | - | 16,029 | 16,029 | 134,192 |
| Human services assistance | 30,000 | 31,284 | 1,284 | 40,214 |
| Total intergovernmental | 2,042,490 | 1,877,802 | (164,688) | 2,176,396 |
| Investment income | 60,000 | 31,672 | (28,328) | 63,995 |
| Charges for services: | | | | |
| Recreation fees | 46,700 | 48,666 | 1,966 | 46,449 |
| Fire and rescue fees | 456,850 | 543,288 | 86,438 | 565,435 |
| Subdivision/development fees | 32,675 | 37,485 | 4,810 | 79,575 |
| Sewer inspection fees | 2,500 | 4,850 | 2,350 | 2,475 |
| Miscellaneous public works | 4,900 | 2,609 | (2,291) | 4,914 |
| Cable TV franchise fee | 188,000 | 202,107 | 14,107 | 192,746 |
| Solid waste user charges | 394,500 | 462,723 | 68,223 | 437,430 |
| Police fees, fines and outside work | 41,800 | 50,195 | 8,395 | 51,789 |
| University of Southern Maine assistance | 12,500 | 21,903 | 9,403 | 12,500 |
| Total charges for services | 1,180,425 | 1,373,826 | 193,401 | 1,393,314 |

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

| | 2010 | | Variance positive (negative) | 2009 Actual |
|------------------------------------|------------|------------|------------------------------------|----------------|
| | Budget | Actual | | |
| Revenues, continued: | | | | |
| Other revenues: | | | | |
| Cemetery income | \$ 7,500 | 16,363 | 8,863 | 24,083 |
| Rent | 90,000 | 90,000 | - | 90,000 |
| Recreation reimbursement | - | 599,092 | 599,092 | 587,819 |
| Senior mealsite | 12,500 | 11,305 | (1,195) | 11,643 |
| Payment in lieu of taxes | 53,379 | 56,684 | 3,305 | 91,351 |
| Miscellaneous | 15,500 | 26,751 | 11,251 | 73,123 |
| Miscellaneous unbudgeted | - | 322,042 | 322,042 | 133,022 |
| Total other revenues | 178,879 | 1,122,237 | 943,358 | 1,011,042 |
| Total revenues | 24,741,026 | 26,005,785 | 1,264,759 | 26,122,080 |
| Expenditures: | | | | |
| Current: | | | | |
| General government: | | | | |
| Administration | 413,284 | 396,396 | 16,888 | 385,220 |
| Assessing | 125,751 | 123,659 | 2,092 | 122,394 |
| Code enforcement | 119,295 | 111,797 | 7,498 | 135,084 |
| Town Clerk | 242,815 | 241,991 | 824 | 217,825 |
| Technology | 93,100 | 83,298 | 9,802 | 83,419 |
| Gorham municipal center | 209,350 | 209,319 | 31 | 181,114 |
| Total general government | 1,203,595 | 1,166,460 | 37,135 | 1,125,055 |
| Public safety: | | | | |
| Public safety building | 99,150 | 99,093 | 57 | 79,583 |
| Police department | 1,539,664 | 1,537,976 | 1,688 | 1,783,130 |
| Public safety contract services | 258,547 | 257,803 | 744 | - |
| Fire department | 968,248 | 895,269 | 72,979 | 865,560 |
| Rescue squad | 440,466 | 366,444 | 74,022 | 366,060 |
| Public utilities | 142,000 | 136,611 | 5,389 | 123,487 |
| Total public safety | 3,448,075 | 3,293,196 | 154,879 | 3,217,821 |
| Public works: | | | | |
| Public works maintenance | 1,434,641 | 1,427,509 | 7,132 | 1,288,389 |
| Solid waste removal | 868,026 | 841,831 | 26,195 | 825,935 |
| Total public works | 2,302,667 | 2,269,340 | 33,327 | 2,114,323 |
| Health and welfare | 81,235 | 74,469 | 6,766 | 87,628 |
| Recreation: | | | | |
| Baxter Memorial Library | 422,845 | 422,577 | 268 | 419,125 |
| Baxter Museum | 7,100 | 2,252 | 4,848 | 4,656 |
| Little Falls Library | 1,800 | 1,800 | - | 1,800 |
| North Gorham Library | 12,000 | 12,000 | - | 12,000 |
| Parks and conservation | 500 | 339 | 161 | 414 |
| Recreation | 227,494 | 222,772 | 4,722 | 203,788 |
| Old Robie School | 13,920 | 13,917 | 3 | 8,574 |
| Recreation - reimbursable programs | - | 535,033 | (535,033) | 531,375 |
| Total recreation | 685,659 | 1,210,690 | (525,031) | 1,181,731 |

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

| | 2010 | | Variance positive (negative) | 2009 Actual |
|-------------------------------------|------------|-----------|------------------------------------|----------------|
| | Budget | Actual | | |
| Expenditures, continued: | | | | |
| Current, continued: | | | | |
| Development: | | | | |
| Planning | \$ 279,700 | 248,351 | 31,349 | 179,317 |
| Economic development | 65,000 | 65,000 | - | 65,000 |
| Social services | 600 | 600 | - | 600 |
| Appeals board/assessment appeals | 1,250 | - | 1,250 | - |
| P.A.C.T.S. | 2,064 | 1,239 | 825 | 1,531 |
| G.P.C.O.G. | 12,727 | 12,727 | - | 14,141 |
| Total development | 361,341 | 327,917 | 33,424 | 260,589 |
| Insurances: | | | | |
| Multi peril policy | 160,050 | 153,924 | 6,126 | 152,356 |
| Public liability | 15,000 | 10,002 | 4,998 | 10,755 |
| Worker's compensation | 131,414 | 98,639 | 32,775 | 99,169 |
| MMA insurance premium | 12,035 | 11,859 | 176 | 11,742 |
| Total insurances | 318,499 | 274,424 | 44,075 | 274,022 |
| Employee benefits: | | | | |
| Group life insurance | 800 | 343 | 457 | 548 |
| Retirement | 256,197 | 374,380 | (118,183) | 211,482 |
| Major medical insurance | 882,202 | 873,446 | 8,756 | 835,896 |
| Direct unemployment compensation | 9,500 | 121 | 9,379 | 11,588 |
| Social security | 406,106 | 350,367 | 55,739 | 385,369 |
| Employee assistance program | 1,000 | 975 | 25 | (175) |
| Total employee benefits | 1,555,805 | 1,599,632 | (43,827) | 1,444,707 |
| Intergovernmental - County tax | 789,829 | 789,829 | - | 773,735 |
| Unclassified: | | | | |
| Contingency | 121,975 | 117,772 | 4,203 | 44,541 |
| Memorial Day | 2,100 | 1,705 | 395 | 1,782 |
| Gorham cable TV | 76,889 | 67,473 | 9,416 | 80,281 |
| Recycling committee | 1,000 | - | 1,000 | - |
| Miscellaneous unbudgeted | - | 69,195 | (69,195) | 85,268 |
| Total unclassified | 201,964 | 256,145 | (54,181) | 211,871 |
| Debt service (excluding education): | | | | |
| Principal | 787,772 | 787,772 | - | 828,324 |
| Interest | 441,320 | 439,831 | 1,489 | 462,096 |
| Total debt service | 1,229,092 | 1,227,603 | 1,489 | 1,290,420 |

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

| | 2010 | | Variance positive (negative) | 2009 Actual |
|---|---------------|--------------|------------------------------------|----------------|
| | Budget | Actual | | |
| Expenditures, continued: | | | | |
| Current, continued: | | | | |
| Total expenditures | \$ 12,177,761 | 12,489,705 | (311,944) | 11,981,902 |
| Excess of revenues over expenditures | 12,563,265 | 13,516,080 | 952,815 | 14,140,178 |
| Other financing sources (uses): | | | | |
| Transfers to special revenue - school fund | (12,551,333) | (12,551,333) | - | (12,906,512) |
| Transfers to special revenue - capital reserve | (241,564) | (1,017,161) | (775,597) | (1,167,525) |
| Transfer in from special revenue - Economic Development | - | 67,427 | 67,427 | - |
| Transfers in from special revenue - TIF and capital reserve funds | 229,632 | 229,632 | - | 144,488 |
| Transfer in from capital project fund - Elementary School project | - | 42,000 | 42,000 | - |
| Total other financing sources (uses) | (12,563,265) | (13,229,435) | (666,170) | (13,929,549) |
| Excess of revenues and other financing sources over expenditures and other uses - budgetary basis | - | 286,645 | 286,645 | 210,629 |
| Reconciliation to GAAP basis: | | | | |
| Change in encumbrances | | 160,096 | | (234,710) |
| Net change in fund balance | | 446,741 | | (24,081) |
| Fund balance, beginning of year | | 7,756,850 | | 7,780,931 |
| Fund balance, end of year | \$ | 8,203,591 | | 7,756,850 |

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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, 2010

| | Special Revenue Funds | Capital Projects Funds | Permanent Funds | Total Other Governmental Funds |
|--|-----------------------------|------------------------------|--------------------|--------------------------------------|
| ASSETS | | | | |
| Cash | \$ 256,702 | - | - | 256,702 |
| Investments | 68,537 | - | 750,803 | 819,340 |
| Accounts receivable | 258,551 | - | - | 258,551 |
| Notes receivable | 145,348 | - | - | 145,348 |
| Intergovernmental receivable | 445,122 | - | - | 445,122 |
| Inventory | 37,004 | - | - | 37,004 |
| Interfund loans receivable | 2,128,957 | 43,183 | 18,041 | 2,190,181 |
| Total assets | \$ 3,340,221 | 43,183 | 768,844 | 4,152,248 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | 45,350 | - | 7,257 | 52,607 |
| Unearned revenues | 20,440 | - | - | 20,440 |
| Interfund loans payable | 376,384 | - | 16,024 | 392,408 |
| Total liabilities | 442,174 | - | 23,281 | 465,455 |
| Fund balances: | | | | |
| Reserved for: | | | | |
| Noncurrent receivables/encumbrances | 145,348 | - | - | 145,348 |
| Inventory | 37,004 | - | - | 37,004 |
| Nonexpendable trust principal | - | - | 517,698 | 517,698 |
| Unreserved: | | | | |
| Designated for TIF reimbursements | 145,666 | - | - | 145,666 |
| Undesignated | 2,570,029 | 43,183 | 227,865 | 2,841,077 |
| Total fund balances | 2,898,047 | 43,183 | 745,563 | 3,686,793 |
| Total liabilities and fund balances | \$ 3,340,221 | 43,183 | 768,844 | 4,152,248 |

TOWN OF GORHAM, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Other Governmental Funds
For the year ended June 30, 2010

| | Special Revenue Funds | Capital Projects Funds | Permanent Funds | Total Other Governmental Funds |
|---|-----------------------------|------------------------------|--------------------|--------------------------------------|
| Revenues: | | | | |
| Property taxes | \$ 469,315 | - | - | 469,315 |
| Intergovernmental | 2,793,987 | - | - | 2,793,987 |
| Investment income | 7,800 | - | 24,619 | 32,419 |
| Charges for services | 994,711 | - | - | 994,711 |
| Other revenue | 700,307 | - | 101,724 | 802,031 |
| Total revenues | 4,966,120 | - | 126,343 | 5,092,463 |
| Expenditures: | | | | |
| Current: | | | | |
| Grants and other special uses | 2,502,523 | - | - | 2,502,523 |
| Food services | 798,284 | - | - | 798,284 |
| Public safety | 89,869 | - | - | 89,869 |
| Public works - sewer | 1,049,179 | - | - | 1,049,179 |
| Recreation | 21,865 | - | - | 21,865 |
| Unclassified | 206,064 | - | 23,281 | 229,345 |
| Total expenditures | 4,667,784 | - | 23,281 | 4,691,065 |
| Excess of revenues over expenditures | 298,336 | - | 103,062 | 401,398 |
| Other financing sources (uses): | | | | |
| Transfer to other funds | (297,687) | - | - | (297,687) |
| Total other financing sources (uses) | (297,687) | - | - | (297,687) |
| Net change in fund balances | 649 | - | 103,062 | 103,711 |
| Fund balances, beginning of year | 2,897,398 | 43,183 | 642,501 | 3,583,082 |
| Fund balances, end of year | \$ 2,898,047 | 43,183 | 745,563 | 3,686,793 |

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

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

Economic Development Fund -- To account for a reserve earmarked for the Gorham Industrial Park. This fund was closed out during fiscal year 2010 and fund balance moved to General Fund.

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

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

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

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

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

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TOWN OF GORHAM, MAINE
Combining Balance Sheet
Special Revenue Funds

June 30, 2010

(with comparative actual amounts for the year ended June 30, 2009)

Little Falls

| | School Grants Fund | School Lunch Fund | Sewer Operations | Reserve and Loan Fund | Economic Development Fund | Recreation Funds | Public Safety Funds | Gorham Senior Citizens | TIF Funds | Totals |
|------------------------------|---------------------|-------------------|------------------|-----------------------|---------------------------|------------------|---------------------|------------------------|----------------|----------------------------|
| | | | | | | | | | | 2010 2009 |
| ASSETS | | | | | | | | | | |
| Cash | \$ - | 119,786 | - | - | - | 7,641 | 129,275 | - | - | 256,702 138,339 |
| Investments | - | - | - | 56,960 | - | - | - | 11,577 | - | 68,537 66,197 |
| Accounts receivable | 40,315 | - | 218,236 | - | - | - | - | - | - | 258,551 320,784 |
| Notes receivable | - | - | - | - | - | - | - | - | 145,348 | 145,348 80,290 |
| Intergovernmental receivable | 430,447 | 14,675 | - | - | - | - | - | - | - | 445,122 730,558 |
| Inventory | - | 37,004 | - | - | - | - | - | - | - | 37,004 21,563 |
| Interfund loans receivable | 834,649 | 4,256 | 899,442 | 14,552 | - | - | - | - | 376,058 | 2,128,957 1,565,686 |
| Total assets | \$ 1,305,411 | 175,721 | 1,117,678 | 71,512 | - | 7,641 | 129,275 | 11,577 | 521,406 | 3,340,221 2,923,417 |

LIABILITIES AND FUND BALANCES

| | | | | | | | | | | |
|--------------------------|----------------|---------------|----------|----------|----------|----------|----------|----------|----------|-----------------------|
| Liabilities: | | | | | | | | | | |
| Accounts payable | 43,795 | 1,555 | - | - | - | - | - | - | - | 45,350 912 |
| Unearned revenues | - | 20,440 | - | - | - | - | - | - | - | 20,440 25,107 |
| Interfund loans payable | 376,384 | - | - | - | - | - | - | - | - | 376,384 - |
| Total liabilities | 420,179 | 21,995 | - | - | - | - | - | - | - | 442,174 26,019 |

Fund balances:

| | | | | | | | | | | |
|--|---------------------|----------------|------------------|---------------|----------|--------------|----------------|---------------|----------------|----------------------------|
| Reserved for: | | | | | | | | | | |
| Noncurrent receivables/encumbrances | - | - | - | - | - | - | - | - | 145,348 | 145,348 80,290 |
| Inventory | - | 37,004 | - | - | - | - | - | - | - | 37,004 21,563 |
| Unreserved: | | | | | | | | | | |
| Designated | - | - | - | - | - | - | - | - | 145,666 | 145,666 157,753 |
| Undesignated | 885,232 | 116,722 | 1,117,678 | 71,512 | - | 7,641 | 129,275 | 11,577 | 230,392 | 2,570,029 2,657,792 |
| Total fund balances | 885,232 | 153,726 | 1,117,678 | 71,512 | - | 7,641 | 129,275 | 11,577 | 521,406 | 2,898,047 2,897,398 |
| Total liabilities and fund balances | \$ 1,305,411 | 175,721 | 1,117,678 | 71,512 | - | 7,641 | 129,275 | 11,577 | 521,406 | 3,340,221 2,923,417 |

TOWN OF GORHAM, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Special Revenue Funds
For the year ended June 30, 2010
(with comparative actual amounts for the year ended June 30, 2009)

Little Falls

| | School Grants Fund | School Lunch Fund | Sewer Operations Fund | Sewer Reserve and Loan Fund | Economic Development Fund | Recreation Funds | Public Safety Funds | Gorham Senior Citizens | TIF Funds | Totals | |
|--------------------------------|--------------------------|-------------------------|-----------------------------|--------------------------------------|---------------------------------|---------------------|---------------------------|------------------------------|--------------|-----------|-----------|
| | | | | | | | | | | 2010 | 2009 |
| Revenues: | | | | | | | | | | | |
| Taxes | \$ - | - | - | - | - | - | - | - | 469,315 | 469,315 | 528,664 |
| Intergovernmental: | | | | | | | | | | | |
| Federal grants | 1,568,853 | - | - | - | - | - | - | - | - | 1,568,853 | 1,206,722 |
| Other state grants | 925,830 | - | - | - | - | - | - | - | - | 925,830 | 1,001,761 |
| USDA subsidies | - | 299,304 | - | - | - | - | - | - | - | 299,304 | 268,051 |
| Total intergovernmental | 2,494,683 | 299,304 | - | - | - | - | - | - | - | 2,793,987 | 2,476,534 |
| Investment income | - | - | - | 1,945 | 33 | - | 1,462 | 395 | 3,965 | 7,800 | 6,156 |
| Charges for services | - | - | 994,711 | - | - | - | - | - | - | 994,711 | 1,118,050 |
| Other revenues | - | 575,287 | - | - | 12 | 20,994 | 104,014 | - | - | 700,307 | 792,130 |
| Total revenues | 2,494,683 | 874,591 | 994,711 | 1,945 | 45 | 20,994 | 105,476 | 395 | 473,280 | 4,966,120 | 4,921,534 |
| Expenditures: | | | | | | | | | | | |
| Current: | | | | | | | | | | | |
| Grants and other special uses: | | | | | | | | | | | |
| Federal education grants | 1,500,427 | - | - | - | - | - | - | - | - | 1,500,427 | 1,252,789 |
| State grants and special uses | 1,002,096 | - | - | - | - | - | - | - | - | 1,002,096 | 641,220 |
| Total grants | 2,502,523 | - | - | - | - | - | - | - | - | 2,502,523 | 1,894,009 |
| Food services | - | 798,284 | - | - | - | - | - | - | - | 798,284 | 812,440 |
| Public works - sewer costs | - | - | 1,049,179 | - | - | - | - | - | - | 1,049,179 | 980,893 |
| Public safety | - | - | - | - | - | - | 89,869 | - | - | 89,869 | 135,659 |
| Recreation | - | - | - | - | - | 21,865 | - | - | - | 21,865 | 18,484 |
| Unclassified | - | - | - | - | - | - | - | - | 206,064 | 206,064 | 299,710 |
| Total expenditures | 2,502,523 | 798,284 | 1,049,179 | - | - | 21,865 | 89,869 | - | 206,064 | 4,667,784 | 4,141,195 |

TOWN OF GORHAM, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Special Revenue Funds

For the year ended June 30, 2010

(with comparative actual amounts for the year ended June 30, 2009)

| | Little Falls | | | | | | | | | | Totals | |
|---|--------------------|-------------------|------------------------|---------------------|---------------------------|------------------|---------------------|------------------------|-----------|-----------|-----------|---------|
| | School Grants Fund | School Lunch Fund | School Operations Fund | Sewer and Loan Fund | Economic Development Fund | Recreation Funds | Public Safety Funds | Gorham Senior Citizens | TIF Funds | | 2010 | 2009 |
| Excess (deficiency) of revenues over (under) expenditures | \$ (7,840) | 76,307 | (54,468) | 1,945 | 45 | (871) | 15,607 | 395 | 267,216 | | 298,336 | 780,339 |
| Other financing sources (uses): | | | | | | | | | | | | |
| Transfers in | - | - | - | - | - | - | - | - | - | - | - | 65,000 |
| Transfers out | (628) | - | - | - | (67,427) | - | - | - | (229,632) | (297,687) | (144,488) | |
| Total other financing sources (uses) | (628) | - | - | - | (67,427) | - | - | - | (229,632) | (297,687) | (79,488) | |
| Net change in fund balance | (8,468) | 76,307 | (54,468) | 1,945 | (67,382) | (871) | 15,607 | 395 | 37,584 | 649 | 700,851 | |
| Fund balances, beginning of year | 893,700 | 77,419 | 1,172,146 | 69,567 | 67,382 | 8,512 | 113,668 | 11,182 | 483,822 | 2,897,398 | 2,196,547 | |
| Fund balances, end of year | \$ 885,232 | 153,726 | 1,117,678 | 71,512 | - | 7,641 | 129,275 | 11,577 | 521,406 | 2,898,047 | 2,897,398 | |

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CAPITAL PROJECTS FUND

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

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

Middle School Construction

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

Elementary School Construction

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

Various School Projects

To account for various maintenance projects for the School Department.

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TOWN OF GORHAM, MAINE
Combining Balance Sheet
Capital Project Funds
June 30, 2010

(with comparative actual amounts for the year ended June 30, 2009)

| | | Middle School Project | Various School Project | Totals | |
|--|-----------|-----------------------------|------------------------------|---------------|---------------|
| | | | | 2010 | 2009 |
| ASSETS | | | | | |
| Interfund loans receivable | \$ | 4,138 | 39,045 | 43,183 | 43,183 |
| Total assets | \$ | 4,138 | 39,045 | 43,183 | 43,183 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Interfund loans payable | | - | - | - | - |
| Total liabilities | | - | - | - | - |
| Fund balances: | | | | | |
| Unreserved, undesignated | | 4,138 | 39,045 | 43,183 | 43,183 |
| Total fund balances | | 4,138 | 39,045 | 43,183 | 43,183 |
| Total liabilities and fund balances | \$ | 4,138 | 39,045 | 43,183 | 43,183 |

TOWN OF GORHAM, MAINE
Capital Project Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2010
(with comparative actual amounts for the year ended June 30, 2009)

| | Middle School Project | Various School Projects | Totals | |
|--|-----------------------------|-------------------------------|--------|----------|
| | | | 2010 | 2009 |
| Revenues: | | | | |
| Investment income | \$ - | - | - | 447 |
| Total revenues | - | - | - | 447 |
| Expenditures: | | | | |
| Capital improvements: | | | | |
| Construction and renovation | - | - | - | 2,094 |
| Total capital improvements | - | - | - | 2,094 |
| Total expenditures | - | - | - | 2,094 |
| Excess (deficiency) of revenues over (under) expenditures | - | - | - | (1,647) |
| Other financing sources (uses): | | | | |
| Transfers - out | - | - | - | (66,181) |
| Total other financing sources (uses) | - | - | - | (66,181) |
| Net change in fund balance | - | - | - | (67,828) |
| Fund balances, beginning of year | 4,138 | 39,045 | 43,183 | 111,011 |
| Fund balances, end of year | \$ 4,138 | 39,045 | 43,183 | 43,183 |

PERMANENT FUND

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

Cemetery Perpetual Care

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

Parks and Recreation Grounds

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

Baxter Library and Museum

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

Schools

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

Public Purpose and Civic Improvements

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

Miscellaneous

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

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TOWN OF GORHAM, MAINE
Combining Balance Sheet
Permanent Funds

June 30, 2010

(with comparative actual amounts for the year ended June 30, 2009)

| | | Cemetery Perpetual Care | Parks and Recreation Grounds | Baxter Library and Museum | Schools | Public Purpose Improvements and Civic | Miscellaneous | Totals | |
|--|----|-------------------------------|---------------------------------------|------------------------------------|---------|--|---------------|---------|---------|
| | | | | | | | | 2010 | 2009 |
| ASSETS | | | | | | | | | |
| Investments | \$ | 288,595 | 14,170 | 207,661 | 43,698 | 16,520 | 180,159 | 750,803 | 626,007 |
| Interfund loans receivable | | 3,700 | - | 14,341 | - | - | - | 18,041 | 47,885 |
| Total assets | | 292,295 | 14,170 | 222,002 | 43,698 | 16,520 | 180,159 | 768,844 | 673,892 |
| LIABILITIES AND FUND BALANCES | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| Accounts payable | | 7,257 | - | - | - | - | - | 7,257 | 5,212 |
| Interfund loans payable | | - | - | 15,524 | - | - | 500 | 16,024 | 26,179 |
| Total liabilities | | 7,257 | - | 15,524 | - | - | 500 | 23,281 | 31,391 |
| Fund balances: | | | | | | | | | |
| Principal | | 285,009 | 4,125 | 151,781 | 5,170 | 9,372 | 62,241 | 517,698 | 424,928 |
| Unexpended income | | 29 | 10,045 | 54,697 | 38,528 | 7,148 | 117,418 | 227,865 | 217,573 |
| Total fund balances | | 285,038 | 14,170 | 206,478 | 43,698 | 16,520 | 179,659 | 745,563 | 642,501 |
| Total liabilities and and fund balances | | | | | | | | | |
| | \$ | 292,295 | 14,170 | 222,002 | 43,698 | 16,520 | 180,159 | 768,844 | 673,892 |

TOWN OF GORHAM, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Permanent Funds

For the year ended June 30, 2010

(with comparative actual amounts for the year ended June 30, 2009)

| | | Cemetery Perpetual Care | Parks and Recreation Grounds | Baxter Library and Museum | Schools | Improvements and Civic | Miscellaneous | Totals |
|----------------------------------|----|-------------------------------|---------------------------------------|------------------------------------|---------|---------------------------|---------------|----------------------|
| | | | | | | | | 2010 2009 |
| Revenues: | | | | | | | | |
| Investment income | \$ | 8,420 | 485 | 6,899 | 1,492 | 564 | 6,759 | 24,619 9,713 |
| Other miscellaneous | | - | - | 10,269 | - | - | - | 10,269 13,670 |
| Donations | | 87,383 | - | 4,072 | - | - | - | 91,455 34,214 |
| Total revenues | | 95,803 | 485 | 21,240 | 1,492 | 564 | 6,759 | 126,343 57,597 |
| Expenditures: | | | | | | | | |
| Current: | | | | | | | | |
| Other miscellaneous | | 7,257 | - | 15,524 | - | - | 500 | 23,281 31,391 |
| Total expenditures | | 7,257 | - | 15,524 | - | - | 500 | 23,281 31,391 |
| Net change in fund balance | | 88,546 | 485 | 5,716 | 1,492 | 564 | 6,259 | 103,062 26,206 |
| Fund balances, beginning of year | | 196,492 | 13,685 | 200,762 | 42,206 | 15,956 | 173,400 | 642,501 616,295 |
| Fund balances, end of year | \$ | 285,038 | 14,170 | 206,478 | 43,698 | 16,520 | 179,659 | 745,563 642,501 |

FIDUCIARY FUNDS

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TOWN OF GORHAM, MAINE
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

| | School & Student Activity Funds | Scholarships Private-purpose Trust Funds |
|---|--|--|
| ASSETS | | |
| Cash | \$ 298,939 | - |
| Investments | - | 45,681 |
| Total assets | 298,939 | 45,681 |
| LIABILITIES AND NET ASSETS | | |
| Liabilities: | | |
| Due to student groups | 298,939 | - |
| Accounts payable | - | 550 |
| Total liabilities | 298,939 | 550 |
| Net assets: | | |
| Principal | - | 40,423 |
| Unexpended income | - | 4,708 |
| Total net assets | - | 45,131 |
| Total liabilities and and net assets | \$ 298,939 | 45,681 |

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

June 30, 2010

(with comparative actual amounts for the year ended June 30, 2009)

| | School & Student Activity Agency Funds | | | | | | | Totals | |
|--------------------------|--|----------------------|--------------------------|--------------------------|-----------------------|-----------------------------|-------------------|----------------|----------------|
| | High School Activity Fund | High School CBE Fund | White Rock Activity Fund | Narragansett Office Fund | Village Activity Fund | Middle School Activity Fund | Special Education | 2010 | 2009 |
| ASSETS | | | | | | | | | |
| Cash | \$ 222,021 | 2,813 | 1,538 | 23,577 | 8,335 | 35,032 | 2,278 | 298,939 | 252,364 |
| Total assets | 222,021 | 2,813 | 1,538 | 23,577 | 8,335 | 35,032 | 2,278 | 298,939 | 252,364 |
| LIABILITIES | | | | | | | | | |
| Due to student groups | 222,021 | 2,813 | 1,538 | 23,577 | 8,335 | 35,032 | 2,278 | 298,939 | 252,364 |
| Total liabilities | \$ 222,021 | 2,813 | 1,538 | 23,577 | 8,335 | 35,032 | 2,278 | 298,939 | 252,364 |

TOWN OF GORHAM, MAINE
Combining Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010
(with comparative actual amounts for the year ended June 30, 2009)

| | | Private-purpose Trust Funds | | | | | | | | | | Totals | |
|---|-----------|-----------------------------|--------------|--------------|---------------|--------------|--|--------------|--|--------------|--|---------------|---------------|
| | | Bob | | Watson | | Charles | | Thomas | | Arthur/Jane | | | |
| | | Malcolm | Grant | Harry | Family | Shaw | | Fogg | | Scholarship | | 2010 | 2009 |
| | | Scholarship | Scholarship | Scholarship | Scholarship | Scholarship | | Scholarship | | Scholarship | | | |
| ASSETS | | | | | | | | | | | | | |
| Investments | \$ | 3,008 | 2,525 | 6,574 | 13,141 | 9,108 | | 9,632 | | 1,693 | | 45,681 | 34,878 |
| Total assets | | 3,008 | 2,525 | 6,574 | 13,141 | 9,108 | | 9,632 | | 1,693 | | 45,681 | 34,878 |
| LIABILITIES AND NET ASSETS | | | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | | | |
| Accounts payable | | 100 | 100 | 100 | 250 | - | | - | | - | | 550 | 550 |
| Total liabilities | | 100 | 100 | 100 | 250 | - | | - | | - | | 550 | 550 |
| Net assets: | | | | | | | | | | | | | |
| Principal | | 2,808 | 2,328 | 6,374 | 12,588 | 5,000 | | 9,632 | | 1,693 | | 40,423 | 33,709 |
| Unexpended income | | 100 | 97 | 100 | 303 | 4,108 | | - | | - | | 4,708 | 619 |
| Total net assets | | 2,908 | 2,425 | 6,474 | 12,891 | 9,108 | | 9,632 | | 1,693 | | 45,131 | 34,328 |
| Total liabilities and net assets | \$ | 3,008 | 2,525 | 6,574 | 13,141 | 9,108 | | 9,632 | | 1,693 | | 45,681 | 34,878 |

TOWN OF GORHAM, MAINE
Combining Statement of Changes in Fiduciary Net Assets
Fiduciary Funds - Private-purpose
For the year ended June 30, 2010
(with comparative actual amounts for the year ended June 30, 2009)

| | Malcolm Smith Scholarship | Bob Grant Memorial Scholarship | Harry Shevis Scholarship | Watson Family Trust Scholarship | Charles Shaw Scholarship | Thomas Fogg Scholarship | Arthur & Jane Fogg Scholarship | Totals |
|--|---------------------------------|---|--------------------------------|--|--------------------------------|-------------------------------|---|---------------|
| | | | | | | | | 2010 2009 |
| Additions: | | | | | | | | |
| Contributions: | | | | | | | | |
| Donations | \$ - | - | 1,000 | - | 8,860 | - | - | 9,860 - |
| Investment earnings: | | | | | | | | |
| Interest | 96 | 79 | 191 | 419 | 235 | 302 | 53 | 1,375 969 |
| Net increase/(decrease) in the fair value of investments | 8 | 7 | 23 | 35 | 13 | 27 | 5 | 118 (437) |
| Total additions | 104 | 86 | 1,214 | 454 | 9,108 | 329 | 58 | 11,353 532 |
| Deductions: | | | | | | | | |
| Current: | | | | | | | | |
| Scholarships awarded | 100 | 100 | 100 | 250 | - | - | - | 550 550 |
| Total deductions | 100 | 100 | 100 | 250 | - | - | - | 550 550 |
| Changes in net assets | 4 | (14) | 1,114 | 204 | 9,108 | 329 | 58 | 10,803 (18) |
| Net assets, beginning of year | 2,904 | 2,439 | 5,360 | 12,687 | - | 9,303 | 1,635 | 34,328 34,346 |
| Net assets, end of year | \$ 2,908 | 2,425 | 6,474 | 12,891 | 9,108 | 9,632 | 1,693 | 45,131 34,328 |

TOWN OF GORHAM, MAINE
Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2010

| | Balance July 1, 2009 | Additions | Deletions | Balance June 30, 2010 |
|------------------------------------|-------------------------|----------------|----------------|--------------------------|
| ASSETS | | | | |
| Cash: | | | | |
| High School Activity Fund | \$ 171,622 | 485,926 | 435,527 | 222,021 |
| Gorham High School CBE | 1,896 | 4,905 | 3,988 | 2,813 |
| White Rock Activity Fund | 6,734 | 8,578 | 13,774 | 1,538 |
| Narragansett Office | 5,612 | 27,071 | 9,106 | 23,577 |
| Narragansett PIE | 17,249 | 22,373 | 39,622 | - |
| Village Activity Fund | 14,218 | 52,714 | 58,597 | 8,335 |
| Middle School Activity Fund | 33,409 | 100,476 | 98,853 | 35,032 |
| GSVP | 1,443 | 2,165 | 1,330 | 2,278 |
| Special Education | 181 | 6,712 | 3,548 | 3,345 |
| Total assets | \$ 252,364 | 710,920 | 664,345 | 298,939 |
| LIABILITIES | | | | |
| Funds held for student activities: | | | | |
| High School Activity Fund | 171,622 | 485,926 | 435,527 | 222,021 |
| Gorham High School CBE | 1,896 | 4,905 | 3,988 | 2,813 |
| White Rock Activity Fund | 6,734 | 8,578 | 13,774 | 1,538 |
| Narragansett Office | 5,612 | 27,071 | 9,106 | 23,577 |
| Narragansett PIE | 17,249 | 22,373 | 39,622 | - |
| Village Activity Fund | 14,218 | 52,714 | 58,597 | 8,335 |
| Middle School Activity Fund | 33,409 | 100,476 | 98,853 | 35,032 |
| GCVP | 1,443 | 2,165 | 1,330 | 2,278 |
| Special Education | 181 | 6,712 | 3,548 | 3,345 |
| Total liabilities | \$ 252,364 | 710,920 | 664,345 | 298,939 |

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

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TOWN OF GORHAM, MAINE
Capital Assets Used in the Operation of Governmental Funds - By Source
June 30, 2010
(with comparative actual amounts for the year ended June 30, 2009)

| | | Totals | |
|--|-----------|--------------------|--------------------|
| | | 2010 | 2009 |
| Governmental fund capital assets: | | | |
| Land and buildings | \$ | 54,255,938 | 54,218,265 |
| Furniture and equipment | | 14,809,978 | 14,363,727 |
| Infrastructure | | 40,948,030 | 33,907,494 |
| Total governmental fund capital assets | \$ | 110,013,946 | 102,489,486 |
| Investments in governmental fund capital assets by source: | | | |
| General fund | | 102,335,678 | 100,351,928 |
| Capital project funds | | 7,678,268 | 2,137,558 |
| Total governmental fund capital assets | \$ | 110,013,946 | 102,489,486 |

TOWN OF GORHAM, MAINE
Schedule of Capital Assets Used in the Operation of Governmental Funds by Function and Activity
June 30, 2010
(with comparative actual amounts for the year ended June 30, 2009)

| Function and Activity | Totals | | | |
|--|----------------------|-------------------------|-------------------|--------------------|
| | Land and buildings | Furniture and equipment | Infrastructure | 2010 |
| General government | \$ 8,319,183 | 1,054,900 | 33,578 | 9,407,661 |
| Education | 39,499,294 | 4,473,147 | - | 43,972,441 |
| Public safety | 1,117,369 | 4,375,900 | - | 5,493,269 |
| Public works | 1,766,294 | 3,275,562 | 33,224,784 | 38,266,640 |
| Recreation, library and museum | 3,553,798 | 540,195 | 11,400 | 4,105,393 |
| Construction in progress | - | - | 7,678,268 | 7,678,268 |
| Book collection, historical treasurers and artwork | - | 1,090,274 | - | 1,090,274 |
| Total governmental fund capital assets | \$ 54,255,938 | 14,809,978 | 40,948,030 | 110,013,946 |
| | | | | 102,489,486 |

Schedule of Changes in Governmental Funds Capital Assets - By Function and Activity
For the year ended June 30, 2010

| Function and Activity | Balance | | | Deletions | Balance | |
|--|-----------------------|------------------|--|----------------|--------------------|--|
| | 2009 | Additions | | | 2010 | |
| General government | \$ 9,343,266 | 91,880 | | 27,485 | 9,407,661 | |
| Education | 43,897,904 | 175,921 | | 101,384 | 43,972,441 | |
| Public safety | 5,515,541 | 99,451 | | 121,723 | 5,493,269 | |
| Public works | 36,479,034 | 1,937,417 | | 149,811 | 38,266,640 | |
| Recreation, library and museum | 4,025,909 | 154,443 | | 74,959 | 4,105,393 | |
| Construction in progress | 2,137,558 | 5,988,270 | | 447,560 | 7,678,268 | |
| Book collection, historical treasurers and artwork | 1,090,274 | - | | - | 1,090,274 | |
| Totals | \$ 102,489,486 | 8,447,382 | | 922,922 | 110,013,946 | |

STATISTICAL SECTION

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

| Contents | Page |
|---|-------------|
| Financial Trends | 127 |
| <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i> | |
| Revenue Capacity | 132 |
| <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i> | |
| Debt Capacity | 136 |
| <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i> | |
| Demographic and Economic Information | 140 |
| <i>These schedules offer demographic and economic indicators to help the reader understand the environment that the government's financial activity takes place.</i> | |
| Operating Information | 142 |
| <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i> | |

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

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Table 1

TOWN OF GORHAM, MAINE

Net Assets by Component

Last Ten Fiscal Years (1)

(accrual basis of accounting)

| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 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 |
| Restricted | 350,383 | 354,163 | 352,781 | 384,443 | 375,446 | 375,446 | 424,928 | 517,698 |
| Unrestricted | 12,901,374 | 11,607,484 | 11,735,345 | 13,430,419 | 12,441,818 | 15,039,117 | 12,982,245 | 14,559,889 |
| 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>\$ 48,154,223</u> |

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

Table 2

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

| | Fiscal Year | | | | | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--|--|
| Expenses | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | | |
| 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 | \$ 4,401,146 | | |
| Public safety | 2,496,047 | 2,819,226 | 2,879,251 | 2,979,424 | 3,317,132 | 3,811,471 | 3,742,859 | 3,759,159 | | |
| Public works | 1,957,858 | 1,973,330 | 3,262,818 | 3,517,160 | 3,902,787 | 5,531,287 | 2,781,765 | 4,602,136 | | |
| Health and welfare | 44,010 | 57,263 | 52,415 | 45,423 | 55,774 | 57,765 | 87,628 | 74,469 | | |
| Recreation | 267,235 | 1,039,901 | 1,264,777 | 1,229,648 | 1,216,449 | 1,414,399 | 1,368,309 | 1,407,468 | | |
| Development | 425,216 | 445,018 | 377,263 | 414,130 | 406,590 | 429,849 | 495,299 | 533,981 | | |
| County tax ³ | 595,692 | 645,663 | - | - | - | - | - | - | | |
| Education | 23,475,662 | 26,265,868 | 27,770,333 | 30,564,714 | 31,417,334 | 32,649,708 | 32,373,509 | 34,667,562 | | |
| 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 | | |
| Capital maintenance ² | 944,278 | - | - | 44,143,797 | 43,483,450 | 49,383,198 | 46,792,366 | 50,833,879 | | |
| Total governmental activities expenses | 33,738,971 | 36,967,732 | 40,839,724 | 44,143,797 | 43,483,450 | 49,383,198 | 46,792,366 | 50,833,879 | | |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | 352,799 | 474,992 | 553,250 | 762,661 | 518,926 | 399,105 | 470,309 | 503,030 | | |
| Public safety | 1,176,497 | 1,167,015 | 265,997 | 435,752 | 434,044 | 527,077 | 617,224 | 593,483 | | |
| Public works | 530,137 | 420,736 | 1,205,385 | 1,181,418 | 1,571,638 | 1,454,912 | 1,584,478 | 1,476,406 | | |
| Health and welfare | 12,735 | 13,712 | 12,186 | 13,710 | 13,672 | 11,261 | 11,643 | 11,505 | | |
| Recreation | 35,739 | 124,983 | 568,976 | 513,804 | 550,704 | 597,558 | 634,268 | 647,758 | | |
| Development | 51,735 | 55,508 | 99,721 | 91,139 | 123,738 | 98,601 | 82,050 | 42,335 | | |
| Education | 574,896 | 633,132 | 660,199 | 669,220 | 696,114 | 632,641 | 654,443 | 616,409 | | |
| 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 | 23,388,812 | | |
| Capital grants and contributions | 175,064 | 256,658 | 1,800,096 | 2,262,981 | 2,318,647 | 775,035 | 5,518,682 | 1,306,107 | | |
| Total governmental activities program revenues | 16,807,578 | 18,817,818 | 21,659,144 | 25,175,525 | 26,856,070 | 25,866,025 | 32,029,937 | 28,585,645 | | |
| Net (expense)/revenue, governmental activities | (16,931,393) | (18,149,914) | (19,180,580) | (18,968,272) | (18,629,380) | (23,517,173) | (14,762,429) | (22,248,234) | | |
| General Revenues and Other Changes in Net Assets | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes, levied for general purposes | 14,808,959 | 16,253,550 | 17,234,005 | 16,918,807 | 17,690,199 | 19,138,898 | 19,421,626 | 19,309,185 | | |
| Payment in lieu of taxes | 45,233 | 52,922 | 51,083 | 55,469 | 54,396 | 36,385 | 91,351 | 56,684 | | |
| 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 | | |
| Grants and contributions not restricted | | | | | | | | | | |
| Homestead exemption | 441,123 | 410,820 | 369,434 | 379,972 | 331,237 | 309,050 | 306,543 | 303,353 | | |
| BETE reimbursement | - | - | - | - | - | - | 78,942 | 131,103 | | |
| Other state aid | 22,265 | 27,119 | 27,807 | 31,716 | 10,865 | 39,204 | 29,003 | 28,486 | | |
| 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 | | |
| Unrestricted investment earnings | 317,110 | 151,965 | 273,500 | 628,511 | 727,022 | 501,024 | 224,431 | 218,084 | | |
| Miscellaneous revenues | 194,214 | 129,491 | 245,789 | 251,818 | 307,381 | 759,880 | 435,727 | 148,644 | | |
| Special item - sale of property | - | - | - | 161,500 | - | - | - | - | | |
| Total governmental activities | 19,130,902 | 20,529,645 | 21,863,316 | 22,280,507 | 22,873,193 | 24,641,067 | 24,317,819 | 23,701,908 | | |
| Change in Net Assets | \$ 2,199,509 | \$ 2,379,731 | \$ 2,682,736 | \$ 3,312,235 | \$ 4,243,813 | \$ 1,123,894 | \$ 9,555,390 | \$ 1,453,674 | | |
| Governmental activities | | | | | | | | | | |

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

² Fiscal year 2003 is the only year that reported capital maintenance expenses. Fiscal year 2004 figures restated.³ Fiscal year 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 category.

Table 3

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

| Fiscal Year | | Property Taxes | | Interest & Costs on Taxes | | Excise Taxes | Total |
|------------------------|----|---------------------------|----|--|----|-------------------------|---------------|
| 2003 | \$ | 14,828,959 | \$ | 76,937 | \$ | 2,107,389 | \$ 17,013,285 |
| 2004 | | 16,289,550 | | 65,968 | | 2,267,577 | 18,623,095 |
| 2005 | | 17,192,005 | | 53,883 | | 2,359,645 | 19,605,533 |
| 2006 | | 16,885,807 | | 50,037 | | 2,480,592 | 19,416,436 |
| 2007 | | 17,678,799 | | 59,570 | | 2,486,679 | 20,225,048 |
| 2008 | | 19,007,098 | | 96,264 | | 2,486,856 | 21,590,218 |
| 2009 | | 19,245,826 | | 79,229 | | 2,403,379 | 21,728,434 |
| 2010 | | 19,274,885 | | 119,141 | | 2,374,614 | 21,768,640 |

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

Table 4

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

| | Fiscal Year | | | | | | | | | |
|------------------------------------|------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------------|-------------------------|--|--|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | | |
| General fund | | | | | | | | | | |
| Reserved | \$ 378,959 | \$ 523,870 | \$ 390,487 | \$ 313,925 | \$ 284,676 | \$ 313,261 | \$ 120,642 | \$ 287,218 | | |
| Unreserved | 4,040,140 | 4,461,349 | 5,409,444 | 6,480,684 | 7,394,687 | 7,467,670 | 7,636,208 | 7,916,373 | | |
| Total General Fund | <u>4,419,099</u> | <u>4,985,219</u> | <u>5,799,931</u> | <u>6,794,609</u> | <u>7,679,363</u> | <u>7,780,931</u> | <u>7,756,850</u> | <u>8,203,591</u> | | |
| All other governmental funds | | | | | | | | | | |
| Reserved | 709,198 | 883,752 | 946,732 | 487,466 | 621,519 | 739,280 | 1,238,371 | 782,463 | | |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 3,008,281 | 5,298,075 | 4,636,672 | 6,123,327 | 4,404,956 | 6,998,184 | 5,967,831 | 6,418,638 | | |
| Capital project funds | 4,657,117 ² | 840,405 | 674,738 | 575,261 | 358,218 | 58,834 | (1,411,815) ³ | 12,965,361 ² | | |
| Permanent funds | 256,289 | 236,528 | 216,054 | 186,154 | 219,571 | 240,849 | 217,573 | 227,865 | | |
| Total all other governmental funds | <u>\$ 8,630,885</u> | <u>\$ 7,258,760</u> | <u>\$ 6,474,196</u> | <u>\$ 7,372,208</u> | <u>\$ 5,604,264</u> | <u>\$ 8,037,147</u> | <u>\$ 6,011,960</u> | <u>\$ 20,394,327</u> | | |

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

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

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

Table 5

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

| | Fiscal Year | | | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|--|--|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | | |
| Revenues | | | | | | | | | | |
| 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 | | |
| Licenses and permits | 265,683 | 403,479 | 478,148 | 671,498 | 434,921 | 282,421 | 277,563 | 300,923 | | |
| 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 | | |
| Investment income | 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 | | |
| 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 | | |
| Total revenues | 36,039,377 | 39,535,088 | 42,170,977 | 45,594,301 | 47,870,454 | 49,614,780 | 50,860,053 | 51,212,023 | | |
| Expenditures | | | | | | | | | | |
| 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 | | |
| 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 | | |
| 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 | | |
| Health and welfare | 44,010 | 57,263 | 52,199 | 45,423 | 55,774 | 57,765 | 87,628 | 74,469 | | |
| Recreation | 503,617 | 613,591 | 1,088,416 | 1,122,005 | 1,164,766 | 1,215,668 | 1,187,799 | 1,202,986 | | |
| Development | 227,103 | 218,559 | 180,108 | 196,437 | 222,750 | 241,787 | 221,348 | 321,323 | | |
| County tax ² | 595,692 | 645,663 | - | - | - | - | - | - | | |
| Unclassified | 996,485 | 1,132,948 | 1,120,904 | 1,182,951 | 1,227,331 | 1,374,541 | 1,297,684 | 229,345 | | |
| 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 | | |
| 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 | | |
| 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 | | |
| Capital maintenance | 3,565,148 | 681,611 | 914,079 | 1,176,816 | 671,071 | 151,694 | 598,297 | 713,962 | | |
| 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 | | |
| Total expenditures | 53,342,171 | 43,718,317 | 42,444,623 | 49,313,350 | 49,420,165 | 51,232,023 | 52,983,960 | 56,914,567 | | |
| Other financing sources (uses) | | | | | | | | | | |
| Capital lease proceeds | 323,256 | 227,224 | 344,308 | 330,058 | 666,521 | 151,694 | 74,639 | 146,972 | | |
| Long-term debt issued | 21,225,000 | 3,150,000 | - | 5,000,000 | - | 4,000,000 | - | 20,384,680 | | |
| 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 | | |
| 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) | | |
| Total other financing sources (uses) | 21,548,256 | 3,377,224 | 344,308 | 5,330,058 | 666,521 | 4,151,694 | 74,639 | 20,531,652 | | |
| 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 | | |
| Debt service as a percentage of noncapital expenditures | 13.5% | 9.4% | 9.6% | 9.5% | 9.1% | 8.0% | 9.6% | 7.8% | | |

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

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

Table 6

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

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

Sources:

¹ Gorham Assessing office. The substantial increase seen in fiscal year 2002 is due to a revaluation.² State of Maine, Bureau of Taxation

Table 7

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

| Fiscal Year | Direct | | Overlapping | Total Tax Rate |
|----------------|-----------------------|--------------------|--------------------|--------------------|
| | Municipal Tax Rate | School Tax Rate | County Tax Rate | |
| 2001 | \$ 6.05 | \$ 14.59 | \$ 0.76 | \$ 21.40 |
| 2002 | 4.58 | 12.20 | 0.62 | 17.40 ¹ |
| 2003 | 4.92 | 12.76 | 0.72 | 18.40 |
| 2004 | 5.09 | 13.56 | 0.75 | 19.40 |
| 2005 | 5.06 | 14.20 | 0.74 | 20.00 |
| 2006 | 5.76 | 12.98 | 0.76 | 19.50 |
| 2007 | 6.04 | 12.61 | 0.75 | 19.40 |
| 2008 | 4.95 | 10.46 | 0.59 | 16.00 ² |
| 2009 | 4.98 | 10.40 | 0.62 | 16.00 |
| 2010 | 5.17 | 10.09 | 0.64 | 15.90 |

Source: Gorham Assessing office

1 The drop in the tax rate for fiscal year 2002 was the result of revaluation.

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

Table 8

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

| Taxpayer | 2010 | | | 2001 | | |
|--|--------------------------------------|------|---|--------------------------------------|------|---|
| | Current year assessed value | Rank | Percentage of total assessed value | Current year assessed value | Rank | Percentage of total assessed value |
| Central Maine Power Co. | \$ 18,672,600 | 1 | 1.54% | \$ 15,864,100 | 1 | 2.75% |
| Grondin, R J & Phillip | 14,117,700 | 2 | 1.16% | 7,654,500 | 4 | 1.33% |
| New Portland Road Realty LLC (formerly known as Gorham House) | 11,078,100 | 3 | 0.91% | 8,612,300 | 3 | 1.49% |
| Gorham Savings Bank | 10,846,100 | 4 | 0.89% | 5,051,400 | 7 | 0.87% |
| Nappi Distributors | 9,679,500 | 5 | 0.80% | | | |
| Maritimes & NE Pipeline | 7,938,900 | 6 | 0.65% | 8,634,500 | 2 | 1.49% |
| Scott Paper | 7,336,700 | 7 | 0.60% | | | |
| Maine Mobile Homes LTD | 6,924,900 | 8 | 0.57% | | | |
| Shaw Brothers Construction | 6,612,300 | 9 | 0.54% | 5,085,300 | 6 | 0.88% |
| Hannaford Brothers | 6,028,800 | 10 | 0.50% | | | |
| American Tool | | | | 5,394,900 | 5 | 0.93% |
| Sebago, Inc. | | | | 4,980,000 | 8 | 0.86% |
| Foreside Management Co. LLC | | | | 4,796,800 | 9 | 0.83% |
| Maine Rubber | | | | 4,727,360 | 10 | 0.82% |
| Totals | \$ 99,235,600 | | 8.16% | \$ 70,801,160 | | 12.25% |

Source: Gorham Assessing office

Table 9

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

| Fiscal Year Ended June 30 | Total Tax Levy for Fiscal Year ¹ | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|---------------------------------|---|---|-----------------------|--|------------------------------|-----------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2001 | \$ 12,485,788 | \$ 12,132,184 | 97.2% | \$ 349,668 | \$ 12,481,852 | 100.0% |
| 2002 | 13,626,308 | 13,138,832 | 96.4% | 481,606 | 13,620,438 | 100.0% |
| 2003 | 14,852,234 | 14,470,933 | 97.4% | 373,649 | 14,844,582 | 99.9% |
| 2004 | 16,311,136 | 15,827,928 | 97.0% | 471,350 | 16,299,278 | 99.9% |
| 2005 | 17,379,982 | 16,828,596 | 96.8% | 534,740 | 17,363,336 | 99.9% |
| 2006 | 16,980,208 | 16,487,705 | 97.1% | 472,360 | 16,960,065 | 99.9% |
| 2007 | 17,730,424 | 17,116,397 | 96.5% | 572,707 | 17,689,104 | 99.8% |
| 2008 | 19,215,434 | 18,541,490 | 96.5% | 625,445 | 19,166,935 | 99.7% |
| 2009 | 19,458,970 | 18,646,974 | 95.8% | 489,941 | 19,136,915 | 98.3% |
| 2010 | 19,359,898 | 18,705,615 | 96.6% | - | 18,705,615 | 96.6% |

¹ Tax commitment plus supplemental taxes assessed during fiscal year

Table 10

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

| Fiscal Year | Governmental Activities | | Total Primary Government | Percentage of Personal Income ¹ | Per Capita ¹ |
|----------------|-------------------------------|-------------------|--------------------------------|--|----------------------------|
| | General Obligation Debt | Capital Leases | | | |
| 2001 | \$ 13,232,030 | \$ 428,607 | \$ 13,660,637 | 4.50% | \$ 952 |
| 2002 | 14,498,884 | 419,344 | 14,918,228 | 4.82% | 1,020 |
| 2003 | 32,052,238 | 501,385 | 32,553,623 | 10.24% | 2,168 |
| 2004 | 32,902,542 | 534,671 | 33,437,213 | 10.44% | 2,211 |
| 2005 | 30,427,896 | 659,477 | 31,087,373 | 9.63% | 2,039 |
| 2006 | 32,733,250 | 708,418 | 33,441,668 | 10.27% | 2,174 |
| 2007 | 30,073,600 | 1,040,747 | 31,114,347 | 9.51% | 2,013 |
| 2008 | 31,398,950 | 833,367 | 32,232,317 | 9.78% | 2,071 |
| 2009 | 28,734,300 | 555,342 | 29,289,642 | 8.89% | 1,882 |
| 2010 | 46,509,330 | 429,878 | 46,939,208 | 14.24% | 3,016 |

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

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

Table 11

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

| Fiscal Year | General Obligation Debt | State Assessed Value of Property ¹ | Per Capita ² |
|------------------------|--|--|------------------------------------|
| 2001 | \$ 13,232,030 | 2.06% | \$ 922 |
| 2002 | 14,498,884 | 2.02% | 991 |
| 2003 | 32,052,238 | 3.84% | 2,135 |
| 2004 | 32,902,542 | 3.51% | 2,176 |
| 2005 | 30,427,896 | 2.80% | 1,996 |
| 2006 | 32,733,250 | 2.65% | 2,128 |
| 2007 | 30,073,600 | 2.22% | 1,945 |
| 2008 | 31,398,950 | 2.11% | 2,018 |
| 2009 | 28,734,300 | 1.93% | 1,846 |
| 2010 | 46,509,330 | 3.22% | 2,988 |

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

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

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

Table 12

TOWN OF GORHAM, MAINE
Direct and Overlapping Governmental Activities Debt
General Obligation Bonds
As of June 30, 2010

| Jurisdiction | Total debt outstanding | Percentage applicable to Gorham | Amount applicable to Gorham |
|--|-----------------------------------|--|--|
| Direct debt: | | | |
| Town of Gorham | \$ 46,509,330 | 100.00% | \$ 46,509,330 |
| Overlapping debt: | | | |
| Cumberland County | 3,772,625 | 3.46% | 130,363 |
| Portland Water District - sewer debt, Gorham only | 71,800 | 100.00% | 71,800 |
| Portland Water District - sewer shared with Windham | 6,130,000 | 70.47% | 4,320,113 |
| Portland Water District - sewer shared with Windham and Westbrook | 6,849,970 | 16.95% | 1,160,981 |
| Portland Water District - water debt | 31,450,023 | 5.34% | 1,678,394 |
| Subtotal Overlapping debt: | | | 7,361,651 |
| Total direct and overlapping debt: | | | \$ 53,870,981 |

Source: Jurisdictions' finance department.

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

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

Table 13

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

| Fiscal Year | Debt Limit | Total net debt applicable to limit | Legal Debt Margin | Total net debt applicable to limit as a percentage of debt limit |
|--------------------|-------------------|---|------------------------------|---|
| 2001 | \$ 96,570,000 | \$ 13,232,030 | \$ 83,337,970 | 13.70% |
| 2002 | 107,497,500 | 12,031,884 | 95,465,616 | 11.19% |
| 2003 | 125,280,000 | 32,052,238 | 93,227,762 | 25.58% |
| 2004 | 140,595,000 | 32,902,542 | 107,692,458 | 23.40% |
| 2005 | 162,840,000 | 30,427,896 | 132,412,104 | 18.69% |
| 2006 | 185,130,000 | 32,733,250 | 152,396,750 | 17.68% |
| 2007 | 202,845,000 | 30,073,600 | 172,771,400 | 14.83% |
| 2008 | 223,155,000 | 31,398,950 | 191,756,050 | 14.07% |
| 2009 | 223,837,500 | 28,734,300 | 195,103,200 | 12.84% |
| 2010 | 216,517,500 | 46,509,330 | 170,008,170 | 21.48% |

Legal Debt Margin Calculation for Fiscal Year 2010

| | Outstanding bonds and notes | Percent of state assessed value of \$1,443,450,000 | Allowable Amount | Margin |
|--|--|---|-----------------------------|-----------------------|
| For school purposes | \$ 35,931,562 | 10.00% | \$ 144,345,000 | \$ 108,413,438 |
| For storm or sanitary sewer purposes | - | 7.50% | 108,258,750 | 108,258,750 |
| For municipal, airport, water, and special district purposes | - | 3.00% | 43,303,500 | 43,303,500 |
| For all other purposes | 10,577,768 | 7.50% | 108,258,750 | 97,680,982 |
| Total | \$ 46,509,330 | 15.00% | \$ 216,517,500 | \$ 170,008,170 |

Table 14

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

| Fiscal Year | Population ¹ | Personal Income | Per Capita | Median Age ² | School Enrollment ³ | Unemployment Rate ⁴ |
|----------------|-------------------------|--------------------|---------------------------------|----------------------------|-----------------------------------|-----------------------------------|
| | | | Personal Income ² | | | |
| 2001 | 14,350 | \$303,846,900 | \$ 21,174 | 34.3 | 2,611 | 2.70% |
| 2002 | 14,625 | 309,669,750 | 21,174 | 34.3 | 2,639 | 2.90% |
| 2003 | 15,015 | 317,927,610 | 21,174 | 34.3 | 2,702 | 3.20% |
| 2004 | 15,122 | 320,193,228 | 21,174 | 34.3 | 2,751 | 3.20% |
| 2005 | 15,248 | 322,861,152 | 21,174 | 34.3 | 2,753 | 3.30% |
| 2006 | 15,383 | 325,719,642 | 21,174 | 34.3 | 2,718 | 3.10% |
| 2007 | 15,459 | 327,328,866 | 21,174 | 34.3 | 2,740 | 3.20% |
| 2008 | 15,563 | 329,530,962 | 21,174 | 34.3 | 2,713 | 3.60% |
| 2009 | 15,563 | 329,530,962 | 21,174 | 34.3 | 2,693 | 5.80% |
| 2010 | 15,563 | 329,530,962 | 21,174 | 34.3 | 2,647 | 6.60% |

Data Source

¹ 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.

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

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

⁴ State of Maine, Department of Labor, Division of Economics Analysis and Research
The 2010 figure is based on Portland LMA through May 2010.

Table 15

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

| Employer | 2010 ² | | | 2001 ¹ | | |
|----------------------------------|-------------------|------|--|-------------------|------|--|
| | Employees | Rank | Percentage of Gorham's Labor Force | Employees | Rank | Percentage of Gorham's Labor Force |
| Town of Gorham: School/Municipal | 503 | 1 | 5.5% | 458 | 1 | 5.9% |
| University of Southern Maine* | 469 | 2 | 5.1% | 396 | 2 | 5.1% |
| Gorham House | 216 | 3 | 2.4% | 220 | 4 | 2.8% |
| Irwin Industrial Tool | 210 | 4 | 2.3% | 210 | 3 | 2.7% |
| (formerly American Tool) | | | | | | |
| Nappi Distributors | 184 | 5 | 2.0% | | | |
| R. J. Grondin | 144 | 6 | 1.6% | 144 | 5 | 1.9% |
| Hannaford Brothers ** | 126 | 7 | 1.4% | | | |
| Shaw Brothers Construction, Inc. | 105 | 7 | 1.1% | | | |
| Gorham Savings Bank | 89 | 9 | 1.0% | | | |
| Maine Industrial Tire | 89 | 10 | 1.0% | | | |
| | 2,135 | | 23.3% | 1,428 | | 18.5% |

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

¹ Only top five employers information available for fiscal year 2001.

² Labor force figure was for March 2010 and provided by the Maine Department of Labor.

* Gorham campus only.

** Same employee count as 2009. Current employment data unavailable.

Table 16

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

| Function | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| General Government | 14.0 | 14.0 | 15.0 | 15.0 | 15.0 | 16.5 | 17.5 | 16.5 | 15.5 | 15.5 |
| Public Safety: | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Officers | 20.0 | 20.0 | 20.0 | 20.0 | 21.0 | 21.0 | 21.0 | 22.0 | 23.0 | 23.0 |
| Civilians ¹ | 8.0 | 8.0 | 8.0 | 8.0 | 9.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Fire: | | | | | | | | | | |
| Firefighters and EMT's | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 9.0 | 13.0 | 13.0 | 13.0 |
| Civilians | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Public Works | 15.0 | 18.0 | 18.0 | 18.0 | 18.0 | 19.0 | 21.0 | 21.0 | 19.0 | 19.0 |
| Recreation | 11.0 | 12.0 | 12.0 | 15.0 | 15.0 | 15.0 | 17.0 | 17.0 | 16.0 | 14.3 |
| Development | 5.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.5 | 4.5 | 4.5 | 4.5 |
| Total | 83.0 | 86.0 | 87.0 | 90.0 | 92.0 | 87.5 | 95.0 | 99.0 | 96.0 | 94.3 |

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

Table 17

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

| Function | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|--|--------|--------|---------|--------|--------|--------|---------|---------|---------|---------|
| General Government: | | | | | | | | | | |
| Building permits: ³ | | | | | | | | | | |
| Single family | 94 | 137 | 193 | 84 | 90 | 91 | 66 | 64 | 30 | 41 |
| Condos | 8 | 0 | 0 | 7 | 13 | 41 | 9 | 4 | 5 | 0 |
| Commercial | 31 | 21 | 25 | 31 | 23 | 16 | 23 | 22 | 18 | 17 |
| Total number permits issued | 1,145 | n/a | n/a | 1,118 | 1,276 | 1,374 | n/a | 1,025 | n/a | n/a |
| Public Safety: | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Number of calls for service | 8,553 | 12,600 | 16,502 | 17,359 | 18,832 | 17,076 | 17,434 | 16,303 | 18,245 | 18,473 |
| Number of physical arrests | 462 | 521 | 462 | 349 | 286 | 353 | 406 | 423 | 782 | 771 |
| Number of summons and warnings | 4,650 | 3,711 | 3,086 | 3,654 | 2,525 | 3,168 | 3,427 | 2,960 | 3,674 | 3,621 |
| Parking tickets issued | n/a | n/a | 369 | 662 | 503 | 372 | 305 | 245 | 269 | 391 |
| Number of accidents investigated | 588 | n/a | 649 | 658 | 586 | 668 | 528 | 544 | 555 | 519 |
| Fire: | | | | | | | | | | |
| Number of fire and rescue calls | 3,000 | 2,106 | 2,170 | 2,004 | 2,112 | 2,223 | 2,407 | 2,352 | 2,102 | 2,549 |
| Number of fire hydrants | n/a | n/a | n/a | n/a | n/a | 265 | 269 | 281 | 286 | 292 |
| Number of fire ponds | n/a | n/a | n/a | n/a | n/a | 71 | 70 | 69 | 69 | 70 |
| Public Works: | | | | | | | | | | |
| Number of roads maintained | 233 | 234 | 247 | 256 | 261 | 263 | 269 | 274 | 276 | 278 |
| Lane miles of roads maintained | 246.0 | 252.8 | 268.4 | 273.8 | 275.0 | 276.0 | 278.5 | 280.3 | 282.2 | 283.1 |
| Acres of public area maintained | 108.1 | 108.1 | 108.1 | 108.1 | 113.1 | 113.1 | 113.1 | 113.1 | 113.1 | 113.1 |
| Acres of cemeteries maintained | 17.8 | 17.8 | 17.8 | 17.8 | 19.6 | 21.1 | 21.1 | 29.9 | 30.1 | 30.1 |
| Tons of residential solid waste ⁴ | n/a | 3,724 | 3,914 | 1,860 | 2,212 | 2,307 | 2,290 | 2,235 | 2,304 | 2,166 |
| Tons of waste recycled | n/a | n/a | n/a | n/a | n/a | 1,356 | 1,555 | 1,421 | 1,444 | 1,200 |
| Recreation: | | | | | | | | | | |
| Library: | | | | | | | | | | |
| Number of items circulated | 95,585 | 95,166 | 106,238 | 91,669 | 89,091 | 95,179 | 103,080 | 101,158 | 109,409 | 116,050 |

Sources: Various town departments.

² Information reported for each fiscal year is for prior year's activity. Therefore, the fiscal year 2010 information is for activity in 2009.

³ Figures shown are based on calendar year.

⁴ Curbside recycling program started in 2003.

n/a = data not available

Table 18

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

| | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Function | | | | | | | | | | |
| Public Safety: | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Fire stations | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Public Works: | | | | | | | | | | |
| Streets (miles) ¹ | 157.7 | 252.8 | 268.4 | 273.8 | 275.0 | 276.0 | 278.5 | 280.3 | 282.2 | 283.1 |
| Street lights | 338 | 342 | 342 | 357 | 357 | 366 | 375 | 381 | 385 | 385 |
| Traffic signals | 9 | 10 | 10 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Cemeteries | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 10 | 12 | 12 |
| Recreation: | | | | | | | | | | |
| Libraries | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Parks acreage | 203.8 | 203.8 | 203.8 | 203.8 | 203.8 | 211.3 | 211.3 | 211.3 | 211.3 | 211.3 |
| Parks | 4 | 4 | 4 | 4 | 4 | 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.

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