

TOWN OF GORHAM, MAINE

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2013

Prepared by:

Sharon LaFlamme, Finance Director

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

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INTRODUCTORY SECTION

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Town of Gorham

Municipal Center

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December 5, 2013

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

The comprehensive annual financial report of the Town of Gorham for the fiscal year ending June 30, 2013 is hereby submitted as required by Town Charter and State law.

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

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

Independent Audit: State statutes require an annual audit by independent certified public accountants. The accounting firm of Runyon Kersteen Ouellette, Certified Public Accountants, performed for the Town Council the annual audit for fiscal year ending June 30, 2013. The auditor's report on the basic financial statements and combined and individual fund statements and schedules is included in the financial section of this report. In the opinion of the independent auditor, the Town of Gorham's basic financial statements, as of June 30, 2013, present fairly, in all material respects, the financial position of the Town, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

Profile of the Government

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

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

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

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

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

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

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

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

Local Economy

The Town's total taxable valuation for tax year 2012-2013 is \$1,290,426,700 (excludes the valuation attributable to the State Homestead Exemption and BETE personal property reimbursement), resulting in an increase of about 1.61% from the 2011-2012 total taxable valuation. Approximately 16% of the tax base is commercial and industrial with the remainder being residential (these figures include vacant parcels as well as developed parcels). The Town's rate of tax collection continues to be strong with a 97.2% for last fiscal year and 97.4% for this fiscal year. The Town's legal debt margin is set by State law at 15% of its state assessed value. Currently, the Town's outstanding debt is 2.9% of the state assessed value.

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

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

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

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

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

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

Fiscal Year 2013 Budget

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

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

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

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

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

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

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

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

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

Major Initiatives

The Town of Gorham has a fund balance policy (see Note 2, STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, A. BUDGETARY INFORMATION) and the amount in excess of the required fund balance can be used for one-time capital equipment/project purchases. During fiscal year 2013, there was \$1,721,034 in funds available for allocation to capital equipment and capital project needs. The Town Council approved at their June 5, 2012 meeting as part of the adopted budget the use of the excess unassigned fund balance of \$1,721,034 for the following purposes:

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

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

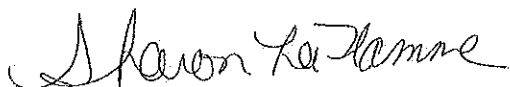
Other Information

Awards: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Gorham, Maine for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This was the tenth year in a row that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements: I would like to express my gratitude to the various departments for providing the necessary information needed to complete sections of the Town's comprehensive annual financial report. I would also like to extend my thanks to the Town Manager, David Cole, and Gorham Town Council for their continued support of my efforts to improve the Town's level of financial reporting. I would like to acknowledge our independent auditors, Runyon Kersteen Ouellette, for the professional audit work provided and the continued support and assistance.

Sincerely,



Sharon LaFlamme
Finance Director

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Government Finance Officers Association

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

Presented to

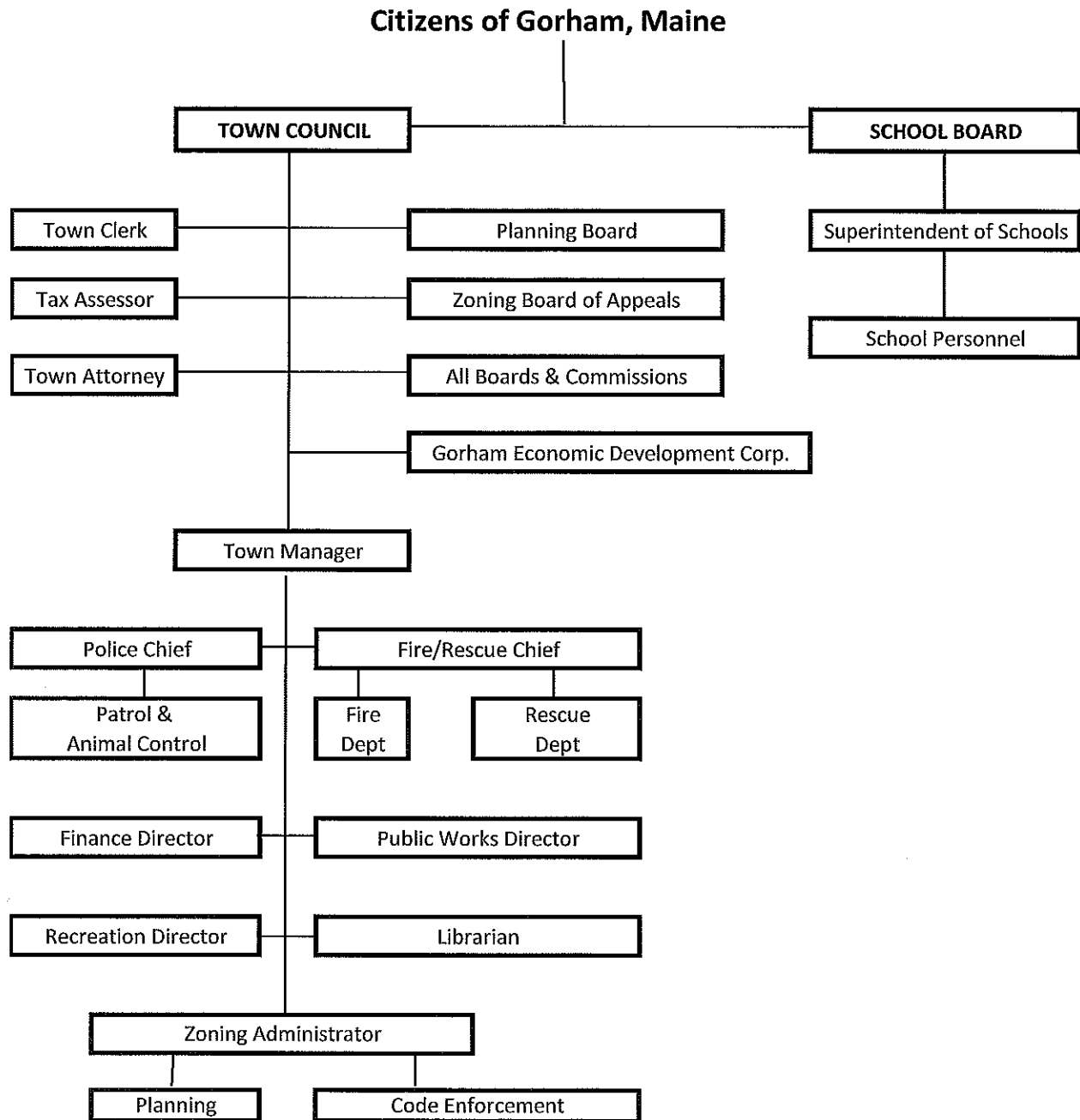
**Town of Gorham
Maine**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

Town of Gorham, Maine Organizational Chart



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

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

Michael J. Phinney, Vice Chairman

Suzanne Phillips

Sherrie Benner

Matthew J. Robinson

Shonn Moulton

John A. Pressey

David O. Cole, Town Manager

Cornelia C. Loughran, Town Clerk

Michael D'Arcangelo, Tax Assessor

Thomas E. Ellsworth, Econ. Dev. Dir.

Sharon LaFlamme, Finance Director

Robert S. Lefebvre, Fire Chief

Pamela E. Turner, Library Director

Ronald W. Shepard, Police Chief

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

Cynthia A. Hazelton, Recreation Director

David Galbraith, Zoning Administrator

Kyle P. Currier, Chairman, School Board

Darryl B. Wright, Vice Chairman

Kathy Garrard

Roger L. Marchand

Dennis Libby

Sara Nelson

Timothy Burns

Theodore G. Sharp, School Superintendent

Hollis S. Cobb, School Finance Officer

FINANCIAL SECTION

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Independent Auditor's Report

Town Council
Town of Gorham, Maine

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Gorham, Maine as of June 30, 2013, and the respective changes in financial position and the budgetary comparison for the General Fund and the School Operations Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Town Council
Town of Gorham, Maine

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2013 on our consideration of the Town of Gorham, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing or internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Gorham, Maine's internal control over financial reporting and compliance.

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

December 5, 2013
South Portland, Maine

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This section of the Town of Gorham's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year that ended on June 30, 2013. We encourage the readers to consider the information presented in conjunction with the Town's financial statements, which follow this section.

Financial Highlights

- The total assets of the Town of Gorham exceed its liabilities by \$52,610,971, a decrease of \$377,304 or .7% when compared to the beginning net position figure of \$52,988,275.
- The ending fund balance for Governmental Funds is \$14,400,526. The expenditures exceeded revenues by \$652,998.
- The General Fund's ending fund balance is \$11,570,621; an increase of \$247,625 from the prior year's ending fund balance of \$11,322,996. Of the \$11,570,621, only \$6,491,317 is unassigned. A detailed listing of the nonspendable, restricted, committed and assigned fund balances can be found in the notes to basic financial statements, NOTE 18, COMPONENTS OF FUND BALANCES.
- The Town of Gorham has a fund balance policy. The Town must maintain a combined General Fund and Special Revenue Fund (School Operations Fund) unassigned fund balance of at least 8.5% of the succeeding year's School, Town, and Cumberland County appropriations. The combined General Fund and Special Revenue Fund – School Operations Fund unassigned fund balances as of June 30, 2013 was \$4,906,738 or 10.7% of the total FY14 budgeted appropriations. The Town Council uses any excess funds to fund the capital needs of the community as deemed appropriate. The Town Council generally reviews and approves the capital projects during the annual budget process. It is anticipated that the Town Council will have approximately \$1,005,423 to allocate to the Capital Part II budget during the FY15 budget process.
- The Town of Gorham's general obligation debt decreased by \$3,593,125 or 8.2% in the outstanding bonded debt total.

Overview of the Financial Statements

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

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

The Town of Gorham is the trustee, or fiduciary, for the various School activity accounts, various public safety activity accounts, various recreation activity funds, and Trust Funds that are set up primarily as scholarships. These assets, because of a trust arrangement, can only be used for trust beneficiaries. All of the Town's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 44 and 45. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

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

Reporting the Town as a Whole

Net Position

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

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

The decrease of \$1,532,257 in the current and other assets category is primarily due to the spending down of the bond proceeds for the elementary school project. The bonds were issued in April 2010.

The Capital Asset disclosure in the notes to the financial statements, see Note 6, shows how the change in capital assets, net change of (\$3,245,576) resulted. However, the decrease is primarily due to depreciation expense.

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

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

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

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

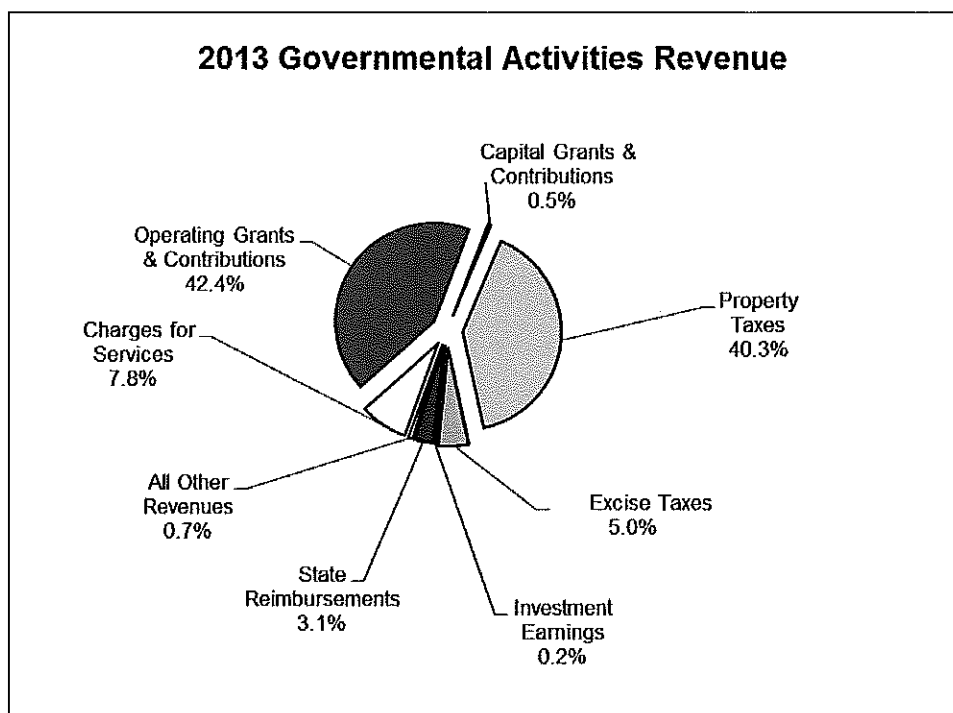
TOWN OF GORHAM, MAINE
Management's Discussion and Analysis, Continued

Changes in Net Position

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

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

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



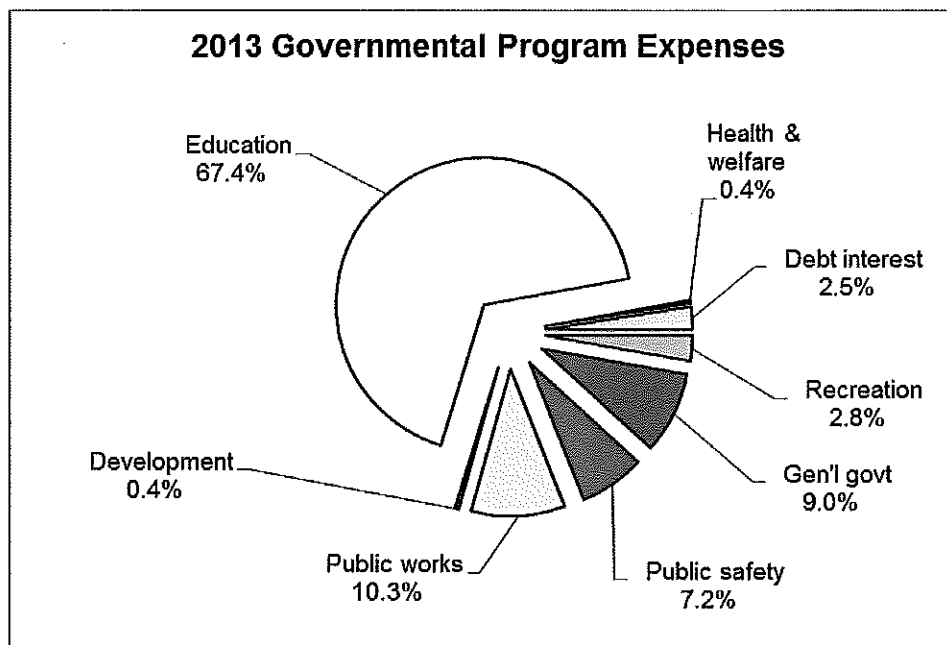
Overall revenues were down \$3,138,906 or 5.7% when compared to fiscal year 2012. There were a number of reasons for the decrease in the revenues and they are highlighted below.

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

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

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

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



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

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

Governmental Activities

The cost of all governmental activities was \$52,505,687. The Town's governmental activities include general government, public safety, public works, health and welfare, recreation (includes library and museum), development, education, and interest on debt. The general government activity also includes public agencies, insurance, employee benefits, unclassified and county tax expenditures. The fiscal year 2013 expenses were a 1.6% increase over fiscal year 2012 expenses or \$810,742.

However, as shown on the Statement of Activities, the amount that the taxpayers of Gorham ended up financing through property taxes was \$20,982,710 or 40%, because some of the cost was paid by those who directly benefit from the programs -- \$4,062,930, or by other governments and organizations that subsidized certain programs with operating grants and contributions -- \$22,140,676, and capital grants and contributions -- \$275,574. The Town also received \$4,666,493 in other general revenues, such as State Revenue Sharing, motor vehicle and boat excise taxes, homestead exemption, BETE reimbursement and interest earnings, to fund operations during fiscal year 2013.

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

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

The Town's Funds

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

General Major Governmental Functions

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

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

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

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

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

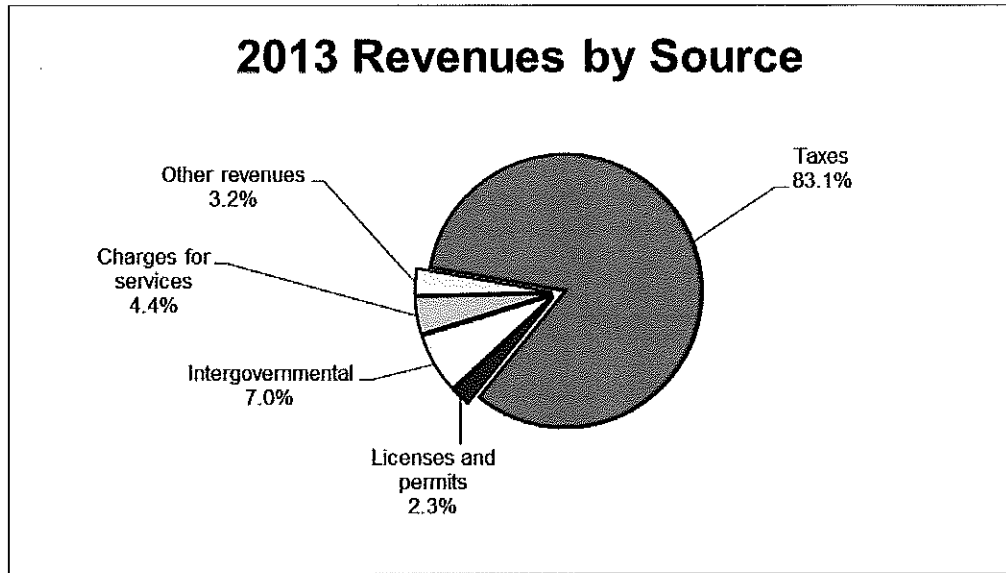
Intergovernmental: The major decreases in fiscal year 2013 are \$19,173 in state revenue sharing, \$14,681 in USM confined space revenues, \$5,032 in Highway Block Grant and \$2,211 in snowmobile reimbursement. In fiscal year 2013, there were increases in human service assistance and BETE reimbursement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

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

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

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

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



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

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

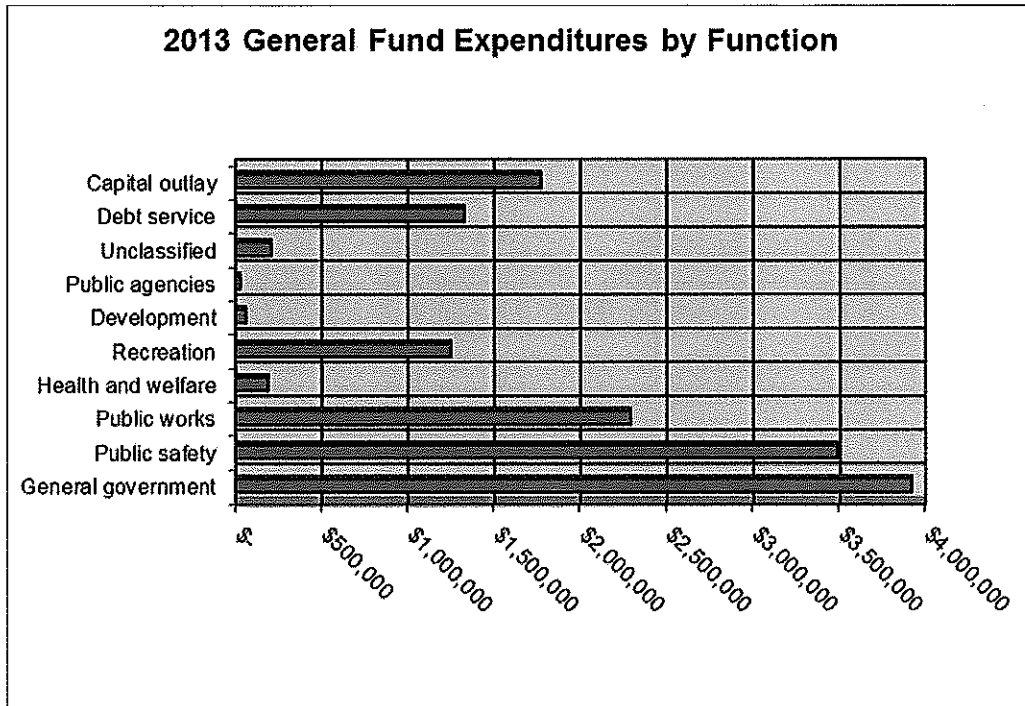
The General Fund expenditures increased 4.2% from fiscal year 2012 levels. The largest change was in the capital outlay function, which increased by \$656,961 or 59%. In fiscal year 2012, \$139,220 was allocated from unassigned fund balance to fund various capital purchases whereas in fiscal year 2013,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

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

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

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

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



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

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

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

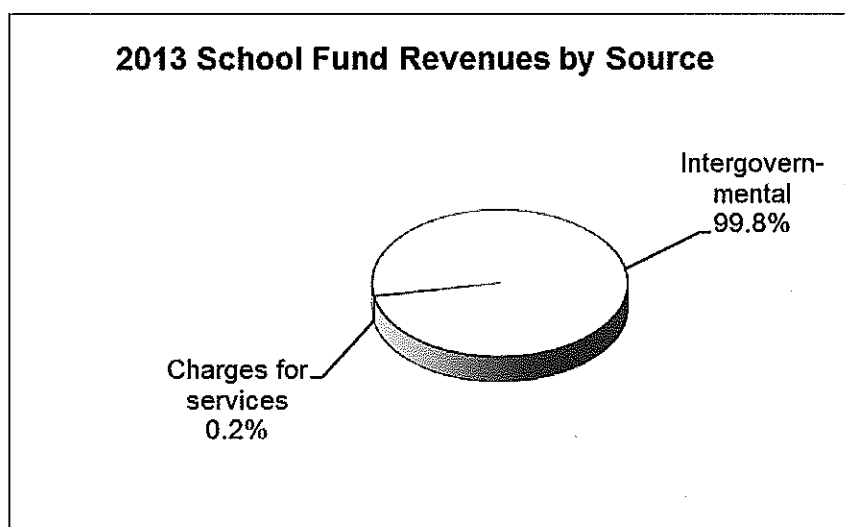
TOWN OF GORHAM, MAINE
Management's Discussion and Analysis, Continued

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

General Fund Budgetary Highlights

The Town continues to meet its responsibilities for sound financial management. As shown in Statement 6, actual revenues exceed budgeted revenues by \$1,827,843, while actual expenditures were under budgeted appropriations by \$8,774. This resulted in a positive net effect of \$1,836,617. After transfers and changes in encumbrances, the net change in fund balance was \$247,625.

The unassigned fund balance at \$6,491,317 is a healthy figure and represents 14.1% of the total general fund and School Operations Fund budgeted appropriations for FY2014. The goal of the Town's fund balance policy is to maintain a General Fund and Special Revenue Fund (School Operations Fund) unassigned fund balance of at least 8.5% of the yearly School, Town, and Cumberland County appropriations. However, when the School Operations Fund's deficit balance of (\$1,584,579) is factored in the percentage drops to 10.7%. The Town's management anticipates that during the FY2015 budget process, the Council will utilize the unassigned fund balance in excess of the 8.5% for the Town's Capital Budget Part II.

The original budget for fiscal year 2012-2013 was \$45,207,023 and there were no adjustments made to the original budget during fiscal year 2013.

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

Capital Asset and Debt Administration

Capital Assets

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

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

Infrastructure

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

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

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

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

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

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

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

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

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

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

- \$30,000 to replace 1998 Loader/Backhoe with an excavator,
- \$15,100 to paint exterior of library, gazebo, Robie Gym and municipal center,
- \$15,000 to purchase a new video server with HD system,
- \$26,000 to make energy improvements at North Gorham and West Gorham fire stations,
- \$380,700 to provide funds for road maintenance projects.

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

Debt Administration

As of June 30, 2013, the Town had a total of \$40,171,555 of outstanding general obligation debt. The Town's outstanding general obligation bonds as of June 30, 2013 are \$3,593,125 less than last fiscal year – a decrease of 8.2%.

The Town of Gorham currently has an AA+ rating from Standard and Poor's and an AA2 rating from Moody's on its general obligation bond issues. The Town's outstanding indebtedness is only 2.85% of the State's equalized value.

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

Economic Factors and Next Year's Budget and Tax Rates

One of the Town Council's approved goals was to develop a budget that maintained essential services while having no or a low increase in property taxes. The fiscal year 2013–2014 budget was very challenging. The major obstacle was calculating the revenues the Town would be receiving from the State. The Governor's proposed budget eliminated all State Revenue Sharing provided to the Local Municipalities as well as taking some of the excise tax. The potential impacts of the Governor's proposals are so large that it is very difficult to provide a responsible budget while they remain unresolved. This budget assumes that the state will continue taking over \$478,000 in revenue sharing money that, by law, belongs to the Town of Gorham in order to fund the State budget. The \$478,000 not available to the Town is worth over 36 cents on the tax rate.

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

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

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

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

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

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

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

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

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

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

Contacting the Town's Financial Management

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

BASIC FINANCIAL STATEMENTS

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

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

See accompanying notes to basic financial statements.

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

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

See accompanying notes to basic financial statements.

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

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

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

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

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

See accompanying notes to basic financial statements.

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

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

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

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

See accompanying notes to basic financial statements.

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

Net change in fund balances - total governmental funds (from Statement 4)	\$ (652,998)
Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$4,211,025) and loss on disposal (\$162,206) exceeded capital outlays (\$1,127,655) in the current period. (Note 6)	(3,245,576)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(126,408)
Bond and note proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. (Note 10)	3,595,858
The Town is amortizing the deferred charge on refunding, the issuance premium and the bond issuance costs over the life of the refunding bond.	21,320
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. More specifically, this represents the change in long-term accrued compensated absences. (Note 10)	(29,920)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. More specifically, this represents the change in long-term capital leases. (Note 10)	136,445
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. More specifically, this represents the change in other post employment benefits liability. (Note 10)	(103,655)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. More specifically, this represents the change in accrued bond interest payable.	27,630
Change in net position of governmental activities (see Statement 2)	\$ (377,304)

See accompanying notes to basic financial statements.

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

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

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

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

See accompanying notes to basic financial statements.

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

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

See accompanying notes to basic financial statements.

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

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

See accompanying notes to financial statements.

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. The Reporting Entity

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

B. Basis of Presentation

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

C. Basis of Accounting/Measurement Focus

Government-wide Financial Statements

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

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

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

Governmental Funds

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

The Town reports the following major governmental funds:

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

The Elementary School Capital Projects Fund is another major governmental fund being reported for fiscal year 2013. This fund accounts for the expenditures related to the construction of the Great Falls Elementary School.

Additionally, the Town reports the following fund types:

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

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

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

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

Revenue Recognition

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Those revenues susceptible to accrual are property taxes, interest, and charges for services. Licenses and permits, fines and forfeits, and miscellaneous revenues (except investment earnings) are recorded as revenues when received in cash because they are generally not measurable until actually received. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on long-term debt as well as expenditures related to certain compensated absences and claims and judgments are only recorded when payment is due. Allocation of costs, such as depreciation, is not recognized in the governmental funds.

D. Encumbrances

The Town is employing encumbrance accounting, whereby commitments for the expenditure of monies are recorded to preserve that portion of the applicable appropriation, during the fiscal year. At year-end, encumbrances are recorded as expenditures for budgetary reporting and as assigned fund balance within the fund financial statements, since they do not constitute expenditures or liabilities and are added to the subsequent year's adopted appropriations.

E. Investments

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

Investment in derivatives is forbidden under this investment policy.

Investments are stated at fair value.

F. Receivables and Payables

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

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

G. Inventories

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

H. Capital Assets

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

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

The following estimated useful lives are used to compute depreciation:

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

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

I. Deferred Outflows/Inflows of Resources

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

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. Compensated Absences

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

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

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

K. Long-term Obligations

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

L. Interfund Transactions

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

M. Use of Estimates

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

N. Fund Equity

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

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

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

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

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

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

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

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

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

The General Fund unassigned fund balance total of \$6,491,317 represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. The School Operations Special Revenue Fund and Other Governmental Funds are reporting an unassigned negative fund balance of (\$1,584,579) and (\$21,454) respectively as shown on Statement 3.

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

(See NOTE 18, COMPONENTS OF FUND BALANCES)

O. Comparative Data/Reclassification

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

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

Note 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Budgets are adopted for the General Fund and School Operations Fund only, and are adopted on a basis consistent with generally accepted accounting principles (GAAP) except as described in the budget footnote, Note 19, BUDGETARY VS. GAAP ACCOUNTING. The level of control (level at which expenditures may not exceed budget) is the Department for the general fund budget and the budget categories for the School Operations Fund. With Council authorization, mid-year budget adjustments between departments can be made. The School Board may transfer an amount not exceeding 5% of the total appropriation for any budget category without voter approval. The budget as presented reflects these changes. At the close of the fiscal year all unexpended budgetary accounts generally lapse. However, the Town adopted a policy that allows certain departments to carry 50% of unexpended balances to be used towards future capital purchases. These amounts are shown as assigned fund balance in the general fund at year-end. Additionally, the Town has a policy in which the amount of unassigned fund balance at the end of the year, which is greater than 8.5% of the budget, is transferred to a capital reserve account. This transfer happens subsequent to year-end, during the next fiscal years' budget process.

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

B. Excess of Expenditures Over Appropriations

For the year ended June 30, 2013, expenditures exceeded appropriations in the following general fund departments as shown on Statement 6:

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

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

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

Note 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, Continued

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

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

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

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

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

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

C. Deficit Fund Equity

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

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

Note 3 – RISK MANAGEMENT

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

If the assets of either the MMA Property and Casualty Pool or the Worker's Compensation Pool are at any time actuarially determined to be insufficient to enable either pool to discharge its legal liability and other obligations and to maintain actuarially sound reserves, either pool has the power to make up the deficiency by the levy of a prorated assessment upon its members for the amount needed to make up the deficiency. There has been no such deficiency in the past three years. Management believes that no such deficiency exists as of June 30, 2013.

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

Note 3 – RISK MANAGEMENT, Continued

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

Based on the coverage provided by these pools, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities, which should be recorded at June 30, 2013. There have been no significant reductions in the commercial coverage from the prior year and no settlements have exceeded insurance coverage in any of the past three years.

The Town is self-insured for unemployment compensation. The Town annually appropriates funds to cover anticipated unemployment claims during a fiscal year. However, the Town also maintains a reserve account for excess unemployment claims. As of June 30, 2013, the balance in this reserve account was \$31,500.

Note 4 - DEPOSITS AND INVESTMENTS

A. Deposits

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

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

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

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

Note 4 - DEPOSITS AND INVESTMENTS, Continued

B. Investments

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

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

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

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

Credit Risk. Maine statutes authorize the Town to invest in obligations of U.S. Treasury and U.S. Agencies, repurchase agreements, and certain corporate stocks and bonds. Generally, the Town invests funds in certificates of deposit or savings accounts in the case of special revenue, capital projects, and trust funds, and in commercial paper or repurchase agreements (through a financial institution trust department) in the case of the General Fund. The Town only invests in commercial paper, rated in the highest tier (e.g., A-1, P-1, F-1, or D-1 or higher) by a nationally recognized rating agency. As of June 30, 2013, the Town had \$719,258 invested in commercial paper. Standard and Poor's rate the funds invested in federal money market accounts AAAM. The repurchase agreements are generally U.S. government securities, which are unrated.

Concentration Risk. The Town of Gorham will diversify its investment portfolio by security type and institution. With the exception of U.S. Treasury securities and authorized pools, no more than 50% of the Town's total investment portfolio will be invested in a single security type or with a single financial institution. At June 30, 2013, the Town was not in compliance with its investment policy's stipulations on portfolio diversification. The Town had 52% of its invested funds invested with one financial institution in repurchase agreements.

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

Note 4 - DEPOSITS AND INVESTMENTS, Continued

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

Note 5 - RECEIVABLES

A. Receivables

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

	<u>General</u>	<u>School Operations</u>	<u>Non-Major Funds</u>	<u>Total</u>
Receivables:				
Taxes	\$ 616,864	-	-	616,864
Tax liens	282,829	-	-	282,829
Accounts	247,306	2,182	219,405	468,893
Rescue	260,594	-	-	260,594
Intergovernmental	-	428,653	284,887	713,540
Notes	6,078	-	112,117	118,195
Net total receivables	\$ 1,413,671	430,835	616,409	2,460,915

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

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

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

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

Note 5 – RECEIVABLES, Continued

B. Property Taxes

Property taxes for the current year were committed on August 17, 2012, on the assessed value listed as of the prior April 1 for all real and personal property located in the Town. Assessed values are periodically established by the Town's Assessor at 100% of assumed market value. A revaluation was completed for the list of April 1, 2001. The assessed value represented 91.5% of the estimated State valuation of \$1,409,850,000.

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

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

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

The following summarizes the 2013 and 2012 levies:

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

Of the total taxes committed for the year ended June 30, 2013, the original amount allocated to the ODAT-Grondin Municipal Development Tax Increment Financing District, the Pettingill Ross Municipal Development Tax Increment Financing District, the Gorham County Road LLC Municipal Development Tax Increment Financing District, the Nappi Municipal Development Tax Increment Financing District and the Olde Canal Business Park Municipal Development Tax Increment Financing District was \$290,013.

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

Note 5 – RECEIVABLES, Continued

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

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

(See Note 16, TAX INCREMENT FINANCING DISTRICT)

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

Note 5 – RECEIVABLES, Continued

C. Intergovernmental Receivables

Intergovernmental receivables are comprised of the following:

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

D. Notes Receivables

At June 30, 2013, the Town of Gorham had the following long-term receivables:

<u>Receivable From</u>	<u>Issue Date</u>	<u>Amount Issued</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Annual Payments</u>	<u>Amount Outstanding</u>
Black Brook Water Main Notes	12/2000	\$16,587	1.0%	10/2020	\$ 810	\$ 6,078
Isherwood Enterprises, Inc.	9/2008	75,000	5.0%	9/2018	9,546	43,997
N.E. Tread & Custom Millworks, Inc.	6/2010	74,250	6.0%	6/2030	6,383	<u>68,120</u>
						<u>\$ 118,195</u>

Note 6 – CAPITAL ASSETS

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

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

Note 6 – CAPITAL ASSETS, Continued

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

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

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

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

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

Note 7 – PENSION PLANS

A. MainePERS – Consolidated Plan

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

Funding Policy – Plan members are required to contribute 6.5% or 8.0% of their annual covered salary depending upon the plan they are in and the Town of Gorham is required to contribute an actuarially determined rate. The current rates range from 5.3% to 10% of annual covered payroll. On August 30, 2012, the Town withdrew from MainePERS. Employees who were already plan members will remain in the MainePERS plan. Any new hires after this date will not be able to join MainePERS. The contribution rates of plan members and the Town of Gorham are established and may be amended by the MainePERS Board of Trustees. Due to an unfunded liability credit, the Town's contribution to the Maine Public Employees Retirement System Consolidated Plan for the years ended June 30, 2013, 2012 and 2011 are \$169,953, \$161,938, and \$181,515, respectively, equal to the required contributions for each year.

B. MainePERS Teacher's Group

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

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

Funding Policy – Plan members are required to contribute 7.65% of their compensation to the retirement system. The same statute requires the State of Maine's Department of Education to contribute the employer contribution, which amounts to \$2,459,687 (15.86%) for the fiscal year 2013. This amount has been reported as an intergovernmental revenue and Education expenditure in the GAAP basis financial statements (Statement 2 and Statement 4). There is no contribution required by the School except for federally funded teachers, for which the School contributed 16.33% of their compensation. This cost is charged to the applicable grant.

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

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

Note 7 – PENSION PLANS, Continued

C. Deferred Compensation Plan

The Town of Gorham offers all its employees not participating in MainePERS a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan permits participating employees to defer a portion of their salary until future years. The Town expended \$133,018 for the year ended June 30, 2013, and \$126,546 for the year ended June 30, 2012. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

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

D. Other Retirement Contributions

Additionally, the Town participates in the Social Security Retirement Program. The Town contributed \$404,500 including F.I.C.A. and Medicare to the Social Security Retirement Program on behalf of Town employees for the year ended June 30, 2013 and \$390,134 for the year ended June 30, 2012.

School employees who are not eligible for the MainePERS participate in the Social Security Retirement Program. In addition, a small group of School employees participates in both programs. The School Department contributed \$445,417 including F.I.C.A. and Medicare to the Social Security Retirement Program on behalf of the School employees for the year ended June 30, 2013 and \$433,903 for the year ended June 30, 2012.

Note 8 – OTHER POST EMPLOYMENT BENEFITS

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

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

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

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

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

Note 8 – OTHER POST EMPLOYMENT BENEFITS, Continued

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

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

	FY2011	FY2012	FY2013
Normal cost	\$ 54,794	\$ 54,794	\$ 54,794
Amortization of unfunded	67,028	67,028	67,028
Interest	2,413	2,413	2,413
Annual required contribution	124,235	124,235	124,235
Interest on net OPEB obligation	8,500	12,796	16,913
Amortizing adjustment to ARC	(12,288)	(18,500)	(24,452)
Annual OPEB cost	120,447	118,531	116,696
Contributions made	(13,041)	(15,603)	(13,041)
Increase in net OPEB obligation	107,406	102,928	103,655
Net OPEB obligation - beginning of year	212,492	319,898	422,826
Net OPEB obligation - end of year	\$ 319,898	\$ 422,826	\$ 526,481

The following table represents the OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2013 and two preceding years.

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

Funding Status and Funding Progress – The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ending June 30, 2013 and two preceding years are as follows:

	FY2011	FY2012	FY2013
Actuarial accrued liability	\$ 1,205,417	\$ 1,205,417	\$ 1,205,417
Plan assets	-	-	-
Unfunded actuarial accrued liability	\$ 1,205,417	\$ 1,205,417	\$ 1,205,417
Funded ratio	0%	0%	0%
Covered payroll	\$ 4,534,098	\$ 4,637,908	\$ 4,573,747
Unfunded actuarial accrued liability as a percentage of covered payroll	26.59%	25.99%	26.36%

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

Note 8 – OTHER POST EMPLOYMENT BENEFITS, Continued

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

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

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

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

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

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

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

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

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

Note 9 – INTERFUND ACCOUNTS

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

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

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

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

Note 9 – INTERFUND ACCOUNTS, Continued

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

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

The transfers out comprised of the following:

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

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

Note 10 – LONG-TERM DEBT

A. Statutory Debt Limit

In accordance with 30 MRSA, Section 5061, as amended, no municipality shall incur debt for specified purposes in excess of certain percentages of state valuation of such municipality. At June 30, 2013, the Town was in compliance with these limitations. (See Table 13, STATISTICAL SECTION)

B. Changes in Long-term Debt

Long-term liability activity for the year ended June 30, 2013 was as follows:

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

C. Bonds and Notes Payable

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

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

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

Note 10 – LONG-TERM DEBT, Continued

General obligation bonds currently outstanding at June 30, 2013, are comprised of the following:

General Obligation Bonds	Interest Rate	Original Issue Amount	Final Maturity Date	Balance End of Year	Due Within One Year
Governmental activities:					
2012 Advance Refunding Bond	2.00-3.50%	\$ 17,085,000	11/1/2024	\$ 16,815,000	\$ 1,145,000
2011 Maine Municipal Bond (2000 Bond)	.50-5.20%	585,000	11/1/2019	511,875	73,125
2010 Road Projects/Heavy Rescue Bond	2.00-3.50%	3,450,000	8/1/2027	3,040,000	205,000
2010 Elementary School Bond	2.00-4.25%	20,384,680	10/1/2030	18,344,680	1,020,000
2008 Road Projects Bond	3.00-4.00%	4,000,000	5/1/2014	235,000	235,000
2005 Municipal/Comm Ctr Bond	3.75-4.00%	5,000,000	12/1/2014	500,000	250,000
2004 Old Shaw School Reno Bond	3.25-4.35%	2,688,345	2/1/2014	140,000	140,000
2004 Fire Truck Bond	3.25-4.35%	350,000	2/1/2014	20,000	20,000
1994 High School Expansion Bond	4.60-5.25%	11,565,000	9/1/2013	565,000	565,000
Total governmental activities				\$ 40,171,555	\$ 3,653,125

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

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

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

Note 10 – LONG-TERM DEBT, Continued

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

D. Capital Leases

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

The following is a summary of the capital lease commitments as of June 30, 2013:

	<u>Original Purchase Price</u>	<u>Annual Depreciation Expense</u>	<u>Total Minimum Lease Payments</u>	<u>Interest</u>	<u>Present Value of Minimum Lease Payments</u>
Education, seven (7) school buses	\$ 557,331	74,328	210,394	10,701	199,693
Education, copiers	146,201	n/a	96,678	7,551	89,127
Totals	\$ 703,532	74,328	307,072	18,252	288,820

The following is a schedule of future minimum lease payments under the capital lease and the present value of the minimum lease payment at June 30, 2013:

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

E. Compensated Absences

The Town's policy relating to compensated absences is described in Note 1, I. The long-term portion of this debt, amounting to \$957,347 for governmental activities at June 30, 2013, is expected to be paid in future years from future resources. The Town has estimated that out of the \$957,347, approximately \$50,000 will be due within the next year. In prior years, compensated absences have been liquidated primarily by the general fund.

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

Note 10 – LONG-TERM DEBT, Continued

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

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

F. Other Post Employment Benefits

The Town's post-retirement benefit plan providing health insurance to retiring employees is described in Note 8. The long-term portion of this benefit, amounting to \$526,481 for governmental activities at June 30, 2013, is expected to be funded on a pay-as-you-go basis. The Town does not estimate any of OPEB will be due within the next year. If and when the Town does have other post-employment benefits these will be liquidated primarily by the general fund.

Note 11 - OPERATING LEASES

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

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

Note 12 – OVERLAPPING DEBT AND OTHER CONTINGENCIES

A. Overlapping Debt

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

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

Note 12 – OVERLAPPING DEBT AND OTHER CONTINGENCIES, Continued

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

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

Total Debt and Contingencies

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

B. Arbitrage

Pursuant to the Tax Reform Act of 1986, municipalities issuing tax-exempt bonds or entering into note or lease obligations are required to perform an arbitrage rebate calculation upon the fifth anniversary of the obligation and to remit such rebate to the federal government, subject to certain exceptions. The Town has had several issues for which a rebate calculation is or has been required. As of June 30, 2013, substantially all such calculations have been performed.

C. Grant Funds

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

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

Note 12 – OVERLAPPING DEBT AND OTHER CONTINGENCIES, Continued

D. Litigation

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

E. Conduit Debt

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

As of June 30, 2013, there were two series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$810,000.

Note 13 – JOINTLY GOVERNED ORGANIZATION

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

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

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

Note 14 – NET POSITION

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Town's net investment in capital assets was calculated as follows for fiscal year 2013 with 2012 information provided for comparison:

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

Note 15 – REIMBURSEMENT FOR DEBT SERVICE EXPENDITURES

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

Note 16 - TAX INCREMENT FINANCING DISTRICT

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

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

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

Note 16 - TAX INCREMENT FINANCING DISTRICT, Continued

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

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

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

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

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

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

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

Note 16 - TAX INCREMENT FINANCING DISTRICT, Continued

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

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

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

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

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

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

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

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

Note 17 - CLASSIFICATION OF NET POSITION

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

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

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

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

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

Note 18 – COMPONENTS OF FUND BALANCES

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

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

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

Note 18 – COMPONENTS OF FUND BALANCES, Continued

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

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

Note 18 – COMPONENTS OF FUND BALANCES, Continued

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

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

Note 18 – COMPONENTS OF FUND BALANCES, Continued

	<u>2013</u>	<u>2012</u>
White Rock School Demolition	\$ 160,665	-
School Building Improvement	208,041	-
Gorham Village Parking Study	15,000	-
Total general fund committed	\$ 858,606	\$ 220,139
Special Revenue Fund:		
Committed:		
Industrial Park TIF	2,266	128,828
Odat/Grondin TIF	2,139	2,139
Olde Canal TIF	30,107	25,276
Nappi TIF	64,233	64,240
Founder's Festival	-	7,232
Founder's Monument	884	9,922
Total special revenue fund committed	\$ 99,629	\$ 237,637
Capital Project Fund:		
High school renovation & expansion project	43,937	-
Various school projects	39,045	39,045
Total capital project fund committed	\$ 82,982	\$ 39,045
Total committed fund balance	\$ 1,041,217	\$ 689,604
General Fund:		
Assigned:		
Capital budget, part II	466,800	1,721,034
Encumbrances	445,389	259,911
Accrued compensated absences	369,162	360,078
Municipal center building	73,172	67,172
Revaluation	183,126	183,533
Administration	26,249	26,249
Finance software/computer upgrade	32,711	32,928
Compensation study	15,100	15,100
Town clerk	32,843	27,724
Planning	35,918	34,047
Planning office relocation reserve	34,000	34,000
Assessing	12,399	11,140
GIS system	58,086	61,889
Code	15,795	15,656
Web site development	25,038	25,038

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

Note 18 – COMPONENTS OF FUND BALANCES, Continued

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

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

Note 18 – COMPONENTS OF FUND BALANCES, Continued

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

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

Note 19 – BUDGETARY VS. GAAP ACCOUNTING

Through June 30, 2013, the Town did not budget for expenditures related to teachers' summer pay on an accrual basis. Additionally, for budgetary purposes, the Town has recorded certain encumbrances as expenditures at year-end. The following is a reconciliation of fund balance for the General Fund and School Operations Fund (Special Revenue Fund) on the basis of accounting principles generally accepted in the United States of America and on the budgetary basis.

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

As required by generally accepted accounting principles (GAAP), the Town has recorded a revenue and expenditure for Maine Public Employees Retirement contributions made by the State of Maine on behalf of the Gorham School Department. These amounts have not been budgeted in the General Fund and result in a difference in reporting on a budgetary basis of accounting vs. reporting under accounting principles generally accepted in the United States of America of \$2,459,687.

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

Note 20 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

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

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

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

Note 21 – SUBSEQUENT EVENTS

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

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

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

SCHEDULE OF FUNDING PROGRESS

Retiree Healthcare Plan

Schedule of Funding Progress

The Town provides healthcare benefits for certain retired employees. The eligible retirees pay 100% of the health care insurance premiums to receive benefit coverage. The Town of Gorham plans to fund these benefits on a pay-as-you-go basis. The following table represents information for the year ending June 30, 2013 and three preceding years.

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a) / c]
2010	1/1/2011	\$ -	\$ 1,205,417	\$ 1,205,417	0.00%	\$4,387,368	27.47%
2011	1/1/2011	\$ -	\$ 1,205,417	\$ 1,205,417	0.00%	\$4,534,098	26.59%
2012	1/1/2011	\$ -	\$ 1,205,417	\$ 1,205,417	0.00%	\$4,637,908	25.99%
2013	1/1/2011	\$ -	\$ 1,205,417	\$ 1,205,417	0.00%	\$4,573,747	26.36%

GENERAL FUND

The general fund is the general operating fund of the Town. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. From the fund are paid the general operating expenses, the fixed charges and the capital improvement costs, which are not paid through other funds.

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TOWN OF GORHAM, MAINE
Comparative Balance Sheets - General Fund
June 30, 2013 and 2012

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

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

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

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

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

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

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

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

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

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ALL OTHER GOVERNMENTAL FUNDS

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

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

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

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

SPECIAL REVENUE FUNDS

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

Special revenue funds are established for the following purposes:

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

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

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

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

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

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

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

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

TIF Fund -- To account for the activity of the Grondin-ODAT development district, the Pettingill Ross development district, the Gorham County Road development district, the Nappi development district, and the Olde Canal Business Park development district.

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

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TOWN OF GORHAM, MAINE

Combining Balance Sheet

Special Revenue Funds

June 30, 2013

(with comparative actual amounts for June 30, 2012)

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

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

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

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

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

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CAPITAL PROJECT FUNDS

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

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

2010 GO Bond Projects

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

Middle School Project

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

Elementary School Project

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

Various School Projects

To account for various maintenance projects for the School Department.

High School Renovation and Expansion Project

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

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TOWN OF GORHAM, MAINE

Combining Balance Sheet

Capital Project Funds

June 30, 2013

(with comparative actual amounts for June 30, 2012)

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

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

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

PERMANENT FUNDS

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

Cemetery Perpetual Care

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

Parks and Recreation Grounds

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

Baxter Library and Museum

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

Schools

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

Public Purpose and Civic Improvements

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

Miscellaneous

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

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TOWN OF GORHAM, MAINE

Combining Balance Sheet

Permanent Funds

June 30, 2013

(with comparative actual amounts for June 30, 2012)

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

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

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

FIDUCIARY FUNDS

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

Agency Funds:

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

Private-purpose Trust Funds:

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

Scholarships:

Malcolm Smith Scholarship Fund

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

Bob Grant Memorial Scholarship Fund

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

Harry Shevis Scholarship Fund

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

Watson Family Scholarship Fund

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

Charles C. Shaw Scholarship Fund

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

Thomas A. Fogg Vocational Scholarship Fund

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

Arthur and Jane Fogg Memorial Scholarship Fund

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

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

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

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

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

TOWN OF GORHAM, MAINE
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013
(with comparative actual amounts for June 30, 2012)

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

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

(with comparative actual amounts for June 30, 2012)

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

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

(with comparative actual amounts for June 30, 2012)

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

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

(with comparative actual amounts for June 30, 2012)

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

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

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

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

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

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

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

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

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

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

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

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

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

Exhibit G-3

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

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

STATISTICAL SECTION

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

CONTENTS	PAGE
Financial Trends	131-135
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	136-139
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	140-143
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	144-145
<i>These schedules offer demographic and economic indicators to help the reader understand the environment that the government's financial activity takes place.</i>	
Operating Information	146-148
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

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

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Table 1

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

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

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

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

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

¹ Fiscal year 2004 is the only year that reported county tax expenses separately. Fiscal year 2005 figure was restated and county tax expenses reported in general government. Fiscal year 2006 going forward will have the county tax expenses in the general government category.

² Fiscal year 2010 has been restated as the result of implementing GASB Statement No. 54.

Table 3

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

Fiscal Year		Property Taxes		Interest & Costs on Taxes		Excise Taxes		Total
2004	\$	16,289,550	\$	65,968	\$	2,267,577	\$	18,623,095
2005		17,192,005		53,883		2,359,645		19,605,533
2006		16,885,807		50,037		2,480,592		19,416,436
2007		17,678,799		59,570		2,486,679		20,225,048
2008		19,007,098		96,264		2,486,856		21,590,218
2009		19,245,826		79,229		2,403,379		21,728,434
2010		19,309,185		119,141		2,374,614		21,802,940
2011		19,873,946		118,218		2,385,626		22,377,790
2012		20,677,988		51,884		2,425,578		23,155,450
2013		20,982,710		78,623		2,618,905		23,680,238

Table 4

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Nonspendable										
Noncurrent receivable	\$ 13,371	\$ 12,561	\$ 11,750	\$ 10,940	\$ 10,535	\$ 9,319	\$ 8,509	\$ 7,698	\$ 6,888	\$ 6,078
Prepaid items	-	-	-	-	-	-	-	-	2,097	105,687
Inventories ²	16,676	11,187	15,097	14,024	16,753	58,646	65,126	66,266	35,848	43,068
Restricted										
Public safety operations	-	-	-	-	-	-	192,996	201,653	149,347	164,996
Public works operations	-	-	-	-	-	-	91,992	93,761	100,476	106,425
Recreation operations	-	-	-	-	-	-	2,108	2,108	750	750
Committed										
General government purposes	-	-	-	-	-	-	545,620	545,620	314,731	104,006
Other purposes	-	-	-	-	-	-	145,015	219,257	98,191	754,600
Assigned										
Capital funding	-	308,071	186,998	622,345	691,231	541,862	1,128,800	139,220	1,721,034	466,800
Encumbrances	507,194	379,300	298,828	270,652	296,508	61,996	222,092	161,130	259,911	445,389
General government purposes	-	-	-	-	-	-	628,858	666,191	540,298	550,638
Public safety operations	-	-	-	-	-	-	365,256	208,642	171,468	187,318
Public works operations	-	-	-	-	-	-	567,559	585,374	618,224	510,559
Recreation operations	-	-	-	-	-	-	272,649	291,377	281,296	301,141
Economic development	-	-	-	-	-	-	75,316	75,316	77,100	85,399
Insurance and employee benefits	-	-	-	-	-	-	532,767	519,941	518,408	567,789
Other purposes	-	-	-	-	-	-	686,340	336,048	379,753	309,499
Capital reserves	2,504,341	2,758,377	2,827,485	3,106,331	3,172,519	3,515,695	-	-	-	-
Compensated absences	241,166	251,068	256,162	279,289	295,344	316,262	320,086	335,706	360,078	369,162
Unassigned	3,970,818	4,573,301	5,601,951	6,069,876	5,837,508	6,029,809	5,334,899	6,508,046	5,687,098	6,491,317
Total General Fund	<u>\$ 7,253,566</u>	<u>\$ 8,293,865</u>	<u>\$ 9,198,271</u>	<u>\$ 10,373,457</u>	<u>\$ 10,320,398</u>	<u>\$ 10,533,589</u>	<u>\$ 11,185,988</u>	<u>\$ 10,963,354</u>	<u>\$ 11,322,996</u>	<u>\$ 11,570,621</u>
All other governmental funds										
Nonspendable										
Special revenue funds	\$ 24,466	\$ 20,000	\$ 20,203	\$ 45,769	\$ 35,253	\$ 101,853	\$ 182,352	\$ 170,149	\$ 184,540	\$ 145,908
Permanent funds	354,163	352,781	358,817	375,446	375,446	424,928	513,326	524,205	524,988	538,345
Restricted										
Special revenue funds	448,107	563,345	602,954	974,328	997,803	1,344,305	1,419,004	1,130,992	2,364,016	2,499,236
Capital project funds	2,971,649	2,365,700	4,056,040	1,613,688	3,882,761	-	14,264,545 ³	3,807,139 ³	738,721	559,273
Permanent funds	204,502	185,697	182,337	193,310	214,008	198,362	215,954	213,512	220,139	205,258
Committed										
Special revenue funds	1,504,095	1,809,608	1,499,202	1,500,520	1,388,842	1,543,348	1,536,304	1,561,139	237,637	99,629
Capital project funds	30,561	29,044	107,059	14,792	58,834	146,956	43,183	240,851	39,045	82,982
Assigned										
Special revenue funds	507,837	597,371	107,537	220,585	347,771	714,805	885,155	429,115	1,070,699	305,307
Unassigned										
Special revenue funds	(1,106,583)	(1,716,277)	(2,018,627)	(2,078,838)	(1,916,952)	(1,361,516)	(1,784,809)	(1,107,297)	(1,649,257)	(1,606,033)
Total all other governmental funds	<u>\$ 4,938,797</u>	<u>\$ 4,207,269</u>	<u>\$ 4,915,522</u>	<u>\$ 2,859,600</u>	<u>\$ 5,383,766</u>	<u>\$ 3,113,041</u>	<u>\$ 17,275,014</u>	<u>\$ 6,969,805</u>	<u>\$ 3,730,528</u>	<u>\$ 2,829,905</u>

(1) Beginning with the year ended June 30, 2011, the Town reported governmental fund balances in accordance with the categories defined in GASB Statement No. 54.

Prior years have been restated to reflect the GASB 54 categorization for All Other Governmental Funds but only fiscal year 2010 for General Fund.

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

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

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

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

¹ Fiscal year 2004 is the only year that reported county tax expenses separately. Fiscal year 2005 figure was restated and county tax expenses reported in general government. Fiscal year 2006 going forward will have the county tax expenses in the general government functions.

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

Table 6

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

Fiscal Year Ended June 30	Real Property		Personal Property	Less Tax Exempt Real Property	Total Taxable Assessed Value ¹	Total Direct Tax Rate	State Equalized Value ²	Assessed Value as a Percentage of Equalized Value
	Residential Property	Commercial Property						
2004	\$ 758,447,900	\$ 240,177,400	\$ 43,985,800	\$ 203,250,100	\$ 839,361,000	18.65	\$ 937,300,000	89.6%
2005	782,949,600	238,791,800	46,492,900	199,926,400	868,307,900	19.26	1,085,600,000	80.0%
2006	808,313,900	237,869,000	44,511,600	220,950,100	869,744,400	18.74	1,234,200,000	70.5%
2007	841,957,600	239,730,600	47,696,100	216,041,300	913,343,000	18.65	1,352,300,000	67.5%
2008	1,098,762,800	324,401,000	49,657,400	274,295,100	1,198,526,100	15.41	1,487,700,000	80.6%
2009	1,128,282,000	313,801,500	49,080,200	275,472,200	1,215,691,500	15.38	1,492,250,000	81.5%
2010	1,136,006,800	307,125,800	48,405,200	275,176,000	1,216,361,800	15.26	1,443,450,000	84.3%
2011	1,054,053,000	423,117,200	45,804,100	270,335,500	1,252,638,800	15.30	1,432,100,000	87.5%
2012	1,073,578,500	423,490,100	42,087,400	269,169,500	1,269,986,500	15.69	1,445,250,000	87.9%
2013	1,082,943,100	469,042,200	36,987,600	298,546,200	1,290,426,700	15.66	1,409,850,000	91.5%

Sources:

¹ Gorham Assessing office.

² State of Maine, Bureau of Taxation

Table 7

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

Fiscal Year	Direct		Overlapping	Total Tax Rate
	Municipal Tax Rate	School Tax Rate	County Tax Rate	
2004	5.09	13.56	0.75	19.40
2005	5.06	14.20	0.74	20.00
2006	5.76	12.98	0.76	19.50
2007	6.04	12.61	0.75	19.40
2008	4.95	10.46	0.59	16.00 ¹
2009	4.98	10.40	0.62	16.00
2010	5.17	10.09	0.64	15.90
2011	5.25	10.05	0.60	15.90
2012	5.46	10.23	0.61	16.30
2013	5.27	10.39	0.64	16.30

Source: Gorham Assessing office

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

Table 8

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

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

Source: Gorham Assessing office

Table 9

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

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

¹ Tax commitment plus supplemental taxes assessed during fiscal year

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

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Debt ²	Notes Payable	Capital Leases			
2004	\$ 32,902,542	\$ -	\$ 534,671	\$ 33,437,213	10.44%	\$ 2,211
2005	30,427,896	-	659,477	31,087,373	9.63%	2,039
2006	32,733,250	-	708,418	33,441,668	10.27%	2,174
2007	30,073,600	-	1,040,747	31,114,347	9.51%	2,013
2008	31,398,950	-	833,367	32,232,317	9.78%	2,071
2009	28,734,300	-	555,342	29,289,642	8.89%	1,882
2010	46,509,330	-	429,878	46,939,208	14.24%	3,016
2011	47,554,680	-	427,866	47,982,546	11.61%	2,929
2012	45,339,066	220,336	425,265	45,984,667	11.13%	2,807
2013	41,618,288	217,603	288,820	42,124,711	10.19%	2,572

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

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

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

Table 11

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

Fiscal Year	General Obligation Debt ¹	State Assessed Value of Property ²	Per Capita ³
2004	\$ 32,902,542	3.51%	\$ 2,176
2005	30,427,896	2.80%	1,996
2006	32,733,250	2.65%	2,128
2007	30,073,600	2.22%	1,945
2008	31,398,950	2.11%	2,018
2009	28,734,300	1.93%	1,846
2010	46,509,330	3.22%	2,988
2011	47,554,680	3.32%	2,903
2012	45,339,066	3.14%	2,768
2013	41,618,288	2.95%	2,541

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

Amount for 2012-2013 includes bond premium.

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

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

Table 12

TOWN OF GORHAM, MAINE
Direct and Overlapping Governmental Activities Debt
General Obligation Bonds
As of June 30, 2013

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

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

Source: Jurisdictions' finance department.

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

Table 13

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

Fiscal Year	Debt Limit	Total net debt applicable to limit	Legal Debt Margin	Total net debt applicable to limit as a percentage of debt limit
2004	\$ 140,595,000	\$ 32,902,542	\$ 107,692,458	23.40%
2005	162,840,000	30,427,896	132,412,104	18.69%
2006	185,130,000	32,733,250	152,396,750	17.68%
2007	202,845,000	30,073,600	172,771,400	14.83%
2008	223,155,000	31,398,950	191,756,050	14.07%
2009	223,837,500	28,734,300	195,103,200	12.84%
2010	216,517,500	46,509,330	170,008,170	21.48%
2011	214,815,000	47,554,680	167,260,320	22.14%
2012	216,787,500	45,339,066	171,448,434	20.91%
2013	211,477,500	41,618,288	169,859,212	19.68%

Legal Debt Margin Calculation for Fiscal Year 2013

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

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

Fiscal Year	Population ¹	Personal Income	Per Capita Personal Income ²	Median Age ²	School Enrollment ³	Unemployment Rate ⁴
2004	15,122	\$ 320,193,228	\$ 21,174	34.3	2,751	3.20%
2005	15,248	322,861,152	21,174	34.3	2,753	3.30%
2006	15,383	325,719,642	21,174	34.3	2,718	3.10%
2007	15,459	327,328,866	21,174	34.3	2,740	3.20%
2008	15,563	329,530,962	21,174	34.3	2,713	3.60%
2009	15,563	329,530,962	21,174	34.3	2,693	5.80%
2010	15,563	329,530,962	21,174	34.3	2,647	6.10%
2011	16,381	413,276,249	25,229	38.0	2,652	5.80%
2012	16,381	413,276,249	25,229	38.0	2,697	6.30%
2013	16,381	413,276,249	25,229	38.0	2,691	5.60%

Data Source

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

The 2004-2008 are based on July Census estimates.

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

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

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

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

⁴ State of Maine, Department of Labor, Division of Economics Analysis and Research

Table 15

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

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

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

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

² Labor force figure was for June 2013 and provided by the Maine Department of Labor.

* Gorham campus only.

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

Function	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Government	15.0	15.0	16.5	17.5	16.5	15.5	15.5	19.0	17.5	17.5
Public Safety:										
Police:										
Officers	20.0	21.0	21.0	21.0	22.0	23.0	23.0	23.0	23.0	23.0
Civilians ¹	8.0	9.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Fire:										
Firefighters and EMT's	7.0	7.0	7.0	9.0	13.0	13.0	13.0	13.0	12.0	12.0
Civilians	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Public Works	18.0	18.0	19.0	21.0	21.0	19.0	19.0	19.0	19.0	19.0
Recreation	15.0	15.0	15.0	17.0	17.0	16.0	14.3	14.0	14.0	14.0
Development ²	4.0	4.0	4.0	4.5	4.5	4.5	4.5	1.0	1.0	1.0
Total	90.0	92.0	87.5	95.0	99.0	96.0	94.3	94.0	91.5	91.5

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

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

Table 17

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

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

Sources: Various town departments.

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

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

n/a = data not available

Table 18

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Function										
Public Safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	13	13	13	13	13	13	13	13	19	19
Fire stations	6	6	6	6	6	6	6	6	6	6
Public Works:										
Streets (miles)	273.8	275.0	276.0	278.5	280.3	282.2	283.1	286.7	290.7	291.0
Street lights	357	357	366	375	381	385	385	389	392	395
Traffic signals/blinkers	11	11	11	11	11	11	11	11	11	11
Cemeteries	8	8	8	8	10	12	12	12	12	12
Recreation:										
Libraries	3	3	3	3	3	3	3	3	3	2
Parks acreage	203.8	203.8	211.3	211.3	211.3	211.3	211.3	211.3	211.3	211.3
Parks	4	4	5	5	5	5	5	5	5	5
Tennis courts	7	7	7	7	7	7	7	7	7	7
Outdoor basketball courts	5	5	5	5	5	5	5	5	5	5

Sources: Various town departments.

Note: No capital asset indicators are available for the general government function.