

TOWN OF GORHAM, MAINE
Comprehensive Annual Financial Report
For Fiscal Year Ended
June 30, 2014



“A Final Farewell to Retiring Chief Ron Shepard”
~Photo courtesy of Stephanie Coffin

TOWN OF GORHAM, MAINE

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2014

Prepared by:

Sharon LaFlamme, Finance Director

TOWN OF GORHAM, MAINE
Comprehensive Annual Financial Report
June 30, 2014

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INTRODUCTORY SECTION

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Town of Gorham

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December 3, 2014

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, 2014 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, 2014. 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, 2014, 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 2013-2014 is \$1,309,539,700 (excludes the valuation attributable to the State Homestead Exemption and BETE personal property reimbursement), resulting in an increase of about 1.48% from the 2012-2013 total taxable valuation. Approximately 16.3% of the tax base is commercial and industrial with the remainder being residential (these figures include vacant parcels as well as developed parcels). The Town's rate of tax collection continues to be strong with a 97.4% for last fiscal year and 96.9% 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 2.8% of the state assessed value.

During fiscal year 2014, the Code office issued permits for 80 single-family/condo dwellings, and 43 commercial/institutional structures. The department issued a total of 1,116 permits during fiscal year 2014.

According to the recently released updated population estimates for 533 Maine municipalities from the U.S. Census for the year 2013, the Town of Gorham is the fastest growing town in the State of Maine. The U.S. Census estimates that the Town of Gorham has increased its population by 458 from the 2010 U.S. Census.

In July 2013, a couple of young business people have planted two acres of hops at the Hamblen Farm. These growers are hoping to put some farmland back into use and tap into the local brewery scene. These business people hope to eventually expand the site to grow hops on approximately 15 acres.

In July 2013, the Town of Gorham/Town of Windham received a Cumberland County Community Development Block Grant for the South Windham Village/Little Falls Village Streetscape Beautification Project. The intention of the streetscape improvement was to include new decorative street lights near the bridge, park benches and bike racks. This project also included new street trees along the 0.8 mile stretch and new concrete crosswalks at strategic locations. The endeavor also included decorative ornamental "welcome" signs, which featured both of the Town's names and seals, at the entrance of the South Windham Village and the Little Falls Village.

On September 3, 2013, the Town Council approved the Martin's Point Health Care Tax Increment Financing and Development District. Martin's Point Health Care intends to develop a 12,500 square foot building on a 19.94 acre parcel at the intersection of Route 25 and Route 237 in Gorham. This is a 15 year district with 100% of the increased assessed value being shared 50%/50% between the developer, Martin's Point Health Care and the Town. On November 7, 2013, Martin's Point Healthcare had begun the development of the new health care facility and was opened for business in September 2014. Martin's Point Health Care offers a full range of first-line medical care from primary care to express care.

The Town issued general obligation bonds in the amount of \$1,400,000 on October 8, 2013. The bonds were issued to finance two new fire trucks (\$900,000) and improvement to the former Little Falls School (\$500,000). The voters of Gorham approved the issuance of these bonds at the June 12, 2012 and November 6, 2012 referendum elections. On December 4, 2012, the Town Council approved the bid of Ferrara Fire Apparatus to replace the two fire trucks. The fire department received the two new fire trucks in October 2013.

On October 30, 2013, the Town sold the former White Rock School to JC 3 LLC for a dollar. The new owner plans to invest in a minimum of \$800,000 to construct 12 age restricted apartments for people age 55 or older. This age restriction remains in effect for 15 years. Public access will be available to the recreational facilities for 5 years. The Town has first refusal if the property is sold within 15 years. This new development will give the Town an estimated tax value increase of \$700,000.

In April 2014, Cumberland Farms began constructing a 4,513 sq. ft. convenience store and service station in the transformed Hansen's Farm Market, which is located at the intersection of South Street and County Road. The estimated increased in tax value for this development is estimated to be \$1.5 million. Cumberland Farms opened its doors in August 2014.

In April 2014, the Town recognized the 50th Anniversary of the Gorham Police Department. In April 1964, the Town of Gorham hired their first full time police chief. Since this time the Gorham Police Department has grown to include a police chief, a lieutenant, four patrol sergeants, a detective sergeant, two detectives, two school resource officers, a drug task force officer, eleven patrol officers, a part-time animal control officer and two office staff. Safe Choice Security News listed the Town of Gorham as the third safest place to live in Maine.

Fiscal Year 2014 Budget

The Town of Gorham's gross budget for 2014 showed an increase of 1.5% from the 2013 budget. The gross budget was up by \$690,806 and the mil rate increased from \$16.30 in FY13 to \$17.30 in FY14.

The following is a comparison of the FY2013 mil rate to the FY2014 mil rate.

	FY 12 – 13	FY 13 – 14	\$ Incr/(Decr)	% Chg
Town's Tax Rate	\$ 5.27	\$ 5.41	\$0.14	2.66
School's Tax Rate	\$10.39	\$11.22	\$0.83	7.99
County's Tax Rate	\$ 0.64	\$ 0.67	\$0.03	4.69

This is the ninth 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 decreased by \$56,907 or 0.5%. The major decrease is the ecomaine assessment of \$15,664 and reducing the budget for Little Falls School since it will not be used in fiscal year 2014.

The Town's non-property tax revenues also saw a decrease of 4.6%. This major decrease was the result of decrease in state revenue sharing of \$362,373. There was also an increase of \$74,000 to cover BAS/Camp director's salary and benefits that was unbudgeted in fiscal year 2013.

As a result of the increase in the gross budget and the decrease in non-property tax revenues for the municipal budget, the amount required from property taxes was up \$335,015 or 5.5%.

The School gross expenditure budget of \$32,918,129 was up \$702,800 or 2.2%. The major increase in this budget is the addition of \$411,113 to fund 2.65% of retirement that was previously covered by the State of Maine. 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 \$466,800 in funds available for allocation to capital equipment and capital project needs. The Town Council approved at their June 18, 2013 meeting as part of the adopted budget the use of the excess unassigned fund balance of \$466,800 for the following purposes:

- \$30,000 to replace 1998 Loader/Backhoe with an excavator;
- \$15,000 to purchase new video server with HD system;
- \$15,100 to paint exterior of Library, Gazebo, Robie Gym & Municipal Center;
- \$26,000 to make energy improvements at North Gorham & West Gorham Fire Station;
- \$380,700 to fund road projects.

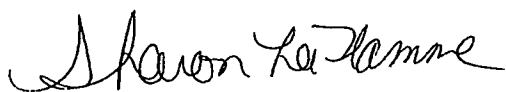
Other Information

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, 2013. This was the eleventh year in a row that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Sincerely,



Sharon LaFlamme
Finance Director

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Government Finance Officers Association

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

Presented to

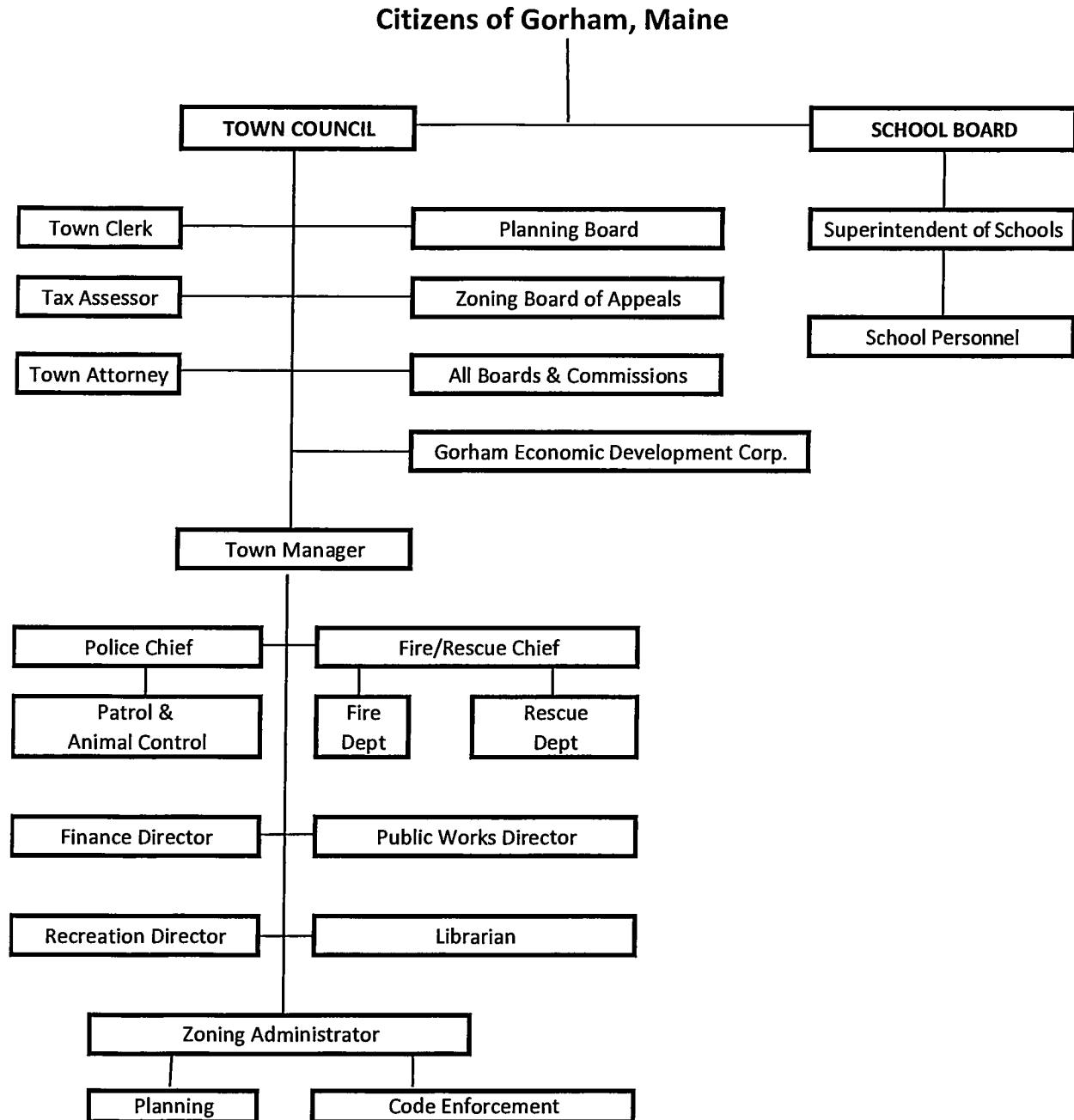
**Town of Gorham
Maine**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

Town of Gorham, Maine Organizational Chart



TOWN OF GORHAM, MAINE
List of Principal Officials
June 30, 2014

Michael Phinney, Chairman, Town Council

Shonn Moulton, Vice Chairman	Suzanne Phillips
Sherrie Benner	Matthew Robinson
Bruce Roullard	Benjamin Hartwell

David O. Cole, Town Manager

Jennifer C. Elliott, 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

Dennis Libby, Chairman, School Board

Darryl B. Wright, Vice Chairman	Katherine Garrard
Kyle Bailey	John Doyle
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, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Gorham, Maine as of June 30, 2014, and the respective changes in financial position and the budgetary comparison for the General Fund and the School Operations Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual fund financial statements, capital assets used in the operation of governmental funds exhibits, 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 exhibits 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 3, 2014 on our consideration of the Town of Gorham, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Gorham, Maine's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Remy Keston Ouellette". The signature is written in a cursive style with a large, stylized 'R' and 'O'.

December 3, 2014
South Portland, Maine

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TOWN OF GORHAM, MAINE
Management's Discussion and Analysis

This section of the Town of Gorham's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year that ended on June 30, 2014. 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 \$55,237,545, an increase of \$2,799,674 or 5.3% when compared to the beginning net position figure of \$55,437,871.
- The ending fund balance for Governmental Funds is \$15,709,076. The revenues exceeded expenditures by \$1,308,550.
- The General Fund's ending fund balance is \$11,587,531; an increase of \$16,910 from the prior year's ending fund balance of \$11,570,621. Of the \$11,587,531, only \$6,567,745 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 17, 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, 2014 was \$5,170,523 or 10.9% of the total FY15 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 \$1,046,831 to allocate to the Capital Part II budget during the FY15 budget process.
- The Town of Gorham's general obligation debt decreased by \$2,253,125 or 5.6% 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).

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

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

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

Fund Financial Statements

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

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

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

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

The Town of Gorham maintains twenty-three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, and School Operations Fund, 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>2014</u>	<u>2013</u>	<u>\$ Change</u>	<u>% Change</u>
Current and other assets	\$ 23,317,598	19,534,955	3,782,643	19.36%
Capital assets, net	79,679,669	80,304,899	(625,230)	-0.78%
Total assets	<u>102,997,267</u>	<u>99,839,854</u>	<u>3,157,413</u>	<u>3.16%</u>
Deferred outflows of resources	<u>940,999</u>	<u>1,032,061</u>	<u>(91,062)</u>	<u>-8.82%</u>
Long-term debt outstanding	41,545,675	43,608,539	(2,062,864)	-4.73%
Other liabilities	7,155,046	4,825,505	2,329,541	48.28%
Total liabilities	<u>48,700,721</u>	<u>48,434,044</u>	<u>266,677</u>	<u>0.55%</u>
Net investment in capital assets	41,744,384	39,771,522	1,972,862	4.96%
Restricted	3,936,188	3,242,839	693,349	21.38%
Unrestricted	9,556,973	9,423,510	133,463	1.42%
Total net position	<u>\$ 55,237,545</u>	<u>52,437,871</u>	<u>2,799,674</u>	<u>5.34%</u>

The increase of \$3,782,643 in the current and other assets category is primarily due to the increase of performance guarantees and letter of credits for new developments. The two major developments were the construction of Cumberland Farms and Martin's Point Health Care.

The Capital Asset disclosure in the notes to the financial statements, see Note 6, shows how the change in capital assets, net change of (\$625,230) 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 \$2,062,864 resulted.

The change in the other liabilities of \$2,329,541 is primarily due to an increase of \$2,257,151 of performance guarantees and letter of credits of new developments.

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

	<u>2014</u>	<u>2013</u>	<u>\$ Change</u>	<u>% Change</u>
Capital assets	\$ 136,281,944	133,173,475	3,108,469	2.33%
Accumulated depreciation	(56,602,275)	(52,868,576)	(3,733,699)	(7.06%)
Deferred charge on refunding	940,999	1,032,061	(91,062)	(8.82%)
Bonds payable (includes premium)	(39,237,510)	(41,618,288)	2,380,778	5.72%
Notes payable	(213,650)	(217,603)	3,953	1.82%
Capital leases	(481,939)	(288,820)	(193,119)	(66.86%)
Add back unspent bond proceeds	<u>1,056,815</u>	<u>559,273</u>	<u>497,542</u>	<u>88.96%</u>
Net Investment in capital assets	<u>\$ 41,744,384</u>	<u>39,771,522</u>	<u>1,972,862</u>	<u>4.96%</u>

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

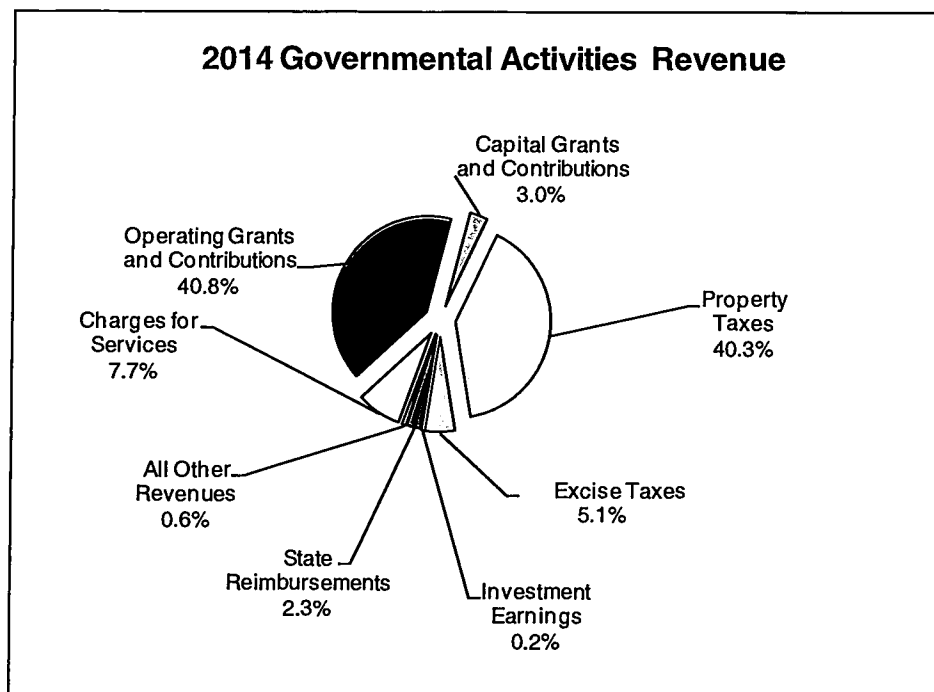
Changes in Net Position

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

	<u>2014</u>	<u>2013</u>	<u>\$ Change</u>	<u>% Change</u>
REVENUES				
Program Revenues:				
Charges for services	\$ 4,302,889	4,062,930	239,959	5.91%
Operating grants and contributions	22,890,431	22,140,676	749,755	3.39%
Capital grants and contributions	1,712,233	275,574	1,436,659	521.33%
General Revenues:				
Property taxes	22,639,056	20,982,710	1,656,346	7.89%
Payment in lieu of taxes	59,272	58,207	1,065	1.83%
Motor vehicle and boat excise taxes	2,860,442	2,618,905	241,537	9.22%
Grants and contributions not restricted to specific programs:				
Homestead exemption	273,331	260,833	12,498	4.79%
BETE reimbursement	180,676	189,602	(8,926)	(4.71%)
Other state aid	41,730	41,769	(39)	(0.09%)
State Revenue Sharing	784,766	1,105,086	(320,320)	(28.99%)
Unrestricted investment earnings	91,407	100,293	(8,886)	(8.86%)
Miscellaneous revenues	308,262	288,815	19,447	6.73%
Sale of property	14,918	2,983	11,935	400.10%
Total revenues	56,159,413	52,128,383	4,031,030	7.73%
EXPENSES				
General government	5,045,971	4,743,171	302,800	6.38%
Public safety	4,181,443	3,803,853	377,590	9.93%
Public works	5,430,356	5,401,195	29,161	0.54%
Health and welfare	121,093	188,183	(67,090)	(35.65%)
Recreation	1,616,165	1,454,250	161,915	11.13%
Development	246,957	240,178	6,779	2.82%
Education	35,457,060	35,364,568	92,492	0.26%
Interest on debt	1,260,694	1,310,289	(49,595)	(3.79%)
Total expenses	53,359,739	52,505,687	854,052	1.63%
Change in net position	2,799,674	(377,304)	3,176,978	842.02%
Net position - beginning, as restated	52,437,871	52,988,275	(550,404)	(1.04%)
Net position ending	\$ 55,237,545	52,610,971	2,626,574	4.99%

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

The following pie chart shows the sources of revenue for fiscal year 2014.



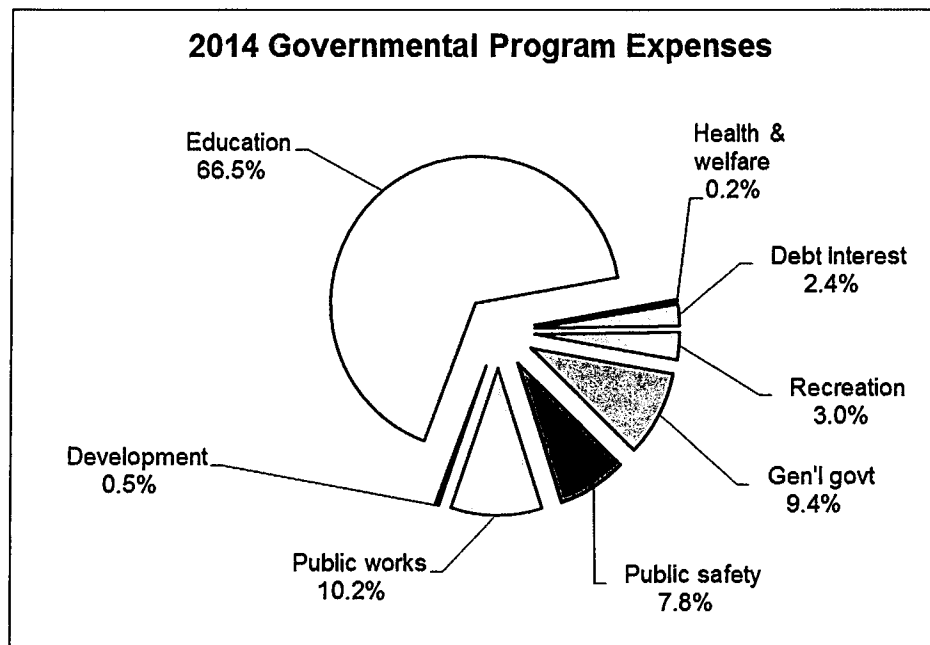
Overall, revenues were up \$4,031,030 or 7.7% when compared to fiscal year 2013. There were a number of reasons for the increase in the revenues and they are highlighted below.

Approximately 40.3% of the Town's revenues come from property taxes, while 40.8% comes from operating grants and contributions. Approximately 80% 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 up 3.4% or \$749,755 primarily because the School Department received approximately \$625,376 more in state aid.

The capital grants and contributions were up \$1,436,659 or 521.3% due to the Town accepting three roads from developers during fiscal year 2014 at an estimated cost of \$1,704,579. This is \$1,595,229 more than the \$109,350 of accepted roads received in fiscal year 2013.

The increase in the property tax revenue source of \$1,656,346 was due to the increase in the mil rate from \$16.30 in fiscal year 2013 to \$17.30 in fiscal year 2014.

The following pie chart shows functional expenses for fiscal year 2014.



Education makes up 66.5% of the expenses for fiscal year 2014 and had an increase of 0.3% or \$92,492.

The recreation expenses are 11.1% or \$161,915 higher than fiscal year 2013. The primary reason for the increase is due to higher enrollment in recreation programs which creates higher expenditures. There is a corresponding increase in revenues for these programs.

The public safety function increased \$377,590 or 9.9% when compared to fiscal year 2013. The main reason for the increase is depreciation expense due to more capital purchases and less deletions. In fiscal year 2013, the deletions were \$361,283, opposed to \$39,847 in fiscal year 2014.

General government expenses were up \$302,800 or 6.4% due to fewer expenses allocated to capital improvement.

Governmental Activities

The cost of all governmental activities was \$53,359,739. 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 2014 expenses were a 1.6% increase over fiscal year 2013 expenses or \$854,052.

However, as shown on the Statement of Activities, the amount that the taxpayers of Gorham ended up financing through property taxes was \$22,639,056 or 42.4%, because some of the cost was paid by those who directly benefit from the programs -- \$4,302,889, or by other governments and organizations that subsidized certain programs with operating grants and contributions -- \$22,890,431, and capital grants and contributions -- \$1,712,233. The Town also received \$4,614,804 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 2014.

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

As a result of the Governmental activities' revenues of \$56,159,413 exceeding the expenses of \$53,359,739, the Town of Gorham realized an increase in its net position of \$2,799,674. Approximately \$1,704,579 of the increase can be attributed to three roads donated from developers and accepted by the Town during fiscal year 2014.

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 2014 revenues by source for the General Fund with the 2013 information for comparison. Information is from Statement 4.

	<u>2014</u>	<u>2013</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues by source:				
Taxes	\$ 25,138,970	23,516,633	1,622,337	6.90%
Licenses and permits	691,597	644,599	46,998	7.29%
Intergovernmental	1,707,901	2,011,434	(303,533)	(15.09%)
Charges for services	1,311,440	1,234,851	76,589	6.20%
Other revenues	819,202	896,083	(76,881)	(8.58%)
Total revenues	\$ 29,669,110	28,303,600	1,365,510	4.82%

General Fund revenues have increased by 4.8% or \$1,365,510 from the fiscal year 2013 amount. Below are some of the reasons for the changes in the revenue sources.

Taxes: In fiscal year 2014, the mil rate increased to \$17.30 from \$16.30. With an increased valuation and mil rate, tax revenue after abatements and supplements was up by \$1,637,660 when compared to last fiscal year. The change in deferred property taxes was a negative \$121,798. The excise tax revenues were \$241,537 higher than in fiscal year 2013.

Licenses and permits: The building permit revenues were \$47,834 higher than fiscal year 2013. The building activity in Gorham has begun to pick up.

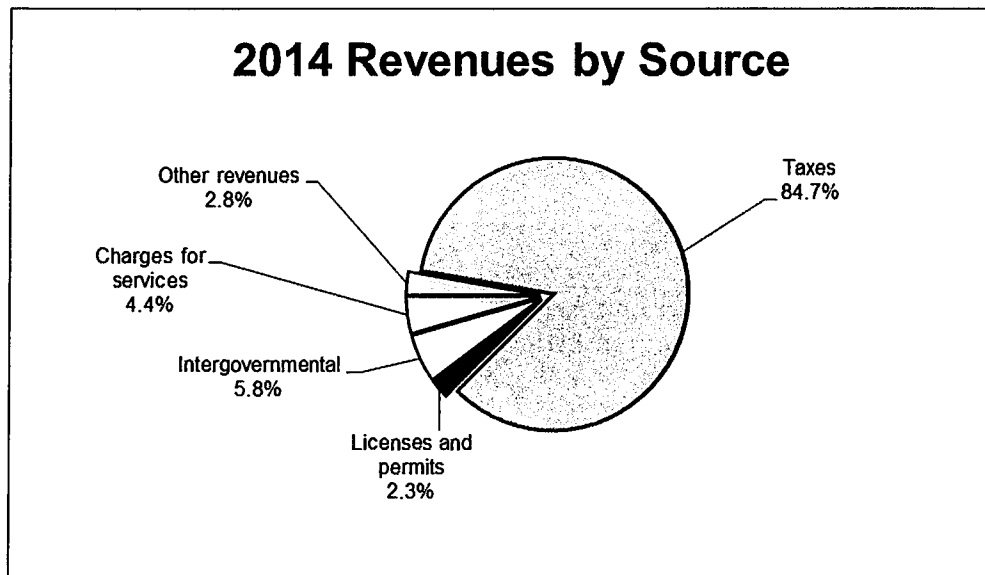
Intergovernmental: The major decrease in fiscal year 2014 is a reduction of \$320,320 in State Revenue Sharing which is due to the State reducing amount of revenue sharing for the municipality to help balance the State's budget.

Charges for services: In fiscal year 2014, recreation fees increased \$78,256 from fiscal year 2013. This is due to the increased revenue from the recreation reimbursable account from the Before/After School and Camp Director's salary.

Other revenues: The decrease in other revenues is a combination of the following factors: recreation reimbursement revenue was up approximately \$69,573 from fiscal year 2013 actuals and the miscellaneous/miscellaneous unbudgeted revenues were down by \$131,858 from the FY13 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 2014.



The following table summarizes the General Fund expenditures by function for fiscal year 2014 with 2013 information for comparison. Information is from Statement 4.

	2014	2013	\$ Change	% Change
Expenditures by function:				
General government	\$ 4,082,567	3,917,516	165,051	4.21%
Public safety	3,708,786	3,483,363	225,423	6.47%
Public works	2,371,880	2,290,830	81,050	3.54%
Health and welfare	121,093	188,183	(67,090)	(35.65%)
Recreation	1,435,851	1,247,709	188,142	15.08%
Economic development	73,970	59,701	14,269	23.90%
Public agencies	30,018	26,646	3,372	12.65%
Unclassified	305,397	207,404	97,993	47.25%
Debt service	1,388,142	1,326,393	61,749	4.66%
Capital outlay	1,380,083	1,770,730	(390,647)	(22.06%)
Total expenditures	\$ 14,897,787	14,518,475	379,312	2.61%

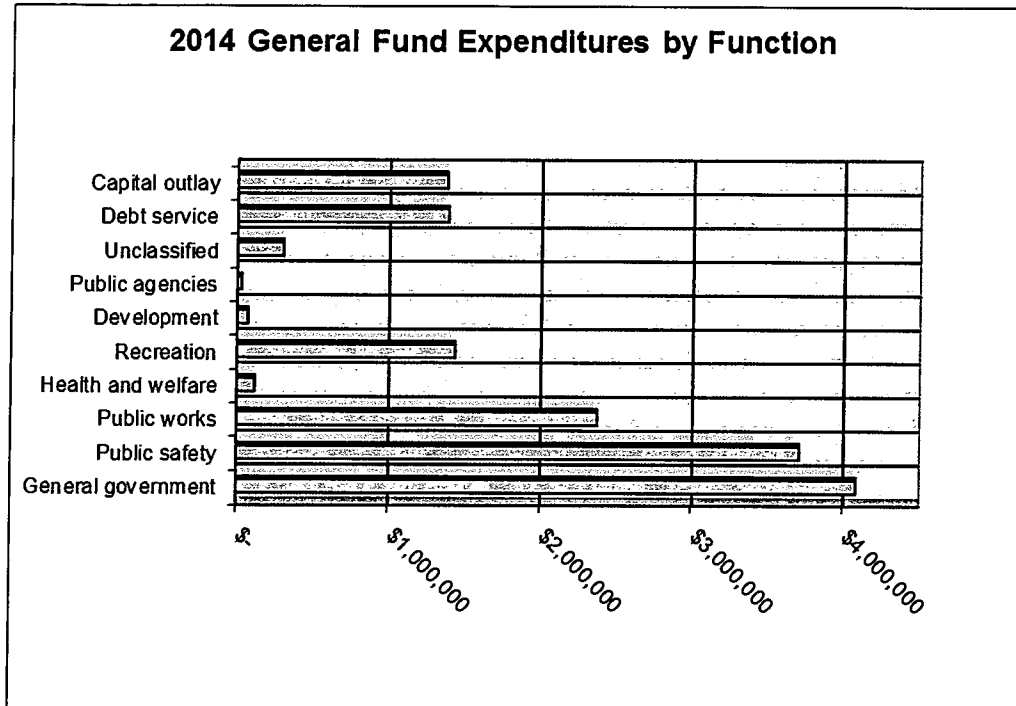
The General Fund expenditures increased 2.6% from fiscal year 2013 levels. The largest change was in the capital outlay, which decreased by \$390,647 or 22.1%. In fiscal year 2013, \$1,721,034 was allocated from unassigned fund balance to fund various capital purchases, whereas in fiscal year 2014, the Town allocated \$466,800 from unassigned fund balance. Three of the largest projects funded in fiscal year 2014 were as follows: road maintenance projects at \$380,700, energy improvements at the North Gorham and West Gorham's fire stations funded at \$26,000 and replacement of the 1998 loader/backhoe with a lease-purchased new excavator funded at \$30,000.

The large percentage decrease in the health and welfare category of 35.65% was due to a decrease in general assistance claims processed by the Town during fiscal year 2014. This is due to the economy improving, as well as the Town contracting out our general assistance to the Town of Windham.

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

The \$225,423 or 6.5% increase in public safety function was a result of an increase in depreciation expense due to more capital purchases and less deletions. In fiscal year 2013, the deletions were \$361,283, opposed to \$39,847 in fiscal year 2014.

The following is a graph depicting the General Fund expenditures by function for fiscal year 2014.



The net results of operations in the General Fund for fiscal year 2014 are \$16,910, after transfers in of \$146,101, transfers out of \$15,025,545 and capital lease proceeds of \$125,031. The following table summarizes the General Fund's fund balance for fiscal year 2014, with 2013 information for comparison.

	2014	2013	\$ Change	% Change
Fund balance:				
Nonspendable	\$ 294,145	\$ 154,833	139,312	89.98%
Restricted	353,723	272,171	81,552	29.96%
Committed	479,606	858,606	(379,000)	-44.14%
Assigned	3,892,312	3,793,694	98,618	2.60%
Unassigned	6,567,745	6,491,317	76,428	1.18%
Total fund balance	\$ 11,587,531	11,570,621	16,910	0.15%

The largest decrease is in the committed fund balance of \$379,000 or 44.1%. This is the result of committed funds from FY2013 being expended in FY2014. The school security improvements project was completed which was approximately \$208,000. Also, approximately \$155,350 was expended on New Portland Road. The largest increase is in the nonspendable fund balance, which was \$139,312 or 90.0%, which was due to the prepaid expenses increasing to \$212,149 in fiscal year 2014 from \$105,687 in fiscal year 2013.

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

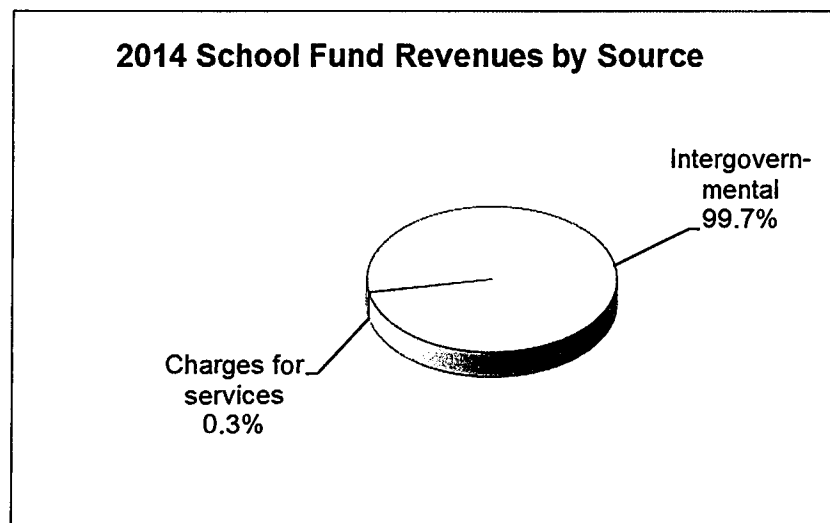
The School's Funds

The following table summarizes the fiscal year 2014 revenues by source for the Special Revenue Fund's School Operations Fund with 2013 information for comparison. The information is from Statement 4.

		<u>2014</u>	<u>2013</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues by source:					
Intergovernmental	\$	20,718,322	20,119,207	599,115	2.98%
Charges for services		44,364	37,743	6,621	17.54%
Other		14,121	1,648	12,473	756.86%
Total revenues \$		20,776,807	20,158,598	618,209	3.07%

The 3.07% increase in School Operation Fund revenues is primarily from the increase in state education subsidy.

The following is a pie chart depicting the Special Revenue Fund - School Operations Fund revenues by source for fiscal year 2014.



The following table summarizes the School Operations Fund expenditures by function for fiscal year 2014 with 2013 information for comparison. Information is from Statement 4. Following the table, an explanation of the major changes is provided.

		<u>2014</u>	<u>2013</u>	<u>\$ Change</u>	<u>% Change</u>
Expenses by function:					
Regular instruction	\$	13,208,011	12,620,793	587,218	4.65%
Special education		4,946,313	5,013,227	(66,914)	(1.33%)
CTE instruction		481,424	534,045	(52,621)	(9.85%)
Other instruction		732,415	720,865	11,550	1.60%
Student and staff support		2,394,231	2,020,891	373,340	18.47%
System administration		828,497	848,559	(20,062)	(2.36%)
School administration		1,781,165	1,692,625	88,540	5.23%
Transportation		1,963,193	1,676,824	286,369	17.08%
Facilities maintenance		3,015,600	3,079,624	(64,024)	(2.08%)
Adult education		230,959	227,963	2,996	1.31%
Maine PERS on-behalf payments		2,433,426	2,459,687	(26,261)	(1.07%)
Debt service		3,573,705	3,628,705	(55,000)	(1.52%)
Total expenses \$		35,588,939	34,523,808	1,065,131	3.09%

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

The School Operations Fund's expenditures are 3.1% or \$1,065,131 more than fiscal year 2013. The increase is due to an increase in wages and benefits due to contractual obligations.

The net results of operations for fiscal year 2014 are \$446,670, after transfers in of \$15,000,123 and capital lease proceeds of \$258,679. The following table summarizes the School Operation Fund's fund balance for fiscal year 2014 with 2013 information for comparison.

		<u>2014</u>	<u>2013</u>	<u>\$ Change</u>	<u>% Change</u>
Fund balance:					
Unassigned	\$	(843,619)	(1,290,289)	446,670	34.62%
Total fund deficit	\$	(843,619)	(1,290,289)	446,670	34.62%

During the development of the fiscal year 2015 budget, the School Board authorized the use of budgetary fund balance in the amount of \$361,313 to help balance the fiscal year 2015 budget. The school also had \$192,290 assigned to encumbrances. These assigned amounts are reflected in unassigned fund balance since the school has a deficit in fund balance due to the school not funding summer salaries, which is required by GAAP.

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 \$1,780,768, while actual expenditures exceed budgeted appropriations by \$1,158,818. This resulted in a positive net effect of \$621,950. After transfers and changes in encumbrances, the net change in fund balance was \$16,910.

The unassigned fund balance at \$6,567,745 is a healthy figure and represents 13.8% of the total general fund and School Operations Fund budgeted appropriations for FY2015. 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 (\$1,397,222) is factored in the percentage drops to 10.9%. The Town's management anticipates that during the FY2016 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 2013-2014 was \$45,364,629 and there were no adjustments made to the original budget during fiscal year 2014.

Capital Asset and Debt Administration

Capital Assets

During the fiscal year 2014, the Town invested \$3,669,394 in a broad range of capital assets. The following chart identifies the assets that were added during fiscal year 2014 (including the construction in progress projects – Gorham Rail Trail Project, and Gorham High School Expansion and Renovation, Chick Property-Baseball field, Little Falls Recreation Master Plan, and Little Falls School Renovation and Public Safety feasibility study).

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

			Category Total
Land improvements			
Recreation	Construction in Progress – Chick Property-Baseball Field	\$ 21,875	
	Construction in Progress – Little Falls Recreation Master Plan	12,897	
			34,772
Buildings and building improvements			
Public Safety	Construction in Progress – Public Safety Feasibility Study	45,229	
Education	Narragansett School Fire Alarm	74,610	
	Village School Fire Alarm	132,500	
	Village School Roof Replacement	115,158	
	Construction in progress – Gorham HS Expansion & Renovation	14,158	
Recreation	Construction in Progress – Little Falls School Renovation	3,700	
			385,355
Machinery and equipment			
Public Works	2013 Gravely ProTurn 460 Mower	11,932	
Public Safety	X380 Camera	11,300	
Education	Vehicle Repeater System	57,929	
			81,161
Furniture and office equipment			
General Govt	Kyocera Taskalfa 3051ci Copier	5,595	
Public Safety	Xerox Workcentre 7835P Copier	5,950	
Education	Village School Intercom System	20,886	
	Narragansett Intercom System	14,833	
	Piano	15,400	
			62,664
Vehicles			
Public Safety	Police - 2013 Ford Police Interceptor	26,330	
	Police - 2014 Ford Police Interceptor	35,542	
	Police – 2014 Ford Police Interceptor	35,542	
	Fire – 2014 HME Intruder II Chassis Fire Truck	450,016	
	Fire – 2014 HME Intruder II Chassis Fire Truck	442,878	
Public Works	2013 Komatsu Model PC129USLC-10 Excavator	135,189	
Education	2013 GMC 2500HD Sierra	29,952	
	2013 GMC 3500HD Sierra	39,626	
	2015 IC Corporation – 300 Bus	89,797	
	2015 IC Corporation – CE Bus	84,441	
	2015 IC Corporation – CE Bus	84,441	
			1,453,754
Infrastructure			
	Accepted roads	1,704,580	
	Construction in progress – Gorham Rail Trail Project	600	
			1,705,180
Total Assets Added During FY2014			\$ 3,722,886

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

During fiscal year 2014, assets were transferred from one function/activity to another function/activity. The following chart shows these transfers.

Category	Function and Activity	Amount Transferred
Vehicle	General Gov't – 2008 Ford Crown Victoria	\$21,833
	Public Works – 2009 Ford Crown Victoria	22,833
	Public Safety – 2008 Ford Crown Victoria	(21,833)
	Public Safety – 2009 Ford Crown Victoria	(22,833)

The depreciation expense for 2014 was \$4,171,156.

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 \$625,230 or 0.8% under last fiscal year.

Capital Assets (Net of depreciation)				
	2014	2013	\$ Change	% Change
Land	\$ 2,272,977	2,362,977	(90,000)	(3.81%)
Books/historical treasures/artwork	1,429,837	1,429,837	-	0.00%
Construction in progress	145,632	100,665	44,967	44.67%
Land improvements	6,623,565	6,971,739	(348,174)	(4.99%)
Buildings and building improvements	38,826,069	40,286,872	(1,460,803)	(3.63%)
Machinery and equipment	976,977	1,083,968	(106,991)	(9.87%)
Furniture and office equipment	991,590	1,166,798	(175,208)	(15.02%)
Computer equipment	54,722	85,105	(30,383)	(35.70%)
Vehicles	3,656,832	2,802,544	854,288	30.48%
Infrastructure	24,701,468	24,014,394	687,074	2.86%
Totals \$	79,679,669	80,304,899	(625,230)	(0.78%)

The Town has appropriated \$348,313 in fiscal year 2015 for the following capital expenditures: three police cruisers, second lease payment for excavator, police video cameras for cruisers and funds for road maintenance work.

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

Additionally, the Council allocated \$1,005,423 from unassigned fund balance, which was in excess of the 8.5% fund balance policy for the following purposes:

- \$235,000 to re-chassis tank 2 and replace pump
- \$45,000 to replace 15 year old ¾ ton pickup truck and plow
- \$160,000 to replace 16 year old trackless tractor
- \$62,000 to replace 2 life pack 15 defibrillators
- \$155,000 to replace 12 year old International 6-wheel dump truck and sander
- \$42,000 to replace 7 air pack breathing units
- \$38,000 to replace the security camera system at the Municipal Center
- \$29,900 to make repairs to the McLellan/Sampson House on South Street
- \$6,212 to resurface tennis/basketball courts in Little Falls Recreation Area
- \$5,000 to replace video server for GoCAT
- \$50,000 to implement parts of the Parking Study
- \$177,000 to provide funds for road maintenance projects
- \$311 to be allocated at a later date by the Town Council;

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

Debt Administration

As of June 30, 2014, the Town had a total of \$37,918,430 of outstanding general obligation debt. The Town's outstanding general obligation bonds as of June 30, 2014 are \$2,253,125 less than last fiscal year – a decrease of 5.6%.

The Town of Gorham currently has an AA+ rating from Standard and Poor's and an Aa2 rating from Moody's on its general obligation bond issues. The Town's general obligation bonds are only 2.67% 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 little to no increase in property taxes which is certainly a challenge. The Town has done well with keeping this goal. The last three budgets (excludes School's budget and the proposed budget for 2014-15) have increased spending by 1.02%. This compares to the 3-year rate of inflation, as measured by the CPI-U from January 1, 2011 to December 31, 2013, of 5.82%.

The Town's assessed value ratio as of April 1, 2014 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, 2014, is \$1,370,291,000; an increase of \$34,512,950 or 2.58% from the prior year, while the taxable value increased \$32,635,300 from \$1,309,539,700 to \$1,342,175,000. The Town of Gorham's tax rate increased to \$17.40, which increased by ten cents from fiscal year 2014.

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

The following are some of highlights of the Town's fiscal year 2014-2015 budget.

1. The Town lost another \$37,000 in revenue sharing revenues in this budget year. Under Maine law, the Town of Gorham should receive approximately \$1.6 million in revenue sharing instead of \$715,000. This additional \$774,000 would reduce the tax rate by 65 cents.
2. The solid waste municipal assessment from ecomaine has been eliminated. This is a \$123,815 reduction in the solid waste budget.
3. Funds were added to the Little Falls School budget with the assumption that it will be open in FY2014-2015 after the renovations are done to the building. This resulted in a \$31,480 increase in the budget.

The Education fiscal year 2014-2015 budget shows an increase in state subsidy of \$451,230 over the prior fiscal year's budget. The fiscal year 2014-2015 budget includes \$536,186 to implement all-day kindergarten. The Education's budget also includes \$32,250 for charter school tuition, and \$87,500 for a STEM program at the High School.

The Town's municipal appropriation is \$12,448,610; an increase of \$357,054 or 3% from FY 2014. An increase in non-property tax revenue of \$201,193 and a decrease in the transfer in from the TIF fund of \$1,223 resulted in a net appropriation of \$6,584,865; an increase of \$157,084 or 2.4%.

The Town's education budget is \$34,152,140; an increase of \$1,234,011 or 3.7%. The School Department saw an increase in non-property tax revenue of \$450,359, and an increase in the use of fund balance of \$361,313. The net education appropriation for FY15 is \$15,412,462; an increase of \$422,339 or 2.8%.

The County tax assessment increased by \$46,533, or 5.2%. The Town's state equalized valuation went from \$1,409,850,000 in 2013 to \$1,420,400,000 in 2014; a 0.75% increase.

Contacting the Town's Financial Management

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

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BASIC FINANCIAL STATEMENTS

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TOWN OF GORHAM, MAINE
Statement of Net Position
June 30, 2014

	Governmental Activities
ASSETS	
Cash	\$ 9,214,196
Investments	7,087,547
Receivables:	
Accounts	520,899
Intergovernmental	1,488,380
Rescue receivable (net of allowance of \$148,000)	243,392
Taxes receivable - current year	694,652
Taxes receivable - prior year	47,884
Tax liens	281,692
Notes	137,577
Tax acquired property	35,132
Performance bonds	3,240,669
Inventories	113,429
Prepaid expenses	212,149
Capital assets not being depreciated:	
Books/historical treasures/artwork	1,429,837
Land	2,272,977
Construction in progress	145,632
Capital assets net of accumulated depreciation:	
Buildings and improvements	38,826,069
Improvements other than buildings	6,623,565
Machinery and equipment	5,680,121
Infrastructure	24,701,468
Total assets	102,997,267
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	940,999
Total deferred outflows of resources	940,999
LIABILITIES	
Accounts payable	1,463,663
Accrued wages and benefits	2,426,558
Performance bond deposits	3,240,669
Unearned revenues	24,156
Noncurrent liabilities:	
Due within one year	3,500,196
Due in more than one year	38,045,479
Total liabilities	48,700,721
NET POSITION	
Net investment in capital assets	41,744,384
Restricted for:	
Grants and programs	2,981,448
Permanent funds:	
Expendable	208,025
Nonexpendable	746,715
Unrestricted	9,556,973
Total net position	\$ 55,237,545

See accompanying notes to basic financial statements.

TOWN OF GORHAM, MAINE
Statement of Activities
For the Year Ended June 30, 2014

For the Year Ended June 30, 2021					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	\$ 5,045,971	733,768	15,990	925	(4,295,288)
Public safety	4,181,443	582,398	126,013	-	(3,473,032)
Public works	5,430,356	1,592,331	482,478	1,711,308	(1,644,239)
Health and welfare	121,093	10,391	56,465	-	(54,237)
Recreation	1,616,165	798,272	20,906	-	(796,987)
Development	246,957	-	-	-	(246,957)
Education	35,457,060	585,729	22,188,579	-	(12,682,752)
Interest on debt	1,260,694	-	-	-	(1,260,694)
Total governmental activities	53,359,739	4,302,889	22,890,431	1,712,233	(24,454,186)
Total primary government	53,359,739	4,302,889	22,890,431	1,712,233	(24,454,186)
General revenues:					
Property taxes, levied for general purposes					22,639,056
Payment in lieu of taxes					59,272
Motor vehicle and boat excise taxes					2,860,442
Grants and contributions not restricted to specific programs:					
Homestead exemption					273,331
BETE reimbursement					180,676
Other State aid					41,730
State Revenue Sharing					784,766
Unrestricted investment earnings					91,407
Miscellaneous revenues					308,262
Gain on sale of property					14,918
Total general revenues					27,253,860
Change in net position					2,799,674
Net position - beginning, as restated					52,437,871
Net position - ending					\$ 55,237,545

See accompanying notes to basic financial statements.

TOWN OF GORHAM, MAINE
Balance Sheet
Governmental Funds
June 30, 2014

	General	School Operations Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 7,910,848	-	1,303,348	9,214,196
Investments	6,041,178	-	1,046,369	7,087,547
Receivables:				
Accounts	243,054	41,869	235,976	520,899
Intergovernmental	-	1,294,050	194,330	1,488,380
Rescue (net of allowance of \$148,000)	243,392	-	-	243,392
Taxes - current year	694,652	-	-	694,652
Taxes - prior year	47,884	-	-	47,884
Tax liens	281,692	-	-	281,692
Notes	2,634	-	134,943	137,577
Interfund loans receivable	-	239,787	2,416,037	2,655,824
Tax acquired property	35,132	-	-	35,132
Performance bonds	3,240,669	-	-	3,240,669
Inventories	79,362	-	34,067	113,429
Prepaid expenditures	212,149	-	-	212,149
Total assets	\$ 19,032,646	1,575,706	5,365,070	25,973,422
LIABILITIES				
Accounts payable	1,067,687	111,756	10,101	1,189,544
Accrued wages and benefits	145,940	2,280,618	-	2,426,558
Interfund loans payable	2,267,579	26,951	365,649	2,660,179
Performance bond deposits	3,240,669	-	-	3,240,669
Unearned revenues	-	-	24,156	24,156
Total liabilities	6,721,875	2,419,325	399,906	9,541,106
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	723,240	-	-	723,240
Total deferred inflows of resources	723,240	-	-	723,240
FUND BALANCES				
Nonspendable:				
Noncurrent receivables	2,634	-	134,943	137,577
Prepaid items	212,149	-	-	212,149
Nonexpendable trust principal	-	-	746,715	746,715
Inventories	79,362	-	34,067	113,429
Restricted:				
General fund	353,723	-	-	353,723
Special revenue funds	-	-	2,627,725	2,627,725
Capital projects funds	-	-	1,056,815	1,056,815
Permanent funds	-	-	208,025	208,025
Committed:				
General fund	479,606	-	-	479,606
Special revenue funds	-	-	106,714	106,714
Capital projects funds	-	-	68,825	68,825
Assigned:				
FY14 capital funding	1,005,423	-	-	1,005,423
Compensated absences	376,121	-	-	376,121
Future general fund expenditures	277,951	-	-	277,951
Capital reserves	2,232,817	-	-	2,232,817
Special revenue funds	-	-	10,396	10,396
Unassigned:				
General fund	6,567,745	-	-	6,567,745
Special revenue funds	-	(843,619)	(29,061)	(872,680)
Total fund balances (deficit)	11,587,531	(843,619)	4,965,164	15,709,076
Total liabilities, deferred inflows of resources and fund balances	\$ 19,032,646	1,575,706	5,365,070	25,973,422

TOWN OF GORHAM, MAINE
Balance Sheet
Governmental Funds
June 30, 2014

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	\$	15,709,076
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Amounts reported for governmental activities in the statement of
net position (Statement 1) are different because:

The deferred charge on the refunding bond in governmental activities is not reported in the funds.		940,999
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Capital assets used in governmental activities are not financial
resources and therefore not reported in the funds. More
specifically:

Non-depreciable capital assets	3,848,446	
Depreciable capital assets, net	75,831,223	79,679,669

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

General obligation bonds	37,918,430	
Bond premium	1,319,080	
Notes payable	213,650	
Capital leases	481,939	
Compensated absences	975,979	
Accrued interest payable	269,764	
Other postemployment benefits	636,597	(41,815,439)

Unavailable revenues - property taxes not reported on Statement 1		723,240
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Net position of governmental activities	\$	55,237,545
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See accompanying notes to basic financial statements.

TOWN OF GORHAM, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2014

	General	School Operations Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 25,138,970	-	308,699	25,447,669
Licenses and permits	691,597	-	-	691,597
Intergovernmental	1,707,901	20,718,322	1,470,257	23,896,480
Charges for services	1,311,440	44,364	1,674,517	3,030,321
Other revenues	819,202	14,121	433,646	1,266,969
Total revenues	29,669,110	20,776,807	3,887,119	54,333,036
Expenditures:				
Current:				
General government	4,082,567	-	-	4,082,567
Public safety	3,708,786	-	-	3,708,786
Public works	2,371,880	-	1,095,306	3,467,186
Health and welfare	121,093	-	-	121,093
Recreation	1,435,851	-	23,142	1,458,993
Economic development	73,970	-	-	73,970
Public agencies	30,018	-	-	30,018
Unclassified	305,397	-	184,768	490,165
Education:				
Regular instruction	-	13,208,011	-	13,208,011
Special education	-	4,946,313	-	4,946,313
CTE instruction	-	481,424	-	481,424
Other Instruction	-	732,415	-	732,415
Student and staff support	-	2,394,231	-	2,394,231
System administration	-	828,497	-	828,497
School administration	-	1,781,165	-	1,781,165
Transportation	-	1,963,193	-	1,963,193
Facilities maintenance	-	3,015,600	-	3,015,600

TOWN OF GORHAM, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2014

	General	School Operations Fund	Other Governmental Funds	Total Governmental Funds
Expenditures, continued:				
Current:				
Education:				
Maine PERS on-behalf payments	\$ -	2,433,426	-	2,433,426
Adult education	-	230,959	-	230,959
Grants and other special uses	-	-	1,251,937	1,251,937
Food services	-	-	863,289	863,289
Debt service:				
Principal	1,013,125	2,640,000	-	3,653,125
Interest and other charges	375,017	933,705	-	1,308,722
Capital maintenance	214,165	-	-	214,165
Capital improvements	1,165,918	-	918,428	2,084,346
Total expenditures	14,897,787	35,588,939	4,336,870	54,823,596
Excess (deficiency) of revenues over (under) expenditures	14,771,323	(14,812,132)	(449,751)	(490,560)
Other financing sources (uses):				
Capital lease proceeds	125,031	258,679	15,400	399,110
Bond proceeds	-	-	1,400,000	1,400,000
Transfers in	146,101	15,000,123	25,422	15,171,646
Transfers out	(15,025,545)	-	(146,101)	(15,171,646)
Total other financing sources (uses)	(14,754,413)	15,258,802	1,294,721	1,799,110
Net change in fund balances	16,910	446,670	844,970	1,308,550
Fund balances (deficit), beginning of year	11,570,621	(1,290,289)	4,120,194	14,400,526
Fund balances (deficit), end of year	\$ 11,587,531	(843,619)	4,965,164	15,709,076

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, 2014

Net change in fund balances - total governmental funds (from Statement 4)	\$ 1,308,550
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 (\$4,171,156) and loss on disposal (\$123,468) exceeded capital outlays (\$3,669,394) in the current period. (Note 6)	(625,230)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	121,798
Bond, note and capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond, note and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. (Note 10)	1,857,968
The Town is amortizing the deferred charge on refunding and the issuance premium over the life of the refunding bond.	36,591
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)	(18,632)
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 payment on long-term capital leases. (Note 10)	205,991
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)	(110,116)
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.	22,754
Change in net position of governmental activities (see Statement 2)	\$ 2,799,674

See accompanying notes to basic financial statements.

TOWN OF GORHAM, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Budgetary Basis
All Budgeted Governmental Funds
For the year ended June 30, 2014

	General Fund			Variance with final budget positive (negative)
	Budgeted amounts		Actual	
	Original	Final		
Revenues:				
Taxes	\$ 24,333,125	24,333,125	25,138,970	805,845
Licenses and permits	509,850	509,850	691,597	181,747
Intergovernmental	1,603,530	1,603,530	1,707,901	104,371
Charges for services	1,303,329	1,303,329	1,311,440	8,111
Other revenues	138,508	138,508	819,202	680,694
Total revenues	27,888,342	27,888,342	29,669,110	1,780,768
Expenditures:				
Current:				
General government	2,271,056	2,282,438	2,229,067	53,371
Public safety	3,670,159	3,708,414	3,679,967	28,447
Public works	2,345,681	2,358,445	2,316,605	41,840
Health and welfare	83,900	83,900	121,093	(37,193)
Recreation	744,242	752,716	1,409,095	(656,379)
Economic development	65,000	65,843	67,557	(1,714)
Insurances and employee benefits	2,024,213	2,024,213	1,851,614	172,599
Public agencies	30,150	30,150	30,018	132
Unclassified	228,645	173,543	257,108	(83,565)
Capital	605,050	588,434	1,255,052	(666,618)
Debt service	1,378,404	1,378,404	1,388,142	(9,738)
Total expenditures	13,446,500	13,446,500	14,605,318	(1,158,818)
Excess of revenues over expenditures	14,441,842	14,441,842	15,063,792	621,950
Other financing sources (uses):				
Utilization of prior year unassigned fund balance	466,800	466,800	-	(466,800)
Transfers to special revenue -				
School Operations	(14,990,123)	(14,990,123)	(15,000,123)	(10,000)
Impact Fees	-	-	(25,422)	(25,422)
Transfers in special revenue -				
TIF	81,481	81,481	83,981	2,500
Impact Fees	-	-	62,120	62,120
Total other financing uses	(14,441,842)	(14,441,842)	(14,879,444)	(437,602)
Excess of revenues and other financing sources over expenditures and other financing uses - budgetary basis	-	-	184,348	184,348
Reconciliation to GAAP basis:				
Change in encumbrances			(167,438)	
Net change in fund balance			16,910	
Fund balance, beginning of year			11,570,621	
Fund balance, end of year	\$		11,587,531	

TOWN OF GORHAM, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Budgetary Basis
All Budgeted Governmental Funds
For the year ended June 30, 2014

Budgeted Special Revenue Funds				
School Operations Fund				Variance with final budget positive (negative)
Budgeted amounts		Actual		
	Original		Final	
Revenues:				
Intergovernmental	\$ 17,857,006	17,857,006	18,284,896	427,890
Charges for services	61,000	61,000	44,364	(16,636)
Other revenues	10,000	10,000	14,121	4,121
Total revenues	17,928,006	17,928,006	18,343,381	415,375
Expenditures:				
Current:				
Regular instruction	12,998,089	12,998,089	13,141,530	(143,441)
Special education	5,275,208	5,049,969	5,006,034	43,935
CTE instruction	481,424	481,424	481,424	-
Other instruction	673,290	735,739	732,249	3,490
Student and staff support	2,138,734	2,258,385	2,257,518	867
System administration	839,339	839,339	822,954	16,385
School administration	1,735,029	1,778,168	1,776,568	1,600
Transportation	1,782,858	1,782,858	1,704,514	78,344
Facilities maintenance	3,168,654	3,168,654	3,071,052	97,602
Adult education	251,799	251,799	230,959	20,840
Debt service	3,573,705	3,573,705	3,573,705	-
Total expenditures	32,918,129	32,918,129	32,798,507	119,622
Deficiency of revenues under expenditures	(14,990,123)	(14,990,123)	(14,455,126)	534,997
Other financing sources:				
Transfers in general fund	14,990,123	14,990,123	15,000,123	10,000
Total other financing sources	14,990,123	14,990,123	15,000,123	10,000
Excess of revenues and other financing sources over expenditures and other financing uses - budgetary basis	-	-	544,997	544,997
Reconciliation to GAAP basis:				
Change in accrued payroll			3,673	
Change in encumbrances			(102,000)	
Net change in fund balance			446,670	
Fund balance (deficit), beginning of year			(1,290,289)	
Fund balance (deficit), end of year	\$		(843,619)	

See accompanying notes to basic financial statements.

TOWN OF GORHAM, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	Agency Funds	Scholarships Private-purpose Trust Funds
ASSETS		
Cash	\$ 390,050	-
Investments	-	45,445
Interfund receivable	5,455	-
Total assets	395,505	45,445
LIABILITIES		
Due to agency funds	395,505	-
Interfund payable	-	1,100
Total liabilities	395,505	1,100
NET POSITION		
Held in trust	\$ -	44,345

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, 2014

	Scholarships Private-purpose Trust Funds
Additions:	
Investment income	\$ 341
Total additions	341
Deductions:	
Scholarships awarded	1,100
Total deductions	1,100
Change in net position	(759)
Net position, beginning of year	45,104
Net position, end of year	\$ 44,345

See accompanying notes to financial statements.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2014

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.

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 "Interfund loans receivable and payable".

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

G. Inventories

Inventory consists of the School Lunch Fund (Governmental Special Revenue Fund) food, supplies, and donated commodities; the trash bag, recycling bins and compost bin inventory maintained by the Public Works Department for the pay-per-bag program, the lock box inventory maintained by the Fire Department and the gas and diesel fuel remaining in the tanks at year-end. All of these inventories are recorded at cost on the first-in, first-out basis. The cost of food, supplies, 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 balance sheet 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.

N. New Pronouncements

Beginning with the fiscal year ended June 30, 2014, the Town has implemented the following Statements of Governmental Accounting Standards Board: Statement No. 65 – Items Previously reported as Assets and Liabilities and Statement No. 66 – Technical Corrections-2012; an amendment of GASB Statements No. 10 and No. 62.

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

O. Fund Equity

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

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

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

Committed – resources which are subject to limitations the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner. The Town Council is the highest level of decision making authority, and can commit fund balance.

Assigned – resources neither restricted nor committed for which a government has a stated intended use as established by the Town Council or a body or official to which the Town Council has delegated the authority to assign amounts for specific purposes. The Town Council authorized itself and the Town Manager within defined limits with this authority.

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

The Town Council has the responsibility for committing fund balance amounts and likewise would be required to modify or rescind those commitments. For assigned fund balance amounts, the Town Council or a body or official delegated by the Town Council may 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 \$6,567,745 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 (\$843,619) and (\$29,061), 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, 2014, other fund balance components consisted of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund:				
Noncurrent receivable	\$ 2,634	-	-	-
Prepaid items	212,149	-	-	-
Inventories	79,362	-	-	-
FY14 capital funding	-	-	-	1,005,423
Encumbrances	-	-	-	277,951
Compensated absences	-	-	-	376,121
Capital reserves	-	353,723	479,606	2,232,817
Special Revenue Funds:				
School grants	-	113,918	-	-
School Lunch Fund:				
Inventories	34,067	-	-	-
Food services	-	95,274	-	-
Sewer operations	-	1,195,279	-	-
Impact fee	-	779,733	-	-
Library	-	19,262	-	8,423
Recreation	-	5,222	-	-
TIF Fund:				
Noncurrent receivable	134,943	-	-	-
TIFs	-	406,372	105,830	-
Miscellaneous	-	12,665	884	1,973
Capital Project Funds:				
Elementary school project	-	145,872	-	-
Fire Trucks	-	7,106	-	-
Little Falls School renovation	-	497,828	-	-
Bonded road projects	-	406,009	-	-
High School Expansion	-	-	29,780	-
Various school projects	-	-	39,045	-
Permanent Funds:				
Nonexpendable trust principal	746,715	-	-	-
Expendable trust principal	-	208,025	-	-
Total governmental funds	\$ 1,209,870	4,246,288	655,145	3,902,708

(See NOTE 17, COMPONENTS OF FUND BALANCES)

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

B. Excess of Expenditures Over Appropriations

For the year ended June 30, 2014, expenditures exceeded appropriations in the following General Fund departments as shown on Statement 6:

Health and welfare	\$ 37,193
Recreation	656,379
Economic development	1,714
Unclassified	83,565
Capital	666,618
Debt service	9,738
Education:	
Regular instruction	143,441

The health and welfare overage is due to a larger number of general assistance claims processed during fiscal year 2014. The State of Maine reimburses communities 50% of general assistance costs incurred so there is a corresponding increase in the Intergovernmental revenue category.

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 economic development overage is due to the budget not factoring in the landscaping that was done for the Gorham Industrial Park sign area.

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

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

Note 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, Continued

The capital function overage is due to the unbudgeted expenditures related to the Town's various capital reserve accounts. These capital reserve accounts are not included as part of the Town's budget and primarily funded through year end transfers and allocation of unassigned fund balance per the Town's fund balance policy.

The overage in the debt service function is due to the budget for interest on the new bond was less than actual interest.

The regular instruction function overage is due to the State of Maine opening its first chartered school in FY14. The cost of students attending these charter schools was not budgeted. Also, there was increase in actual health insurance resulting from open enrollment changes.

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 (\$843,619) at June 30, 2014. This is due primarily to variations between the budgetary and GAAP methods of accounting for summer teachers' payroll. See Note 18, BUDGETARY VS. GAAP ACCOUNTING.

The Middle School Project Fund has a deficit fund balance of (\$344) at June 30, 2014. 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, 2014.

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.

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

Note 3 – RISK MANAGEMENT, Continued

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, 2014. 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, 2014, the balance in this reserve account was \$31,500.

Note 4 - DEPOSITS AND INVESTMENTS

A. Deposits

At June 30, 2014, cash consisted of the following:

	<u>Carrying amount</u>	<u>Bank balance</u>
Checking, savings, NOW, and certificates of deposit accounts:		
Government Funds	\$ 9,208,429	9,396,644
Agency Funds	390,050	407,100
Petty Cash - governmental funds	893	-
Postage machine balance – governmental funds	4,874	-
Totals	<u><u>\$ 9,604,246</u></u>	<u><u>9,803,744</u></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, 2014, none of the Town's bank balances of \$9,803,744 was exposed to custodial credit risks. The Town changed from repurchase agreements to a demand deposit marketplace in which all of our funds are FDIC insured.

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

Note 4 - DEPOSITS AND INVESTMENTS, Continued

B. Investments

At June 30, 2014, investments consisted of the following:

Investment Type	Total	Maturities		
		Less than 1 Year	1 Year to 3 Years	Over 3 Years
Mutual Funds	\$ 115,088	115,088	-	-
U.S. Treasuries	6,041,178	6,041,178	-	-
Money market accounts	232,672	232,672	-	-
Commercial Paper	715,550	227,383	433,031	55,136
US Savings Bonds	4,304	4,304	-	-
Common Stock	24,200	n/a	-	-
Total Fair Value	\$ <u>7,132,992</u>	<u>6,620,625</u>	<u>433,031</u>	<u>55,136</u>
% of Portfolio		93.1%	6.1%	0.8%

Out of the total \$7,132,992 in investments, \$7,087,547 is from investments in the governmental funds, while \$45,445 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, 2014, the Town had \$715,550 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, 2014, the Town was in compliance with its investment policy's stipulations on portfolio diversification.

Custodial Credit Risk – Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investment policy currently does not address custodial credit risk. Of the Town's \$7,132,992 in investments, \$347,760 were in mutual funds and money market accounts which were 100% collateralized by underlying securities held by the trust department of related bank, in the Town's name.

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

Note 5 - RECEIVABLES

A. Receivables

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

	<u>General</u>	<u>School Operations</u>	<u>Non-major Funds</u>	<u>Total</u>
Receivables:				
Taxes	\$ 742,536	-	-	742,536
Tax liens	281,692	-	-	281,692
Accounts	243,054	41,869	235,976	520,899
Rescue	243,392	-	-	243,392
Intergovernmental	-	1,294,050	194,330	1,488,380
Notes	2,634	-	134,943	137,577
Net total receivables	\$ 1,513,308	1,335,919	565,249	3,414,476

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)	\$ 723,240
Total deferred inflows of resources for governmental funds	\$ 723,240

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 27, 2013, 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 92.2% of the estimated State valuation of \$1,420,400,000.

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 \$494,214 for the year ended June 30, 2014. 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 2014 and 2013 levies:

	<u>2014</u>	<u>2013</u>
Taxable Assessed Value	\$ 1,309,539,700	\$ 1,290,426,700
Tax Rate (per \$1,000)	<u>17.30</u>	<u>16.30</u>
Commitment	22,655,037	21,033,955
Supplemental Taxes Assessed	<u>6,435</u>	<u>3,735</u>
	22,661,472	21,037,690
Less: Abatements	13,566	40,193
Collections	<u>21,953,254</u>	<u>20,448,594</u>
Receivable at June 30, 2014 and 2013	<u><u>\$ 694,652</u></u>	<u><u>\$ 548,903</u></u>
Due Date(s)	½ 11/15/2013	½ 11/15/2012
	½ 05/15/2014	½ 05/15/2013
Interest Rates on Delinquent Taxes	7.0%	7.0%
Collection Rate	96.9%	97.4%

Of the total taxes committed for the year ended June 30, 2014, 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 \$308,698.

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.

FY2014 TIF Activity			
	Developer's Share	Town Share	TIF District Total
ODAT - Grondin District			
ODAT	\$ 18,187	18,187	36,373
Grondin Properties	34,382	34,382	68,763
Subtotal:	52,569	52,569	105,136
Pettingill Ross District			
Pettingill Ross	11,076	-	11,076
Subtotal:	11,076	-	11,076
Gorham County Road District			
Gorham County Road LLC	6,435	-	6,435
Subtotal:	6,435	-	6,435
Nappi District			
Nappi Distributors	73,855	68,173	142,028
Subtotal:	73,855	68,173	142,028
Olde Canal Business Park			
Olde Canal	21,131	22,892	44,023
Subtotal:	21,131	22,892	44,023
Total TIF Financing Plan Amount	\$ 165,066	143,634	308,698

(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	\$	33,960
State EPS Subsidy		<u>1,260,090</u>
Total School Operations funds		<u>1,294,050</u>
Other governmental funds:		
School special revenue funds:		
Local Entitlement		85,141
Medicaid Reimbursement		719
Title IIA		54,091
Title IA		41,978
Adult Ed AEFLA		<u>12,401</u>
Total other governmental funds		<u>194,330</u>
Total	\$	<u>1,488,380</u>

D. Notes Receivables

At June 30, 2014, 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	\$ 405	\$ 2,634
Isherwood Enterprises, Inc.	9/2008	75,000	5.0%	9/2018	7,901	36,480
N.E. Tread & Custom Millworks, Inc.	6/2010	74,250	6.0%	6/2030	2,722	65,760
RLL Assets, LLC	4/2014	32,900	5.0%	4/2034	993	<u>32,703</u>
						<u>\$ 137,577</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, 2014 was as follows:

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
Governmental Activities:				
Books/historical treasures/artwork	\$ 1,429,837	\$ -	\$ -	\$ 1,429,837
Land	2,362,977	-	90,000	2,272,977
Construction in progress	100,665	98,459	53,492	145,632
Total capital assets, not being depreciated	<u>3,893,479</u>	<u>98,459</u>	<u>143,492</u>	<u>3,848,446</u>
Land improvements	9,294,409	-	11,142	9,283,267
Buildings and building improvements	62,775,028	322,268	152,882	62,944,414
Machinery and equipment	2,757,156	81,161	14,300	2,824,017
Furniture and office equipment	3,830,029	62,664	47,800	3,844,893
Computer equipment	520,321	-	-	520,321
Vehicles	8,796,808	1,453,754	244,801	10,005,761
Infrastructure	41,306,245	1,704,580	-	43,010,825
Total capital assets being depreciated	<u>129,279,996</u>	<u>3,624,427</u>	<u>470,925</u>	<u>132,433,498</u>
Less accumulated depreciation for:				
Land improvements	2,322,670	346,134	9,102	2,659,702
Buildings and building improvements	22,488,156	1,767,938	137,749	24,118,345
Machinery and equipment	1,673,188	179,841	5,989	1,847,040
Furniture and office equipment	2,663,231	237,872	47,800	2,853,303
Computer equipment	435,216	30,383	-	465,599
Vehicles	5,994,264	591,482	236,817	6,348,929
Infrastructure	17,291,851	1,017,506	-	18,309,357
Total accumulated depreciation	<u>52,868,576</u>	<u>4,171,156</u>	<u>437,457</u>	<u>56,602,275</u>
Total capital assets being depreciated, net	<u>76,411,420</u>	<u>(546,729)</u>	<u>33,468</u>	<u>75,831,223</u>
Governmental activities capital assets, net	<u>\$ 80,304,899</u>	<u>\$ (448,270)</u>	<u>\$ 176,960</u>	<u>\$ 79,679,669</u>

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

Governmental activities:	
General government	\$ 336,811
Public safety	384,112
Public works, including depreciation of general infrastructure assets	1,285,205
Recreation	116,786
Education	<u>2,048,242</u>
Total depreciation expense – governmental activities	<u>\$4,171,156</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 10.5% 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, 2014, 2013 and 2012 are \$179,079, \$169,953, and \$161,938, 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 rate (\$13.03%) and the health and benefits component (2.33%), which amounts to \$2,433,426 (15.36%) for the fiscal year 2014. This amount has been reported as an intergovernmental revenue and Education expenditure in the GAAP basis financial statements (Statement 2 and Statement 4). The School Department is required to contribute the normal cost of the employer contribution which amounts to 2.65% of their compensation. The School Department is required to contribute the entire amount of the employer contribution for the federally funded teachers, for which the School contributed 18.48% of their compensation. This cost is charged to the applicable grant.

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 \$131,138 for the year ended June 30, 2014, and \$133,018 for the year ended June 30, 2013. 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 \$417,265 including F.I.C.A. and Medicare to the Social Security Retirement Program on behalf of Town employees for the year ended June 30, 2014 and \$404,500 for the year ended June 30, 2013.

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 \$426,005 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, 2014 and \$445,417 for the year ended June 30, 2013.

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 August 2014. A copy of the financial report and the required supplementary information for the Health Trust may be obtained from the Maine Municipal Employees Health Trust, 60 Community Drive, Augusta, ME 04330.

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

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

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

Note 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.

	FY2012	FY2013	FY2014
Normal cost	\$ 54,794	\$ 54,794	\$ 60,808
Amortization of unfunded	67,028	67,028	70,887
Interest	2,413	2,413	2,608
Annual required contribution	124,235	124,235	134,303
Interest on net OPEB obligation	12,796	16,913	21,059
Amortizing adjustment to ARC	(18,500)	(24,452)	(30,446)
Annual OPEB cost	118,531	116,696	124,916
Contributions made	(15,603)	(13,041)	(14,800)
Increase in net OPEB obligation	102,928	103,655	110,116
Net OPEB obligation - beginning of year	319,898	422,826	526,481
Net OPEB obligation - end of year	\$ 422,826	\$ 526,481	\$ 636,597

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, 2014 and two preceding years.

Fiscal Year End	Annual OPEB Costs	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2012	\$ 118,531	13.16%	422,826
June 30, 2013	116,696	11.18%	526,481
June 30, 2014	124,916	11.85%	636,597

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, 2014 and two preceding years are as follows:

	FY2012	FY2013	FY2014
Actuarial accrued liability	\$ 1,205,417	\$ 1,205,417	1,274,815
Plan assets	-	-	-
Unfunded actuarial accrued liability	\$ 1,205,417	\$ 1,205,417	1,274,815
Funded ratio	0%	0%	0%
Covered payroll	\$ 4,637,908	\$ 4,573,747	4,675,532
Unfunded actuarial accrued liability as a percentage of covered payroll	25.99%	26.36%	27.27%

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	1/1/14
Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar
Open amortization period	30 years
Inflation rate	4.6%
Investment rate of return	4.0%
Projected salary increases	3.0%

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

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

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

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

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

Note 9 – INTERFUND ACCOUNTS

Individual interfund loans receivable and payable balances at June 30, 2014 were as follows:

<u>Fund</u>	<u>Interfund loans receivable</u>	<u>Interfund loans payable</u>
Governmental Funds:		
General Fund	\$ -	\$ 2,267,579
School Operations Fund	239,787	26,951
Other governmental funds:		
Special revenue funds:		
School Grants Fund	-	106,367
School Lunch Fund	-	54,152
Sewer Operations Fund	902,813	-
Little Falls Sewer Reserve and Loan Fund	14,552	-
Impact Fees Fund	779,733	-
Library Fund	7,008	-
Recreation Fund	3,862	-
TIF Fund	511,873	-
Miscellaneous Fund	2,857	-
Capital project funds:		
2013 GO Bond Projects	-	11,938
2010 GO Bond Projects	-	192,848
Elementary Project	113,534	-
Middle School Project	-	344
High School Renovation and Expansion	29,780	-
Various School Projects	39,045	-
Permanent funds:		
Cemetery Perpetual Care	4,792	-
Baxter Library and Museum	6,188	-
Total other governmental funds	2,416,037	365,649
Fiduciary funds:	5,455	1,100
Totals	\$ 2,661,279	\$ 2,661,279

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, 2014 consisted of the following:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ <u>146,101</u>	\$ <u>15,025,545</u>
School Operations Fund	<u>15,000,123</u>	<u>-</u>
Other governmental funds:		
Special Revenue Funds:		
Impact Fees Fund	25,422	62,120
TIF Fund	-	83,981
Total other governmental funds	<u>25,422</u>	<u>146,101</u>
Totals	\$ <u>15,171,646</u>	\$ <u>15,171,646</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 (\$14,990,123); to School Operations Fund for facilities service (\$10,000); and to Impact Fee Fund for unused funds for the Little Falls Master Plan (\$25,422).
2. From the Special Revenue Fund's Impact Fees Fund: to fund Little Falls Recreation area improvements (\$30,000) and the Chick Property Master Plan update (\$32,120).
3. From the Special Revenue Fund's TIF Fund: to provide funding for economic development corporation expenditures (\$2,267) and the Libby/Brackett Road debt service (\$81,714).

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, 2014, the Town was in compliance with these limitations. (See Table 13, STATISTICAL SECTION)

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

Note 10 – LONG-TERM DEBT, Continued

B. Changes in Long-term Debt

Long-term liability activity for the year ended June 30, 2014 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	\$ 40,171,555	1,400,000	3,653,125	37,918,430	3,148,125
Bond premium	1,446,733	-	127,653	1,319,080	127,653
Notes payable	217,603	-	3,953	213,650	1,076
Capital leases	288,820	399,110	205,991	481,939	173,342
Compensated absences	957,347	100,344	81,712	975,979	50,000
Other post-employment benefits	526,481	124,916	14,800	636,597	-
Governmental activity long-term liabilities	\$ 43,608,539	2,024,370	4,087,234	41,545,675	3,500,196

C. Bonds and Notes Payable

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

On October 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 on the bonds is variable between 2.0% and 4.0%.

General obligation bonds currently outstanding at June 30, 2014, are comprised of the following:

	<u>Interest</u>	<u>Original</u>	<u>Final</u>	<u>Balance</u>	<u>Due</u>
<u>General Obligation Bonds</u>	<u>Rate</u>	<u>Issue</u>	<u>Maturity</u>	<u>End of</u>	<u>Within</u>
		<u>Amount</u>	<u>Date</u>	<u>Year</u>	<u>One Year</u>
Governmental activities:					
2013 Fire Truck/Little Falls School Bond	2.00-4.00%	\$ 1,400,000	11/15/2033	1,400,000	85,000
2012 Advance Refunding Bond	2.00-3.50%	17,085,000	11/1/2024	15,670,000	1,515,000
2011 Maine Municipal Bond (2000 Bond)	.50-5.20%	585,000	11/1/2019	438,750	73,125
2010 Road Projects/Heavy Rescue Bond	2.00-3.50%	3,450,000	8/1/2027	2,835,000	205,000
2010 Elementary School Bond	2.00-4.25%	20,384,680	10/1/2030	17,324,680	1,020,000
2005 Municipal/Comm Ctr Bond	3.75-4.00%	5,000,000	12/1/2014	250,000	250,000
Total governmental activities				\$ 37,918,430	3,148,125

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

Note 10 – LONG-TERM DEBT, Continued

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

Fiscal Year Ended <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 3,148,125	1,191,142	4,339,267
2016	3,128,125	1,116,195	4,244,320
2017	3,098,125	1,041,508	4,139,633
2018	3,063,125	969,189	4,032,314
2019	2,988,125	882,248	3,870,373
2020-2024	13,548,125	2,892,937	16,441,062
2025-2029	6,790,000	1,071,564	7,861,564
2030-2033	2,154,680	98,724	2,253,404
Totals	<u>\$ 37,918,430</u>	<u>9,263,507</u>	<u>47,181,937</u>

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

D. Capital Leases

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

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

Note 10 – LONG-TERM DEBT, Continued

The following is a summary of the capital lease commitments as of June 30, 2014:

	<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	\$ 594,399	58,310	326,633	19,320	307,313
Education, photocopiers	146,201	n/a	64,452	3,826	60,626
Education, piano	15,400	2,200	16,935	1,535	15,400
Public Works, 2013 Komatsu Excavator	135,189	13,519	105,724	7,124	98,600
Totals	\$ 891,189	74,029	513,744	31,805	481,939

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, 2014:

<u>Fiscal year ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Lease Obligation</u>
2015	\$ 173,342	15,001	188,343
2016	143,376	9,406	152,782
2017	79,814	4,802	84,616
2018	82,128	2,488	84,616
2019	3,279	108	3,387
Totals	\$ 481,939	31,805	513,744

E. Compensated Absences

The Town's policy relating to compensated absences is described in Note 1, J. The long-term portion of this debt, amounting to \$975,979 for governmental activities at June 30, 2014, is expected to be paid in future years from future resources. The Town has estimated that out of the \$975,979, 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, 2014, are comprised of the following:

<u>Type of Leave</u>	<u>Governmental Activities</u>
Sick paid upon termination	\$ 599,885
Vacation	332,400
Compensatory time	<u>43,694</u>
Total	<u>\$ 975,979</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 \$636,597 for governmental activities at June 30, 2014, 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, 2014 amounted to \$24,200. Future minimum lease payments for these leases are as follows:

<u>Year ended June 30,</u>	
<u>2015</u>	<u>\$ 4,400</u>
Total	<u>\$ 4,400</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, 2014, the Town's State valuation of \$1,420,400,000 was 3.68% of the County's State valuation of \$38,619,800,000. The Town's share is 3.68% or \$1,409,557 of Cumberland County's \$38,325,000 long-term debt outstanding as of June 30, 2014.

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, 2014, the Town's share of self-supporting bonded water debt is 5.5947% or \$2,378,581 of total debt of \$42,514,891. At June 30, 2014, 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 \$0.

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 \$3,413,079, while Gorham's share of the Westbrook sewer system debt is \$932,806. 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, 2014</u>		<u>Total Debt</u>
	<u>Direct Debt</u>	<u>Overlapping Debt</u>	
Town of Gorham - general obligation bonds and notes payable	\$ 38,132,080	-	38,132,080
Town of Gorham – bond premiums	1,319,080	-	1,319,080
Cumberland County	-	1,409,557	1,409,557
Portland Water District – sewer shared with Town of Windham and City of Westbrook	-	4,345,885	4,345,885
Portland Water District - water debt	-	2,378,581	2,378,581
Totals	\$ 39,451,160	8,134,023	47,585,183

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, 2014, 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, 2014, there were two series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$590,000.

F. Encumbrances

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

General Fund	\$ 277,951
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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, 2014 includes total assets of \$64,568,980, and total liabilities of \$18,893,073 and unrestricted net position of \$16,593,731. The liabilities include an accrual for landfill closure and postclosure care amounting to \$16,191,575. 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 2014 with 2013 information provided for comparison:

	<u>2014</u>	<u>2013</u>	<u>\$ Chg</u>	<u>% Chg</u>
Capital assets	\$136,281,944	133,173,475	3,108,469	2.3%
Accumulated depreciation	(56,602,275)	(52,868,576)	(3,733,699)	-7.1%
Deferred charge on refunding	940,999	1,032,061	(91,062)	-8.8%
Bonds payable (includes premium)	(39,237,510)	(41,618,288)	2,380,778	5.7%
Notes payable	(213,650)	(217,603)	3,953	1.8%
Capital leases	(481,939)	(288,820)	(193,119)	-66.9%
Add back unspent bond proceeds	<u>1,056,815</u>	<u>559,273</u>	<u>497,542</u>	89.0%
Net investment in capital assets	<u>\$ 41,744,384</u>	<u>39,771,522</u>	<u>1,972,862</u>	5.0%

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.

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.

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

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

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

Note 17 – COMPONENTS OF FUND BALANCES

At June 30, 2014 and 2013, other fund balance components consisted of the following:

	<u>2014</u>	<u>2013</u>
General Fund:		
Nonspendable:		
Black Brook noncurrent receivable	\$ 2,634	\$ 6,078
Prepaid items	212,149	105,687
Trash bag inventory	30,817	12,280
Gas inventory	16,099	15,118
Diesel inventory	26,853	12,185
Compost Bins Inventory	966	1,794
Recycle Bin Inventory	3,100	-
Lockbox Inventory	1,527	1,691
Total general fund nonspendable	\$ 294,145	\$ 154,833
Special Revenue Fund:		
Nonspendable:		
TIF - Isherwood note receivable	36,480	43,997
TIF - N E Tread note receivable	65,760	68,120
TIF – RLL Assets, LLC note receivable	32,703	-
School lunch inventory	34,067	33,791
Total special revenue fund nonspendable	\$ 169,010	\$ 145,908
Permanent Fund:		
Nonspendable:		
Nonexpendable trust principal	746,715	538,345
Total permanent fund nonspendable	\$ 746,715	\$ 538,345
Total nonspendable fund balance	\$ 1,209,870	\$ 839,086
General Fund:		
Restricted:		
Heating Assistance	404	814
South Street Sewer Project	10,000	-
CDBG – So. Gorham	4,000	-
Employee wellness program	602	-
Gorham Triad	2,291	3,977
Gorham Triad Yellow Dot Program	3,716	7,817
D.A.R.E.	10,403	7,652
Little Falls substation	2,272	2,272
Drug forfeiture	11,185	12,604
Restorative justice grant	875	2,159
JAG Grant	-	71
DEA forfeiture	85,245	109,389

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

Note 17 – COMPONENTS OF FUND BALANCES, Continued

	<u>2014</u>	<u>2013</u>
Child safety seats	\$ 1,409	\$ 1,409
Fire/rescue donations	50	50
Fire prevention	6,210	-
Fire memorial	8,200	8,200
USM Confined Space	11,045	-
Street opening permits	116,555	106,425
Gorham Village Grant	4,000	-
Little Falls Sidewalk Grant	59,320	-
Community Center donations	750	750
New Year's Gorham	6,609	-
FEMA fire grant	708	708
Sprinkler grant (fire)	7,874	7,874
Total general fund restricted	\$ 353,723	\$ 271,171
Special Revenue Fund:		
Restricted:		
School Grants	113,918	183,808
School Lunch Fund	95,274	106,257
Sewer Operations Fund	1,119,457	1,103,157
Little Falls Sewer Reserve and Loan Fund	75,822	75,373
Transfer overlay district fund	179,198	105,291
Water impact fee (Fort Hill)	1,076	2,909
Recreation facilities impact fee	451,928	387,224
Open space impact fee	147,531	130,580
Baxter unrestricted book trust	6,041	7,005
M Smith library trust	5,192	186
Materials/discretionary library trust	5,335	5,885
C Parker library trust	1,589	1,569
Museum trust	1,105	950
Shaw park	3,500	3,500
Community Center granite sign	362	362
Phinney shade tree recreation trust	1,360	1,350
Transformit TIF	803	2,774
CMJ TIF	-	431
Revolving loan fund	364,517	327,935
Grondin Properties TIF	37,640	38,422
Olde Canal TIF	3,412	1,696
M Parkhurst miscellaneous trust	212	210
Senior citizens miscellaneous trust	12,453	12,362
Total special revenue fund restricted	\$ 2,627,725	\$ 2,499,236

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

Note 17 – COMPONENTS OF FUND BALANCES, Continued

	<u>2014</u>	<u>2013</u>
Capital Projects Fund:		
Restricted:		
2013 Bond Projects	\$ 504,934	\$ -
2010 Bond Projects	406,009	405,737
Great Falls Elementary School Project	145,872	153,536
Total capital project fund restricted	\$ 1,056,815	\$ 559,273
Permanent Fund:		
Restricted:		
South St cemetery perpetual care	38	37
M Robie grounds recreation trust	857	846
Robie park recreation trust	3,146	3,106
Fort Hill boulder recreation trust	1,180	1,170
M Robie soldier's monument recreation trust	1,876	1,860
Phinney memorial park recreation trust	2,698	2,673
Percival Baxter library trust	12,118	12,816
Martha E Robie library trust	195	177
Lucia A Emery library trust	1,543	1,495
Lucy D Waterman library trust	1,703	1,679
Other restricted library trust	1,001	1,309
Restricted book library trust	1,523	1,420
Baxter/Knight library trust	1,760	1,732
John Cressey library trust	278	252
Marie M Irish library trust	329	322
Mary L Reid library trust	180	831
Frederick Robie library trust	1,306	1,255
Centennial library trust	793	1,047
Mary E Knight school trust	3,757	3,725
Charles Robie school trust	38,078	37,766
Ruth E Smith public purpose trust	9,271	9,166
Dana Estes public purpose trust	313	293
Giddings Chapel public purpose trust	51,012	48,126
Huston Waterman public purpose trust	73,070	72,155
Total permanent fund restricted	\$ 208,025	\$ 205,258
Total restricted fund balance	\$ 4,246,288	\$ 3,535,938

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

Note 17 – COMPONENTS OF FUND BALANCES, Continued

	<u>2014</u>	<u>2013</u>
General Fund:		
Committed:		
Land acquisition	\$ 104,006	\$ 104,007
Gorham Village parking study	1,100	15,000
Emergency Reserve Fund	160,000	-
Exterior painting for library, gazebo, Robie		
Gym and Municipal Center	4,400	-
Rte. 25/114 sidewalks	32,196	91,516
Regional fire and EMA Study	3,500	-
Energy Improvements at No. Gorham and		
West Gorham Fire Station	1,489	-
Public Safety Building	19,771	-
Automotive diagnostic unit	2,000	-
Ecomaine recycling reserve	10,000	-
Flaggy Meadow Road	71,827	72,142
Little Falls master plan	17,103	-
Chick Property master plan	10,246	-
Little Falls tennis courts	32,993	-
Cemetery reserve	8,975	8,050
Little Falls South Windham Library	-	17,000
White Rock School demolition	-	160,665
School building improvement	-	208,041
New Portland Road	-	155,350
Little Falls recreation area	-	26,835
Total general fund committed	\$ 479,606	\$ 858,606
Special Revenue Fund:		
Committed:		
Industrial Park TIF	-	2,266
Odat/Grondin TIF	2,139	2,139
Olde Canal TIF	35,518	30,107
Nappi TIF	68,173	64,233
Founder's Monument	884	884
Total special revenue fund committed	\$ 106,714	\$ 99,629
Capital Project Fund:		
High school renovation and expansion project	29,780	43,937
Various school projects	39,045	39,045
Total capital project fund committed	\$ 68,825	\$ 82,982
Total committed fund balance	\$ 655,145	\$ 1,041,217

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

Note 17 – COMPONENTS OF FUND BALANCES, Continued

	<u>2014</u>	<u>2013</u>
General Fund:		
Assigned:		
Capital budget, part II	\$ 1,005,423	\$ 466,800
Encumbrances:		
General government	73,463	75,349
Public safety	165,855	194,673
Public works	2,934	58,209
Recreation	27,136	53,892
Economic development	588	7,000
Other	7,975	56,266
Accrued compensated absences	376,121	369,162
Equipment	5,795	129,960
Capital project reserve	3,427	165,307
Municipal center building	73,172	73,172
Revaluation	180,056	183,126
Administration	15,341	26,249
Finance software/computer upgrade	32,711	32,711
Compensation study	15,100	15,100
Town clerk	46,253	32,843
Planning	32,506	35,918
Planning office relocation reserve	-	34,000
Assessing	7,568	12,399
GIS system	44,565	58,086
Code	16,695	15,795
Web site development	25,038	25,038
Facility study	-	6,201
Unemployment insurance contingency reserve	31,500	31,500
Vacation/comp/sick reserve	492,373	521,696
Property insurance deductible reserve	10,000	10,000
Auto insurance deductible reserve	4,000	4,000
Outside detail (Police)	14,997	14,410
Police	11,178	27,586
Police vests	1,347	2,242
Cruisers	11,413	7,449
Fire training	1,500	-
Fire	7,427	5,592
Air bottles	1,504	1,504
Radio reprogramming	8,857	8,857
Protective fire gear	-	5,073
Pager replacement (Fire)	-	6,306

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

Note 17 – COMPONENTS OF FUND BALANCES, Continued

	<u>2014</u>	<u>2013</u>
Mobile truck lifts (with Town of Windham)	\$ 13,413	\$ 13,413
Rescue	28,364	28,364
Rescue vehicle reserve	20,744	20,744
Fire ponds/dry hydrants	20,005	20,005
Public Works	9,741	14,631
Public Works vehicles	102,366	108,186
Fuel management system software	-	2,801
Fuel depot reserve	35,255	31,055
Longfellow bridge	2,123	35,000
Storm water phase II	24,664	24,664
Public Works building	4,052	4,052
DEP site permit	-	75,000
Roads	470,577	208,590
Baxter Library	18,297	21,061
Baxter Library repairs	7,373	-
Baxter Library carpet replacement	-	6
Robie Gym repairs	16,000	16,000
Recreation	11,267	12,175
Cable TV	19,527	14,233
Baxter Museum repairs	20,123	26,013
Economic development reserve	82,899	85,399
Bicycle patrol	-	376
Lock boxes (Fire)	1,149	1,388
FEMA storm events	-	18,563
Recycling committee	1,215	944
Pay-per-bag startup costs	-	5,636
Fire prevention	-	5,445
Employee wellness program	-	592
Little Falls tennis courts	-	1,469
Recreation	229,340	224,418
Total general fund assigned	\$ 3,892,312	\$ 3,793,694
Special Revenue Fund:		
Assigned:		
Baxter Memorial Library Association	1,776	2,397
Library fund raising	6,647	6,647
Stumpage	1,973	1,973
Total special revenue fund assigned	\$ 10,396	\$ 11,017
Total assigned fund balance	\$ 3,902,708	\$ 3,804,711
Total governmental funds	\$ 10,014,011	\$ 9,220,952

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

Note 18 – BUDGETARY VS. GAAP ACCOUNTING

Through June 30, 2014, 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, 2014 – GAAP basis	\$ 11,587,531	\$ (843,619)*
Accrued summer salaries	-	2,151,192
Accrued salaries – management	-	13,990
Accrued MEPERS wages	-	57,007
Encumbrances	(277,951)	(192,290)
Fund balance, June 30, 2014 – budgetary basis	\$ 11,309,580	\$ 1,186,280

* The School Committee has approved \$361,313 of fund balance to reduce taxes for the 2015 fiscal year. This coupled with the \$192,290 in encumbrances, results in a deficit fund balance of \$1,397,222. Per the Town's fund balance policy, the deficit fund balance of \$1,397,222 is combined with the Town's unassigned total of \$6,567,745, when preparing the 2015 budget.

As required by generally accepted accounting principles (GAAP), the Town has recorded a revenue and expenditure for Maine Public Employees Retirement contributions made by the State of Maine on behalf of the Gorham School Department. These amounts have not been budgeted in the School Special Revenue Fund and result in a difference in reporting on a budgetary basis of accounting vs. reporting under accounting principles generally accepted in the United States of America of \$2,433,426.

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

Note 19 – 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.

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

Note 20 – PRIOR PERIOD ADJUSTMENT

Due to the Town implementing GASB 65 *Items Previously Reported in Assets and Liabilities* in 2014, the bond issuance costs formerly being reported as an asset on Statement 1 and being amortized over the life of the bond on Statement 2 have been removed from Statement 1 and a corresponding offset has been reflected in the beginning net position for 2014. This offset of \$173,100 has reduced the beginning net position for the year from \$52,610,971 as reported on the 2013 CAFR to \$52,437,871, the beginning net position on Statement 2.

Note 21 – SUBSEQUENT EVENT

On November 4, 2014, the voters of the Town of Gorham, Maine passed a referendum to issue a general obligation bond for \$4,990,000. This bond will be used to pay for the costs of renovation, improvement, and equipping the existing public safety building and construction and equipping of a new police station on property located on 270 Main Street.

TOWN OF GORHAM, MAINE
Required Supplemental Information
June 30, 2014

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, 2014 and four 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%
2014	1/1/2014	\$ -	\$ 1,274,815	\$ 1,274,815	0.00%	\$4,675,532	27.27%

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, 2014 and 2013

	2014	2013
ASSETS		
Cash	\$ 7,910,848	581,447
Investments	6,041,178	13,714,526
Receivables:		
Accounts	243,054	247,306
Rescue (net of allowance of \$148,000)	243,392	260,594
Taxes - current year	694,652	548,903
Taxes - prior year	47,884	67,961
Tax liens	281,692	282,829
Notes	2,634	6,078
Tax acquired property	35,132	35,132
Performance bonds	3,240,669	983,518
Inventories	79,362	43,068
Prepaid expenditures	212,149	105,687
Total assets	\$ 19,032,646	16,877,049
LIABILITIES		
Accounts payable	1,067,687	835,125
Accrued wages and benefits	145,940	141,909
Interfund loans payable	2,267,579	2,744,434
Performance bond deposits	3,240,669	983,518
Total liabilities	6,721,875	4,704,986
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	723,240	601,442
Total deferred inflows of resources	723,240	601,442
FUND BALANCE		
Nonspendable:		
Noncurrent receivables	2,634	6,078
Prepaid items	212,149	105,687
Inventories	79,362	43,068
Restricted to:		
General government purposes	15,006	-
Public safety operations	151,483	164,996
Public works operations	179,875	106,425
Recreation operations	7,359	750
Committed to:		
General government purposes	310,677	104,006
Public safety operations	24,760	-
Public works operations	83,827	-
Recreation operations	60,342	-
Other purposes	-	754,600
Assigned to:		
Encumbrances	277,951	445,389
Designated for FY14 & FY13 capital budget	1,005,423	466,800
General government purposes	492,432	550,638
Public safety operations	147,693	187,318
Public works operations	649,994	510,559
Recreation operations	321,926	301,141
Economic development	82,899	85,399
Insurance and employee benefits	913,994	936,951
Other purposes	-	309,499
Unassigned	6,567,745	6,491,317
Total fund balance	11,587,531	11,570,621
Total liabilities, deferred inflows of resources and fund balance	\$ 19,032,646	16,877,049

TOWN OF GORHAM, MAINE
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
Year ended June 30, 2014
(with comparative actual amounts for the year ended June 30, 2013)

	2014		Variance positive (negative)	2013 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 21,852,125	22,330,357	478,232	20,692,697
Change in unavailable property tax revenue	-	(121,798)	(121,798)	126,408
Excise taxes	2,426,000	2,860,442	434,442	2,618,905
Interest and costs on taxes	55,000	69,969	14,969	78,623
Total taxes	24,333,125	25,138,970	805,845	23,516,633
Licenses and permits:				
Building permits	175,000	341,016	166,016	293,182
Plumbing/electrical fees	24,000	34,234	10,234	35,429
Motor vehicle renewal fees	44,000	44,987	987	44,589
Town clerk fees	47,000	60,766	13,766	55,253
Cable TV franchise fee	210,000	195,862	(14,138)	205,015
Code fees	6,850	6,895	45	7,980
Other	3,000	7,837	4,837	3,151
Total licenses and permits	509,850	691,597	181,747	644,599
Intergovernmental:				
State revenue sharing	752,607	784,766	32,159	1,105,086
Highway block grant	255,000	257,020	2,020	250,764
Human services assistance	45,000	56,465	11,465	92,374
Homestead exemption	273,331	273,331	-	260,833
BETE reimbursement	180,592	180,676	84	189,602
Other state grants	36,000	41,730	5,730	41,769
Other agencies	48,500	88,823	40,323	58,506
University of Southern Maine assistance	12,500	25,090	12,590	12,500
Total intergovernmental	1,603,530	1,707,901	104,371	2,011,434
Charges for services:				
Police fees, fines and outside work	21,200	57,289	36,089	24,831
Fire and rescue fees	601,600	518,539	(83,061)	586,373
Subdivision/development fees	25,500	32,760	7,260	18,832
Sewer inspection fees	2,500	8,662	6,162	6,192
Miscellaneous code/assessing	750	310	(440)	221
Miscellaneous public works	2,900	1,965	(935)	908
Solid waste user charges	454,500	463,541	9,041	460,858
Recreation fees	137,000	142,357	5,357	64,101
Payment in lieu of taxes	57,379	59,272	1,893	58,207
Sale of town property	-	14,918	14,918	2,983
Use of cruisers	-	4,173	4,173	2,725
Fuel depot reserve	-	6,729	6,729	7,245
Cemetery reserve	-	925	925	1,375
Total charges for services	1,303,329	1,311,440	8,111	1,234,851

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

	2014		Variance positive (negative)	2013 Actual
	Budget	Actual		
Revenues, continued:				
Other revenues:				
Cemetery income	\$ 10,500	13,423	2,923	20,047
Interest on investments	10,000	4,078	(5,922)	6,186
Rent	95,508	96,194	686	101,995
Recreation reimbursement	-	634,808	634,808	565,235
Senior mealsite	11,500	10,391	(1,109)	10,454
Miscellaneous	11,000	3,567	(7,433)	37,740
Miscellaneous unbudgeted	-	56,741	56,741	154,426
Total other revenues	138,508	819,202	680,694	896,083
Total revenues	27,888,342	29,669,110	1,780,768	28,303,600
Expenditures:				
Current:				
General government:				
Administration	422,236	449,291	(27,055)	453,388
Technology	102,815	99,068	3,747	89,933
Town Clerk	198,008	177,101	20,907	195,955
Planning	204,160	198,057	6,103	199,686
Assessing	132,474	129,583	2,891	127,964
Code enforcement	122,951	119,789	3,162	120,041
Gorham municipal center	211,650	168,034	43,616	180,019
Total general government	1,394,294	1,340,923	53,371	1,366,986
Public safety:				
Police department	1,644,727	1,623,310	21,417	1,603,507
Fire department	1,042,718	1,068,916	(26,198)	1,053,720
Rescue squad	455,823	425,955	29,868	420,250
Public safety building	95,070	95,049	21	93,357
Public utilities	149,000	146,091	2,909	139,963
Public safety contract services	321,076	320,646	430	289,621
Total public safety	3,708,414	3,679,967	28,447	3,600,418
Public works:				
Public works maintenance	1,541,674	1,562,130	(20,456)	1,484,641
Solid waste removal	816,771	754,475	62,296	825,604
Total public works	2,358,445	2,316,605	41,840	2,310,245
Health and welfare:				
Welfare	83,300	120,493	(37,193)	188,183
Health council	600	600	-	-
Total health and welfare	83,900	121,093	(37,193)	188,183

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

	2014		Variance positive (negative)	2013 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Recreation:				
Baxter Memorial Library	\$ 436,860	435,079	1,781	422,609
North Gorham Library	10,000	10,000	-	10,000
Baxter Museum	5,000	2,501	2,499	2,279
Recreation	271,241	271,236	5	235,787
Middle School Softball Field	-	6,140	(6,140)	4,955
Old Robie School	11,740	16,776	(5,036)	11,705
Little Falls School	6,500	25,138	(18,638)	37,779
White Rock School	-	1,028	(1,028)	9,624
Robie Gym	11,375	11,310	65	-
Recreation - reimbursable programs	-	629,887	(629,887)	549,379
Total recreation	752,716	1,409,095	(656,379)	1,284,117
Economic development	65,843	67,557	(1,714)	66,701
Insurances:				
Multi peril policy	153,500	112,346	41,154	108,342
Public liability	11,500	9,032	2,468	9,035
Total insurances	165,000	121,378	43,622	117,377
Employee benefits:				
Direct unemployment compensation	9,000	1,539	7,461	176
Worker's compensation	130,100	98,713	31,387	74,170
Retirement	313,146	298,769	14,377	300,335
Major medical insurance	1,002,767	932,393	70,374	826,885
Social security	403,200	397,567	5,633	387,774
Group life insurance	1,000	1,255	(255)	1,183
Total employee benefits	1,859,213	1,730,236	128,977	1,590,523
Public agencies:				
Appeals board/assessment appeals	250	-	250	414
Parks and conservation	500	-	500	50
G.P.C.O.G.	16,400	17,081	(681)	16,405
MMA	13,000	12,937	63	12,848
P.A.C.T.S.	-	-	-	1,929
Total public agencies	30,150	30,018	132	31,646
Unclassified:				
Gorham cable TV	79,538	64,757	14,781	77,013
Senior Mealsite	16,000	14,791	1,209	-
Founders Festival	4,000	4,000	-	-
Town Clock	800	800	-	800
Memorial Day	2,200	2,021	179	1,707
Contingency	71,005	25,042	45,963	300
Sno-Goers	-	-	-	5,000
Miscellaneous unbudgeted	-	145,697	(145,697)	122,584
Total unclassified	173,543	257,108	(83,565)	207,404

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

	2014		Variance positive (negative)	2013 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Intergovernmental - County tax	\$ 888,144	888,144	-	843,230
Debt service (excluding education):				
Principal	1,013,125	1,013,125	-	978,125
Interest	365,279	375,017	(9,738)	348,268
Total debt service	1,378,404	1,388,142	(9,738)	1,326,393
Capital:				
Capital maintenance	121,634	214,165	(92,531)	418,072
Capital improvements	466,800	1,040,887	(574,087)	1,352,658
Total capital	588,434	1,255,052	(666,618)	1,770,730
Total expenditures	13,446,500	14,605,318	(1,158,818)	14,703,953
Excess of revenues over expenditures	14,441,842	15,063,792	621,950	13,599,647
Other financing sources (uses):				
Use of unassigned fund balance	466,800	-	(466,800)	-
Transfers to special revenue -				
School Fund	(14,990,123)	(15,000,123)	(10,000)	(13,700,064)
Impact Fees	-	(25,422)	(25,422)	-
Transfers in from special revenue -				
TIF	81,481	83,981	2,500	207,564
Impact Fees	-	62,120	62,120	30,000
Transfers to capital projects -				
High School Renovation & Expansion	-	-	-	(75,000)
Total other financing uses	(14,441,842)	(14,879,444)	(437,602)	(13,537,500)
Excess of revenues and other financing sources over expenditures and other uses - budgetary basis	-	184,348	184,348	62,147
Reconciliation to GAAP basis:				
Change in encumbrances		(167,438)		185,478
Net change in fund balance		16,910		247,625
Fund balance, beginning of year		11,570,621		11,322,996
Fund balance, end of year	\$	11,587,531		11,570,621

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ALL OTHER GOVERNMENTAL FUNDS

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TOWN OF GORHAM, MAINE
Combining Balance Sheet
All Other Nonmajor Governmental Funds
June 30, 2014

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
ASSETS				
Cash	\$ 155,281	1,148,067	-	1,303,348
Investments	95,972	-	950,397	1,046,369
Receivables:				
Accounts	235,976	-	-	235,976
Notes	134,943	-	-	134,943
Intergovernmental	194,330	-	-	194,330
Inventories	34,067	-	-	34,067
Interfund loans receivable	2,222,698	182,359	10,980	2,416,037
Total assets	\$ 3,073,267	1,330,426	961,377	5,365,070
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	3,464	-	6,637	10,101
Interfund loans payable	160,519	205,130	-	365,649
Unearned revenues	24,156	-	-	24,156
Total liabilities	188,139	205,130	6,637	399,906
Fund balances:				
Nonspendable	169,010	-	746,715	915,725
Restricted	2,627,725	1,056,815	208,025	3,892,565
Committed	106,714	68,825	-	175,539
Assigned	10,396	-	-	10,396
Unassigned	(28,717)	(344)	-	(29,061)
Total fund balances	2,885,128	1,125,296	954,740	4,965,164
Total liabilities and fund balances	\$ 3,073,267	1,330,426	961,377	5,365,070

TOWN OF GORHAM, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Other Nonmajor Governmental Funds
For the year ended June 30, 2014

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
Revenues:				
Taxes	\$ 308,699	-	-	308,699
Intergovernmental	1,470,257	-	-	1,470,257
Investment income	7,035	1,813	8,512	17,360
Charges for services	1,674,517	-	-	1,674,517
Other revenue	199,380	-	216,906	416,286
Total revenues	3,659,888	1,813	225,418	3,887,119
Expenditures:				
Current:				
Grants and other special uses	1,251,937	-	-	1,251,937
Food services	863,289	-	-	863,289
Public works - sewer	1,095,306	-	-	1,095,306
Recreation	23,142	-	-	23,142
Unclassified	170,487	-	14,281	184,768
Capital improvements	-	918,428	-	918,428
Total expenditures	3,404,161	918,428	14,281	4,336,870
Excess (deficiency) of revenues over (under) expenditures	255,727	(916,615)	211,137	(449,751)
Other financing sources (uses):				
Bond proceeds	-	1,400,000	-	1,400,000
Capital lease proceeds	15,400	-	-	15,400
Transfer in from other funds	25,422	-	-	25,422
Transfer to other funds	(146,101)	-	-	(146,101)
Total other financing sources (uses)	(105,279)	1,400,000	-	1,294,721
Net change in fund balances	150,448	483,385	211,137	844,970
Fund balances, beginning of year	2,734,680	641,911	743,603	4,120,194
Fund balances, end of year	\$ 2,885,128	1,125,296	954,740	4,965,164

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 Statements 3 and 4.

School Grants -- 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
Nonmajor Special Revenue Funds
June 30, 2014

(with comparative actual amounts for June 30, 2013)

	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	2014	2013
ASSETS											
Cash	\$ -	155,281	-	-	-	-	-	-	-	155,281	109,005
Investments	-	-	-	61,270	-	20,677	1,360	-	12,665	95,972	84,154
Receivables:											
Accounts	702	18,301	216,644	-	-	-	-	329	-	235,976	219,405
Notes	-	-	-	-	-	-	-	134,943	-	134,943	112,117
Intergovernmental	194,330	-	-	-	-	-	-	-	-	194,330	284,887
Inventories	-	34,067	-	-	-	-	-	-	-	34,067	33,791
Interfund loans receivable	-	-	902,813	14,552	779,733	7,008	3,862	511,873	2,857	2,222,698	2,023,118
Total assets	\$ 195,032	207,649	1,119,457	75,822	779,733	27,685	5,222	647,145	15,522	3,073,267	2,866,477
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable	3,464	-	-	-	-	-	-	-	-	3,464	1,535
Interfund loans payable	106,367	54,152	-	-	-	-	-	-	-	160,519	106,206
Unearned revenue	-	24,156	-	-	-	-	-	-	-	24,156	24,056
Total liabilities	109,831	78,308	-	-	-	-	-	-	-	188,139	131,797
Fund balances:											
 Nonspendable:											
Noncurrent receivables	-	-	-	-	-	-	-	134,943	-	134,943	112,117
Inventories	-	34,067	-	-	-	-	-	-	-	34,067	33,791
 Restricted to:											
Grants	113,918	-	-	-	-	-	-	-	-	113,918	183,808
Impact fees	-	-	-	-	779,733	-	-	-	-	779,733	626,004
Library	-	-	-	-	-	19,262	-	-	-	19,262	15,595
Recreation	-	-	-	-	-	-	5,222	-	-	5,222	5,212
Miscellaneous	-	-	-	-	-	-	-	-	12,665	12,665	12,572
TIF	-	-	-	-	-	-	-	406,372	-	406,372	371,258
Food services	-	95,274	-	-	-	-	-	-	-	95,274	106,257
Sewer operations	-	-	1,119,457	75,822	-	-	-	-	-	1,195,279	1,178,530
 Committed to:											
TIF	-	-	-	-	-	-	-	105,830	-	105,830	98,745
Miscellaneous	-	-	-	-	-	-	-	-	884	884	884
 Assigned to:											
Library	-	-	-	-	-	8,423	-	-	-	8,423	9,044
Miscellaneous	-	-	-	-	-	-	-	-	1,973	1,973	1,973
 Unassigned:											
Grants	(28,717)	-	-	-	-	-	-	-	-	(28,717)	(21,110)
Total fund balances	85,201	129,341	1,119,457	75,822	779,733	27,685	5,222	647,145	15,522	2,885,128	2,734,680
Total liabilities and fund balances	\$ 195,032	207,649	1,119,457	75,822	779,733	27,685	5,222	647,145	15,522	3,073,267	2,866,477

TOWN OF GORHAM, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the year ended June 30, 2014
(with comparative actual amounts for the year ended June 30, 2013)

	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	
										2014	2013
Revenues:											
Taxes	\$ -	-	-	-	-	-	-	308,699	-	308,699	290,013
Intergovernmental:											
Federal grants	945,634	-	-	-	-	-	-	-	-	945,634	1,010,559
Other state grants	213,406	-	-	-	-	-	-	-	-	213,406	189,193
USDA subsidies	-	311,217	-	-	-	-	-	-	-	311,217	312,230
Total intergovernmental	1,159,040	311,217	-	-	-	-	-	-	-	1,470,257	1,511,982
Investment income	-	-	-	449	-	81	10	6,402	93	7,035	7,809
Charges for services	-	541,365	1,111,606	-	-	21,107	-	439	-	1,674,517	1,589,525
Other revenues	-	-	-	-	194,380	5,000	-	-	-	199,380	146,932
Total revenues	1,159,040	852,582	1,111,606	449	194,380	26,188	10	315,540	93	3,659,888	3,546,261
Expenditures:											
Current:											
Grants and other special uses:											
Federal education grants	1,251,937	-	-	-	-	-	-	-	-	1,251,937	1,250,026
Total grants and other special uses	1,251,937	-	-	-	-	-	-	-	-	1,251,937	1,250,026
Food services	-	863,289	-	-	-	-	-	-	-	863,289	864,735
Public works - sewer	-	-	1,095,306	-	-	-	-	-	-	1,095,306	1,084,464
Recreation	-	-	-	-	-	23,142	-	-	-	23,142	27,437
Unclassified	-	-	-	-	3,953	-	-	166,534	-	170,487	180,477
Total expenditures	1,251,937	863,289	1,095,306	-	3,953	23,142	-	166,534	-	3,404,161	3,407,139

TOWN OF GORHAM, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the year ended June 30, 2014
(with comparative actual amounts for the year ended June 30, 2013)

	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	
										2014	2013
Excess (deficiency) of revenues over (under) expenditures	\$ (92,897)	(10,707)	16,300	449	190,427	3,046	10	149,006	93	255,727	139,122
Other financing sources (uses):											
Capital lease proceeds	15,400	-	-	-	-	-	-	-	-	15,400	-
Transfers in	-	-	-	-	25,422	-	-	-	-	25,422	81,276
Transfers out	-	-	-	-	(62,120)	-	-	(83,981)	-	(146,101)	(237,564)
Total other financing sources (uses)	15,400	-	-	-	(36,698)	-	-	(83,981)	-	(105,279)	(156,288)
Net change in fund balance	(77,497)	(10,707)	16,300	449	153,729	3,046	10	65,025	93	150,448	(17,166)
Fund balances, beginning 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
Fund balances, end of year	\$ 85,201	129,341	1,119,457	75,822	779,733	27,685	5,222	647,145	15,522	2,885,128	2,734,680

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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:

2013 GO Bond Projects

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

2010 GO Bond Projects

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

Great Falls Elementary School Project

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

Middle School Project

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

Various School Projects

To account for various maintenance projects for the School Department.

High School Renovation and Expansion Project

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

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TOWN OF GORHAM, MAINE
Combining Balance Sheet
Nonmajor Capital Project Funds
June 30, 2014

(with comparative actual amounts for June 30, 2013)

	2013 GO Bond Projects	2010 GO Bond Projects	Great Falls Elementary School Project	Middle School Project	Various School Projects	High School Renovation and Expansion	Totals	
							2014	2013
ASSETS								
Cash	\$ 516,872	598,857	32,338	-	-	-	1,148,067	630,908
Interfund loans receivable	-	-	113,534	-	39,045	29,780	182,359	204,194
Total assets	\$ 516,872	598,857	145,872	-	39,045	29,780	1,330,426	835,102
LIABILITIES AND FUND BALANCES								
Liabilities:								
Interfund loans payable	11,938	192,848	-	344	-	-	205,130	193,191
Total liabilities	11,938	192,848	-	344	-	-	205,130	193,191
Fund balances (deficit):								
Restricted to:								
Great Falls Elementary School	-	-	145,872	-	-	-	145,872	153,536
Bonded road projects	-	406,009	-	-	-	-	406,009	405,737
Fire Trucks	7,106	-	-	-	-	-	7,106	-
Little Falls School renovation	497,828	-	-	-	-	-	497,828	-
Committed to:								
Various school projects	-	-	-	-	39,045	-	39,045	39,045
High School renovation and expansion	-	-	-	-	-	29,780	29,780	43,937
Unassigned:								
Middle school project	-	-	-	(344)	-	-	(344)	(344)
Total fund balances (deficit)	504,934	406,009	145,872	(344)	39,045	29,780	1,125,296	641,911
Total liabilities and fund balances	\$ 516,872	598,857	145,872	-	39,045	29,780	1,330,426	835,102

TOWN OF GORHAM, MAINE
Nonmajor Capital Project Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2014
(with comparative actual amounts for the year ended June 30, 2013)

	2013	2010	Great Falls	Middle	Various	High School	Totals	
	GO Bond	GO Bond	Elementary	School	School	Renovation	2014	2013
	Projects	Projects	School Project	Project	Projects	and Expansion		
Revenues:								
Investment income	\$ 1,528	272	13	-	-	-	1,813	-
Intergovernmental	-	-	-	-	-	-	-	120,000
Other revenue	-	-	-	-	-	-	-	1,512
Total revenues	1,528	272	13	-	-	-	1,813	121,512
Expenditures:								
Capital improvements:								
Construction and renovation	896,594	-	7,677	-	-	14,157	918,428	332,023
Total capital improvements	896,594	-	7,677	-	-	14,157	918,428	332,023
Total expenditures	896,594	-	7,677	-	-	14,157	918,428	332,023
Excess (deficiency) of revenues over (under) expenditures	(895,066)	272	(7,664)	-	-	(14,157)	(916,615)	(210,511)
Other financing sources:								
Long-term debt issued	1,400,000	-	-	-	-	-	1,400,000	-
Transfers - in	-	-	-	-	-	-	-	75,000
Total other financing sources	1,400,000	-	-	-	-	-	1,400,000	75,000
Net change in fund balances	504,934	272	(7,664)	-	-	(14,157)	483,385	(135,511)
Fund balances, beginning of year	-	405,737	153,536	(344)	39,045	43,937	641,911	777,422
Fund balances, end of year	\$ 504,934	406,009	145,872	(344)	39,045	29,780	1,125,296	641,911

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
Nonmajor Permanent Funds
June 30, 2014

(with comparative actual amounts for June 30, 2013)

	Cemetery Perpetual Care	Parks and Recreation Grounds	Baxter Library and Museum	Schools	Public Purpose and Civic Improvements	Miscellaneous	Totals	
							2014	2013
ASSETS								
Investments	\$ 485,154	13,882	203,106	47,005	14,271	186,979	950,397	752,804
Interfund loans receivable	4,792	-	6,188	-	-	-	10,980	1,925
Total assets	489,946	13,882	209,294	47,005	14,271	186,979	961,377	754,729
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	6,637	-	-	-	-	-	6,637	9,076
Interfund loans payable	-	-	-	-	-	-	-	2,050
Total liabilities	6,637	-	-	-	-	-	6,637	11,126
Fund balances:								
Nonspendable	483,271	4,125	186,565	5,170	5,000	62,584	746,715	538,345
Restricted	38	9,757	22,729	41,835	9,271	124,395	208,025	205,258
Total fund balances	483,309	13,882	209,294	47,005	14,271	186,979	954,740	743,603
Total liabilities and and fund balances	\$ 489,946	13,882	209,294	47,005	14,271	186,979	961,377	754,729

TOWN OF GORHAM, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Permanent Funds
For the year ended June 30, 2014
(with comparative actual amounts for the year ended June 30, 2013)

	Cemetery Perpetual Care	Parks and Recreation Grounds	Baxter Library and Museum	Schools	Public Purpose and Civic Improvements	Miscellaneous	Totals	
							2014	2013
Revenues:								
Investment income	\$ 2,601	102	1,502	345	105	3,857	8,512	7,678
Donations	207,608	-	9,298	-	-	-	216,906	7,793
Total revenues	210,209	102	10,800	345	105	3,857	225,418	15,471
Expenditures:								
Current:								
Other miscellaneous	11,171	-	3,110	-	-	-	14,281	16,995
Total expenditures	11,171	-	3,110	-	-	-	14,281	16,995
Excess (deficiency) of revenues over (under) expenditures	199,038	102	7,690	345	105	3,857	211,137	(1,524)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	24,334
Transfers out	-	-	-	-	-	-	-	(24,334)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balance	199,038	102	7,690	345	105	3,857	211,137	(1,524)
Fund balances, beginning of year	284,271	13,780	201,604	46,660	14,166	183,122	743,603	745,127
Fund balances, end of year	\$ 483,309	13,882	209,294	47,005	14,271	186,979	954,740	743,603

FIDUCIARY FUNDS

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

Agency Funds:

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

Private-purpose Trust Funds:

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

Scholarships:

Malcolm Smith Scholarship Fund

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

Bob Grant Memorial Scholarship Fund

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

Harry Shevis Scholarship Fund

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

Watson Family Scholarship Fund

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

Charles C. Shaw Scholarship Fund

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

Thomas A. Fogg Vocational Scholarship Fund

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

Arthur and Jane Fogg Memorial Scholarship Fund

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

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TOWN OF GORHAM, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	Agency Funds			
	School and Student Activity Funds	Public Safety Activity Funds	Recreation Activity Funds	Total Agency Funds
ASSETS				
Cash	\$ 279,874	104,234	5,942	390,050
Interfund receivable	5,455	-	-	5,455
Total assets	285,329	104,234	5,942	395,505
LIABILITIES				
Due to:				
Student groups	285,329	-	-	285,329
Public safety	-	104,234	-	104,234
Recreation	-	-	5,942	5,942
Total liabilities	\$ 285,329	104,234	5,942	395,505

TOWN OF GORHAM, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

		Scholarships Private-purpose Trust Funds
ASSETS		
Investments	\$	45,445
Total assets		45,445
LIABILITIES AND NET POSITION		
Liabilities:		
Interfund payable		1,100
Total liabilities		1,100
Net position:		
Principal		41,008
Unexpended income		3,337
Total net position		44,345
Total liabilities and and net position	\$	45,445

TOWN OF GORHAM, MAINE
Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2014

(with comparative actual amounts for June 30, 2013)

	School and Student Activity Agency Funds							Totals	
	High School Activity Fund	High School CBE Fund	White Rock Activity Fund	Narragansett Office	Village Activity Fund	Middle School Activity Fund	GCVP	2014	2013
ASSETS									
Cash	\$ 197,067	418	15,438	12,422	14,544	38,015	1,970	279,874	230,452
Interfund receivable	5,455	-	-	-	-	-	-	5,455	12,718
Total assets	202,522	418	15,438	12,422	14,544	38,015	1,970	285,329	243,170
LIABILITIES									
Due to student groups	202,522	418	15,438	12,422	14,544	38,015	1,970	285,329	243,170
Total liabilities	\$ 202,522	418	15,438	12,422	14,544	38,015	1,970	285,329	243,170

TOWN OF GORHAM, MAINE
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

(with comparative actual amounts for June 30, 2013)

	Public Safety Activity Agency Funds				Totals	
	Guns and Hoses Fund	Central Station Auxiliary Fund	S. Windham Fire Company Fund	Presumpscot Valley Hazmat Fund	2014	2013
ASSETS						
Cash	\$ 51,094	5,891	1,820	45,429	104,234	129,515
Total assets	51,094	5,891	1,820	45,429	104,234	129,515
LIABILITIES						
Due to public safety groups	51,094	5,891	1,820	45,429	104,234	129,515
Total liabilities	\$ 51,094	5,891	1,820	45,429	104,234	129,515

TOWN OF GORHAM, MAINE
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014
(with comparative actual amounts for June 30, 2013)

	Recreation Activity Agency Funds				Totals	
	Gorham Family Fair Fund	Gorham Travel Basketball Fund	Men's Basketball League Fund	New Year Gorham Fund	2014	2013
ASSETS						
Cash	\$ 67	686	5,164	25	5,942	11,564
Total assets	67	686	5,164	25	5,942	11,564
LIABILITIES						
Due to recreation groups	67	686	5,164	25	5,942	11,564
Total liabilities	\$ 67	686	5,164	25	5,942	11,564

TOWN OF GORHAM, MAINE
Combining Statement of Fiduciary Net Position
Private Purpose Trust Funds
June 30, 2014

(with comparative actual amounts for June 30, 2013)

	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	
								2014	2013
ASSETS									
Investments	\$ 2,829	2,511	6,665	12,968	8,290	10,361	1,821	45,445	46,204
Total assets	2,829	2,511	6,665	12,968	8,290	10,361	1,821	45,445	46,204
LIABILITIES AND NET POSITION									
Liabilities:									
Interfund loan payable	100	100	100	300	500	-	-	1,100	1,100
Total liabilities	100	100	100	300	500	-	-	1,100	1,100
Net position:									
Principal	2,629	2,297	6,465	12,435	5,000	10,361	1,821	41,008	41,113
Unexpended income	100	114	100	233	2,790	-	-	3,337	3,991
Total net position	2,729	2,411	6,565	12,668	7,790	10,361	1,821	44,345	45,104
Total liabilities and and net position	\$ 2,829	2,511	6,665	12,968	8,290	10,361	1,821	45,445	46,204

TOWN OF GORHAM, MAINE
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Private-purpose Trust Funds

For the year ended June 30, 2014

(with comparative actual amounts for the year ended June 30, 2013)

	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	
								2014	2013
Additions:									
Investment earnings:									
Interest	\$ 50	44	116	227	149	178	31	795	1,437
Net increase (decrease) in the fair value of investments	(28)	(25)	(66)	(130)	(84)	(103)	(18)	(454)	(1,435)
Total additions	22	19	50	97	65	75	13	341	2
Deductions:									
Current:									
Scholarships awarded	100	100	100	300	500	-	-	1,100	1,100
Total deductions	100	100	100	300	500	-	-	1,100	1,100
Changes in net position	(78)	(81)	(50)	(203)	(435)	75	13	(759)	(1,098)
Net position, beginning of year	2,807	2,492	6,615	12,871	8,225	10,286	1,808	45,104	46,202
Net position, end of year	\$ 2,729	2,411	6,565	12,668	7,790	10,361	1,821	44,345	45,104

TOWN OF GORHAM, MAINE
Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2014

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
ASSETS				
Cash and interfund receivables:				
Student activities:				
High School Activity Fund	\$ 192,658	265,356	255,492	202,522
Gorham High School CBE	114	4,567	4,263	418
White Rock Activity Fund	8,245	42,031	34,838	15,438
Narragansett Office	10,359	13,694	11,631	12,422
Village Activity Fund	14,804	26,844	27,104	14,544
Middle School Activity Fund	40,365	72,817	75,167	38,015
GSVP	2,061	3,520	3,611	1,970
Subtotal student activities	268,606	428,829	412,106	285,329
Public safety activities:				
Guns and Hoses Fund	50,862	11,468	11,236	51,094
Central Station Auxiliary Fund	7,762	2	1,873	5,891
S. Windham Fire Company Fund	2,868	818	1,866	1,820
Presumpscot Valley Hazmat Fund	68,023	24,377	46,971	45,429
Subtotal public safety activities	129,515	36,665	61,946	104,234
Recreation activities:				
Gorham Family Fair Fund	67	-	-	67
Gorham Travel Basketball Fund	1,165	8,755	9,234	686
Men's Basketball League Fund	3,958	3,911	2,705	5,164
New Year Gorham Fund	6,374	11,925	18,274	25
Subtotal recreation activities	11,564	24,591	30,213	5,942
Total assets	\$ 409,685	490,085	504,265	395,505

TOWN OF GORHAM, MAINE
Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2014

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
LIABILITIES				
Funds held for student activities:				
High School Activity Fund	\$ 192,658	265,356	255,492	202,522
Gorham High School CBE	114	4,567	4,263	418
White Rock Activity Fund	8,245	42,031	34,838	15,438
Narragansett Office	10,359	13,694	11,631	12,422
Village Activity Fund	14,804	26,844	27,104	14,544
Middle School Activity Fund	40,365	72,817	75,167	38,015
GCVP	2,061	3,520	3,611	1,970
Subtotal student activities	268,606	428,829	412,106	285,329
Public safety activities:				
Guns and Hoses Fund	50,862	11,468	11,236	51,094
Central Station Auxiliary Fund	7,762	2	1,873	5,891
S Windham Fire Company Fund	2,868	818	1,866	1,820
Presumpscot Valley Hazmat Fund	68,023	24,377	46,971	45,429
Subtotal public safety activities	129,515	36,665	61,946	104,234
Recreation activities:				
Gorham Family Fair Fund	67	-	-	67
Gorham Travel Basketball Fund	1,165	8,755	9,234	686
Men's Basketball League Fund	3,958	3,911	2,705	5,164
New Year Gorham Fund	6,374	11,925	18,274	25
Subtotal recreation activities	11,564	24,591	30,213	5,942
Total liabilities	\$ 409,685	490,085	504,265	395,505

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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, 2014
(with comparative actual amounts for June 30, 2013)

		Totals		
		2014	2013	
Governmental fund capital assets:				
Land and buildings	\$	74,629,579	74,516,969	
Furniture and equipment		18,624,829	17,334,151	
Infrastructure		43,027,536	41,322,355	
Total governmental fund capital assets		\$	136,281,944	133,173,475
Investments in governmental fund capital assets by source:				
General fund		136,136,311	133,072,810	
Capital project funds		145,633	100,665	
Total governmental fund capital assets		\$	136,281,944	133,173,475

TOWN OF GORHAM, MAINE
Schedule of Capital Assets Used in the Operation of Governmental Funds - By Function and Activity
June 30, 2014
(with comparative actual amounts for June 30, 2013)

Function and Activity		Land and buildings	Furniture and equipment	Infrastructure	Totals	
					2014	2013
General government	\$	8,809,564	1,100,135	33,578	9,943,277	10,049,780
Education		58,177,124	6,443,687	-	64,620,811	64,205,233
Public safety		2,195,049	5,528,061	-	7,723,110	6,808,049
Public works		1,822,322	3,570,829	42,965,848	48,358,999	46,519,633
Recreation, library and museum		3,496,598	552,280	11,400	4,060,278	4,060,278
Construction in progress		128,922	-	16,710	145,632	100,665
Book collection, historical treasures and artwork		-	1,429,837	-	1,429,837	1,429,837
Total governmental fund capital assets	\$	74,629,579	18,624,829	43,027,536	136,281,944	133,173,475

Exhibit G-3

Schedule of Changes in Governmental Funds Capital Assets - By Function and Activity
For the year ended June 30, 2014

Function and Activity		Balance	Additions	Deletions	Balance
		2013			2014
General government	\$	10,049,780	27,427	133,930	9,943,277
Education		64,205,233	759,573	343,995	64,620,811
Public safety		6,808,049	1,007,558	92,497	7,723,110
Public works		46,519,633	1,874,535	35,169	48,358,999
Recreation, library and museum		4,060,278	-	-	4,060,278
Construction in progress		100,665	98,459	53,492	145,632
Book collection, historical treasures and artwork		1,429,837	-	-	1,429,837
Totals	\$	133,173,475	3,767,552	659,083	136,281,944

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>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>	<u>2014</u>
Governmental activities:										
Net investment in capital assets	\$ 16,377,091	\$ 17,962,590	\$ 23,204,001	\$ 21,730,596	\$ 33,293,376	\$ 33,076,636	\$ 36,550,035	\$ 38,304,529	\$ 39,771,522	\$ 41,744,384
Restricted	352,781	384,443	375,446	375,446	424,928	16,412,829	1,868,709	3,109,143	3,242,839	3,936,188
Unrestricted	<u>11,735,345</u>	<u>13,430,419</u>	<u>12,441,818</u>	<u>15,039,117</u>	<u>12,982,245</u>	<u>(1,472,158)</u>	<u>11,219,195</u>	<u>11,574,603</u>	<u>9,596,610</u>	<u>9,556,973</u>
Total governmental activities net position	<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>	<u>\$ 55,237,545</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)

	2005	2006	2007	2008	2009	2010 ¹	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government	\$ 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	\$ 5,045,971
Public safety	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	4,181,443
Public works	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	5,430,356
Health and welfare	52,415	45,423	55,774	57,765	87,628	74,469	136,853	149,617	188,183	121,093
Recreation	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	1,616,165
Development	377,263	414,130	406,590	429,849	495,299	271,516	294,540	296,115	240,178	246,957
Education	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	35,457,060
Interest on debt	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	1,260,694
Total governmental activities expenses	<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>	<u>53,359,739</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	553,250	762,661	518,926	399,105	470,309	545,365	592,358	547,377	669,844	733,768
Public safety	265,997	435,752	434,044	527,077	617,224	593,483	670,950	633,614	643,240	582,398
Public works	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	1,592,331
Health and welfare	12,186	13,710	13,672	11,261	11,643	11,305	10,106	11,217	10,454	10,391
Recreation	568,976	513,804	550,704	597,558	634,268	647,758	609,568	677,022	655,906	798,272
Development	99,721	91,139	123,738	98,601	82,050	-	-	-	-	-
Education	660,199	669,220	696,114	632,641	654,443	616,409	595,506	579,531	565,176	585,729
Operating grants and contributions	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	22,890,431
Capital grants and contributions	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	1,712,233
Total governmental activities program revenues	<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>	<u>28,905,553</u>
Net (expense)/revenue, governmental activities	<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>	<u>(24,454,186)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes, levied for general purposes	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	22,639,056
Payment in lieu of taxes	51,083	55,469	54,396	36,385	91,351	56,684	55,469	57,067	58,207	59,272
Motor vehicle and boat excise taxes	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	2,860,442
Grants and contributions not restricted to specific programs:										
Homestead exemption	369,434	379,972	331,237	309,050	306,543	303,353	259,083	263,253	260,833	273,331
BETE reimbursement	-	-	-	-	78,942	131,103	163,110	161,074	189,602	180,676
Other state aid	27,807	31,716	10,865	39,204	29,003	28,486	26,611	41,956	41,769	41,730
State Revenue Sharing	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	784,766
Unrestricted investment earnings	273,500	628,511	727,022	501,024	224,431	216,622	188,676	87,250	100,293	91,407
Miscellaneous revenues	245,789	251,818	307,381	739,880	435,727	148,644	259,356	254,434	288,815	308,262
Sale of property	-	161,500	-	-	-	-	67,792	12,961	2,983	14,918
Total governmental activities	<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>	<u>27,253,860</u>
Change in Net Position										
Governmental activities	\$ <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>	\$ <u>2,799,674</u>

¹ 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 and Costs on Taxes	Excise Taxes	Total
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
2014	22,639,056	69,969	2,860,442	25,569,467

Table 4

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Nonspendable										
Noncurrent receivable	\$ 12,561	\$ 11,750	\$ 10,940	\$ 10,535	\$ 9,319	\$ 8,509	\$ 7,698	\$ 6,888	\$ 6,078	\$ 2,634
Prepaid items	-	-	-	-	-	-	-	2,097	105,687	212,149
Inventories ²	11,187	15,097	14,024	16,753	58,646	65,126	66,266	35,848	43,068	79,362
Restricted										
General government purposes	-	-	-	-	-	-	-	-	-	15,006
Public safety operations	-	-	-	-	-	192,996	201,653	149,347	164,996	151,483
Public works operations	-	-	-	-	-	91,992	93,761	100,476	106,425	179,875
Recreation operations	-	-	-	-	-	2,108	2,108	750	750	7,359
Committed										
General government purposes	-	-	-	-	-	545,620	545,620	314,731	104,006	310,677
Public safety operations	-	-	-	-	-	-	-	-	-	24,760
Public works operations	-	-	-	-	-	-	-	-	-	83,827
Recreation operations	-	-	-	-	-	-	-	-	-	60,342
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	1,005,423
Encumbrances	379,300	298,828	270,652	296,508	61,996	222,092	161,130	259,911	445,389	277,951
General government purposes	-	-	-	-	-	628,858	666,191	540,298	550,638	492,432
Public safety operations	-	-	-	-	-	365,256	208,642	171,468	187,318	147,693
Public works operations	-	-	-	-	-	567,559	585,374	618,224	510,559	649,994
Recreation operations	-	-	-	-	-	272,649	291,377	281,296	301,141	321,926
Economic development	-	-	-	-	-	75,316	75,316	77,100	85,399	82,899
Insurance and employee benefits	-	-	-	-	-	532,767	519,941	518,408	567,789	537,873
Other purposes	-	-	-	-	-	686,340	336,048	379,753	309,499	-
Capital reserves	2,758,377	2,827,485	3,106,331	3,172,519	3,515,695	-	-	-	-	-
Compensated absences	251,068	256,162	279,289	295,344	316,262	320,086	335,706	360,078	369,162	376,121
Unassigned	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	6,567,745
Total General Fund	\$ 8,293,865	\$ 9,198,271	\$ 10,373,457	\$ 10,320,398	\$ 10,533,589	\$ 11,185,988	\$ 10,963,354	\$ 11,322,996	\$ 11,570,621	\$ 11,587,531
All other governmental funds										
Nonspendable										
Special revenue funds	\$ 20,000	\$ 20,203	\$ 45,769	\$ 35,253	\$ 101,853	\$ 182,352	\$ 170,149	\$ 184,540	\$ 145,908	\$ 169,010
Permanent funds	352,781	358,817	375,446	375,446	424,928	513,326	524,205	524,988	538,345	746,715
Restricted										
Special revenue funds	563,345	602,954	974,328	997,803	1,344,305	1,419,004	1,130,992	2,364,016	2,499,236	2,627,725
Capital project funds	2,365,700	4,056,040	1,613,688	3,882,761	-	14,264,545 ³	3,807,139 ³	738,721	559,273	1,056,815
Permanent funds	185,697	182,337	193,310	214,008	198,362	215,954	213,512	220,139	205,258	208,025
Committed										
Special revenue funds	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	106,714
Capital project funds	29,044	107,059	14,792	58,834	146,956	43,183	240,851	39,045	82,982	68,825
Assigned										
Special revenue funds	597,371	107,537	220,585	347,771	714,805	885,155	429,115	1,070,699	305,307	10,396
Unassigned										
Special revenue funds	(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)	(872,680)
Total all other governmental funds	\$ 4,207,269	\$ 4,915,522	\$ 2,859,600	\$ 5,383,766	\$ 3,113,041	\$ 17,275,014	\$ 6,969,805	\$ 3,730,528	\$ 2,829,905	\$ 4,121,545

(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>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>	<u>2014</u>
Revenues										
Taxes	\$ 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	\$ 25,447,669
Licenses and permits	478,148	671,498	434,921	282,421	277,563	300,923	548,938	527,362	644,599	691,597
Intergovernmental	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	23,896,480
Investment income ¹	219,617	578,474	667,452	404,760	145,202	98,943	-	-	-	-
Charges for services	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	3,030,321
Unclassified	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	1,266,969
Total revenues	<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>	<u>54,333,036</u>
Expenditures										
General government	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	4,082,567
Public safety	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	3,708,786
Public works	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	3,467,186
Health and welfare	52,199	45,423	55,774	57,765	87,628	74,469	136,853	149,617	188,183	121,093
Recreation	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	1,458,993
Economic development	180,108	196,437	222,750	241,787	221,348	321,323	61,666	63,216	59,701	73,970
Public agencies	-	-	-	-	-	-	28,484	28,276	26,646	30,018
Unclassified	1,120,904	1,182,951	1,227,331	1,374,541	1,297,684	229,345	605,948	544,860	404,876	490,165
Education	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	34,130,460
Debt service										
Principal	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	3,653,125
Interest	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	1,308,722
Capital maintenance	914,079	1,176,816	671,071	151,694	598,297	713,962	983,754	586,728	418,072	214,165
Capital improvements	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	2,084,346
Total expenditures	<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>	<u>54,823,596</u>
Other financing sources (uses)										
Capital lease proceeds	344,308	330,058	666,521	151,694	74,639	146,972	312,792	169,130	-	399,110
Bond proceeds	-	5,000,000	-	4,000,000	-	20,384,680	3,450,000	-	-	-
Transfers in	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	15,171,646
Transfers out	(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)	(15,171,646)
Total other financing sources (uses)	<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>	<u>399,110</u>
Net change in fund balances	\$ 70,662	\$ 1,611,009	\$ (883,190)	\$ 2,534,451	\$ (2,049,268)	\$ 14,829,108	\$ (10,527,843)	\$ (2,879,635)	\$ (652,998)	\$ (91,450)
Debt service as a percentage of noncapital expenditures	9.6%	9.5%	9.1%	8.0%	9.6%	7.8%	8.6%	10.6%	9.6%	9.7%

¹ 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						
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%
2014	1,092,702,600	474,477,300	41,245,100	298,885,300	1,309,539,700	16.63	1,420,400,000	92.2%

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	Total Direct Tax Rate	County Tax Rate	
2005	5.06	14.20	19.26	0.74	20.00
2006	5.76	12.98	18.74	0.76	19.50
2007	6.04	12.61	18.65	0.75	19.40
2008	4.95	10.46	15.41	0.59	16.00 ¹
2009	4.98	10.40	15.38	0.62	16.00
2010	5.17	10.09	15.26	0.64	15.90
2011	5.25	10.05	15.30	0.60	15.90
2012	5.46	10.23	15.69	0.61	16.30
2013	5.27	10.39	15.66	0.64	16.30
2014	5.41	11.22	16.63	0.67	17.30

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	2014			2005		
	Current year assessed value	Rank	Percentage of total assessed value	Current year assessed value	Rank	Percentage of total assessed value
Central Maine Power Co.	\$ 55,888,400	1	4.27%	\$ 24,718,200	1	2.85%
New Portland Road Realty LLC (formerly known as Gorham House)	12,305,700	2	0.94%	11,602,300	2	1.34%
Gorham Savings Bank	10,090,000	3	0.77%	7,048,800	5	0.81%
Grondin, R J & Phillip	9,894,300	4	0.76%	10,451,200	3	1.20%
Nappi Distributors	8,505,100	5	0.65%			
Shaw Brothers Construction Co.	7,792,100	6	0.60%	6,445,300	6	0.74%
Scott Paper	7,336,700	7	0.56%	5,711,000	9	0.66%
Maritimes & NE Pipeline	6,942,000	8	0.53%	8,536,200	4	0.98%
Maine Mobile Homes LTD	6,686,300	9	0.51%	5,109,100	10	0.59%
Hannaford Brothers	6,285,600	10	0.48%	5,737,500	8	0.66%
Irwin Industrial ToolAmerican Tool (formerly American Tool)				6,033,300	7	0.69%
Totals	\$ 131,726,200		10.06%	\$ 91,392,900		10.52%

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
2005	\$ 17,379,982	\$ 16,828,596	96.8%	\$ 549,053	\$ 17,377,649	100.0%
2006	16,980,208	16,487,705	97.1%	490,260	16,977,965	100.0%
2007	17,730,424	17,116,397	96.5%	602,259	17,718,656	99.9%
2008	19,215,434	18,541,490	96.5%	661,277	19,202,767	99.9%
2009	19,458,932	18,646,974	95.8%	794,303	19,441,277	99.9%
2010	19,359,897	18,705,614	96.6%	622,210	19,327,824	99.8%
2011	19,926,919	19,368,870	97.2%	501,826	19,870,696	99.7%
2012	20,705,124	19,968,524	96.4%	676,234	20,644,758	99.7%
2013	21,037,690	20,488,787	97.4%	379,129	20,867,916	99.2%
2014	22,661,472	21,966,820	96.9%	-	21,966,820	96.9%

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			
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
2014	39,237,510	213,650	481,939	39,933,099	9.66%	2,438

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 2013 and 2014 amounts include 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
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
2014	39,237,510	2.76%	2,395

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.

TOWN OF GORHAM, MAINE
Direct and Overlapping Governmental Activities Debt
General Obligation Bonds
As of June 30, 2014

Jurisdiction	Total debt outstanding	Percentage applicable to Gorham	Amount applicable to Gorham
Direct debt:			
Town of Gorham	\$ 39,933,099	100.00%	39,933,099
Overlapping debt:			
Cumberland County	38,325,000	3.68%	1,409,557
Portland Water District - sewer shared with Windham	4,844,000	70.46%	3,413,079
Portland Water District - sewer shared with Windham and Westbrook	4,938,765	18.89%	932,806
Portland Water District - water debt	42,514,891	5.59%	2,378,581
Subtotal overlapping debt:			8,134,023
Total direct and overlapping debt:			\$ 48,067,122

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
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%
2014	213,060,000	39,237,510	173,822,490	18.42%

Legal Debt Margin Calculation for Fiscal Year 2014

	Outstanding bonds and notes	Percent of state assessed value of \$ 1,420,400,000	Allowable Amount	Margin
For school purposes	\$ 26,849,231	10.00%	\$ 142,040,000	\$ 115,190,769
For storm or sanitary sewer purposes	-	7.50%	106,530,000	106,530,000
For municipal, airport, water, and special district purposes	-	3.00%	42,612,000	42,612,000
For all other purposes	12,388,279	7.50%	106,530,000	94,141,721
Total	\$ 39,237,510	15.00%	\$ 213,060,000	\$ 173,822,490

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
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%
2014	16,381	413,276,249	25,229	38.0	2,666	4.20%

Data Source

- ¹ U.S. Dept. of Commerce, Bureau of Census
The 2005-2008 are based on July Census estimates.
The 2009 and 2010 figures are the July 1, 2008 estimate from the Bureau of Census.
The 2011-2014 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	2014 ¹			2005		
	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	2	5.6%
University of Southern Maine*	500	2	5.3%	601	1	6.7%
New Portland Road Realty LLC (formerly known as Gorham House)	230	3	2.4%	220	3	2.5%
Irwin Industrial Tool (formerly American Tool)	210	4	2.2%	210	4	2.3%
Nappi Distributors	200	5	2.1%			
Shaw Brothers Construction, Inc.	185	6	2.0%	105	8	1.2%
Hannaford Brothers	158	7	1.7%	109	7	1.2%
R. J. Grondin	116	8	1.2%	144	5	1.6%
Gorham Savings Bank	92	9	1.0%	89	9	1.0%
Yotul Stove, Inc.	79	10	0.8%			
Sebago, Inc.				112	6	1.3%
Maine Rubber International				89	10	1.0%
Totals	<u>2,280</u>		23.5%	<u>2,179</u>		24.3%

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

¹ Labor force figure was for June 2014 and provided by the Maine Department of Labor.

* Gorham campus only.

Table 16

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

Function	<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>	<u>2014</u>
General Government	15.0	16.5	17.5	16.5	15.5	15.5	19.0	17.5	17.5	18.0
Public Safety:										
Police:										
Officers	21.0	21.0	21.0	22.0	23.0	23.0	23.0	23.0	23.0	23.5
Civilians ¹	9.0	2.0	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	9.0	13.0	13.0	13.0	13.0	12.0	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	19.0	21.0	21.0	19.0	19.0	19.0	19.0	19.0	19.0
Recreation	15.0	15.0	17.0	17.0	16.0	14.3	14.0	14.0	14.0	16.0
Development ²	4.0	4.0	4.5	4.5	4.5	4.5	1.0	1.0	1.0	1.0
Total	92.0	87.5	95.0	99.0	96.0	94.3	94.0	91.5	91.5	94.5

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>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>	<u>2014</u>
Function										
General Government:										
Building permits: ²										
Single family	90	91	66	64	30	41	58	63	43	67
Condos	13	41	9	4	5	0	4	5	4	13
Commercial	23	16	23	22	18	17	14	19	38	43
Total number permits issued	1,276	1,374	n/a	1,025	n/a	n/a	941	917	966	1,116
Public Safety:										
Police:										
Number of calls for service	18,832	17,076	17,434	16,303	18,245	18,473	18,781	15,335	17,137	17,411
Number of physical arrests	286	353	406	423	782	771	734	777	738	648
Number of summons and warnings	2,525	3,168	3,427	2,960	3,674	3,621	2,725	2,301	1,906	2,059
Parking tickets issued	503	372	305	245	269	391	180	112	117	110
Number of accidents investigated	586	668	528	544	555	519	449	482	455	420
Fire:										
Number of fire and rescue calls	2,112	2,223	2,407	2,352	2,102	2,549	2,807	2,815	2,732	2,589
Number of fire hydrants	n/a	265	269	281	286	292	292	296	304	310
Number of fire ponds	n/a	71	70	69	69	70	71	71	71	71
Public Works:										
Number of roads maintained	261	263	269	274	276	278	283	287	288	290
Lane miles of roads maintained	275.0	276.0	278.5	280.3	282.2	283.1	286.7	290.7	291.0	292.8
Acres of public area maintained	113.1	113.1	113.1	113.1	113.1	113.1	113.1	129.19	154.65	154.65
Acres of cemeteries maintained	19.6	21.1	21.1	29.9	30.1	30.1	30.1	30.02	30.03	30.12
Tons of residential solid waste	2,212	2,307	2,290	2,235	2,304	2,166	2,099	2,155	2,154	2,233
Tons of waste recycled	n/a	1,356	1,555	1,421	1,444	1,200	1,246	1,266	1,314	1,266
Recreation:										
Library:										
Number of items circulated	89,091	95,179	103,080	101,158	109,409	116,050	114,309	114,159	115,826	116,987

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. 2012-2014 figures are based on fiscal year.

n/a = data not available

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

	<u>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>	<u>2014</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	19	19	19
Fire stations	6	6	6	6	6	6	6	6	6	6
Public Works:										
Streets (miles)	275.0	276.0	278.5	280.3	282.2	283.1	286.7	290.7	291.0	292.8
Street lights	357	366	375	381	385	385	389	392	395	405
Traffic signals/blinkers	11	11	11	11	11	11	11	11	11	11
Cemeteries	8	8	8	10	12	12	12	12	12	12
Recreation:										
Libraries	3	3	3	3	3	3	3	3	2	2
Parks acreage	203.8	211.3	211.3	211.3	211.3	211.3	211.3	211.3	211.3	211.3
Parks	4	5	5	5	5	5	5	5	5	5
Tennis courts	7	7	7	7	7	7	7	7	7	7
Outdoor basketball courts	5	5	5	5	5	5	5	5	5	5

Sources: Various town departments.

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