

TOWN OF GORHAM, MAINE

Comprehensive Annual Financial Report



For Fiscal Year Ended
June 30, 2017

TOWN OF GORHAM, MAINE

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2017

Prepared by:

Sharon LaFlamme, Finance Director

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June 30, 2017

Table of Contents

	<u>Statement</u>	<u>Page</u>
INTRODUCTORY SECTION		
Letter of Transmittal		1-6
June 30, 2016 Certificate of Achievement for Excellence in Financial Reporting		7
Organizational Chart		9
List of Principal Officials		10
FINANCIAL SECTION		
Report of the Independent Auditors		13-15
Management’s Discussion and Analysis		17-32
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	1	35
Statement of Activities	2	36
Fund Financial Statements:		
Balance Sheet - Governmental Funds	3	37-38
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	4	39-40
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5	41
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Budgetary Basis - All Budgeted Governmental Funds	6	42-43
Statement of Fiduciary Net Position - Fiduciary Funds	7	44
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	8	45
Notes to Basic Financial Statements		46-80
Required Supplementary Information:		
Schedule of Funding Progress - Retiree Healthcare Plan		81
Schedule of Town’s Proportionate Share of the Net Pension Liability		82
Schedule of Town Contributions		83
Notes to Required Supplementary Information		84
	<u>Exhibit</u>	
Combining and Individual Fund Financial Statements:		
General Fund:		
Comparative Balance Sheets	A-1	87
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Budgetary Basis	A-2	88-91
Restricted, Committed, Assigned, and Unassigned Funds - General Fund - Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	A-3	92-98
Nonmajor Governmental Funds:		
All Other Governmental Funds: Combining Balance Sheet	B-1	101

TOWN OF GORHAM, MAINE
Comprehensive Annual Financial Report
June 30, 2017

Table of Contents, Continued

	<u>Exhibit</u>	<u>Page</u>
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	B-2	102
Nonmajor Special Revenue Funds:		
Combining Balance Sheet	C-1	105
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	C-2	106
Nonmajor Capital Projects Funds:		
Combining Balance Sheet	D-1	109
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	D-2	110
Nonmajor Permanent Funds:		
Combining Balance Sheet	E-1	113
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	E-2	114
Fiduciary Funds:		
Combining Statement of Fiduciary Net Position	F-1	117
Combining Statement of Fiduciary Net Position - Agency Funds	F-2	118-120
Combining Statement of Fiduciary Net Position - Private-purpose Trust Funds	F-3	121
Combining Statement of Changes in Fiduciary Net Position - Private-purpose Trust Funds	F-4	122
Statement of Changes in Assets and Liabilities - Agency Funds	F-5	123-124
	<u>Table</u>	<u>Page</u>
STATISTICAL SECTION		
Net Position by Component	1	127
Changes in Net Position	2	128
Governmental Activities Tax Revenues by Source	3	129
Fund Balances of Governmental Funds	4	130
Changes in Fund Balances of Governmental Funds	5	131
Assessed Value and State Equalized Value of Taxable Property	6	132
Property Tax Rates - All Direct and Overlapping Governments	7	133
Principal Property Taxpayers	8	134
Property Tax Levies and Collections	9	135
Ratios of Outstanding Debt by Type	10	136
Ratios of General Bonded Debt Outstanding	11	137
Direct and Overlapping Governmental Activities Debt	12	138
Statutory Debt Margin Information	13	139
Demographic and Economic Statistics	14	140
Principal Employers	15	141
Full-time Equivalent Town Government Employees by Function	16	142
Operating Indicators by Function	17	143
Capital Asset Statistics by Function	18	144

INTRODUCTORY SECTION

Town of Gorham

Finance Department
Municipal Center
75 South Street, Suite 1
Gorham, Maine 04038-1382

(207) 222-1610
(207) 839-5048 Fax
www.gorham-me.org



Sharon LaFlamme
Finance Director
slaflamme@gorham.me.us

Christine Hyland
Office Manager/
Bookkeeper/Accountant
chyland@gorham.me.us

December 22, 2017

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

This comprehensive annual financial report of the Town of Gorham for the fiscal year ending June 30, 2017 is hereby submitted as required by Town Charter and State law.

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

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

Independent Audit: State statutes require an annual audit by independent certified public accountants. The accounting firm of Runyon Kersteen Ouellette, Certified Public Accountants, performed for the Town Council the annual audit for fiscal year ending June 30, 2017. The auditor's report on the basic financial statements and combined and individual fund financial statements are included in the financial section of this report. In the opinion of the independent auditor, the Town of Gorham's basic financial statements, as of June 30, 2017, present fairly, in all material respects, the financial position of the Town, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The auditors were required to do a single audit under the Uniform Guidance as the Town expended more than \$750,000 in federal funds. Information related to this single audit, including a report on internal controls, report on compliance with requirements applicable to each major program, schedule of expenditures of federal awards, notes to schedule of expenditures of federal awards, and schedule of findings and questioned costs, are included in a separately issued single audit report. This report is available at the Finance Office at the Municipal Center.

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

Profile of the Government

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

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

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

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

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

If a School budget is not approved and validated before the first day of the fiscal year, the latest School budget approved by the Council and submitted to the voters for validation at a referendum is automatically considered the School budget for operational expenses for the ensuing year until a final budget is approved. If the Council fails to adopt a budget on or before the first day of each fiscal year, the municipal budget as submitted by the Town Manager shall become the adopted budget of the Town for the fiscal year.

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

Local Economy

The Town's total taxable valuation for tax year 2016-2017 is \$1,533,284,722 (excludes the valuation attributable to the State Homestead Exemption and BETE personal property reimbursement), resulting in an increase of about 1.9% from the 2015-2016 total taxable valuation. Approximately 16.3% of the tax base is commercial and industrial with the remainder being residential (these figures include vacant parcels as well as developed parcels). The Town's rate of tax collection continues to be strong, equaling 97.1% for last fiscal year and 97.5% 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 2.3% of the state assessed value.

During fiscal year 2017, the Code office issued permits for 103 single-family/condo dwellings, and 32 commercial/institutional structures. The department issued a total of 1,334 permits during fiscal year 2017.

The Town experienced the second highest total inches in snow in the last 13 years. The Town recorded approximately 125.8 inches in snow, with the highest being 131.1 inches in fiscal year 2007-08. This winter also had 23 different snow events, which is above our average of approximately 20 snow events a year. With this said, the Town's public works expenditures did not go over-budget.

In May, 2017, the legislative bill that would authorize the Maine Turnpike Authority to construct a connector road from the Maine Turnpike into Gorham was passed. This critical piece of legislation will allow the Gorham East-West Corridor to go forward if necessary. This connector will be a huge impact on the future growth of Gorham.

During fiscal year 2017, the Town of Gorham experienced growth in businesses and subdivisions. Construction started on Sebago Brewing Company. The Town approved a new project by Railroad Avenue LLC to build a 5 story multi-use building with approximately 40 residential apartments with commercial property on the ground floor and top floor. There were several new residential subdivisions that were approved which will create 54 single family dwellings and approximately 27 apartments/condominiums.

The Town of Gorham has seen a number of improvements during fiscal year 2017. In August, 2016, the Town completed the renovation of the former Public Safety Building which will be the Central Fire Station. A Firefighter/Police Officer Memorial was constructed and completed the Public Safety Complex in October 2016. The Town continued to make improvements to the Little Falls Recreation Area which started in fiscal year 2015; constructing three new multi-purpose fields, which was funded by the recreation area impact fees.

The Town issued general obligation bonds in the amount of \$12,770,000 on October 3, 2016. The voters of Gorham approved the issuance of bonds to finance two new fire trucks at the June 14, 2016 referendum election. On July 5, 2016, the Gorham Town Council approved to advance refund two 2010 bonds. The Town issued \$1,290,000 to finance the two new fire trucks and issued \$11,480,000 for the advance refund the 2010 bonds. This advance refunding will save the Town approximately \$729,940.

Fiscal Year 2017 Budget

The Town of Gorham's gross budget for 2017 showed an increase of 3.5% from 2016. The gross budget increased by 1,725,821 and the mil rate decreased from \$16.30 in fiscal year 2016 to \$17.00 in fiscal year 2017.

The following is a comparison of the fiscal year 2016 mil rate to the fiscal year 2017 mil rate.

	Fiscal year 2016	Fiscal year 2017	\$ Incr/(Decr)	% Chg
Town's Tax Rate	\$ 5.24	\$ 5.38	\$0.14	2.67%
School's Tax Rate	\$10.41	\$10.96	\$0.55	5.28%
County's Tax Rate	\$ 0.65	\$ 0.66	\$0.01	1.54%

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

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

The Town's gross expenditure budget increased by \$462,719 or 3.5%. The major increases were due to an additional 6-month's expenses for the Police Station, two new positions - Public Works Mechanic and Deputy Police Chief, additional expenses for the new Little Falls voting location and the new Little Falls Recreation Area, and increased debt service due to addition of the \$600,000 Main Street bond.

The Town's non-property tax revenues also saw an increase of 3.2%. The major increase was the result of a \$160,000 increase in auto excise.

As a result of the increase in the gross budget, net of the increase in non-property tax revenues for the municipal budget, the amount required from property taxes was up \$253,152 or 3.6%.

The School gross expenditure budget of \$36,291,178 increased by \$1,216,648 or 3.5%. The major increase in this budget was the increases in salaries due to contractual obligations, the addition of two teachers and a new accountant for central office.

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 2017, there was \$1,344,000 in funds available for allocation to capital equipment and capital project needs. On June 7, 2016, the Town Council approved the use of \$1,344,000 excess unassigned fund balance for the following purposes:

- \$150,000 to replace the 2000 John Deere loader backhoe;
- \$172,000 to replace the 2003 tandem axle plow truck and plow equipment;
- \$46,800 to purchase 4 wheel drive tractor with snowblower and attachments for Police, Fire & Recreation;

- \$205,000 to replace Rescue 1;
- \$15,000 to purchase waste water holding tank at Public Works;
- \$49,000 to replace 7 air pack breathing units;
- \$35,100 to install hose tower at Central Fire Station;
- \$50,000 to construct a storage building at the Public Safety Complex;
- \$10,300 to install energy efficient lights in Shaw Gym;
- \$19,500 to install security fence at the Police Station;
- \$10,000 to install in-ground irrigation at Robie Field;
- \$6,300 to be allocated at a later date by the Town Council;
- \$575,000 to fund road projects.

Other Information

Awards: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Gorham, Maine for its comprehensive annual financial report for the fiscal year ended June 30, 2016. This was the 14th 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



Government Finance Officers Association

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

Presented to

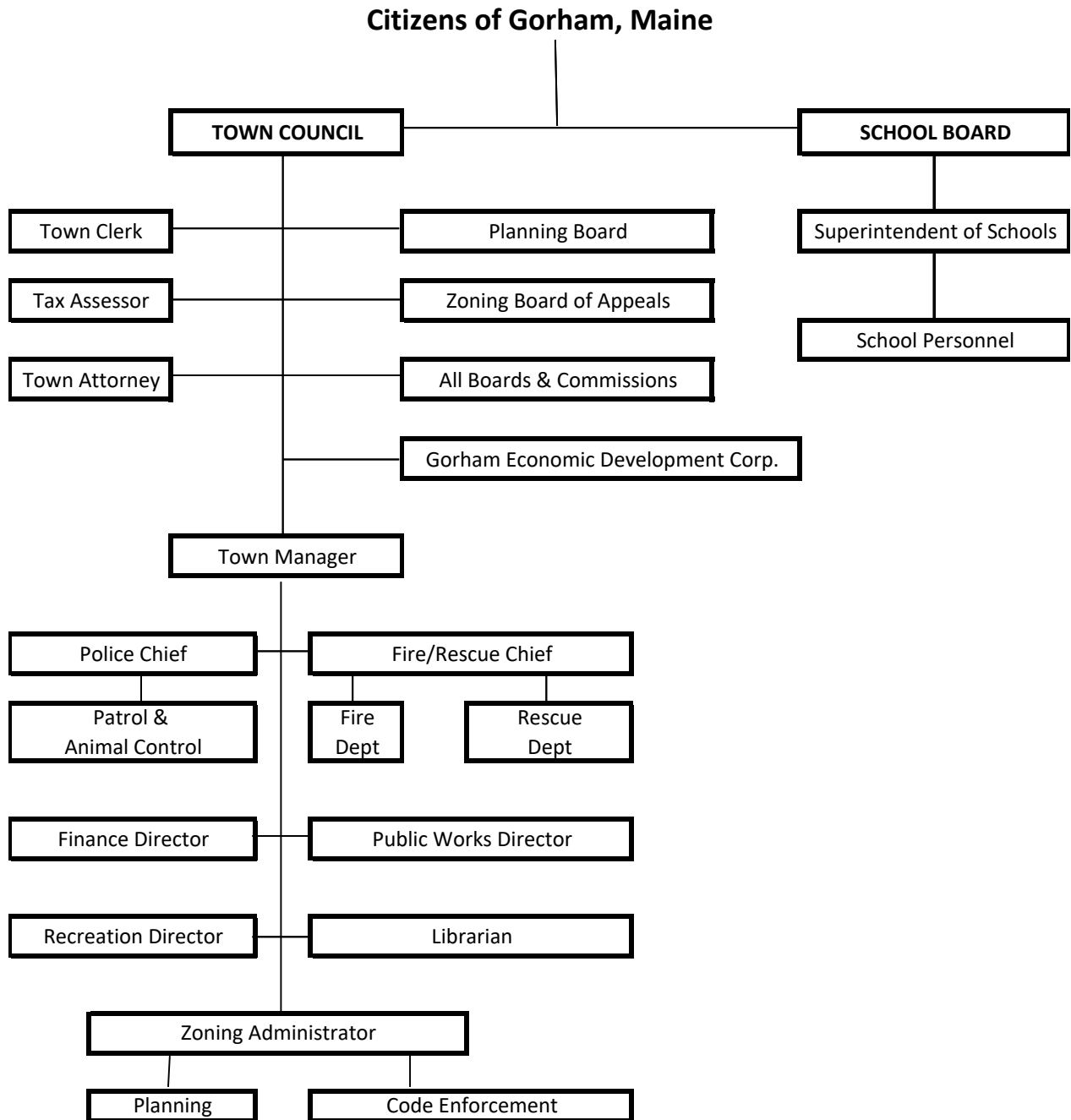
**Town of Gorham
Maine**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

Town of Gorham, Maine Organizational Chart



TOWN OF GORHAM, MAINE
List of Principal Officials
June 30, 2017

Michael J. Phinney, Chairman, Town Council

Ronald Shepard, Vice Chairman

Paul Smith

Marla Stelk

James Hager Jr.

Sherrie Benner

Benjamin Hartwell

David O. Cole, Town Manager

Laurie Nordfors, Town Clerk

Michael D’Arcangelo, Tax Assessor

Thomas E. Ellsworth, Econ. Dev. Dir.

Sharon LaFlamme, Finance Director

Robert S. Lefebvre, Fire Chief

James Rathbun, Library Director

Daniel Jones, Police Chief

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

Cynthia A. Hazelton, Recreation Director

David Galbraith, Zoning Administrator

Darryl B. Wright, Chairman, School Board

Dennis Libby, Vice Chairman

Suzanne Phillips

Kyle Currier

Stewart McCallister

Sara Nelson

Timothy Burns

Heather Perry, School Superintendent

Hollis S. Cobb, School Finance Officer

FINANCIAL SECTION

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, 2017, 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, 2017, and the respective changes in financial position and the budgetary comparison for the General Fund and the School Operations Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual fund financial statements, and statistical section are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

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

Town Council
Town of Gorham, Maine

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2017 on our consideration of the Town of Gorham, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Gorham, Maine's internal control over financial reporting and compliance.



December 22, 2017
South Portland, Maine

TOWN OF GORHAM, MAINE
Management's Discussion and Analysis
For the year ended June 30, 2017

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, 2017. We encourage the readers to consider the information presented in conjunction with the Town's financial statements, which follow this section.

Financial Highlights

- The total assets and deferred outflows of resources of the Town of Gorham exceed its liabilities and deferred inflows of resources by \$59,947,859, an increase of \$1,386,772, or 2.4% when compared to the beginning net position figure of \$58,561,087.
- The ending fund balance for Governmental Funds is \$20,125,204. The revenues and other financing sources exceeded expenditures and other financing uses by \$481,962.
- The General Fund's ending fund balance is \$14,936,512; an increase of \$1,150,115 from the prior year's ending fund balance of \$13,786,397. Of the \$14,936,512, only \$7,884,367 is unassigned. A detailed listing of the nonspendable, restricted, committed, and assigned fund balances can be found in exhibit A-3.
- 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, 2017 was \$7,087,802 or 12.5% of the total fiscal year 2018 budgeted appropriations, NOTE 17, BUDGETARY VS. GAAP ACCOUNTING. The Town Council uses any excess funds to fund the capital needs of the community as deemed appropriate. The Town Council generally reviews and approves the capital projects during the annual budget process. It is anticipated that the Town Council will have approximately \$2,104,048 to allocate to the Capital Part II budget during the fiscal year 2019 budget process.
- The Town of Gorham's general obligation debt decreased by \$2,252,805 or 5.9% 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 deferred outflows of resources less liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this

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

statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

Fund Financial Statements

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

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

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

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

The Town of Gorham maintains twenty-seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, School Operations Fund, and Public Safety Capital Project Fund, which are all 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.

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

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.

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>2017</u>	<u>2016</u>	<u>\$ Change</u>	<u>% Change</u>
Current and other assets	\$ 28,880,029	27,193,262	1,686,767	6.20%
Capital assets, net	80,419,217	81,431,785	(1,012,568)	-1.24%
Total assets	<u>109,299,246</u>	<u>108,625,047</u>	<u>674,199</u>	0.62%
Deferred outflows of resources	<u>2,306,284</u>	<u>1,734,027</u>	<u>572,257</u>	33.00%
Long-term debt outstanding	42,845,659	44,068,146	(1,222,487)	-2.77%
Other liabilities	8,312,183	7,144,666	1,167,517	16.34%
Total liabilities	<u>51,157,842</u>	<u>51,212,812</u>	<u>(54,970)</u>	-0.11%
Deferred inflows of resources	<u>499,829</u>	<u>584,995</u>	<u>(85,166)</u>	-14.56%
Net investment in capital assets	45,097,589	44,482,501	615,088	1.38%
Restricted	4,208,437	4,067,304	141,133	3.47%
Unrestricted	10,641,833	10,011,282	630,551	6.30%
Total net position	<u>\$ 59,947,859</u>	<u>58,561,087</u>	<u>1,386,772</u>	2.37%

The increase of \$1,686,767 in the current and other assets category is primarily due to the unspent bond proceeds for the two fire trucks. The bond was issued in October 2016. Additionally, the Town saw a large increase in performance bonds in fiscal year 2017.

The capital asset disclosure in the notes to the financial statements (see Note 6) shows how the \$1,012,568 decrease resulted.

The long-term debt disclosure in the notes to the financial statements (see Note 11) shows how the \$1,222,487 decrease in long-term debt outstanding resulted.

The increase in the other liabilities \$1,167,517 is primarily due to the increase in performance guarantees and letter of credits for new developments (\$1,766,965) offset by a decrease in accounts payable (\$730,123).

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

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

	<u>2017</u>	<u>2016</u>	<u>\$ Change</u>	<u>% Change</u>
Capital assets	\$ 149,008,906	145,722,458	3,286,448	2.26%
Accumulated depreciation	(68,589,689)	(64,290,673)	(4,299,016)	(6.69%)
Deferred charge on refunding	563,135	758,875	(195,740)	(25.79%)
Bonds payable (includes premium)	(37,047,529)	(39,384,157)	2,336,628	5.93%
Notes payable	(204,621)	(210,642)	6,021	2.86%
Capital leases	(372,207)	(404,010)	31,803	7.87%
Add back unspent bond proceeds	1,739,594	2,290,650	(551,056)	(24.06%)
Net investment in capital assets	\$ 45,097,589	44,482,501	615,088	1.38%

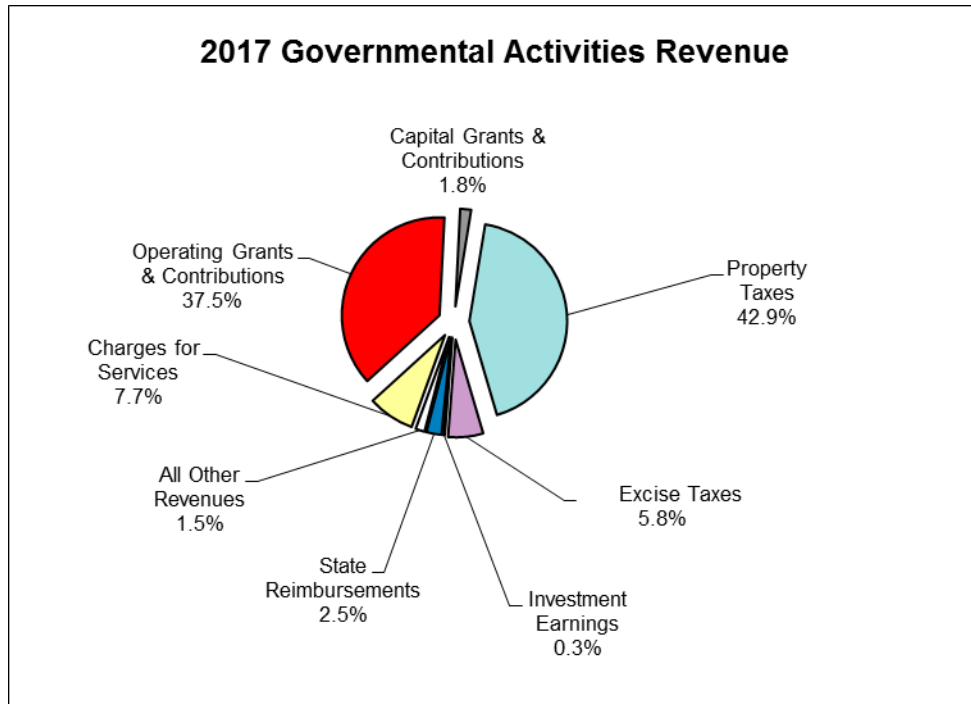
Changes in Net Position

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

	<u>2017</u>	<u>2016</u>	<u>\$ Change</u>	<u>% Change</u>
REVENUES				
Program Revenues:				
Charges for services	\$ 4,994,581	4,455,402	539,179	12.10%
Operating grants and contributions	22,828,112	22,449,423	378,689	1.69%
Capital grants and contributions	1,191,087	2,696,445	(1,505,358)	(55.83%)
General Revenues:				
Property taxes	26,074,860	24,499,792	1,575,068	6.43%
Payment in lieu of taxes	43,971	58,688	(14,717)	(25.08%)
Motor vehicle and boat excise taxes	3,515,752	3,272,059	243,693	7.45%
Grants and contributions not restricted to specific programs:				
Homestead exemption	435,362	287,369	147,993	51.50%
BETE reimbursement	305,366	292,684	12,682	4.33%
Other state aid	38,785	40,755	(1,970)	(4.83%)
State Revenue Sharing	738,529	780,829	(42,300)	(5.42%)
Unrestricted investment earnings	200,467	128,724	71,743	55.73%
Miscellaneous revenues	241,923	421,513	(179,590)	(42.61%)
Gain on sale of property	225,455	289,589	(64,134)	(22.15%)
Total revenues	60,834,250	59,673,272	1,160,978	1.95%
EXPENSES				
General government	5,487,400	5,750,902	(263,502)	(4.58%)
Public safety	4,827,053	4,582,029	245,024	5.35%
Public works	6,115,530	5,300,666	814,864	15.37%
Health and welfare	44,098	52,100	(8,002)	(15.36%)
Recreation	1,729,112	1,601,851	127,261	7.94%
Development	312,953	309,488	3,465	1.12%
Education	39,773,685	37,728,542	2,045,143	5.42%
Interest on debt	1,157,647	1,231,628	(73,981)	(6.01%)
Total expenses	59,447,478	56,557,206	2,890,272	5.11%
Change in net position	1,386,772	3,116,066	(1,729,294)	(55.50%)
Net position - beginning	58,561,087	55,445,201	3,115,886	5.62%
Net position ending	\$ 59,947,859	58,561,087	1,386,772	2.37%

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

The following pie chart shows the sources of revenue for fiscal year 2017.



Overall, revenues were up \$1,160,978 or 2.0 % when compared to fiscal year 2016. There were a number of reasons for the increase in the revenues and they are highlighted below.

Approximately 42.9% of the Town's revenues come from property taxes, while 37.5% comes from operating grants and contributions. Approximately 81.4% 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 1.7% or \$378,689, primarily because the School Department received approximately \$407,358 more in state/federal aid and MainePers on behalf payments.

The capital grants and contributions were down \$1,605,358 or 59.5% due to the Town accepting only three roads from developers during fiscal year 2017 at an estimated cost of \$920,264. This is \$1,647,475 less than the \$2,567,739 of accepted roads received in fiscal year 2016.

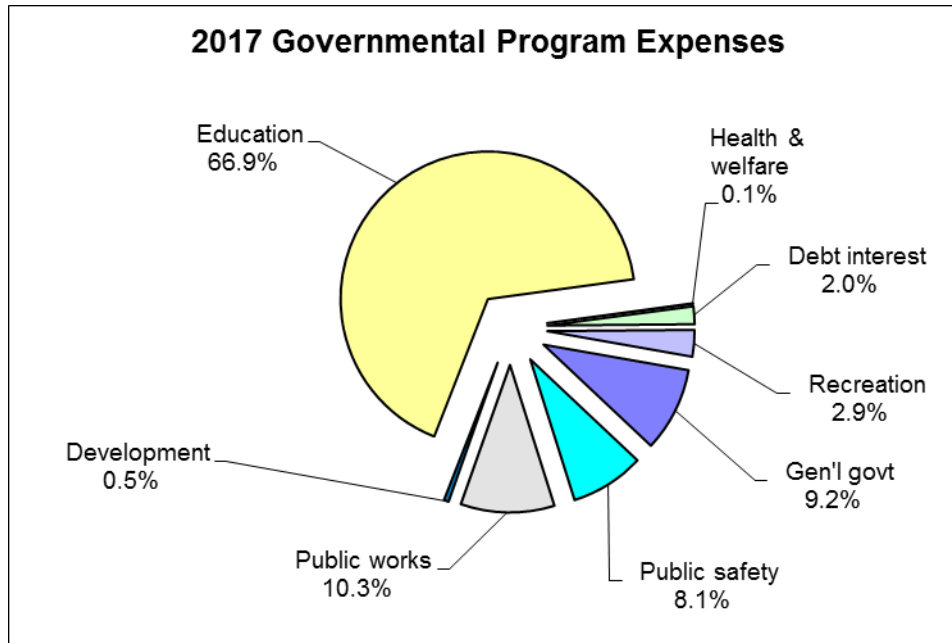
The \$1,575,068 increase in property tax revenue was due to the increase in the mil rate from \$16.30 in fiscal year 2016 to \$17.00 in fiscal year 2017.

The other large revenue increase was seen in homestead exemption, and investment earnings. The homestead exemption was increased from \$10,000 in fiscal year 2016 to \$15,000 in fiscal year 2017. Investment income saw an increase due to an interest rate increase.

As the result of ecomaine's sale of exempted property, payment in lieu of taxes decreased by \$14,717. This property is now taxable property.

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

The following pie chart shows functional expenses for fiscal year 2017.



Education makes up 66.9% of expenses for fiscal year 2017, an increase of 5.4% or \$2,045,143 from fiscal year 2016.

Fiscal year 2017 public works expenses are higher than fiscal year 2016 by 15.4% or \$814,864. The primary reason for this increase was that there was significant amount of road maintenance performed that did not qualify to be capitalized.

Governmental Activities

The cost of all governmental activities was \$59,447,478. The Town's governmental activities include general government, public safety, public works, health and welfare, recreation (includes library and museum), development, education, and interest on debt. The general government activity also includes public agencies, insurance, employee benefits, unclassified and county tax expenditures. Fiscal year 2017 expenses were \$2,890,272 or 5.1% over fiscal year 2016 expenses.

However, as shown on the Statement of Activities, the amount that the taxpayers of Gorham ended up financing through property taxes was \$26,074,860 or 43.9%, because some of the cost was paid by those who directly benefit from the programs -- \$4,994,581, or by other governments and organizations that subsidized certain programs with operating grants and contributions -- \$22,828,112, and capital grants and contributions -- \$1,191,087. The Town also received \$6,149,317 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 2017.

As a result of the Governmental activities' revenues (\$60,834,250) exceeding the expenses (\$59,447,478), the Town of Gorham realized an increase in its net position of \$1,386,772. Approximately \$788,000 of the increase can be attributed to the collection of excise tax, permits and interest income which were higher than anticipated. Also, approximately \$321,680 was saved from insurances and employee benefits increases that were lower than anticipated.

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

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 2017 revenues by source for the General Fund with the 2016 information for comparison. Information is from Statement 4.

	<u>2017</u>	<u>2016</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues by source:				
Taxes	\$ 29,218,518	27,486,030	1,732,488	6.30%
Licenses and permits	728,782	684,459	44,323	6.48%
Intergovernmental	2,055,093	1,915,234	139,859	7.30%
Charges for services	2,152,687	2,077,253	75,434	3.63%
Other revenues	710,572	569,538	141,034	24.76%
Total revenues	\$ 34,865,652	32,732,514	2,133,138	6.52%

General Fund revenues increased by 6.5% or \$2,133,138 from fiscal year 2016 amounts. Below are some of the reasons for the changes in the revenue.

Taxes: In fiscal year 2017, the mil rate increased from \$16.30 to \$17.00. With an increased valuation and mil rate, tax revenue after abatements and supplements was up by \$1,556,607, when compared to last fiscal year. The change in deferred property taxes was a negative \$5,900. Excise tax revenues were \$243,693 higher than in fiscal year 2016.

Licenses and permits: Building permit revenues were \$54,542 higher than fiscal year 2016 and fluctuate year to year depending on if there are any large developments. Cable TV franchise fees were \$10,690 lower than fiscal year 2016.

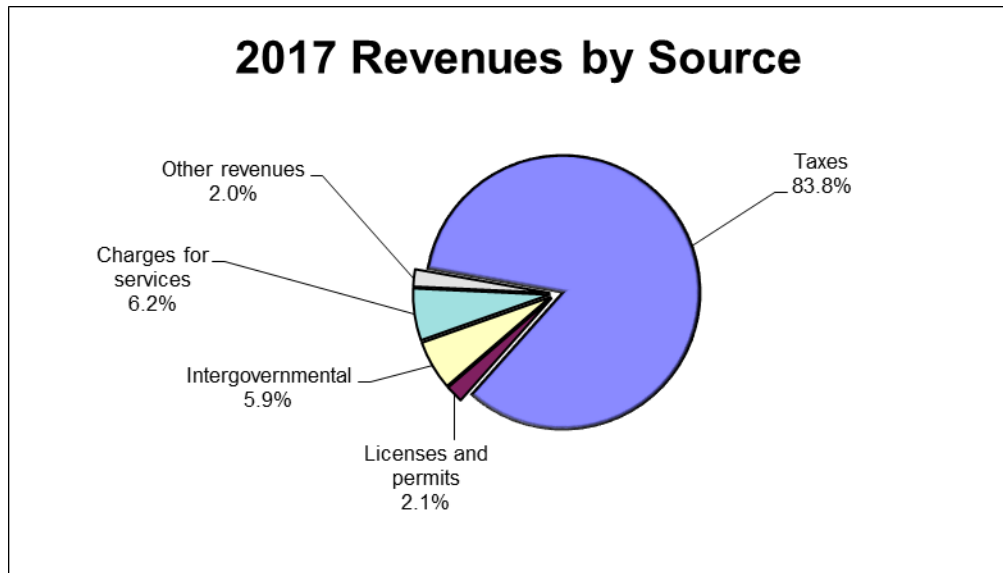
Intergovernmental: The major change in fiscal year 2017 was related to an increase in the homestead reimbursements of \$147,993 due to the exemption increasing from \$10,000 in fiscal year 2016 to \$15,000 in fiscal year 2017. The Town also saw a \$42,300 decrease in state revenue sharing in from fiscal year 2016.

Charges for services: In fiscal year 2017, recreation received \$74,178 more in revenues than in fiscal year 2016.

Other revenues: The major factor for the increase in this revenue category was investment income was approximately \$65,000 higher than fiscal year 2016.

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

The following pie chart depicts the General Fund revenues by source for fiscal year 2017.



The following table summarizes the General Fund expenditures by function for fiscal year 2017 with 2016 information for comparison. Information is from Statement 4.

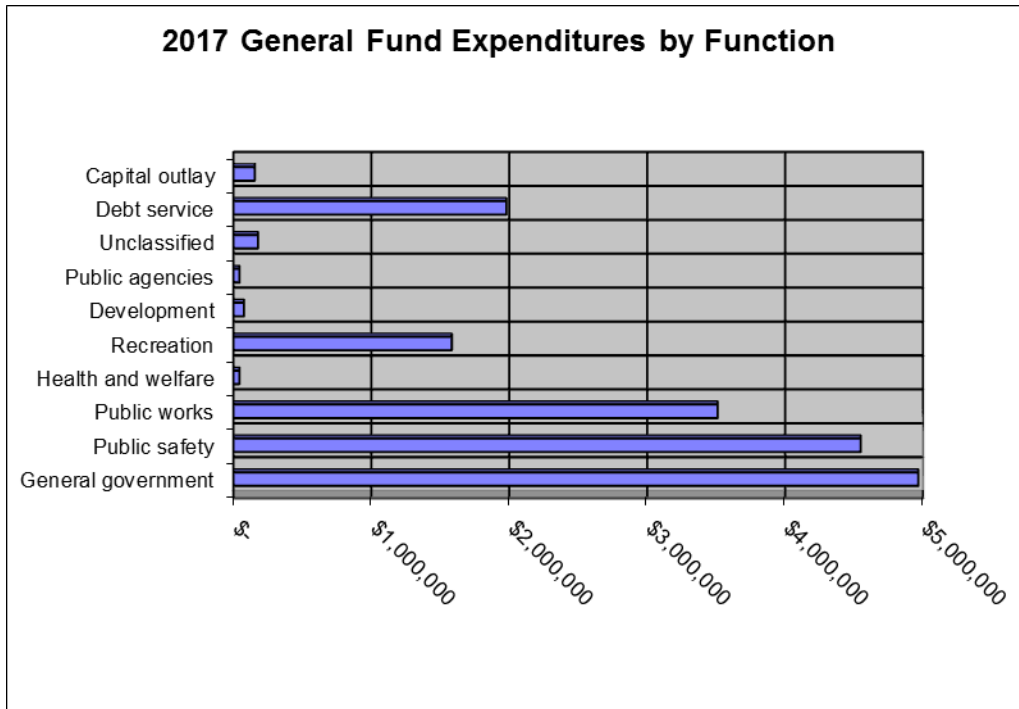
	<u>2017</u>	<u>2016</u>	<u>\$ Change</u>	<u>% Change</u>
Expenditures by function:				
General government	\$ 4,964,782	4,713,140	251,642	5.34%
Public safety	4,548,080	4,063,172	484,908	11.93%
Public works	3,509,874	2,874,014	635,860	22.12%
Health and welfare	44,098	52,100	(8,002)	(15.36%)
Recreation	1,583,038	1,672,158	(89,120)	(5.33%)
Economic development	76,962	80,993	(4,031)	(4.98%)
Public agencies	44,269	32,361	11,908	36.80%
Unclassified	177,118	243,530	(66,412)	(27.27%)
Debt service	1,977,934	1,843,982	133,952	7.26%
Capital outlay	154,976	215,411	(60,435)	(28.06%)
Total expenditures \$	<u>17,081,131</u>	<u>15,790,861</u>	<u>1,290,270</u>	<u>8.17%</u>

The General Fund expenditures increased 8.2% from fiscal year 2016 levels. The largest percentage increases are in public agencies and public works category. Public agencies had an increase of 36.8% or \$11,908 which represents a North Gorham Library expenditure of \$11,000 that was moved from recreation to public agencies. Public works increased \$635,860 or 22.12%, due to an increase in road expenditures in fiscal year 2017. Also, a new snow plow/wing and loader/backhoe was purchased in fiscal year 2017 for a combined cost of \$275,000. There was no major equipment purchased in fiscal year 2016.

The largest percentage decreases were in the unclassified and capital outlay categories, equaling 27.27%, and 28.06%, respectively. The \$66,412 decrease in unclassified expenditures resulted because in fiscal year 2016, a video system of \$66,871 was expended for the council chambers. In the capital outlay category, the majority of the decrease was due to a majority of the road improvements in this fiscal year were maintenance in nature and were not capital.

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

The following is a graph depicting the General Fund expenditures by function for fiscal year 2017.



The net result of operations in the General Fund for fiscal year 2017 was \$1,150,115, after transfers in of \$558,811, transfers out of \$17,293,388 and advance refunding uses of \$100,171. The following table summarizes the General Fund's fund balance for fiscal year 2017, with 2016 information for comparison.

	<u>2017</u>	<u>2016</u>	<u>\$ Change</u>	<u>% Change</u>
Fund balance:				
Nonspendable	\$ 168,417	\$ 194,487	(26,070)	-13.40%
Restricted	336,913	390,761	(53,848)	-13.78%
Committed	2,223,087	1,126,973	1,096,114	97.26%
Assigned	4,323,728	5,062,805	(739,077)	-14.60%
Unassigned	7,884,367	7,011,371	872,996	12.45%
Total fund balance	\$ 14,936,512	13,786,397	1,150,115	8.34%

The largest increase was in committed fund balance, equal to \$1,096,114 or 97.3%. This was primarily due to committed funds in fiscal year 2017 not being spent. This includes road funds of \$552,962 and little falls recreation area of \$199,712 still carrying committed balances. The largest decrease was in assigned fund balance, equal to \$739,077 or 14.6% and was due to road expenditures of \$637,891 that was funded in prior fiscal years.

The School's Funds

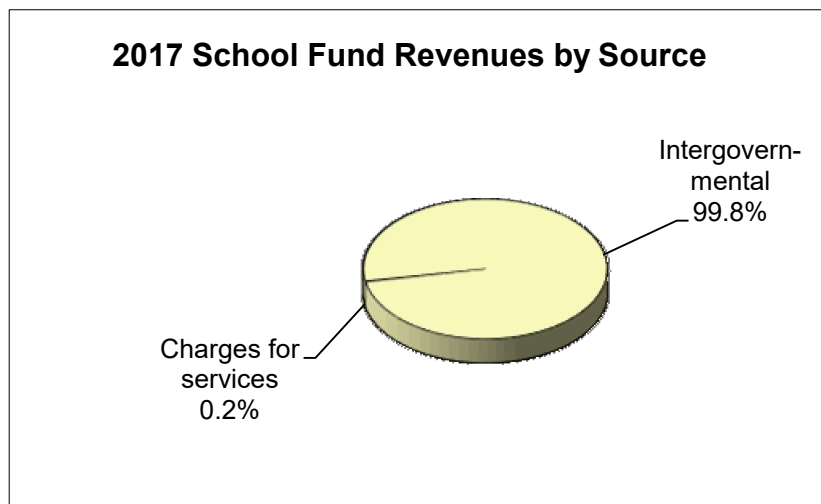
The following table summarizes fiscal year 2017 revenues by source for the Special Revenue Fund's School Operations Fund with 2016 information for comparison. The information is from Statement 4.

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

	<u>2017</u>	<u>2016</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues by source:				
Intergovernmental	\$ 20,864,389	20,726,887	137,502	0.66%
Charges for services	34,133	35,319	(1,186)	(3.36%)
Other	10,103	557	9,546	1,713.82%
Total revenues \$	20,908,625	20,762,763	145,862	0.70%

The 0.7% increase in School Operation Fund revenues was primarily from the increase in MainePERS on-behalf payments from the State.

The following is a pie chart depicting the Special Revenue Fund - School Operations Fund revenues by source for fiscal year 2017.



The following table summarizes the School Operations Fund expenditures by function for fiscal year 2017 with 2016 information for comparison. Information is from Statement 4. Following the table, an explanation of the major changes is provided.

	<u>2017</u>	<u>2016</u>	<u>\$ Change</u>	<u>% Change</u>
Expenses by function:				
Regular instruction	\$ 15,719,860	14,804,668	915,192	6.18%
Special education	5,048,752	5,126,554	(77,802)	(1.52%)
CTE instruction	402,335	408,263	(5,928)	(1.45%)
Other instruction	862,591	824,968	37,623	4.56%
Student and staff support	2,717,183	2,607,366	109,817	4.21%
System administration	1,081,771	1,028,313	53,458	5.20%
School administration	1,808,833	1,940,818	(131,985)	(6.80%)
Transportation	1,755,984	1,676,766	79,218	4.72%
Facilities maintenance	3,662,956	3,411,649	251,307	7.37%
Adult education	225,827	240,367	(14,540)	(6.05%)
Maine PERS on-behalf payments	2,293,247	2,164,340	128,907	5.96%
Debt service	2,858,359	2,865,149	(6,790)	(0.24%)
Total expenses \$	38,437,698	37,099,221	1,338,477	3.61%

The School Operations Fund's expenditures were 3.6% or \$1,338,477 more than fiscal year 2016. The increase was due to an increase in wages and benefits due to contractual obligations. Also, there was an addition of approximately two full time equivalents teachers and an accountant for central office.

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

The net results of operations for fiscal year 2017 were (\$75,975), after transfers in of \$17,293,388 and capital lease proceeds of \$159,710. The following table summarizes the School Operation Fund's fund balance for fiscal year 2017 with 2016 information for comparison.

	<u>2017</u>	<u>2016</u>	<u>\$ Change</u>	<u>% Change</u>
Fund balance:				
Unassigned	\$ (796,565)	(720,590)	(75,975)	(10.54%)
Total fund deficit	\$ (796,565)	(720,590)	(75,975)	(10.54%)

During the development of the fiscal year 2018 budget, the School Board authorized the use of budgetary fund balance in the amount of \$350,000 to help balance the fiscal year 2018 budget. The School Department also had \$144,428 assigned to encumbrances. These assigned amounts are not reflected in fund balance as the School Department had a deficit in fund balance due to the school recognizing summer salaries, which is required by generally accepted accounting principles (GAAP).

The Capital Project Funds

The following table summarizes fiscal year 2017 revenues by source for the Capital Project Fund's Public Safety Project, with 2016 information for comparison. The information is from Statement 4.

	<u>2017</u>	<u>2016</u>	<u>\$ Change</u>	<u>% Change</u>
Revenue by source:				
Other Revenues	\$ 17,947	4,336	13,611	313.9%
Total revenues	\$ 17,947	4,336	13,611	313.9%

During fiscal year 2017, the Public Safety Project received a rebate from Efficiency Maine of \$16,350 with the remaining amount being interest. In fiscal year 2016, the other revenues line was only interest income.

The following table summarizes the Public Safety Project expenditures by function for fiscal year 2017, with 2016 information for comparison. Information is from Statement 4.

	<u>2017</u>	<u>2016</u>	<u>\$ Change</u>	<u>% Change</u>
Expenditures by function:				
Capital improvements	\$ 108,046	4,581,313	(4,473,267)	(97.6%)
Total expenditures	\$ 108,046	4,581,313	(4,473,267)	(97.6%)

In fiscal year 2016, the Police Station was completed and the majority of the renovation on the Central Fire Station was expended. In fiscal year 2017, there was only four months of expenses for the renovation of the Central Fire Station.

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

The net results of operations for fiscal year 2017 were (\$113,466), after transfers out of \$23,367. The following table summarizes the Public Safety Project fund's fund balance for fiscal year 2017, with 2016 information for comparison.

	<u>2017</u>	<u>2016</u>	<u>\$ Change</u>	<u>% Change</u>
Fund balance:				
Restricted	\$ 132,860	246,326	(113,466)	(46.1%)
Total fund balance	\$ 132,860	246,326	(113,466)	(46.1%)

General Fund Budgetary Highlights

The Town continues to meet its responsibilities for sound financial management. As shown in Statement 6, actual revenues exceeded budgeted revenues by \$1,507,760, while actual expenditures were under budgeted appropriations by \$352,707. This resulted in a positive net effect of \$1,860,467. After transfers and changes in encumbrances, the net change in fund balance was \$2,394,363.

Unassigned fund balance of \$7,884,367 is a healthy figure and represents 14.9% of the total General Fund and School Operations Fund budgeted appropriations for fiscal year 2018. The goal of the Town's fund balance policy is to maintain a General Fund and School Operations Fund unassigned fund balance of at least 8.5% of the yearly School, Town, and Cumberland County appropriations. However, when the \$796,565 School Operations Fund's deficit balance is factored in the percentage, it drops to 13.9%. The Town's management anticipates that during the fiscal year 2019 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 2016-2017 was \$50,954,461 and there were no adjustments made to the original budget during fiscal year 2017.

Capital Asset and Debt Administration

Capital Assets

During fiscal year 2017, the Town invested \$3,538,143 in a broad range of capital assets. The following chart identifies the assets that were added during the year (including the construction in progress projects – Little Falls recreation multi-purpose field less the removal of the construction in progress projects – Central Fire Station, Public Safety Complex landscaping, Public Safety Complex asphalt paving, Fire Memorial, Public Safety fiber network and School's CIP projects reflected in previous fiscal years).

		Category		Category Total
Land	General Gov't	New Portland Road-Map 27-6	\$109,711	
		New Portland Road-Map 27-6.1	29,622	
				139,333
Land improvements	Recreation	Construction in Progress – Little Falls multi-purpose field	30,546	
	Public Safety	Public Safety Complex asphalt paving	38,266	
		Fire Memorial	29,348	
				98,160

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

Buildings and building improvements			
Public Safety	Central Fire Station renovations	43,349	
Education	Narragansett roofing system	34,558	
	Middle School fire alarm system	10,325	
	High School cafeteria renovation	118,069	
	Village School hot water heater	30,890	
	Village School HVAC upgrade	339,471	
	High School roof	145,450	
	Village School roof	73,180	
	High School portable classroom	28,600	
	High School portable classroom	28,600	
			852,492
Machinery and equipment			
Public Safety	WatchGuard dash cams	13,424	
	Public Safety computerized sign	31,829	
	2016 Kubota tractor w/ attachments	45,270	
			90,523
Furniture and office equipment			
Public Safety	Fire gear washing machine	6,800	
General Gov't	Municipal Center security system	13,855	
			20,655
Vehicles			
Public Safety	Police – 2016 Ford Explorer	34,584	
	Police – 2016 Ford Explorer	37,781	
	Police – 2016 Ford Explorer	33,779	
	Fire – 2017 Ferrara Fire Truck	509,267	
	Fire – 2017 Ford F650 Rescue	236,365	
Public Works	2016 GMC Sierra	35,740	
	2015 GMC Sierra	28,182	
	2017 John Deere 544K wheel loader	186,000	
	2017 John Deere 410L loader/backhoe	128,500	
	Polar Steel 6200 gal tank trailer	24,950	
Education	2017 Blue Bird Vision bus	93,710	
	2017 Ford Transit T-150 van	31,350	
	2016 Ford E350 Super Duty	36,508	
			1,416,716
Infrastructure			
	Accepted roads	920,264	
			920,264
	Total assets added during fiscal year 2017		<u>\$3,538,143</u>

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

During fiscal year 2017, assets were transferred from one function/activity to another function/activity. The following chart shows these transfers.

Category	Function and Activity	Amount Transferred
Vehicle	Public Works – 2011 Ford Crown Victoria	\$28,358
	Public Works – 1999 Ford E250 Cargo Van	15,000
	Public Works – 2008 Blue Bird Bus	75,847
	Public Works – 2008 Blue Bird Bus	75,847
	Public Works – 2003 Ford Expedition	27,463
	Public Works – 2001 International 3800	55,740
	Public Works – 2008 Dodge Avenger	9,800
	Recreation – 2002 GMC Mini Bus	39,200
	Education – 2002 GMC Mini Bus	(39,200)
	Education – 1999 Ford E250 Cargo Van	(15,000)
	Education – 2008 Blue Bird Bus	(75,847)
	Education – 2008 Blue Bird Bus	(75,847)
	Education – 2001 International 3800	(55,740)
	Public Safety – 2011 Ford Crown Victoria	(28,358)
	Public Safety – 2003 Ford Expedition	(27,463)
	Public Safety – 2008 Dodge Avenger	(9,800)

The depreciation expense for 2017 was \$4,519,269.

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 \$1,012,569 or 1.2% under last fiscal year.

Capital Assets
(Net of depreciation)

	2017	2016	\$ Change	% Change
Land	\$ 2,234,761	2,118,828	115,933	5.47%
Books/historical treasures/artwork	1,429,837	1,429,837	-	0.00%
Construction in progress	340,655	2,879,960	(2,539,305)	(88.17%)
Land improvements	5,778,522	5,966,592	(188,070)	(3.15%)
Buildings and building improvements	39,152,175	37,887,047	1,265,128	3.34%
Machinery and equipment	921,194	976,161	(54,967)	(5.63%)
Furniture and office equipment	841,312	1,002,284	(160,972)	(16.06%)
Computer equipment	38,225	24,579	13,646	55.52%
Vehicles	4,398,459	3,646,091	752,368	20.63%
Infrastructure	25,284,077	25,500,406	(216,329)	(0.85%)
Totals \$	80,419,217	81,431,785	(1,012,568)	(1.24%)

The Town has appropriated \$166,533 in fiscal year 2018 for the following capital expenditures: two police cruisers, fifth lease payment for excavator, and funds for road maintenance work.

Additionally, the Council allocated \$1,394,848 from unassigned fund balance, which was in excess of the 8.5% fund balance policy for the following purposes:

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

- \$62,000 to repair & upgrade fuel depot at Public Works
- \$49,000 to replace 7 air pack breathing units
- \$60,000 to replace pipe arch culvert on Buck Street
- \$54,000 to replace corrugated metal pipe culvert on Dingley Spring Road
- \$144,000 to replace 6-wheel plow truck
- \$18,000 to hire consultant to evaluate/negotiate new cable TV franchise agreement
- \$8,500 to replace fence & guard rail/extend electricity at Shaw Park
- \$12,000 to update cemetery information
- \$25,000 to construct a pedestrian trail from New Portland Road to Libby Avenue
- \$10,000 to purchase computer for the Stormwater Data Collection Compliance Program
- \$117,000 to extend fiber optic line to Public Works
- \$830,000 to provide funds for road maintenance projects
- \$5,348 to be allocated at a later date by the Town Council

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

Debt Administration

As of June 30, 2017, the Town had a total of \$35,904,375 in outstanding general obligation debt. The Town's outstanding general obligation bonds as of June 30, 2017 were \$2,252,805 less than last fiscal year – a decrease of 5.9%.

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 2.2% of the State's equalized value.

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

Economic Factors and Next Year's Budget and Tax Rates

One of the Town Council's approved goals is to develop a budget that maintains essential services while having a reasonable property tax rate. This is certainly a challenge. The Town has done well with keeping this goal. The fiscal year 2018 budget is \$4,082,057 below the Town's LD-1 property tax limit.

The Town's assessed value ratio as of April 1, 2017 is 100%; the same as the April 1, 2016 assessed value ratio, and is well above the State required 70%.

The total assessed value as of April 1, 2017, was \$1,622,999,617; an increase of \$45,625,794 or 2.9% from the prior year, while the taxable value increased \$36,999,571 from \$1,533,284,722 to \$1,570,284,293. The Town of Gorham's tax rate, equal to \$17.10, increased by \$0.10 from fiscal year 2017.

The following are some of the highlights of the Town's fiscal year 2018 budget.

1. The state revenue sharing revenues in this budget year remained the same as fiscal year 2017. Under Maine law, the Town of Gorham should receive approximately \$1.9 million in revenue sharing, instead of the \$750,000 budgeted. This additional \$1,150,000 would reduce the tax rate by 75 cents.
2. The budget incorporates funds for the METRO bus which will extend the service to Gorham Village. The annual cost to Gorham during the three-year trial period is \$33,000.

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

3. A separate account has been established for stormwater compliance since the cost of complying with the mandated program will continue to increase. This new account will allow the Town to track these cost as they occur.
4. The Town Council entered into an agreement with the Cumberland County for assessing services.
5. There was an addition to the staffing in the Recreation Department. A program coordinator was added to the Recreation Department to combine several temporary (seasonal) supervisors of programs to one full time supervisor of programs. This position is paid by the program fees and the cost of this position is transferred from the program fees into the operating budget.

The Education budget for fiscal year 2018 shows an increase in state subsidy of \$709,266 over the prior fiscal year's budget. The fiscal year 2018 budget includes \$350,000 for five K-5 teachers, \$140,000 for four new Ed Tech III, and \$210,000 increase in regular instruction for K-5 5th "Special" for required common planning time.

The Town's municipal appropriation is \$14,080,456; an increase of \$461,596 or 3.4% over fiscal year 2017. An increase in non-property tax revenue of \$264,200 and a \$24,185 increase in the transfer in from the TIF fund resulted in a net appropriation of \$7,490,435; an increase of \$173,211 or 2.4%.

The Town's education budget is \$37,621,593; an increase of \$1,330,415 or 3.7%. The School Department saw an increase in non-property tax revenue of \$710,766, and no change in the use of fund balance. The net education appropriation for fiscal year 2018 is \$17,913,038; an increase of \$619,649 or 3.6%.

The County tax assessment increased by \$69,123, or 6.6%. The Town's state equalized valuation went from \$1,541,700,000 in 2016 to \$1,602,450,000 in 2017 a 3.9% increase.

Contacting the Town's Financial Management

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

BASIC FINANCIAL STATEMENTS

TOWN OF GORHAM, MAINE
Statement of Net Position
June 30, 2017

	Governmental Activities
ASSETS	
Cash	\$ 14,740,881
Investments	7,353,670
Receivables:	
Accounts	334,602
Intergovernmental	443,452
Rescue (net of allowance of \$166,000)	293,660
Taxes - current year	654,675
Taxes - prior year	63,373
Tax liens	272,147
Notes	209,551
Tax acquired property	29,005
Performance bonds	4,273,661
Inventory	70,538
Prepaid expenses	140,814
Capital assets not being depreciated:	
Books/historical treasures/artwork	1,429,837
Land	2,234,761
Construction in progress	340,655
Capital assets net of accumulated depreciation:	
Buildings and improvements	39,152,175
Improvements other than buildings	5,778,522
Machinery and equipment	6,199,190
Infrastructure	25,284,077
Total assets	109,299,246
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	563,135
Deferred outflows of resources related to pensions	1,743,149
Total deferred outflows of resources	2,306,284
LIABILITIES	
Accounts payable	658,401
Accrued wages and benefits	2,833,707
Performance bond deposits	4,783,410
Unearned revenues	36,665
Noncurrent liabilities:	
Due within one year	3,854,129
Due in more than one year	38,991,530
Total liabilities	51,157,842
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	499,829
Total deferred inflows of resources	499,829
NET POSITION	
Net investment in capital assets	45,097,589
Restricted for:	
Grants and programs	3,054,302
Permanent funds:	
Expendable	220,332
Nonexpendable	933,803
Unrestricted	10,641,833
Total net position	\$ 59,947,859

See accompanying notes to basic financial statements.

TOWN OF GORHAM, MAINE
Statement of Activities
For the Year Ended June 30, 2017

Functions/programs	Expenses	Program Revenues			Net (expense) revenue and changes in net position
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Governmental activities
Primary government:					
Governmental activities:					
General government	\$ 5,487,400	870,778	9,329	-	(4,607,293)
Public safety	4,827,053	637,448	116,790	100,000	(3,972,815)
Public works	6,115,530	1,842,299	237,756	1,091,087	(2,944,388)
Health and welfare	44,098	8,863	12,753	-	(22,482)
Recreation	1,729,112	940,247	7,683	-	(781,182)
Development	312,953	-	-	-	(312,953)
Education	39,773,685	694,946	22,443,801	-	(16,634,938)
Interest on debt	1,157,647	-	-	-	(1,157,647)
Total governmental activities	59,447,478	4,994,581	22,828,112	1,191,087	(30,433,698)
Total primary government	59,447,478	4,994,581	22,828,112	1,191,087	(30,433,698)
General revenues:					
					26,074,860
					43,971
					3,515,752
Grants and contributions not restricted to specific programs:					
					435,362
					305,366
					38,785
					738,529
					200,467
					241,923
					225,455
					31,820,470
					1,386,772
					58,561,087
					\$ 59,947,859

See accompanying notes to basic financial statements.

TOWN OF GORHAM, MAINE
Balance Sheet
Governmental Funds
June 30, 2017

	General	School Operations Fund	Public Safety Capital Project Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 12,921,942	-	158,977	1,659,962	14,740,881
Investments	6,074,309	-	-	1,279,361	7,353,670
Receivables:					
Accounts	108,855	99	-	225,648	334,602
Intergovernmental	147,879	-	-	295,573	443,452
Rescue (net of allowance of \$166,000)	293,660	-	-	-	293,660
Taxes - current year	654,675	-	-	-	654,675
Taxes - prior year	63,373	-	-	-	63,373
Tax liens	272,147	-	-	-	272,147
Notes	1,418	-	-	208,133	209,551
Interfund loans receivable	-	1,849,631	-	2,441,007	4,290,638
Tax acquired property	29,005	-	-	-	29,005
Performance bonds	4,273,661	-	-	-	4,273,661
Inventory	26,185	-	-	44,353	70,538
Prepaid expenditures	140,814	-	-	-	140,814
Total assets	\$ 25,007,923	1,849,730	158,977	6,154,037	33,170,667
LIABILITIES					
Accounts payable	330,809	53,511	25,000	9,789	419,109
Accrued wages and benefits	240,923	2,592,784	-	-	2,833,707
Interfund loans payable	4,040,269	-	1,117	255,186	4,296,572
Performance bond deposits	4,783,410	-	-	-	4,783,410
Unearned revenues	-	-	-	36,665	36,665
Total liabilities	9,395,411	2,646,295	26,117	301,640	12,369,463
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	676,000	-	-	-	676,000
Total deferred inflows of resources	676,000	-	-	-	676,000
FUND BALANCES					
Nonspendable:					
Noncurrent receivables	1,418	-	-	208,133	209,551
Prepaid items	140,814	-	-	-	140,814
Nonexpendable trust principal	-	-	-	933,803	933,803
Inventory	26,185	-	-	44,353	70,538
Restricted:					
General fund	336,913	-	-	-	336,913
Special revenue funds	-	-	-	2,464,903	2,464,903
Capital projects funds	-	-	132,860	1,606,734	1,739,594
Permanent funds	-	-	-	220,332	220,332
Committed:					
General fund	2,223,087	-	-	-	2,223,087
Special revenue funds	-	-	-	340,977	340,977
Capital projects funds	-	-	-	29,238	29,238
Assigned:					
FY18 capital funding	1,394,848	-	-	-	1,394,848
Compensated absences	457,563	-	-	-	457,563
Future general fund expenditures	398,907	-	-	-	398,907
Capital reserves/other purposes	2,072,410	-	-	-	2,072,410
Special revenue funds	-	-	-	12,663	12,663
Unassigned:					
General fund	7,884,367	-	-	-	7,884,367
Special revenue funds	-	(796,565)	-	(8,739)	(805,304)
Total fund balances (deficit)	14,936,512	(796,565)	132,860	5,852,397	20,125,204
Total liabilities, deferred inflows of resources and fund balances	\$ 25,007,923	1,849,730	158,977	6,154,037	33,170,667

TOWN OF GORHAM, MAINE
Balance Sheet
Governmental Funds
June 30, 2017

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	\$	20,125,204
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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.		563,135
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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	4,005,253	
Depreciable capital assets, net	<u>76,413,964</u>	80,419,217

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

General obligation bonds	35,904,375	
Bond premium	1,143,154	
Notes payable	204,621	
Capital leases	372,207	
Net pension liability, including related deferred inflows and outflows of resources	1,958,400	
Compensated absences	1,101,188	
Accrued interest payable	233,358	
Other postemployment benefits	<u>918,394</u>	(41,835,697)

Unavailable revenues - property taxes not reported on Statement 1		676,000
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Net position of governmental activities	\$	59,947,859
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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, 2017

	General	School Operations Fund	Public Safety Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 29,218,518	-	-	439,130	29,657,648
Licenses and permits	728,782	-	-	-	728,782
Intergovernmental	2,055,093	20,864,389	-	1,579,412	24,498,894
Charges for services	2,152,687	34,133	-	2,013,197	4,200,017
Other revenues	710,572	10,103	17,947	139,121	877,743
Total revenues	34,865,652	20,908,625	17,947	4,170,860	59,963,084
Expenditures:					
Current:					
General government	4,964,782	-	-	-	4,964,782
Public safety	4,548,080	-	-	-	4,548,080
Public works	3,509,874	-	-	1,106,148	4,616,022
Health and welfare	44,098	-	-	-	44,098
Recreation	1,583,038	-	-	16,612	1,599,650
Economic development	76,962	-	-	-	76,962
Public agencies	44,269	-	-	-	44,269
Unclassified	177,118	-	-	244,600	421,718
Education:					
Regular instruction	-	15,719,860	-	-	15,719,860
Special education	-	5,048,752	-	-	5,048,752
CTE instruction	-	402,335	-	-	402,335
Other instruction	-	862,591	-	-	862,591
Student and staff support	-	2,717,183	-	-	2,717,183
System administration	-	1,081,771	-	-	1,081,771
School administration	-	1,808,833	-	-	1,808,833
Transportation	-	1,755,984	-	-	1,755,984
Facilities maintenance	-	3,662,956	-	-	3,662,956

TOWN OF GORHAM, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2017

	General	School Operations Fund	Public Safety Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Expenditures, continued:					
Current:					
Education:					
Maine PERS on-behalf payments	\$ -	2,293,247	-	-	2,293,247
Adult education	-	225,827	-	-	225,827
Grants and other special uses	-	-	-	1,228,945	1,228,945
Food services	-	-	-	1,019,129	1,019,129
Debt service:					
Principal	1,358,125	2,080,000	-	-	3,438,125
Interest and other charges	619,809	778,359	-	-	1,398,168
Capital maintenance	69,976	-	-	-	69,976
Capital improvements	85,000	-	108,046	1,843,694	2,036,740
Total expenditures	17,081,131	38,437,698	108,046	5,459,128	61,086,003
Excess (deficiency) of revenues over (under) expenditures	17,784,521	(17,529,073)	(90,099)	(1,288,268)	(1,122,919)
Other financing sources (uses):					
Capital lease proceeds	-	159,710	-	-	159,710
Issuance of bonds	-	-	-	1,290,000	1,290,000
Bond premium	-	-	-	55,000	55,000
Transfers in	558,811	17,293,388	-	100	17,852,299
Transfers out	(17,293,388)	-	(23,367)	(535,544)	(17,852,299)
Issuance of refunding bonds	11,480,000	-	-	-	11,480,000
Premium on refunding bonds issued	1,563,829	-	-	-	1,563,829
Payment to refunding bond escrow agent	(12,943,658)	-	-	-	(12,943,658)
Total other financing sources (uses)	(16,634,406)	17,453,098	(23,367)	809,556	1,604,881
Net change in fund balances	1,150,115	(75,975)	(113,466)	(478,712)	481,962
Fund balances (deficit), beginning of year	13,786,397	(720,590)	246,326	6,331,109	19,643,242
Fund balances (deficit), end of year	\$ 14,936,512	(796,565)	132,860	5,852,397	20,125,204

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, 2017

Net change in fund balances - total governmental funds (from Statement 4)	\$	481,962
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 (\$4,519,269) and loss on disposal (\$31,442) exceeded capital outlays (\$3,538,143) in the current period. (Note 6)		
		(1,012,568)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
		5,900
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. This is the amount by which repayments (\$15,220,339) exceeded the proceeds (\$12,929,710) on new debt. (Note 11)		
		2,290,629
The proceeds of the refunding bonds (\$11,480,000) were less than the amount refunded (\$11,584,680). This is the amount by which the defeased bonds exceeded the proceeds of the new debt.		
		(104,678)
The Town is amortizing the deferred charge on refunding and the issuance premium over the life of the refunding bond.		
		(7,239)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. More specifically, this represents the change in long-term accrued compensated absences. (Note 11)		
		(73,655)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. More specifically, this represents the change in other post employment benefits liability. (Note 11)		
		(73,226)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. More specifically, this represents the change in accrued bond interest payable.		
		31,568
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. More specifically, this represents the change in net pension liability with related deferred inflows and outflows.		
		(151,921)
Change in net position of governmental activities (see Statement 2)		\$ 1,386,772

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, 2017

	General Fund			Variance with final budget positive (negative)
	Budgeted amounts		Actual	
	Original	Final		
Revenues:				
Taxes	\$ 28,151,035	27,971,520	29,218,518	1,246,998
Licenses and permits	559,050	559,050	728,782	169,732
Intergovernmental	1,653,000	1,832,515	1,819,556	(12,959)
Charges for services	1,337,000	1,337,000	1,358,169	21,169
Other revenues	131,500	131,500	214,320	82,820
Total revenues	31,831,585	31,831,585	33,339,345	1,507,760
Expenditures:				
Current:				
General government	2,539,044	2,561,889	2,547,218	14,671
Public safety	4,002,598	4,042,348	3,960,115	82,233
Public works	2,470,664	2,522,652	2,443,208	79,444
Health and welfare	61,100	61,100	44,098	17,002
Recreation	820,410	857,262	855,801	1,461
Economic development	72,071	74,831	74,337	494
Insurances and employee benefits	2,249,949	2,278,535	2,026,855	251,680
Public agencies	43,400	43,400	44,269	(869)
Unclassified	406,097	223,316	181,765	41,551
Capital	158,700	158,700	154,976	3,724
Debt service	1,839,250	1,839,250	1,977,934	(138,684)
Total expenditures	14,663,283	14,663,283	14,310,576	352,707
Excess of revenues over expenditures	17,168,302	17,168,302	19,028,769	1,860,467
Other financing sources (uses):				
Transfers to special revenue - School Operations fund	(17,293,388)	(17,293,388)	(17,293,388)	-
Transfers in special revenue - Impact fees fund	-	-	289,333	289,333
TIF fund	100,086	100,086	156,427	56,341
Transfers in capital projects - Public safety capital project fund	25,000	25,000	23,367	(1,633)
2016 Fire truck bond	-	-	88,051	88,051
2013 Bond projects	-	-	1,633	1,633
Issuance of refunding bonds	-	-	11,480,000	11,480,000
Premium on refunding bonds issued	-	-	1,563,829	1,563,829
Payment to refunding bond escrow agent	-	-	(12,943,658)	(12,943,658)
Total other financing uses	(17,168,302)	(17,168,302)	(16,634,406)	533,896
Net change in fund balances - budgetary basis	-	-	2,394,363	2,394,363
Reconciliation to GAAP basis:				
Change in restricted			(53,848)	
Change in committed			(246,738)	
Change in assigned			(766,753)	
Change in unassigned			(176,909)	
Net change in fund balance - GAAP basis			1,150,115	
Fund balance, beginning of year			13,786,397	
Fund balance, end of year	\$		14,936,512	

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, 2017

	Budgeted Special Revenue Funds			
	School Operations Fund			Variance with final budget positive (negative)
	Budgeted amounts		Actual	
Original	Final			
Revenues:				
Intergovernmental	\$ 18,614,790	18,614,790	18,571,142	(43,648)
Charges for services	33,000	33,000	34,133	1,133
Other revenues	-	-	10,103	10,103
Total revenues	18,647,790	18,647,790	18,615,378	(32,412)
Expenditures:				
Current:				
Regular instruction	15,644,749	15,645,357	15,532,430	112,927
Special education	5,404,755	5,404,406	5,028,358	376,048
CTE instruction	402,335	402,335	402,335	-
Other instruction	819,806	819,806	860,649	(40,843)
Student and staff support	2,734,725	2,733,065	2,730,013	3,052
System administration	1,087,606	1,092,606	1,067,708	24,898
School administration	1,865,332	1,861,733	1,827,667	34,066
Transportation	1,694,518	1,638,518	1,663,324	(24,806)
Facilities maintenance	3,504,437	3,560,437	3,566,172	(5,735)
Adult education	245,322	245,322	225,805	19,517
Debt service	2,887,593	2,887,593	2,887,593	-
Total expenditures	36,291,178	36,291,178	35,792,054	499,124
Deficiency of revenues under expenditures	(17,643,388)	(17,643,388)	(17,176,676)	466,712
Other financing sources:				
Use of surplus	350,000	350,000	-	(350,000)
Transfers in - general fund	17,293,388	17,293,388	17,293,388	-
Total other financing sources	17,643,388	17,643,388	17,293,388	(350,000)
Net change in fund balance - budgetary basis	-	-	116,712	116,712
Reconciliation to GAAP basis:				
Change in accrued payroll			(122,126)	
Change in encumbrances			(70,561)	
Net change in fund balance			(75,975)	
Fund deficit, beginning of year			(720,590)	
Fund deficit, end of year	\$		(796,565)	

See accompanying notes to basic financial statements.

TOWN OF GORHAM, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Agency Funds	Scholarships Private-purpose Trust Funds
ASSETS		
Cash	\$ 474,724	-
Investments	-	42,108
Interfund loans receivable	5,934	-
Total assets	480,658	42,108
LIABILITIES		
Due to others	480,658	-
Total liabilities	480,658	-
NET POSITION		
Held in trust	\$ -	42,108

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, 2017

	Scholarships Private-purpose Trust Funds
Additions:	
Investment income (loss)	\$ (400)
Total additions	(400)
Deductions:	
Scholarships awarded	800
Total deductions	800
Change in net position	(1,200)
Net position, beginning of year	43,308
Net position, end of year	\$ 42,108

See accompanying notes to basic financial statements.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
For the year ended June 30, 2017

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, deferred inflows of resources, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

C. Basis of Accounting/Measurement Focus

Government-wide Financial Statements

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The fiduciary fund financial statements use the *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 is the Town's primary operating fund. It accounts for all financial resources of the Town's general government, except those required to be accounted for in another fund.

The School Operations Fund, a special revenue fund whose revenues sources consist primarily of taxes and governmental subsidies, is the School Department's primary operating funds. It accounts for all financial resources of the School Department, except those required to be accounted for in another fund.

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

Additionally, the Town reports the following fund types:

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

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

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

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

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

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2017, are recorded as prepaid items. The cost of prepaid items is recorded as expenses/expenditures when consumed rather than when purchased.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities in the government-wide financial statements. The Town defines capital assets as assets with an estimated useful life in excess of one year and an initial, individual cost of more than \$5,000. The Town's assets are capitalized at historical cost or estimated historical cost. For roads accepted by the Town from a developer, the Town will record the accepted road's value at the average cost per mile based on the road type. The Public Works Department will determine the average cost per mile for each road type. Gifts or contributions of capital assets are recorded at acquisition 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-packs, and certain computer equipment.

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

The following estimated useful lives are used to compute depreciation:

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

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

J. Deferred Outflows/Inflows of Resources

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

K. Compensated Absences

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

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

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

L. Long-term Obligations

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

M. Interfund Transactions

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

N. Use of Estimates

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

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

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

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

The General Fund unassigned fund balance total of \$7,884,367 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 (\$796,565) and (\$8,739), 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, 2017, other fund balance components consisted of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund:				
Noncurrent receivables	\$ 1,418	-	-	-
Prepaid items	140,814	-	-	-
Inventory	26,185	-	-	-
FY18 capital funding	-	-	-	1,394,848
Encumbrances	-	-	-	398,907
Compensated absences	-	-	-	457,563
Capital reserves	-	336,913	2,223,087	2,072,410
Public Safety Capital Project Fund:				
Public safety building	-	132,860	-	-
Special Revenue Funds:				
School grants	-	145,599	-	-
School lunch fund:				
Inventory	44,353	-	-	-
Food services	-	31,625	-	-
Sewer operations	-	1,141,644	-	-
Impact fees	-	717,077	-	-
Library	-	49,078	-	10,690
Recreation	-	5,225	-	-
TIF fund:				
Noncurrent receivable	208,133	-	-	-
TIFs	-	361,961	340,093	-
Miscellaneous	-	12,694	884	1,973
Capital Project Funds:				
Main Street road project	-	604,128	-	-
School CIPS project	-	1,463	-	-
Great Falls Elementary school project	-	146,095	-	-
Fire Trucks	-	855,048	-	-
High School renovation and expansion	-	-	29,238	-
Permanent Funds:				
Nonexpendable trust principal	933,803	-	-	-
Expendable trust principal	-	220,332	-	-
Total governmental funds	\$ 1,354,706	4,761,742	2,593,302	4,336,391

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

P. Pensions

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

Q. Comparative Data/Reclassification

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

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

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2017, expenditures exceeded appropriations in the following General Fund departments as shown on Statement 6:

Public agencies	\$ 869
Debt service	138,684

The public agencies overage is due an unexpected charge for local match on PACTS Bike Rack program paid to GPCOG. Also, there was an increase in the fee for the Maine Municipal Association dues that was not expected.

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

Note 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, Continued

The overage in debt service is caused by bond costs and agent fees for refunding the 2010 bonds and issuing the fire truck bonds. This cost is offset by the bond issuance cost that the Town received which can be found under the transfer from GO bonds project in Statement 6.

For the year ended June 30, 2017, expenditures exceeded appropriations in the following School Operations Fund cost centers as shown on Statement 6:

Other instruction	\$ 40,843
Transportation	24,806
Facilities maintenance	5,735

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 (\$796,565) at June 30, 2017. This is due primarily to variations between the budgetary and GAAP methods of accounting for summer teachers' payroll. See Note 17, BUDGETARY VS. GAAP ACCOUNTING.

The Middle School Project and Various School Projects Fund have a deficit fund balance of (\$344) and (\$900), respectively, at June 30, 2017. This is due primarily to the project being slightly over expended, and this fund will need to be reimbursed by the General Fund in the future.

The School Grant Fund has a total deficit fund balance of (\$7,495). This comprise of the following grants:

Title 1 Focus School	\$ 189
AEFLA	767
Athletic Field	5,848
Barbara Bush – Family Literacy	79
GMS - Garden	8
GMS - Water Mini Grant	150
National Resources Council of ME	454

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

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

Note 3 – RISK MANAGEMENT

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, 2017.

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

Based on the coverage provided by these pools, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities, which should be recorded at June 30, 2017. 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, 2017, the balance in this reserve account was \$31,500.

Note 4 – DEPOSITS AND INVESTMENTS

A. Deposits

At June 30, 2017, cash consisted of the following:

	<u>Carrying amount</u>	<u>Bank balance</u>
Checking, savings, NOW, and certificates of deposit accounts:		
Government Funds	\$ 14,735,809	15,338,362
Agency Funds	474,724	502,704
Petty Cash - governmental funds	975	-
Flex Plan - governmental funds	2,104	-
Postage machine balance - governmental funds	1,993	-
Totals	<u><u>\$ 15,215,605</u></u>	<u><u>15,841,066</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, 2017, none of the Town's bank balances of \$15,841,066 was exposed to custodial credit risks. The Town changed from repurchase agreements to a demand deposit marketplace in which all of our funds are FDIC insured.

B. Investments

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

At June 30, 2017, investments consisted of the following:

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

Note 4 - DEPOSITS AND INVESTMENTS, Continued

Investment Type	Fair value	Maturities			Level 1 inputs
		Less than 1 Year	1 Year to 3 Years	Over 3 Years	
Mutual funds	\$ 638,576		Not applicable		638,576
U.S. treasuries	6,074,309	6,074,309	-	-	6,074,309
Money market accounts	50,944		Not applicable		Not applicable
Commercial paper	589,257	50,035	259,941	279,281	589,257
U.S. savings Bonds	4,304	4,304	-	-	4,304
Common stock	38,388		Not applicable		38,388
Total Fair Value	\$ 7,395,778	6,128,648	259,941	279,281	7,344,834
% of Portfolio					

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

Out of the total \$7,395,778 in investments, \$7,353,670 is from investments in the governmental funds, while \$42,108 is for investments in the fiduciary funds' private-purpose trust funds.

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

Credit Risk. Maine statutes authorize the Town to invest in obligations of U.S. Treasury and U.S. Agencies, repurchase agreements, and certain corporate stocks and bonds. Generally, the Town invests funds in certificates of deposit or savings accounts in the case of special revenue, capital projects, and trust funds, and in commercial paper or repurchase agreements (through a financial institution trust department) in the case of the General Fund. The Town only invests in commercial paper, rated in the highest tier (e.g., A-1, P-1, F-1, or D-1 or higher) by a nationally recognized rating agency. As of June 30, 2017, the Town had \$589,257 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, 2017, 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 \$7,395,778 in investments, \$689,520 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	\$ 718,048	-	-	718,048
Tax liens	272,147	-	-	272,147
Accounts	108,855	99	225,648	334,602
Rescue (net of allowance of \$166,000)	293,660	-	-	293,660
Intergovernmental	147,879	-	295,573	443,452
Notes	1,418	-	208,133	209,551
Net total receivables	\$1,542,007	99	729,354	2,271,460

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

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

	<u>Unavailable</u>
Delinquent property taxes receivable (General Fund)	<u>\$ 676,000</u>

B. Property Taxes

Property taxes for the current year were committed on August 30, 2016, on the assessed value listed as of the prior April 1 for all real and personal property located in the Town. Assessed values are periodically established by the Town's Assessor at 100% of assumed market value. A revaluation was completed for the list of April 1, 2015. The assessed value represented 95.68% of the estimated State valuation of \$1,602,450,000.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$689,678 for the year ended June 30, 2017. The variance between actual property tax revenues and budgeted property tax revenues represents overlay plus supplemental taxes less abatements.

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

Note 5 – RECEIVABLES, Continued

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 2017 and 2016 levies:

	<u>2017</u>	<u>2016</u>
Taxable Assessed Value	\$1,533,284,722	\$1,505,075,300
Tax Rate (per \$1,000)	<u>17.00</u>	<u>16.30</u>
Commitment	26,065,840	24,532,727
Supplemental Taxes Assessed	<u>36,231</u>	<u>5,880</u>
	26,102,071	24,538,607
Less: Abatements	18,119	18,975
Collections	<u>25,429,277</u>	<u>23,800,173</u>
Receivable at June 30, 2017 and 2016	<u>\$ 654,675</u>	<u>\$ 719,459</u>
Due Date(s)	½ 11/15/2016	½ 11/15/2015
	½ 05/15/2017	½ 05/15/2016
Interest Rates on Delinquent Taxes	7.0%	7.0%
Collection Rate	97.5%	97.1%

Of the total taxes committed for the year ended June 30, 2017, the original amount allocated to the ODAT-Grondin Municipal Development Tax Increment Financing District, the Pettingill-Ross Municipal Development Tax Increment Financing District, the Gorham County Road LLC Municipal Development Tax Increment Financing District, the Nappi Municipal Development Tax Increment Financing District, the Olde Canal Business Park Municipal Development Tax Increment Financing District and the Martin's Point Municipal Development Tax Increment Financing District was \$439,130.

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

Note 5 – RECEIVABLES, Continued

C. Notes Receivables

At June 30, 2017, 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	\$ 1,418
My Fit 24	2/2015	50,000	5.0%	2/2022	6,540	35,232
Wood Excavating	11/2015	100,000	5.0%	11/2035	3,773	94,077
Plowshares Community Farm Loan	6/2016	29,000	5.0%	6/2017	-	29,000
HAM (Mr. Bagel)	8/2016	5,000	0.0%	8/2021	1,833	3,167
Gorham Growl	10/2016	3,000	0.0%	11/2019	676	2,324
Century 21	10/2016	5,000	0.0%	11/2021	667	4,333
Flagship New Portland Road LLC	6/2017	40,000	4.5%	6/2037	-	40,000
						<u><u>209,551</u></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, 2017 was as follows:

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017
Governmental Activities:				
Books/historical treasures/artwork	\$ 1,429,837	\$ -	\$ -	\$ 1,429,837
Land	2,118,828	139,333	23,400	2,234,761
Construction in progress	2,879,960	30,546	2,569,851	340,655
Total capital assets, not being depreciated	<u>6,428,625</u>	<u>169,879</u>	<u>2,593,251</u>	<u>4,005,253</u>
Land improvements	9,323,269	165,605	-	9,488,874
Buildings and building improvements	65,420,211	3,194,507	6,400	68,608,318
Machinery and equipment	3,079,610	90,523	-	3,170,133
Furniture and office equipment	4,313,750	122,523	6,364	4,429,909
Computer equipment	482,899	27,977	-	510,876
Vehicles	10,746,017	1,416,716	215,531	11,947,202
Infrastructure	45,928,077	920,264	-	46,848,341
Total capital assets being depreciated	<u>139,293,833</u>	<u>5,938,115</u>	<u>228,295</u>	<u>145,003,653</u>
Less accumulated depreciation for:				
Land improvements	3,356,677	353,675	-	3,710,352
Buildings and building improvements	27,533,164	1,929,379	6,400	29,456,143
Machinery and equipment	2,103,449	145,490	-	2,248,939
Furniture and office equipment	3,311,466	283,495	6,364	3,588,597
Computer equipment	458,320	14,331	-	472,651
Vehicles	7,099,926	656,306	207,489	7,548,743
Infrastructure	20,427,671	1,136,593	-	21,564,264
Total accumulated depreciation	<u>64,290,673</u>	<u>4,519,269</u>	<u>220,253</u>	<u>68,589,689</u>
Total capital assets being depreciated, net	<u>75,003,160</u>	<u>1,418,846</u>	<u>8,042</u>	<u>76,413,964</u>
Governmental activities capital assets, net	<u>\$ 81,431,785</u>	<u>\$ 1,588,725</u>	<u>\$ 2,601,293</u>	<u>\$ 80,419,217</u>

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

Governmental activities:	
General government	\$ 275,530
Public safety	588,354
Public works, including depreciation of general infrastructure assets	1,409,386
Recreation	160,008
Education	<u>2,085,991</u>
Total depreciation expense – governmental activities	<u>\$ 4,519,269</u>

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

Note 7 – MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

General Information about the Pension Plan

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

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

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

PLD Plan - Employees are required to contribute 8.0% to 9.5% of their annual pay. The Town's contractually required contribution rate for the year ended June 30, 2017, was 9.5% of annual payroll for the regular plan and 11.4% of annual payroll for the special plan. Contributions to the pension plan from the Town were \$200,984 for the year ended June 30, 2017.

SET Plan - Maine statute requires the State to contribute a portion of the Town's contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The Town's contractually required contribution rate for the year ended June 30, 2017, was 13.38% of annual payroll of which 3.36% of payroll was required from the Town and 10.02% was required from the State. Contributions to the pension plan from the Town were \$607,674 for the year ended June 30, 2017.

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

NOTE 7 – MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, Continued

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

The net pension liabilities were measured as of June 30, 2016, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of that date. The Town's proportion of the net pension liabilities were based on projections of the Town's long-term share of contributions to the pension plans relative to the projected contributions of all participating local districts (PLD Plan) and of all participating School Administrative Units and the State (SET Plan), actuarially determined.

PLD Plan - At June 30, 2017, the Town reported a liability of \$2,580,562 for its proportionate share of the net pension liability. At June 30, 2016, the Town's proportion of the PLD Plan was 0.4857%.

SET Plan - At June 30, 2017, the Town reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Town. The amount recognized by the Town as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ 621,158
State's proportionate share of the net pension liability	
associated with the Town	25,355,628
Total	\$ 25,976,786

At June 30, 2016, the Town's proportion of the SET Plan was 0.0352%.

For the year ended June 30, 2017, the Town recognized pension expense of \$280,872 for the PLD Plan and \$2,374,059 for the SET Plan with revenue of \$1,694,352 for support provided by the State. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 123,855
Changes of assumptions	260,690	-
Net difference between projected and actual earnings on pension plan investments	673,801	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	375,974
Town contributions subsequent to the measurement date	808,658	-
Total	\$ 1,743,149	\$ 499,829

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

NOTE 7 – MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, Continued

\$808,658 is reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	\$ (56,398)
2019	(11,479)
2020	323,053
2021	179,486

Actuarial Assumptions - The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PLD Plan</u>	<u>SET Plan</u>
Inflation	2.75%	2.75%
Salary Increases, per year	2.75% to 9.0%	2.75% to 14.5%
Investment return, per annum, compounded annually	6.875%	6.875%
Cost of living benefit increases, per annum	2.20%	2.20%

Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table for males and females.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period June 30, 2012 to June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US equities	20%	5.7%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real estate	10%	5.2%
Infrastructure	10%	5.3%
Hard assets	5%	5.0%
Fixed income	25%	2.9%
Total	100%	

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

NOTE 7 – MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, Continued

Discount Rate - The discount rate used to measure the total pension liability was 6.875% for the PLD Plan and 6.875% for the SET Plan. The projection of cash flows used to determine the discount rates assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liabilities.

Sensitivity of the Town's Proportionate Share of the net Pension Liabilities to Changes in the Discount Rate - The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.875% for the PLD Plan and 6.875% for the SET Plan, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.875% for PLD Plan and 5.875% for SET Plan) or 1 percentage-point higher (7.875% for PLD Plan and 7.875% for SET Plan) than the current rate:

<u>PLD Plan</u>	1% Decrease <u>(5.875%)</u>	Current Discount Rate <u>(6.875%)</u>	1% Increase <u>(7.875%)</u>
Town's proportionate share of the net pension liability	\$ 4,283,268	\$ 2,580,562	\$ 977,525
<u>SET Plan</u>	1% Decrease <u>(5.875%)</u>	Current Discount Rate <u>(6.875%)</u>	1% Increase <u>(7.875%)</u>
Town's proportionate share of the net pension liability	\$ 994,632	\$ 621,158	\$ 309,871

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

Payables to the Pension Plan - None as of June 30, 2017.

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

Note 8 – OTHER PENSION PLANS

A. Deferred Compensation Plan

The Town of Gorham offers all its employees not participating in MainePERS a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan permits participating employees to defer a portion of their salary until future years. The Town expended \$147,557 for the year ended June 30, 2017, and \$133,936 for the year ended June 30, 2016. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

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

B. Other Retirement Contributions

Additionally, the Town participates in the Social Security Retirement Program. The Town contributed \$460,804 including F.I.C.A. and Medicare to the Social Security Retirement Program on behalf of Town employees for the year ended June 30, 2017 and \$423,681 for the year ended June 30, 2016.

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 \$248,829 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, 2017 and \$227,602 for the year ended June 30, 2016.

Note 9 – OTHER POST EMPLOYMENT BENEFITS

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 2017. A copy of the financial report and the required supplementary information for the Health Trust may be obtained from the Maine Municipal Employees Health Trust, 60 Community Drive, Augusta, ME 04330.

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

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

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

Note 9 – OTHER POST EMPLOYMENT BENEFITS, Continued

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

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

	FY2015	FY2016	FY2017
Normal cost	\$ 60,808	60,808	38,297
Amortization of unfunded	70,887	70,887	77,337
Interest	2,608	2,608	2,280
Annual required contribution	134,303	134,303	117,914
Interest on net OPEB obligation	25,464	29,864	33,807
Amortizing adjustment to ARC	(36,814)	(43,176)	(48,876)
Annual OPEB cost	122,953	120,991	102,845
Contributions made	(12,946)	(22,427)	(29,619)
Increase in net OPEB obligation	110,007	98,564	73,226
Net OPEB obligation - beginning of year	636,597	746,604	845,168
Net OPEB obligation - end of year	\$ 746,604	845,168	918,394

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, 2017 and two preceding years.

Fiscal Year End	Annual OPEB Costs	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	122,953	10.53%	746,604
June 30, 2016	120,991	18.54%	845,168
June 30, 2017	102,845	28.80%	918,394

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, 2017 and two preceding years are as follows:

	FY2015	FY2016	FY2017
Actuarial accrued liability	\$ 1,274,815	1,274,815	1,390,805
Plan assets	-	-	-
Unfunded actuarial accrued liability	\$ 1,274,815	1,274,815	1,390,805
Funded ratio	0%	0%	0%
Covered payroll	\$ 4,625,713	4,700,877	5,042,294
Unfunded actuarial accrued liability as a percentage of covered payroll	27.56%	27.12%	27.58%

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

Note 9 – 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 eight 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	1/1/17
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar
Open amortization period	30 years
Discount rate	4.0%
Ultimate rate of medical inflation	4.0%
Rate of salary increases	2.75%

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>
2017	8.8%	8.5%
2018	8.5%	8.3%
2019	8.2%	8.0%
2020	7.8%	7.7%
2021	7.5%	7.4%
2022	7.2%	7.2%
2023	6.9%	6.9%
2024	6.6%	6.6%
2025	6.2%	6.2%
2026	5.9%	5.9%
2027	5.6%	5.6%
2028	5.3%	5.3%
2029	5.0%	5.0%
2030	4.6%	4.7%
2031	4.3%	4.3%
2032+	4.0%	4.0%

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

Payroll Growth - For the level percentage of pay amortization method, total payroll is assumed to grow at 2.75% per year.

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

Note 10 – INTERFUND ACCOUNTS

Individual interfund loans receivable and payable balances at June 30, 2017 were as follows:

<u>Fund</u>	<u>Interfund loans receivable</u>	<u>Interfund loans payable</u>
Governmental Funds:		
General Fund	\$ -	4,040,269
School Operations Fund	1,849,631	-
Public Safety Capital Project Fund	-	1,117
Other governmental funds:		
Special revenue funds:		
School Grants Fund	-	138,173
School Lunch Fund	-	92,448
Sewer Operations Fund	841,491	-
Little Falls Sewer Reserve and Loan Fund	14,552	-
Impact Fees Fund	717,077	-
Library Fund	15,492	-
Recreation Fund	3,862	-
TIF Fund	700,604	-
Miscellaneous Fund	2,857	-
Capital project funds:		
2016 CIPS School Bond	-	23,321
Great Falls Elementary School Project	113,534	-
Middle School Project	-	344
High School Renovation and Expansion	29,238	-
Various School Projects	-	900
Permanent funds:		
Cemetery Perpetual Care	2,300	-
Total other governmental funds	2,441,007	255,186
Fiduciary funds	5,934	-
Totals	\$ 4,296,572	4,296,572

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 10 – INTERFUND ACCOUNTS, Continued

Interfund transfers during the year ended June 30, 2017 consisted of the following:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ <u>558,811</u>	<u>17,293,388</u>
School Operations Fund	<u>17,293,388</u>	<u>-</u>
Public Safety Building	<u>-</u>	<u>23,367</u>
Special Revenue Funds:		
Impact Fees Fund	-	289,333
TIF Fund		156,427
Library fund	100	-
Capital Project Funds:		
2013 GO Bond Projects	-	1,633
2016 Fire Truck Bond	-	88,051
Permanent Funds:		
Baxter Library and Museum	<u>-</u>	<u>100</u>
Total other governmental funds	<u>100</u>	<u>535,544</u>
Totals	\$ <u>17,852,299</u>	<u>17,852,299</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 (\$17,293,388).
2. From the Public Safety Building: to allocate premium to general fund revenue that was budgeted (\$23,367).
3. From the Special Revenue Fund's Impact Fees Fund: to fund Little Falls multi-purpose field improvements (\$150,000) and fund the purchase of land for a pedestrian trail (\$139,333).
4. From the Special Revenue Fund's TIF Fund: to provide funding for the Libby/Brackett Road debt service (\$156,427).
5. From the Capital Project Fund's 2013 GO Bond Projects: to allocate premium to general fund revenue that was budgeted (\$1,633).
6. From the Capital Project Fund's 2016 Fire Truck Bond: to transfer bond issuance cost to offset bond costs (\$88,051).
7. From Permanent Fund's Baxter Library and Museum: to transfer money that was recorded in BML Centennial account but should have been in Special Revenue Fund's BML materials account in fiscal year 2015.

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

Note 11 – LONG-TERM DEBT

A. Statutory Debt Limit

In accordance with 30 MRSA, Section 5061, as amended, no municipality shall incur debt for specified purposes in excess of certain percentages of state valuation of such municipality. At June 30, 2017, the Town was in compliance with these limitations. (See Table 13, STATISTICAL SECTION)

B. Changes in Long-term Debt

Long-term liability activity for the year ended June 30, 2017 was as follows:

	Beginning			Ending	Due Within
	Balance	Additions	Reductions	Balance	One Year
Governmental activities:					
General obligation bonds	\$ 38,157,180	12,770,000	15,022,805	35,904,375	3,468,125
Bond premium	1,226,977	55,000	138,823	1,143,154	138,823
Notes payable	210,642	-	6,021	204,621	5,768
Capital leases	404,010	159,710	191,513	372,207	191,413
Compensated absences	1,027,533	147,734	74,079	1,101,188	50,000
Net pension liability	2,196,636	1,005,084	-	3,201,720	-
Other post-employment benefits	845,168	102,845	29,619	918,394	-
Governmental activity					
long-term liabilities	\$ 44,068,146	14,240,373	15,462,860	42,845,659	3,854,129

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 3, 2016, the Town issued \$12,770,000 in general obligation bonds with interest rates ranging from 2.00% to 5.00%. The proceeds of \$1,290,000 were used to purchase two new fire trucks. This bond is for 20 years. The rest of the proceeds were used to advance refund \$11,480,000 of 2010 general obligation bonds which had interest rates ranging from 2.00%-4.25%. The net proceeds of \$12,943,658 (including a \$1,563,829 premium and after payment of \$76,620 in underwriting discount) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payments on the refunded bonds. As a result, the 2010 general obligation bonds are considered defeased and the liability for those bonds has been removed from the statement of net position. As the entire premium was deposited into the escrow account, none of the reported premium from the refunding is being amortized.

The reacquisition price is below the net carrying amount of the old debt by \$104,680. This amount is being netted against the new debt and will be amortized over 15 years. The government advance refunded the 2010 general obligation bonds to reduce its total debt service payment over 15 years by \$729,940 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$650,990.

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

Note 11 – LONG-TERM DEBT, Continued

General obligation bonds currently outstanding at June 30, 2017 are comprised of the following:

General Obligation Bonds	Interest Rate	Original Issue Amount	Final Maturity Date	Balance End of Year	Due Within One Year
Governmental activities:					
2016 Advance Refunding (2010 Bond)	2.25-5.00%	\$ 11,480,000	10/1/2030	11,480,000	-
2016 Fire Truck Bond	2.00-5.00%	1,290,000	10/1/2036	1,290,000	65,000
2016 Main Street Bond	2.00-3.00%	600,000	12/1/2035	570,000	30,000
2016 School CIP Bond	2.00-3.00%	1,175,000	12/1/2035	1,115,000	60,000
2015 Public Safety Building Bond	2.00-3.25%	4,990,000	6/1/2035	4,490,000	250,000
2013 Fire Truck/Little Falls School Bond	2.00-4.00%	1,400,000	11/15/2033	1,145,000	85,000
2012 Advance Refunding Bond	2.00-3.50%	17,085,000	11/1/2024	10,695,000	1,680,000
2011 Maine Municipal Bond (2000 Bond)	.50-5.20%	585,000	11/1/2019	219,375	73,125
2010 Road Projects/Heavy Rescue Bond	2.00-3.50%	3,450,000	8/1/2027	820,000	205,000
2010 Elementary School Bond	2.00-4.25%	20,384,680	10/1/2030	4,080,000	1,020,000
Total governmental activities				35,904,375	3,468,125

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

Fiscal Year Ended <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 3,468,125	1,115,808	4,583,933
2019	3,393,125	1,020,767	4,413,892
2020	3,378,125	915,445	4,293,570
2021	3,295,000	808,594	4,103,594
2022	3,270,000	690,606	3,960,606
2023-2027	11,160,000	2,064,869	13,224,869
2028-2032	6,495,000	625,844	7,120,844
2033-2037	1,445,000	89,666	1,534,666
Totals	\$ 35,904,375	7,331,599	43,235,974

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.

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

Note 11 – LONG-TERM DEBT, Continued

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.

The following is a summary of the capital lease commitments as of June 30, 2017:

	<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	\$ 540,634	54,101	225,680	11,766	213,914
Education, photocopiers	115,891	8,001	92,913	6,375	86,538
Education, piano	15,400	2,200	6,774	318	6,456
Portable classroom (2)	57,200	3,813	39,600	-	39,600
Public Works, 2013 Komatsu Excavator	135,189	13,519	26,431	732	25,699
Totals	\$ 864,314	81,634	391,398	19,191	372,207

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, 2017:

<u>Fiscal year ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Lease Obligation</u>
2018	\$ 191,413	10,582	201,995
2019	102,087	5,479	107,566
2020	59,393	2,558	61,951
2021	19,314	572	19,886
Totals	\$ 372,207	19,191	391,398

E. Compensated Absences

The Town's policy relating to compensated absences is described in Note 1, K. The long-term portion of this debt, amounting to \$1,101,188 for governmental activities at June 30, 2017, is expected to be paid in future years from future resources. The Town has estimated that out of the \$1,101,188 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 11 – LONG-TERM DEBT, Continued

Long-term compensated absences as of June 30, 2017 are comprised of the following:

<u>Type of Leave</u>	Governmental Activities
Sick paid upon termination	\$ 643,625
Vacation	382,576
Compensatory time	<u>74,987</u>
Total	<u>\$ 1,101,188</u>

F. Other Post Employment Benefits

The Town's post-retirement benefit plan providing health insurance to retiring employees is described in Note 9. The long-term portion of this benefit, amounting to \$918,394 for governmental activities at June 30, 2017, 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 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, 2017, the Town's State valuation of \$1,602,450,000 was 3.8% of the County's State valuation of \$42,139,850,000. The Town's share is 3.8% or \$1,423,539 of Cumberland County's \$37,435,000 long-term debt outstanding as of June 30, 2017.

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, 2017, the Town's share of self-supporting bonded water debt is 5.72% or \$2,630,060 of total debt of \$45,980,073.

The Town also shares an obligation with the Town of Windham and City of Westbrook for a joint sewer project. Gorham's share of the Little Falls sewer system debt is \$2,732,802, while Gorham's share of the Westbrook sewer system debt is \$689,275. 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, 2017</u>		
	<u>Direct Debt</u>	<u>Overlapping Debt</u>	<u>Total Debt</u>
Town of Gorham - general obligation bonds and notes payable	\$ 36,108,996		36,108,996
Town of Gorham - bond premiums	1,143,154		1,143,154
Cumberland County		1,423,539	1,423,539
Portland Water District - sewer shared with Town of Windham and City of Westbrook		3,422,077	3,422,077
Portland Water District - water debt		2,630,060	2,630,060
Totals	\$ 37,252,150	7,475,676	44,727,826

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, 2017, 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, 2017, there was no outstanding principal amount payable.

F. Encumbrances

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

General Fund	\$ 398,907
School Operations Fund	144,428

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, 2017 includes total assets of \$64,040,233, and total liabilities of \$17,454,918 and unrestricted net position of \$18,547,554. The liabilities include an accrual for landfill closure and postclosure care amounting to \$692,656. ecomaine has a plan to fund this liability in the form of a cash reserve over the period of years between 2011 and a projected closing date. The separate audited financial statements of ecomaine may be obtained at their administrative office: ecomaine, 64 Blueberry Rd., Portland, Maine 04102.

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

Note 14 – NET POSITION

Net position represents the assets and deferred outflows of resources less the liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Town’s net investment in capital assets was calculated as follows for fiscal year 2017 with 2016 information provided for comparison:

	<u>2017</u>	<u>2016</u>	<u>\$ Chg</u>	<u>% Chg</u>
Capital assets	\$149,008,906	\$145,722,458	\$ 3,286,448	2.3%
Accumulated depreciation	(68,589,689)	(64,290,673)	(4,299,016)	6.7%
Deferred charge on refunding	563,135	758,875	(195,740)	-25.8%
Bonds payable (includes premium)	(37,047,529)	(39,384,157)	2,336,628	5.9%
Notes payable	(204,621)	(210,642)	6,021	-2.9%
Capital leases	(372,207)	(404,010)	31,803	-7.9%
Add back unspent bond proceeds	<u>1,739,594</u>	<u>2,290,650</u>	<u>(551,056)</u>	-24.1%
Net investment in capital assets	<u>\$ 45,097,589</u>	<u>\$44,482,501</u>	<u>\$ (615,087)</u>	1.4%

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

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

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.

Below is a summary of the TIF activity for fiscal year ended June 30, 2017:

FY2017 TIF Activity			
	Developer's Share	Town Share	TIF District Total
ODAT - Grondin District			
ODAT	\$ 24,389	24,389	48,778
Grondin Properties	57,097	57,096	114,193
Subtotal:	81,486	81,485	162,971
Pettingill-Ross District			
Pettingill Ross	14,853	-	14,853
Subtotal:	14,853	-	14,853
Gorham County Road District			
Gorham County Road LLC	8,499	-	8,499
Subtotal:	8,499	-	8,499
Nappi District			
Nappi Distributors	80,008	73,854	153,862
Subtotal:	80,008	73,854	153,862
Olde Canal Business Park			
Olde Canal	22,685	24,575	47,260
Subtotal:	22,685	24,575	47,260
Martin's Point			
Martin's Point	25,842	25,843	51,685
Subtotal:	25,842	25,843	51,685
Total TIF Financing Plan Amount	\$ 233,373	205,757	439,130

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

Note 16 - TAX INCREMENT FINANCING DISTRICT, Continued

The Development Plan may authorize the Town to enter into a Credit Enhancement Agreement (C.E.A.) which represents a tax abatement under the requirements of GASB 77. The C.E.A. is a mechanism to assist the development project by using all or a portion of the incremental property tax revenues generated by the new investment to pay certain authorized project cost directly to the developer.

The Town had six approved Tax Increment Financing Districts as of June 30, 2017. For fiscal year 2017, the Town captured \$439,130 in TIF tax revenues and disbursed \$233,373 in C.E.A. payments to the six developers. The remaining \$205,757 was applied toward eligible local expenditures. The following are the C.E.A. payments that each exceeds ten (10) percent of the total amount of C.E.A. payments:

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 Town Council in a 6-0 vote approved a 15-year TIF, which would give back 50% of the taxes generated from the increased tax value. 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. The Town Council in a 5-1 vote approved a 15-year TIF, which would give back 50% of the taxes generated from the increased tax value up to a maximum of \$429,064 for construction costs related to the development of the new road. The total tax abatement granted in fiscal year 2017 from this CEA agreement totaled \$81,486.

On September 5, 2006, the Town Council designated a 25 +/- acre site at 615 Main Street as the Nappi Distributors Municipal Development and Tax Increment Finance District with a 7-0 vote. Nappi Distributors constructed a 155,000 square foot commercial facility for beverage warehousing and administration offices on the site. At full build out, the development (land and buildings) is estimated to be valued at \$7,995,500 or an increment of \$7,859,200 from the original value of \$136,130. This district's term is for a period of twenty (20) years with 100% of the increased assessed value being split 52%-48% between the developer, Nappi Distributors, and the Town. The total tax abatement granted in fiscal year 2017 from this CEA agreement totaled \$80,008.

On September 3, 2013, the Town Council approved the Martin's Point Health Care Tax Increment Financing and Development District with a 6-0 vote. 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 total tax abatement granted in fiscal year 2017 from this CEA agreement totaled \$25,482.

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

Note 17 – BUDGETARY VS. GAAP ACCOUNTING

Through June 30, 2017, 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	School Operations Fund
Fund balance (deficit), June 30, 2017 – GAAP basis	\$14,936,512	\$ (796,565)
Accrued summer salaries	-	2,423,548
Accrued salaries – maintenance	-	8,291
Accrued MEPERS wages	-	96,215
Encumbrances	(398,907)	(144,428)
Fund balance, June 30, 2017 – budgetary basis	\$14,537,605	\$ 1,587,061

* The School Committee has approved \$350,000 of fund balance to reduce taxes for the 2018 fiscal year. This coupled with the \$144,428 in encumbrances, results in a deficit fund balance of \$1,290,993. Per the Town's fund balance policy, the deficit fund balance of \$1,290,993 is combined with the Town's unassigned total of \$7,884,368, when preparing the 2019 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 \$2,293,247.

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

Note 18 – 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 \$10,000 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
Required Supplementary Information
For the year ended June 30, 2017

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, 2017 and six 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%
2015	1/1/2014	\$ -	\$ 1,274,815	\$ 1,274,815	0.00%	\$4,625,713	27.56%
2016	1/1/2014	\$ -	\$ 1,274,815	\$ 1,274,815	0.00%	\$4,700,877	27.12%
2017	1/1/2017	\$ -	\$ 1,390,805	\$ 1,390,805	0.00%	\$5,042,294	27.58%

TOWN OF GORHAM, MAINE
Required Supplementary Information, Continued

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

	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>
<u>PLD Plan</u>			
Town's proportion of the net pension liability	0.4857%	0.5451%	0.6508%
Town's proportionate share of the net pension liability	\$ 2,580,562	\$ 1,739,229	\$ 1,001,423
Town's covered payroll	2,047,466	2,074,545	2,160,307
Town's proportion share of the net pension liability as a percentage of its covered payroll	122.04%	83.84%	46.36%
Plan fiduciary net position as a percentage of the total pension liability	81.61%	88.27%	94.10%
<u>SET Plan</u>			
Town's proportion of the net pension liability	0.0352%	0.0339%	0.0415%
Town's proportionate share of the net pension liability	621,158	457,407	448,218
State's proportionate share of the net pension liability associated with the Town	25,976,786	19,001,327	14,819,750
Total	\$ 26,597,944	\$ 19,458,734	\$ 15,267,968
Town's covered payroll	\$17,245,735	\$16,495,802	\$ 15,872,616
Town's proportionate share of the net pension liability as a percentage of its covered payroll	3.60%	2.77%	2.82%
Plan fiduciary net position as a percentage of the total pension liability	76.21%	81.18%	83.91%

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

** Only three years of information available

TOWN OF GORHAM, MAINE
Required Supplementary Information, Continued

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>PLD Plan</u>				
Contractually required contribution	\$ 200,984	229,391	222,645	215,650
Contributions in relation to the required contractually required contribution	(200,984)	(229,391)	(222,645)	(215,650)
Contribution deficiency (excess)	\$ -	-	-	-
Town's covered payroll	\$ 1,781,967	2,047,466	2,074,545	2,160,307
Contributions as a percentage of covered payroll	11.28%	11.20%	10.73%	9.98%
<u>SET Plan</u>				
Contractually required contribution	\$ 607,674	579,457	437,139	419,332
Contributions in relation to the contractually required contribution	(607,674)	(579,457)	(437,139)	(419,332)
Contribution deficiency (excess)	\$ -	-	-	-
Town's covered payroll	\$ 18,085,543	17,245,735	16,495,802	15,872,616
Contributions as a percentage of covered payroll	3.36%	3.36%	2.65%	2.65%

* Only four years of information available

TOWN OF GORHAM, MAINE
Notes to Required Supplemental Information
For the year ended June 30, 2017

Changes of Benefit Terms - None

Changes of Assumptions - The following are changes in actuarial assumptions used in the most recent valuation:

	<u>2017</u>	<u>2016</u>
Discount rate	6.875%	7.125%
Inflation rate	2.75%	3.5%
Salary increases – PLD Plan	2.75% to 9.0%	3.5% to 9.5%
Salary increases – SET Plan	2.75% to 14.5%	3.5% to 13.5%
Cost of living increase	2.20%	2.55%
Long-term expected real rate of return on assets:		
US equities	5.7%	5.2%
Real estate	5.2%	3.7%
Infrastructure	5.3%	4.0%
Hard assets	5.0%	4.8%
Fixed income	2.9%	0.7%

In addition, mortality rates were previously based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA, which, in the most recent valuation, changed to mortality rates that were based on the RP2014 Total Data Set Healthy Annuity Mortality Table.

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.

TOWN OF GORHAM, MAINE
Comparative Balance Sheets - General Fund
June 30, 2017 and 2016

	2017	2016
ASSETS		
Cash	\$ 12,921,942	11,704,497
Investments	6,074,309	6,045,523
Receivables:		
Accounts	108,855	182,824
Intergovernmental	147,879	135,581
Rescue (net of allowance of \$166,000)	293,660	316,349
Taxes - current year	654,675	719,459
Taxes - prior year	63,373	66,774
Tax liens	272,147	288,496
Notes	1,418	1,823
Tax acquired property	29,005	29,005
Performance bonds	4,273,661	2,378,406
Inventory	26,185	47,988
Prepaid expenditures	140,814	144,676
Total assets	\$ 25,007,923	22,061,401
LIABILITIES		
Accounts payable	330,809	597,512
Accrued wages and benefits	240,923	204,099
Interfund loans payable	4,040,269	3,786,848
Performance bond deposits	4,783,410	3,016,445
Total liabilities	9,395,411	7,604,904
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	676,000	670,100
Total deferred inflows of resources	676,000	670,100
FUND BALANCE		
Nonspendable:		
Noncurrent receivables	1,418	1,823
Prepaid items	140,814	144,676
Inventory	26,185	47,988
Restricted for:		
General government purposes	29,900	31,099
Public safety operations	137,066	200,241
Public works operations	160,844	149,987
Recreation operations	9,103	9,434
Committed to:		
General government purposes	855,966	652,000
Public safety operations	159,562	46,313
Public works operations	952,792	308,509
Recreation operations	254,767	120,151
Assigned to:		
Encumbrances	398,907	544,638
Designated for FY18 and FY17 capital budget	1,394,848	1,344,000
General government purposes	326,572	408,959
Public safety operations	148,410	165,258
Public works operations	155,574	793,465
Recreation operations	317,634	258,284
Economic development	72,993	75,124
Insurance and employee benefits	1,506,496	1,473,077
Other purposes	2,294	-
Unassigned	7,884,367	7,011,371
Total fund balance	14,936,512	13,786,397
Total liabilities, deferred inflows of resources and fund balance	\$ 25,007,923	22,061,401

TOWN OF GORHAM, MAINE
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
For the year ended June 30, 2017
(with comparative actual amounts for the year ended June 30, 2016)

	2017		Variance positive (negative)	2016 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 24,905,520	25,635,730	730,210	24,079,123
Change in unavailable property tax revenue	-	(5,900)	(5,900)	60,670
Excise taxes	2,996,000	3,515,752	519,752	3,272,059
Interest and costs on taxes	70,000	72,936	2,936	74,178
Total taxes	27,971,520	29,218,518	1,246,998	27,486,030
Licenses and permits:				
Building permits	240,000	390,759	150,759	336,217
Plumbing/electrical fees	25,000	45,136	20,136	48,266
Motor vehicle renewal fees	44,000	48,093	4,093	47,476
Town clerk fees	50,400	54,196	3,796	54,849
Cable TV franchise fee	190,000	176,708	(13,292)	187,398
Code fees	5,850	10,584	4,734	7,194
Other	3,800	3,306	(494)	3,059
Total licenses and permits	559,050	728,782	169,732	684,459
Intergovernmental:				
State revenue sharing	750,000	738,529	(11,471)	780,829
Highway block grant	225,000	227,656	2,656	231,644
Human services assistance	15,000	12,753	(2,247)	20,720
Homestead exemption	444,242	435,362	(8,880)	287,369
BETE reimbursement	305,273	305,366	93	292,684
Other state grants	40,000	38,785	(1,215)	40,755
Other agencies	40,500	48,605	8,105	47,452
University of Southern Maine assistance	12,500	12,500	-	12,500
Total intergovernmental	1,832,515	1,819,556	(12,959)	1,713,953
Charges for services:				
Police fees, fines and outside work	20,800	19,311	(1,489)	26,621
Fire and rescue fees	636,800	583,570	(53,230)	548,291
Subdivision/development fees	25,500	36,951	11,451	50,751
Sewer inspection fees	4,000	6,392	2,392	6,500
Miscellaneous code/assessing	400	315	(85)	216
Miscellaneous public works	1,500	1,814	314	1,247
Solid waste user charges	454,700	510,161	55,461	502,789
Recreation fees	149,250	155,684	6,434	151,722
Payment in lieu of taxes	44,050	43,971	(79)	58,688
Sale of town property	-	-	-	10,521
Total charges for services	1,337,000	1,358,169	21,169	1,357,346

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

	2017		Variance positive (negative)	2016 Actual
	Budget	Actual		
Revenues, continued:				
Other revenues:				
Cemetery income	\$ 6,500	5,075	(1,425)	6,468
Interest on investments	10,000	89,085	79,085	24,938
Rent	96,000	95,813	(187)	96,678
Senior mealsite	8,000	8,863	863	10,373
Miscellaneous	11,000	15,484	4,484	15,260
Total other revenues	131,500	214,320	82,820	153,717
Total revenues	31,831,585	33,339,345	1,507,760	31,395,505
Expenditures:				
Current:				
General government:				
Administration	473,646	483,820	(10,174)	448,647
Technology	109,115	108,402	713	102,505
Town Clerk	205,162	205,354	(192)	182,637
Planning	219,059	217,918	1,141	209,677
Assessing	141,323	131,553	9,770	142,124
Code enforcement	149,761	149,373	388	142,407
Gorham municipal center	219,400	206,375	13,025	202,513
Total general government	1,517,466	1,502,795	14,671	1,430,510
Public safety:				
Police department	1,788,027	1,752,863	35,164	1,721,361
Fire/Rescue department	1,575,770	1,575,742	28	1,552,826
Central Fire Station	88,505	85,204	3,301	85,898
Police Station	72,280	48,312	23,968	12,932
Public utilities	168,025	152,636	15,389	159,532
Public safety contract services	349,741	345,358	4,383	339,742
Total public safety	4,042,348	3,960,115	82,233	3,872,291
Public works:				
Public works maintenance	1,668,367	1,648,407	19,960	1,589,763
Stormwater Compliance	39,000	39,000	-	-
Solid waste removal	788,650	734,153	54,497	754,893
Cemeteries	26,635	21,648	4,987	23,294
Total public works	2,522,652	2,443,208	79,444	2,367,950
Health and welfare:				
Welfare	60,500	43,498	17,002	51,500
Health council	600	600	-	600
Total health and welfare	61,100	44,098	17,002	52,100

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

	2017		Variance positive (negative)	2016 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Recreation:				
Baxter Memorial Library	\$ 465,709	462,619	3,090	452,559
North Gorham Library	-	-	-	11,000
Baxter Museum	5,000	1,987	3,013	2,144
Recreation	312,396	312,336	60	282,905
Middle School Softball Field	6,240	5,550	690	7,485
Little Falls Rec Area	9,100	9,082	18	-
Old Robie School	12,468	18,956	(6,488)	12,359
Little Falls School	35,770	35,262	508	36,599
Robie Gym	10,579	10,009	570	10,333
Total recreation	857,262	855,801	1,461	815,384
Economic development	74,831	74,337	494	73,218
Insurances:				
Multi peril policy	145,500	129,701	15,799	121,124
Public liability	11,500	9,999	1,501	10,154
Total insurances	157,000	139,700	17,300	131,278
Employee benefits:				
Direct unemployment compensation	8,000	14,102	(6,102)	5,616
Worker's compensation	172,261	132,518	39,743	156,916
Retirement	330,242	306,948	23,294	306,827
Major medical insurance	1,184,000	999,359	184,641	979,113
Social security	425,632	432,945	(7,313)	403,105
Group life insurance	1,400	1,283	117	1,344
Total employee benefits	2,121,535	1,887,155	234,380	1,852,921
Public agencies:				
Parks and conservation	2,000	2,000	-	2,000
G.P.C.O.G./PACTS	16,400	16,809	(409)	16,381
MMA	14,000	14,460	(460)	13,980
North Gorham Library	11,000	11,000	-	-
Total public agencies	43,400	44,269	(869)	32,361
Unclassified:				
Gorham cable TV	87,670	86,514	1,156	81,681
Senior Mealsite	18,690	17,267	1,423	19,734
Memorial Day	2,200	2,274	(74)	2,200
Founders Festival	5,000	5,000	-	4,000
New Years Gorham	6,000	6,000	-	2,500
Contingency	99,956	60,910	39,046	59,043
Town Clock	800	800	-	800
Sno-Goers	3,000	3,000	-	1,000
Total unclassified	223,316	181,765	41,551	170,958

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

	2017		Variance positive (negative)	2016 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Intergovernmental - County tax	\$ 1,044,423	1,044,423	-	997,969
Debt service (excluding education):				
Principal	1,358,125	1,358,125	-	1,338,125
Interest	481,125	619,809	(138,684)	505,857
Total debt service	1,839,250	1,977,934	(138,684)	1,843,982
Capital:				
Capital maintenance	73,700	69,976	3,724	65,411
Capital improvements	85,000	85,000	-	150,000
Total capital	158,700	154,976	3,724	215,411
Total expenditures	14,663,283	14,310,576	352,707	13,856,333
Excess of revenues over expenditures	17,168,302	19,028,769	1,860,467	17,539,172
Other financing sources (uses):				
Transfers to special revenue -				
School Operations Fund	(17,293,388)	(17,293,388)	-	(16,046,686)
Transfers in from special revenue -				
Impact fees fund	-	289,333	289,333	30,000
TIF fund	100,086	156,427	56,341	83,532
Transfers in from capital projects -				
Public safety capital project fund	25,000	23,367	(1,633)	-
2016 Fire truck bond	-	88,051	88,051	21,978
2013 Bond projects	-	1,633	1,633	-
Issuance of refunding bonds	-	11,480,000	11,480,000	-
Premium on refunding bonds issued	-	1,563,829	1,563,829	-
Payment to refunding bond escrow agent	-	(12,943,658)	(12,943,658)	-
Total other financing uses	(17,168,302)	(16,634,406)	533,896	(15,911,176)
Net change in fund balances - budgetary basis	-	2,394,363	2,394,363	1,627,996
Reconciliation to GAAP basis:				
Change in restricted		(53,848)		(15,313)
Change in committed		(246,738)		(160,231)
Change in assigned		(766,753)		(253,295)
Change in unassigned		(176,909)		(168,680)
Net change in fund balance - GAAP basis		1,150,115		1,030,477
Fund balance, beginning of year		13,786,397		12,755,920
Fund balance, end of year	\$	14,936,512		13,786,397

TOWN OF GORHAM, MAINE
Restricted, Committed, Assigned and Unassigned Funds - General Fund
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the year ended June 30, 2017

	Fund balances beginning of year	Capital Part II	Transfer Other Funds	Revenues		Expenditures		Fund balances end of year
				Transfer In	Revenues	Transfer Out	Expenditures	
Restricted to:								
General government purposes:								
Park & Conservation committee	\$ 1,906	-	-	-	-	-	244	1,662
Safety grant	-	-	-	-	6,500	-	6,093	407
Septic Loans Grant	-	-	-	-	6,000	-	-	6,000
Heating assistance	296	-	-	-	579	-	190	685
South Street sewer project	20,000	-	-	-	-	-	-	20,000
Gorham Village pedestrian study	8,000	-	-	-	-	-	8,000	-
Employee wellness program	897	-	-	-	2,529	-	2,280	1,146
Total general government purposes	31,099	-	-	-	15,608	-	16,807	29,900
Public safety operations:								
D.A.R.E.	9,228	-	-	-	-	-	3,426	5,802
Little Falls substation	2,272	-	-	-	-	-	-	2,272
Drug forfeiture	7,844	-	-	-	266	-	12	8,098
Young drivers grant	-	-	-	-	869	-	869	-
DEA forfeiture	117,807	-	-	-	-	-	30,000	87,807
MEMA grant (Homeland Security)	580	-	-	-	23,457	-	24,037	-
Impaired driving grant	-	-	-	-	15,871	-	15,871	-
Speed grant	-	-	-	-	4,985	-	4,985	-
Seatbelt grant	-	-	-	-	4,101	-	4,101	-
ATV grant	-	-	-	-	639	-	639	-
RIDE grant	-	-	-	-	5,497	-	5,497	-
Child safety seats	1,056	-	-	-	-	-	177	879
Fire/Rescue donations	75	-	-	-	40	-	-	115
Fire prevention	6,409	-	-	-	610	-	306	6,713
Fire memorial	35,343	-	-	-	5,409	-	34,999	5,753
USM confined space	11,045	-	-	-	-	-	-	11,045
FEMA fire grant	708	-	-	-	-	-	-	708
Sprinkler grant	7,874	-	-	-	-	-	-	7,874
Total public safety operations	200,241	-	-	-	61,744	-	124,919	137,066

TOWN OF GORHAM, MAINE
Restricted, Committed, Assigned and Unassigned Funds - General Fund
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the year ended June 30, 2017

	Fund balances beginning of year	Capital Part II	Transfer Other Funds	Revenues		Expenditures		Fund balances end of year
				Transfer In	Revenues	Transfer Out	Expenditures	
Restricted to:								
Public works operations:								
Street opening	\$ 127,179	-	-	-	10,857	-	-	138,036
Gorham Village grant	2,402	-	-	-	-	-	-	2,402
Little Falls sidewalk grant	20,406	-	-	-	-	-	-	20,406
Total public works operations	149,987	-	-	-	10,857	-	-	160,844
Recreation operations:								
Community center donations	750	-	-	-	-	-	-	750
New Year's Gorham	8,684	-	-	-	11,319	-	11,650	8,353
Total recreation operations	9,434	-	-	-	11,319	-	11,650	9,103
Total restricted to	390,761	-	-	-	99,528	-	153,376	336,913
Committed to:								
General government purposes:								
Energy Management Software	750	-	-	-	-	750	-	-
Air Handler for Municipal Center	-	-	-	31,992	-	-	-	31,992
Energy Efficient Lights at Robie Gym/Mun Ctr	15,000	-	-	-	3,640	-	10,962	7,678
Land acquisition	382,243	-	-	-	218,520	41,463	-	559,300
New Portland Property	-	-	139,333	-	-	-	139,333	-
Compensation Study	6,000	-	-	-	-	-	3,600	2,400
Town Manager search	-	-	-	-	12,000	-	9,689	2,311
Founders festival	-	-	-	-	5,000	-	-	5,000
Cemetery reserve	11,675	-	-	-	2,525	-	-	14,200
Cemetery/GIS project	-	-	-	25,000	-	-	18,778	6,222
Gorham Village parking study	350	-	-	-	-	-	-	350
Emergency reserve account	162,137	6,300	-	-	-	-	-	168,437
Gorham village parking improvement	44,575	-	-	-	-	-	-	44,575
McLellan/Sampson House repairs	15,769	-	-	-	-	15,769	-	-
Exterior painting for Library, Gazebo, Robie Gym & Municipal Center	1,463	-	-	-	-	-	-	1,463
Rte 25/114 sidewalks	12,038	-	-	-	-	-	-	12,038
Cumberland County Assessor	-	-	-	-	6,925	-	6,925	-
Total general government purposes	652,000	6,300	139,333	56,992	248,610	57,982	189,287	855,966

TOWN OF GORHAM, MAINE
Restricted, Committed, Assigned and Unassigned Funds - General Fund
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the year ended June 30, 2017

	Fund	Capital Part II	Transfer Other Funds	Revenues		Expenditures		Fund
	balances beginning of year			Transfer In	Revenues	Transfer Out	Expenditures	balances end of year
Committed to:								
Public safety operations:								
Public Safety fence	\$ -	19,500	-	-	-	-	-	19,500
Watch guard digital cruiser video server	12,661	-	-	-	-	-	12,661	-
Spillman & DMV database full access	9,000	-	-	-	-	-	-	9,000
Blauer vest carriers (21)	2,500	-	-	-	-	-	-	2,500
Ballistic vests (22)	1,333	-	-	-	-	-	1,333	-
Life pack 15 defibrillators	3,166	-	-	-	-	-	-	3,166
Air pack breathing units	384	49,000	-	-	-	-	11,092	38,292
Energy improvements at North Gorham & West Gorham fire station								
West Gorham fire station	1,489	-	-	-	-	-	-	1,489
Hose tower	-	35,100	-	-	-	-	1,015	34,085
Tractor/snow plow	-	46,800	-	-	-	-	45,270	1,530
Storage building	-	50,000	-	-	-	-	-	50,000
Police Safety building	4,845	-	-	-	-	4,845	-	-
Public Safety building fiber network	9,023	-	-	-	-	9,023	-	-
Public Safety signage	-	-	-	29,637	1,200	-	30,837	-
Total public safety operations	44,401	200,400	-	29,637	1,200	13,868	102,208	159,562
Public works operations:								
Waste water holding tank	-	15,000	-	-	-	15,000	-	-
Automotive diagnostic unit	221	-	-	-	-	221	-	-
Ecomaine recycling reserve	10,000	-	-	-	-	-	-	10,000
3/4 ton pickup truck & plow	1,024	-	-	-	-	-	-	1,024
Trackless tractor	20,719	-	-	-	-	-	-	20,719
Dump truck & sander	41,004	-	-	-	-	-	-	41,004
Snow plow & wing	201,000	-	-	-	-	-	171,500	29,500
3/4 ton pickup truck & plow	2,702	-	-	-	-	-	400	2,302
Loader/backhoe	-	150,000	-	-	-	-	103,500	46,500
Plow truck	-	172,000	-	-	-	-	-	172,000
MS4 stormwater program	1,100	-	-	25,500	-	-	26,600	-
Roads	-	575,000	-	-	-	-	22,037	552,963
New Portland Road	(83,569)	-	-	11,431	119,029	-	-	46,891
Utility study	30,739	-	-	-	-	-	850	29,889
Total public works operations	224,940	912,000	-	36,931	119,029	15,221	324,887	952,792
Recreation operations:								
Patio garden	3,000	-	-	-	-	-	3,000	-
Internet based HVAC control system	15,000	-	-	-	-	-	-	15,000

TOWN OF GORHAM, MAINE
Restricted, Committed, Assigned and Unassigned Funds - General Fund
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the year ended June 30, 2017

	Fund balances beginning of year	Capital Part II	Transfer Other Funds	Revenues		Expenditures		Fund balances end of year
				Transfer In	Revenues	Transfer Out	Expenditures	
Committed to:								
Recreation operations, continued:								
Security camera system at BML	\$ 1	-	-	-	-	1	-	-
Chick property master plan	12,207	-	-	-	-	-	-	12,207
Little Falls-multi purpose field	80,258	-	150,000	-	-	-	30,546	199,712
Robie field irrigation	-	10,000	-	-	-	-	4,883	5,117
Recreation trail	-	-	-	11,200	-	-	-	11,200
3/4 ton pickup truck & plow	4,025	-	-	-	-	-	-	4,025
Little Falls backflow/parking space markers	2,022	-	-	-	-	-	-	2,022
Little Falls paving	3,638	-	-	-	-	-	-	3,638
Shaw Gym lights	-	10,300	-	-	4,200	-	12,654	1,846
Total recreation operations	120,151	20,300	150,000	11,200	4,200	1	51,083	254,767
Total committed to	1,041,492	1,139,000	289,333	134,760	373,039	87,072	667,465	2,223,087
Assigned to:								
Encumbrances:								
General government	92,197	-	-	-	4,442	-	12,381	84,258
Public safety	176,525	-	-	-	344,893	-	423,466	97,952
Public works	199,871	-	-	-	56,935	-	132,992	123,814
Recreation	66,326	-	-	-	46,700	-	34,509	78,517
Economic development	588	-	-	-	-	-	-	588
Other	9,131	-	-	-	13,000	-	8,353	13,778
Total encumbrances	544,638	-	-	-	465,970	-	611,701	398,907
General government purposes:								
Radio programming	5,795	-	-	-	-	-	-	5,795
Capital project reserve	3,427	-	-	-	-	-	-	3,427
Municipal Center building roof replacement	22,457	-	-	-	-	18,357	-	4,100
Revaluation	141,524	-	-	291	-	-	-	141,815
Listing project	291	-	-	-	-	291	-	-
Safety committee	-	-	-	3,700	-	-	1,750	1,950

TOWN OF GORHAM, MAINE
Restricted, Committed, Assigned and Unassigned Funds - General Fund
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the year ended June 30, 2017

	Fund balances beginning of year	Capital Part II	Transfer Other Funds	Revenues		Expenditures		Fund balances end of year
				Transfer In	Revenues	Transfer Out	Expenditures	
Assigned to:								
General government purposes, continued:								
Compensation study	\$ 5,100	-	-	-	-	-	-	5,100
Finance serve/computer upgrade	29,438	-	-	-	-	-	50	29,388
Administration savings account	13,664	-	-	-	-	750	3,699	9,215
Town clerk savings account	62,698	-	-	-	-	25,750	8,137	28,811
Planning savings account	26,685	-	-	-	1,141	-	7,000	20,826
Assessing savings account	8,537	-	-	-	9,770	500	-	17,807
G.I.S. system	30,306	-	-	-	-	-	5,220	25,086
Code savings account	12,827	-	-	-	387	500	-	12,714
Web site development/maintenance	23,038	-	-	-	-	-	2,500	20,538
Total general government purposes	385,787	-	-	3,991	11,298	46,148	28,356	326,572
Public safety operations:								
Outside detail (police)	21,039	-	-	-	23,017	-	23,017	21,039
Police software	6,020	-	-	-	-	-	1,394	4,626
Police savings account	32,360	-	-	-	35,171	-	7,800	59,731
Cruisers	15,144	-	-	-	11,550	-	6,014	20,680
Fire savings account	10,435	-	-	-	-	-	-	10,435
Air bottles	1,504	-	-	-	-	-	-	1,504
New mobile truck lifts (with Town of Windham)	13,413	-	-	-	-	13,413	-	-
Rescue savings account	18,395	-	-	-	-	10,282	4,100	4,013
Rescue vehicle reserve	20,744	-	-	-	-	20,744	-	-
Fire ponds/dry hydrants	25,716	-	-	-	666	-	-	26,382
Lock boxes	488	-	-	-	-	-	488	-
Total public safety operations	165,258	-	-	-	70,404	44,439	42,813	148,410
Public works operations:								
Public works savings account	20,941	-	-	-	9,898	-	11,269	19,570
New plow truck/sander	15,998	-	-	-	-	-	-	15,998
1-ton dump truck/tandem axle dump truck	3,581	-	-	-	-	-	-	3,581
Public works vehicles (lease payment account)	78,901	-	-	-	-	-	-	78,901
Fuel depot reserve	23,976	-	-	-	2,603	-	5,757	20,822
Longfellow bridge	2,123	-	-	-	-	-	-	2,123
Storm water management	17,495	-	-	-	-	-	5,916	11,579

TOWN OF GORHAM, MAINE
Restricted, Committed, Assigned and Unassigned Funds - General Fund
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the year ended June 30, 2017

	Fund balances beginning of year	Capital Part II	Transfer Other Funds	Revenues		Expenditures		Fund balances end of year
				Transfer In	Revenues	Transfer Out	Expenditures	
Assigned to:								
Public works operations, continued:								
Public works building	4,052	-	-	-	-	-	4,052	-
Roads	626,398	-	-	-	21,937	10,263	638,072	-
Stone repairs	-	-	-	-	3,000	-	-	3,000
Total public works operations	793,465	-	-	-	37,438	10,263	665,066	155,574
Recreation operations:								
Baxter Library savings account	18,671	-	-	-	3,090	700	-	21,061
Baxter Library repairs	7,373	-	-	-	-	7,131	-	242
Little Falls wood clearing	11,845	-	-	-	-	10,500	-	1,345
Robie Gym repairs	4,591	-	-	-	-	-	-	4,591
Recreation savings account	470	-	-	-	-	-	-	470
Baxter Museum repairs	12,244	-	-	-	-	-	-	12,244
Recreation reimbursable	199,553	-	-	-	754,823	-	676,695	277,681
Total recreation operations	254,747	-	-	-	757,913	18,331	676,695	317,634
Economic Development								
Maine Downtown Network Application	-	-	-	2,500	-	-	-	2,500
Economic development savings account	75,124	-	-	-	494	2,500	2,625	70,493
Total economic development	75,124	-	-	2,500	494	2,500	2,625	72,993
Unclassified:								
Cable TV savings account	3,537	-	-	-	1,156	2,399	-	2,294
Total unclassified	3,537	-	-	-	1,156	2,399	-	2,294
Insurance and employee benefits:								
UIC contingency reserve	31,500	-	-	-	-	-	-	31,500
PO334 IUUAL	108,518	-	-	-	-	-	30,000	78,518
PO133 IUUAL	258,327	-	-	-	-	-	-	258,327
School's IUUAL	187,678	-	-	-	-	-	-	187,678
Vacation/compensation/sick reserve	461,799	-	-	-	70,000	-	52,889	478,910
Property insurance deductible reserve	10,000	-	-	-	-	-	-	10,000
Auto insurance deductible reserve	4,000	-	-	-	-	-	-	4,000
Accrued compensated absences	411,255	-	-	-	46,308	-	-	457,563
Total insurance and employee benefits	1,473,077	-	-	-	116,308	-	82,889	1,506,496
Total assigned to	3,695,633	-	-	6,491	1,460,981	124,080	2,110,145	2,928,880

TOWN OF GORHAM, MAINE
Restricted, Committed, Assigned and Unassigned Funds - General Fund
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the year ended June 30, 2017

	Fund balances beginning of year	Capital Part II	Transfer Other Funds	Revenues		Expenditures		Fund balances end of year
				Transfer In	Revenues	Transfer Out	Expenditures	
Unassigned to:								
General government purposes:								
Security camera system at Municipal Center	\$ (759)	-	-	759	-	-	-	-
55 Morrill Avenue	(3,776)	-	-	-	-	-	-	(3,776)
Tax acquired costs	(1,838)	-	-	263	5,435	-	3,860	-
Comprehensive plan	(17,089)	-	6,783	-	-	-	2,964	(13,270)
Old Town Hall	(988)	-	-	-	-	-	280	(1,268)
Mclellan/Sampson House	(1,500)	-	-	-	1,500	-	-	-
Municipal Center building	23,172	-	-	750	-	759	25,123	(1,960)
L.W.C.F. Grant	-	-	-	30,000	-	-	33,204	(3,204)
Total general government purposes	(2,778)	-	6,783	31,772	6,935	759	65,431	(23,478)
Public safety operations:								
Regional fire & EMA study	1,912	-	-	-	-	-	3,087	(1,175)
Rechassis tank 2 & replace pump	(4,840)	-	-	-	-	-	-	(4,840)
Rescue 1	-	205,000	-	31,026	-	-	236,365	(339)
Fire Chief's vehicle replacement	(383)	-	-	-	-	-	-	(383)
Total public safety operations	(3,311)	205,000	-	31,026	-	-	239,452	(6,737)
Public works operations:								
Pedestrian Trail grant	(13,660)	-	-	-	-	-	-	(13,660)
County Road	(92,858)	-	-	-	51,794	1,168	656	(42,888)
Gordon Farms Road	(19,999)	-	-	-	-	-	-	(19,999)
Total public works operations	(126,517)	-	-	-	51,794	1,168	656	(76,547)
Recreation operations:								
Baxter library lights	(7,131)	-	-	7,131	-	-	-	-
Total recreation operations	(7,131)	-	-	7,131	-	-	-	-
Unclassified:								
Video system in Council Chambers	(1,871)	-	-	1,871	-	-	-	-
Video server for GoCAT	(28)	-	-	28	-	-	-	-
Total unclassified	(1,899)	-	-	1,899	-	-	-	-
Total unassigned to	(141,636)	205,000	6,783	71,828	58,729	1,927	305,539	(106,762)
Total General Fund Restricted, Committed Assigned and Unassigned Funds	4,986,250	1,344,000	296,116	213,079	1,992,277	213,079	3,236,525	5,382,118

ALL OTHER GOVERNMENTAL FUNDS

TOWN OF GORHAM, MAINE
Combining Balance Sheet
All Other Nonmajor Governmental Funds
June 30, 2017

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
ASSETS				
Cash	\$ 141,923	1,518,039	-	1,659,962
Investments	119,742	-	1,159,619	1,279,361
Receivables:				
Accounts	225,648	-	-	225,648
Notes	208,133	-	-	208,133
Intergovernmental	295,573	-	-	295,573
Inventory	44,353	-	-	44,353
Interfund loans receivable	2,295,935	142,772	2,300	2,441,007
Total assets	\$ 3,331,307	1,660,811	1,161,919	6,154,037
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	487	1,518	7,784	9,789
Interfund loans payable	230,621	24,565	-	255,186
Unearned revenues	36,665	-	-	36,665
Total liabilities	267,773	26,083	7,784	301,640
Fund balances:				
Nonspendable	252,486	-	933,803	1,186,289
Restricted	2,464,903	1,606,734	220,332	4,291,969
Committed	340,977	29,238	-	370,215
Assigned	12,663	-	-	12,663
Unassigned	(7,495)	(1,244)	-	(8,739)
Total fund balances	3,063,534	1,634,728	1,154,135	5,852,397
Total liabilities and fund balances	\$ 3,331,307	1,660,811	1,161,919	6,154,037

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, 2017

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
Revenues:				
Taxes	\$ 439,130	-	-	439,130
Intergovernmental	1,579,412	-	-	1,579,412
Charges for services	2,013,197	-	-	2,013,197
Investment income	8,049	9,762	2,688	20,499
Other revenue	5,000	100,539	13,083	118,622
Total revenues	4,044,788	110,301	15,771	4,170,860
Expenditures:				
Current:				
Education	1,228,945	-	-	1,228,945
Food services	1,019,129	-	-	1,019,129
Public works - sewer	1,106,148	-	-	1,106,148
Recreation	16,612	-	-	16,612
Unclassified	235,991	-	8,609	244,600
Capital improvements	-	1,843,694	-	1,843,694
Total expenditures	3,606,825	1,843,694	8,609	5,459,128
Excess (deficiency) of revenues over (under) expenditures	437,963	(1,733,393)	7,162	(1,288,268)
Other financing sources (uses):				
Issuance of bonds	-	1,290,000	-	1,290,000
Bond premium	-	55,000	-	55,000
Transfer in from other funds	100	-	-	100
Transfer to other funds	(445,760)	(89,684)	(100)	(535,544)
Total other financing sources (uses)	(445,660)	1,255,316	(100)	809,556
Net change in fund balances	(7,697)	(478,077)	7,062	(478,712)
Fund balances, beginning of year	3,071,231	2,112,805	1,147,073	6,331,109
Fund balances, end of year	\$ 3,063,534	1,634,728	1,154,135	5,852,397

SPECIAL REVENUE FUNDS

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

Special revenue funds are established for the following purposes:

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

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

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

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

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

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

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

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

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

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

TOWN OF GORHAM, MAINE
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2017
(with comparative amounts for June 30, 2016)

	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	2017	2016	
ASSETS												
Cash	\$ -	141,923	-	-	-	-	-	-	-	141,923	123,436	
Investments	-	-	-	61,409	-	44,276	1,363	-	12,694	119,742	109,316	
Receivables:												
Accounts	6	-	224,192	-	-	-	-	1,450	-	225,648	236,382	
Notes	-	-	-	-	-	-	-	208,133	-	208,133	239,259	
Intergovernmental	276,758	18,815	-	-	-	-	-	-	-	295,573	252,476	
Inventory	-	44,353	-	-	-	-	-	-	-	44,353	30,922	
Interfund loans receivable	-	-	841,491	14,552	717,077	15,492	3,862	700,604	2,857	2,295,935	2,281,332	
Total assets	\$ 276,764	205,091	1,065,683	75,961	717,077	59,768	5,225	910,187	15,551	3,331,307	3,273,123	
LIABILITIES AND FUND BALANCES												
Liabilities:												
Accounts payable	487	-	-	-	-	-	-	-	-	487	34,185	
Interfund loans payable	138,173	92,448	-	-	-	-	-	-	-	230,621	139,180	
Unearned revenue	-	36,665	-	-	-	-	-	-	-	36,665	28,530	
Total liabilities	138,660	129,113	-	-	-	-	-	-	-	267,773	201,895	
Fund balances:												
Nonspendable:												
Noncurrent receivables	-	-	-	-	-	-	-	208,133	-	208,133	239,259	
Inventory	-	44,353	-	-	-	-	-	-	-	44,353	30,922	
Restricted:												
Grants	145,599	-	-	-	-	-	-	-	-	145,599	144,393	
Impact fees	-	-	-	-	717,077	-	-	-	-	717,077	804,699	
Library	-	-	-	-	-	49,078	-	-	-	49,078	32,972	
Recreation	-	-	-	-	-	-	5,225	-	-	5,225	5,238	
Miscellaneous	-	-	-	-	-	-	-	-	12,694	12,694	12,812	
TIF	-	-	-	-	-	-	-	361,961	-	361,961	319,314	
Food services	-	31,625	-	-	-	-	-	-	-	31,625	46,615	
Sewer operations	-	-	1,065,683	75,961	-	-	-	-	-	1,141,644	1,132,505	
Committed:												
TIF	-	-	-	-	-	-	-	340,093	-	340,093	290,763	
Miscellaneous	-	-	-	-	-	-	-	-	884	884	884	
Assigned:												
Library	-	-	-	-	-	10,690	-	-	-	10,690	8,879	
Miscellaneous	-	-	-	-	-	-	-	-	1,973	1,973	1,973	
Unassigned:												
Grants	(7,495)	-	-	-	-	-	-	-	-	(7,495)	-	
Total fund balances	138,104	75,978	1,065,683	75,961	717,077	59,768	5,225	910,187	15,551	3,063,534	3,071,228	
Total liabilities and fund balances	\$ 276,764	205,091	1,065,683	75,961	717,077	59,768	5,225	910,187	15,551	3,331,307	3,273,123	

TOWN OF GORHAM, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the year ended June 30, 2017
(with comparative amounts for the year ended June 30, 2016)

	School Grants Fund	School Lunch Fund	Sewer Operations Fund	Little Falls		Library Fund	Recreation Fund	TIF Fund	Miscellaneous Fund	Totals	
				Sewer Reserve and Loan Fund	Impact Fees Fund					2017	2016
Revenues:											
Taxes	\$ -	-	-	-	-	-	-	439,130	-	439,130	420,669
Intergovernmental:											
Federal grants	993,590	-	-	-	-	-	-	-	-	993,590	834,253
Other state grants	229,063	-	-	-	-	-	-	-	-	229,063	163,773
USDA subsidies	-	356,759	-	-	-	-	-	-	-	356,759	311,530
Total intergovernmental	1,222,653	356,759	-	-	-	-	-	-	-	1,579,412	1,309,556
Charges for services	-	660,811	1,114,752	-	207,894	29,740	-	-	-	2,013,197	1,725,306
Investment income (loss)	-	-	1,106	(571)	-	(311)	(13)	7,956	(118)	8,049	12,240
Other revenues	-	-	-	-	-	5,000	-	-	-	5,000	179,676
Total revenues	1,222,653	1,017,570	1,115,858	(571)	207,894	34,429	(13)	447,086	(118)	4,044,788	3,647,447
Expenditures:											
Current:											
Education	1,228,945	-	-	-	-	-	-	-	-	1,228,945	973,003
Food services	-	1,019,129	-	-	-	-	-	-	-	1,019,129	952,655
Public works - sewer	-	-	1,106,148	-	-	-	-	-	-	1,106,148	1,106,148
Recreation	-	-	-	-	-	16,612	-	-	-	16,612	13,044
Unclassified	-	-	-	-	6,183	-	-	229,808	-	235,991	228,495
Total expenditures	1,228,945	1,019,129	1,106,148	-	6,183	16,612	-	229,808	-	3,606,825	3,273,345
Excess (deficiency) of revenues over (under) expenditures	(6,292)	(1,559)	9,710	(571)	201,711	17,817	(13)	217,278	(118)	437,963	374,102
Other financing sources (uses):											
Transfers in	-	-	-	-	-	100	-	-	-	100	-
Transfers out	-	-	-	-	(289,333)	-	-	(156,427)	-	(445,760)	(113,532)
Total other financing uses	-	-	-	-	(289,333)	100	-	(156,427)	-	(445,660)	(113,532)
Net change in fund balance	(6,292)	(1,559)	9,710	(571)	(87,622)	17,917	(13)	60,851	(118)	(7,697)	260,570
Fund balances, beginning of year	144,396	77,537	1,055,973	76,532	804,699	41,851	5,238	849,336	15,669	3,071,231	2,810,658
Fund balances, end of year	\$ 138,104	75,978	1,065,683	75,961	717,077	59,768	5,225	910,187	15,551	3,063,534	3,071,228

CAPITAL PROJECT FUNDS

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

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

Public Safety Building Capital Project Fund

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

2016 Fire Truck Bond

To account for the purchase of two fire trucks.

2016 Main Street Bond

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

2013 GO Bond Projects

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

2010 GO Bond Projects

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

2016 CIPS School Bond

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

Great Falls Elementary School Project

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

Middle School Project

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

Various School Projects

To account for various maintenance projects for the School Department.

High School Renovation and Expansion Project

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

TOWN OF GORHAM, MAINE
Combining Balance Sheet
Nonmajor Capital Project Funds
June 30, 2017

(with comparative amounts for June 30, 2016)

	2016	2016	2013	2010	2016	Great Falls	Middle	Various	High School	Totals	
	Fire Truck Bond	Main Street Bond	GO Bond Projects	GO Bond Projects	CIPS School Bond	Elementary School Project	School Project	School Projects	Renovation and Expansion	2017	2016
ASSETS											
Cash	\$ 855,048	604,128	-	-	26,302	32,561	-	-	-	1,518,039	2,223,228
Interfund loans receivable	-	-	-	-	-	113,534	-	-	29,238	142,772	182,359
Total assets	\$ 855,048	604,128	-	-	26,302	146,095	-	-	29,238	1,660,811	2,405,587
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable	-	-	-	-	1,518	-	-	-	-	1,518	-
Interfund loans payable	-	-	-	-	23,321	-	344	900	-	24,565	292,782
Total liabilities	-	-	-	-	24,839	-	344	900	-	26,083	292,782
Fund balances (deficit):											
Restricted:											
CIPS School Bond	-	-	-	-	1,463	-	-	-	-	1,463	883,639
Great Falls Elementary School	-	-	-	-	-	146,095	-	-	-	146,095	145,941
Bonded road projects	-	-	-	-	-	-	-	-	-	-	403,739
2013 Fire trucks	-	-	-	-	-	-	-	-	-	-	8,622
2016 Fire trucks	855,048	-	-	-	-	-	-	-	-	855,048	-
Main Street road project	-	604,128	-	-	-	-	-	-	-	604,128	600,785
Little Falls School renovation	-	-	-	-	-	-	-	-	-	-	1,598
Committed:											
High School renovation and expansion	-	-	-	-	-	-	-	-	29,238	29,238	29,780
Unassigned:											
Various school projects	-	-	-	-	-	-	-	(900)	-	(900)	39,045
Middle School project	-	-	-	-	-	-	(344)	-	-	(344)	(344)
Total fund balances (deficit)	855,048	604,128	-	-	1,463	146,095	(344)	(900)	29,238	1,634,728	2,112,805
Total liabilities and fund balances	\$ 855,048	604,128	-	-	26,302	146,095	-	-	29,238	1,660,811	2,405,587

TOWN OF GORHAM, MAINE
Nonmajor Capital Project Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2017
(with comparative amounts for the year ended June 30, 2016)

	2016	2016	2013	2010	2016	Great Falls	Middle	Various	High School	Totals	
	Fire Truck Bond	Main Street Bond	GO Bond Projects	GO Bond Projects	CIPS School Bond	Elementary School Project	School Project	School Projects	Renovation and Expansion	2017	2016
Revenues:											
Investment income	\$ 5,753	3,343	16	650	-	-	-	-	-	9,762	2,693
Other revenue	100,000	-	-	-	385	154	-	-	-	100,539	-
Total revenues	105,753	3,343	16	650	385	154	-	-	-	110,301	2,693
Expenditures:											
Capital improvements:											
Construction and renovation	507,654	-	8,603	404,389	882,561	-	-	39,945	542	1,843,694	292,438
Total capital improvements	507,654	-	8,603	404,389	882,561	-	-	39,945	542	1,843,694	292,438
Total expenditures	507,654	-	8,603	404,389	882,561	-	-	39,945	542	1,843,694	292,438
Excess (deficiency) of revenues over (under) expenditures	(401,901)	3,343	(8,587)	(403,739)	(882,176)	154	-	(39,945)	(542)	(1,733,393)	(289,745)
Other financing sources (uses):											
Issuance of bonds	1,290,000	-	-	-	-	-	-	-	-	1,290,000	1,775,000
Bond premium	55,000	-	-	-	-	-	-	-	-	55,000	21,978
Transfers - out	(88,051)	-	(1,633)	-	-	-	-	-	-	(89,684)	(21,978)
Total other financing sources (uses)	1,256,949	-	(1,633)	-	-	-	-	-	-	1,255,316	1,775,000
Net change in fund balances	855,048	3,343	(10,220)	(403,739)	(882,176)	154	-	(39,945)	(542)	(478,077)	1,485,255
Fund balances (deficit), beginning of year	-	600,785	10,220	403,739	883,639	145,941	(344)	39,045	29,780	2,112,805	627,550
Fund balances (deficit), end of year	\$ 855,048	604,128	-	-	1,463	146,095	(344)	(900)	29,238	1,634,728	2,112,805

PERMANENT FUNDS

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

Cemetery Perpetual Care

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

Parks and Recreation Grounds

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

Baxter Library and Museum

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

Schools

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

Public Purpose and Civic Improvements

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

Miscellaneous

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

**TOWN OF GORHAM, MAINE
Combining Balance Sheet
Nonmajor Permanent Funds
June 30, 2017**

(with comparative amounts for June 30, 2016)

		Cemetery Perpetual Care	Parks and Recreation Grounds	Baxter Library and Museum	Schools	Public Purpose and Civic Improvements	Miscellaneous	Totals	
								2017	2016
ASSETS									
Investments	\$	501,472	12,482	380,185	47,112	14,304	204,064	1,159,619	1,139,684
Interfund loans receivable		2,300	-	-	-	-	-	2,300	12,524
Total assets		503,772	12,482	380,185	47,112	14,304	204,064	1,161,919	1,152,208
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable		7,784	-	-	-	-	-	7,784	5,135
Total liabilities		7,784	-	-	-	-	-	7,784	5,135
Fund balances:									
Nonspendable		495,948	4,125	360,920	5,170	5,000	62,640	933,803	933,457
Restricted		40	8,357	19,265	41,942	9,304	141,424	220,332	213,616
Total fund balances		495,988	12,482	380,185	47,112	14,304	204,064	1,154,135	1,147,073
Total liabilities and and fund balances	\$	503,772	12,482	380,185	47,112	14,304	204,064	1,161,919	1,152,208

TOWN OF GORHAM, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Permanent Funds
For the year ended June 30, 2017
(with comparative amounts for the year ended June 30, 2016)

	Cemetery Perpetual Care	Parks and Recreation Grounds	Baxter Library and Museum	Schools	Public Purpose and Civic Improvements	Miscellaneous	Totals	
							2017	2016
Revenues:								
Investment income	\$ 7,786	196	5,886	738	224	15,683	30,513	10,339
Market loss on investments	(12,440)	(312)	(9,427)	(1,176)	(357)	(4,113)	(27,825)	-
Donations	10,100	-	2,683	-	-	300	13,083	28,089
Total revenues	5,446	(116)	(858)	(438)	(133)	11,870	15,771	38,428
Expenditures:								
Current:								
Other miscellaneous	7,784	-	825	-	-	-	8,609	7,560
Total expenditures	7,784	-	825	-	-	-	8,609	7,560
Excess (deficiency) of revenues over (under) expenditures	(2,338)	(116)	(1,683)	(438)	(133)	11,870	7,162	30,868
Other financing uses:								
Transfers out	-	-	(100)	-	-	-	(100)	-
Total other financing uses	-	-	(100)	-	-	-	(100)	-
Net change in fund balance	(2,338)	(116)	(1,783)	(438)	(133)	11,870	7,062	30,868
Fund balances, beginning of year	498,326	12,598	381,968	47,550	14,437	192,194	1,147,073	1,116,205
Fund balances, end of year	\$ 495,988	12,482	380,185	47,112	14,304	204,064	1,154,135	1,147,073

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.

TOWN OF GORHAM, MAINE
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Agency Funds			Total Agency Funds
	School and Student Activity Funds	Public Safety Activity Funds	Recreation Activity Funds	
ASSETS				
Cash	\$ 308,677	165,817	230	474,724
Interfund receivable	5,934	-	-	5,934
Total assets	314,611	165,817	230	480,658
LIABILITIES				
Due to:				
Student groups	314,611	-	-	314,611
Public safety	-	165,817	-	165,817
Recreation	-	-	230	230
Total liabilities	\$ 314,611	165,817	230	480,658

TOWN OF GORHAM, MAINE
Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2017
(with comparative amounts for June 30, 2016)

	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	2017	2016
ASSETS									
Cash	\$ 219,578	848	19,739	14,054	13,875	39,266	1,317	308,677	291,198
Interfund receivable	5,934	-	-	-	-	-	-	5,934	5,934
Total assets	225,512	848	19,739	14,054	13,875	39,266	1,317	314,611	297,132
LIABILITIES									
Due to student groups	225,512	848	19,739	14,054	13,875	39,266	1,317	314,611	297,132
Total liabilities	\$ 225,512	848	19,739	14,054	13,875	39,266	1,317	314,611	297,132

TOWN OF GORHAM, MAINE
Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2017
(with comparative amounts for June 30, 2016)

	Public Safety Activity Agency Funds				Totals	
	Guns and Hoses Fund	Central Station Auxiliary Fund	S. Windham Fire Company Fund	Presumpscot Valley Hazmat Fund	2017	2016
ASSETS						
Cash	\$ 52,899	2,697	4,151	106,070	165,817	141,312
Total assets	52,899	2,697	4,151	106,070	165,817	141,312
LIABILITIES						
Due to public safety groups	52,899	2,697	4,151	106,070	165,817	141,312
Total liabilities	\$ 52,899	2,697	4,151	106,070	165,817	141,312

TOWN OF GORHAM, MAINE
Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2017
(with comparative amounts for June 30, 2016)

	Recreation Activity Funds		Totals	
	Basketball League Fund		2017	2016
ASSETS				
Cash	\$	230	230	230
Total assets		230	230	230
LIABILITIES				
Due to recreation groups		230	230	230
Total liabilities	\$	230	230	230

TOWN OF GORHAM, MAINE
Combining Statement of Fiduciary Net Position
Private-purpose Trust Funds
June 30, 2017
(with comparative amounts for June 30, 2016)

	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	
								2017	2016
ASSETS									
Investments	\$ 2,437	2,566	6,281	12,299	6,316	10,384	1,825	42,108	44,108
Total assets	2,437	2,566	6,281	12,299	6,316	10,384	1,825	42,108	44,108
LIABILITIES AND NET POSITION									
Liabilities:									
Interfund loan payable	-	-	-	-	-	-	-	-	800
Total liabilities	-	-	-	-	-	-	-	-	800
Net position:									
Principal	2,337	2,486	6,181	12,130	5,000	10,384	1,825	40,343	41,036
Unexpended income	100	80	100	169	1,316	-	-	1,765	2,272
Total net position	2,437	2,566	6,281	12,299	6,316	10,384	1,825	42,108	43,308
Total liabilities and and net position	\$ 2,437	2,566	6,281	12,299	6,316	10,384	1,825	42,108	44,108

TOWN OF GORHAM, MAINE
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Private-purpose Trust Funds
For the year ended June 30, 2017
(with comparative amounts for the year ended June 30, 2016)

	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	
								2017	2016
Additions:									
Investment earnings:									
Interest	\$ 40	40	100	195	109	163	29	676	466
Net increase (decrease) in the fair value of investments	(63)	(63)	(160)	(311)	(173)	(260)	(46)	(1,076)	19
Total additions	(23)	(23)	(60)	(116)	(64)	(97)	(17)	(400)	485
Deductions:									
Current:									
Scholarships awarded	100	-	100	100	500	-	-	800	800
Total deductions	100	-	100	100	500	-	-	800	800
Changes in net position	(123)	(23)	(160)	(216)	(564)	(97)	(17)	(1,200)	(315)
Net position, beginning of year	2,560	2,589	6,441	12,515	6,880	10,481	1,842	43,308	43,623
Net position, end of year	\$ 2,437	2,566	6,281	12,299	6,316	10,384	1,825	42,108	43,308

TOWN OF GORHAM, MAINE
Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2017

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
ASSETS				
Cash and interfund receivables:				
Student activities:				
High School Activity Fund	\$ 218,887	326,576	319,951	225,512
Gorham High School CBE	667	2,879	2,698	848
White Rock Activity Fund	17,456	32,879	30,596	19,739
Narragansett Office	12,854	18,771	17,571	14,054
Village Activity Fund	12,877	25,951	24,953	13,875
Middle School Activity Fund	32,923	69,491	63,148	39,266
GSVP	1,468	3,265	3,416	1,317
Subtotal student activities	297,132	479,812	462,333	314,611
Public safety activities:				
Guns and Hoses Fund	50,522	12,440	10,063	52,899
Central Station Auxiliary Fund	3,145	102	550	2,697
S. Windham Fire Company Fund	4,644	4,166	4,659	4,151
Presumpscot Valley Hazmat Fund	83,001	143,405	120,336	106,070
Subtotal public safety activities	141,312	160,113	135,608	165,817
Recreation activities:				
Men's Basketball League Fund	230	-	-	230
Subtotal recreation activities	230	-	-	230
Total assets	\$ 438,674	639,925	597,941	480,658

TOWN OF GORHAM, MAINE
Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2017

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
LIABILITIES				
Student activities:				
High School Activity Fund	\$ 218,887	326,576	319,951	225,512
Gorham High School CBE	667	2,879	2,698	848
White Rock Activity Fund	17,456	32,879	30,596	19,739
Narragansett Office	12,854	18,771	17,571	14,054
Village Activity Fund	12,877	25,951	24,953	13,875
Middle School Activity Fund	32,923	69,491	63,148	39,266
GSVP	1,468	3,265	3,416	1,317
Subtotal student activities	297,132	479,812	462,333	314,611
Public safety activities:				
Guns and Hoses Fund	50,522	12,440	10,063	52,899
Central Station Auxiliary Fund	3,145	102	550	2,697
S Windham Fire Company Fund	4,644	4,166	4,659	4,151
Presumpscot Valley Hazmat Fund	83,001	143,405	120,336	106,070
Subtotal public safety activities	141,312	160,113	135,608	165,817
Recreation activities:				
Men's Basketball League Fund	230	-	-	230
Subtotal recreation activities	230	-	-	230
Total liabilities	\$ 438,674	639,925	597,941	480,658

STATISTICAL SECTION

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

CONTENTS	PAGE
Financial Trends	127-131
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	132-135
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	136-139
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	140-141
<i>These schedules offer demographic and economic indicators to help the reader understand the environment that the government's financial activity takes place.</i>	
Operating Information	142-144
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

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

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

	<u>2008</u>	<u>2009</u>	<u>2010</u> ¹	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u> ²	<u>2016</u>	<u>2017</u>
Governmental activities:										
Net investment in capital assets	\$ 21,730,596	\$ 33,293,376	\$ 33,076,636	\$ 36,550,035	\$ 38,304,529	\$ 39,771,522	\$ 41,744,384	\$ 42,226,881	\$ 44,482,501	\$ 45,097,589
Restricted	375,446	424,928	16,412,829	1,868,709	3,109,143	3,242,839	3,936,188	3,949,973	4,067,304	4,000,304
Unrestricted	<u>15,039,117</u>	<u>12,982,245</u>	<u>(1,472,158)</u>	<u>11,219,195</u>	<u>11,574,603</u>	<u>9,596,610</u>	<u>9,556,973</u>	<u>9,268,347</u>	<u>10,011,462</u>	<u>10,849,966</u>
Total governmental activities net position	<u>\$ 37,145,159</u>	<u>\$ 46,700,549</u>	<u>\$ 48,017,307</u>	<u>\$ 49,637,939</u>	<u>\$ 52,988,275</u>	<u>\$ 52,610,971</u>	<u>\$ 55,237,545</u>	<u>\$ 55,445,201</u>	<u>\$ 58,561,267</u>	<u>\$ 59,947,859</u>

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

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

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

	<u>2008</u>	<u>2009</u>	<u>2010¹</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015²</u>	<u>2016</u>	<u>2017</u>
Expenses										
Governmental activities:										
General government	\$ 4,262,644	\$ 4,692,737	\$ 4,791,437	\$ 4,787,454	\$ 4,768,295	\$ 4,743,171	\$ 5,045,971	\$ 5,212,457	\$ 5,750,902	\$ 5,487,400
Public safety	3,811,471	3,742,859	3,581,802	3,838,634	3,823,459	3,803,853	4,181,443	3,893,475	4,582,029	4,827,053
Public works	5,531,287	2,781,765	4,540,156	5,376,501	5,041,673	5,401,195	5,430,356	5,159,276	5,300,666	6,115,530
Health and welfare	57,765	87,628	74,469	136,853	149,617	188,183	121,093	50,170	52,100	44,098
Recreation	1,414,399	1,368,309	1,407,246	1,110,653	1,488,702	1,454,250	1,616,165	1,648,025	1,601,851	1,729,112
Development	429,849	495,299	271,516	294,540	296,115	240,178	246,957	240,827	309,488	312,953
Education	32,649,708	32,373,509	34,667,562	34,310,102	34,654,427	35,364,568	35,457,060	36,435,791	37,728,542	39,773,685
Interest on debt	1,226,075	1,250,260	1,387,958	1,878,175	1,472,657	1,310,289	1,260,694	1,218,765	1,231,628	1,157,647
Total governmental activities expenses	<u>49,383,198</u>	<u>46,792,366</u>	<u>50,722,146</u>	<u>51,732,912</u>	<u>51,694,945</u>	<u>52,505,687</u>	<u>53,359,739</u>	<u>53,858,786</u>	<u>56,557,206</u>	<u>59,447,478</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	399,105	470,309	545,365	592,358	547,377	669,844	733,768	710,554	742,951	774,965
Public safety	527,077	617,224	593,483	670,950	633,614	643,240	582,398	635,994	595,448	637,448
Public works	1,454,912	1,584,478	1,476,406	1,550,190	1,504,559	1,518,310	1,592,331	1,522,571	1,605,862	1,634,405
Health and welfare	11,261	11,643	11,305	10,106	11,217	10,454	10,391	9,848	10,373	8,863
Recreation	597,558	634,268	647,758	609,568	677,022	655,906	798,272	792,628	859,864	940,247
Development	98,601	82,050	-	-	-	-	-	-	-	-
Education	632,641	654,443	616,409	595,506	579,531	565,176	585,729	34,928	640,904	694,946
Operating grants and contributions	21,369,835	22,456,840	23,263,805	23,132,157	22,891,354	22,140,676	22,890,431	24,339,847	22,449,423	22,828,112
Capital grants and contributions	775,035	5,518,682	1,306,107	1,796,568	3,316,795	275,574	1,712,233	217,919	2,696,445	1,091,087
Total governmental activities program revenues	<u>25,866,025</u>	<u>32,029,937</u>	<u>28,460,638</u>	<u>28,957,403</u>	<u>30,161,469</u>	<u>26,479,180</u>	<u>28,905,553</u>	<u>28,264,289</u>	<u>29,601,270</u>	<u>28,610,073</u>
Net (expense)/revenue, governmental activities	<u>(23,517,173)</u>	<u>(14,762,429)</u>	<u>(22,261,508)</u>	<u>(22,775,509)</u>	<u>(21,533,476)</u>	<u>(26,026,507)</u>	<u>(24,454,186)</u>	<u>(25,594,497)</u>	<u>(26,955,936)</u>	<u>(30,837,405)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes, levied for general purposes	19,138,898	19,421,626	19,309,185	19,873,946	20,677,988	20,982,710	22,639,056	23,320,184	24,499,792	26,074,860
Payment in lieu of taxes	36,385	91,351	56,684	55,469	57,067	58,207	59,272	58,967	58,688	43,971
Motor vehicle and boat excise taxes	2,486,856	2,403,379	2,374,614	2,385,626	2,425,578	2,618,905	2,860,442	3,034,851	3,272,059	3,515,752
Grants and contributions not restricted to specific programs:										
Homestead exemption	309,050	306,543	303,353	259,083	263,253	260,833	273,331	273,442	287,369	435,362
BETE reimbursement	-	78,942	131,103	163,110	161,074	189,602	180,676	215,861	292,684	305,366
Other state aid	39,204	29,003	28,486	26,611	41,956	41,769	41,730	40,914	40,755	38,785
State revenue sharing	1,389,770	1,326,817	1,131,755	1,116,472	1,124,259	1,105,086	784,766	731,086	780,829	738,529
Unrestricted investment earnings	501,024	224,431	216,622	188,676	87,250	100,293	91,407	118,144	128,724	200,467
Miscellaneous revenues	739,880	435,727	148,644	259,356	254,434	288,815	308,262	262,310	421,513	645,630
Sale of property	-	-	-	67,792	12,961	2,983	14,918	2,000	289,589	225,455
Total governmental activities	<u>24,641,067</u>	<u>24,317,819</u>	<u>23,700,446</u>	<u>24,396,141</u>	<u>25,105,820</u>	<u>25,649,203</u>	<u>27,253,860</u>	<u>28,057,759</u>	<u>30,072,002</u>	<u>32,224,177</u>
Change in Net Position										
Governmental activities	\$ <u>1,123,894</u>	\$ <u>9,555,390</u>	\$ <u>1,438,938</u>	\$ <u>1,620,632</u>	\$ <u>3,572,344</u>	\$ <u>(377,304)</u>	\$ <u>2,799,674</u>	\$ <u>2,463,262</u>	\$ <u>3,116,066</u>	\$ <u>1,386,772</u>

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

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

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

Fiscal Year	Property Taxes	Interest and Costs on Taxes	Excise Taxes	Total
2008	\$ 19,007,098	96,264	2,486,856	21,590,218
2009	19,245,826	79,229	2,403,379	21,728,434
2010	19,309,185	119,141	2,374,614	21,802,940
2011	19,873,946	118,218	2,385,626	22,377,790
2012	20,677,988	51,884	2,425,578	23,155,450
2013	20,982,710	78,623	2,618,905	23,680,238
2014	22,639,056	69,969	2,860,442	25,569,467
2015	23,320,184	81,731	3,034,851	26,436,766
2016	24,499,792	74,179	3,272,059	27,846,030
2017	26,074,860	72,936	3,515,752	29,663,548

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund										
Nonspendable										
Noncurrent receivables	\$ 10,535	\$ 9,319	\$ 8,509	\$ 7,698	\$ 6,888	\$ 6,078	\$ 2,634	\$ 2,228	\$ 1,823	\$ 1,418
Prepaid items	-	-	-	-	2,097	105,687	212,149	228,091	144,676	140,814
Inventory ²	16,753	58,646	65,126	66,266	35,848	43,068	79,362	70,300	47,988	26,185
Restricted										
General government purposes	-	-	-	-	-	-	15,006	26,751	31,099	29,900
Public safety operations	-	-	192,996	201,653	149,347	164,996	151,483	194,803	200,241	137,066
Public works operations	-	-	91,992	93,761	100,476	106,425	179,875	176,551	149,987	160,844
Recreation operations	-	-	2,108	2,108	750	750	7,359	10,965	9,434	9,103
Committed										
General government purposes	-	-	545,620	545,620	314,731	104,006	310,677	363,659	652,000	855,966
Public safety operations	-	-	-	-	-	-	24,760	11,604	46,313	159,562
Public works operations	-	-	-	-	-	-	83,827	148,930	308,509	952,792
Recreation operations	-	-	-	-	-	-	60,342	229,208	120,151	254,767
Other purposes	-	-	145,015	219,257	98,191	754,600	-	-	-	-
Assigned										
Capital funding	691,231	541,862	1,128,800	139,220	1,721,034	466,800	1,005,423	1,130,012	1,344,000	1,394,848
Encumbrances	296,508	61,996	222,092	161,130	259,911	445,389	277,951	256,426	544,638	398,907
General government purposes	-	-	628,858	666,191	540,298	550,638	492,432	795,656	408,959	326,572
Public safety operations	-	-	365,256	208,642	171,468	187,318	147,693	172,952	165,258	148,410
Public works operations	-	-	567,559	585,374	618,224	510,559	649,994	607,394	793,465	155,574
Recreation operations	-	-	272,649	291,377	281,296	301,141	321,926	237,986	258,284	317,634
Economic development	-	-	75,316	75,316	77,100	85,399	82,899	82,899	75,124	72,993
Insurance and employee benefits	-	-	532,767	519,941	518,408	567,789	537,873	904,144	1,061,822	1,048,933
Other purposes	-	-	686,340	336,048	379,753	309,499	-	-	-	2,294
Capital reserves	3,172,519	3,515,695	-	-	-	-	-	-	-	-
Compensated absences	295,344	316,262	320,086	335,706	360,078	369,162	376,121	396,688	411,255	457,563
Unassigned	5,837,508	6,029,809	5,334,899	6,508,046	5,687,098	6,491,317	6,567,745	6,708,673	7,011,371	7,884,367
Total General Fund	<u>\$ 10,320,398</u>	<u>\$ 10,533,589</u>	<u>\$ 11,185,988</u>	<u>\$ 10,963,354</u>	<u>\$ 11,322,996</u>	<u>\$ 11,570,621</u>	<u>\$ 11,587,531</u>	<u>\$ 12,755,920</u>	<u>\$ 13,786,397</u>	<u>\$ 14,936,512</u>
All other governmental funds										
Nonspendable										
Special revenue funds	\$ 35,253	\$ 101,853	\$ 182,352	\$ 170,149	\$ 184,540	\$ 145,908	\$ 169,010	\$ 203,776	\$ 270,181	\$ 252,486
Permanent funds	375,446	424,928	513,326	524,205	524,988	538,345	746,715	905,102	933,457	933,803
Restricted										
Special revenue funds	997,803	1,344,305	1,419,004	1,130,992	2,364,016	2,499,236	2,627,725	2,424,698	2,498,548	2,464,903
Capital project funds	3,882,761	-	14,264,545 ³	3,807,139	738,721	559,273	1,056,815	5,382,372 ³	2,290,650	1,739,594
Permanent funds	214,008	198,362	215,954	213,512	220,139	205,258	208,025	211,103	213,616	220,332
Committed										
Special revenue funds	1,388,842	1,543,348	1,536,304	1,561,139	237,637	99,629	106,714	177,822	291,647	340,977
Capital project funds	58,834	146,956	43,183	240,851	39,045	82,982	68,825	68,825	68,825	29,238
Assigned										
Special revenue funds	347,771	714,805	885,155	429,115	1,070,699	305,307	10,396	9,527	10,852	12,663
Unassigned										
Special revenue funds	(1,916,952)	(1,361,516)	(1,784,809)	(1,107,297)	(1,649,257)	(1,606,033)	(872,680)	(604,072)	(720,751)	(805,304)
Total all other governmental funds	<u>\$ 5,383,766</u>	<u>\$ 3,113,041</u>	<u>\$ 17,275,014</u>	<u>\$ 6,969,805</u>	<u>\$ 3,730,528</u>	<u>\$ 2,829,905</u>	<u>\$ 4,121,545</u>	<u>\$ 8,779,153</u>	<u>\$ 5,857,025</u>	<u>\$ 5,188,692</u>

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

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

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

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues										
Taxes	\$ 21,590,218	\$ 21,728,434	\$ 21,768,640	\$ 22,631,090	\$ 23,040,600	\$ 23,806,646	\$ 25,447,669	\$ 26,429,236	\$ 27,906,699	\$ 29,657,648
Licenses and permits	282,421	277,563	300,923	548,938	527,362	644,599	691,597	674,697	684,459	728,782
Intergovernmental	22,781,117	23,900,879	24,423,021	24,630,449	24,356,593	23,642,623	23,896,480	24,505,354	23,951,677	24,498,894
Investment income ¹	404,760	145,202	98,943	-	-	-	-	-	-	-
Charges for services	2,300,477	2,556,325	2,425,130	3,047,229	2,851,781	2,862,119	3,030,321	2,461,337	3,837,878	3,992,123
Unclassified	2,255,787	2,251,650	2,195,366	1,152,994	1,230,525	1,189,455	1,266,969	2,050,794	807,468 ²	1,085,637
Total revenues	<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>	<u>56,121,418</u>	<u>57,188,181</u>	<u>59,963,084</u>
Expenditures										
General government	3,800,490	3,846,027	4,060,023	3,945,945	3,864,910	3,917,516	4,082,567	4,216,477	4,713,140	4,964,782
Public safety	3,254,798	3,395,235	3,295,577	3,401,184	3,548,053	3,483,363	3,708,786	3,765,789	4,063,172	4,548,080
Public works	3,496,519	3,103,513	3,308,541	3,394,776	3,318,793	3,375,294	3,467,186	3,314,864	3,980,162	4,616,022
Health and welfare	57,765	87,628	74,469	136,853	149,617	188,183	121,093	50,170	52,100	44,098
Recreation	1,215,668	1,187,799	1,202,986	1,245,047	1,305,319	1,275,146	1,458,993	1,514,686	1,685,202	1,599,650
Economic development	241,787	221,348	321,323	61,666	63,216	59,701	73,970	68,674	80,993	76,962
Public agencies	-	-	-	28,484	28,276	26,646	30,018	29,878	32,361	44,269
Unclassified	1,374,541	1,297,684	229,345	605,948	544,860	404,876	490,165	534,140	479,585	421,718
Education	30,034,275	30,748,351	33,329,869	32,992,753	32,933,772	33,009,864	34,130,460	35,274,132	36,159,730	37,827,413
Debt service										
Principal	2,674,650	2,664,650	2,609,650	2,404,650	3,520,000	3,593,125	3,653,125	3,148,125	3,378,125	3,438,125
Interest	1,198,483	1,305,978	1,235,485	1,852,572	1,548,720	1,361,973	1,308,722	1,230,211	1,331,006	1,398,168
Capital maintenance	151,694	598,297	713,962	983,754	586,728	418,072	214,165	827,997	65,411	69,976
Capital improvements	3,731,353	4,527,450	6,533,337	15,247,703	3,643,362	1,684,681	2,084,346	1,595,529	5,023,751	2,036,740
Total expenditures	<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>	<u>55,570,672</u>	<u>61,044,738</u>	<u>61,086,003</u>
Other financing sources (uses)										
Issuance of capital leases	151,694	74,639	146,972	312,792	169,130	-	399,110	136,208	167,928	159,710
Issuance of bonds	4,000,000	-	20,384,680	3,450,000	-	-	-	5,139,043	1,775,000	1,290,000
Bond premium	-	-	-	-	-	-	-	-	21,978	55,000
Transfers in	14,727,079	14,349,706	14,101,181	13,491,112	13,709,200	14,093,904	15,171,646	15,784,224	16,182,196	17,852,299
Transfers out	(14,727,079)	(14,349,706)	(14,101,181)	(13,491,112)	(13,709,200)	(14,093,904)	(15,171,646)	(15,784,224)	(16,182,196)	(17,852,299)
Issuance of refunding bonds	-	-	-	-	-	-	-	-	-	11,480,000
Premium on refunding bonds issued	-	-	-	-	-	-	-	-	-	1,563,829
Payment to refunding bond escrow agent	-	-	-	-	-	-	-	-	-	(12,943,658)
Total other financing sources (uses)	<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>	<u>5,275,251</u>	<u>1,964,906</u>	<u>1,604,881</u>
Net change in fund balances	\$ 2,534,451	\$ (2,049,268)	\$ 14,829,108	\$ (10,527,843)	\$ (2,879,635)	\$ (652,998)	\$ (91,450)	\$ 5,825,997	\$ (1,891,651)	\$ 481,962
Debt service as a percentage of noncapital expenditures	8.0%	9.6%	7.8%	8.6%	10.6%	9.6%	9.7%	8.2%	8.9%	8.4%

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

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

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

Fiscal Year Ended June 30	Real Property		Personal Property	Less Tax Exempt Real Property	Total Taxable Assessed Value ¹	Total Direct Tax Rate	State Equalized Value ²	Assessed Value as a Percentage of Equalized Value
	Residential Property	Commercial Property						
2008	1,098,762,800	324,401,000	49,657,400	274,295,100	1,198,526,100	15.41	1,487,700,000	80.6%
2009	1,128,282,000	313,801,500	49,080,200	275,472,200	1,215,691,500	15.38	1,492,250,000	81.5%
2010	1,136,006,800	307,125,800	48,405,200	275,176,000	1,216,361,800	15.26	1,443,450,000	84.3%
2011	1,054,053,000	423,117,200	45,804,100	270,335,500	1,252,638,800	15.30	1,432,100,000	87.5%
2012	1,073,578,500	423,490,100	42,087,400	269,169,500	1,269,986,500	15.69	1,445,250,000	87.9%
2013	1,082,943,100	469,042,200	36,987,600	298,546,200	1,290,426,700	15.66	1,409,850,000	91.5%
2014	1,092,702,600	474,477,300	41,245,100	298,885,300	1,309,539,700	16.63	1,420,400,000	92.2%
2015	1,119,027,500	478,491,000	45,522,400	300,865,900	1,342,175,000	16.72	1,467,850,000	91.4%
2016	1,242,064,900	526,927,200	42,871,100	306,787,900	1,505,075,300	15.65	1,541,700,000	97.6%
2017	1,271,758,600	539,898,808	45,349,524	323,722,210	1,533,284,722	16.34	1,602,450,000	95.7%

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	
2008	4.95	10.46	15.41	0.59	16.00
2009	4.98	10.40	15.38	0.62	16.00
2010	5.17	10.09	15.26	0.64	15.90
2011	5.25	10.05	15.30	0.60	15.90
2012	5.46	10.23	15.69	0.61	16.30
2013	5.27	10.39	15.66	0.64	16.30
2014	5.41	11.22	16.63	0.67	17.30
2015	5.47	11.25	16.72	0.68	17.40
2016	5.24	10.41	15.65	0.65	16.30
2017	5.38	10.96	16.34	0.66	17.00

Source: Gorham Assessing office

Table 8

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

Taxpayer	2017			2008		
	Current year assessed value	Rank	Percentage of total assessed value	Current year assessed value	Rank	Percentage of total assessed value
Central Maine Power Co.	\$ 84,173,598	1	5.49%	\$ 19,112,900	1	1.59%
New Portland Road Realty LLC (formerly known as Gorham House)	13,137,400	2	0.86%	10,695,300	4	0.89%
Nappi Distributors	10,412,000	3	0.68%	10,794,000	3	0.90%
Scott Paper	7,998,400	4	0.52%	7,336,700	7	0.61%
Maine Mobile Homes LTD	7,753,100	5	0.51%	6,444,600	8	0.54%
Maritimes & NE Pipeline	7,713,300	6	0.50%	7,938,900	6	0.66%
Gorham Savings Bank	7,616,500	7	0.50%	10,422,000	5	0.87%
Hannaford Brothers	6,555,400	8	0.43%	6,100,800	9	0.51%
Maine Natural Gas LLC	6,166,800	9	0.40%			
Village Square Housing Corp	5,991,300	10	0.39%			
Grondin, R J & Phillip				15,279,500	2	1.27%
Shaw Brothers Construction Co.				6,096,700	10	0.51%
Totals	\$ 157,517,798		10.47%	\$ 100,221,400		8.35%

Source: Cumberland County Assessing office

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

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year 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
2008	19,215,434	18,541,490	96.5%	664,486	19,205,976	100.0%
2009	19,458,932	18,646,974	95.8%	802,920	19,449,894	100.0%
2010	19,359,897	18,705,614	96.6%	642,189	19,347,803	99.9%
2011	19,926,919	19,368,870	97.2%	516,903	19,885,773	99.8%
2012	20,705,124	19,968,524	96.4%	706,965	20,675,489	99.9%
2013	21,037,690	20,488,787	97.4%	533,006	21,021,793	99.9%
2014	22,661,472	21,966,820	96.9%	669,174	22,635,994	99.9%
2015	23,364,012	22,663,613	97.0%	662,756	23,326,369	99.8%
2016	24,538,607	23,819,148	97.1%	553,552	24,372,700	99.3%
2017	26,102,071	25,447,396	97.5%	-	25,447,396	97.5%

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			
2008	\$ 31,398,950	-	833,367	32,232,317	9.78%	2,071
2009	28,734,300	-	555,342	29,289,642	8.89%	1,882
2010	46,509,330	-	429,878	46,939,208	14.24%	3,016
2011	47,554,680	-	427,866	47,982,546	11.61%	2,929
2012	45,339,066	220,336	425,265	45,984,667	11.13%	2,807
2013	41,618,288	217,603	288,820	42,124,711	10.19%	2,572
2014	39,237,510	213,650	481,939	39,933,099	9.66%	2,438
2015	41,100,775	212,574	416,060	41,729,409	10.10%	2,547
2016	39,384,157	210,642	404,010	39,998,809	9.68%	2,442
2017	37,047,529	204,621	372,207	37,624,357	9.10%	2,297

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

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

² The 2012, 2013, 2014, 2015, 2016, and 2017 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
2008	\$ 31,398,950	2.11%	2,018
2009	28,734,300	1.93%	1,846
2010	46,509,330	3.22%	2,988
2011	47,554,680	3.32%	2,903
2012	45,339,066	3.14%	2,768
2013	41,618,288	2.95%	2,541
2014	39,237,510	2.76%	2,395
2015	41,100,775	2.80%	2,509
2016	39,384,157	2.55%	2,404
2017	37,047,529	2.31%	2,262

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

Amount for 2012-2017 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, 2017

Jurisdiction	Total debt outstanding	Percentage applicable to Gorham	Amount applicable to Gorham
Direct debt:			
Town of Gorham	\$ 37,252,150	100.00%	37,252,150
Overlapping debt:			
Cumberland County	37,435,000	3.80%	1,423,539
Portland Water District - sewer shared with Windham	3,879,700	70.44%	2,732,802
Portland Water District - sewer shared with Windham and Westbrook	3,848,290	17.91%	689,275
Portland Water District - water debt	45,980,073	5.72%	2,630,060
Subtotal overlapping debt:			7,475,676
Total direct and overlapping debt:			\$ 44,727,826

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

Source: Jurisdictions' finance department.

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

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

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
2008	\$ 223,155,000	31,398,950	191,756,050	14.07%
2009	223,837,500	28,734,300	195,103,200	12.84%
2010	216,517,500	46,509,330	170,008,170	21.48%
2011	214,815,000	47,554,680	167,260,320	22.14%
2012	216,787,500	45,339,066	171,448,434	20.91%
2013	211,477,500	41,618,288	169,859,212	19.68%
2014	213,060,000	39,237,510	173,822,490	18.42%
2015	220,177,500	41,100,775	179,076,725	18.67%
2016	231,255,000	39,384,157	191,870,843	17.03%
2017	240,367,500	37,047,529	203,319,971	15.41%

Legal Debt Margin Calculation for Fiscal Year 2017

	Outstanding bonds and notes	Percent of state assessed value of \$ 1,602,450,000	Allowable Amount	Margin
For school purposes	\$ 21,606,133	10.00%	\$ 160,245,000	\$ 138,638,867
For storm or sanitary sewer purposes	-	7.50%	120,183,750	120,183,750
For municipal, airport, water, and special district purposes	-	3.00%	48,073,500	48,073,500
For all other purposes	15,441,396	7.50%	120,183,750	104,742,354
Total	\$ 37,047,529	15.00%	\$ 240,367,500	\$ 203,319,971

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
2008	15,563	329,530,962	21,174	34.3	2,713	3.60%
2009	15,563	329,530,962	21,174	34.3	2,693	5.80%
2010	15,563	329,530,962	21,174	34.3	2,647	6.10%
2011	16,381	413,276,249	25,229	38.0	2,652	5.80%
2012	16,381	413,276,249	25,229	38.0	2,697	6.30%
2013	16,381	413,276,249	25,229	38.0	2,691	5.60%
2014	16,381	413,276,249	25,229	38.0	2,666	4.20%
2015	16,381	413,276,249	25,229	38.0	2,631	3.40%
2016	16,381	413,276,249	25,229	38.0	2,660	3.30%
2017	16,381	413,276,249	25,229	38.0	2,721	2.80%

Data Source

¹ U.S. Dept. of Commerce, Bureau of Census
2008 is based on July Census estimates.
The 2009 and 2010 figures are the July 1, 2008 estimate from the Bureau of Census.
The 2011-2017 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

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

Employer	2017 ¹			2008		
	Employees	Rank	Percentage of Gorham's Labor Force	Employees	Rank	Percentage of Gorham's Labor Force
Town of Gorham: School/Municipal	524	1	4.9%	589	2	6.3%
University of Southern Maine*	312	2	2.9%	615	1	6.6%
New Portland Road Realty LLC (formerly known as Gorham House)	260	3	2.4%	216	3	2.3%
Nappi Distributors	215	4	2.0%	184	5	2.0%
Shaw Brothers Construction, Inc.	214	5	2.0%	120	8	1.3%
Hannaford Brothers	152	6	1.4%	175	6	1.9%
Irwin Industrial Tool (formerly American Tool)	150	7	1.4%	210	4	2.3%
R. J. Grondin	135	8	1.3%	144	7	1.5%
Yotul Stove, Inc.	92	9	0.9%			
Gorham Savings Bank	88	10	0.8%	94	9	1.0%
Maine Rubber International				89	10	1.0%
Totals	<u>2,142</u>		20.2%	<u>2,436</u>		26.2%

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

¹ Labor force figure was for June 2017 and provided by the Maine Department of Labor.

* Gorham campus only.

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

Function	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Government	16.5	15.5	15.5	19.0	17.5	17.5	18.0	18.0	17.0	17.0
Public Safety:										
Police:										
Officers	22.0	23.0	23.0	23.0	23.0	23.0	23.5	23.0	23.0	24.0
Civilians	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.5	2.5	2.5
Fire:										
Firefighters and EMT's	13.0	13.0	13.0	13.0	12.0	12.0	12.0	12.5	12.5	12.5
Civilians	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Public Works	21.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	18.0	20.0
Recreation	17.0	16.0	14.3	14.0	14.0	14.0	16.0	16.0	16.0	16.0
Development ¹	4.5	4.5	4.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total	99.0	96.0	94.3	94.0	91.5	91.5	94.5	95.0	93.0	96.0

¹ Planning department employees have become part of the general government category in 2011.

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

Function	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Government:										
Building permits: ²										
Single family	64	30	41	58	63	43	75	67	66	84
Condos	4	5	0	4	5	4	4	13	2	19
Commercial	22	18	17	14	19	38	44	43	23	32
Total number permits issued	1,025	n/a	n/a	941	917	966	1,079	1,116	1,141	1,334
Public Safety:										
Police:										
Number of calls for service	16,303	18,245	18,473	18,781	15,335	17,137	17,411	13,702	12,999	15,048
Number of physical arrests	423	782	771	734	777	738	648	622	452	409
Number of summons and warnings	2,960	3,674	3,621	2,725	2,301	1,906	2,059	2,004	1,871	1,545
Parking tickets issued	245	269	391	180	112	117	110	62	88	68
Number of accidents investigated	544	555	519	449	482	455	420	596	432	709
Fire:										
Number of fire and rescue calls	2,352	2,102	2,549	2,807	2,815	2,728	2,732	2,589	2,664	2,922
Number of fire hydrants	281	286	292	292	296	296	304	310	316	316
Number of fire ponds	69	69	70	71	71	71	71	71	71	71
Public Works:										
Number of roads maintained	274	276	278	283	287	288	290	290	290	297
Lane miles of roads maintained	280.3	282.2	283.1	286.7	290.7	291.0	292.8	292.8	293	296
Acres of public area maintained	113.1	113.1	113.1	113.1	129.19	154.65	154.65	154.65	155	155
Acres of cemeteries maintained	29.9	30.1	30.1	30.1	30.02	30.03	30.12	30.12	30	30
Tons of residential solid waste	2,235	2,304	2,166	2,099	2,155	2,154	2,233	2,331	2,400	2,605
Tons of waste recycled	1,421	1,444	1,200	1,246	1,266	1,314	1,266	1,260	1,226	1,222
Recreation:										
Library:										
Number of items circulated	101,158	109,409	116,050	114,309	114,159	115,826	#####	#####	#####	#####

Sources: Various town departments.

¹ Information reported for each fiscal year is for prior year's activity. Therefore, the fiscal year 2017 information is for activity in 2016.

² 2008-2011 figures shown are based on calendar year. 2012-2017 figures are based on fiscal year.

n/a = data not available

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

Function	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Public Safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	13	13	13	13	19	19	19	19	19	20
Fire stations	6	6	6	6	6	6	6	6	7	7
Public Works:										
Streets (miles)	280.3	282.2	283.1	286.7	290.7	291.0	292.8	292.8	292.8	295.9
Street lights	381	385	385	389	392	395	405	405	405	437
Traffic signals/blinkers	11	11	11	11	11	11	11	11	11	11
Cemeteries	10	12	12	12	12	12	12	12	12	12
Recreation:										
Libraries	3	3	3	3	3	2	2	2	2	2
Parks acreage	211.3	211.3	211.3	211.3	211.3	211.3	211.3	211.3	211.3	211.3
Parks	5	5	5	5	5	5	5	5	5	5
Tennis courts	7	7	7	7	7	7	7	7	7	7
Outdoor basketball courts	5	5	5	5	5	5	5	5	5	5

Sources: Various town departments.

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