

TOWN OF GORHAM, MAINE

Comprehensive Annual Financial Report
For Fiscal Year Ended
June 30, 2018



Shaw Park through the Seasons
~Photos courtesy of GOCAM~

TOWN OF GORHAM, MAINE

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2018

Prepared by:

Sharon LaFlamme, Finance Director

TOWN OF GORHAM, MAINE
Comprehensive Annual Financial Report
June 30, 2018

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INTRODUCTORY SECTION

Town of Gorham

Finance Department
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December 19, 2018

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, 2018 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 the annual audit for fiscal year ending June 30, 2018 for the Town Council. 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, 2018, 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 must submit to the Town Manager the Schools' budget request in both budget category summary and in detailed analysis on or before 70 days prior to the first day of each fiscal year. 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 2017-2018 is \$1,570,284,293 (excludes the valuation attributable to the State Homestead Exemption and BETE personal property reimbursement), resulting in an increase of about 2.4% from the 2016-2017 total taxable valuation. Approximately 18% 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 97.5% for last fiscal year and 97.4% for this fiscal year. The Town's legal debt margin is set by State law at 15% of its state assessed value. Currently, the Town's outstanding debt is 2.0% of the state assessed value.

During fiscal year 2018, the Code Office issued permits for 101 single-family/condo dwellings and 33 commercial/institutional structures. The department issued a total of 1,391 permits during fiscal year 2018.

On September 1, 2017, the Town's manager, David Cole, retired after over 23 years of being the Town of Gorham's Town Manager. We appreciate his service and contributions to the Town. On the same day the Town welcomed the new Town Manager, Ephrem Paraschak. He comes to the Town with over 10 years of experience as a Town Manager.

During fiscal year 2018, the Town contracted with the Cumberland County Regional Assessing to manage the Town's assessing functions due to the retirement of the Town Assessor. This arrangement was a great success for the first year and the contract has been renewed for fiscal year 2019.

The Town met with Greater Portland METRO to add a new bus line to run from the Gorham USM Campus to Westbrook and Portland. There is at least one stop in each direction within easy walking distance of the Village Center. This service launched on August 27, 2018.

During fiscal year 2018, the Town of Gorham continued to experience growth in businesses. Grand openings were held for the new Sebago Brewing Company and TNT Quickstop buildings. Construction started on the Railroad Avenue LLC project to build a 5 story multi-use building with approximately 40 residential apartments with commercial property on the ground floor and top floor. Two manufacturing companies, National Attachment and The Bait Lady, have buildings under construction.

The Town of Gorham opened two new multi-purpose fields with parking in the Little Falls Recreation Area. The Town continued with the construction of the third multi-purpose field set to open in FY 2019. This improvement to the Little Falls Recreation Area was funded by the recreation area impact fees.

Fiscal Year 2018 Budget

The Town of Gorham's gross budget for 2018 showed an increase of 3.7% from 2017. The gross budget increased by 1,861,134 and the mil rate increased from \$17.00 in fiscal year 2017 to \$17.10 in fiscal year 2018.

The following is a comparison of the fiscal year 2017 mil rate to the fiscal year 2018 mil rate.

| | Fiscal year 2017 | Fiscal year 2018 | \$ Incr/(Decr) | % Chg |
|-------------------|------------------|------------------|----------------|--------|
| Town's Tax Rate | \$ 5.38 | \$ 5.37 | (\$0.01) | -0.19% |
| School's Tax Rate | \$10.96 | \$11.04 | \$0.08 | 0.73% |
| County's Tax Rate | \$ 0.66 | \$ 0.69 | \$0.03 | 4.55% |

This is the 13th 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 \$461,596 or 3.4%. The major increases were due to an additional cost for the METRO, a new position for a Recreation Programmer, additional expenses at the new Little Falls Recreation Area, and increased debt service due to addition of the \$1,290,000 fire truck bond.

The Town's non-property tax revenues also saw an increase of 4.3%. The major increase was the result of a \$220,000 increase in auto excise. There was also an increase in recreation fees of \$53,100, which is funded from recreation reimbursable to cover the new Recreation Programmer position.

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 \$173,211 or 2.4%.

The School gross expenditure budget of \$37,621,592 increased by \$1,330,414 or 3.7%. The major increase in this budget was the result of increases in salaries due to contractual obligations, the addition of six teachers and four Ed Tech III positions, and an increase in regular instruction for K-5 5th "Special" for required common planning time.

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 2018, there was \$1,394,848 in funds available for allocation to capital equipment and capital project needs. On June 6, 2017, the Town Council approved the use of \$1,394,848 excess unassigned fund balance for the following purposes:

- \$62,000 to repair and upgrade fuel depot;
- \$144,000 to replace 6-wheel plow truck;
- \$60,000 to replace pipe arch culvert on Buck Street;
- \$54,000 to replace corrugated metal pipe culvert on Dingley Spring Road;
- \$18,000 for a consultant to evaluate/negotiate new cable TV franchise agreement;

- \$49,000 to replace 7 air pack breathing units;
- \$8,500 to replace fence/guard rail and extend electricity at Shaw Park;
- \$12,000 to update cemetery information;
- \$25,000 for pedestrian trail from New Portland Road to Libby Avenue;
- \$10,000 to purchase a stormwater data collection compliance program;
- \$117,000 to extend fiber optic line to Public Works;
- \$5,348 to be allocated at a later date by the Town Council;
- \$830,000 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, 2017. This was the 15th year in a row that the Town 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, Ephrem Paraschak, 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

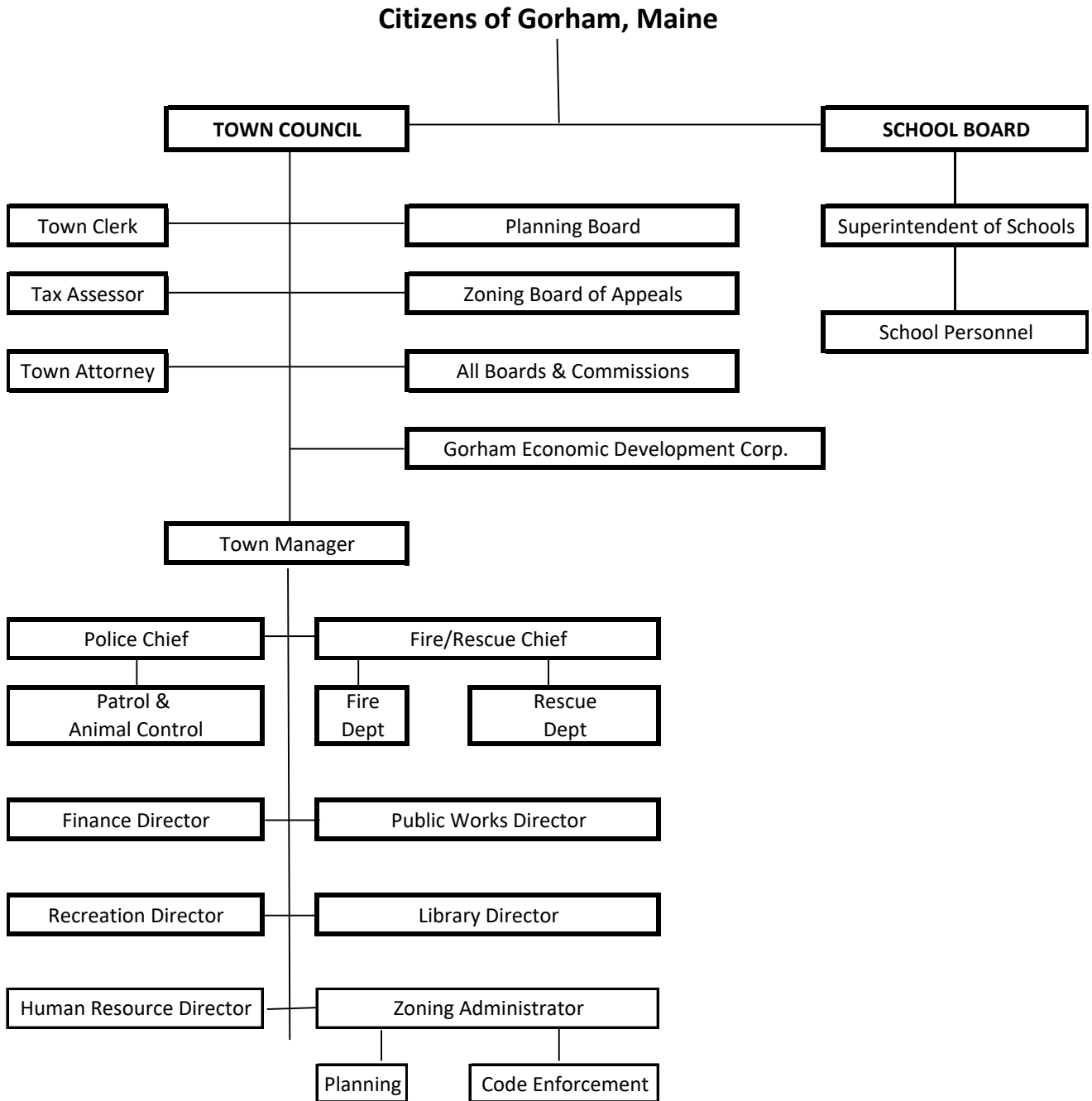
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

Town of Gorham, Maine Organizational Chart



TOWN OF GORHAM, MAINE
List of Principal Officials
June 30, 2018

Benjamin Hartwell, Chairman, Town Council

| | |
|-------------------------------|-----------------|
| Sherrie Benner, Vice Chairman | Paul Smith |
| Marla Stelk | James Hager Jr. |
| Suzanne Phillips | Ronald Shepard |

Ephrem Paraschak, Town Manager

| | |
|--|---|
| Laurie Nordfors, Town Clerk | 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 |
| Christie Young, Human Resource Director | Thomas E. Ellsworth, Econ. Dev. Dir. |

Renee Lachapelle, Cumberland County Tax Assessor

Darryl B. Wright, Chairman, School Board

| | |
|------------------------------------|--------------------|
| Stewart McCallister, Vice Chairman | William Benson |
| Kyle Currier | Kate Livingston |
| Dennis Libby | Jennifer Whitehead |

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, 2018, 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, 2018, 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.

Change in Accounting Principle

As described on page 82 in the notes to basic financial statements, in 2018, the Town adopted new accounting guidance, GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in Town's total health plan OPEB liability and related ratios, schedule of Town's proportionate share of the net OPEB liability, schedule of Town OPEB contributions, schedule of Town's proportionate share of the net pension liability, and schedule of Town 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.

Town Council
Town of Gorham, Maine

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.

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 19, 2018 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 19, 2018
South Portland, Maine

TOWN OF GORHAM, MAINE
Management's Discussion and Analysis
For the year ended June 30, 2018

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, 2018. 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 \$61,001,316, an increase of \$2,411,513 or 4.12%, when compared to the restated beginning net position figure of \$58,589,803.
- The ending fund balance for Governmental Funds is \$19,904,032. The revenues and other financing sources exceeded expenditures and other financing uses by \$377,880.
- The General Fund's ending fund balance is \$15,592,204, an increase of \$655,692 from the prior year's ending fund balance of \$14,936,512. Of the \$15,592,204, only \$7,846,520 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, 2018 was \$6,471,482 or 11.8% of the total fiscal year 2019 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 \$1,051,114 to allocate to the Capital Part II budget during the fiscal year 2020 budget process.
- The Town of Gorham's general obligation debt decreased by \$3,468,125 or 9.7% 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 Government-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 statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

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

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

- *Governmental activities* – Most of the Town's basic services are included here (except fiduciary funds), such as the police, fire, public works, education, and general administration. Property taxes and state and federal grants finance most of these activities.
- *Business-type activities* – The Town of Gorham currently 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.

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

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

Reporting the Town as a Whole

Net Position

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

| | <u>Governmental Activities</u> | | | |
|----------------------------------|--------------------------------|--------------------------|--------------------|-----------------|
| | <u>2018</u> | <u>Restated 2017</u> | <u>\$ Change</u> | <u>% Change</u> |
| Current and other assets | \$ 31,590,043 | 28,880,029 | 2,710,014 | 9.38% |
| Capital assets, net | 78,571,772 | 80,419,217 | (1,847,445) | -2.30% |
| Total assets | <u>110,161,815</u> | <u>109,299,246</u> | <u>862,569</u> | 0.79% |
| Deferred outflows of resources | <u>1,643,340</u> | <u>2,306,284</u> | <u>(662,944)</u> | -28.75% |
| Long-term debt outstanding | 38,753,175 | 43,604,663 | (4,851,488) | -11.13% |
| Other liabilities | <u>11,221,200</u> | <u>8,911,235</u> | <u>2,309,965</u> | 25.92% |
| Total liabilities | <u>49,974,375</u> | <u>52,515,898</u> | <u>(2,541,523)</u> | -4.84% |
| Deferred inflows of resources | <u>829,464</u> | <u>499,829</u> | <u>329,635</u> | 65.95% |
| Net investment in capital assets | 45,751,261 | 45,097,589 | 653,672 | 1.45% |
| Restricted | 3,740,750 | 4,208,437 | (467,687) | -11.11% |
| Unrestricted | <u>11,509,305</u> | <u>9,283,777</u> | <u>2,225,528</u> | 23.97% |
| Total net position | <u>\$ 61,001,316</u> | <u>58,589,803</u> | <u>2,411,513</u> | 4.12% |

The increase of \$2,710,014 in the current and other assets category is primarily due to the large increase in performance bonds in fiscal year 2018. Cash also increased \$1,002,273 due to better interest rates and a higher overlay.

The capital asset disclosure in the notes to the financial statements (see Note 6) shows how the \$1,847,445 decrease resulted.

The long-term debt disclosure in the notes to the financial statements (see Note 11) shows how the \$4,851,488 decrease in long-term debt outstanding resulted.

The increase in the other liabilities of \$2,309,965 is primarily due to the increase in performance guarantees and letter of credits for new developments (\$2,064,994), increase in accounts payable (\$109,383), and an increase in accrued wages and benefits (\$81,895).

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>2018</u> | <u>2017</u> | <u>\$ Change</u> | <u>% Change</u> |
|---|----------------------|-------------------|------------------|-----------------|
| Capital assets | \$ 150,737,351 | 149,008,906 | 1,728,445 | 1.16% |
| Accumulated depreciation | (72,165,579) | (68,589,689) | (3,575,890) | (5.21%) |
| Deferred charge on refunding | 479,550 | 563,135 | (83,585) | (14.84%) |
| Bonds payable (includes premium) | (33,440,581) | (37,047,529) | 3,606,948 | 9.74% |
| Notes payable | (198,853) | (204,621) | 5,768 | 2.82% |
| Capital leases | (454,000) | (372,207) | (81,793) | (21.98%) |
| Add back unspent bond proceeds | 793,373 | 1,739,594 | (946,221) | (54.39%) |
| Net investment in capital assets | \$ 45,751,261 | 45,097,589 | 653,672 | 1.45% |

Changes in Net Position

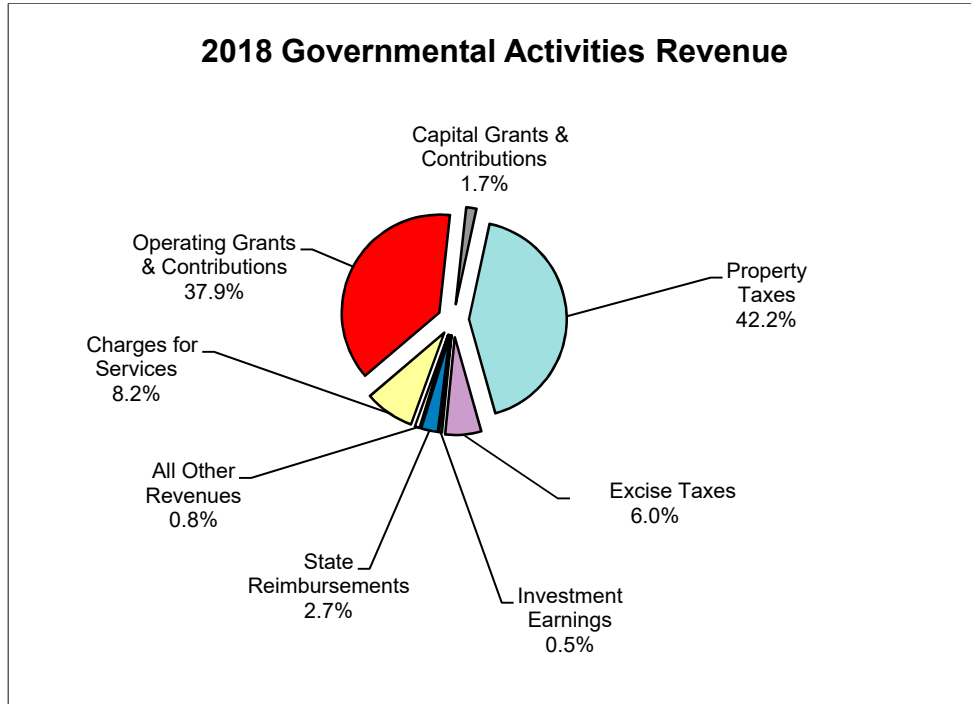
The following is a condensed version of the Statement of Activities.

| | <u>2018</u> | <u>2017*</u> | <u>\$ Change</u> | <u>% Change</u> |
|---|----------------------|-------------------|------------------|-----------------|
| REVENUES | | | | |
| Program Revenues: | | | | |
| Charges for services | \$ 5,191,233 | 4,994,581 | 196,652 | 3.94% |
| Operating grants and contributions | 23,999,725 | 22,828,112 | 1,171,613 | 5.13% |
| Capital grants and contributions | 1,058,000 | 1,191,087 | (133,087) | (11.17%) |
| General Revenues: | | | | |
| Property taxes | 26,632,400 | 26,074,860 | 557,540 | 2.14% |
| Payment in lieu of taxes | 43,717 | 43,971 | (254) | (0.58%) |
| Motor vehicle and boat excise taxes | 3,745,638 | 3,515,752 | 229,886 | 6.54% |
| Grants and contributions not restricted to specific programs: | | | | |
| Homestead exemption | 601,666 | 435,362 | 166,304 | 38.20% |
| BETE reimbursement | 299,868 | 305,366 | (5,498) | (1.80%) |
| Other state aid | 40,767 | 38,785 | 1,982 | 5.11% |
| State Revenue Sharing | 778,497 | 738,529 | 39,968 | 5.41% |
| Unrestricted investment earnings | 288,927 | 200,467 | 88,460 | 44.13% |
| Miscellaneous revenues | 436,450 | 241,923 | 194,527 | 80.41% |
| Gain on sale of property | 27,249 | 225,455 | (198,206) | (87.91%) |
| Total revenues | 63,144,137 | 60,834,250 | 2,309,887 | 3.80% |
| EXPENSES | | | | |
| General government | 5,369,140 | 5,487,400 | (118,260) | (2.16%) |
| Public safety | 4,779,796 | 4,827,053 | (47,257) | (0.98%) |
| Public works | 6,087,262 | 6,115,530 | (28,268) | (0.46%) |
| Health and welfare | 37,848 | 44,098 | (6,250) | (14.17%) |
| Recreation | 1,897,893 | 1,729,112 | 168,781 | 9.76% |
| Development | 299,326 | 312,953 | (13,627) | (4.35%) |
| Education | 41,177,926 | 39,773,685 | 1,404,241 | 3.53% |
| Interest on debt | 1,083,433 | 1,157,647 | (74,214) | (6.41%) |
| Total expenses | 60,732,624 | 59,447,478 | 1,285,146 | 2.16% |
| Change in net position | 2,411,513 | 1,386,772 | 1,024,741 | 73.89% |
| Net position - beginning as restated | 59,589,803 | 58,561,087 | 1,028,716 | 1.76% |
| Net position ending | \$ 62,001,316 | 59,947,859 | 2,053,457 | 3.43% |

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

*This table has not been restated for the effects of Governmental Accounting Standards Board (GASB) 75. GASB 75 requires that the total Other Postemployment Benefits (OPEB) liabilities be recognize in the financial statements. The effects of GASB 75 implementation on individual revenues and expenses during 2017 could not be determined.

The following pie chart shows the sources of revenue for fiscal year 2018.



Overall, revenues were up \$2,309,887 or 3.8% when compared to fiscal year 2017. There were a number of reasons for the increase in the revenues and they are highlighted below.

Approximately 42.2% of the Town's revenues come from property taxes, while 37.9% comes from operating grants and contributions. Approximately 80.8% of the operating grants and contributions revenue source comes from state aid to education and state construction aid. The operating grants and contributions program revenues were up 5.13% or \$1,171,613, primarily because the School Department received approximately \$1,070,328 more in state/federal aid and Maine PERS on-behalf payments.

The capital grants and contributions were down \$133,087 or 11.2% because the Town did not receive money from Maine DOT for roads. In FY 2017, the Town received \$170,823 from Maine DOT for New Portland Road and County Road.

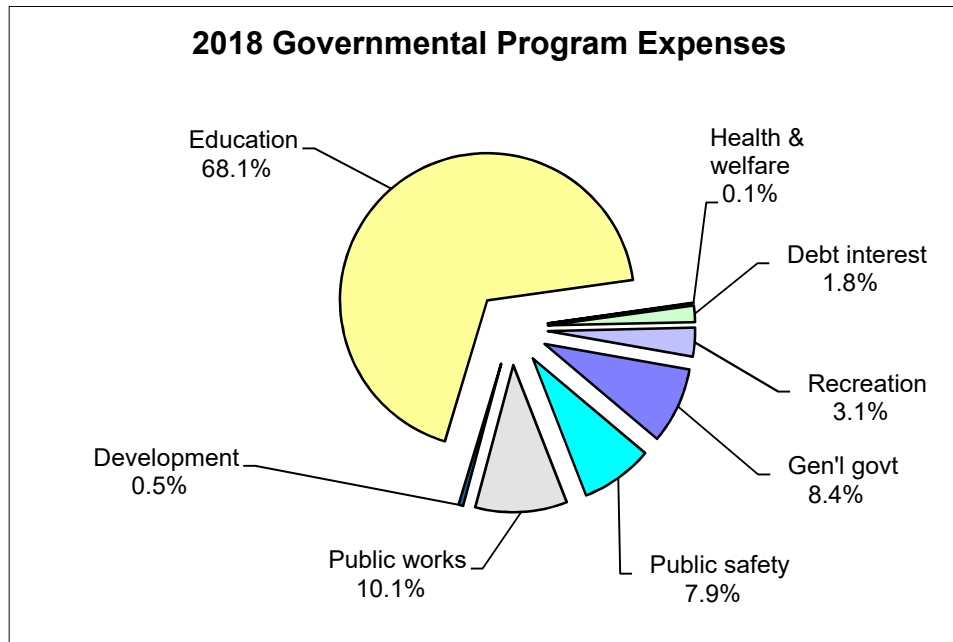
The \$557,540 increase in property tax revenue was due to the increase in the mil rate from \$17.00 in fiscal year 2017 to \$17.10 in fiscal year 2018.

The other large revenue increase was seen in homestead exemption and investment earnings. The homestead exemption increased from \$15,000 in fiscal year 2017 to \$20,000 in fiscal year 2018. Investment income saw an increase due to an interest rate increase.

Special item-sale of property decreased by \$198,206 because there were less properties sold in FY18.

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

The following pie chart shows functional expenses for fiscal year 2018.



Education makes up 68.1% of expenses for fiscal year 2018, an increase of 3.53% or \$1,404,241 from fiscal year 2017.

Fiscal year 2018 recreation expenses are higher than fiscal year 2017 by 9.76% or \$168,781. The primary reason for this increase is that there were more expenses for Little Falls Recreation Area in fiscal year 2018 than fiscal year 2017.

Governmental Activities

The cost of all governmental activities was \$60,732,624. 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 2018 expenses were \$1,285,146 or 2.16% over fiscal year 2017 expenses.

As shown on the Statement of Activities, the amount that the taxpayers of Gorham ended up financing through property taxes was \$26,632,400 or 42.17%, because some of the cost was paid by those who directly benefit from the programs (\$5,191,233), by other governments and organizations that subsidized certain programs with operating grants and contributions (\$23,999,725), and by capital grants and contributions (\$1,058,000). The Town also received \$6,262,779 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 2018.

As a result of the governmental activities' revenues (\$63,144,137) exceeding the expenses (\$60,732,624), the Town of Gorham realized an increase in its net position of \$2,411,513. Approximately \$987,981 of the increase can be attributed to the collection of excise tax, permits, cable TV franchise fee, FEMA reimbursement, sale of property, and interest income, which were higher than anticipated or not anticipated. Approximately \$293,328 was saved from 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 Fund Major Governmental Functions

The following table summarizes the fiscal year 2018 revenues by source for the General Fund with the 2017 information for comparison. Information is from Statement 4.

| | <u>2018</u> | <u>2017</u> | <u>\$ Change</u> | <u>% Change</u> |
|-----------------------|----------------------|-------------------|------------------|-----------------|
| Revenues by source: | | | | |
| Taxes | \$ 29,950,592 | 29,218,518 | 732,074 | 2.51% |
| Licenses and permits | 824,494 | 728,782 | 95,712 | 13.13% |
| Intergovernmental | 2,105,509 | 2,055,093 | 50,416 | 2.45% |
| Charges for services | 2,188,120 | 2,152,687 | 35,433 | 1.65% |
| Other revenues | 732,474 | 710,572 | 21,902 | 3.08% |
| Total revenues | \$ 35,801,189 | 34,865,652 | 935,537 | 2.68% |

General Fund revenues increased by 2.68% or \$935,537 from fiscal year 2017 amounts. Below are some of the reasons for the changes in the revenue.

Taxes: In fiscal year 2018, the mil rate increased from \$17.00 to \$17.10. With an increased valuation and mil rate, property tax revenue after abatements and supplements was up by \$512,423, when compared to last fiscal year. The change in deferred property taxes was a negative \$800. Excise tax revenues were \$229,886 higher than in fiscal year 2017.

Licenses and permits: Building permit revenue and plumbing/electrical fees were \$41,050 higher than fiscal year 2017 and fluctuate year to year depending on if there are any large developments. Cable TV franchise fees were also \$49,764 higher than fiscal year 2017.

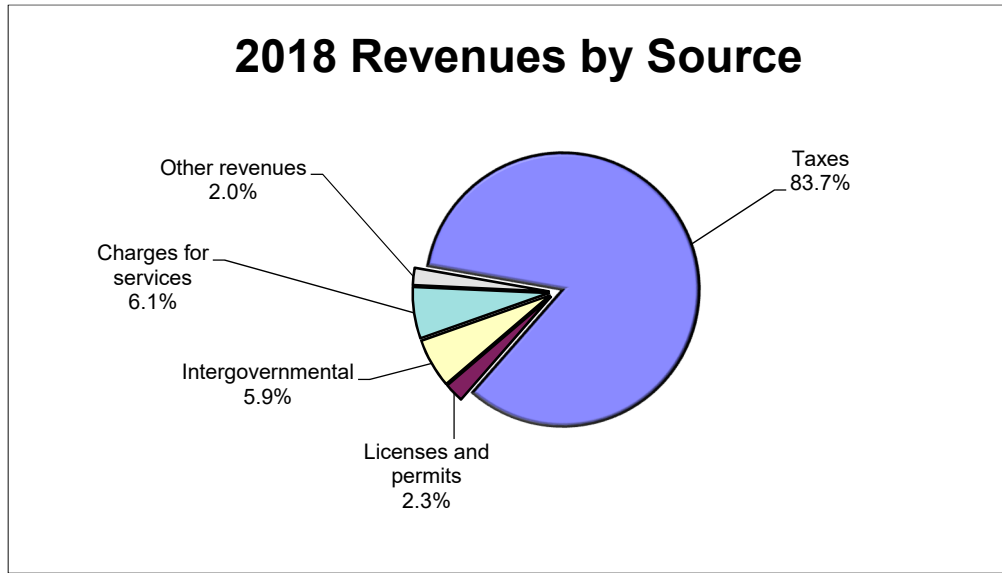
Intergovernmental: The major change in fiscal year 2018 was related to an increase in the homestead reimbursements of \$166,304 due to the exemption increasing from \$15,000 in fiscal year 2017 to \$20,000 in fiscal year 2018. The Town also saw a \$39,968 increase in state revenue sharing in from fiscal year 2017. The Town received \$170,823 in fiscal year 2017 from Maine DOT for work on New Portland Road and County Road which caused fiscal year 2018 to have a decrease.

Charges for services: In fiscal year 2018, recreation received \$25,983 more in revenues than in fiscal year 2017.

Other revenues: The major factor for the increase in this revenue category was investment income, which was approximately \$122,218 higher than fiscal year 2017. The Town also saw a decrease in fiscal year 2018 in sale of town property.

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

The following pie chart depicts the General Fund revenues by source for fiscal year 2018.



The following table summarizes the General Fund expenditures by function for fiscal year 2018 with 2017 information for comparison. Information is from Statement 4.

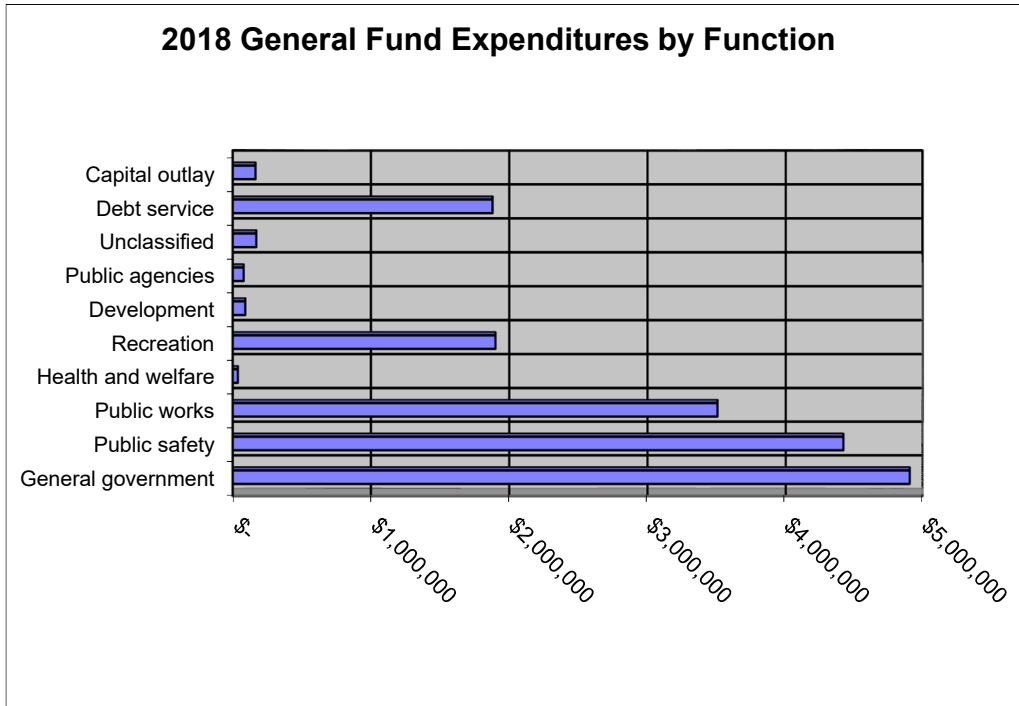
| | <u>2018</u> | <u>2017</u> | <u>\$ Change</u> | <u>% Change</u> |
|---------------------------|----------------------|-------------------|------------------|-----------------|
| Expenditures by function: | | | | |
| General government | \$ 4,907,121 | 4,964,782 | (57,661) | (1.16%) |
| Public safety | 4,419,673 | 4,548,080 | (128,407) | (2.82%) |
| Public works | 3,506,588 | 3,509,874 | (3,286) | (0.09%) |
| Health and welfare | 37,848 | 44,098 | (6,250) | (14.17%) |
| Recreation | 1,900,685 | 1,583,038 | 317,647 | 20.07% |
| Economic development | 91,175 | 76,962 | 14,213 | 18.47% |
| Public agencies | 79,353 | 44,269 | 35,084 | 79.25% |
| Unclassified | 170,887 | 177,118 | (6,231) | (3.52%) |
| Debt service | 1,879,170 | 1,977,934 | (98,764) | (4.99%) |
| Capital outlay | 164,730 | 154,976 | 9,754 | 6.29% |
| Total expenditures | \$ 17,157,230 | 17,081,131 | 76,099 | 0.45% |

The General Fund expenditures increased 0.45% from fiscal year 2017 levels. The largest percentage increases are in public agencies and recreation category. Public agencies had an increase of 79.3% or \$35,084, which represents a METRO expenditure of \$36,000. Recreation increased \$317,647 or 20.07%, due to an increase of \$114,045 in recreation reimbursable expenditures in fiscal year 2018. Also, the Little Falls Recreation Area multi-purpose field expenditure was \$122,286 higher than fiscal year 2017.

The largest percentage decrease was in the health and welfare category, which was 14.17% or \$6,250. This was due to a decrease in general assistance claims processed by the Town during fiscal year 2018. This is attributed to the improvement in the economy.

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 2018.



The net result of operations in the General Fund for fiscal year 2018 was \$655,692 after transfers in of \$152,271 and transfers out of \$18,140,538. The following table summarizes the General Fund's fund balance for fiscal year 2018, with 2017 information provided for comparison.

| | <u>2018</u> | <u>2017</u> | <u>\$ Change</u> | <u>% Change</u> |
|---------------------------|----------------------|-------------------|------------------|-----------------|
| Fund balance: | | | | |
| Nonspendable | \$ 139,898 | \$ 168,417 | (28,519) | -16.93% |
| Restricted | 333,079 | 336,913 | (3,834) | -1.14% |
| Committed | 2,260,523 | 2,223,087 | 37,436 | 1.68% |
| Assigned | 5,012,184 | 4,323,728 | 688,456 | 15.92% |
| Unassigned | 7,846,520 | 7,884,367 | (37,847) | -0.48% |
| Total fund balance | \$ 15,592,204 | 14,936,512 | 655,692 | 4.39% |

The largest increase was in assigned fund balance, equal to \$688,456 or 15.9%. This was primarily due to capital part II funds assigned for the fiscal year's 2019 budget which is \$709,200 higher than budgeted for fiscal year's 2018 budget. The largest decrease (based on percent of balance) was in nonspendable fund balance, equal to \$28,519 or 16.9%, and was due to less prepaid expenditures in fiscal year 2018 than fiscal year 2017.

The School's Funds

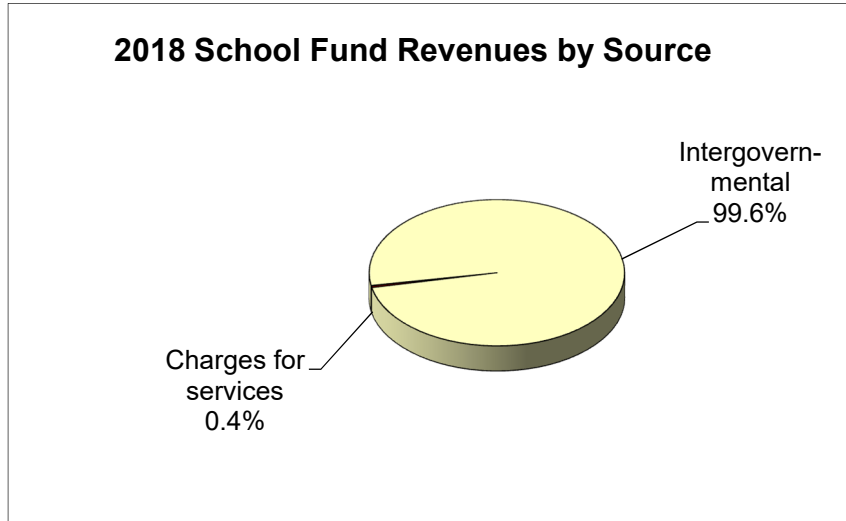
The following table summarizes fiscal year 2018 revenues by source for the Special Revenue Fund's School Operations Fund with 2017 information for comparison. The information is from Statement 4.

| | <u>2018</u> | <u>2017</u> | <u>\$ Change</u> | <u>% Change</u> |
|-----------------------|----------------------|-------------------|------------------|-----------------|
| Revenues by source: | | | | |
| Intergovernmental | \$ 22,004,651 | 20,864,389 | 1,140,262 | 5.47% |
| Charges for services | 78,652 | 34,133 | 44,519 | 130.43% |
| Other | 30,521 | 10,103 | 20,418 | 202.10% |
| Total revenues | \$ 22,113,824 | 20,908,625 | 1,205,199 | 5.76% |

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

The 5.76% increase in School Operation Fund revenues was from the increase in state education subsidy (\$760,012) and Maine PERS on-behalf payments (\$380,250).

The following is a pie chart depicting the Special Revenue Fund - School Operations Fund revenues by source for fiscal year 2018.



The following table summarizes the School Operations Fund expenditures by function for fiscal year 2018 with 2017 information for comparison. Information is from Statement 4. The following table provides an explanation of the major changes.

| | <u>2018</u> | <u>2017</u> | <u>\$ Change</u> | <u>% Change</u> |
|-------------------------------|--------------------------|--------------------------|-------------------------|---------------------|
| Expenses by function: | | | | |
| Regular instruction | \$ 16,172,090 | 15,719,860 | 452,230 | 2.88% |
| Special education | 5,300,340 | 5,048,752 | 251,588 | 4.98% |
| CTE instruction | 424,082 | 402,335 | 21,747 | 5.41% |
| Other instruction | 898,546 | 862,591 | 35,955 | 4.17% |
| Student and staff support | 3,133,890 | 2,717,183 | 416,707 | 15.34% |
| System administration | 1,130,992 | 1,081,771 | 49,221 | 4.55% |
| School administration | 1,981,877 | 1,808,833 | 173,044 | 9.57% |
| Transportation | 2,096,223 | 1,755,984 | 340,239 | 19.38% |
| Facilities maintenance | 3,517,942 | 3,662,956 | (145,014) | (3.96%) |
| Adult education | 222,187 | 225,827 | (3,640) | (1.61%) |
| Maine PERS on-behalf payments | 2,673,497 | 2,293,247 | 380,250 | 16.58% |
| Debt service | 2,754,763 | 2,858,359 | (103,596) | (3.62%) |
| Total expenses \$ | <u>40,306,429</u> | <u>38,437,698</u> | <u>1,868,731</u> | <u>4.86%</u> |

The School Operations Fund's expenditures were 4.86% or \$1,868,731 more than fiscal year 2017. The increase was due to an increase in wages and benefits due to contractual obligations. The School also added five K-5 teachers, four new Ed Tech III, and an increase in regular instruction for K-5 5th "Special" for required common planning time.

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

The net results of operations for fiscal year 2018 were \$20,579 after transfers in of \$17,923,038, transfers out of \$49,054, and capital lease proceeds of \$339,200. The following table summarizes the School Operation Fund's fund balance for fiscal year 2018 with 2017 information for comparison.

| | <u>2018</u> | <u>2017</u> | <u>\$ Change</u> | <u>% Change</u> |
|---------------------------|-----------------------|--------------------|------------------|-----------------|
| Fund balance: | | | | |
| Unassigned | \$ (1,375,038) | (1,395,617) | 20,579 | 1.47% |
| Total fund deficit | \$ (1,375,038) | (1,395,617) | 20,579 | 1.47% |

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 \$403,458 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 and benefits, which are required by generally accepted accounting principles (GAAP).

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 \$1,554,029, while actual expenditures were under budgeted appropriations by \$449,483. This resulted in a positive net effect of \$2,003,512. The net change in fund balance was \$1,789,012 after transfers and changes in encumbrances.

Unassigned fund balance of \$7,846,520 is a healthy figure and represents 14.29% of the total General Fund and School Operations Fund budgeted appropriations for fiscal year 2019. 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 \$1,375,038 School Operations Fund's deficit balance is factored in the percentage, it drops to 11.78%. The Town's management anticipates that during the fiscal year 2020 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 2017-2018 was \$52,815,594 and there were no adjustments made to the original budget during fiscal year 2018 except for two reclassifications. The first being a move of \$10,000 from Gorham municipal center to transfers out to reflect how the transaction was posted. The second reclassification was a \$549,616 reduction in transfer to School Operations Fund which was offset by an increase in intergovernmental revenue due to an increase in state education subsidy.

Capital Asset and Debt Administration

Capital Assets

The Town invested \$2,758,512 in a broad range of capital assets during fiscal year 2018. The following chart identifies the assets that were added during the year, including the construction in progress projects (Little Falls recreation multi-purpose field, Gorham rail trail project, Gorham HS expansion & renovation, Public Works/Great Falls School fiber optic project, 6-wheel plow truck and plow truck, less the removal of Little Falls recreation multi-purpose field reflected in previous fiscal years).

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

| | | Category | | | Category Total |
|-------------------------------------|---------------|---|-----------|--|---------------------------|
| Land improvements-Parking lot | | | | | |
| | Recreation | Little Falls Recreation Area parking lot | \$135,094 | | |
| | | | | | 135,094 |
| Land improvements | | | | | |
| | Recreation | Construction in Progress – Little Falls multi-purpose field | 8,180 | | |
| | | Construction in Progress – Gorham rail trail | 19,993 | | |
| | | Little Falls Recreation Area field #1 | 8,021 | | |
| | | Little Falls Recreation Area field #2 | 1,284 | | |
| | | | | | 37,478 |
| Buildings and building improvements | | | | | |
| | Public Safety | Storage unit | 56,375 | | |
| | Recreation | Construction in Progress – Gorham HS expansion & renovation | 67,448 | | |
| | | | | | 123,823 |
| Machinery and equipment | | | | | |
| | Public Safety | Hose tower hanger rack | 26,097 | | |
| | Recreation | Pro Groomer grooming machine | 5,364 | | |
| | Public Works | Overhaul repair to trash compactor | 11,500 | | |
| | Education | 2017 John Deer 1575 terrain cut | 34,586 | | |
| | | Village School field irrigation system | 16,066 | | |
| | | | | | 93,613 |
| Furniture and office equipment | | | | | |
| | Public Safety | Kyocera Taskalfa 4052ci color copier | 5,895 | | |
| | | Water treatment system | 8,945 | | |
| | General Gov't | Air handler for Shaw Gym | 30,410 | | |
| | Education | Narragansett water heater | 27,685 | | |
| | | Transportation Kohler generator | 21,595 | | |
| | | | | | 94,530 |
| Vehicles | | | | | |
| | Public Safety | Police – 2017 Ford Explorer | 40,078 | | |
| | | Police – 2017 Ford Explorer | 40,463 | | |
| | | Fire – 2017 Ferrara Inferno fire truck | 837,956 | | |
| | Public Works | Construction in Progress – 6-wheel plow truck | 211 | | |
| | | Construction in Progress – plow truck | 2,884 | | |
| | Education | 2018 GMC TG33503 bus | 48,800 | | |
| | | 2018 GMC TG33503 bus | 48,800 | | |
| | | 2019 Blue Bird Vision 77 passenger bus | 96,300 | | |
| | | 2020 Blue Bird Vision Type C 77 passenger bus | 96,300 | | |
| | | | | | 1,211,792 |

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

Infrastructure

| | | |
|--|-----------|--------------------|
| Construction in Progress – Public Works/Great Falls School fiber optic project | 4,182 | |
| Accepted roads | 1,058,000 | |
| | | 1,062,182 |
| Total assets added during fiscal year 2018 | | \$2,758,512 |

During fiscal year 2018, assets were transferred from one function/activity to another function/activity. The following chart shows these transfers.

| Category | Function and Activity | Amount Transferred |
|----------|--|--------------------|
| Vehicle | General Gov't – 2008 Ford Crown Victoria | \$(21,833) |
| | Public Works – 2008 Ford Crown Victoria | 21,833 |
| | Public Works – 2010 Ford Crown Victoria | 22,923 |
| | Public Safety – 2010 Ford Crown Victoria | (22,923) |

The depreciation expense for 2018 was \$4,597,052.

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 \$1,847,445 or 2.3% under last fiscal year.

Capital Assets
(Net of depreciation)

| | 2018 | 2017 | \$ Change | % Change |
|-------------------------------------|-------------------|-------------------|--------------------|----------------|
| Land | \$ 2,230,261 | 2,234,761 | (4,500) | (0.20%) |
| Books/historical treasures/artwork | 1,429,837 | 1,429,837 | - | 0.00% |
| Construction in progress | 270,173 | 340,655 | (70,482) | (20.69%) |
| Land improvements | 5,739,143 | 5,778,522 | (39,379) | (0.68%) |
| Buildings and building improvements | 37,271,042 | 39,152,175 | (1,881,133) | (4.80%) |
| Machinery and equipment | 881,859 | 921,194 | (39,335) | (4.27%) |
| Furniture and office equipment | 649,821 | 841,312 | (191,491) | (22.76%) |
| Computer equipment | 30,118 | 38,225 | (8,107) | (21.21%) |
| Vehicles | 4,889,733 | 4,398,459 | 491,274 | 11.17% |
| Infrastructure | 25,179,785 | 25,284,077 | (104,292) | (0.41%) |
| Totals \$ | 78,571,772 | 80,419,217 | (1,847,445) | (2.30%) |

The Town has appropriated \$178,431 in fiscal year 2019 for the following capital expenditures: two police cruisers, lease payment for public works equipment, town-wide technology upgrades, and funds for road maintenance work.

Additionally, the Council allocated \$2,104,048 from unassigned fund balance, which was in excess of the 8.5% fund balance policy for the following purposes:

- \$245,000 to convert street lights to municipally owned LED street lights
- \$90,000 to replace 13 air pack breathing units
- \$10,000 to repair Municipal Building's main entryway floors
- \$88,000 to replace two ¾ utility pickups at Public Works
- \$20,000 to purchase additional books & printed material at Baxter Memorial Library

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

- \$6,300 to replace phone system at Public Works
- \$61,300 to replace a third police cruiser (two cruisers allocated in capital expenditures above)
- \$4,200 to purchase Police Department cruiser radio repeater toggle switches
- \$4,800 to replace and upgrade firearms for the Police Department
- \$1,500 to purchase criminal investigation division software
- \$20,000 to extend fiber optic line to White Rock Fire Station and Shaw Park
- \$240,000 to replace Ambulance 2
- \$38,000 to purchase a ¾ ton utility pickup for Fire Department's medical intercept vehicle
- \$4,200 to purchase fleet diagnostic system for Public Works Department
- \$9,000 to replace Old Robie School's boiler
- \$12,400 to replace Public Work Building lights with LED
- \$60,000 to repair West Gorham Fire Station
- \$22,500 to purchase mechanic truck for the Fire Department shared with Town of Windham
- \$50,000 to purchase roadside mower tractor for Public Works
- \$25,000 to repair and paint Recreation wing entry way in the Municipal Building
- \$45,000 to replace Marine 4 truck
- \$29,300 to purchase heart monitor for the third ambulance
- \$14,760 to purchase power stretcher for the third ambulance
- \$16,000 to replace climate control system in the Public Work's Building
- \$6,000 to replace building roofs at Robie Field
- \$10,000 to expand power throughout Shaw Park
- \$7,500 to replace court lights at Little Falls
- \$15,000 to add additional work stations in the Emergency Operations Center at Central Fire Station
- \$1,400 to purchase road management software
- \$16,000 to replace 10 sets of firefighter turnout gear
- \$15,000 to repair Eastern Cemetery stone wall
- \$5,700 to replace Shaw Mill Cemetery's chain link fence
- \$12,669 to install electrical generator outlet on all existing traffic signals in Gorham to allow for generator hookups in event of a sustained power outage
- \$2,500 to purchase salt chutes for Public Work's plow trucks
- \$5,000 to develop a mobile business version of the GEDC website
- \$90,000 to upgrade fire alarms at Great Falls Elementary School
- \$19 to be allocated at a later date by the Town Council
- \$800,000 to provide funds for road maintenance projects

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

Debt Administration

As of June 30, 2018, the Town had a total of \$32,436,250 in outstanding general obligation debt. The Town's outstanding general obligation bonds as of June 30, 2018 were \$3,468,125 less than last fiscal year – a decrease of 9.65%.

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 1.92% 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.

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

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 but the Town has done well with keeping this goal. The fiscal year 2019 budget is \$2,571,620 below the Town's LD-1 property tax limit.

The Town's assessed value ratio as of April 1, 2018 is 98%; a decrease from the April 1, 2017 assessed value ratio, but well above the State required 70%.

The total assessed value as of April 1, 2018, was \$1,663,403,441; an increase of \$40,403,824 or 2.5% from the prior year, while the taxable value increased \$20,493,702 from \$1,570,284,293 to \$1,590,777,995. The Town of Gorham's tax rate, equal to \$18.20, increased by \$1.10 from fiscal year 2018.

The following are some of the highlights of the Town's fiscal year 2019 budget.

1. The state revenue sharing revenues in this budget year remained the same as fiscal year 2018. 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 approximately 69 cents.
2. The budget incorporates funds for a senior property tax relief program. The annual cost to Gorham is estimated to be \$50,000.
3. There was additional staffing budgeted for the Town: A 20 hour per week part-time position in the Finance/Town Clerk Office; a Sergeant's position in the Police Department; two Per Diem Paramedic/EMT in the Fire Department; and a part-time mowing/turf management position in the Public Works department.
4. The Town added \$30,000 to supplement the current road salt budget for the winter road maintenance.

The Education budget for fiscal year 2019 shows an decrease in state subsidy of \$859,631 over the prior fiscal year's budget. The fiscal year 2019 budget includes \$354,000 for three K-5 Teachers, Gifted and Talented Teacher, Special Services 504 Strategist, part-time Psychologist, part-time Occupational Therapist, part-time School Nurse, and part-time 9-12 Teacher. This budget also includes \$52,500 for one and a half new Ed Tech III, \$120,000 for a Special Services Assistant Director, and two portable classroom lease purchase for \$52,000.

The Town's municipal appropriation is \$14,793,013, an increase of \$712,557 or 5.1% over fiscal year 2018. An increase in non-property tax revenue of \$185,620 and a \$581 increase in the transfer in from the TIF fund resulted in a net appropriation of \$8,016,791, an increase of \$526,356 or 7.0%.

The Town's education budget is \$38,942,506, an increase of \$1,320,913 or 3.5%. The School Department saw a decrease in non-property tax revenue of \$785,849 and no change in the use of fund balance. The net education appropriation for fiscal year 2019 is \$20,019,800, an increase of \$2,106,762 or 11.8%.

The County tax assessment increased by \$55,757, or 5.0%. The Town's state equalized valuation went from \$1,602,450,000 in 2017 to \$1,682,600,000 in 2018, a 5.0% increase.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, 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 Town of Gorham Finance Department, 75 South Street, Gorham, Maine 04038.

BASIC FINANCIAL STATEMENTS

TOWN OF GORHAM, MAINE
Statement of Net Position
June 30, 2018

| | Governmental Activities |
|--|------------------------------------|
| ASSETS | |
| Cash | \$ 15,743,154 |
| Investments | 7,400,454 |
| Receivables: | |
| Accounts | 481,911 |
| Intergovernmental | 516,861 |
| Rescue (net of allowance of \$145,100) | 257,742 |
| Taxes - current year | 701,023 |
| Taxes - prior year | 104,054 |
| Tax liens | 299,360 |
| Notes | 165,487 |
| Tax acquired property | 29,005 |
| Performance bonds | 5,707,754 |
| Inventory | 98,953 |
| Prepaid expenses | 84,285 |
| Capital assets not being depreciated: | |
| Books/historical treasures/artwork | 1,429,837 |
| Land | 2,230,261 |
| Construction in progress | 270,173 |
| Capital assets net of accumulated depreciation: | |
| Buildings and improvements | 37,271,042 |
| Improvements other than buildings | 5,739,143 |
| Machinery and equipment | 6,451,531 |
| Infrastructure | 25,179,785 |
| Total assets | 110,161,815 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred charge on refunding | 479,550 |
| Deferred outflows of resources related to pensions | 1,145,915 |
| Deferred outflows of resources related to OPEB | 17,875 |
| Total deferred outflows of resources | 1,643,340 |
| LIABILITIES | |
| Accounts payable | 767,784 |
| Accrued wages and benefits | 3,514,654 |
| Performance bond deposits | 6,848,404 |
| Unearned revenues | 42,794 |
| Taxes collected in advance | 47,564 |
| Noncurrent liabilities: | |
| Due within one year | 3,963,233 |
| Due in more than one year | 34,789,942 |
| Total liabilities | 49,974,375 |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred inflows of resources related to pensions | 495,779 |
| Deferred inflows of resources related to OPEB | 333,685 |
| Total deferred inflows of resources | 829,464 |
| NET POSITION | |
| Net investment in capital assets | 45,751,261 |
| Restricted for: | |
| Grants and programs | 2,586,975 |
| Permanent funds: | |
| Expendable | 224,021 |
| Nonexpendable | 929,754 |
| Unrestricted | 11,509,305 |
| Total net position | \$ 61,001,316 |

TOWN OF GORHAM, MAINE
Statement of Activities
For the Year Ended June 30, 2018

| 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 | \$ 5,369,140 | 964,088 | 4,673 | - | (4,400,379) |
| Public safety | 4,779,796 | 564,292 | 130,677 | - | (4,084,827) |
| Public works | 6,087,262 | 1,893,239 | 252,321 | 1,058,000 | (2,883,702) |
| Health and welfare | 37,848 | 8,458 | 7,140 | - | (22,250) |
| Recreation | 1,897,893 | 1,003,066 | 17,195 | - | (877,632) |
| Development | 299,326 | - | - | - | (299,326) |
| Education | 41,177,926 | 758,090 | 23,587,719 | - | (16,832,117) |
| Interest on debt | 1,083,433 | - | - | - | (1,083,433) |
| Total governmental activities | 60,732,624 | 5,191,233 | 23,999,725 | 1,058,000 | (30,483,666) |
| Total primary government | 60,732,624 | 5,191,233 | 23,999,725 | 1,058,000 | (30,483,666) |
| General revenues: | | | | | |
| Property taxes, levied for general purposes | | | | | 26,632,400 |
| Payment in lieu of taxes | | | | | 43,717 |
| Motor vehicle and boat excise taxes | | | | | 3,745,638 |
| Grants and contributions not restricted to specific programs: | | | | | |
| Homestead exemption | | | | | 601,666 |
| BETE reimbursement | | | | | 299,868 |
| Other State aid | | | | | 40,767 |
| State Revenue Sharing | | | | | 778,497 |
| Unrestricted investment earnings | | | | | 288,927 |
| Miscellaneous revenues | | | | | 436,450 |
| Gain on sale of property | | | | | 27,249 |
| Total general revenues and gain on sale | | | | | 32,895,179 |
| Change in net position | | | | | 2,411,513 |
| Net position - beginning, as restated | | | | | 58,589,803 |
| Net position - ending | | | | | 61,001,316 |

See accompanying notes to basic financial statements.

TOWN OF GORHAM, MAINE
Balance Sheet
Governmental Funds
June 30, 2018

| | General | School Operations Fund | Other Governmental Funds | Total Governmental Funds |
|---|----------------------|------------------------------|--------------------------------|--------------------------------|
| ASSETS | | | | |
| Cash | \$ 14,731,152 | - | 1,012,002 | 15,743,154 |
| Investments | 6,104,751 | - | 1,295,703 | 7,400,454 |
| Receivables: | | | | |
| Accounts | 215,452 | 23,901 | 242,558 | 481,911 |
| Intergovernmental | 204,225 | 2,597 | 310,039 | 516,861 |
| Rescue (net of allowance of \$145,100) | 257,742 | - | - | 257,742 |
| Taxes - current year | 701,023 | - | - | 701,023 |
| Taxes - prior year | 104,054 | - | - | 104,054 |
| Tax liens | 299,360 | - | - | 299,360 |
| Notes | 1,013 | - | 164,474 | 165,487 |
| Interfund loans receivable | - | 1,944,781 | 2,985,974 | 4,930,755 |
| Tax acquired property | 29,005 | - | - | 29,005 |
| Performance bonds | 5,707,754 | - | - | 5,707,754 |
| Inventory | 54,600 | - | 44,353 | 98,953 |
| Prepaid expenditures | 84,285 | - | - | 84,285 |
| Total assets | \$ 28,494,416 | 1,971,279 | 6,055,103 | 36,520,798 |
| LIABILITIES | | | | |
| Accounts payable | 452,118 | 69,674 | 28,628 | 550,420 |
| Accrued wages and benefits | 238,011 | 3,276,643 | - | 3,514,654 |
| Interfund loans payable | 4,639,315 | - | 296,815 | 4,936,130 |
| Performance bond deposits | 6,848,404 | - | - | 6,848,404 |
| Taxes paid in advance | 47,564 | - | - | 47,564 |
| Unearned revenues | - | - | 42,794 | 42,794 |
| Total liabilities | 12,225,412 | 3,346,317 | 368,237 | 15,939,966 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue - property taxes | 676,800 | - | - | 676,800 |
| Total deferred inflows of resources | 676,800 | - | - | 676,800 |
| FUND BALANCES | | | | |
| Nonspendable: | | | | |
| Noncurrent receivables | 1,013 | - | - | 1,013 |
| Prepaid items | 84,285 | - | - | 84,285 |
| Nonexpendable trust principal | - | - | 929,754 | 929,754 |
| Inventory | 54,600 | - | 44,353 | 98,953 |
| Restricted: | | | | |
| General fund | 333,079 | - | - | 333,079 |
| Special revenue funds | - | - | 2,209,543 | 2,209,543 |
| Capital projects funds | - | - | 793,373 | 793,373 |
| Permanent funds | - | - | 224,021 | 224,021 |
| Committed: | | | | |
| General fund | 2,260,523 | - | - | 2,260,523 |
| Special revenue funds | - | - | 1,228,261 | 1,228,261 |
| Capital projects funds | - | - | 184,462 | 184,462 |
| Assigned: | | | | |
| FY19 capital funding | 2,104,048 | - | - | 2,104,048 |
| Compensated absences | 484,046 | - | - | 484,046 |
| Future general fund expenditures | 457,404 | - | - | 457,404 |
| Capital reserves/other purposes | 1,966,686 | - | - | 1,966,686 |
| Special revenue funds | - | - | 75,631 | 75,631 |
| Unassigned: | | | | |
| General fund | 7,846,520 | - | - | 7,846,520 |
| Special revenue funds | - | (1,375,038) | (2,532) | (1,377,570) |
| Total fund balances (deficit) | 15,592,204 | (1,375,038) | 5,686,866 | 19,904,032 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 28,494,416 | 1,971,279 | 6,055,103 | 36,520,798 |

TOWN OF GORHAM, MAINE
Balance Sheet
Governmental Funds
June 30, 2018

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 \$ 19,904,032

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. 479,550

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

| | | |
|---------------------------------|------------|------------|
| Non-depreciable capital assets | 3,930,271 | |
| Depreciable capital assets, net | 74,641,501 | 78,571,772 |

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

| | | |
|--|------------|--------------|
| General obligation bonds | 32,436,250 | |
| Bond premium | 1,004,331 | |
| Notes payable | 198,853 | |
| Capital leases | 454,000 | |
| Net pension liability, including related deferred inflows and outflows of resources | 1,574,665 | |
| Compensated absences | 1,084,787 | |
| Accrued interest payable | 211,989 | |
| Net OPEB liability, including related deferred inflows and outflows of resources | 1,665,963 | (38,630,838) |

| | | |
|--|--|---------|
| Unavailable revenues - property taxes not reported on Statement 1 | | 676,800 |
|--|--|---------|

| | | |
|--|--|----------------------|
| Net position of governmental activities | | \$ 61,001,316 |
|--|--|----------------------|

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, 2018

| | General | School Operations Fund | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|------------------------------|--------------------------------|--------------------------------|
| Revenues: | | | | |
| Taxes | \$ 29,950,592 | - | 484,247 | 30,434,839 |
| Licenses and permits | 824,494 | - | - | 824,494 |
| Intergovernmental | 2,105,509 | 22,004,651 | 1,559,955 | 25,670,115 |
| Charges for services | 2,188,120 | 78,652 | 2,055,691 | 4,322,463 |
| Other revenues | 732,474 | 30,521 | 70,431 | 833,426 |
| Total revenues | 35,801,189 | 22,113,824 | 4,170,324 | 62,085,337 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 4,907,121 | - | - | 4,907,121 |
| Public safety | 4,419,673 | - | - | 4,419,673 |
| Public works | 3,506,588 | - | 1,106,148 | 4,612,736 |
| Health and welfare | 37,848 | - | - | 37,848 |
| Recreation | 1,900,685 | - | 17,504 | 1,918,189 |
| Economic development | 91,175 | - | - | 91,175 |
| Public agencies | 79,353 | - | - | 79,353 |
| Unclassified | 170,887 | - | 218,911 | 389,798 |
| Education | - | 37,551,666 | 1,231,909 | 38,783,575 |
| Food services | - | - | 1,011,424 | 1,011,424 |
| Debt service: | | | | |
| Principal | 1,408,125 | 2,060,000 | - | 3,468,125 |
| Interest and other charges | 471,045 | 694,763 | - | 1,165,808 |
| Capital maintenance | 164,730 | - | - | 164,730 |
| Capital improvements | - | - | 997,102 | 997,102 |
| Total expenditures | 17,157,230 | 40,306,429 | 4,582,998 | 62,046,657 |
| Excess (deficiency) of revenues over (under) expenditures | 18,643,959 | (18,192,605) | (412,674) | 38,680 |
| Other financing sources (uses): | | | | |
| Capital lease proceeds | - | 339,200 | - | 339,200 |
| Transfers in | 152,271 | 17,923,038 | 266,554 | 18,341,863 |
| Transfers out | (18,140,538) | (49,054) | (152,271) | (18,341,863) |
| Total other financing sources (uses) | (17,988,267) | 18,213,184 | 114,283 | 339,200 |
| Net change in fund balances | 655,692 | 20,579 | (298,391) | 377,880 |
| Fund balances (deficit), beginning of year, as restated | 14,936,512 | (1,395,617) | 5,985,257 | 19,526,152 |
| Fund balances (deficit), end of year | \$ 15,592,204 | (1,375,038) | 5,686,866 | 19,904,032 |

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, 2018

| | | |
|--|----|---------------------|
| Net change in fund balances - total governmental funds (from Statement 4) | \$ | 377,880 |
| <p>Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:</p> | | |
| 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 (4,597,052) and book loss on disposal (\$8,905) exceeded capital outlays (\$2,758,512) in the current period. (Note 6) | | (1,847,445) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | 800 |
| Bond, note and capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond, note and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. (Note 11) | | 3,392,100 |
| The Town is amortizing the deferred charge on refunding and the issuance premium over the life of the refunding bond. | | 55,238 |
| 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) | | 16,401 |
| 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 OPEB liability with related deferred inflows and outflows of resources. (Note 11) | | 11,435 |
| 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. | | 21,369 |
| 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. | | 383,735 |
| Change in net position of governmental activities (see Statement 2) | | \$ 2,411,513 |

See accompanying notes to basic financial statements.

TOWN OF GORHAM, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Budgetary Basis
All Budgeted Governmental Funds
For the year ended June 30, 2018

| | General Fund | | | Variance with final budget positive (negative) |
|---|------------------|--------------|-------------------|---|
| | Budgeted amounts | | Actual | |
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 29,603,120 | 28,901,587 | 29,950,592 | 1,049,005 |
| Licenses and permits | 566,850 | 566,850 | 824,494 | 257,644 |
| Intergovernmental | 1,834,015 | 1,985,932 | 2,027,835 | 41,903 |
| Charges for services | 1,357,200 | 1,357,200 | 1,368,077 | 10,877 |
| Other revenues | 146,200 | 146,200 | 340,800 | 194,600 |
| Total revenues | 33,507,385 | 32,957,769 | 34,511,798 | 1,554,029 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 2,685,713 | 2,696,758 | 2,668,889 | 27,869 |
| Public safety | 4,102,249 | 4,134,899 | 4,128,504 | 6,395 |
| Public works | 2,579,514 | 2,600,770 | 2,592,805 | 7,965 |
| Health and welfare | 60,600 | 60,600 | 37,848 | 22,752 |
| Recreation | 909,339 | 928,327 | 921,274 | 7,053 |
| Economic development | 75,866 | 77,385 | 76,205 | 1,180 |
| Insurances and employee benefits | 2,308,042 | 2,317,210 | 2,017,145 | 300,065 |
| Public agencies | 79,400 | 79,400 | 79,353 | 47 |
| Unclassified | 338,075 | 233,449 | 168,596 | 64,853 |
| Capital | 166,533 | 166,533 | 164,730 | 1,803 |
| Debt service | 1,888,671 | 1,888,671 | 1,879,170 | 9,501 |
| Total expenditures | 15,194,002 | 15,184,002 | 14,734,519 | 449,483 |
| Excess of revenues over expenditures | 18,313,383 | 17,773,767 | 19,777,279 | 2,003,512 |
| Other financing sources (uses): | | | | |
| Transfers to special revenue - School Operations fund | (18,462,654) | (17,923,038) | (17,923,038) | - |
| Transfers in special revenue - Impact fees fund | - | - | 3,000 | 3,000 |
| TIF fund | 124,271 | 124,271 | 124,271 | - |
| Transfers to capital projects - High School renovation & expansion | - | - | (217,500) | (217,500) |
| Transfers in capital projects - Public safety capital project fund | 25,000 | 25,000 | 25,000 | - |
| Total other financing uses | (18,313,383) | (17,773,767) | (17,988,267) | (214,500) |
| Net change in fund balances - budgetary basis | - | - | 1,789,012 | 1,789,012 |
| Reconciliation to GAAP basis: | | | | |
| Change in restricted | | | (3,427) | |
| Change in committed | | | (1,071,486) | |
| Change in assigned | | | (16,500) | |
| Change in unassigned | | | (41,907) | |
| Net change in fund balance - GAAP basis | | | 655,692 | |
| Fund balance, beginning of year | | | 14,936,512 | |
| Fund balance, end of year | \$ | | 15,592,204 | |

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, 2018

| | Budgeted Special Revenue Funds | | | |
|--|--------------------------------|--------------|--------------------|---|
| | School Operations Fund | | | Variance with final budget positive (negative) |
| | Budgeted amounts | | Actual | |
| Original | Final | | | |
| Revenues: | | | | |
| Intergovernmental | \$ 18,774,438 | 19,324,054 | 19,331,154 | 7,100 |
| Charges for services | 34,500 | 34,500 | 78,652 | 44,152 |
| Other revenues | - | - | 30,521 | 30,521 |
| Total revenues | 18,808,938 | 19,358,554 | 19,440,327 | 81,773 |
| Expenditures: | | | | |
| Current: | | | | |
| Regular instruction | 16,551,307 | 16,549,703 | 16,360,973 | 188,730 |
| Special education | 5,438,459 | 5,438,458 | 5,142,077 | 296,381 |
| CTE instruction | 424,086 | 424,086 | 424,082 | 4 |
| Other instruction | 852,816 | 852,909 | 898,721 | (45,812) |
| Student and staff support | 2,943,565 | 2,937,357 | 2,972,455 | (35,098) |
| System administration | 1,113,518 | 1,113,518 | 1,147,616 | (34,098) |
| School administration | 1,950,745 | 1,950,465 | 1,942,197 | 8,268 |
| Transportation | 1,786,231 | 1,786,231 | 1,804,973 | (18,742) |
| Facilities maintenance | 3,544,050 | 3,552,050 | 3,714,975 | (162,925) |
| Adult education | 246,381 | 246,381 | 222,187 | 24,194 |
| Debt service | 2,726,434 | 2,726,434 | 2,725,529 | 905 |
| Total expenditures | 37,577,592 | 37,577,592 | 37,355,785 | 221,807 |
| Deficiency of revenues under expenditures | (18,768,654) | (18,219,038) | (17,915,458) | 303,580 |
| Other financing sources (uses): | | | | |
| Use of surplus | 350,000 | 350,000 | - | (350,000) |
| Transfers in - general fund | 18,462,654 | 17,913,038 | 17,923,038 | 10,000 |
| Transfer to other School funds | (44,000) | (44,000) | (49,054) | (5,054) |
| Total other financing sources | 18,768,654 | 18,219,038 | 17,873,984 | (345,054) |
| Net change in fund balance - budgetary basis | - | - | (41,474) | (41,474) |
| Reconciliation to GAAP basis: | | | | |
| Change in accrued payroll | | | (196,977) | |
| Change in encumbrances | | | 259,030 | |
| Net change in fund balance | | | 20,579 | |
| Fund deficit, beginning of year, as restated | | | (1,395,617) | |
| Fund deficit, end of year | \$ | | (1,375,038) | |

See accompanying notes to basic financial statements.

TOWN OF GORHAM, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

| | Agency Funds | Scholarships Private-purpose Trust Funds |
|----------------------------|-------------------------|---|
| ASSETS | | |
| Cash | \$ 492,560 | - |
| Investments | - | 41,853 |
| Interfund loans receivable | 6,175 | - |
| Total assets | 498,735 | 41,853 |
| LIABILITIES | | |
| Due to others | 498,735 | - |
| Interfund loans payable | - | 800 |
| Total liabilities | 498,735 | 800 |
| NET POSITION | | |
| Held in trust | \$ - | 41,053 |

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, 2018

| | | Scholarships Private-purpose Trust Funds |
|----------------------------------|-----------|---|
| <hr/> | | |
| Additions: | | |
| Investment income (loss) | \$ | (255) |
| Total additions | | (255) |
| <hr/> | | |
| Deductions: | | |
| Scholarships awarded | | 800 |
| Total deductions | | 800 |
| <hr/> | | |
| Change in net position | | (1,055) |
| <hr/> | | |
| Net position, beginning of year | | 42,108 |
| <hr/> | | |
| Net position, end of year | \$ | 41,053 |

See accompanying notes to basic financial statements.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
For the year ended June 30, 2018

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.

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, 2018, 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 and OPEB liabilities, which include the Town's contributions subsequent to the measurement date, which is recognized as a reduction of the net pension and OPEB liabilities 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 \$7,846,520 represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. The School Operations Special Revenue Fund and Other Governmental Funds are reporting an unassigned negative fund balance of (\$1,375,038) and (\$2,532), 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, 2018, other fund balance components consisted of the following:

| | <u>Nonspendable</u> | <u>Restricted</u> | <u>Committed</u> | <u>Assigned</u> |
|---------------------------------------|---------------------|-------------------|------------------|------------------|
| General Fund: | | | | |
| Noncurrent receivables | \$ 1,013 | - | - | - |
| Prepaid items | 84,285 | - | - | - |
| Inventory | 54,600 | - | - | - |
| FY18 capital funding | - | - | - | 2,104,048 |
| Encumbrances | - | - | - | 457,404 |
| Compensated absences | - | - | - | 484,046 |
| Capital reserves | - | 333,079 | 2,260,523 | 1,966,686 |
| Special Revenue Funds: | | | | |
| School grants | - | 136,018 | - | - |
| School donation | - | - | 11,923 | - |
| School lunch fund: | | | | |
| Inventory | 44,353 | - | - | - |
| Food services | - | 91,303 | - | - |
| Sewer operations: | | | | |
| Sewer operations | - | - | 1,139,864 | - |
| Sewer loan fund | - | - | 75,590 | - |
| Impact fees | - | 872,122 | - | - |
| Library | - | 56,016 | - | 24,041 |
| Recreation | - | 7,157 | - | - |
| TIF fund: | | | | |
| Noncurrent receivable | - | 164,474 | - | - |
| TIFs | - | 869,836 | - | 49,617 |
| Miscellaneous | - | 12,617 | 884 | 1,973 |
| Capital Project Funds: | | | | |
| Public safety building | - | 109,660 | - | - |
| Main Street road project | - | 612,730 | - | - |
| School CIPS project | - | 1,859 | - | - |
| Great Falls Elementary school project | - | 69,079 | - | - |
| Fire Trucks | - | 45 | - | - |
| High School renovation and expansion | - | - | 184,462 | - |
| Permanent Funds: | | | | |
| Nonexpendable trust principal | 929,754 | - | - | - |
| Expendable trust principal | - | 224,021 | - | - |
| Total governmental funds | \$ 1,114,005 | 3,560,016 | 3,673,246 | 5,087,815 |

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.

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Q. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined based on actuary reports prepared by the OPEB Plan's actuary. 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.

R. 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, 2018, expenditures did not exceed appropriations in the General Fund departments as shown on Statement 6.

For the year ended June 30, 2018, expenditures exceeded appropriations in the following School Operations Fund cost centers as shown on Statement 6:

| | |
|---------------------------|-----------|
| Other instruction | \$ 45,812 |
| Student and staff support | 35,098 |
| System administration | 34,098 |
| Transportation | 18,742 |
| Facilities maintenance | 162,925 |

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

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

Note 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, Continued

C. Deficit Fund Equity

The School Operations Fund has a deficit fund balance of (\$1,375,038) at June 30, 2018. This is due primarily to variations between the budgetary and GAAP methods of accounting for summer teachers' payroll and benefits. 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, 2018. 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 (\$1,288). This comprise of the following grants:

| | |
|-------------------------|-------|
| GMS - Garden | \$ 8 |
| GMS - Water Mini Grant | 150 |
| H1N1/Flu Vaccine Clinic | 1,130 |

Note 3 – RISK MANAGEMENT

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

If the assets of either the MMA Property and Casualty Pool or the Worker's Compensation Pool are at any time actuarially determined to be insufficient to enable either pool to discharge its legal liability and other obligations and to maintain actuarially sound reserves, either pool has the power to make up the deficiency by the levy of a prorated assessment upon its members for the amount needed to make up the deficiency. There has been no such deficiency in the past three years. Management believes that no such deficiency exists as of June 30, 2018.

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, 2018. 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, 2018, the balance in this reserve account was \$31,500.

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

Note 4 – DEPOSITS AND INVESTMENTS

A. Deposits

At June 30, 2018, cash consisted of the following:

| | <u>Carrying amount</u> | <u>Bank balance</u> |
|---|----------------------------|-------------------------|
| Checking, savings, NOW, and certificates of deposit accounts: | | |
| Government Funds | \$ 15,735,380 | 15,841,870 |
| Agency Funds | 492,560 | 517,985 |
| Petty Cash - governmental funds | 972 | - |
| Flex Plan - governmental funds | 2,104 | - |
| Postage machine balance - governmental funds | 4,698 | - |
| Totals | \$ 16,235,714 | 16,359,855 |

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, 2018, \$79,058 of the Town’s bank balances of \$16,359,855 was exposed to custodial credit risks. The Town uses the 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, 2018, investments consisted of the following:

| Investment Type | | Fair value | Maturities | | | Level 1 inputs |
|-------------------------|-----------|-----------------------|-----------------------------|------------------------------|-------------------------|---------------------------|
| | | | Less than 1 Year | 1 Year to 3 Years | Over 3 Years | |
| Mutual funds | \$ | 630,110 | | Not applicable | | 630,110 |
| U.S. treasuries | | 6,104,751 | 6,104,751 | - | - | 6,104,751 |
| Money market accounts | | 461,338 | | Not applicable | | Not Applicable |
| Commercial paper | | 198,040 | - | 100,520 | 97,520 | 198,040 |
| U.S. savings Bonds | | 4,304 | 4,304 | - | - | 4,304 |
| Common stock | | 43,764 | | Not applicable | | 43,764 |
| Total Fair Value | \$ | 7,442,307 | 6,109,055 | 100,520 | 97,520 | 6,980,969 |

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

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

Note 4 - DEPOSITS AND INVESTMENTS, Continued

Out of the total \$7,442,307 in investments, \$7,400,454 is from investments in the governmental funds, while \$41,853 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, 2018, the Town had \$198,040 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, 2018, 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 \$7,442,307 in investments, \$1,091,448 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.

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 | \$ 805,077 | - | - | 805,077 |
| Tax liens | 299,360 | - | - | 299,360 |
| Accounts | 215,452 | 23,901 | 242,558 | 481,911 |
| Rescue (net of allowance of \$145,100) | 257,742 | - | - | 257,742 |
| Intergovernmental | 204,225 | 2,597 | 310,039 | 516,861 |
| Notes | 1,013 | - | 164,474 | 165,487 |
| Net total receivables | \$ 1,782,869 | 26,498 | 717,071 | 2,526,438 |

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

Note 5 – RECEIVABLES, Continued

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>\$ 676,800</u> |

B. Property Taxes

Property taxes for the current year were committed on September 1, 2017, 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 93.3% of the estimated State valuation of \$1,682,600,000.

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 \$752,027 for the year ended June 30, 2018. The variance between actual property tax revenues and budgeted property tax revenues represents overlay plus supplemental taxes less abatements.

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

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

The following summarizes the 2018 and 2017 levies:

| | <u>2018</u> | <u>2017</u> |
|--------------------------------------|--------------------------|--------------------------|
| Taxable Assessed Value | \$1,570,284,293 | \$1,533,284,722 |
| Tax Rate (per \$1,000) | <u>17.10</u> | <u>17.00</u> |
| Commitment | 26,851,861 | 26,065,840 |
| Supplemental Taxes Assessed | <u>45,071</u> | <u>36,231</u> |
| | 26,896,932 | 26,102,071 |
| Less: Abatements | 261,390 | 18,119 |
| Collections | <u>25,934,519</u> | <u>25,429,277</u> |
| Receivable at June 30, 2018 and 2017 | <u>\$ 701,023</u> | <u>\$ 654,675</u> |
| Due Date(s) | ½ 11/15/2017 | ½ 11/15/2016 |
| | ½ 05/15/2018 | ½ 05/15/2017 |
| Interest Rates on Delinquent Taxes | 7.0% | 7.0% |
| Collection Rate | 97.4% | 97.5% |

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

Note 5 – RECEIVABLES, Continued

Of the total taxes committed for the year ended June 30, 2018, 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 \$484,247.

C. Notes Receivables

At June 30, 2018, 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 | 1,013 |
| My Fit 24 | 2/2015 | 50,000 | 5.0% | 2/2022 | 6,875 | 28,356 |
| Wood Excavating | 11/2015 | 100,000 | 5.0% | 11/2035 | 3,886 | 90,191 |
| 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 | 1,042 | 2,125 |
| Gorham Growl | 10/2016 | 3,000 | 0.0% | 11/2019 | 784 | 1,540 |
| Century 21 | 10/2016 | 5,000 | 0.0% | 11/2021 | 917 | 3,417 |
| Flagship New Portland Road LLC | 6/2017 | 40,000 | 4.5% | 6/2037 | 1,155 | 38,845 |
| | | | | | | <u>\$ 165,487</u> |

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

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.

Capital asset activity for the year ended June 30, 2018 was as follows:

| | <u>Balance June 30, 2017</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance June 30, 2018</u> |
|--|----------------------------------|------------------------------|--------------------------|----------------------------------|
| Governmental Activities: | | | | |
| Books/historical treasures/artwork | \$ 1,429,837 | \$ - | \$ - | \$ 1,429,837 |
| Land | 2,234,761 | - | 4,500 | 2,230,261 |
| Construction in progress | 340,655 | 102,899 | 173,381 | 270,173 |
| Total capital assets, not being depreciated | <u>4,005,253</u> | <u>102,899</u> | <u>177,881</u> | <u>3,930,271</u> |
| Land improvements | 9,488,874 | 317,779 | - | 9,806,653 |
| Buildings and building improvements | 68,608,318 | 56,375 | - | 68,664,693 |
| Machinery and equipment | 3,170,133 | 93,614 | - | 3,263,747 |
| Furniture and office equipment | 4,429,909 | 94,529 | - | 4,524,438 |
| Computer equipment | 510,876 | - | - | 510,876 |
| Vehicles | 11,947,202 | 1,208,697 | 1,025,567 | 12,130,332 |
| Infrastructure | 46,848,341 | 1,058,000 | - | 47,906,341 |
| Total capital assets being depreciated | <u>145,003,653</u> | <u>2,828,994</u> | <u>1,025,567</u> | <u>146,807,080</u> |
| Less accumulated depreciation for: | | | | |
| Land improvements | 3,710,352 | 357,158 | - | 4,067,510 |
| Buildings and building improvements | 29,456,143 | 1,937,508 | - | 31,393,651 |
| Machinery and equipment | 2,248,939 | 132,949 | - | 2,381,888 |
| Furniture and office equipment | 3,588,597 | 286,020 | - | 3,874,617 |
| Computer equipment | 472,651 | 8,107 | - | 480,758 |
| Vehicles | 7,548,743 | 713,018 | 1,021,162 | 7,240,599 |
| Infrastructure | 21,564,264 | 1,162,292 | - | 22,726,556 |
| Total accumulated depreciation | <u>68,589,689</u> | <u>4,597,052</u> | <u>1,021,162</u> | <u>72,165,579</u> |
| Total capital assets being depreciated, net | <u>76,413,964</u> | <u>(1,768,058)</u> | <u>4,405</u> | <u>74,641,501</u> |
| Governmental activities capital assets, net | <u>\$ 80,419,217</u> | <u>\$ (1,665,159)</u> | <u>\$ 182,286</u> | <u>\$ 78,571,772</u> |

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

| | |
|---|----------------------------|
| Governmental activities: | |
| General government | \$ 254,764 |
| Public safety | 650,066 |
| Public works, including depreciation of general infrastructure assets | 1,410,053 |
| Recreation | 157,639 |
| Education | <u>2,124,530</u> |
| Total depreciation expense – governmental activities | <u>\$ 4,597,052</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, 2018, was 9.6% of annual payroll for the regular plan and 12.2% of annual payroll for the special plan. Contributions to the pension plan from the Town were \$222,864 for the year ended June 30, 2018.

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, 2018, was 15.05% of annual payroll of which 3.97% of payroll was required from the Town and 11.08% was required from the State. Contributions to the pension plan from the Town were \$755,014 for the year ended June 30, 2018.

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, 2017, 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.

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

NOTE 7 – MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, Continued

PLD Plan - At June 30, 2018, the Town reported a liability of \$1,730,314 for its proportionate share of the net pension liability. At June 30, 2017, the Town's proportion of the PLD Plan was 0.4226%.

SET Plan - At June 30, 2018, 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 | \$ 494,487 |
| State's proportionate share of the net pension liability | |
| associated with the Town | 21,227,184 |
| Total | \$ 21,721,671 |

At June 30, 2017, the Town's proportion of the SET Plan was 0.0340%.

For the year ended June 30, 2018 the Town recognized pension expense of \$28,333 for the PLD Plan. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to the PLD plan from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ - | 83,129 |
| Changes of assumptions | 147,241 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 47,579 |
| Changes in proportion and differences between Town contributions and proportionate share of contributions | - | 345,197 |
| Town contributions subsequent to the measurement date | 222,864 | - |
| Total | \$ 370,105 | 475,905 |

\$222,864 is reported as deferred outflows of resources related to the PLD plan 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, 2019.

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

NOTE 7 – MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, Continued

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the PLD plan will be recognized in pension expense as follows:

Year ended June 30:

| | |
|------|--------------|
| 2018 | \$ (245,922) |
| 2019 | 23,454 |
| 2020 | 11,609 |
| 2021 | (117,805) |

For the year ended June 30, 2018, the Town recognized pension expense of \$2,673,004 for the SET Plan with revenue of \$2,107,193 for support provided by the State. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to the SET plan from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 20,796 | - |
| Changes of assumptions | - | 7,723 |
| Net difference between projected and actual earnings on pension plan investments | - | 7,273 |
| Changes in proportion and differences between Town contributions and proportionate share of contributions | - | 4,878 |
| Town contributions subsequent to the measurement date | 755,014 | - |
| Total | \$ 775,810 | 19,874 |

\$755,014 is reported as deferred outflows of resources related to the SET plan 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, 2019. 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 | \$ (5,630) |
| 2019 | 29,718 |
| 2020 | 3,306 |
| 2021 | (26,471) |

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

NOTE 7 – MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, Continued

Actuarial Assumptions - The total pension liability in the June 30, 2017 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, 2017 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, 2017 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-term Expected Real Rate of Return</u> |
|---------------------|--------------------------|---|
| Public Equities | 30.0% | 6.0% |
| US Government | 7.5% | 2.3% |
| Private equity | 15.0% | 7.6% |
| Real estate | 10.0% | 5.2% |
| Infrastructure | 10.0% | 5.3% |
| Natural Resources | 5.0% | 5.0% |
| Traditional Credit | 7.5% | 3.0% |
| Alternative Credit | 5.0% | 4.2% |
| Diversifiers | 10.0% | 5.9% |
| <u>Total</u> | <u>100%</u> | |

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.

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

NOTE 7 – MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, Continued

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 | \$ 3,471,541 | 1,730,314 | 419,439 |
| <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 | 867,678 | 494,487 | 186,365 |

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, 2018.

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 \$162,179 for the year ended June 30, 2018, and \$147,557 for the year ended June 30, 2017. 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 \$472,627 including F.I.C.A. and Medicare to the Social Security Retirement Program on behalf of Town employees for the year ended June 30, 2018 and \$460,804 for the year ended June 30, 2017.

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 \$250,669 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, 2018 and \$248,829 for the year ended June 30, 2017.

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

Note 9 – OTHER POST EMPLOYMENT BENEFITS

General Information about the OPEB Plans

Plan Description - The Town sponsors two post-retirement benefit plans providing group term life insurance to retiring employees. For municipal employees and certain School Department employees the Town participates in Group Life Insurance Plan for Participating Local District (PLD). Teachers also participate in the Group Term Life Insurance Plan for State Employees and Teachers (SET). Both plans are a cost-sharing multiple-employer defined benefit OPEB plan administered by the Maine Public Employees Retirement System (MPERS). The MPERS Board of Trustees has the authority to establish and amend the benefit terms and financing requirements for each plan. MPERS issues a publicly available financial reports that are available at www.maineper.org.

Additionally, the Town sponsors a post-retirement benefit plan providing health insurance to retiring employees (hereafter referred to as the Health Plan). The plan is a single-employer defined benefit OPEB plan administered by the Maine Municipal Employees Health Trust (MMEHT). The Town Council has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Benefits Provided - Under both the PLD and SET OPEB plans, MPERS provides basic group life insurance benefits, during retirement, to retirees who participated in the plan prior to retirement for a minimum of 10 years. The level of coverage is initially set to an amount equal to the retirees average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

Retirees with a minimum of age 55 and 5 years of service at retirement are eligible for postretirement health Insurance benefits. Eligible retirees are required to pay 100% of health insurance premiums to receive health benefit coverage and therefore, the Town makes no actual contributions.

Employees Covered by Benefit Terms – At June 30, 2018, the following employees were covered by the Health Plan benefit terms:

| | |
|--|----|
| Inactive employees or beneficiaries currently receiving benefits | 7 |
| Inactive employee entitled to but not yet receiving benefits | - |
| Active employees | 80 |
| Total | 87 |

Contributions - Premium rates for both the PLD and SET OPEB plans are determined by the MPERS Board of Trustees to be actuarially sufficient to pay anticipated claims.

PLD OPEB Plan - The Town is required to remit a premium of \$0.46 per \$1,000 of coverage per month during the post-employment retirement period. Contributions to the PLD OPEB plan from the Town were \$16,109 for the year ended June 30, 2018. Employees are not required to contribute to the PLD OPEB plan.

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

Note 9 – OTHER POST EMPLOYMENT BENEFITS, Continued

SET OPEB Plan - The State of Maine is required to remit the total dollar amount of each year's annual required contribution. Contributions to the OPEB plan by the State of Maine on-behalf of the Town were \$69,934 for the year ended June 30, 2018. Employers and employees are not required to contribute to the SET OPEB plan.

Health OPEB Plan – Eligible retirees are required to pay 100% of health insurance premiums to receive health benefit coverage and therefore, the Town makes no actual contributions.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability for both the PLD and SET OPEB plans was measured as of June 30, 2017, and the total OPEB liabilities used to calculate the net OPEB liabilities was determined by actuarial valuations as of that date. The Town's proportion of the net OPEB liabilities was based on a projection of the Town's long-term share of contributions to the PLD and SET OPEB plans relative to the projected contributions of all participating employers, actuarially determined.

PLD OPEB Plan – At June 30, 2018, the Town reported a liability of \$148,746 for its proportionate share of the net OPEB liability. At June 30, 2017, the Town's proportion was 0.889%.

SET OPEB Plan – At June 30, 2018, the Town reported no liability related to the plan. The State of Maine's proportionate share of the net OPEB liability associated with the Town was \$771,655 as of June 30, 2018. At June 30, 2017, the Town's proportion was 0.00%.

The Town's total Health Plan OPEB liability of \$1,201,407 was measured as of January 1, 2018, and was determined by an actuarial valuation as of that date.

Changes in the Total Health Plan OPEB Liability

| | Total OPEB Liability |
|--|-------------------------|
| Balance at June 30, 2017 | \$ 1,478,356 |
| Changes for the year: | |
| Service Cost | 40,376 |
| Interest | 56,510 |
| Changes of benefit terms | - |
| Differences between expected and actual experience | (276,556) |
| Changes in assumptions or other inputs | (49,292) |
| Benefit payments | (47,987) |
| Net changes | <u>(276,949)</u> |
| Balance at June 30, 2018 | <u>\$ 1,201,407</u> |

Change in assumptions reflects a change in the discount rate from 3.78% to 3.44% and also a change in valuation method from Projected Unit Credit to the Entry Age Normal funding method.

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

Note 9 – OTHER POST EMPLOYMENT BENEFITS, Continued

For the year ended June 30, 2018, the Town recognized OPEB gain of \$3,493 for the PLD OPEB Plan. For the year ended June 30, 2018, the Town recognized OPEB expense of \$69,934 and also revenues of \$69,934 for support provided by the State related to the SET OPEB plan. At June 30, 2018, the Town reported no deferred outflows of resources nor deferred inflows of resources related to the SET OPEB plan. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to the PLD OPEB plan from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Changes of assumptions | \$ - | 41,448 |
| Net difference between projected and actual earnings on OPEB plan investments | - | 7,121 |
| Changes in proportion and differences between Town contributions and proportionate share of contributions | 1,766 | - |
| Town contributions subsequent to measurement date | 16,109 | - |
| Total | \$ 17,875 | 48,569 |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year ended June 30: | |
|---------------------|------------|
| 2019 | \$ (9,717) |
| 2020 | (9,717) |
| 2021 | (9,717) |
| 2022 | (9,717) |
| 2023 | (7,935) |

For the year ended June 30, 2018, the Town recognized OPEB expense of \$8,167 related to the Health Plan. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to the Health Plan from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ - | 241,986 |
| Changes of assumption or other inputs | - | 43,130 |
| Total | \$ - | 285,116 |

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

Note 9 – OTHER POST EMPLOYMENT BENEFITS, Continued

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Health Plan OPEB will be recognized in OPEB expense as follows:

| Year ended June 30: | |
|---------------------|-------------|
| 2019 | \$ (40,732) |
| 2020 | (40,732) |
| 2021 | (40,732) |
| 2022 | (40,732) |
| 2023 | (40,732) |
| Thereafter | (81,456) |

Actuarial Assumptions and Other Inputs - The total OPEB liability in the June 30, 2017 actuarial valuations for both the PLD and SET OPEB plans was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | PLD OPEB Plan | SET OPEB Plan |
|---------------------------|---------------|----------------|
| Inflation | 2.75% | 2.75% |
| Salary increases | 2.75% - 9.00% | 2.75% - 14.50% |
| Investment rate of return | 6.875% | 6.875% |

Mortality rates for both the PLD and SET OPEB plans were based on the RP2014 Total Dataset Healthy Annuity Mortality Table, for males and females, with adjustments ranging 104% to 120% based on actuarially determined demographic differences.

The actuarial assumptions used in the June 30, 2017 valuations for both the PLD and SET OPEB plans were based on the results of an actuarial experience study conducted for the period June 30, 2012 to June 30, 2015.

The total OPEB liability in the January 1, 2018 actuarial valuation for the Health Plan was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|--|--|
| Inflation | 3.00% per year |
| Salary increases | 2.75% per year |
| Discount rate | 3.44% |
| Healthcare cost trend rates | 8.27% for 2018, decreasing 0.27% per year |
| Retirees' share of the benefit related costs | 5%-100% of projected health insurance premiums |

Mortality rates for the Health Plan were based on the RP2014 Total Dataset Healthy Annuity Mortality Table, for males and females.

The actuarial assumptions used in the January 1, 2018 valuation for the Health Plan were based on the results of an actuarial experience study for the period June 30, 2012 through June 30, 2015.

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

Note 9 – OTHER POST EMPLOYMENT BENEFITS, Continued

The long-term expected rate of return on both PLD and SET OPEB plan investments was determined using a building-block method which best estimates ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return |
|--------------------------|-------------------|--|
| Public equities | 70.0% | 6.0% |
| Real estate | 5.0% | 5.2% |
| Traditional credit | 16.0% | 3.0% |
| US Government Securities | 9.0% | 2.3% |
| Total | 100.0% | |

Discount Rate - The rate used to measure the net OPEB liability for the PLD OPEB plan was 5.41% which is a blend of the assumed long-term expected rate of return of 6.875% and a municipal bond index rate of 3.58%, based on the Bond Buyer GO 20-Year Municipal Bond Index as of June 30, 2017. Projections of the plan’s fiduciary net position indicate that it is not expected to be sufficient to make projected benefit payments for current members beyond 2052. Therefore, the portion of the future projected benefit payments after 2052 are discounted at the municipal bond index rate. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined.

The rate used to measure the net OPEB liability for the SET OPEB plan was 6.875%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined. Based on this assumption, the OPEB plans fiduciary net position was projected to be available to make all projected OPEB payments for current and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The rate used to measure the total OPEB liability for the Health Plan was 3.44%. The discount rate was based upon high quality AA/Aa or higher bond yields in effect for 20 years, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index.

Sensitivity of the Town’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate – The following presents the Town’s proportionate share of the net PLD OPEB plan liability calculated using the discount rate of 5.41%, as well as what the Town’s proportionate share of the net PLD OPEB plan liability would be if it were calculated using a discount rate that is 1 percentage-point lower (4.41%) or 1 percentage-point higher (6.41%) than the current rate:

| | 1% Decrease (4.41%) | Discount Rate (5.41%) | 1% Increase (6.41%) |
|--------------------|---------------------------|-----------------------------|---------------------------|
| Net OPEB liability | \$ 199,627 | 148,746 | 108,578 |

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

Note 9 – OTHER POST EMPLOYMENT BENEFITS, Continued

Sensitivity of the Town’s proportionate share of the net SET OPEB plan liability to the changes in the discount rate are not presented as the Town does not have any liability related to this plan given that the SET OPEB plan is 100% funded by contributions from the State of Maine.

Sensitivity of the Total Health Plan OPEB Liability to Changes in the Discount Rate – The following presents the Town’s total OPEB liability related to the Health Plan calculated using the discount rate of 3.44%, as well as what the Town’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.44%) or 1 percentage-point higher (4.44%) than the current rate:

| | 1% Decrease (2.44%) | Discount Rate (3.44%) | 1% Increase (4.44%) |
|----------------------|---------------------------|-----------------------------|---------------------------|
| Total OPEB liability | \$ 1,381,131 | 1,201,407 | 1,054,468 |

Sensitivity of the Total Health Plan OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the Town’s total OPEB liability related to the Health Plan calculated using the healthcare cost trend rates of 8.27% decreasing 0.27% per year, as well as what the Town’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

| | 1% Decrease | Healthcare Cost Trend Rates | 1% Increase |
|----------------------|--------------|--------------------------------|-------------|
| Total OPEB liability | \$ 1,060,329 | 1,201,407 | 1,378,738 |

OPEB Plan Fiduciary Net Position - Detailed information about both the PLD and SET OPEB plan’s fiduciary net positions are available in a separately issued MPERS financial report.

Note 10 – INTERFUND ACCOUNTS

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

Individual interfund loans receivable and payable balances at June 30, 2018 were as follows:

| <u>Fund</u> | <u>Interfund loans receivable</u> | <u>Interfund loans payable</u> |
|--|---------------------------------------|------------------------------------|
| Governmental Funds: | | |
| General Fund | \$ - | 4,639,315 |
| School Operations Fund | <u>1,944,781</u> | <u>-</u> |
| Other governmental funds: | | |
| Special revenue funds: | | |
| School Grants Fund | - | 156,801 |
| School Donation Fund | 11,923 | - |
| School Lunch Fund | - | 114,949 |
| Sewer Operations Fund | 898,172 | - |
| Little Falls Sewer Reserve and Loan Fund | 14,552 | - |
| Impact Fees Fund | 872,122 | - |
| Library Fund | 21,498 | - |
| Recreation Fund | 5,802 | - |
| TIF Fund | 919,307 | - |
| Miscellaneous Fund | 2,857 | - |
| Capital project funds: | | |
| 2016 CIPS School Bond | - | 23,321 |
| Great Falls Elementary School Project | 36,028 | - |
| Middle School Project | - | 344 |
| High School Renovation and Expansion | 201,312 | - |
| Various School Projects | - | 900 |
| Permanent funds: | | |
| Cemetery Perpetual Care | 2,369 | - |
| Baxter Library & Museum | 32 | - |
| Miscellaneous | - | 500 |
| Total other governmental funds | <u>2,985,974</u> | <u>296,815</u> |
| Fiduciary funds | <u>6,175</u> | <u>800</u> |
| Totals | \$ <u>4,936,930</u> | <u>4,936,930</u> |

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

Note 10 – INTERFUND ACCOUNTS, Continued

Interfund transfers during the year ended June 30, 2018 consisted of the following:

| <u>Fund</u> | <u>Transfer In</u> | <u>Transfer Out</u> |
|------------------------------------|-----------------------------|--------------------------|
| General Fund | \$ <u>152,271</u> | <u>18,140,538</u> |
| School Operations Fund | <u>17,923,038</u> | <u>49,054</u> |
| Special Revenue Funds: | | |
| School Grants | 5,054 | - |
| School Lunch | 44,000 | - |
| Impact Fees Fund | - | 3,000 |
| TIF Fund | - | 124,271 |
| Capital Project Funds: | | |
| 2016 Public Safety Building | - | 25,000 |
| High School Renovation & Expansion | <u>217,500</u> | - |
| Total other governmental funds | <u>266,554</u> | <u>152,271</u> |
| Totals | \$ <u>18,341,863</u> | <u>18,341,863</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 (\$17,913,038), transfer to school's facilities department for town use (\$10,000) and transfer funds allocated to use as seed money for the High School renovation & expansion (\$217,500).
2. From the School Operation Fund: to fund negative balance in the athletic fund in the grant fund (\$5,054) and to fund shortfall in School Lunch due to cost of salary increase instead of increasing school lunch rates (\$44,000).
3. From the Special Revenue Fund's Impact Fees Fund: to fund pedestrian rail trail (\$3,000).
4. From the Special Revenue Fund's TIF Fund: to provide funding for the Libby/Brackett Road debt service and Economic Development (\$124,271).
5. From the Capital Project Fund's Public Safety building: to allocate premium to general fund revenue that was budgeted (\$25,000).

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, 2018, the Town was in compliance with these limitations. (See Table 13, STATISTICAL SECTION)

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

Note 11 – LONG-TERM DEBT, Continued

B. Changes in Long-term Debt

Long-term liability activity for the year ended June 30, 2018 was as follows:

| | Restated | | | Ending | Due Within |
|--|----------------------|------------------|-------------------|-------------------|-------------------|
| | Beginning | | | | |
| | Balance | Additions | Reductions | Balance | One Year |
| Governmental activities: | | | | | |
| General obligation bonds | \$ 35,904,375 | - | 3,468,125 | 32,436,250 | 3,393,125 |
| Bond premium | 1,143,154 | - | 138,823 | 1,004,331 | 138,823 |
| Notes payable | 204,621 | - | 5,768 | 198,853 | 198,853 |
| Capital leases | 372,207 | 339,200 | 257,407 | 454,000 | 182,432 |
| Compensated absences | 1,101,188 | 138,332 | 154,733 | 1,084,787 | 50,000 |
| Net pension liability | 3,201,720 | - | 976,919 | 2,224,801 | - |
| Other post-employment benefits | 1,677,398 | 96,886 | 424,131 | 1,350,153 | - |
| Governmental activity long-term liabilities | \$ 43,604,663 | 574,418 | 5,425,906 | 38,753,175 | 3,963,233 |

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.

General obligation bonds currently outstanding at June 30, 2018 are comprised of the following:

| | Interest | Original | Final | Balance | Due |
|--|------------|---------------|------------|----------------------|------------------|
| General Obligation Bonds | Rate | Issue | Maturity | End of | Within |
| | | Amount | Date | Year | 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 | 1,225,000 | 65,000 |
| 2016 Main Street Bond | 2.00-3.00% | 600,000 | 12/1/2035 | 540,000 | 30,000 |
| 2016 School CIP Bond | 2.00-3.00% | 1,175,000 | 12/1/2035 | 1,055,000 | 60,000 |
| 2015 Public Safety Building Bond | 2.00-3.25% | 4,990,000 | 6/1/2035 | 4,240,000 | 250,000 |
| 2013 Fire Truck/Little Falls School Bond | 2.00-4.00% | 1,400,000 | 11/15/2033 | 1,060,000 | 85,000 |
| 2012 Advance Refunding Bond | 2.00-3.50% | 17,085,000 | 11/1/2024 | 9,015,000 | 1,605,000 |
| 2011 Maine Municipal Bond (2000 Bond) | .50-5.20% | 585,000 | 11/1/2019 | 146,250 | 73,125 |
| 2010 Road Projects/Heavy Rescue Bond | 2.00-3.50% | 3,450,000 | 8/1/2027 | 615,000 | 205,000 |
| 2010 Elementary School Bond | 2.00-4.25% | 20,384,680 | 10/1/2030 | 3,060,000 | 1,020,000 |
| Total governmental activities | | | | \$ 32,436,250 | 3,393,125 |

The General Fund and the Special Revenue Funds' School Operations Fund pay all governmental activities long-term debt service requirements.

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

Note 11 – LONG-TERM DEBT, Continued

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> |
|--|----------------------|------------------|-------------------|
| 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 | 3,265,000 | 573,606 | 3,838,606 |
| 2024-2028 | 9,585,000 | 1,694,526 | 11,279,526 |
| 2029-2033 | 5,230,000 | 463,725 | 5,693,725 |
| 2034-2037 | 1,020,000 | 48,522 | 1,068,522 |
| Totals | \$ 32,436,250 | 6,215,791 | 38,652,041 |

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

D. Capital Leases

The Gorham School Department has entered into various lease agreements as lessee for school buses, photocopiers, Chromebooks and a piano. 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, 2018:

| | <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> |
|------------------------|--|--|---|-----------------|--|
| School buses (10) | \$ 685,087 | 68,509 | 383,228 | 28,584 | 354,644 |
| Photocopiers | 115,891 | 8,001 | 61,942 | 3,225 | 58,717 |
| Piano | 15,400 | 2,200 | 3,387 | 108 | 3,279 |
| Portable classroom (2) | 57,200 | 3,813 | 13,200 | - | 13,200 |
| Chromebooks (250) | 49,000 | N/A | 24,875 | 715 | 24,160 |
| Totals | \$ 922,578 | 85,523 | 486,632 | 32,632 | 454,000 |

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

Note 11 – LONG-TERM DEBT, Continued

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, 2018:

| <u>Fiscal year</u> <u>ending</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Lease</u> <u>Obligation</u> |
|-------------------------------------|--------------------------|----------------------|---|
| 2019 | \$ 182,432 | 12,806 | 195,238 |
| 2020 | 114,709 | 10,039 | 124,748 |
| 2021 | 76,777 | 5,904 | 82,681 |
| 2022 | 59,696 | 3,101 | 62,797 |
| 2023 | 20,386 | 782 | 21,168 |
| Totals | <u>\$ 454,000</u> | <u>32,632</u> | <u>486,632</u> |

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 \$1,084,787 for governmental activities at June 30, 2018, is expected to be paid in future years from future resources. The Town has estimated that out of the \$1,084,787 approximately \$50,000 will be due within the next year. In prior years, compensated absences have been liquidated primarily by the general fund.

Long-term compensated absences as of June 30, 2018 are comprised of the following:

| <u>Type of Leave</u> | <u>Governmental</u> <u>Activities</u> |
|----------------------------|--|
| Sick paid upon termination | \$ 600,741 |
| Vacation | 409,943 |
| Compensatory time | <u>74,103</u> |
| Total | <u>\$ 1,084,787</u> |

Note 12 – OVERLAPPING DEBT AND OTHER CONTINGENCIES

A. Overlapping Debt

The Town is subject to an annual assessment of its proportional share of Cumberland County expenses, including debt repayment, as determined by the percentage of the Town’s State valuation to the County’s State valuation. At June 30, 2018, the Town’s State valuation of \$1,682,600,000 was 3.82% of the County’s State valuation of \$44,050,850,000. The Town’s share is 3.82% or \$1,359,232 of Cumberland County’s \$35,585,000 long-term debt outstanding as of June 30, 2018.

The Town is also served by the Portland Water District. At June 30, 2018, the Town’s share of self-supporting bonded water debt is 5.71% or \$2,863,620 of total debt of \$50,150,965.

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

Note 12 – OVERLAPPING DEBT AND OTHER CONTINGENCIES, Continued

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 \$2,506,044, while Gorham’s share of the Westbrook sewer system debt is \$935,564. 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, 2018</u> | | |
|---|----------------------------|-----------------------------|-----------------------|
| | <u>Direct Debt</u> | <u>Overlapping Debt</u> | <u>Total Debt</u> |
| Town of Gorham - general obligation bonds and notes payable | \$ 32,635,103 | - | 32,635,103 |
| Town of Gorham - bond premiums | 1,004,331 | - | 1,004,331 |
| Town of Gorham – capital lease | 454,000 | - | 454,000 |
| Cumberland County | - | 1,359,232 | 1,359,232 |
| Portland Water District - sewer shared with Town of Windham and City of Westbrook | - | 3,441,608 | 3,441,608 |
| Portland Water District - water debt | - | 2,863,620 | 2,863,620 |
| Totals | \$ 34,093,434 | 7,664,460 | 41,757,894 |

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, 2018, 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.

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.

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

Note 12 – OVERLAPPING DEBT AND OTHER CONTINGENCIES, Continued

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, 2018, 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 | \$ 457,404 |
| School Operations Fund | 403,458 |

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, 2018 includes total assets of \$62,899,434, and total liabilities of \$17,719,973 and unrestricted net position of \$17,354,190. The liabilities include an accrual for landfill closure and postclosure care amounting to \$14,819,398. 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 2018 with 2017 information provided for comparison:

| | <u>2018</u> | <u>2017</u> | <u>\$ Chg</u> | <u>% Chg</u> |
|---|-----------------------------|-----------------------------|--------------------------|--------------|
| Capital assets | \$150,737,351 | \$149,008,906 | \$ 1,728,445 | 1.2% |
| Accumulated depreciation | (72,165,579) | (68,589,689) | (3,575,890) | 5.2% |
| Deferred charge on refunding | 479,550 | 563,135 | (83,585) | -14.8% |
| Bonds payable (includes premium) | (33,440,581) | (37,047,529) | 3,606,948 | -9.7% |
| Notes payable | (198,853) | (204,621) | 5,768 | -2.8% |
| Capital leases | (454,000) | (372,207) | (81,793) | 22.0% |
| Add back unspent bond proceeds | <u>793,373</u> | <u>1,739,594</u> | <u>(946,221)</u> | -54.4% |
| Net investment in capital assets | <u>\$ 45,751,261</u> | <u>\$ 45,097,589</u> | <u>\$ 653,672</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, 2018:

| FY2018 TIF Activity | | | |
|--|------------------------------|-----------------------|-------------------------------|
| | Developer's Share | Town Share | TIF District Total |
| ODAT - Grondin District | | | |
| ODAT | \$ 24,573 | 24,574 | 49,147 |
| Grondin Properties | 7,322 | 147,377 | 154,699 |
| Subtotal: | 31,895 | 171,951 | 203,846 |
| Pettingill-Ross District | | | |
| Pettingill Ross | 16,696 | - | 16,696 |
| Subtotal: | 16,696 | - | 16,696 |
| Gorham County Road District | | | |
| Gorham County Road LLC | 9,744 | - | 9,744 |
| Subtotal: | 9,744 | - | 9,744 |
| Nappi District | | | |
| Nappi Distributors | 80,312 | 74,134 | 154,446 |
| Subtotal: | 80,312 | 74,134 | 154,446 |
| Olde Canal Business Park | | | |
| Olde Canal | 23,062 | 24,984 | 48,046 |
| Subtotal: | 23,062 | 24,984 | 48,046 |
| Martin's Point | | | |
| Martin's Point | 25,735 | 25,734 | 51,469 |
| Subtotal: | 25,735 | 25,734 | 51,469 |
| Total TIF Financing Plan Amount | \$ 187,444 | 296,803 | 484,247 |

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, 2018. For fiscal year 2018, the Town captured \$484,247 in TIF tax revenues and disbursed \$187,444 in C.E.A. payments to the six developers. The remaining \$296,803 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 2018 from this CEA agreement totaled \$31,895.

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 2018 from this CEA agreement totaled \$80,312.

On May 1, 2007, the Town Council approved the Olde Canal Business Park Tax Financing and Development District. Grondin Properties, LLC developed a 9 lot business park on a 55 acre parcel on Mosher Road (Route 237). This is a 20 year district with 100% of the increased assessed value being shared 48%-52% between the developer, Grondin Properties, LLC and the Town. The total tax abatement granted in fiscal year 2018 from this CEA agreement totaled \$23,062.

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 2018 from this CEA agreement totaled \$25,735.

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

Note 17 – BUDGETARY VS. GAAP ACCOUNTING

Through June 30, 2018, the School 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, 2018 – GAAP basis | \$15,592,204 | \$(1,375,038) |
| Accrued teacher summer salaries | - | 2,604,036 |
| Accrued teacher summer health insurance | - | 608,377 |
| Accrued MEPERS wages | - | 103,380 |
| Encumbrances | (457,404) | (403,458) |
| Fund balance, June 30, 2018 – budgetary basis | \$15,134,800 | \$1,537,297 |

* The School Committee has approved \$350,000 of fund balance to reduce taxes for the 2019 fiscal year. This coupled with the \$403,458 in encumbrances, results in a deficit fund balance of \$2,128,496. Per the Town's fund balance policy, the deficit fund balance of \$2,128,496 is combined with the Town's unassigned total of \$7,846,520, when preparing the 2020 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 \$2,673,497.

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
Notes to Basic Financial Statements, Continued

Note 19 – PRIOR PERIOD ADJUSTMENTS AND CHANGE OF ACCOUNTING PRINCIPLE

For the fiscal year ended June 30, 2018, the Town has elected to implement Statement No. 75 of the Governmental Accounting Standards Board – *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, an amendment of GASB Statement No. 45. As a result of implementing GASB Statement No. 75, the Town has restated beginning net position in the government-wide financial statements to account for the addition of the Town’s proportionate share of the net OPEB liability, which effectively decreased the Town’s net position as of July 1, 2017 by \$759,004.

Additionally, due to the omission of including an accrual for health insurance provided during the months of July and August for twenty six pay teachers and ed-techs in previously issued financial statements net position and fund balance was decreased by \$599,052 as of July 1, 2017.

The Town has restated amounts as follows:

| | Governmental <u>Activities</u> |
|---|-----------------------------------|
| Net position, as previously reported | \$ 59,947,859 |
| Implementation of GASB 75 | (759,004) |
| <u>Previously unreported accrued benefits</u> | <u>(599,052)</u> |
| | |
| <u>Net position, as restated</u> | <u>\$ 58,589,803</u> |

| | School Operations <u>Fund</u> |
|---|-------------------------------------|
| Fund Balance, as previously reported | \$ (796,565) |
| <u>Previously unreported accrued benefits</u> | <u>(599,052)</u> |
| | |
| <u>Net position, as restated</u> | <u>\$ (1,395,617)</u> |

TOWN OF GORHAM, MAINE
Required Supplementary Information
For the year ended June 30, 2018

Schedule of Changes in the Town's Total Health Plan OPEB Liability and Related Ratios
Last 10 Fiscal Years*

| | 2018 |
|--|------------------|
| Total OPEB Liability | |
| Service Cost | \$ 40,376 |
| Interest | 56,510 |
| Changes of benefit terms | - |
| Differences between expected and actual experience | (276,556) |
| Changes of assumptions or other inputs | (49,292) |
| Benefit payments | (47,987) |
| Net change in total OPEB Liability | (276,949) |
| | |
| Total OPEB liability - beginning | 1,478,356 |
| Total OPEB liability - ending | \$ 1,201,407 |
| | |
| Covered-employee payroll | \$ 4,317,608 |
| Total OPEB liability as a percentage of covered-employee payroll | 27.82% |

* Only one year of information available.

TOWN OF GORHAM, MAINE
Required Supplementary Information, Continued
For the year ended June 30, 2018

Schedule of Town's Proportionate Share of the Net OPEB Liability
Last 10 Fiscal Years*

| | 2018 |
|--|-----------------------|
| <u>PLD OPEB Plan</u> | |
| Town's proportion of the net OPEB liability | 0.89% |
| Town's proportionate share of the net OPEB liability | \$ 148,746 |
| Town's covered-employee payroll | 1,781,967 |
| | |
| Town's proportionate share of net OPEB liability as a percentage of its covered-employee payroll | 8.35% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 47.42% |
| | |
| <u>SET OPEB Plan</u> | |
| Town's proportion of the net OPEB liability | 0.00% |
| Town's proportionate share of the net OPEB liability | \$ - |
| State's proportionate share of the net OPEB liability associated with the Town | <u>771,655</u> |
| Total | <u><u>771,655</u></u> |
| | |
| Plan fiduciary net position as a percentage of the total OPEB liability | 47.29% |

* Only one year of information available. Amounts presented for each fiscal year were determined as of the end of the previous fiscal year.

Schedule of Town OPEB Contributions
Last 10 Fiscal Years*

| | 2018 |
|--|-----------------|
| <u>PLD OPEB Plan</u> | |
| Contractually required contribution | \$ 16,109 |
| Contributions in relation to the contractually required contribution | <u>(16,109)</u> |
| Contribution deficiency (excess) | <u><u>-</u></u> |
| | |
| Town's covered-employee payroll | \$ 1,846,541 |
| Contributions as a percentage of covered-employee payroll | 0.87% |

* Only one year of information available.

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>2018*</u> | <u>2017*</u> | <u>2016*</u> | <u>2015*</u> |
|---|-------------------|----------------------|----------------------|----------------------|
| <u>PLD Plan</u> | | | | |
| Town's proportion of the net pension liability | 0.4226% | 0.4857% | 0.5451% | 0.6508% |
| Town's proportionate share of the net pension liability | \$ 1,730,314 | \$ 2,580,562 | \$ 1,739,229 | \$ 1,001,423 |
| Town's covered payroll | 1,781,967 | 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 | 97.10% | 122.04% | 83.84% | 46.36% |
| Plan fiduciary net position as a percentage of the total pension liability | 86.43% | 81.61% | 88.27% | 94.10% |
| <u>SET Plan</u> | | | | |
| Town's proportion of the net pension liability | 0.0340% | 0.0352% | 0.0339% | 0.0415% |
| Town's proportionate share of the net pension liability | 494,487 | 621,158 | 457,407 | 448,218 |
| State's proportionate share of the net pension liability associated with the Town | 21,227,184 | 25,355,628 | 19,001,327 | 14,819,750 |
| Total | 21,721,671 | \$ 26,976,786 | \$ 19,458,734 | \$ 15,267,968 |
| Town's covered payroll | \$18,085,543 | \$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 | 2.73% | 3.60% | 2.77% | 2.82% |
| Plan fiduciary net position as a percentage of the total pension liability | 80.78% | 76.21% | 81.18% | 83.91% |

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

** Only four 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>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|---------------|-------------|-------------|-------------|-------------|
| <u>PLD Plan</u> | | | | | |
| Contractually required contribution | \$ 222,864 | 200,984 | 229,391 | 222,645 | 215,650 |
| Contributions in relation to the required contractually required contribution | (222,864) | (200,984) | (229,391) | (222,645) | (215,650) |
| Contribution deficiency (excess) | \$ - | - | - | - | - |
| | | | | | |
| Town's covered payroll | \$ 1,846,541 | 1,781,967 | 2,047,466 | 2,074,545 | 2,160,307 |
| Contributions as a percentage of covered payroll | 12.07% | 11.28% | 11.20% | 10.73% | 9.98% |
| <u>SET Plan</u> | | | | | |
| Contractually required contribution | \$ 755,014 | 607,674 | 579,457 | 437,139 | 419,332 |
| Contributions in relation to the contractually required contribution | (755,014) | (607,674) | (579,457) | (437,139) | (419,332) |
| Contribution deficiency (excess) | \$ - | - | - | - | - |
| | | | | | |
| Town's covered payroll | \$ 19,017,990 | 18,085,543 | 17,245,735 | 16,495,802 | 15,872,616 |
| Contributions as a percentage of Covered payroll | 3.97% | 3.36% | 3.36% | 2.65% | 2.65% |

* Only five years of information available

TOWN OF GORHAM, MAINE
Notes to Required Supplemental Information
For the year ended June 30, 2018

Net OPEB Liability

Changes of Benefit Terms - None

Changes of Assumptions - None related to the PLD and SET OPEB plans. Under the Health Plan, changes of assumptions and other inputs reflects the changes in the discount rate each period. The following are the discount rates used in each period:

| Fiscal Year | Discount Rate |
|-------------|------------------|
| 2018 | 3.44% |
| 2017 | 3.78% |

Additionally, the valuation method was changed from the Projected Unit Credit funding method in 2017 to the Entry Age Normal funding method in 2018.

Net Pension Liability

Changes of Benefit Terms - None

Changes of Assumptions:

The PLD and SET Plans changed the discount rate of 7.125%, inflation rate of 3.5%, and the cost of living increase of 2.55% in the 2015 valuation to 6.875%, 2.75%, and 2.20%, respectively in the 2016 valuation. The PLD Plan changed the salary increases in the 2015 valuation of 3.5% - 13.5% to 2.75% - 9.0% in the 2016 valuation. The SET Plan changed the salary increases in the 2015 valuation of 3.5% - 9.5% to 2.75% - 14.5% in the 2016 valuation. In addition, mortality rates were previously based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA, which, in the 2016 valuation, was changed to mortality rates that were based on the RP2014 Total Data Set Healthy Annuity Mortality Table.

The PLD Plan changed the discount rate from 7.25% in the 2014 valuation to 7.125% in the 2015 valuation. The PLD Plan also changed the cost of living benefits increase from 3.12% in the 2014 valuation to 2.55% in the 2015 valuation.

The SET Plan changed the discount rate from 7.25% in the 2013 valuation to 7.125% in the 2014 valuation.

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, 2018 and 2017

| | 2018 | 2017 |
|--|----------------------|-------------------|
| ASSETS | | |
| Cash | \$ 14,731,152 | 12,921,942 |
| Investments | 6,104,751 | 6,074,309 |
| Receivables: | | |
| Accounts | 215,452 | 108,855 |
| Intergovernmental | 204,225 | 147,879 |
| Rescue (net of allowance of \$145,100 and \$166,000) | 257,742 | 293,660 |
| Taxes - current year | 701,023 | 654,675 |
| Taxes - prior year | 104,054 | 92,395 |
| Tax liens | 299,360 | 272,147 |
| Notes | 1,013 | 1,418 |
| Tax acquired property | 29,005 | 29,005 |
| Performance bonds | 5,707,754 | 4,273,661 |
| Inventory | 54,600 | 26,185 |
| Prepaid expenditures | 84,285 | 140,814 |
| Total assets | \$ 28,494,416 | 25,036,945 |
| LIABILITIES | | |
| Accounts payable | 452,118 | 330,809 |
| Accrued wages and benefits | 238,011 | 240,923 |
| Interfund loans payable | 4,639,315 | 4,040,269 |
| Taxes paid in advance | 47,564 | 29,022 |
| Performance bond deposits | 6,848,404 | 4,783,410 |
| Total liabilities | 12,225,412 | 9,424,433 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Unavailable revenue - property taxes | 676,800 | 676,000 |
| Total deferred inflows of resources | 676,800 | 676,000 |
| FUND BALANCE | | |
| Nonspendable: | | |
| Noncurrent receivables | 1,013 | 1,418 |
| Prepaid items | 84,285 | 140,814 |
| Inventory | 54,600 | 26,185 |
| Restricted for: | | |
| General government purposes | 41,741 | 29,900 |
| Public safety operations | 118,128 | 137,066 |
| Public works operations | 165,730 | 160,844 |
| Recreation operations | 7,480 | 9,103 |
| Committed to: | | |
| General government purposes | 621,161 | 855,966 |
| Public safety operations | 42,549 | 159,562 |
| Public works operations | 1,468,916 | 952,792 |
| Recreation operations | 127,897 | 254,767 |
| Assigned to: | | |
| Encumbrances | 457,404 | 398,907 |
| Designated for FY19 and FY18 capital budget | 2,104,048 | 1,394,848 |
| General government purposes | 399,074 | 326,572 |
| Public safety operations | 121,183 | 148,410 |
| Public works operations | 126,730 | 155,574 |
| Recreation operations | 315,670 | 317,634 |
| Economic development | 46,703 | 72,993 |
| Insurance and employee benefits | 1,441,372 | 1,506,496 |
| Other purposes | - | 2,294 |
| Unassigned | 7,846,520 | 7,884,367 |
| Total fund balance | 15,592,204 | 14,936,512 |
| Total liabilities, deferred inflows of resources and fund balance | \$ 28,494,416 | 25,036,945 |

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, 2018
(with comparative actual amounts for the year ended June 30, 2017)

| | 2018 | | Variance positive (negative) | 2017 Actual |
|--|---------------|------------|------------------------------------|----------------|
| | Budget | Actual | | |
| Revenues: | | | | |
| Taxes: | | | | |
| Property taxes | \$ 25,615,587 | 26,148,153 | 532,566 | 25,635,730 |
| Change in unavailable property tax revenue | - | (800) | (800) | (5,900) |
| Excise taxes | 3,216,000 | 3,745,638 | 529,638 | 3,515,752 |
| Interest and costs on taxes | 70,000 | 57,601 | (12,399) | 72,936 |
| Total taxes | 28,901,587 | 29,950,592 | 1,049,005 | 29,218,518 |
| Licenses and permits: | | | | |
| Building permits | 250,000 | 426,858 | 176,858 | 390,759 |
| Plumbing/electrical fees | 30,000 | 50,087 | 20,087 | 45,136 |
| Motor vehicle renewal fees | 45,000 | 47,839 | 2,839 | 48,093 |
| Town clerk fees | 47,200 | 58,604 | 11,404 | 54,196 |
| Cable TV franchise fee | 185,000 | 226,472 | 41,472 | 176,708 |
| Code fees | 5,850 | 11,230 | 5,380 | 10,584 |
| Other | 3,800 | 3,404 | (396) | 3,306 |
| Total licenses and permits | 566,850 | 824,494 | 257,644 | 728,782 |
| Intergovernmental: | | | | |
| FEMA Reimbursement | - | 9,749 | 9,749 | - |
| State revenue sharing | 750,000 | 778,497 | 28,497 | 738,529 |
| Highway block grant | 225,000 | 232,472 | 7,472 | 227,656 |
| Human services assistance | 15,000 | 7,140 | (7,860) | 12,753 |
| Homestead exemption | 601,666 | 601,666 | - | 435,362 |
| BETE reimbursement | 299,766 | 299,868 | 102 | 305,366 |
| Other state grants | 39,000 | 40,767 | 1,767 | 38,785 |
| Other agencies | 43,000 | 45,176 | 2,176 | 48,605 |
| University of Southern Maine assistance | 12,500 | 12,500 | - | 12,500 |
| Total intergovernmental | 1,985,932 | 2,027,835 | 41,903 | 1,819,556 |
| Charges for services: | | | | |
| Police fees, fines and outside work | 20,300 | 25,797 | 5,497 | 19,311 |
| Fire and rescue fees | 602,800 | 521,690 | (81,110) | 583,570 |
| Subdivision/development fees | 25,500 | 34,813 | 9,313 | 36,951 |
| Sewer inspection fees | 5,000 | 6,918 | 1,918 | 6,392 |
| Miscellaneous code/assessing | 400 | 330 | (70) | 315 |
| Miscellaneous public works | 1,200 | 4,242 | 3,042 | 1,814 |
| Solid waste user charges | 454,700 | 525,029 | 70,329 | 510,161 |
| Recreation fees | 203,350 | 181,667 | (21,683) | 155,684 |
| Payment in lieu of taxes | 43,950 | 43,717 | (233) | 43,971 |
| Sale of town property | - | 23,874 | 23,874 | - |
| Total charges for services | 1,357,200 | 1,368,077 | 10,877 | 1,358,169 |

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

| | 2018 | | Variance positive (negative) | 2017 Actual |
|---------------------------------|------------|------------|------------------------------------|----------------|
| | Budget | Actual | | |
| Revenues, continued: | | | | |
| Other revenues: | | | | |
| Cemetery income | \$ 5,500 | 7,696 | 2,196 | 5,075 |
| Interest on investments | 25,000 | 211,303 | 186,303 | 89,085 |
| Rent | 96,700 | 95,713 | (987) | 95,813 |
| Senior mealsite | 8,000 | 8,458 | 458 | 8,863 |
| Miscellaneous | 11,000 | 17,630 | 6,630 | 15,484 |
| Total other revenues | 146,200 | 340,800 | 194,600 | 214,320 |
| Total revenues | 32,957,769 | 34,511,798 | 1,554,029 | 33,339,345 |
| Expenditures: | | | | |
| Current: | | | | |
| General government: | | | | |
| Administration | 490,541 | 505,172 | (14,631) | 483,820 |
| Technology | 109,840 | 101,552 | 8,288 | 108,402 |
| Town Clerk | 219,122 | 213,416 | 5,706 | 205,354 |
| Planning | 225,454 | 220,623 | 4,831 | 217,918 |
| Assessing | 167,286 | 163,728 | 3,558 | 131,553 |
| Code enforcement | 154,169 | 148,496 | 5,673 | 149,373 |
| Gorham municipal center | 216,800 | 202,356 | 14,444 | 206,375 |
| Total general government | 1,583,212 | 1,555,343 | 27,869 | 1,502,795 |
| Public safety: | | | | |
| Police department | 1,828,918 | 1,824,349 | 4,569 | 1,752,863 |
| Fire/Rescue department | 1,623,181 | 1,622,739 | 442 | 1,575,742 |
| Central Fire Station | 86,900 | 86,584 | 316 | 85,204 |
| Police Station | 61,600 | 61,534 | 66 | 48,312 |
| Public utilities | 173,800 | 173,752 | 48 | 152,636 |
| Public safety contract services | 360,500 | 359,546 | 954 | 345,358 |
| Total public safety | 4,134,899 | 4,128,504 | 6,395 | 3,960,115 |
| Public works: | | | | |
| Public works maintenance | 1,710,335 | 1,710,318 | 17 | 1,648,407 |
| Stormwater compliance | 47,000 | 46,330 | 670 | 39,000 |
| Solid waste removal | 816,650 | 795,820 | 20,830 | 734,153 |
| Cemeteries | 26,785 | 40,337 | (13,552) | 21,648 |
| Total public works | 2,600,770 | 2,592,805 | 7,965 | 2,443,208 |
| Health and welfare: | | | | |
| Welfare | 60,000 | 37,248 | 22,752 | 43,498 |
| Health council | 600 | 600 | - | 600 |
| Total health and welfare | 60,600 | 37,848 | 22,752 | 44,098 |

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

| | 2018 | | | 2017 Actual |
|----------------------------------|------------|-----------|------------------------------------|----------------|
| | Budget | Actual | Variance positive (negative) | |
| Expenditures, continued: | | | | |
| Current, continued: | | | | |
| Recreation: | | | | |
| Baxter Memorial Library | \$ 480,359 | 479,306 | 1,053 | 462,619 |
| Baxter Museum | 5,000 | 1,814 | 3,186 | 1,987 |
| Recreation | 352,940 | 351,075 | 1,865 | 312,336 |
| Middle School Softball Field | 9,000 | 8,998 | 2 | 5,550 |
| Little Falls Rec Area | 17,350 | 16,939 | 411 | 9,082 |
| Old Robie School | 19,217 | 19,164 | 53 | 18,956 |
| Little Falls School | 33,920 | 33,889 | 31 | 35,262 |
| Robie Gym | 10,541 | 10,089 | 452 | 10,009 |
| Total recreation | 928,327 | 921,274 | 7,053 | 855,801 |
| Economic development | 77,385 | 76,205 | 1,180 | 74,337 |
| Insurances: | | | | |
| Multi peril policy | 145,500 | 140,745 | 4,755 | 129,701 |
| Public liability | 11,500 | 9,518 | 1,982 | 9,999 |
| Total insurances | 157,000 | 150,263 | 6,737 | 139,700 |
| Employee benefits: | | | | |
| Direct unemployment compensation | 8,000 | 1,007 | 6,993 | 14,102 |
| Worker's compensation | 174,966 | 117,278 | 57,688 | 132,518 |
| Retirement | 346,606 | 323,829 | 22,777 | 306,948 |
| Major medical insurance | 1,186,500 | 979,540 | 206,960 | 999,359 |
| Social security | 442,738 | 444,009 | (1,271) | 432,945 |
| Group life insurance | 1,400 | 1,219 | 181 | 1,283 |
| Total employee benefits | 2,160,210 | 1,866,882 | 293,328 | 1,887,155 |
| Public agencies: | | | | |
| Parks and conservation | 2,000 | 2,000 | - | 2,000 |
| G.P.C.O.G./PACTS | 16,400 | 16,576 | (176) | 16,809 |
| MMA | 15,000 | 14,777 | 223 | 14,460 |
| North Gorham Library | 11,000 | 11,000 | - | 11,000 |
| Metro | 35,000 | 35,000 | - | - |
| Total public agencies | 79,400 | 79,353 | 47 | 44,269 |
| Unclassified: | | | | |
| Gorham cable TV | 91,362 | 91,358 | 4 | 86,514 |
| Senior Mealsite | 21,000 | 17,885 | 3,115 | 17,267 |
| Memorial Day | 2,200 | 2,376 | (176) | 2,274 |
| Founders Festival | 5,000 | 5,000 | - | 5,000 |
| New Years Gorham | 6,000 | 6,000 | - | 6,000 |
| Contingency | 95,887 | 33,000 | 62,887 | 60,910 |
| Town Clock | 900 | 1,800 | (900) | 800 |
| Lions Flags | 800 | 877 | (77) | - |
| Healthy Gorham | 7,300 | 7,300 | - | - |
| Sno-Goers | 3,000 | 3,000 | - | 3,000 |
| Total unclassified | 233,449 | 168,596 | 64,853 | 181,765 |

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

| | 2018 | | Variance positive (negative) | 2017 Actual |
|---|--------------|-------------------|------------------------------------|-------------------|
| | Budget | Actual | | |
| Expenditures, continued: | | | | |
| Current, continued: | | | | |
| Intergovernmental - County tax | \$ 1,113,546 | 1,113,546 | - | 1,044,423 |
| Debt service (excluding education): | | | | |
| Principal | 1,408,125 | 1,408,125 | - | 1,358,125 |
| Interest | 480,546 | 471,045 | 9,501 | 619,809 |
| Total debt service | 1,888,671 | 1,879,170 | 9,501 | 1,977,934 |
| Capital: | | | | |
| Capital maintenance | 81,533 | 79,730 | 1,803 | 69,976 |
| Capital improvements | 85,000 | 85,000 | - | 85,000 |
| Total capital | 166,533 | 164,730 | 1,803 | 154,976 |
| Total expenditures | 15,184,002 | 14,734,519 | 449,483 | 14,310,576 |
| Excess of revenues over expenditures | 17,773,767 | 19,777,279 | 2,003,512 | 19,028,769 |
| Other financing sources (uses): | | | | |
| Transfers to special revenue - | | | | |
| School Operations Fund | (17,923,038) | (17,923,038) | - | (17,293,388) |
| Transfers in from special revenue - | | | | |
| Impact fees fund | - | 3,000 | 3,000 | 289,333 |
| TIF fund | 124,271 | 124,271 | - | 156,427 |
| Transfers in from capital projects - | | | | |
| Public safety capital project fund | 25,000 | 25,000 | - | 23,367 |
| 2016 Fire truck bond | - | - | - | 88,051 |
| 2013 Bond projects | - | - | - | 1,633 |
| Transfer out to capital projects - | | | | |
| High School renovation & expansion | - | (217,500) | (217,500) | - |
| 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 uses | (17,773,767) | (17,988,267) | (214,500) | (16,634,406) |
| Net change in fund balances - budgetary basis | - | 1,789,012 | 1,789,012 | 2,394,363 |
| Reconciliation to GAAP basis: | | | | |
| Change in restricted | | (3,427) | | (53,848) |
| Change in committed | | (1,071,486) | | (246,738) |
| Change in assigned | | (16,500) | | (766,753) |
| Change in unassigned | | (41,907) | | (176,909) |
| Net change in fund balance - GAAP basis | | 655,692 | | 1,150,115 |
| Fund balance, beginning of year | | 14,936,512 | | 13,786,397 |
| Fund balance, end of year | \$ | 15,592,204 | | 14,936,512 |

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, 2018

| | 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 | \$ 1,662 | - | - | - | - | - | - | 1,662 |
| Septic Loans Grant | 6,000 | - | - | - | - | - | - | 6,000 |
| Heating assistance | 685 | - | - | - | 2,596 | - | - | 3,281 |
| South Street sewer project | 20,000 | - | - | - | 10,000 | - | - | 30,000 |
| Employee wellness program | 1,146 | - | - | - | 3,793 | - | 4,141 | 798 |
| Total general government purposes | 29,493 | - | - | - | 16,389 | - | 4,141 | 41,741 |
| Public safety operations: | | | | | | | | |
| D.A.R.E. | 5,802 | - | - | - | 4,372 | - | 7,573 | 2,601 |
| Little Falls substation | 2,272 | - | - | - | - | - | - | 2,272 |
| Drug forfeiture | 8,098 | - | - | - | 11,762 | - | - | 19,860 |
| DRE callout | - | - | - | - | 2,621 | - | 2,621 | - |
| Distracted driver grant | - | - | - | - | 3,617 | - | 3,617 | - |
| JAG grant | - | - | - | - | 10,757 | - | 10,757 | - |
| DEA forfeiture | 87,807 | - | - | - | 8,634 | - | 28,375 | 68,066 |
| Impaired driving grant | - | - | - | - | 8,639 | - | 8,639 | - |
| Speed grant | - | - | - | - | 6,214 | - | 6,214 | - |
| Seatbelt grant | - | - | - | - | 4,183 | - | 4,183 | - |
| RIDE grant | - | - | - | - | 4,574 | - | 4,574 | - |
| Child safety seats | 879 | - | - | - | 99 | - | 366 | 612 |
| Fire/Rescue donations | 115 | - | - | - | - | - | - | 115 |
| Fire prevention | 6,713 | - | - | - | 960 | - | 2,536 | 5,137 |
| Fire memorial | 5,753 | - | - | - | 725 | - | 847 | 5,631 |
| USM confined space | 11,045 | - | - | - | 12,000 | - | 17,793 | 5,252 |
| FEMA fire grant | 708 | - | - | - | - | - | - | 708 |
| Sprinkler grant | 7,874 | - | - | - | - | - | - | 7,874 |
| Total public safety operations | 137,066 | - | - | - | 79,157 | - | 98,095 | 118,128 |

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, 2018

| | 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 | \$ 138,036 | - | - | - | 4,886 | - | - | 142,922 |
| Gorham Village grant | 2,402 | - | - | - | - | - | - | 2,402 |
| Little Falls sidewalk grant | 20,406 | - | - | - | - | - | - | 20,406 |
| Total public works operations | 160,844 | - | - | - | 4,886 | - | - | 165,730 |
| Recreation operations: | | | | | | | | |
| Community center donations | 750 | - | - | - | - | - | - | 750 |
| New Year's Gorham | 8,353 | - | - | - | 13,245 | - | 14,868 | 6,730 |
| Total recreation operations | 9,103 | - | - | - | 13,245 | - | 14,868 | 7,480 |
| Total restricted to | 336,506 | - | - | - | 113,677 | - | 117,104 | 333,079 |
| Committed to: | | | | | | | | |
| General government purposes: | | | | | | | | |
| Air Handler for Municipal Center | 31,992 | - | - | - | - | - | 30,411 | 1,581 |
| Energy Efficient Lights at Robie Gym/Mun Ctr | 7,678 | - | - | - | - | - | - | 7,678 |
| L.W.C.F. Grant | (3,204) | - | - | 15,000 | - | - | 3,020 | 8,776 |
| Land acquisition | 559,300 | - | (217,500) | - | 3,375 | - | - | 345,175 |
| Compensation Study | 2,400 | - | - | - | - | - | 175 | 2,225 |
| Town Manager search | 2,311 | - | - | - | - | - | 34 | 2,277 |
| Cable TV franchise agreement consultant | - | 18,000 | - | - | - | - | 5,306 | 12,694 |
| Founders festival | 5,000 | - | - | - | 5,000 | - | - | 10,000 |
| Historical Society | - | - | - | - | 3,000 | - | - | 3,000 |
| Cemetery reserve | 14,200 | - | - | - | 1,820 | - | - | 16,020 |
| Gorham Village parking study | 350 | - | - | - | - | - | - | 350 |
| Emergency reserve account | 168,437 | 5,348 | - | - | - | 8,438 | - | 165,347 |
| Gorham village parking improvement | 44,575 | - | - | - | - | - | - | 44,575 |
| Exterior painting for Library, Gazebo, Robie | | | | | | | | |
| Gym & Municipal Center | 1,463 | - | - | - | - | - | - | 1,463 |
| Rte 25/114 sidewalks | 12,038 | - | - | - | - | 12,038 | - | - |
| Total general government purposes | 846,540 | 23,348 | (217,500) | 15,000 | 13,195 | 20,476 | 38,946 | 621,161 |

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, 2018

| | 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: | | | | | | | | |
| Public safety operations: | | | | | | | | |
| Public Safety fence | \$ 19,500 | - | - | - | - | - | 3,167 | 16,333 |
| Spillman & DMV database full access | 9,000 | - | - | - | - | - | - | 9,000 |
| Blauer vest carriers (21) | 2,500 | - | - | - | - | - | - | 2,500 |
| Life pack 15 defibrillators | 3,166 | - | - | - | - | - | - | 3,166 |
| Air pack breathing units | 38,292 | 49,000 | - | - | - | - | 87,292 | - |
| Energy improvements at North Gorham & West Gorham fire station | 1,489 | - | - | - | - | - | - | 1,489 |
| Hose tower | 34,085 | - | - | - | - | - | 26,097 | 7,988 |
| Water filtration | - | - | - | 9,900 | - | - | 8,945 | 955 |
| Tractor/snow plow | 1,530 | - | - | - | - | - | 412 | 1,118 |
| Total public safety operations | 109,562 | 49,000 | - | 9,900 | - | - | 125,913 | 42,549 |
| Public works operations: | | | | | | | | |
| Ecomaine recycling reserve | 10,000 | - | - | - | - | - | - | 10,000 |
| Extend fiber optic line to Public Works | - | 117,000 | - | - | - | - | 7,132 | 109,868 |
| 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 | 29,500 | - | - | - | - | 29,500 | - | - |
| 3/4 ton pickup truck & plow | 2,302 | - | - | - | - | 2,302 | - | - |
| Loader/backhoe | 46,500 | - | - | - | - | 46,500 | - | - |
| Plow truck | 172,000 | - | - | - | - | - | 2,884 | 169,116 |
| 6-wheel plow truck | - | 144,000 | - | - | - | - | 211 | 143,789 |
| Repair & upgrade fuel depot | - | 62,000 | - | - | - | - | - | 62,000 |
| Stormwater data collection compliance | - | 10,000 | - | - | - | - | 5,346 | 4,654 |
| Dingley Spring Road metal pipe culvert | - | 54,000 | - | 95,000 | - | - | 13,938 | 135,062 |
| Buck Street pipe arch culvert | - | 60,000 | - | 65,629 | - | - | - | 125,629 |
| Roads | 552,963 | 830,000 | - | - | 125,871 | 230,000 | 903,128 | 375,706 |
| New Portland Road | 46,891 | - | - | - | - | 46,891 | - | - |
| South Street | - | - | - | 254,478 | 50,000 | - | - | 304,478 |
| Utility study | 29,889 | - | - | - | - | - | 1,275 | 28,614 |
| Total public works operations | 952,792 | 1,277,000 | - | 415,107 | 175,871 | 417,940 | 933,914 | 1,468,916 |

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, 2018

| | 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: | | | | | | | | |
| Internet based HVAC control system | \$ 15,000 | - | - | - | - | - | - | 15,000 |
| Chick property master plan | 12,207 | - | - | - | - | - | - | 12,207 |
| Little Falls-multi purpose field | 199,712 | - | - | - | - | - | 152,832 | 46,880 |
| Robie field irrigation | 5,117 | - | - | - | - | - | - | 5,117 |
| Recreation trail | 11,200 | 25,000 | 3,000 | - | - | - | 6,130 | 33,070 |
| 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 | 1,846 | - | - | - | - | - | - | 1,846 |
| Shaw Park fence & guard rail/electricity | - | 8,500 | - | - | - | - | 4,408 | 4,092 |
| Total recreation operations | 254,767 | 33,500 | 3,000 | - | - | - | 163,370 | 127,897 |
| Total committed to | 2,163,661 | 1,382,848 | (214,500) | 440,007 | 189,066 | 438,416 | 1,262,143 | 2,260,523 |
| Assigned to: | | | | | | | | |
| Encumbrances: | | | | | | | | |
| General government | 84,258 | - | - | - | 12,936 | - | 35,635 | 61,559 |
| Public safety | 97,952 | - | - | - | 106,618 | - | 63,283 | 141,287 |
| Public works | 123,814 | - | - | - | 104,588 | - | 69,113 | 159,289 |
| Recreation | 78,517 | - | - | - | 49,850 | - | 47,802 | 80,565 |
| Economic development | 588 | - | - | - | - | - | - | 588 |
| Other | 13,778 | - | - | - | 8,696 | - | 8,358 | 14,116 |
| Total encumbrances | 398,907 | - | - | - | 282,688 | - | 224,191 | 457,404 |
| General government purposes: | | | | | | | | |
| Home Depot gift cards | - | - | - | - | 37,920 | - | 2,201 | 35,719 |
| Radio programming | 5,795 | - | - | - | - | - | - | 5,795 |
| Capital project reserve | 3,427 | - | - | - | - | - | 2,199 | 1,228 |
| Metro Reserve | - | - | - | - | 35,000 | - | - | 35,000 |
| Municipal Center building roof replacement | 4,100 | - | - | - | 15,000 | - | - | 19,100 |
| Revaluation | 141,815 | - | - | - | - | - | - | 141,815 |

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, 2018

| | 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 | 29,388 | - | - | - | - | - | 2,650 | 26,738 |
| Administration savings account | 9,215 | - | - | - | - | - | 7,018 | 2,197 |
| Town clerk savings account | 28,811 | - | - | - | 5,706 | - | 5,445 | 29,072 |
| Planning savings account | 20,826 | - | - | - | 4,831 | - | 2,697 | 22,960 |
| Assessing savings account | 17,807 | - | - | - | - | - | 999 | 16,808 |
| G.I.S. system | 25,086 | - | - | - | - | - | 4,006 | 21,080 |
| Code savings account | 12,714 | - | - | - | 5,673 | - | 2,463 | 15,924 |
| Web site development/maintenance | 20,538 | - | - | - | - | - | - | 20,538 |
| Total general government purposes | 324,622 | - | - | - | 104,130 | - | 29,678 | 399,074 |
| Public safety operations: | | | | | | | | |
| Outside detail (police) | 21,039 | - | - | - | 12,367 | - | 12,367 | 21,039 |
| Police software | 4,626 | - | - | - | - | - | - | 4,626 |
| Police savings account | 59,731 | - | - | - | 17,392 | - | 41,032 | 36,091 |
| Cruisers | 20,680 | - | - | - | 4,438 | - | 94 | 25,024 |
| Fire savings account | 10,435 | - | - | - | 442 | 9,900 | - | 977 |
| Air bottles | 1,504 | - | - | - | - | - | - | 1,504 |
| Rescue savings account | 4,013 | - | - | - | - | - | - | 4,013 |
| Fire ponds/dry hydrants | 26,382 | - | - | - | 2,000 | - | 473 | 27,909 |
| Total public safety operations | 148,410 | - | - | - | 36,639 | 9,900 | 53,966 | 121,183 |
| Public works operations: | | | | | | | | |
| Public works savings account | 19,570 | - | - | - | - | - | 13,581 | 5,989 |
| 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 | 20,822 | - | - | - | 3,079 | - | 1,579 | 22,322 |
| Longfellow bridge | 2,123 | - | - | - | - | - | - | 2,123 |
| Storm water management | 11,579 | - | - | - | - | - | 184 | 11,395 |

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, 2018

| | 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: | | | | | | | | |
| Stone repairs | \$ 3,000 | - | - | - | 3,000 | - | - | 6,000 |
| Total public works operations | 155,574 | - | - | - | 6,079 | 19,579 | 15,344 | 126,730 |
| Recreation operations: | | | | | | | | |
| Baxter Library savings account | 21,061 | - | - | - | 1,053 | - | 12,481 | 9,633 |
| Baxter Library repairs | 242 | - | - | - | - | - | - | 242 |
| Little Falls wood clearing | 1,345 | - | - | - | - | - | - | 1,345 |
| Robie Gym repairs | 4,591 | - | - | - | - | - | - | 4,591 |
| Recreation savings account | 470 | - | - | - | 1,865 | - | - | 2,335 |
| Baxter Museum repairs | 12,244 | - | - | - | - | - | - | 12,244 |
| Recreation reimbursable | 277,681 | - | - | - | 798,339 | - | 790,740 | 285,280 |
| Total recreation operations | 317,634 | - | - | - | 801,257 | - | 803,221 | 315,670 |
| Economic Development | | | | | | | | |
| Maine Downtown Network Application | 2,500 | - | - | - | - | - | 2,500 | - |
| Economic development savings account | 70,493 | - | - | - | 1,180 | 15,000 | 9,970 | 46,703 |
| Total economic development | 72,993 | - | - | - | 1,180 | 15,000 | 12,470 | 46,703 |
| Insurance and employee benefits: | | | | | | | | |
| UIC contingency reserve | 31,500 | - | - | - | - | - | - | 31,500 |
| PO334 IUUAL | 78,518 | - | - | - | - | - | 30,000 | 48,518 |
| PO133 IUUAL | 258,327 | - | - | - | - | - | - | 258,327 |
| School's IUUAL | 187,678 | - | - | - | - | - | - | 187,678 |
| Vacation/compensation/sick reserve | 478,910 | - | - | - | - | - | 61,607 | 417,303 |
| Property insurance deductible reserve | 10,000 | - | - | - | 10,000 | - | 10,000 | 10,000 |
| Auto insurance deductible reserve | 4,000 | - | - | - | - | - | - | 4,000 |
| Accrued compensated absences | 457,563 | - | - | - | 26,483 | - | - | 484,046 |
| Total insurance and employee benefits | 1,506,496 | - | - | - | 36,483 | - | 101,607 | 1,441,372 |
| Total assigned to | 2,924,636 | - | - | - | 1,268,456 | 44,479 | 1,240,477 | 2,908,136 |

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, 2018

| | 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: | | | | | | | | |
| Safety grant | \$ 407 | - | - | - | 880 | - | 1,320 | (33) |
| 55 Morrill Avenue | (3,776) | - | - | - | - | - | - | (3,776) |
| Municipal Center building | (1,960) | - | - | - | - | - | - | (1,960) |
| Safety committee | 1,950 | - | - | - | - | - | 2,280 | (330) |
| Comprehensive plan | (13,270) | - | - | - | - | - | - | (13,270) |
| Old Town Hall | (1,268) | - | - | - | - | - | - | (1,268) |
| Cemetery/GIS project | 6,222 | 12,000 | - | - | - | - | 20,416 | (2,194) |
| Total general government purposes | (11,695) | 12,000 | - | - | 880 | - | 24,016 | (22,831) |
| Public safety operations: | | | | | | | | |
| Regional fire & EMA study | (1,175) | - | - | - | - | - | - | (1,175) |
| Rechassis tank 2 & replace pump | (4,840) | - | - | - | - | - | - | (4,840) |
| Rescue 1 | (339) | - | - | - | - | - | 155 | (494) |
| Fire Chief's vehicle replacement | (383) | - | - | - | - | - | - | (383) |
| Storage building | 50,000 | - | - | - | - | - | 56,375 | (6,375) |
| Total public safety operations | 43,263 | - | - | - | - | - | 56,530 | (13,267) |
| Public works operations: | | | | | | | | |
| Pedestrian Trail grant | (13,660) | - | - | - | - | - | - | (13,660) |
| County Road | (42,888) | - | - | 42,888 | - | - | - | - |
| Gordon Farms Road | (19,999) | - | - | - | - | - | - | (19,999) |
| Total public works operations | (76,547) | - | - | 42,888 | - | - | - | (33,659) |
| Economic Development | | | | | | | | |
| Mobile website for economic development | - | - | - | - | - | - | 2,500 | (2,500) |
| Total economic development | - | - | - | - | - | - | 2,500 | (2,500) |
| Unclassified: | | | | | | | | |
| Cable TV savings account | 2,294 | - | - | - | - | - | 2,629 | (335) |
| Total unclassified | 2,294 | - | - | - | - | - | 2,629 | (335) |
| Total unassigned to | (42,685) | 12,000 | - | 42,888 | 880 | - | 85,675 | (72,592) |
| Total General Fund Restricted, Committed Assigned and Unassigned Funds | 5,382,118 | 1,394,848 | (214,500) | 482,895 | 1,572,079 | 482,895 | 2,705,399 | 5,429,146 |

ALL OTHER GOVERNMENTAL FUNDS

TOWN OF GORHAM, MAINE
Combining Balance Sheet
All Other Nonmajor Governmental Funds
June 30, 2018

| | Special Revenue Funds | Capital Projects Funds | Permanent Funds | Total Other Governmental Funds |
|--|-----------------------------|------------------------------|--------------------|--------------------------------------|
| ASSETS | | | | |
| Cash | \$ 229,818 | 782,184 | - | 1,012,002 |
| Investments | 133,569 | - | 1,162,134 | 1,295,703 |
| Receivables: | | | | |
| Accounts | 242,558 | - | - | 242,558 |
| Notes | 164,474 | - | - | 164,474 |
| Intergovernmental | 310,039 | - | - | 310,039 |
| Inventory | 44,353 | - | - | 44,353 |
| Interfund loans receivable | 2,746,233 | 237,340 | 2,401 | 2,985,974 |
| Total assets | \$ 3,871,044 | 1,019,524 | 1,164,535 | 6,055,103 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | - | 18,368 | 10,260 | 28,628 |
| Interfund loans payable | 271,750 | 24,565 | 500 | 296,815 |
| Unearned revenues | 42,794 | - | - | 42,794 |
| Total liabilities | 314,544 | 42,933 | 10,760 | 368,237 |
| Fund balances: | | | | |
| Nonspendable | 44,353 | - | 929,754 | 974,107 |
| Restricted | 2,209,543 | 793,373 | 224,021 | 3,226,937 |
| Committed | 1,228,261 | 184,462 | - | 1,412,723 |
| Assigned | 75,631 | - | - | 75,631 |
| Unassigned | (1,288) | (1,244) | - | (2,532) |
| Total fund balances | 3,556,500 | 976,591 | 1,153,775 | 5,686,866 |
| Total liabilities and fund balances | \$ 3,871,044 | 1,019,524 | 1,164,535 | 6,055,103 |

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, 2018

| | Special Revenue Funds | Capital Projects Funds | Permanent Funds | Total Other Governmental Funds |
|--|-----------------------------|------------------------------|--------------------|--------------------------------------|
| Revenues: | | | | |
| Taxes | \$ 484,247 | - | - | 484,247 |
| Intergovernmental | 1,559,955 | - | - | 1,559,955 |
| Charges for services | 2,055,691 | - | - | 2,055,691 |
| Investment income | 6,373 | 13,605 | 45 | 20,023 |
| Other revenue | 40,053 | - | 10,355 | 50,408 |
| Total revenues | 4,146,319 | 13,605 | 10,400 | 4,170,324 |
| Expenditures: | | | | |
| Current: | | | | |
| Education | 1,220,719 | - | - | 1,220,719 |
| Education-other special uses | 11,190 | - | - | 11,190 |
| Food services | 1,011,424 | - | - | 1,011,424 |
| Public works - sewer | 1,106,148 | - | - | 1,106,148 |
| Recreation | 17,504 | - | - | 17,504 |
| Unclassified | 208,151 | - | 10,760 | 218,911 |
| Capital improvements | - | 997,102 | - | 997,102 |
| Total expenditures | 3,575,136 | 997,102 | 10,760 | 4,582,998 |
| Excess (deficiency) of revenues over (under) expenditures | 571,183 | (983,497) | (360) | (412,674) |
| Other financing sources (uses): | | | | |
| Transfer in from other funds | 49,054 | 217,500 | - | 266,554 |
| Transfer to other funds | (127,271) | (25,000) | - | (152,271) |
| Total other financing sources (uses) | (78,217) | 192,500 | - | 114,283 |
| Net change in fund balances | 492,966 | (790,997) | (360) | (298,391) |
| Fund balances, beginning of year | 3,063,534 | 1,767,588 | 1,154,135 | 5,985,257 |
| Fund balances, end of year | \$ 3,556,500 | 976,591 | 1,153,775 | 5,686,866 |

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 Donation Fund -- To account for various donations received by the School Department to support local education initiatives.

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, 2018
(with comparative amounts for June 30, 2017)

| | School Grants Fund | School Donation 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 | | | | | 2018 | 2017 |
| ASSETS | | | | | | | | | | | | |
| Cash | \$ - | - | 229,818 | - | - | - | - | - | - | - | 229,818 | 141,923 |
| Investments | - | - | - | - | 61,038 | - | 58,559 | 1,355 | - | 12,617 | 133,569 | 119,742 |
| Receivables: | | | | | | | | | | | | |
| Accounts | 307 | - | 413 | 241,692 | - | - | - | - | 146 | - | 242,558 | 225,648 |
| Notes | - | - | - | - | - | - | - | - | 164,474 | - | 164,474 | 208,133 |
| Intergovernmental | 291,224 | - | 18,815 | - | - | - | - | - | - | - | 310,039 | 295,573 |
| Inventory | - | - | 44,353 | - | - | - | - | - | - | - | 44,353 | 44,353 |
| Interfund loans receivable | - | 11,923 | - | 898,172 | 14,552 | 872,122 | 21,498 | 5,802 | 919,307 | 2,857 | 2,746,233 | 2,295,935 |
| Total assets | \$ 291,531 | 11,923 | 293,399 | 1,139,864 | 75,590 | 872,122 | 80,057 | 7,157 | 1,083,927 | 15,474 | 3,871,044 | 3,331,307 |
| LIABILITIES AND FUND BALANCES | | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | | |
| Accounts payable | - | - | - | - | - | - | - | - | - | - | - | 487 |
| Interfund loans payable | 156,801 | - | 114,949 | - | - | - | - | - | - | - | 271,750 | 230,621 |
| Unearned revenue | - | - | 42,794 | - | - | - | - | - | - | - | 42,794 | 36,665 |
| Total liabilities | 156,801 | - | 157,743 | - | - | - | - | - | - | - | 314,544 | 267,773 |
| Fund balances: | | | | | | | | | | | | |
| Nonspendable: | | | | | | | | | | | | |
| Inventory | - | - | 44,353 | - | - | - | - | - | - | - | 44,353 | 44,353 |
| Restricted: | | | | | | | | | | | | |
| Grants | 136,018 | - | - | - | - | - | - | - | - | - | 136,018 | 145,599 |
| Impact fees | - | - | - | - | - | 872,122 | - | - | - | - | 872,122 | 717,077 |
| Library | - | - | - | - | - | - | 56,016 | - | - | - | 56,016 | 49,078 |
| Recreation | - | - | - | - | - | - | - | 7,157 | - | - | 7,157 | 5,225 |
| Miscellaneous | - | - | - | - | - | - | - | - | - | 12,617 | 12,617 | 12,694 |
| TIF | - | - | - | - | - | - | - | - | 1,034,310 | - | 1,034,310 | 910,187 |
| Food services | - | - | 91,303 | - | - | - | - | - | - | - | 91,303 | 31,625 |
| Committed: | | | | | | | | | | | | |
| School donations | - | 11,923 | - | - | - | - | - | - | - | - | 11,923 | - |
| Sewer operations | - | - | - | 1,139,864 | 75,590 | - | - | - | - | - | 1,215,454 | 1,141,644 |
| Miscellaneous | - | - | - | - | - | - | - | - | - | 884 | 884 | 884 |
| Assigned: | | | | | | | | | | | | |
| Library | - | - | - | - | - | - | 24,041 | - | - | - | 24,041 | 10,690 |
| Miscellaneous | - | - | - | - | - | - | - | - | - | 1,973 | 1,973 | 1,973 |
| TIF | - | - | - | - | - | - | - | - | 49,617 | - | 49,617 | - |
| Unassigned: | | | | | | | | | | | | |
| Grants | (1,288) | - | - | - | - | - | - | - | - | - | (1,288) | (7,495) |
| Total fund balances | 134,730 | 11,923 | 135,656 | 1,139,864 | 75,590 | 872,122 | 80,057 | 7,157 | 1,083,927 | 15,474 | 3,556,500 | 3,063,534 |
| Total liabilities and fund balances | \$ 291,531 | 11,923 | 293,399 | 1,139,864 | 75,590 | 872,122 | 80,057 | 7,157 | 1,083,927 | 15,474 | 3,871,044 | 3,331,307 |

TOWN OF GORHAM, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the year ended June 30, 2018
(with comparative amounts for the year ended June 30, 2017)

| | School Grants Fund | School Donation Fund | School Lunch Fund | Sewer Operations Fund | Little Falls | | Impact Fees Fund | Library Fund | Recreation Fund | TIF Fund | Miscellaneous Fund | Totals | |
|--|--------------------------|----------------------------|-------------------------|-----------------------------|-----------------------------------|----------------|------------------------|-----------------|--------------------|---------------|-----------------------|------------------|------------------|
| | | | | | Sewer Reserve and Loan Fund | | | | | | | 2018 | 2017 |
| Revenues: | | | | | | | | | | | | | |
| Taxes | \$ - | - | - | - | - | - | - | - | - | 484,247 | - | 484,247 | 439,130 |
| Intergovernmental: | | | | | | | | | | | | | |
| Federal grants | 1,049,127 | - | - | - | - | - | - | - | - | - | - | 1,049,127 | 993,590 |
| Other state grants | 163,164 | - | - | - | - | - | - | - | - | - | - | 163,164 | 229,063 |
| USDA subsidies | - | - | 347,664 | - | - | - | - | - | - | - | - | 347,664 | 356,759 |
| Total intergovernmental | 1,212,291 | - | 347,664 | - | - | - | - | - | - | - | - | 1,559,955 | 1,579,412 |
| Charges for services | - | - | 679,438 | 1,179,380 | - | 173,813 | 23,060 | - | - | - | - | 2,055,691 | 2,013,197 |
| Investment income (loss) | - | - | - | 949 | (371) | - | (267) | (8) | 6,147 | (77) | - | 6,373 | 8,049 |
| Other revenues | - | 23,113 | - | - | - | - | 15,000 | 1,940 | - | - | - | 40,053 | 5,000 |
| Total revenues | 1,212,291 | 23,113 | 1,027,102 | 1,180,329 | (371) | 173,813 | 37,793 | 1,932 | 490,394 | (77) | - | 4,146,319 | 4,044,788 |
| Expenditures: | | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | | |
| Education | 1,220,719 | - | - | - | - | - | - | - | - | - | - | 1,220,719 | 1,228,945 |
| Education-other special uses | - | 11,190 | - | - | - | - | - | - | - | - | - | 11,190 | - |
| Food services | - | - | 1,011,424 | - | - | - | - | - | - | - | - | 1,011,424 | 1,019,129 |
| Public works - sewer | - | - | - | 1,106,148 | - | - | - | - | - | - | - | 1,106,148 | 1,106,148 |
| Recreation | - | - | - | - | - | - | 17,504 | - | - | - | - | 17,504 | 16,612 |
| Unclassified | - | - | - | - | - | 15,768 | - | - | 192,383 | - | - | 208,151 | 235,991 |
| Total expenditures | 1,220,719 | 11,190 | 1,011,424 | 1,106,148 | - | 15,768 | 17,504 | - | 192,383 | - | - | 3,575,136 | 3,606,825 |
| Excess (deficiency) of revenues over (under) expenditures | (8,428) | 11,923 | 15,678 | 74,181 | (371) | 158,045 | 20,289 | 1,932 | 298,011 | (77) | - | 571,183 | 437,963 |
| Other financing sources (uses): | | | | | | | | | | | | | |
| Transfers in | 5,054 | - | 44,000 | - | - | - | - | - | - | - | - | 49,054 | 100 |
| Transfers out | - | - | - | - | - | (3,000) | - | - | (124,271) | - | - | (127,271) | (445,760) |
| Total other financing uses | 5,054 | - | 44,000 | - | - | (3,000) | - | - | (124,271) | - | - | (78,217) | (445,660) |
| Net change in fund balance | (3,374) | 11,923 | 59,678 | 74,181 | (371) | 155,045 | 20,289 | 1,932 | 173,740 | (77) | - | 492,966 | (7,697) |
| Fund balances, beginning of year | 138,104 | - | 75,978 | 1,065,683 | 75,961 | 717,077 | 59,768 | 5,225 | 910,187 | 15,551 | - | 3,063,534 | 3,071,231 |
| Fund balances, end of year | \$ 134,730 | 11,923 | 135,656 | 1,139,864 | 75,590 | 872,122 | 80,057 | 7,157 | 1,083,927 | 15,474 | - | 3,556,500 | 3,063,534 |

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:

2016 Public Safety Building Bond To account for the construction of a new police station and renovation to the public safety building.

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.

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, 2018
 (with comparative amounts for June 30, 2017)

| | | 2016 Fire Truck Bond | 2016 Main Street Bond | 2016 Public Safety Bldg Bond | 2016 CIPS School Bond | Great Falls Elementary School Project | Middle School Project | Various School Projects | High School Renovation and Expansion | Totals | |
|--|-----------|----------------------------|-----------------------------|------------------------------------|-----------------------------|---|-----------------------------|-------------------------------|--|------------------|------------------|
| | | | | | | | | | | 2018 | 2017 |
| ASSETS | | | | | | | | | | | |
| Cash | \$ | 45 | 612,730 | 109,660 | 26,698 | 33,051 | - | - | - | 782,184 | 1,518,039 |
| Interfund loans receivable | | - | - | - | - | 36,028 | - | - | 201,312 | 237,340 | 142,772 |
| Total assets | \$ | 45 | 612,730 | 109,660 | 26,698 | 69,079 | - | - | 201,312 | 1,019,524 | 1,660,811 |
| LIABILITIES AND FUND BALANCES | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | |
| Accounts payable | | - | - | - | 1,518 | - | - | - | 16,850 | 18,368 | 1,518 |
| Interfund loans payable | | - | - | - | 23,321 | - | 344 | 900 | - | 24,565 | 24,565 |
| Total liabilities | | - | - | - | 24,839 | - | 344 | 900 | 16,850 | 42,933 | 26,083 |
| Fund balances (deficit): | | | | | | | | | | | |
| Restricted: | | | | | | | | | | | |
| CIPS School Bond | | - | - | - | 1,859 | - | - | - | - | 1,859 | 1,463 |
| Great Falls Elementary School | | - | - | - | - | 69,079 | - | - | - | 69,079 | 146,095 |
| 2016 Fire trucks | | 45 | - | - | - | - | - | - | - | 45 | 855,048 |
| Main Street road project | | - | 612,730 | - | - | - | - | - | - | 612,730 | 604,128 |
| Public Safety Building | | - | - | 109,660 | - | - | - | - | - | 109,660 | - |
| Committed: | | | | | | | | | | | |
| High School renovation and expansion | | - | - | - | - | - | - | - | 184,462 | 184,462 | 29,238 |
| Unassigned: | | | | | | | | | | | |
| Various school projects | | - | - | - | - | - | - | (900) | - | (900) | (900) |
| Middle School project | | - | - | - | - | - | (344) | - | - | (344) | (344) |
| Total fund balances (deficit) | | 45 | 612,730 | 109,660 | 1,859 | 69,079 | (344) | (900) | 184,462 | 976,591 | 1,634,728 |
| Total liabilities and fund balances | \$ | 45 | 612,730 | 109,660 | 26,698 | 69,079 | - | - | 201,312 | 1,019,524 | 1,660,811 |

TOWN OF GORHAM, MAINE
Nonmajor Capital Project Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2018

(with comparative amounts for the year ended June 30, 2017)

| | 2016 | 2016 | 2016 | 2016 | Great Falls | Middle | Various | High School | Totals | |
|--|------------------|----------------|-----------------|--------------|-----------------|--------------|--------------|----------------|------------------|------------------|
| | Fire Truck | Main Street | Public Safety | CIPS | Elementary | School | School | Renovation | 2018 | 2017 |
| | Bond | Bond | Bldg Bond | School Bond | School Project | Project | Projects | and Expansion | | |
| Revenues: | | | | | | | | | | |
| Investment income | \$ 2,317 | 8,602 | 1,800 | 396 | 490 | - | - | - | 13,605 | 9,762 |
| Other revenue | - | - | - | - | - | - | - | - | - | 100,539 |
| Total revenues | 2,317 | 8,602 | 1,800 | 396 | 490 | - | - | - | 13,605 | 110,301 |
| Expenditures: | | | | | | | | | | |
| Capital improvements: | | | | | | | | | | |
| Construction and renovation | 857,320 | - | - | - | 77,506 | - | - | 62,276 | 997,102 | 1,843,694 |
| Total capital improvements | 857,320 | - | - | - | 77,506 | - | - | 62,276 | 997,102 | 1,843,694 |
| Total expenditures | 857,320 | - | - | - | 77,506 | - | - | 62,276 | 997,102 | 1,843,694 |
| Excess (deficiency) of revenues over (under) expenditures | (855,003) | 8,602 | 1,800 | 396 | (77,016) | - | - | (62,276) | (983,497) | (1,733,393) |
| Other financing sources (uses): | | | | | | | | | | |
| Issuance of bonds | - | - | - | - | - | - | - | - | - | 1,290,000 |
| Bond premium | - | - | - | - | - | - | - | - | - | 55,000 |
| Transfers - in | - | - | - | - | - | - | - | 217,500 | 217,500 | - |
| Transfers - out | - | - | (25,000) | - | - | - | - | - | (25,000) | (89,684) |
| Total other financing sources (uses) | - | - | (25,000) | - | - | - | - | 217,500 | 192,500 | 1,255,316 |
| Net change in fund balances | (855,003) | 8,602 | (23,200) | 396 | (77,016) | - | - | 155,224 | (790,997) | (478,077) |
| Fund balances (deficit), beginning of year | 855,048 | 604,128 | 132,860 | 1,463 | 146,095 | (344) | (900) | 29,238 | 1,767,588 | 2,112,805 |
| Fund balances (deficit), end of year | \$ 45 | 612,730 | 109,660 | 1,859 | 69,079 | (344) | (900) | 184,462 | 976,591 | 1,634,728 |

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, 2018

(with comparative amounts for June 30, 2017)

| | | Cemetery Perpetual Care | Parks and Recreation Grounds | Baxter Library and Museum | Schools | Public Purpose and Civic Improvements | Miscellaneous | Totals | |
|--|-----------|-------------------------------|---------------------------------------|------------------------------------|---------------|--|----------------|------------------|------------------|
| | | | | | | | | 2018 | 2017 |
| ASSETS | | | | | | | | | |
| Investments | \$ | 500,709 | 12,406 | 378,625 | 46,827 | 14,217 | 209,350 | 1,162,134 | 1,159,619 |
| Interfund loans receivable | | 2,369 | - | 32 | - | - | - | 2,401 | 2,300 |
| Total assets | | 503,078 | 12,406 | 378,657 | 46,827 | 14,217 | 209,350 | 1,164,535 | 1,161,919 |
| LIABILITIES AND FUND BALANCES | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| Accounts payable | | 10,260 | - | - | - | - | - | 10,260 | 7,784 |
| Interfund loans payable | | - | - | - | - | - | 500 | 500 | - |
| Total liabilities | | 10,260 | - | - | - | - | 500 | 10,760 | 7,784 |
| Fund balances: | | | | | | | | | |
| Nonspendable | | 492,780 | 4,124 | 360,316 | 5,170 | 5,000 | 62,364 | 929,754 | 933,803 |
| Restricted | | 38 | 8,282 | 18,341 | 41,657 | 9,217 | 146,486 | 224,021 | 220,332 |
| Total fund balances | | 492,818 | 12,406 | 378,657 | 46,827 | 14,217 | 208,850 | 1,153,775 | 1,154,135 |
| Total liabilities and and fund balances | \$ | 503,078 | 12,406 | 378,657 | 46,827 | 14,217 | 209,350 | 1,164,535 | 1,161,919 |

TOWN OF GORHAM, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Permanent Funds
For the year ended June 30, 2018
(with comparative amounts for the year ended June 30, 2017)

| | Cemetery Perpetual Care | Parks and Recreation Grounds | Baxter Library and Museum | Schools | Public Purpose and Civic Improvements | Miscellaneous | Totals | |
|--|-------------------------------|---------------------------------------|------------------------------------|---------------|--|----------------|------------------|------------------|
| | | | | | | | 2018 | 2017 |
| Revenues: | | | | | | | | |
| Investment income | \$ 10,263 | 257 | 8,359 | 971 | 295 | 9,714 | 29,859 | 30,513 |
| Market loss on investments | (13,273) | (333) | (10,142) | (1,256) | (382) | (4,428) | (29,814) | (27,825) |
| Donations | 10,100 | - | 255 | - | - | - | 10,355 | 13,083 |
| Total revenues | 7,090 | (76) | (1,528) | (285) | (87) | 5,286 | 10,400 | 15,771 |
| Expenditures: | | | | | | | | |
| Current: | | | | | | | | |
| Other miscellaneous | 10,260 | - | - | - | - | 500 | 10,760 | 8,609 |
| Total expenditures | 10,260 | - | - | - | - | 500 | 10,760 | 8,609 |
| Excess (deficiency) of revenues over (under) expenditures | (3,170) | (76) | (1,528) | (285) | (87) | 4,786 | (360) | 7,162 |
| Other financing uses: | | | | | | | | |
| Transfers out | - | - | - | - | - | - | - | (100) |
| Total other financing uses | - | - | - | - | - | - | - | (100) |
| Net change in fund balance | (3,170) | (76) | (1,528) | (285) | (87) | 4,786 | (360) | 7,062 |
| Fund balances, beginning of year | 495,988 | 12,482 | 380,185 | 47,112 | 14,304 | 204,064 | 1,154,135 | 1,147,073 |
| Fund balances, end of year | \$ 492,818 | 12,406 | 378,657 | 46,827 | 14,217 | 208,850 | 1,153,775 | 1,154,135 |

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, 2018

| | Agency Funds | | | Total Agency Funds |
|--------------------------|--|---------------------------------------|--------------------------------|--------------------------|
| | School and Student Activity Funds | Public Safety Activity Funds | Recreation Activity Fund | |
| ASSETS | | | | |
| Cash | \$ 327,462 | 164,868 | 230 | 492,560 |
| Interfund receivable | 6,175 | - | - | 6,175 |
| Total assets | 333,637 | 164,868 | 230 | 498,735 |
| LIABILITIES | | | | |
| Due to: | | | | |
| Student groups | 333,637 | - | - | 333,637 |
| Public safety | - | 164,868 | - | 164,868 |
| Recreation | - | - | 230 | 230 |
| Total liabilities | \$ 333,637 | 164,868 | 230 | 498,735 |

TOWN OF GORHAM, MAINE
Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2018
(with comparative amounts for June 30, 2017)

| | 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 | 2018 | 2017 |
| ASSETS | | | | | | | | |
| Cash | \$ 232,561 | 1,106 | 24,031 | 16,285 | 13,020 | 40,459 | 327,462 | 308,677 |
| Interfund receivable | 6,175 | - | - | - | - | - | 6,175 | 5,934 |
| Total assets | 238,736 | 1,106 | 24,031 | 16,285 | 13,020 | 40,459 | 333,637 | 314,611 |
| LIABILITIES | | | | | | | | |
| Due to student groups | 238,736 | 1,106 | 24,031 | 16,285 | 13,020 | 40,459 | 333,637 | 314,611 |
| Total liabilities | \$ 238,736 | 1,106 | 24,031 | 16,285 | 13,020 | 40,459 | 333,637 | 314,611 |

TOWN OF GORHAM, MAINE
Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2018
(with comparative amounts for June 30, 2017)

| | Public Safety Activity Agency Funds | | | | Totals | |
|-----------------------------|--|---|---|---|----------------|----------------|
| | Guns and Hoses Fund | Central Station Auxiliary Fund | S. Windham Fire Company Fund | Presumpscot Valley Hazmat Fund | 2018 | 2017 |
| ASSETS | | | | | | |
| Cash | \$ 62,636 | 2,298 | 5,541 | 94,393 | 164,868 | 165,817 |
| Total assets | 62,636 | 2,298 | 5,541 | 94,393 | 164,868 | 165,817 |
| LIABILITIES | | | | | | |
| Due to public safety groups | 62,636 | 2,298 | 5,541 | 94,393 | 164,868 | 165,817 |
| Total liabilities | \$ 62,636 | 2,298 | 5,541 | 94,393 | 164,868 | 165,817 |

TOWN OF GORHAM, MAINE
Combining Statement of Fiduciary Net Position
Private-purpose Trust Funds
June 30, 2018
(with comparative amounts for June 30, 2017)

| | 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 | |
|---|---------------------------------|--------------------------------------|--------------------------------|---------------------------------|-----------------------------------|----------------------------------|--|---------------|---------------|
| | | | | | | | | 2018 | 2017 |
| ASSETS | | | | | | | | | |
| Investments | \$ 2,422 | 2,550 | 6,243 | 12,225 | 6,278 | 10,321 | 1,814 | 41,853 | 42,108 |
| Total assets | 2,422 | 2,550 | 6,243 | 12,225 | 6,278 | 10,321 | 1,814 | 41,853 | 42,108 |
| LIABILITIES AND NET POSITION | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| Interfund loan payable | 100 | - | 100 | 100 | 500 | - | - | 800 | - |
| Total liabilities | 100 | - | 100 | 100 | 500 | - | - | 800 | - |
| Net position: | | | | | | | | | |
| Principal | 2,222 | 2,435 | 6,043 | 11,887 | 5,000 | 10,321 | 1,814 | 39,722 | 40,343 |
| Unexpended income | 100 | 115 | 100 | 238 | 778 | - | - | 1,331 | 1,765 |
| Total net position | 2,322 | 2,550 | 6,143 | 12,125 | 5,778 | 10,321 | 1,814 | 41,053 | 42,108 |
| Total liabilities and and net position | \$ 2,422 | 2,550 | 6,243 | 12,225 | 6,278 | 10,321 | 1,814 | 41,853 | 42,108 |

TOWN OF GORHAM, MAINE
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Private-purpose Trust Funds
For the year ended June 30, 2018
(with comparative amounts for the year ended June 30, 2017)

| | 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 | |
|---|---------------------------------|--------------------------------------|--------------------------------|---------------------------------|-----------------------------------|----------------------------------|--|---------------|---------------|
| | | | | | | | | 2018 | 2017 |
| Additions: | | | | | | | | | |
| Investment earnings: | | | | | | | | | |
| Interest | \$ 50 | 52 | 130 | 254 | 130 | 214 | 38 | 868 | 676 |
| Net increase (decrease) in the fair value of investments | (65) | (68) | (168) | (328) | (168) | (277) | (49) | (1,123) | (1,076) |
| Total additions | (15) | (16) | (38) | (74) | (38) | (63) | (11) | (255) | (400) |
| Deductions: | | | | | | | | | |
| Current: | | | | | | | | | |
| Scholarships awarded | 100 | - | 100 | 100 | 500 | - | - | 800 | 800 |
| Total deductions | 100 | - | 100 | 100 | 500 | - | - | 800 | 800 |
| Changes in net position | (115) | (16) | (138) | (174) | (538) | (63) | (11) | (1,055) | (1,200) |
| Net position, beginning of year | 2,437 | 2,566 | 6,281 | 12,299 | 6,316 | 10,384 | 1,825 | 42,108 | 43,308 |
| Net position, end of year | \$ 2,322 | 2,550 | 6,143 | 12,125 | 5,778 | 10,321 | 1,814 | 41,053 | 42,108 |

TOWN OF GORHAM, MAINE
Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2018

| | Balance July 1, 2017 | Additions | Deletions | Balance June 30, 2018 |
|-----------------------------------|-------------------------|----------------|----------------|--------------------------|
| ASSETS | | | | |
| Cash and interfund receivables: | | | | |
| Student activities: | | | | |
| High School Activity Fund | \$ 225,512 | 300,897 | 287,673 | 238,736 |
| Gorham High School CBE | 848 | 2,419 | 2,161 | 1,106 |
| White Rock Activity Fund | 19,739 | 50,528 | 46,236 | 24,031 |
| Narragansett Office | 14,054 | 24,526 | 22,295 | 16,285 |
| Village Activity Fund | 13,875 | 33,504 | 34,359 | 13,020 |
| Middle School Activity Fund | 39,266 | 69,575 | 68,382 | 40,459 |
| GSVP | 1,317 | 1,700 | 3,017 | - |
| Subtotal student activities | 314,611 | 483,149 | 464,123 | 333,637 |
| Public safety activities: | | | | |
| Guns and Hoses Fund | 52,899 | 18,870 | 9,133 | 62,636 |
| Central Station Auxiliary Fund | 2,697 | 1 | 400 | 2,298 |
| S. Windham Fire Company Fund | 4,151 | 4,323 | 2,933 | 5,541 |
| Presumpscot Valley Hazmat Fund | 106,070 | 47,214 | 58,891 | 94,393 |
| Subtotal public safety activities | 165,817 | 70,408 | 71,357 | 164,868 |
| Recreation activities: | | | | |
| Men's Basketball League Fund | 230 | - | - | 230 |
| Subtotal recreation activities | 230 | - | - | 230 |
| Total assets | \$ 480,658 | 553,557 | 535,480 | 498,735 |

TOWN OF GORHAM, MAINE
Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2018

| | Balance July 1, 2017 | Additions | Deletions | Balance June 30, 2018 |
|-----------------------------------|-------------------------|----------------|----------------|--------------------------|
| LIABILITIES | | | | |
| Student activities: | | | | |
| High School Activity Fund | \$ 225,512 | 300,897 | 287,673 | 238,736 |
| Gorham High School CBE | 848 | 2,419 | 2,161 | 1,106 |
| White Rock Activity Fund | 19,739 | 50,528 | 46,236 | 24,031 |
| Narragansett Office | 14,054 | 24,526 | 22,295 | 16,285 |
| Village Activity Fund | 13,875 | 33,504 | 34,359 | 13,020 |
| Middle School Activity Fund | 39,266 | 69,575 | 68,382 | 40,459 |
| GSVP | 1,317 | 1,700 | 3,017 | - |
| Subtotal student activities | 314,611 | 483,149 | 464,123 | 333,637 |
| Public safety activities: | | | | |
| Guns and Hoses Fund | 52,899 | 18,870 | 9,133 | 62,636 |
| Central Station Auxiliary Fund | 2,697 | 1 | 400 | 2,298 |
| S Windham Fire Company Fund | 4,151 | 4,323 | 2,933 | 5,541 |
| Presumpscot Valley Hazmat Fund | 106,070 | 47,214 | 58,891 | 94,393 |
| Subtotal public safety activities | 165,817 | 70,408 | 71,357 | 164,868 |
| Recreation activities: | | | | |
| Men's Basketball League Fund | 230 | - | - | 230 |
| Subtotal recreation activities | 230 | - | - | 230 |
| Total liabilities | \$ 480,658 | 553,557 | 535,480 | 498,735 |

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)

| | 2009 | 2010 ¹ | 2011 | 2012 | 2013 | 2014 | 2015 ² | 2016 | 2017 | 2018 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 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 | \$ 45,751,261 |
| Restricted | 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 | 3,740,750 |
| Unrestricted | 12,982,245 | (1,472,158) | 11,219,195 | 11,574,603 | 9,596,610 | 9,556,973 | 9,268,347 | 10,011,462 | 10,849,966 | 11,509,305 |
| Total governmental activities net position | \$ <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> | \$ <u>61,001,316</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)

| | 2009 | 2010 ¹ | 2011 | 2012 | 2013 | 2014 | 2015 ² | 2016 | 2017 | 2018 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 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 | \$ 5,369,140 |
| Public safety | 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 | 4,779,796 |
| Public works | 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 | 6,087,262 |
| Health and welfare | 87,628 | 74,469 | 136,853 | 149,617 | 188,183 | 121,093 | 50,170 | 52,100 | 44,098 | 37,848 |
| Recreation | 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 | 1,897,893 |
| Development | 495,299 | 271,516 | 294,540 | 296,115 | 240,178 | 246,957 | 240,827 | 309,488 | 312,953 | 299,326 |
| Education | 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 | 41,177,926 |
| Interest on debt | 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 | 1,083,433 |
| Total governmental activities expenses | <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> | <u>60,732,624</u> |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | 470,309 | 545,365 | 592,358 | 547,377 | 669,844 | 733,768 | 710,554 | 742,951 | 774,965 | 964,088 |
| Public safety | 617,224 | 593,483 | 670,950 | 633,614 | 643,240 | 582,398 | 635,994 | 595,448 | 637,448 | 564,292 |
| Public works | 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 | 1,893,239 |
| Health and welfare | 11,643 | 11,305 | 10,106 | 11,217 | 10,454 | 10,391 | 9,848 | 10,373 | 8,863 | 8,458 |
| Recreation | 634,268 | 647,758 | 609,568 | 677,022 | 655,906 | 798,272 | 792,628 | 859,864 | 940,247 | 1,003,066 |
| Development | 82,050 | - | - | - | - | - | - | - | - | - |
| Education | 654,443 | 616,409 | 595,506 | 579,531 | 565,176 | 585,729 | 34,928 | 640,904 | 694,946 | 758,090 |
| Operating grants and contributions | 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 | 23,999,725 |
| Capital grants and contributions | 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 | 1,058,000 |
| Total governmental activities program revenues | <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> | <u>30,248,958</u> |
| Net (expense)/revenue, governmental activities | <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> | <u>(30,483,666)</u> |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes, levied for general purposes | 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 | 26,632,400 |
| Payment in lieu of taxes | 91,351 | 56,684 | 55,469 | 57,067 | 58,207 | 59,272 | 58,967 | 58,688 | 43,971 | 43,717 |
| Motor vehicle and boat excise taxes | 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 | 3,745,638 |
| Grants and contributions not restricted to specific programs: | | | | | | | | | | |
| Homestead exemption | 306,543 | 303,353 | 259,083 | 263,253 | 260,833 | 273,331 | 273,442 | 287,369 | 435,362 | 601,666 |
| BETE reimbursement | 78,942 | 131,103 | 163,110 | 161,074 | 189,602 | 180,676 | 215,861 | 292,684 | 305,366 | 299,868 |
| Other state aid | 29,003 | 28,486 | 26,611 | 41,956 | 41,769 | 41,730 | 40,914 | 40,755 | 38,785 | 40,767 |
| State revenue sharing | 1,326,817 | 1,131,755 | 1,116,472 | 1,124,259 | 1,105,086 | 784,766 | 731,086 | 780,829 | 738,529 | 778,497 |
| Unrestricted investment earnings | 224,431 | 216,622 | 188,676 | 87,250 | 100,293 | 91,407 | 118,144 | 128,724 | 200,467 | 288,927 |
| Miscellaneous revenues | 435,727 | 148,644 | 259,356 | 254,434 | 288,815 | 308,262 | 262,310 | 421,513 | 645,630 | 436,450 |
| Sale of property | - | - | 67,792 | 12,961 | 2,983 | 14,918 | 2,000 | 289,589 | 225,455 | 27,249 |
| Total governmental activities | <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> | <u>32,895,179</u> |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ <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> | \$ <u>2,411,513</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.

Table 3

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

| Fiscal Year | Property Taxes | Interest and Costs on Taxes | Excise Taxes | Total |
|----------------|-------------------|-----------------------------------|-----------------|------------|
| 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 |
| 2018 | 26,632,400 | 57,601 | 3,745,638 | 30,435,639 |

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

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---------------------|-------------------------|---------------------|---------------------|---------------------|---------------------|------------------------|---------------------|---------------------|---------------------|
| General Fund | | | | | | | | | | |
| Nonspendable | | | | | | | | | | |
| Noncurrent receivables | \$ 9,319 | \$ 8,509 | \$ 7,698 | \$ 6,888 | \$ 6,078 | \$ 2,634 | \$ 2,228 | \$ 1,823 | \$ 1,418 | \$ 1,013 |
| Prepaid items | - | - | - | 2,097 | 105,687 | 212,149 | 228,091 | 144,676 | 140,814 | 84,285 |
| Inventory ² | 58,646 | 65,126 | 66,266 | 35,848 | 43,068 | 79,362 | 70,300 | 47,988 | 26,185 | 54,600 |
| Restricted | | | | | | | | | | |
| General government purposes | - | - | - | - | - | 15,006 | 26,751 | 31,099 | 29,900 | 41,741 |
| Public safety operations | - | 192,996 | 201,653 | 149,347 | 164,996 | 151,483 | 194,803 | 200,241 | 137,066 | 118,128 |
| Public works operations | - | 91,992 | 93,761 | 100,476 | 106,425 | 179,875 | 176,551 | 149,987 | 160,844 | 165,730 |
| Recreation operations | - | 2,108 | 2,108 | 750 | 750 | 7,359 | 10,965 | 9,434 | 9,103 | 7,480 |
| Committed | | | | | | | | | | |
| General government purposes | - | 545,620 | 545,620 | 314,731 | 104,006 | 310,677 | 363,659 | 652,000 | 855,966 | 621,161 |
| Public safety operations | - | - | - | - | - | 24,760 | 11,604 | 46,313 | 159,562 | 42,549 |
| Public works operations | - | - | - | - | - | 83,827 | 148,930 | 308,509 | 952,792 | 1,468,916 |
| Recreation operations | - | - | - | - | - | 60,342 | 229,208 | 120,151 | 254,767 | 127,897 |
| Other purposes | - | 145,015 | 219,257 | 98,191 | 754,600 | - | - | - | - | - |
| Assigned | | | | | | | | | | |
| Capital funding | 541,862 | 1,128,800 | 139,220 | 1,721,034 | 466,800 | 1,005,423 | 1,130,012 | 1,344,000 | 1,394,848 | 2,104,048 |
| Encumbrances | 61,996 | 222,092 | 161,130 | 259,911 | 445,389 | 277,951 | 256,426 | 544,638 | 398,907 | 457,404 |
| General government purposes | - | 628,858 | 666,191 | 540,298 | 550,638 | 492,432 | 795,656 | 408,959 | 326,572 | 399,074 |
| Public safety operations | - | 365,256 | 208,642 | 171,468 | 187,318 | 147,693 | 172,952 | 165,258 | 148,410 | 121,183 |
| Public works operations | - | 567,559 | 585,374 | 618,224 | 510,559 | 649,994 | 607,394 | 793,465 | 155,574 | 126,730 |
| Recreation operations | - | 272,649 | 291,377 | 281,296 | 301,141 | 321,926 | 237,986 | 258,284 | 317,634 | 315,670 |
| Economic development | - | 75,316 | 75,316 | 77,100 | 85,399 | 82,899 | 82,899 | 75,124 | 72,993 | 46,703 |
| Insurance and employee benefits | - | 532,767 | 519,941 | 518,408 | 567,789 | 537,873 | 904,144 | 1,061,822 | 1,048,933 | 957,326 |
| Other purposes | - | 686,340 | 336,048 | 379,753 | 309,499 | - | - | - | 2,294 | - |
| Capital reserves | 3,515,695 | - | - | - | - | - | - | - | - | - |
| Compensated absences | 316,262 | 320,086 | 335,706 | 360,078 | 369,162 | 376,121 | 396,688 | 411,255 | 457,563 | 484,046 |
| Unassigned | 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 | 7,846,520 |
| Total General Fund | 10,533,589 | 11,185,988 | 10,963,354 | 11,322,996 | 11,570,621 | 11,587,531 | 12,755,920 | 13,786,397 | 14,936,512 | 15,592,204 |
| All other governmental funds | | | | | | | | | | |
| Nonspendable | | | | | | | | | | |
| Special revenue funds | 101,853 | 182,352 | 170,149 | 184,540 | 145,908 | 169,010 | 203,776 | 270,181 | 252,486 | 44,353 |
| Permanent funds | 424,928 | 513,326 | 524,205 | 524,988 | 538,345 | 746,715 | 905,102 | 933,457 | 933,803 | 929,754 |
| Restricted | | | | | | | | | | |
| Special revenue funds | 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 | 2,209,543 |
| Capital project funds | - | 14,264,545 ³ | 3,807,139 | 738,721 | 559,273 | 1,056,815 | 5,382,372 ³ | 2,290,650 | 1,739,594 | 793,373 |
| Permanent funds | 198,362 | 215,954 | 213,512 | 220,139 | 205,258 | 208,025 | 211,103 | 213,616 | 220,332 | 224,021 |
| Committed | | | | | | | | | | |
| Special revenue funds | 1,543,348 | 1,536,304 | 1,561,139 | 237,637 | 99,629 | 106,714 | 177,822 | 291,647 | 340,977 | 1,228,261 |
| Capital project funds | 146,956 | 43,183 | 240,851 | 39,045 | 82,982 | 68,825 | 68,825 | 68,825 | 29,238 | 184,462 |
| Assigned | | | | | | | | | | |
| Special revenue funds | 714,805 | 885,155 | 429,115 | 1,070,699 | 305,307 | 10,396 | 9,527 | 10,852 | 12,663 | 75,631 |
| Unassigned | | | | | | | | | | |
| Special revenue funds | (1,361,516) | (1,784,809) | (1,107,297) | (1,649,257) | (1,606,033) | (872,680) | (604,072) | (720,751) | (805,304) | (1,377,570) |
| Total all other governmental funds | \$ 3,113,041 | \$ 17,275,014 | \$ 6,969,805 | \$ 3,730,528 | \$ 2,829,905 | \$ 4,121,545 | \$ 8,779,153 | \$ 5,857,025 | \$ 5,188,692 | \$ 4,311,828 |

(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)

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------------|-------------------|-------------------|-------------------|
| Revenues | | | | | | | | | | |
| Taxes | \$ 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 | \$ 30,434,839 |
| Licenses and permits | 277,563 | 300,923 | 548,938 | 527,362 | 644,599 | 691,597 | 674,697 | 684,459 | 728,782 | 824,494 |
| Intergovernmental | 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 | 25,670,115 |
| Investment income ¹ | 145,202 | 98,943 | - | - | - | - | - | - | - | - |
| Charges for services | 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 | 4,322,463 |
| Unclassified | 2,251,650 | 2,195,366 | 1,152,994 | 1,230,525 | 1,189,455 | 1,266,969 | 2,050,794 ² | 807,468 | 1,085,637 | 833,426 |
| Total revenues | <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> | <u>62,085,337</u> |
| Expenditures | | | | | | | | | | |
| General government | 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 | 4,907,121 |
| Public safety | 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 | 4,419,673 |
| Public works | 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 | 4,612,736 |
| Health and welfare | 87,628 | 74,469 | 136,853 | 149,617 | 188,183 | 121,093 | 50,170 | 52,100 | 44,098 | 37,848 |
| Recreation | 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 | 1,918,189 |
| Economic development | 221,348 | 321,323 | 61,666 | 63,216 | 59,701 | 73,970 | 68,674 | 80,993 | 76,962 | 91,175 |
| Public agencies | - | - | 28,484 | 28,276 | 26,646 | 30,018 | 29,878 | 32,361 | 44,269 | 79,353 |
| Unclassified | 1,297,684 | 229,345 | 605,948 | 544,860 | 404,876 | 490,165 | 534,140 | 479,585 | 421,718 | 389,798 |
| Education and food service | 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 | 39,794,999 |
| Debt service | | | | | | | | | | |
| Principal | 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 | 3,468,125 |
| Interest | 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 | 1,165,808 |
| Capital maintenance | 598,297 | 713,962 | 983,754 | 586,728 | 418,072 | 214,165 | 827,997 | 65,411 | 69,976 | 164,730 |
| Capital improvements | 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 | 997,102 |
| Total expenditures | <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> | <u>62,046,657</u> |
| Other financing sources (uses) | | | | | | | | | | |
| Issuance of capital leases | 74,639 | 146,972 | 312,792 | 169,130 | - | 399,110 | 136,208 | 167,928 | 159,710 | 339,200 |
| Issuance of bonds | - | 20,384,680 | 3,450,000 | - | - | - | 5,139,043 | 1,775,000 | 1,290,000 | - |
| Bond premium | - | - | - | - | - | - | - | 21,978 | 55,000 | - |
| Transfers in | 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 | 18,341,863 |
| Transfers out | (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) | (18,341,863) |
| 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>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> | <u>339,200</u> |
| Net change in fund balances | \$ (2,049,268) | \$ 14,829,108 | \$ (10,527,843) | \$ (2,879,635) | \$ (652,998) | \$ (91,450) | \$ 5,825,997 | \$ (1,891,651) | \$ 481,962 | \$ 377,880 |
| Debt service as a percentage of noncapital expenditures | 9.6% | 7.8% | 8.6% | 10.6% | 9.6% | 9.7% | 8.2% | 8.9% | 8.4% | 7.8% |

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.

Table 6

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

| Fiscal Year Ended June 30 | Real Property | | Personal Property | Less Tax Exempt Real Property | Total Taxable Assessed Value ¹ | Total Direct Tax Rate | State Equalized Value ² | Assessed Value as a Percentage of Equalized Value |
|------------------------------------|-------------------------|------------------------|----------------------|-------------------------------------|--|--------------------------------|--|---|
| | Residential Property | Commercial Property | | | | | | |
| 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% |
| 2018 | 1,302,665,000 | 546,017,234 | 63,994,800 | 342,392,741 | 1,570,284,293 | 16.41 | 1,682,600,000 | 93.3% |

Sources:

¹ Gorham Assessing office and Cumberland County Regional Assessing.² State of Maine, Bureau of Taxation

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 | |
| 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 |
| 2018 | 5.37 | 11.04 | 16.41 | 0.69 | 17.10 |

Source: Cumberland County Regional Assessing

Table 8

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

| Taxpayer | 2018 | | | 2009 | | |
|--|-----------------------------|------|------------------------------------|-----------------------------|------|------------------------------------|
| | Current year assessed value | Rank | Percentage of total assessed value | Current year assessed value | Rank | Percentage of total assessed value |
| Central Maine Power Co. | \$ 92,974,493 | 1 | 5.92% | \$ 19,112,900 | 1 | 1.52% |
| New Portland Road Realty LLC (formerly known as Gorham House) | 13,137,400 | 2 | 0.84% | 10,695,300 | 3 | 0.85% |
| Irwin Industrial Tools/American Tools | 10,442,200 | 3 | 0.66% | 6,100,800 | 10 | 0.49% |
| Nappi Distributors | 10,402,900 | 4 | 0.66% | 9,949,300 | 5 | 0.79% |
| Scott Paper | 7,997,000 | 5 | 0.51% | 7,336,700 | 7 | 0.58% |
| Maine Mobile Homes LTD | 7,753,100 | 6 | 0.49% | 6,641,000 | 9 | 0.53% |
| Maritimes & NE Pipeline | 7,713,300 | 7 | 0.49% | 7,938,900 | 6 | 0.63% |
| Gorham Savings Bank | 7,517,100 | 8 | 0.48% | 10,226,500 | 4 | 0.81% |
| Shaw Brothers Construction Co. | 6,586,100 | 9 | 0.42% | 7,058,400 | 8 | 0.56% |
| Village Square Housing Corp | 5,990,100 | 10 | 0.38% | | | |
| Grondin, R J & Phillip | | | | 16,009,500 | 2 | 1.27% |
| Totals | \$ 170,513,693 | | 10.86% | \$ 101,069,300 | | 8.03% |

Source: Cumberland County Assessing office

Table 9

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

| Fiscal Year Ended June 30 | Total Tax Levy for Fiscal Year ¹ | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|---------------------------------|---|---|-----------------------|--|------------------------------|-----------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2009 | \$ 19,458,932 | 18,646,974 | 95.8% | 802,997 | 19,449,971 | 100.0% |
| 2010 | 19,359,897 | 18,705,614 | 96.6% | 644,693 | 19,350,307 | 100.0% |
| 2011 | 19,926,919 | 19,368,870 | 97.2% | 517,408 | 19,886,278 | 99.8% |
| 2012 | 20,705,124 | 19,968,524 | 96.4% | 707,188 | 20,675,712 | 99.9% |
| 2013 | 21,037,690 | 20,488,787 | 97.4% | 534,983 | 21,023,770 | 99.9% |
| 2014 | 22,661,472 | 21,966,820 | 96.9% | 676,474 | 22,643,294 | 99.9% |
| 2015 | 23,364,012 | 22,663,613 | 97.0% | 677,760 | 23,341,373 | 99.9% |
| 2016 | 24,538,607 | 23,819,148 | 97.1% | 679,203 | 24,498,351 | 99.8% |
| 2017 | 26,102,071 | 25,447,396 | 97.5% | 462,435 | 25,909,831 | 99.3% |
| 2018 | 26,896,932 | 26,195,909 | 97.4% | - | 26,195,909 | 97.4% |

¹ Tax commitment plus supplemental taxes assessed during fiscal year

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

| Fiscal Year | Governmental Activities | | | Total Primary Government | Percentage of Personal Income ¹ | Per Capita ¹ |
|-------------|--------------------------------------|---------------|----------------|--------------------------|--|-------------------------|
| | General Obligation Debt ² | Notes Payable | Capital Leases | | | |
| 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 |
| 2018 | 33,440,581 | 198,853 | 454,000 | 34,093,434 | 8.25% | 2,081 |

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 - 2018 amounts include the premium on bonds, as well as bond amounts.

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 |
|----------------|--|--|----------------------------|
| 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 |
| 2018 | 33,440,581 | 1.99% | 2,041 |

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

Amount for 2012-2018 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, 2018

| Jurisdiction | Total debt outstanding | Percentage applicable to Gorham | Amount applicable to Gorham |
|--|---------------------------|---------------------------------------|-----------------------------------|
| Direct debt: | | | |
| Town of Gorham | \$ 34,093,434 | 100.00% | 34,093,434 |
| Overlapping debt: | | | |
| Cumberland County | 35,585,000 | 3.82% | 1,359,232 |
| Portland Water District - sewer shared with Windham | 3,558,000 | 70.43% | 2,506,044 |
| Portland Water District - sewer shared with Windham and Westbrook | 4,504,265 | 20.77% | 935,564 |
| Portland Water District - water debt | 50,150,965 | 5.71% | 2,863,620 |
| Subtotal overlapping debt: | | | 7,664,460 |
| Total direct and overlapping debt: | | | \$ 41,757,894 |

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 |
|-------------|----------------|---------------------------------------|----------------------|---|
| 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% |
| 2018 | 252,390,000 | 33,440,581 | 218,949,419 | 13.25% |

Legal Debt Margin Calculation for Fiscal Year 2018

| | Outstanding bonds and notes | Percent of state assessed value of \$ 1,682,600,000 | Allowable Amount | Margin |
|--|-----------------------------------|---|-----------------------|-----------------------|
| For school purposes | \$ 19,511,271 | 10.00% | \$ 168,260,000 | \$ 148,748,729 |
| For storm or sanitary sewer purposes | - | 7.50% | \$ 126,195,000 | \$ 126,195,000 |
| For municipal, airport, water, and special district purposes | - | 3.00% | \$ 50,478,000 | \$ 50,478,000 |
| For all other purposes | 13,929,310 | 7.50% | \$ 126,195,000 | \$ 112,265,690 |
| Total | \$ 33,440,581 | 15.00% | \$ 252,390,000 | \$ 218,949,419 |

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 |
|----------------|-------------------------|--------------------|--|----------------------------|-----------------------------------|-----------------------------------|
| 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% |
| 2018 | 16,381 | 413,276,249 | 25,229 | 38.0 | 2,786 | 2.80% |

Data Source

¹ U.S. Dept. of Commerce, Bureau of Census
The 2009 and 2010 figures are the July 1, 2008 estimate from the Bureau of Census.
The 2011-2018 figure is based upon the 2010 census.

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

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

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

Table 15

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

| Employer | 2018 ¹ | | | 2009 | | |
|--|-------------------|------|------------------------------------|--------------|------|------------------------------------|
| | Employees | Rank | Percentage of Gorham's Labor Force | Employees | Rank | Percentage of Gorham's Labor Force |
| Town of Gorham: School/Municipal | 572 | 1 | 5.3% | 557 | 1 | 6.4% |
| University of Southern Maine* | 332 | 2 | 3.0% | 481 | 2 | 5.5% |
| New Portland Road Realty LLC (formerly known as Gorham House) | 230 | 3 | 2.1% | 216 | 3 | 2.5% |
| Shaw Brothers Construction, Inc. | 229 | 4 | 2.1% | 135 | 7 | 1.5% |
| Nappi Distributors | 225 | 5 | 2.1% | 203 | 4 | 2.3% |
| Irwin Industrial Tool (formerly American Tool) | 150 | 6 | 1.4% | 157 | 5 | 1.8% |
| R. J. Grondin | 149 | 7 | 1.4% | 144 | 6 | 1.7% |
| Hannaford Brothers | 125 | 8 | 1.1% | 126 | 8 | 1.4% |
| Yotul Stove, Inc. | 92 | 9 | 0.8% | 79 | 9 | 0.9% |
| Gorham Savings Bank | 86 | 10 | 0.8% | 70 | 10 | 0.8% |
| Totals | <u>2,190</u> | | <u>20.1%</u> | <u>2,168</u> | | 24.8% |

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

¹ Labor force figure was for June 2018 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 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General Government | 15.5 | 15.5 | 19.0 | 17.5 | 17.5 | 18.0 | 18.0 | 17.0 | 17.0 | 16.0 |
| Public Safety: | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Officers | 23.0 | 23.0 | 23.0 | 23.0 | 23.0 | 23.5 | 23.0 | 23.0 | 24.0 | 24.0 |
| Civilians | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.5 | 2.5 | 2.5 | 2.5 |
| Fire: | | | | | | | | | | |
| Firefighters and EMT's | 13.0 | 13.0 | 13.0 | 12.0 | 12.0 | 12.0 | 12.5 | 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 | 19.0 | 19.0 | 19.0 | 19.0 | 19.0 | 19.0 | 19.0 | 18.0 | 20.0 | 20.0 |
| Recreation | 16.0 | 14.3 | 14.0 | 14.0 | 14.0 | 16.0 | 16.0 | 16.0 | 16.0 | 16.0 |
| Development ¹ | 4.5 | 4.5 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Total | 96.0 | 94.3 | 94.0 | 91.5 | 91.5 | 94.5 | 95.0 | 93.0 | 96.0 | 95.0 |

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

TOWN OF GORHAM, MAINE
Operating Indicators by Function¹
Last Ten Fiscal Years

| Function | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General Government: | | | | | | | | | | |
| Building permits: ² | | | | | | | | | | |
| Single family | 30 | 41 | 58 | 63 | 43 | 75 | 67 | 66 | 84 | 101 |
| Condos | 5 | 0 | 4 | 5 | 4 | 4 | 13 | 2 | 19 | 17 |
| Commercial | 18 | 17 | 14 | 19 | 38 | 44 | 43 | 23 | 32 | 36 |
| Total number permits issued | n/a | n/a | 941 | 917 | 966 | 1,079 | 1,116 | 1,141 | 1,334 | 1,334 |
| Public Safety: | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Number of calls for service | 18,245 | 18,473 | 18,781 | 15,335 | 17,137 | 17,411 | 13,702 | 12,999 | 15,048 | 20,893 |
| Number of physical arrests | 782 | 771 | 734 | 777 | 738 | 648 | 622 | 452 | 409 | 783 |
| Number of summons and warnings | 3,674 | 3,621 | 2,725 | 2,301 | 1,906 | 2,059 | 2,004 | 1,871 | 1,545 | 3,511 |
| Parking tickets issued | 269 | 391 | 180 | 112 | 117 | 110 | 62 | 88 | 68 | 256 |
| Number of accidents investigated | 555 | 519 | 449 | 482 | 455 | 420 | 596 | 432 | 709 | 519 |
| Fire: | | | | | | | | | | |
| Number of fire and rescue calls | 2,102 | 2,549 | 2,807 | 2,815 | 2,728 | 2,732 | 2,589 | 2,664 | 2,922 | 2,905 |
| Number of fire hydrants | 286 | 292 | 292 | 296 | 296 | 304 | 310 | 316 | 316 | 320 |
| Number of fire ponds | 69 | 70 | 71 | 71 | 71 | 71 | 71 | 71 | 71 | 73 |
| Public Works: | | | | | | | | | | |
| Number of roads maintained | 276 | 278 | 283 | 287 | 288 | 290 | 290 | 290 | 297 | 300 |
| Lane miles of roads maintained | 282.2 | 283.1 | 286.7 | 290.7 | 291.0 | 292.8 | 292.8 | 293 | 296 | 296 |
| Acres of public area maintained | 113.1 | 113.1 | 113.1 | 129.19 | 154.65 | 154.65 | 154.65 | 155 | 155 | 155 |
| Acres of cemeteries maintained | 30.1 | 30.1 | 30.1 | 30.02 | 30.03 | 30.12 | 30.12 | 30 | 30 | 30 |
| Tons of residential solid waste | 2,304 | 2,166 | 2,099 | 2,155 | 2,154 | 2,233 | 2,331 | 2,400 | 2,605 | 2,686 |
| Tons of waste recycled | 1,444 | 1,200 | 1,246 | 1,266 | 1,314 | 1,266 | 1,260 | 1,226 | 1,222 | 1,149 |
| Recreation: | | | | | | | | | | |
| Library: | | | | | | | | | | |
| Number of items circulated | 109,409 | 116,050 | 114,309 | 114,159 | 115,826 | 116,987 | 115,477 | 110,329 | 109,048 | 112,729 |

Sources: Various town departments.

¹ Information reported for each fiscal year is for prior year's activity. Therefore, the fiscal year 2018 information is for activity in 2017.

² 2009-2011 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 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Public Safety: | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 13 | 13 | 13 | 19 | 19 | 19 | 19 | 19 | 20 | 20 |
| Fire stations | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 7 | 7 | 7 |
| Public Works: | | | | | | | | | | |
| Streets (miles) | 282.2 | 283.1 | 286.7 | 290.7 | 291.0 | 292.8 | 292.8 | 292.8 | 295.9 | 296.1 |
| Street lights | 385 | 385 | 389 | 392 | 395 | 405 | 405 | 405 | 437 | 437 |
| Traffic signals/blinkers | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Cemeteries | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Recreation: | | | | | | | | | | |
| Libraries | 3 | 3 | 3 | 3 | 2 | 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.