

Town of Gorham, Maine

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR FISCAL YEAR ENDED
JUNE 30, 2022



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GOCAM

TOWN OF GORHAM, MAINE

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2022

Prepared by:

Sharon LaFlamme, Finance Director

TOWN OF GORHAM, MAINE
Annual Comprehensive Financial Report
June 30, 2022

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INTRODUCTORY SECTION

Town of Gorham

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June 20, 2023

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

This annual comprehensive financial report of the Town of Gorham for the fiscal year ending June 30, 2022 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, 2022 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, 2022, 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 18,336 residents according to the 2020 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 2021-2022 is \$1,679,444,660 (excludes the valuation attributable to the State Homestead Exemption and BETE personal property reimbursement), resulting in an increase of about 1.8% from the 2020-2021 total taxable valuation. Approximately 32.0% 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 98.0% for last fiscal year and 97.7% 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 1.4% of the state assessed value.

During fiscal year 2022, the Code Office issued permits for 78 single-family/condo dwellings and 39 commercial/institutional structures. The department issued a total of 1,268 permits during fiscal year 2022.

The outlook for Gorham is positive. Based on the increase in housing developments, Gorham continues to be a Town that attracts new residents. There are approximately 3 subdivisions being developed in various parts of the Town. The Town is beginning to attract new businesses who are purchasing lots in the new industrial park which was land purchased by the Town with the non-tax-exempt bond in FY2020. The Town will begin work to build the road into the industrial park in the next few years. This new industrial park will help the Town to diversify the tax burden between residential and businesses.

During fiscal year 2022, a revaluation of the town was performed. The last time the Town had a full revaluation was in fiscal year 2008 with a small in-house property value trending in fiscal year 2016. This was a necessity since the Town’s assessed value ratio would be at or below the State required 70% in fiscal year 2023.

The Town of Gorham embraces providing residents an opportunity to enjoy the outdoors. The Town has extensive network of walking trail, hiking trails, and snowmobile trails as well as an array of parks and open spaces. The Town broke ground on an 8,000 square foot skate park and two multi-sport courts located on the Chick Property.

Fiscal Year 2022 Budget

The Town of Gorham’s gross budget for 2022 showed an increase of 3.9% from 2021. The gross budget increased by \$2,345,768 and the mil rate increased from \$19.00 in fiscal year 2021 to \$19.40 in fiscal year 2022. The following is a comparison of the fiscal year 2021 mil rate to the fiscal year 2022 mil rate.

| | Fiscal year 2021 | Fiscal year 2022 | \$ Incr/(Decr) | % Chg |
|-------------------|------------------|------------------|----------------|-------|
| Town’s Tax Rate | \$ 5.61 | \$ 5.99 | \$0.38 | 6.77% |
| School’s Tax Rate | \$12.62 | \$12.63 | \$0.01 | 0.08% |
| County’s Tax Rate | \$ 0.77 | \$ 0.78 | \$0.01 | 1.30% |

This is the 17th 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 \$741,281 or 4.6%. The major increases were due a new facilities coordinator position, per diem Fire/EMS positions to staff the 2nd ambulance 24/7, and maintaining operating costs, employee costs and contractual obligation.

The Town's non-property tax revenues also saw an increase of 4.1%. The major increase was the result of a \$250,000 increase in state revenue sharing.

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 went up \$424,354 or 5.1%.

The School gross expenditure budget of \$44,268,142 increased by \$1,553,687 or 3.6%. The major increases in this budget were the result of contractual salary obligations increases, the addition of four teachers, one Ed Tech III position, and SAT Testing fees.

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 2022, there was \$2,556,602 in funds available for allocation to capital equipment and capital project needs. On June 1, 2021, the Town Council approved the use of \$2,556,602 excess unassigned fund balance for road improvement, website and technology upgrades including the Town's internet fleet controls, firefighter equipment, police equipment, and various consultant reserves for stormwater and planning projects. The Town also used these funds to purchase an electric car, three police cruisers, plow truck, ambulance, tractor and vehicle for the fire department. These funds also were used to make repairs or replacements for Public Work's facility gate, door controls and garage door, Baxter Memorial Library's door controls and generator, Old Robie School's stairs, Municipal Center's lockdown controls, cemetery wall repairs, and repairs to tennis courts in White Rock.

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 annual comprehensive financial report for the fiscal year ended June 30, 2021. This was the 19th 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 Annual Comprehensive 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 Annual Comprehensive 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,

A handwritten signature in cursive script that reads "Sharon LaFlamme". The signature is written in black ink and is positioned below the word "Sincerely,".

Sharon LaFlamme
Finance Director

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Gorham
Maine**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

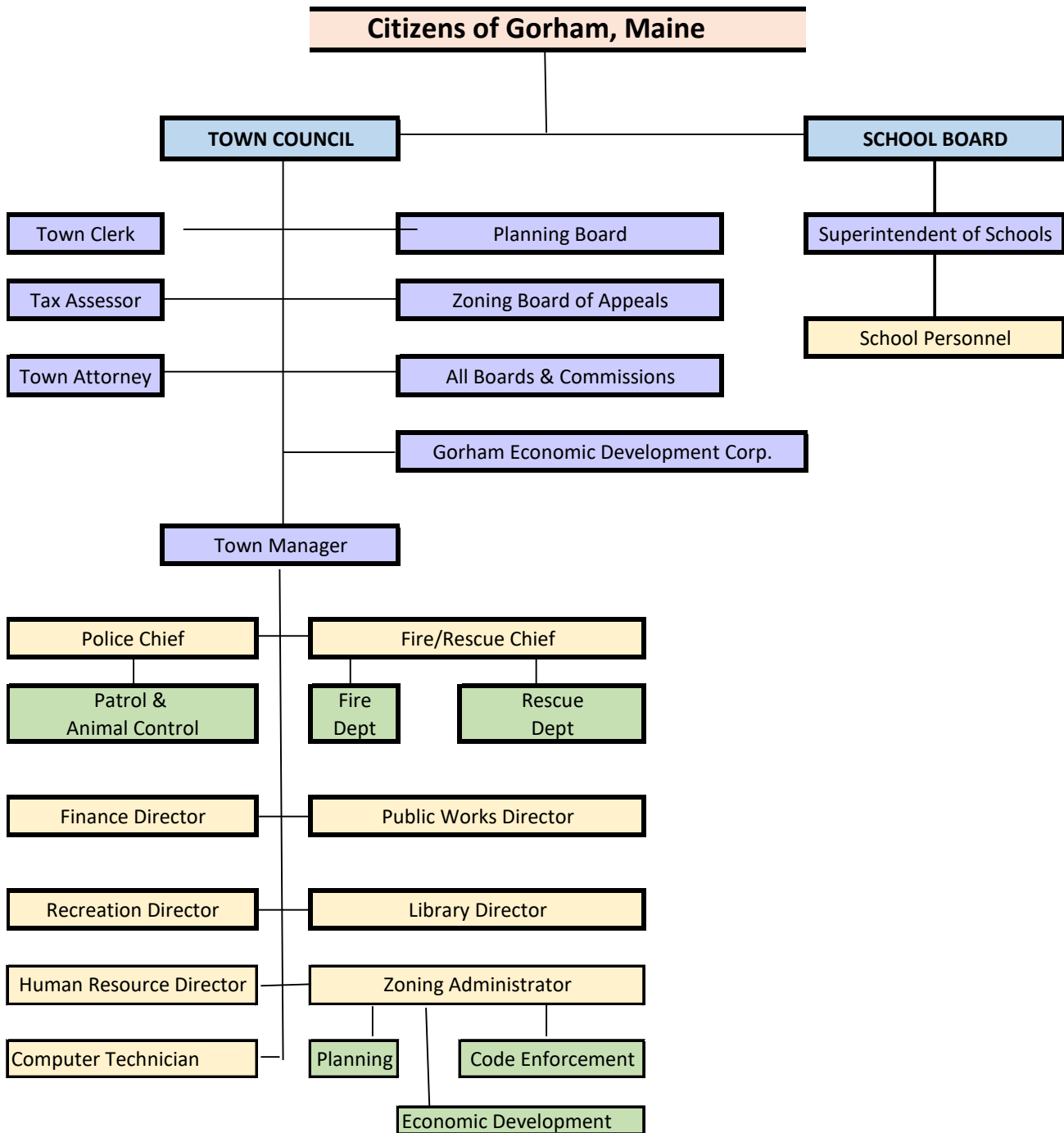
June 30, 2021

Christopher P. Morill

Executive Director/CEO

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Town of Gorham, Maine Organizational Chart



TOWN OF GORHAM, MAINE
List of Principal Officials
June 30, 2022

Lee Pratt, Chairman, Town Council

| | |
|--------------------------------|-------------------|
| James Hager Jr., Vice Chairman | Benjamin Hartwell |
| Ronald Shepard | Suzanne Phillips |
| Virginia Wilder Cross | Janet Kuech |

Ephrem Paraschak, Town Manager

| | |
|--|-------------------------------------|
| Laurie Nordfors, Town Clerk | Sharon LaFlamme, Finance Director |
| Kenneth Fickett, Fire Chief | James Rathbun, Library Director |
| Christopher Sanborn, Police Chief | Terry Deering, Public Works Dir. |
| Cynthia A. Hazelton, Recreation Director | Thomas Poirer, Zoning Administrator |
| Christie Young, Human Resource Director | Kevin Jensen, Econ. Dev. Dir. |

Benjamin Thompson, Cumberland County Tax Assessor

Anne Schools, Chairman, School Board

| | |
|------------------------------|---------------------|
| Darryl Wright, Vice Chairman | Nicole Hudson |
| Philip Gagnon | Sarah Perkins |
| James Brockman | Stewart McCallister |

Heather Perry, School Superintendent

Hollis S. Cobb, School Finance Officer

FINANCIAL SECTION

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Independent Auditor's Report

Town Council
Town of Gorham, Maine

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Gorham, Maine and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Gorham, Maine's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Gorham, Maine's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Gorham, Maine's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension and other post-employment benefit liability schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Gorham, Maine's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2023 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Gorham, Maine's 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.



June 20, 2023
South Portland, Maine

TOWN OF GORHAM, MAINE
Management's Discussion and Analysis
For the year ended June 30, 2022

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, 2022. 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 \$69,122,605, an increase of \$6,035,101 or 9.6%, when compared to the beginning net position figure of \$63,087,504.
- The ending fund balance for Governmental Funds is \$31,223,612. The expenditures and other financing uses exceeded the revenues and other financing sources by \$70,737.
- The General Fund's ending fund balance is \$21,693,547; an increase of \$2,604,899 from the prior year's ending fund balance of \$19,088,648. Of the \$21,693,547, only \$11,701,248 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, 2022 was \$10,905,772 or 16.5% of the total fiscal year 2023 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 \$4,331,869 to allocate to the Capital Part II budget during the fiscal year 2024 budget process.
- The Town of Gorham's general obligation debt decreased by \$4,219,650 or 12.0% 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-six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, and School Operations Fund, which are all considered to be major funds. In fiscal year 2022, School Grants Fund is also considered a major fund. 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 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 43 and 44. 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>2022</u> | <u>2021</u> | <u>\$ Change</u> | <u>% Change</u> |
| Current and other assets | \$ 40,570,056 | 44,742,443 | (4,172,387) | -9.33% |
| Capital assets, net | 78,611,817 | 77,557,693 | 1,054,124 | 1.36% |
| Total assets | <u>119,181,873</u> | <u>122,300,136</u> | <u>(3,118,263)</u> | -2.55% |
| Deferred outflows of resources | <u>3,243,189</u> | <u>2,766,537</u> | <u>476,652</u> | 17.23% |
| Long-term liability outstanding | 41,562,320 | 47,794,874 | (6,232,554) | -13.04% |
| Other liabilities | <u>8,729,805</u> | <u>13,055,795</u> | <u>(4,325,990)</u> | -33.13% |
| Total liabilities | <u>50,292,125</u> | <u>60,850,669</u> | <u>(10,558,544)</u> | -17.35% |
| Deferred inflows of resources | <u>3,010,332</u> | <u>1,128,500</u> | <u>1,881,832</u> | 166.76% |
| Net investment in capital assets | 50,320,931 | 47,619,106 | 2,701,825 | 5.67% |
| Restricted | 5,032,877 | 4,295,979 | 736,898 | 17.15% |
| Unrestricted | <u>13,768,797</u> | <u>11,172,419</u> | <u>2,596,378</u> | 23.24% |
| Total net position | <u>\$ 69,122,605</u> | <u>63,087,504</u> | <u>6,035,101</u> | 9.57% |

The decrease of \$4,172,387 in the current and other assets category is primarily due to the large decrease in performance bond of \$6,246,241 in fiscal year 2022. In fiscal year 2022, there was a change of accounting for the letter of credits and performance bonds which resulted in including only Certificate of Deposits put in the Town's name by the developer. There was an increase in cash of \$1,233,790 which reflects the increase in revenue that the Town received.

The capital asset disclosure in the notes to the financial statements (see Note 6) shows how the \$1,054,124 increase resulted.

The long-term liabilities disclosure in the notes to the financial statements (see Note 11) shows how the \$6,232,554 decrease in long-term debt outstanding resulted.

The decrease in the other liabilities of \$4,325,990 is primarily due to the decrease in performance bonds and letter of credits as stated in the current and other asset category. There was an increase in unearned revenues of \$1,651,320 which mainly represents ARPA revenues that have not been spent as of June 30, 2022.

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>2022</u> | <u>2021</u> | <u>\$ Change</u> | <u>% Change</u> |
|---|-----------------------------|--------------------------|-------------------------|-----------------|
| Capital assets | \$ 167,188,874 | 162,500,155 | 4,688,719 | 2.89% |
| Accumulated depreciation | (88,577,057) | (84,942,462) | (3,634,595) | (4.28%) |
| Deferred charge on refunding | 145,210 | 228,795 | (83,585) | (36.53%) |
| Bonds payable (includes premium) | (31,537,262) | (35,914,466) | 4,377,204 | 12.19% |
| Finance purchases | (1,761,491) | (2,167,784) | 406,293 | 18.74% |
| Add back noncapitalized finance purchases | 241,193 | 345,117 | (103,924) | (30.11%) |
| Add back unspent bond proceeds | 4,621,464 | 7,569,751 | (2,948,287) | (38.95%) |
| Net investment in capital assets | \$ <u>50,320,931</u> | <u>47,619,106</u> | <u>2,701,825</u> | 5.67% |

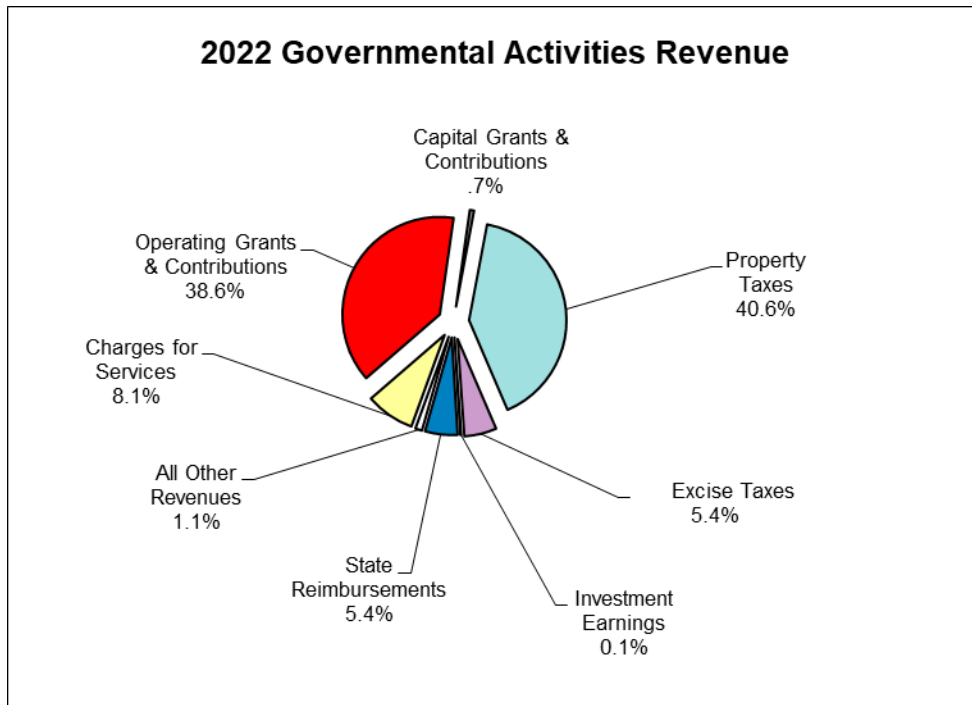
Changes in Net Position

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

| | <u>2022</u> | <u>2021</u> | <u>\$ Change</u> | <u>% Change</u> |
|---|-----------------------------|--------------------------|-------------------------|-----------------|
| REVENUES | | | | |
| Program Revenues: | | | | |
| Charges for services | \$ 6,507,714 | 5,561,248 | 946,466 | 17.02% |
| Operating grants and contributions | 30,995,898 | 30,826,600 | 169,298 | 0.55% |
| Capital grants and contributions | 563,500 | 123,359 | 440,141 | 356.80% |
| General Revenues: | | | | |
| Property taxes | 32,579,092 | 31,331,706 | 1,247,386 | 3.98% |
| Payment in lieu of taxes | 46,823 | 45,193 | 1,630 | 3.61% |
| Motor vehicle and boat excise taxes | 4,311,760 | 4,145,726 | 166,034 | 4.00% |
| Grants and contributions not restricted to specific programs: | | | | |
| Homestead exemption | 1,041,085 | 1,034,413 | 6,672 | 0.65% |
| BETE reimbursement | 608,149 | 635,827 | (27,678) | (4.35%) |
| Other state aid | 50,412 | 36,145 | 14,267 | 39.47% |
| State Revenue Sharing | 2,630,503 | 1,746,817 | 883,686 | 50.59% |
| Unrestricted investment earnings | 111,081 | 133,883 | (22,802) | (17.03%) |
| Miscellaneous revenues | 802,205 | 379,344 | 422,861 | 111.47% |
| Gain on sale of property | 48,840 | 30,157 | 18,683 | 61.95% |
| Total revenues | <u>80,297,062</u> | <u>76,030,418</u> | <u>4,266,644</u> | <u>5.61%</u> |
| EXPENSES | | | | |
| General government | 7,158,217 | 6,634,344 | 523,873 | 7.90% |
| Public safety | 5,517,474 | 5,572,679 | (55,205) | (0.99%) |
| Public works | 6,977,671 | 6,023,288 | 954,383 | 15.84% |
| Health and welfare | 60,725 | 52,446 | 8,279 | 15.79% |
| Recreation | 1,932,426 | 1,678,806 | 253,620 | 15.11% |
| Development | 370,415 | 554,405 | (183,990) | (33.19%) |
| Education | 51,415,512 | 51,280,930 | 134,582 | 0.26% |
| Interest on debt | 829,521 | 946,201 | (116,680) | (12.33%) |
| Total expenses | <u>74,261,961</u> | <u>72,743,099</u> | <u>1,518,862</u> | <u>2.09%</u> |
| Change in net position | 6,035,101 | 3,287,319 | 2,747,782 | 83.59% |
| Net position - beginning | 63,087,504 | 59,800,185 | 3,287,319 | 5.50% |
| Net position ending | \$ <u>69,122,605</u> | <u>63,087,504</u> | <u>6,035,101</u> | 9.57% |

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

The following pie chart shows the sources of revenue for fiscal year 2022.



Overall, revenues were up 4,266,644 or 5.61% when compared to fiscal year 2021. There were a number of reasons for the increase in the revenues and they are highlighted below.

Approximately 40.6% of the Town's revenues come from property taxes, while 38.6% comes from operating grants and contributions. Approximately 69.9% 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 by 0.6% or \$169,298. The Town received grants from the Community Development Block Grants for the Little Falls Recreation Area Bathrooms and the Little Falls Master Plan.

The capital grants and contributions were up \$440,141 because the Town accepted two new roads in fiscal year 2022.

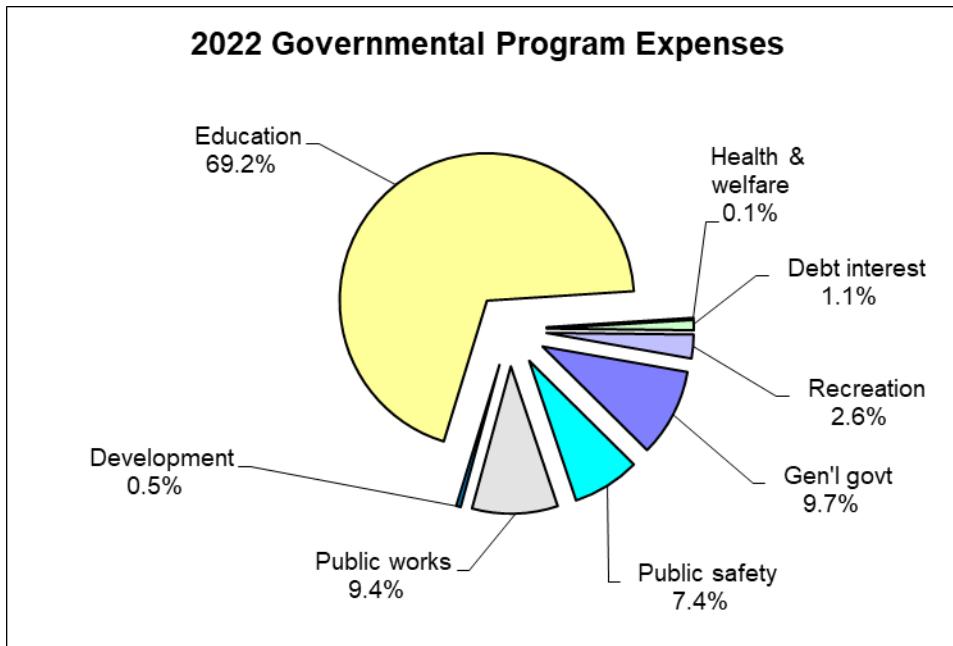
The \$1,247,386 increase in property tax revenue was due to the increase in the mil rate from \$19.00 in fiscal year 2021 to \$19.40 in fiscal year 2022. The Town is allowed by State Statute to build in the tax rate up to 5% of the amount needed to be raised by property taxes which is called overlay. Typically, the Town builds in approximately 2% in overlay. In fiscal year 2022, there was an increase of approximately \$251,700 in the Town's overlay.

The other large revenue increase was seen in other state aid, state revenue sharing and miscellaneous revenues. The other state aid increase is due to the Town revenues for the Tree Growth Program which was approximately \$11,390 higher than fiscal year 2021. The State also implemented a new renewable energy tax rebate program of which the Town received \$2,894. The state revenue sharing increased \$883,686 from fiscal year 2021 due to the Governor continuing increases to the municipalities percentages. Miscellaneous revenue increased due to technology revenue provided for purchase of devices such as Chromebooks.

Unrestricted investment earnings decreased \$22,802 since the interest rate in our long-term investments continues to decrease due to the economy.

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

The following pie chart shows functional expenses for fiscal year 2022.



Education makes up 69.2% of expenses for fiscal year 2022, an increase of .3% or \$134,582 from fiscal year 2021. This increase is not considered significant.

Fiscal year 2022 Health & Welfare is higher than fiscal year 2021 by 15.8% or \$8,279. The primary reason for this increase is the continued need for general assistance due to inflation and the state of the economy. Public Works increased by \$954,383 or 15.8% which is in part due to road repairs which were higher than fiscal year 2021 by \$404,813. General Government increase includes revaluation expense of \$238,878 and upgrades to the Town's internet fleet control of \$104,518.

Governmental Activities

The cost of all governmental activities was \$74,261,961. The Town's governmental activities include general government, public safety, public works, health and welfare, recreation (includes library and museum), economic development, education, and interest on debt. The general government activity also includes public agencies, insurance, employee benefits, unclassified and county tax expenses. Fiscal year 2022 expenses were 1,518,862 or 2.1% over fiscal year 2021 expenses.

As shown on the Statement of Activities, the amount that the taxpayers of Gorham ended up financing through property taxes was \$32,579,092 or 40.6%, because some of the cost was paid by those who directly benefit from the programs (\$6,507,714), and by other governments and organizations that subsidized certain programs with operating grants and contributions (\$30,995,898) and capital grants and contributions (\$563,500). The Town also received \$9,650,858 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 2022.

As a result of the governmental activities' revenues (\$80,297,062) exceeding the expenses (\$74,261,961), the Town of Gorham realized an increase in its net position of \$6,035,101. Approximately \$1,996,186 of the increase can be attributed to the collection of excise tax, permits, and state revenue sharing, which were higher 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 2022 revenues by source for the General Fund with the 2021 information for comparison. Information is from Statement 4.

| | <u>2022</u> | <u>2021</u> | <u>\$ Change</u> | <u>% Change</u> |
|-----------------------|----------------------|-------------------|------------------|-----------------|
| Revenues by source: | | | | |
| Taxes | \$ 35,894,117 | 34,649,584 | 1,244,533 | 3.59% |
| Licenses and permits | 1,148,341 | 766,012 | 382,329 | 49.91% |
| Intergovernmental | 5,311,059 | 4,040,904 | 1,270,155 | 31.43% |
| Charges for services | 2,869,592 | 2,576,418 | 293,174 | 11.38% |
| Other revenues | 564,040 | 576,242 | (12,202) | (2.12%) |
| Total revenues | \$ 45,787,149 | 42,609,160 | 3,177,989 | 7.46% |

General Fund revenues increased by 7.5% or \$3,177,989 from fiscal year 2021 amounts. Below are some of the reasons for the changes in the revenue.

Taxes: In fiscal year 2022, the mil rate increased from \$19.00 to \$19.40. With an increased valuation and mil rate, property tax revenue after abatements and supplements was up by \$1,244,533, when compared to last fiscal year.

Licenses and permits: Building permit revenue and plumbing/electrical fees were \$379,442 higher than fiscal year 2021 and fluctuate year to year depending on if there are any large developments. There were several solar farm constructions and sub-divisions in fiscal year 2022.

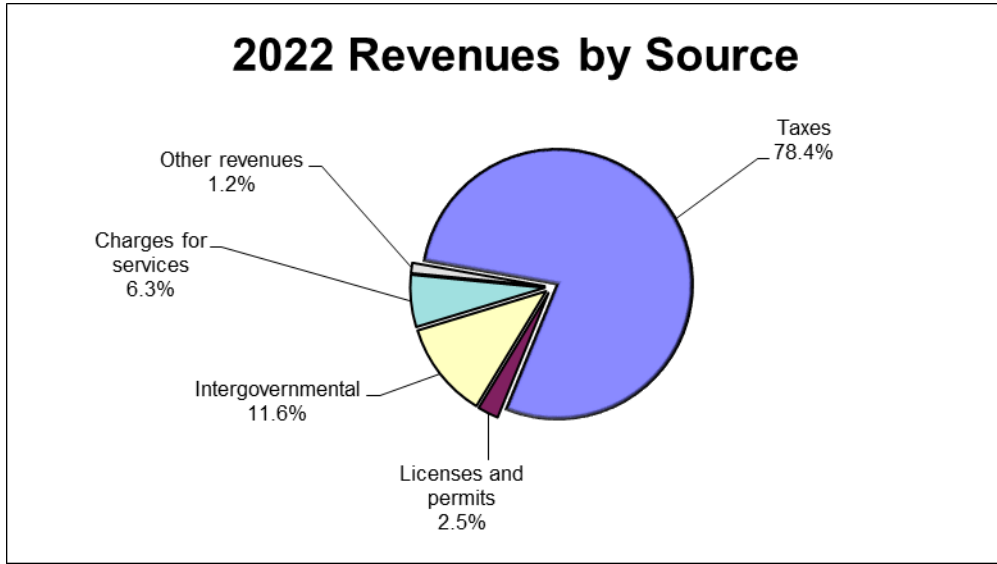
Intergovernmental: The major change in fiscal year 2022 was related to an increase in the state revenue sharing of \$883,686 due to the Governor increasing the percentage of sales tax allocation for the municipalities. The State also implemented a new renewable energy tax rebate program of which the Town received \$2,894. Also, the Town received American Rescue Plan Act funds of \$230,100. This is a portion of the funds received, the balance not expensed is in unearned revenues.

Charges for services: In fiscal year 2022, recreation received \$30,996 more in revenues than in fiscal year 2021 which is the result of coming out of the pandemic.

Other revenues: In fiscal year 2021, there was revenue received for a facility study, a court settlement and a contribution from Central Maine Power for road improvement at the Shaw Mills substation, which was approximately \$166,282 that was not received in fiscal year 2022. The Town received donations of \$196,200 for the construction of a skate park in Chick Property. The Town also received \$57,394 more than fiscal year 2021 in investment income which represents the increases in interest rates.

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

The following pie chart depicts the General Fund revenues by source for fiscal year 2022.



The following table summarizes the General Fund expenditures by function for fiscal year 2022 with 2021 information for comparison. Information is from Statement 4.

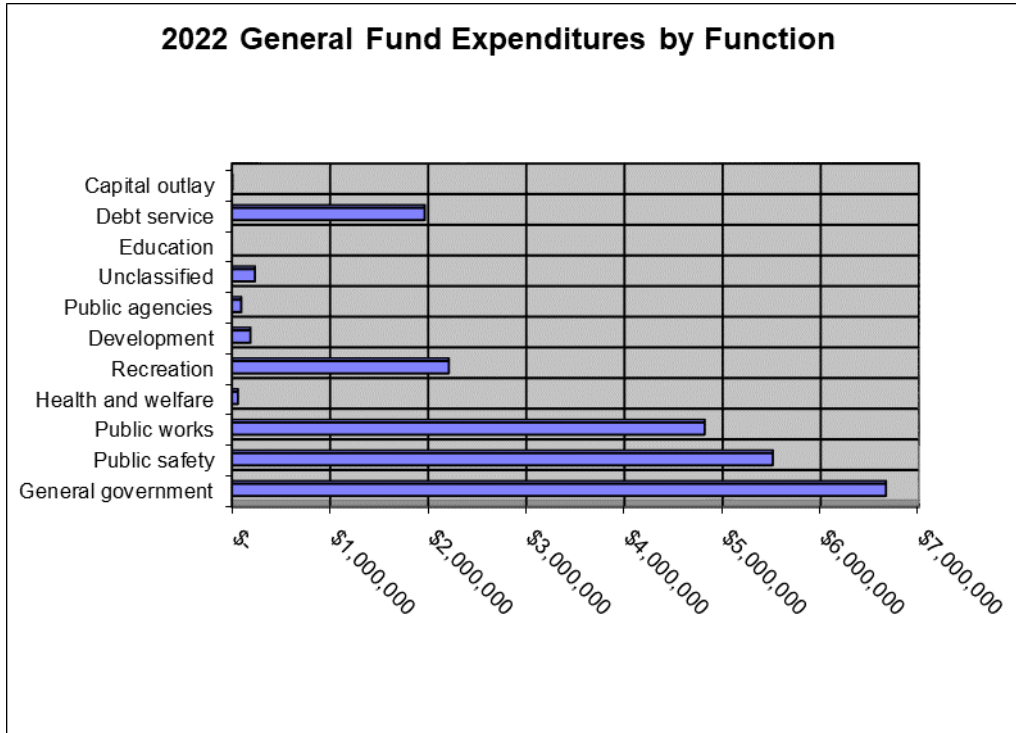
| | <u>2022</u> | <u>2021</u> | <u>\$ Change</u> | <u>% Change</u> |
|---------------------------|----------------------|-------------------|------------------|-----------------|
| Expenditures by function: | | | | |
| General government | \$ 6,665,208 | 6,537,011 | 128,197 | 1.96% |
| Public safety | 5,512,360 | 4,973,679 | 538,681 | 10.83% |
| Public works | 4,817,372 | 3,988,017 | 829,355 | 20.80% |
| Health and welfare | 60,725 | 52,446 | 8,279 | 15.79% |
| Recreation | 2,210,402 | 1,717,617 | 492,785 | 28.69% |
| Economic development | 188,611 | 122,888 | 65,723 | 53.48% |
| Public agencies | 94,613 | 91,653 | 2,960 | 3.23% |
| Unclassified | 234,061 | 194,707 | 39,354 | 20.21% |
| Debt service | 1,965,011 | 2,054,085 | (89,074) | (4.34%) |
| Capital outlay | 5,500 | 20,138 | (14,638) | (72.69%) |
| Total expenditures | \$ 21,753,863 | 19,752,241 | 2,001,622 | 10.13% |

The General Fund expenditures increased 10.1% from fiscal year 2021 levels. The largest percentage increases are in economic development, recreation, and public works category. Economic Development increased 53.5% or \$65,723 over fiscal year 2021 which was for a one-time expense for a consultant to work on the Little Falls Village Masterplan. Also, since the pandemic was slowing down, the Economic Director was able to meet with businesses for retention and growth. Recreation had an increase of 28.7% or \$492,785, which represents the increase in programming attendance for sports programs, summer camps, before and after school care and other community programs since the pandemic. Public Works increased \$829,355 or 20.8%, due to increased spending on road repairs of \$404,813 over fiscal year 2021. Also, there was a tractor purchased for \$145,375 and new fuel depot installation of \$208,068 in fiscal year 2022.

The largest percentage decrease was in the capital outlay which was 72.7% or \$14,638 due to a reduction for only \$5,500 spent for the Gorham Economic Development Corporation's website redesign in fiscal year 2022. In fiscal year 2021, there was \$20,138 spent for non-road grant matches whereas fiscal year 2022 did not have any non-grant matches.

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 2022.



The net result of operations in the General Fund for fiscal year 2022 was \$2,604,899 after transfers in of \$850,026 and transfers out of \$22,278,413. The following table summarizes the General Fund's fund balance for fiscal year 2022, with 2021 information provided for comparison.

| | <u>2022</u> | <u>2021</u> | <u>\$ Change</u> | <u>% Change</u> |
|---------------------------|----------------------|-------------------|------------------|-----------------|
| Fund balance: | | | | |
| Nonspendable | \$ 114,789 | \$ 90,184 | 24,605 | 27.28% |
| Restricted | 632,736 | 371,243 | 261,493 | 70.44% |
| Committed | 3,316,697 | 3,391,088 | (74,391) | -2.19% |
| Assigned | 5,928,077 | 5,710,028 | 218,049 | 3.82% |
| Unassigned | 11,701,248 | 9,526,105 | 2,175,143 | 22.83% |
| Total fund balance | \$ 21,693,547 | 19,088,648 | 2,604,899 | 13.65% |

The largest increase was in restricted fund balance, equal to \$261,493 or 70.4%. This is due to the balance for the skate park construction of \$210,509 which will be used in fiscal year 2023. The increase in nonspendable fund balance, equal to \$24,605 or 27.3% was primarily due to the \$52,646 increase in inventory from fiscal year 2021. Inventory increase was related to the fuel depot upgrades that were completed in fiscal year 2022 which allowed to hold more fuel in the tanks than the temporary smaller tanks held in fiscal year 2021. Prepaid decreased by \$24,597 which is due to not having to put a deposit of \$23,338 on a lockdown project in fiscal year 2022. The increases in committed and assigned fund balances are due to fewer projects completed in fiscal year 2022 than added.

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

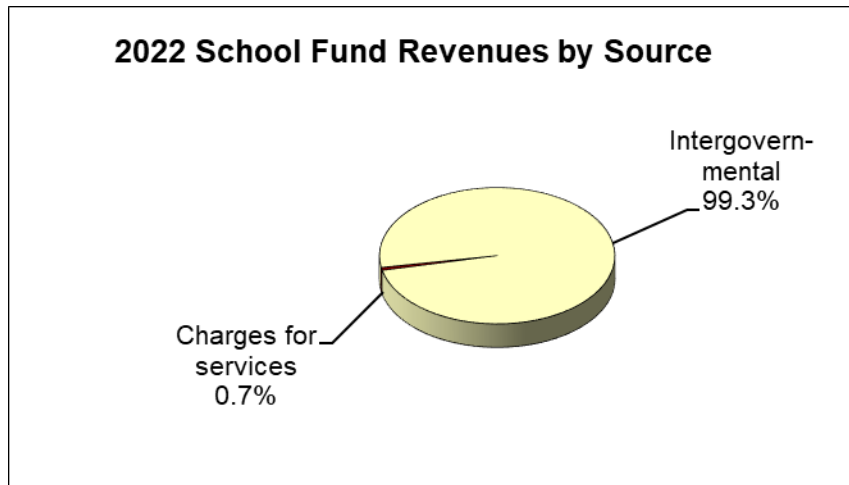
The School's Funds

The following table summarizes fiscal year 2022 revenues by source for the Special Revenue Fund's School Operations Fund with 2021 information for comparison. The information is from Statement 4.

| | <u>2022</u> | <u>2021</u> | <u>\$ Change</u> | <u>% Change</u> |
|--------------------------|-------------------|-------------------|------------------|-----------------|
| Revenues by source: | | | | |
| Intergovernmental | \$ 25,849,563 | 23,944,045 | 1,905,518 | 7.96% |
| Charges for services | 168,781 | 209,685 | (40,904) | (19.51%) |
| Other | 14,730 | - | 14,730 | N/A |
| Total revenues \$ | 26,033,074 | 24,153,730 | 1,879,344 | 7.78% |

The 7.8% increase in School Operations Fund revenues was from the increase in state education subsidy and grants of \$1,905,518 which is based on the State EPS formula using student enrollment and the Town's state valuation.

The following is a pie chart depicting the Special Revenue Fund - School Operations Fund revenues by source for fiscal year 2022.



The following table summarizes the School Operations Fund expenditures by function for fiscal year 2022 with 2021 information for comparison. Information is from Statement 4. The following table provides an explanation of the major changes.

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

| | <u>2022</u> | <u>2021</u> | <u>\$ Change</u> | <u>% Change</u> |
|-------------------------------|-------------------|-------------------|------------------|-----------------|
| Expenses by function: | | | | |
| Regular instruction | \$ 19,437,784 | 18,889,977 | 547,807 | 2.90% |
| Special education | 7,089,594 | 6,552,872 | 536,722 | 8.19% |
| Other instruction | 968,725 | 896,773 | 71,952 | 8.02% |
| Student and staff support | 3,654,725 | 3,503,453 | 151,272 | 4.32% |
| System administration | 1,407,230 | 1,417,762 | (10,532) | (0.74%) |
| School administration | 2,318,387 | 2,213,761 | 104,626 | 4.73% |
| Transportation | 2,095,266 | 1,997,961 | 97,305 | 4.87% |
| Facilities maintenance | 3,966,390 | 4,211,801 | (245,411) | (5.83%) |
| Adult education | 264,201 | 244,742 | 19,459 | 7.95% |
| Maine PERS on-behalf payments | 4,179,756 | 3,904,640 | 275,116 | 7.05% |
| Debt service | 2,873,238 | 2,564,045 | 309,193 | 12.06% |
| Capital outlay | 70,784 | 820,355 | (749,571) | (91.37%) |
| Total expenses \$ | 48,326,080 | 47,218,142 | 1,107,938 | 2.35% |

The School Operations Fund's expenditures were 2.4% or \$1,107,938 more than fiscal year 2021. The increase was due to an increase in wages and benefits due to contractual obligations and a decrease in capital outlay due to projects covered under the 2021 CIPS bond.

The net results of operations for fiscal year 2022 was \$12,335 after transfers in of \$22,358,832, transfers out of \$124,275, and finance purchase proceeds of \$70,784. The following table summarizes the School Operation Fund's fund balance for fiscal year 2022 with 2021 information for comparison.

| | <u>2022</u> | <u>2021</u> | <u>\$ Change</u> | <u>% Change</u> |
|------------------------------|------------------|------------------|------------------|-----------------|
| Fund balance: | | | | |
| Unassigned | \$ (795,476) | (807,811) | 12,335 | 1.53% |
| Total fund deficit \$ | (795,476) | (807,811) | 12,335 | 1.53% |

During the development of the fiscal year 2023 budget, the School Board authorized the use of budgetary fund balance in the amount of \$660,000 to help balance the fiscal year 2023 budget. The School Department also had \$496,972 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).

The School Grants Fund

The following table summarizes fiscal year 2022 revenues by source for the School Grants Fund with 2021 information for comparison. The information is from Statement 4.

| | <u>2022</u> | <u>2021</u> | <u>\$ Change</u> | <u>% Change</u> |
|-----------------------|---------------------|------------------|--------------------|-------------------|
| Revenue by source: | | | | |
| Intergovernmental | \$ 2,700,069 | 5,386,281 | (2,686,212) | (49.87%) |
| Charges for services | 33,571 | 27,544 | 6,027 | 21.88% |
| Other revenues | <u>372,590</u> | <u>29,123</u> | <u>343,467</u> | <u>(1179.37%)</u> |
| Total revenues | \$ 3,106,230 | 5,442,948 | (2,336,718) | (42.93%) |

In fiscal year 2021, the intergovernmental revenues line included activity for the CRF grants, which ended as of June 30, 2021. As such this activity was significantly reduced in 2022. In fiscal year 2021, the other revenues line included additional MLTI funding.

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

The following table summarizes the School Grants Fund's expenditures by function for fiscal year 2022, with 2021 information for comparison. Information is from Statement 4.

| | <u>2022</u> | <u>2021</u> | <u>\$ Change</u> | <u>% Change</u> |
|---------------------------|---------------------|------------------|--------------------|-----------------|
| Expenditures by function: | | | | |
| Education | \$ 3,154,733 | 5,492,717 | (2,337,984) | (42.56%) |
| Total expenditures | \$ 3,154,733 | 5,492,717 | (2,337,984) | (42.56%) |

In fiscal year 2021, the education expenditure line included activity for the CRF grants, which ended as of June 30, 2021. As such this activity was significantly reduced in 2022.

The net results of operations for fiscal year 2022 was (\$47,626). The following table summarizes the School Grants Fund's fund balance for fiscal year 2022, with 2021 information for comparison.

| | <u>2022</u> | <u>2021</u> | <u>\$ Change</u> | <u>% Change</u> |
|---------------------------|-------------------|----------------|------------------|-----------------|
| Fund balance: | | | | |
| Restricted | \$ 137,163 | 189,435 | (52,272) | (27.59%) |
| Unassigned | (22,527) | (27,173) | 4,646 | 17.09% |
| Total fund balance | \$ 114,636 | 162,262 | (47,626) | (29.35%) |

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 \$3,792,983, while actual expenditures were under budgeted appropriations by \$864,630. This resulted in a positive net effect of \$4,657,613. The net change in fund balance was \$1,898,658 after transfers and changes in encumbrances.

The major reasons for the net positive effect of revenues is due to conservative revenue budgeting. In fiscal year 2022, the Town collected in excess of the budget in the following category: auto excise (\$740,177), building permits (\$351,170), state revenue sharing (\$1,530,503) and sales of trash tags (\$165,540). The State of Maine allows to have 5% of taxable value as overlay to cover taxes that were appealed and abated. The Town's overlay was \$602,067 which was 1.9% of the taxable value. This is also reflected in the excess revenues.

The primary reason for actual expenditures to be under budgeted is due to employee turnover which resulted in a savings of approximately \$935,566.

Unassigned fund balance of \$11,701,248 is a healthy figure and represents 17.7% of the total General Fund and School Operations Fund budgeted appropriations for fiscal year 2023. 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 \$795,476 School Operations Fund's deficit balance is factored in the percentage, it drops to 16.5%. The Town's management anticipates that during the fiscal year 2023 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 2021-2022 was \$62,572,526 and there were no adjustments made to the original budget during fiscal year 2022.

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

Capital Asset and Debt Administration

Capital Assets

During fiscal year 2022, the Town invested \$5,796,539 in a broad range of capital assets. These assets are the following: computer equipment (\$340,970); police vehicles (\$143,787); public works vehicles (\$145,375), school vehicles (\$223,600); public safety equipment (\$157,691); recreation equipment (14,150); furniture & fixtures (\$113,547); ground equipment (\$115,799); land improvements (\$808,840); and donated roads (\$563,500). The Town also had several construction in progress projects such as the Little Falls recreation field house, central fire station exhaust system, industrial park, skate park, Chick property basketball court, North Gorham generator, Gorham Middle School (GMS) heat pump upgrade, GMS sidewalk repair, field lighting and Narragansett School portable classroom addition. There was a decrease in construction in progress for Gorham High School engineering costs for a project that was cancelled.

The depreciation expense for 2022 was \$4,679,406.

The following is a summary of the Town of Gorham's capital assets, net of depreciation. This amount represents a net increase (including additions and deductions) of \$1,054,124 or 1.4% over last fiscal year.

| Capital Assets (Net of depreciation) | | | | |
|---|-------------------|-------------------|------------------|-----------------|
| | <u>2022</u> | <u>2021</u> | <u>\$ Change</u> | <u>% Change</u> |
| Land | \$ 6,230,261 | 6,230,261 | - | 0.00% |
| Books/historical treasures/artwork | 1,429,837 | 1,429,837 | - | 0.00% |
| Construction in progress | 3,887,544 | 718,264 | 3,169,280 | 441.24% |
| Land improvements | 4,857,416 | 5,001,469 | (144,053) | (2.88%) |
| Buildings and building improvements | 32,825,478 | 34,845,935 | (2,020,457) | (5.80%) |
| Machinery and equipment | 935,005 | 772,356 | 162,649 | 21.06% |
| Furniture and office equipment | 379,875 | 346,889 | 32,986 | 9.51% |
| Computer equipment | 500,387 | 228,637 | 271,750 | 118.86% |
| Vehicles | 5,166,078 | 5,587,150 | (421,072) | (7.54%) |
| Infrastructure | 22,399,936 | 22,396,895 | 3,041 | 0.01% |
| Totals \$ | 78,611,817 | 77,557,693 | 1,054,124 | 1.36% |

Additionally, the Council allocated \$2,241,811 in fiscal year 2023 from unassigned fund balance, which was in excess of the 8.5% fund balance policy for the following purposes: Road work (\$1,025,000); cemetery wall repairs (\$30,000); fuel depot canopy (\$70,000); public works vehicles/equipment (\$357,000); public safety vehicles/equipment (\$332,100); Computer upgrades/new software (376,211); minor building improvements (\$21,500); and zoning consultants (30,000).

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 8, CAPITAL ASSETS.

Debt Administration

As of June 30, 2022, the Town had a total of \$30,900,000 in outstanding general obligation debt. The Town's outstanding general obligation bonds as of June 30, 2022 were \$4,219,650 less than last fiscal year – a decrease of 12.0%.

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

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 1.4% of the State's equalized value.

More detailed information on the Town's long-term debt is presented in NOTE 9, LONG-TERM DEBT to the financial statements.

Economic Factors and Next Year's Budget and Tax Rates

One of the Town Council's approved goals is to develop a budget that maintains essential services while having a reasonable property tax rate. This is certainly a challenge but the Town has done well with keeping this goal. The fiscal year 2023 budget is approximately \$7,190,039 below the Town's LD-1 property tax limit.

The Town's assessed value ratio as of April 1, 2022 is 100%; an increase from the April 1, 2021 assessed value ratio, which is well above the State required 70%.

The Town performed a revaluation effective as of April 1, 2022 which caused the drastic changes in the valuation and tax rate. The total assessed value as of April 1, 2022, was 2,892,540,804; an increase of \$1,127,960,053 or 63.9% from the prior year, while the taxable value increased \$1,111,298,940 from \$1,679,444,660 to \$2,790,743,600. The Town of Gorham's tax rate, equal to \$12.85, decreased by \$6.55 from fiscal year 2022.

The following are some of the highlights of the Town's fiscal year 2023 budget.

1. The property tax for Cumberland County increased by \$45,660 over fiscal year 2022. Every year the Town is obligated to collect property tax for the Cumberland County commitment. This year's increase is 3.3% or two cents to the mil rate.
2. There was additional staffing budgeted for the Town: a Town Engineer, an Assistant Town Planner, a Deputy EMS Fire Chief, shared mental health liaison position with the Town of Windham and one new Public Works Driver Operator. There was a reduction of the part time Fire Inspector.
3. Maintaining operating, employee costs and contractual obligations which continue to rise. Utility expenses, employee-related benefits and contractual obligations have also steadily increased and always represent a significant portion of any new municipal budget.

The Education budget for fiscal year 2022 shows an increase in state subsidy of approximately \$635,565 over the prior fiscal year's budget. The fiscal year 2022 budget includes \$1,147,750 for one full-time Nurse, six Special Education Ed Techs, 2 K-5 Teaching Counselors, 3 K-5 Technology Teachers, one full-time FLS Teacher, one part-time secretary position, one full-time Transportation Dispatch, one full-time Middle School Counselor and a part-time Adult Education ELL Teacher. This budget also includes \$10,000 in adult education hi-set laptops.

The Town's municipal appropriation is \$18,346,174, an increase of \$1,421,821 or 8.4% over fiscal year 2022. An increase in non-property tax revenue of \$521,375 and a \$310,170 increase in the transfer in from the TIF fund resulted in a net appropriation of \$9,389,575, an increase of \$590,276 or 6.7%.

The Town's education budget is \$46,427,320, an increase of \$2,159,177 or 4.9%. The School Department saw an increase in non-property tax revenue of \$1,238,470 and a decrease in use of fund balance of \$100,000. The net education appropriation for fiscal year 2023 is \$23,299,120, an increase of \$1,020,707 or 4.6%.

The County tax assessment increased by \$45,660, or 3.3%. The Town's state equalized valuation went from \$2,152,750,000 in 2021 to \$2,280,050,000 in 2022, a 5.9% increase.

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

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.

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BASIC FINANCIAL STATEMENTS

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TOWN OF GORHAM, MAINE
Statement of Net Position
June 30, 2022

| | Governmental Activities |
|---|------------------------------------|
| ASSETS | |
| Cash | \$ 27,830,794 |
| Investments | 7,328,126 |
| Receivables: | |
| Accounts | 371,785 |
| Intergovernmental | 2,540,541 |
| Rescue (net of allowance of \$135,073) | 234,345 |
| Taxes - current year | 738,256 |
| Taxes - prior year | 200,567 |
| Tax liens | 209,863 |
| Notes | 584,729 |
| Tax acquired property | 28,930 |
| Performance bonds | 170,275 |
| Inventory | 123,003 |
| Prepaid expenses | 73,492 |
| Noncurrent assets: | |
| Land and other non-depreciable assets | 11,547,642 |
| Infrastructure, buildings and vehicles, net of accumulated depreciation | 67,064,175 |
| Net pension asset | 135,350 |
| Total assets | 119,181,873 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred charge on refunding | 145,210 |
| Deferred outflows of resources related to pensions | 2,024,337 |
| Deferred outflows of resources related to OPEB | 1,073,642 |
| Total deferred outflows of resources | 3,243,189 |
| LIABILITIES | |
| Accounts payable | 1,328,726 |
| Accrued wages and benefits | 4,258,074 |
| Performance bond deposits | 1,341,514 |
| Unearned revenues | 1,708,096 |
| Taxes collected in advance | 93,395 |
| Current portion of long-term obligations | 4,873,214 |
| Noncurrent liabilities: | |
| Bonds and bond premiums payable | 27,169,708 |
| Finance purchase payables | 1,318,831 |
| Accrued compensated absences | 1,170,505 |
| Net pension liability | 213,300 |
| Net OPEB liability | 6,816,762 |
| Total liabilities | 50,292,125 |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred inflows of resources related to pensions | 2,145,690 |
| Deferred inflows of resources related to OPEB | 864,642 |
| Total deferred inflows of resources | 3,010,332 |
| NET POSITION | |
| Net investment in capital assets | 50,320,931 |
| Restricted for: | |
| Grants and programs | 3,949,373 |
| Expendable | 242,576 |
| Nonexpendable | 840,928 |
| Unrestricted | 13,768,797 |
| Total net position | \$ 69,122,605 |

See accompanying notes to basic financial statements.

TOWN OF GORHAM, MAINE
Statement of Activities
For the Year Ended June 30, 2022

| 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 | \$ 7,158,217 | 1,288,332 | 234,100 | - | (5,635,785) |
| Public safety | 5,517,474 | 818,856 | 322,403 | - | (4,376,215) |
| Public works | 6,977,671 | 2,253,546 | 341,304 | 563,500 | (3,819,321) |
| Health and welfare | 60,725 | 2,391 | 20,798 | - | (37,536) |
| Recreation | 1,932,426 | 1,299,510 | 30,000 | - | (602,916) |
| Development | 370,415 | - | 44,805 | - | (325,610) |
| Education | 51,415,512 | 845,079 | 30,002,488 | - | (20,567,945) |
| Interest on debt | 829,521 | - | - | - | (829,521) |
| Total governmental activities | 74,261,961 | 6,507,714 | 30,995,898 | 563,500 | (36,194,849) |
| Total primary government | 74,261,961 | 6,507,714 | 30,995,898 | 563,500 | (36,194,849) |
| General revenues: | | | | | |
| Property taxes, levied for general purposes | | | | | 32,579,092 |
| Payment in lieu of taxes | | | | | 46,823 |
| Motor vehicle and boat excise taxes | | | | | 4,311,760 |
| Grants and contributions not restricted to specific programs: | | | | | |
| Homestead exemption | | | | | 1,041,085 |
| BETE reimbursement | | | | | 608,149 |
| Other State aid | | | | | 50,412 |
| State Revenue Sharing | | | | | 2,630,503 |
| Unrestricted investment earnings | | | | | 111,081 |
| Miscellaneous revenues | | | | | 802,205 |
| Gain on sale of property | | | | | 48,840 |
| Total general revenues | | | | | 42,229,950 |
| | | | | | Change in net position |
| | | | | | 6,035,101 |
| | | | | | Net position - beginning |
| | | | | | 63,087,504 |
| | | | | | Net position - ending |
| | | | | | 69,122,605 |

See accompanying notes to basic financial statements.

TOWN OF GORHAM, MAINE
Balance Sheet
Governmental Funds
June 30, 2022

| | General | School Operations Fund | School Grants Fund | Other Governmental Funds | Total Governmental Funds |
|---|----------------------|------------------------------|--------------------------|--------------------------------|--------------------------------|
| ASSETS | | | | | |
| Cash | \$ 21,776,643 | - | - | 6,054,151 | 27,830,794 |
| Investments | 6,153,381 | - | - | 1,174,745 | 7,328,126 |
| Receivables: | | | | | |
| Accounts | 130,150 | - | - | 241,635 | 371,785 |
| Intergovernmental | 696,762 | 51,664 | 1,714,379 | 77,736 | 2,540,541 |
| Rescue (net of allowance of \$135,073) | 234,345 | - | - | - | 234,345 |
| Taxes - current year | 738,256 | - | - | - | 738,256 |
| Taxes - prior year | 200,567 | - | - | - | 200,567 |
| Tax liens | 209,863 | - | - | - | 209,863 |
| Notes | - | - | - | 584,729 | 584,729 |
| Interfund loans receivable | - | 3,360,944 | - | 2,938,553 | 6,299,497 |
| Tax acquired property | 28,930 | - | - | - | 28,930 |
| Performance bonds | 170,275 | - | - | - | 170,275 |
| Inventory | 65,297 | - | - | 57,706 | 123,003 |
| Prepaid expenditures | 49,492 | 24,000 | - | - | 73,492 |
| Total assets | 30,453,961 | 3,436,608 | 1,714,379 | 11,129,255 | 46,734,203 |
| LIABILITIES | | | | | |
| Accounts payable | 565,395 | 195,641 | - | 388,979 | 1,150,015 |
| Accrued wages and benefits | 221,631 | 4,036,443 | - | - | 4,258,074 |
| Interfund loans payable | 4,204,612 | - | 1,599,743 | 492,142 | 6,296,497 |
| Performance bond deposits | 1,341,514 | - | - | - | 1,341,514 |
| Taxes paid in advance | 93,395 | - | - | - | 93,395 |
| Unearned revenues | 1,670,867 | - | - | 37,229 | 1,708,096 |
| Total liabilities | 8,097,414 | 4,232,084 | 1,599,743 | 918,350 | 14,847,591 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue - property taxes | 663,000 | - | - | - | 663,000 |
| Total deferred inflows of resources | 663,000 | - | - | - | 663,000 |
| FUND BALANCES | | | | | |
| Nonspendable | 114,789 | - | - | 840,928 | 955,717 |
| Restricted | 632,736 | - | 137,163 | 7,444,234 | 8,214,133 |
| Committed | 3,316,697 | - | - | 1,829,246 | 5,145,943 |
| Assigned | 5,928,077 | - | - | 96,497 | 6,024,574 |
| Unassigned | 11,701,248 | (795,476) | (22,527) | - | 10,883,245 |
| Total fund balances (deficit) | 21,693,547 | (795,476) | 114,636 | 10,210,905 | 31,223,612 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 30,453,961 | 3,436,608 | 1,714,379 | 11,129,255 | 46,734,203 |

TOWN OF GORHAM, MAINE
Balance Sheet
Governmental Funds
June 30, 2022

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 \$ 31,223,612

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. 145,210

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

| | | |
|---------------------------------|------------|------------|
| Non-depreciable capital assets | 11,547,642 | |
| Depreciable capital assets, net | 67,064,175 | 78,611,817 |

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

| | | |
|--|------------|--------------|
| General obligation bonds | 30,900,000 | |
| Bond premium | 637,262 | |
| Finance purchases | 1,761,491 | |
| Net pension liability, including related deferred inflows and outflows of resources | 199,303 | |
| Compensated absences | 1,233,505 | |
| Accrued interest payable | 181,711 | |
| OPEB liabilities, including related deferred inflows and outflows of resources | 6,607,762 | (41,521,034) |

| | | |
|--|--|---------|
| Unavailable revenues - property taxes not reported on Statement 1 | | 663,000 |
|--|--|---------|

| | | |
|--|--|----------------------|
| Net position of governmental activities | | \$ 69,122,605 |
|--|--|----------------------|

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, 2022

| | General | School Operations Fund | School Grants Fund | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|------------------------------|--------------------------|--------------------------------|--------------------------------|
| Revenues: | | | | | |
| Taxes | \$ 35,894,117 | - | - | 1,173,058 | 37,067,175 |
| Licenses and permits | 1,148,341 | - | - | - | 1,148,341 |
| Intergovernmental | 5,311,059 | 25,849,563 | 2,700,069 | 1,452,856 | 35,313,547 |
| Charges for services | 2,869,592 | 168,781 | 33,571 | 1,859,201 | 4,931,145 |
| Other revenues | 564,040 | 14,730 | 372,590 | 403,994 | 1,355,354 |
| Total revenues | 45,787,149 | 26,033,074 | 3,106,230 | 4,889,109 | 79,815,562 |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 6,665,208 | - | - | - | 6,665,208 |
| Public safety | 5,512,360 | - | - | 38,234 | 5,550,594 |
| Public works | 4,817,372 | - | - | 1,250,970 | 6,068,342 |
| Health and welfare | 60,725 | - | - | - | 60,725 |
| Recreation | 2,210,402 | - | - | 48,282 | 2,258,684 |
| Economic development | 188,611 | - | - | 304,951 | 493,562 |
| Public agencies | 94,613 | - | - | - | 94,613 |
| Unclassified | 234,061 | - | - | 5,496 | 239,557 |
| Education | - | 45,382,058 | 3,154,733 | 398,068 | 48,934,859 |
| Food services | - | - | - | 1,397,071 | 1,397,071 |
| Debt service: | | | | | |
| Principal | 1,550,000 | 2,355,242 | - | 314,408 | 4,219,650 |
| Interest and other charges | 415,011 | 517,996 | - | - | 933,007 |
| Capital maintenance | 5,500 | 70,784 | - | - | 76,284 |
| Capital improvements | - | - | - | 2,823,453 | 2,823,453 |
| Total expenditures | 21,753,863 | 48,326,080 | 3,154,733 | 6,580,933 | 79,815,609 |
| Excess (deficiency) of revenues over (under) expenditures | 24,033,286 | (22,293,006) | (48,503) | (1,691,824) | (47) |
| Other financing sources (uses): | | | | | |
| Issuance of finance purchases | - | 70,784 | - | - | 70,784 |
| Transfers in | 850,026 | 22,358,832 | 877 | 123,398 | 23,333,133 |
| Transfers out | (22,278,413) | (124,275) | - | (930,445) | (23,333,133) |
| Total other financing sources (uses) | (21,428,387) | 22,305,341 | 877 | (807,047) | 70,784 |
| Net change in fund balances | 2,604,899 | 12,335 | (47,626) | (2,498,871) | 70,737 |
| Fund balances (deficit), beginning of year | 19,088,648 | (807,811) | 162,262 | 12,709,776 | 31,152,875 |
| Fund balances (deficit), end of year | \$ 21,693,547 | (795,476) | 114,636 | 10,210,905 | 31,223,612 |

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, 2022

| | | |
|---|----|---------------------|
| Net change in fund balances - total governmental funds (from Statement 4) | \$ | 70,737 |
| Amounts reported for governmental activities in the statement of activities (Statement 2) are different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. | | |
| Capital asset acquisitions | | 5,733,530 |
| Depreciation expense | | (4,679,406) |
| | | 1,054,124 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | |
| | | (82,000) |
| Bond, note and finance purchase 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 finance purchases principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Additionally bond premium amortization is only recorded on the statement of activities. | | |
| | | 4,783,497 |
| The Town is amortizing the deferred charge on refunding and the issuance premium over the life of the refunding bond. | | |
| | | (83,585) |
| 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. | | |
| | | 90,963 |
| 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. | | |
| | | (160,014) |
| 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. | | |
| | | 29,516 |
| 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. | | |
| | | 331,863 |
| Change in net position of governmental activities (see Statement 2) | | \$ 6,035,101 |

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, 2022

| | General Fund | | | Variance with final budget positive (negative) |
|---|------------------|--------------|-------------------|---|
| | Budgeted amounts | | Actual | |
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 35,010,883 | 34,435,102 | 35,894,117 | 1,459,015 |
| Licenses and permits | 764,150 | 764,150 | 1,148,341 | 384,191 |
| Intergovernmental | 3,086,140 | 3,086,140 | 4,652,120 | 1,565,980 |
| Charges for services | 1,412,420 | 1,412,420 | 1,747,726 | 335,306 |
| Other revenues | 162,700 | 162,700 | 211,191 | 48,491 |
| Total revenues | 40,436,293 | 39,860,512 | 43,653,495 | 3,792,983 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 3,344,449 | 3,377,333 | 3,320,159 | 57,174 |
| Public safety | 4,898,052 | 4,905,976 | 4,884,441 | 21,535 |
| Public works | 3,138,702 | 3,189,546 | 3,189,206 | 340 |
| Health and welfare | 54,600 | 54,600 | 60,725 | (6,125) |
| Recreation | 1,015,356 | 1,047,105 | 1,032,069 | 15,036 |
| Economic development | 155,458 | 157,837 | 157,317 | 520 |
| Insurances and employee benefits | 3,058,543 | 3,063,469 | 2,513,430 | 550,039 |
| Public agencies | 95,500 | 95,500 | 94,613 | 887 |
| Unclassified | 465,710 | 335,004 | 217,282 | 117,722 |
| Capital | 47,000 | 47,000 | 5,500 | 41,500 |
| Debt service | 2,031,013 | 2,031,013 | 1,965,011 | 66,002 |
| Total expenditures | 18,304,383 | 18,304,383 | 17,439,753 | 864,630 |
| Excess (deficiency) of revenues over (under) expenditures | 22,131,910 | 21,556,129 | 26,213,742 | 4,657,613 |
| Other financing sources (uses): | | | | |
| Transfers to special revenue - School Operations fund | (22,854,194) | (22,278,413) | (22,278,413) | - |
| Transfers from special revenue - Impact fees fund | - | - | 125,000 | 125,000 |
| TIF fund | 697,284 | 697,284 | 700,026 | 2,742 |
| Transfers from capital projects - Public safety capital project fund | 25,000 | 25,000 | 25,000 | - |
| Transfer to reserve accounts | - | - | (2,886,697) | (2,886,697) |
| Total other financing sources (uses) | (22,131,910) | (21,556,129) | (24,315,084) | (2,758,955) |
| Net change in fund balances - budgetary basis | - | - | 1,898,658 | 1,898,658 |
| Reconciliation to GAAP basis: | | | | |
| Change in restricted | | | 279,951 | |
| Change in committed | | | (74,391) | |
| Change in assigned | | | 532,840 | |
| Change in unassigned | | | (32,159) | |
| Net change in fund balance - GAAP basis | | | 2,604,899 | |
| Fund balance, beginning of year | | | 19,088,648 | |
| Fund balance, end of year | \$ | | 21,693,547 | |

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, 2022

| | Budgeted Special Revenue Funds | | | |
|--|--------------------------------|--------------|------------------|---|
| | School Operations Fund | | | Variance with final budget positive (negative) |
| | Budgeted amounts | | Actual | |
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ 21,033,341 | 21,033,341 | 21,669,807 | 636,466 |
| Charges for services | 135,970 | 135,970 | 168,781 | 32,811 |
| Other revenues | - | - | 14,730 | 14,730 |
| Total revenues | 21,169,311 | 21,169,311 | 21,853,318 | 684,007 |
| Expenditures: | | | | |
| Current: | | | | |
| Regular instruction | 19,347,086 | 19,274,492 | 19,268,937 | 5,555 |
| Special education | 7,366,151 | 7,179,943 | 7,179,228 | 715 |
| Other instruction | 986,394 | 986,394 | 976,015 | 10,379 |
| Student and staff support | 3,584,896 | 3,584,896 | 3,582,323 | 2,573 |
| System administration | 1,417,088 | 1,347,088 | 1,307,230 | 39,858 |
| School administration | 2,294,484 | 2,319,484 | 2,318,541 | 943 |
| Transportation | 2,103,117 | 2,103,117 | 2,095,266 | 7,851 |
| Facilities maintenance | 4,103,250 | 4,182,250 | 4,181,261 | 989 |
| Adult education | 301,513 | 301,513 | 264,822 | 36,691 |
| Debt service | 2,644,163 | 2,868,965 | 2,868,965 | - |
| Total expenditures | 44,148,142 | 44,148,142 | 44,042,588 | 105,554 |
| Excess (deficiency) of revenues over (under) expenditures | (22,978,831) | (22,978,831) | (22,189,270) | 789,561 |
| Other financing sources (uses): | | | | |
| Use of surplus | 740,000 | 740,000 | - | (740,000) |
| Transfers from - general fund | 22,278,412 | 22,278,412 | 22,278,413 | 1 |
| Transfers from - special revenues | 80,419 | 80,419 | 80,419 | - |
| Transfer to other School funds | (120,000) | (120,000) | (124,275) | (4,275) |
| Total other financing sources (uses) | 22,978,831 | 22,978,831 | 22,234,557 | (744,274) |
| Net change in fund balance - budgetary basis | - | - | 45,287 | 45,287 |
| Reconciliation to GAAP basis: | | | | |
| Change in accrued payroll | | | 77,936 | |
| Change in encumbrances | | | (110,888) | |
| Net change in fund balance | | | 12,335 | |
| Fund deficit, beginning of year | | | (807,811) | |
| Fund deficit, end of year | \$ | | (795,476) | |

See accompanying notes to basic financial statements.

TOWN OF GORHAM, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022

| | | Scholarships Private-purpose Trust Funds |
|--------------------------|----|--|
| ASSETS | | |
| Investments | \$ | 109,946 |
| Total assets | | 109,946 |
| LIABILITIES | | |
| Interfund loans payable | | 3,000 |
| Total liabilities | | 3,000 |
| NET POSITION | | |
| Held in trust | \$ | 106,946 |

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, 2022

| | | Scholarships Private-purpose Trust Funds |
|----------------------------------|-----------|---|
| <hr/> | | |
| Additions: | | |
| Investment income (loss) | \$ | (3,714) |
| Donations | | 72,343 |
| Total additions | | <hr/> 68,629 |
| <hr/> | | |
| Deductions: | | |
| Scholarships awarded | | 3,325 |
| Total deductions | | <hr/> 3,325 |
| Change in net position | | 65,304 |
| Net position, beginning of year | | <hr/> 41,642 |
| Net position, end of year | \$ | 106,946 |

See accompanying notes to basic financial statements.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
For the year ended June 30, 2022

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. The Reporting Entity

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

B. Basis of Presentation

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

C. Basis of Accounting/Measurement Focus

Government-wide Financial Statements

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

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

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

Governmental Funds

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

The Town reports the following major governmental funds:

The General Fund is the Town's primary operating fund. It accounts for all financial resources of the Town's general government, except those required to be accounted for in another fund.

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

The School Grants Fund is another governmental fund being reported as a major for fiscal year 2022. This fund accounts for federal, state, and local grant revenues and related expenditures.

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:

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 tag, recycling bins and compost bin inventory maintained by the Public Works Department for the pay-per-tag 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 tags, 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, 2022, 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 estimated 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, and firefighting equipment such as air-packs.

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 assets 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 an 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 minimum of 20 days to a maximum of 40 days depending on the annual vacation accrual for employees. The monetary value of vacation leave accrued in excess of 35 days as of the last pay period in June, shall be deposited as an employer paid contribution into the employee's ICMA VantageCare Retirement Health Savings (RHS) account by the first pay period in July. 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 \$11,701,248 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 (\$795,476) and (\$22,527), 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, 2022, other fund balance components consisted of the following:

| | <u>Nonspendable</u> | <u>Restricted</u> | <u>Committed</u> | <u>Assigned</u> |
|---------------------------------------|---------------------|-------------------|------------------|------------------|
| General Fund: | | | | |
| Prepaid items | \$ 49,492 | - | - | - |
| Inventory | 65,297 | - | - | - |
| FY23 capital funding | - | - | - | 2,241,811 |
| Future expenditures | - | - | - | 1,146,632 |
| Compensated absences | - | - | - | 567,350 |
| Capital reserves / other purposes | - | 632,736 | 3,316,697 | 1,972,284 |
| Special Revenue Funds: | | | | |
| School grants | - | 137,163 | - | - |
| School donation | - | - | 31,470 | - |
| School lunch fund: | | | | |
| Inventory | 57,706 | - | - | - |
| Food services | - | 811,168 | - | - |
| School activity funds | - | - | 375,586 | - |
| Public Safety activity funds | - | 182,695 | - | - |
| Sewer operations: | | | | |
| Sewer operations | - | - | 1,348,011 | - |
| Sewer loan fund | - | - | 73,295 | - |
| Impact fees | - | 632,740 | - | - |
| Library | - | 84,662 | - | 29,826 |
| Recreation | - | 9,400 | - | - |
| TIF fund: | | | | |
| Noncurrent receivable | - | 584,729 | - | - |
| TIFs | - | 941,213 | - | 64,698 |
| Miscellaneous | - | 12,324 | 884 | 1,973 |
| Capital Project Funds: | | | | |
| Public safety building | - | 13,215 | - | - |
| Main Street road project | - | 305,732 | - | - |
| Industrial park | - | 1,598,329 | - | - |
| Great Falls Elementary school project | - | 106,126 | - | - |
| Narragansett School | - | 62,675 | - | - |
| 2021 CIPS school bond | - | 1,856,650 | - | - |
| Permanent Funds: | | | | |
| Nonexpendable trust principal | 783,222 | - | - | - |
| Expendable trust principal | - | 242,576 | - | - |
| Total governmental funds | \$ 955,717 | 8,214,133 | 5,145,943 | 6,024,574 |

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

P. Pensions

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

Q. 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 3, 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.

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

Note 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, Continued

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2022, expenditures exceeded appropriations in the following Town General Fund departments and School Operations Fund cost centers as shown on Statement 6:

| | |
|------------------|----------|
| Health & Welfare | \$ 6,125 |
|------------------|----------|

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

C. Deficit Fund Equity

The School Operations Fund has a deficit fund balance of (\$795,476) at June 30, 2022. This is due primarily to variations between the budgetary and GAAP methods of accounting for summer teachers’ payroll and benefits. See Note 3, BUDGETARY VS. GAAP ACCOUNTING.

The School Grant Fund has a total deficit fund balance of (\$22,527). This comprise of the following grants:

| | | | |
|---------------------------|---------|-------------------------|-------|
| Local entitlement | \$5,146 | H1N1/Flu Vaccine Clinic | 1,130 |
| E-Rate | 11,181 | Laptop protection plan | 4,460 |
| Broadband Tech-Connect ME | 542 | GMS - Garden | 68 |

Note 3 – BUDGETARY VS. GAAP ACCOUNTING

Through June 30, 2022, the School did not budget for expenditures related to teachers’ summer pay and benefits on an accrual basis. Additionally, for budgetary purposes, the Town has recorded certain encumbrances as expenditures at year-end. The following is a reconciliation of fund balance for the General Fund and School Operations Fund (Special Revenue Fund) on the basis of accounting principles generally accepted in the United States of America and on the budgetary basis.

| | <u>General Fund</u> | <u>School Operations Fund</u> |
|--|-------------------------|-----------------------------------|
| Fund balance (deficit), June 30, 2022 – GAAP basis | \$ 21,693,547 | (\$795,476) |
| Accrued teacher summer salaries | - | 3,158,135 |
| Accrued teacher summer health insurance | - | 759,142 |
| Accrued MEPERS wages | - | 121,272 |
| Encumbrances | (1,146,632) | (496,972) |
| Fund balance, June 30, 2022 – budgetary basis | \$ 20,546,915 | 2,746,101 |

*The School Committee has approved \$600,000 of fund balance to reduce taxes for the 2023 fiscal year. This coupled with the \$496,972 in encumbrances results in a deficit fund balance of \$1,892,448. Per the Town’s fund balance policy, the deficit fund balance of \$1,892,448 is combined with the Town’s unassigned total of \$11,701,248, when preparing the 2024 budget.

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

Note 3 – BUDGETARY VS. GAAP ACCOUNTING

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 \$4,179,756.

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 4 – 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, 2022.

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, 2022. 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, 2022, the balance in this reserve account was \$31,500.

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

Note 5 – DEPOSITS AND INVESTMENTS

A. Deposits

At June 30, 2022, cash consisted of the following:

| | <u>Carrying amount</u> | <u>Bank balance</u> |
|---|-----------------------------|--------------------------|
| Checking, savings, NOW, and certificates of deposit accounts: | | |
| Government Funds | \$ 27,825,373 | 28,464,781 |
| Petty Cash - governmental funds | 1,495 | - |
| Flex Plan - governmental funds | 2,104 | - |
| Postage machine balance - governmental funds | <u>1,822</u> | <u>-</u> |
| Totals | <u>\$ 27,830,794</u> | <u>28,464,781</u> |

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Town’s investment policy does not directly address custodial credit risk for deposits. As of June 30, 2022, 736,238 of the Town’s bank balances of \$28,464,781 was exposed to custodial credit risks.

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, 2022, 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 | \$ 898,171 | | Not applicable | | 898,171 |
| U.S. treasuries | 6,153,381 | 6,153,381 | - | - | 6,153,381 |
| Money market accounts | 284,927 | | Not applicable | | Not applicable |
| Commercial paper | 49,993 | 49,993 | - | - | 49,993 |
| U.S. savings Bonds | 4,304 | 4,304 | - | - | 4,304 |
| Common stock | <u>47,296</u> | | Not applicable | | <u>47,296</u> |
| Total Fair Value | <u>\$ 7,438,072</u> | <u>6,207,678</u> | - | - | <u>7,153,145</u> |

(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 5 - DEPOSITS AND INVESTMENTS, Continued

Out of the total \$7,438,072 in investments, \$7,328,126 is from investments in the governmental funds, while \$109,946 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, 2022, the Town had \$49,993 invested in commercial paper. Standard and Poor's rate the funds invested in federal money market accounts AAA. 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, 2022, 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 \$7,438,072 in investments, \$1,183,098 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 6 - 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>School Grants</u> | <u>Non-major Funds</u> | <u>Total</u> |
|--|---------------------|------------------------------|--------------------------|----------------------------|------------------|
| Receivables: | | | | | |
| Taxes | \$ 938,823 | - | - | - | 938,823 |
| Tax liens | 209,863 | - | - | - | 209,863 |
| Accounts | 130,150 | - | - | 241,635 | 371,785 |
| Rescue (net of allowance of \$135,073) | 234,345 | - | - | - | 234,345 |
| Intergovernmental | 696,762 | 51,664 | 1,714,379 | 77,736 | 2,540,541 |
| Notes | - | - | - | 584,729 | 584,729 |
| Net total receivables | \$ 2,209,943 | 51,664 | 1,714,379 | 904,100 | 4,880,086 |

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

Note 6 – 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>\$ 663,000</u> |

B. Property Taxes

Property taxes for the current year were committed on August 24, 2021, 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 73.7% of the estimated State valuation of \$2,280,050,000.

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 \$602,067 for the year ended June 30, 2022. 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 2022 and 2021 levies:

| | <u>2022</u> | <u>2021</u> |
|--------------------------------------|--------------------------|--------------------------|
| Taxable Assessed Value | \$ 1,679,444,660 | \$ 1,649,917,050 |
| Tax Rate (per \$1,000) | <u>19.40</u> | <u>19.00</u> |
| Commitment | 32,581,226 | 31,348,424 |
| Supplemental Taxes Assessed | <u>26,985</u> | <u>40,458</u> |
| | 32,608,211 | 31,388,882 |
| Less: Abatements | 25,349 | 51,654 |
| Collections | <u>31,844,606</u> | <u>30,735,229</u> |
| Receivable at June 30, 2022 and 2021 | <u>\$ 738,256</u> | <u>\$ 601,999</u> |
| | | |
| Due Date(s) | ½ 11/15/2021 | ½ 11/15/2020 |
| | ½ 05/15/2022 | ½ 05/15/2021 |
| Interest Rates on Delinquent Taxes | 6.0% | 8.0% |
| Collection Rate | 97.7% | 98.0% |

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

Note 6 – RECEIVABLES, Continued

Of the total taxes committed for the year ended June 30, 2022, 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, Martin’s Point Municipal Development Tax Increment Financing District and the Sebago Brewing Municipal Development Tax Increment Financing District was \$1,173,058.

C. Notes Receivables

At June 30, 2022, 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> |
|---------------------------------|-------------------|----------------------|----------------------|----------------------------|------------------------|---------------------------|
| Wood Excavating | 11/2015 | \$ 100,000 | 5.0% | 11/2035 | 4,517 | 73,417 |
| Southern Maine Firewood | 10/2019 | 96,000 | 4.0% | 10/2039 | 3,817 | 86,307 |
| Pinecrest Hospitality Inc. | 5/2020 | 15,000 | 8.0% | 10/2028 | 1,788 | 12,470 |
| Brave Soul | 6/2020 | 10,000 | 2.5% | 10/2025 | 1,985 | 6,706 |
| All Around the World Travel LLC | 6/2020 | 10,000 | 3.5% | 10/2025 | 2,212 | 6,549 |
| Hops & Vine | 11/2020 | 25,000 | 2.5% | 7/2029 | 3,084 | 22,057 |
| Robert Woodman (Sync) | 12/2020 | 45,000 | 2.5% | 9/2036 | 2,553 | 43,280 |
| Community Nutrition | 6/2021 | 10,000 | 2.5% | 11/2026 | 3,155 | 7,759 |
| Sullivan House Bakery LLC | 6/2021 | 100,000 | 2.5% | 1/2032 | 13,511 | 144,469 |
| Sebago Lake Ranch | 7/2021 | 19,520 | 2.5% | 7/2027 | 3,124 | 16,724 |
| Sullivan House Bakery LLC | 7/2021 | 5,000 | 0.0% | 12/2026 | 1,000 | 4,500 |
| Otto Pizza | 8/2021 | 5,000 | 0.0% | 8/2026 | 1,000 | 4,167 |
| Cort Management, LLC | 3/2022 | 150,000 | 2.5% | 3/2042 | 67,834 | 150,000 |
| Wormell Farms LLC | 3/2022 | 6,500 | 2.5% | 3/2042 | 2,133 | 6,324 |
| | | | | | | <u>\$ 584,729</u> |

On October 6, 2020, the Town Council allowed a first 6-month payment deferral on new revolving loans established between October 1, 2020 and June 30, 2021. Hops & Vine, Robert Woodman (Sync), Community Nutrition and Sullivan House Bakery LLC exercised this option.

Note 7 – 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 7 – INTERFUND ACCOUNTS, Continued

Individual interfund loans receivable and payable balances at June 30, 2022 were as follows:

| <u>Fund</u> | <u>Interfund loans receivable</u> | <u>Interfund loans payable</u> |
|--|---------------------------------------|------------------------------------|
| Governmental Funds: | | |
| General Fund | \$ - | 4,204,612 |
| School Operations Fund | 3,360,944 | - |
| School Grants Fund | - | 1,599,743 |
| Special revenue funds: | | |
| School Donation Fund | 32,694 | - |
| School Lunch Fund | - | 103,745 |
| Sewer Operations Fund | 1,106,495 | - |
| Little Falls Sewer Reserve and Loan Fund | 2,797 | - |
| Impact Fees Fund | 632,740 | - |
| Library Fund | 55,182 | - |
| Recreation Fund | 8,077 | - |
| TIF Fund | 1,005,792 | - |
| Miscellaneous Fund | 2,857 | - |
| Capital project funds: | | |
| 2020 Industrial Park Project | - | 31,155 |
| Public Safety Building | - | 2,083 |
| Great Falls Elementary School Project | 36,028 | - |
| 2021 School CIPS Fund | - | 355,159 |
| Narragansett School Project | 55,891 | - |
| Total other governmental funds | 2,938,553 | 492,142 |
| Fiduciary fund: | | |
| | - | 3,000 |
| Totals | \$ 6,299,497 | 6,299,497 |

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

Note 7 – INTERFUND ACCOUNTS, Continued

Interfund transfers during the year ended June 30, 2022 consisted of the following:

| <u>Fund</u> | <u>Transfer In</u> | <u>Transfer Out</u> |
|------------------------------------|-----------------------------|--------------------------|
| General Fund | \$ <u>850,026</u> | <u>22,278,413</u> |
| School Operations Fund | <u>22,358,832</u> | <u>124,275</u> |
| School Grants fund | <u>877</u> | <u>-</u> |
| Special Revenue Funds: | | |
| School Lunch | 120,000 | - |
| Impact Fee | - | 205,419 |
| TIF Fund | - | 700,026 |
| Capital Project Funds: | | |
| Public Safety Building | - | 25,000 |
| High School Renovation & Expansion | <u>3,398</u> | <u>-</u> |
| Total other governmental funds | <u>123,398</u> | <u>930,445</u> |
| Totals | \$ <u>23,333,133</u> | <u>23,333,133</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 (\$22,278,413)
2. From the School Operation Fund: to move funds budgeted to supplement the school lunch program (\$120,000); funds to cover negative fund balance in school grants (\$877) and high school renovation & expansion (\$3,398)
3. From the Special Revenue Fund's Impact fee fund: to allocate funds for new skate park construction (\$125,000) and to provide funding from the Middle School impact fee to the school's general fund (\$80,419)
4. From the Special Revenue Fund's TIF Fund: to provide funding for the Libby/Brackett Road debt service, Economic Development, comprehensive plan, stormwater and industrial park bond cost (\$700,026)
5. From the Capital Project Fund's Public Safety building: to allocate premium to general fund revenue that was budgeted to offset a bond payment (\$25,000)

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

Note 8 – 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, 2022 was as follows:

| | Balance | | | Balance |
|--|-----------------------------|---------------------------|--------------------------|-----------------------------|
| | June 30, 2021 | Increases | Decreases | June 30, 2022 |
| Governmental Activities: | | | | |
| Books/historical treasures/artwork | \$ 1,429,837 | \$ - | \$ - | \$ 1,429,837 |
| Land | 6,230,261 | - | - | 6,230,261 |
| Construction in progress | 718,264 | 3,346,869 | 177,589 | 3,887,544 |
| Total capital assets, not being depreciated | <u>8,378,362</u> | <u>3,346,869</u> | <u>177,589</u> | <u>11,547,642</u> |
| Land improvements | 10,208,023 | 243,851 | - | 10,451,874 |
| Buildings and building improvements | 72,071,491 | - | - | 72,071,491 |
| Machinery and equipment | 3,542,202 | 287,641 | 210,957 | 3,618,886 |
| Furniture and office equipment | 4,615,894 | 113,546 | - | 4,729,440 |
| Computer equipment | 746,116 | 340,969 | 5,235 | 1,081,850 |
| Vehicles | 14,511,578 | 512,762 | 891,628 | 14,132,712 |
| Infrastructure | 48,426,489 | 1,128,490 | - | 49,554,979 |
| Total capital assets being depreciated | <u>154,121,793</u> | <u>2,627,259</u> | <u>1,107,820</u> | <u>155,641,232</u> |
| Less accumulated depreciation for: | | | | |
| Land improvements | 5,206,554 | 387,904 | - | 5,594,458 |
| Buildings and building improvements | 37,225,556 | 2,020,457 | - | 39,246,013 |
| Machinery and equipment | 2,769,846 | 124,993 | 210,957 | 2,683,882 |
| Furniture and office equipment | 4,269,005 | 80,560 | - | 4,349,565 |
| Computer equipment | 517,479 | 69,219 | 5,235 | 581,463 |
| Vehicles | 8,924,428 | 870,824 | 828,619 | 8,966,633 |
| Infrastructure | 26,029,594 | 1,125,449 | - | 27,155,043 |
| Total accumulated depreciation | <u>84,942,462</u> | <u>4,679,406</u> | <u>1,044,811</u> | <u>88,577,057</u> |
| Total capital assets being depreciated, net | <u>69,179,331</u> | <u>(2,052,147)</u> | <u>63,009</u> | <u>67,064,175</u> |
| Governmental activities capital assets, net | <u>\$ 77,557,693</u> | <u>\$1,294,722</u> | <u>\$ 240,598</u> | <u>\$ 78,611,817</u> |

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

| | |
|---|----------------------------|
| Governmental activities: | |
| General government | \$ 226,860 |
| Public safety | 644,822 |
| Public works, including depreciation of general infrastructure assets | 1,361,218 |
| Recreation | 190,261 |
| Education | 2,256,245 |
| Total depreciation expense – governmental activities | <u>\$ 4,679,406</u> |

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

Note 9 – 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, 2022, the Town was in compliance with these limitations. (See Table 13, STATISTICAL SECTION)

B. Changes in Long-term Debt

Long-term liability activity for the year ended June 30, 2022 was as follows:

| | Beginning | | | Ending | Due Within |
|--|----------------------|------------------|-------------------|-------------------|-------------------|
| | <u>Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> | <u>One Year</u> |
| Governmental activities: | | | | | |
| General obligation bonds | \$ 35,119,650 | - | 4,219,650 | 30,900,000 | 4,210,000 |
| Bond premium | 794,816 | - | 157,554 | 637,262 | 157,554 |
| Finance purchases | 2,167,784 | 70,784 | 477,077 | 1,761,491 | 442,660 |
| Compensated absences | 1,324,468 | 159,326 | 250,289 | 1,233,505 | 63,000 |
| Net pension liability | 1,711,232 | - | 1,633,282 | 77,950 | - |
| Other post-employment benefits | 6,676,924 | 139,838 | - | 6,816,762 | - |
| Governmental activity long-term liabilities | \$ 47,794,874 | 369,948 | 6,737,852 | 41,426,970 | 4,873,214 |

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, 2022 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: | | | | | |
| 2021 School CIPS Bond | 1.00%-2.00% | \$ 5,204,650 | 10/1/2030 | 4,680,000 | \$520,000 |
| 2020 Industrial Park Bond | 2.50-2.85% | 5,900,000 | 10/1/2039 | 5,310,000 | 295,000 |
| 2020 Narragansett School Bond | 1.72% | 1,940,000 | 10/1/2035 | 1,810,000 | 130,000 |
| 2016 Advance Refunding (2010 Bond) | 2.25-5.00% | 11,480,000 | 10/1/2030 | 10,270,000 | 1,210,000 |
| 2016 Fire Truck Bond | 2.00-5.00% | 1,290,000 | 10/1/2036 | 965,000 | 65,000 |
| 2016 Main Street Bond | 2.00-3.00% | 600,000 | 12/1/2035 | 420,000 | 30,000 |
| 2016 School CIP Bond | 2.00-3.00% | 1,175,000 | 12/1/2035 | 815,000 | 60,000 |
| 2015 Public Safety Building Bond | 2.00-3.25% | 4,990,000 | 6/1/2035 | 3,240,000 | 250,000 |
| 2013 Fire Truck/Little Falls School Bond | 2.00-4.00% | 1,400,000 | 11/15/2033 | 720,000 | 85,000 |
| 2012 Advance Refunding Bond | 2.00-3.50% | 17,085,000 | 11/1/2024 | 2,670,000 | 1,565,000 |
| Total governmental activities | | | | \$ 30,900,000 | 4,210,000 |

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

Note 9 – LONG-TERM DEBT, Continued

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

The annual debt service requirements to amortize bonds payable are as follows:

| Fiscal Year Ended June 30 | Principal | Interest | Total |
|---------------------------------|----------------------|------------------|-------------------|
| 2023 | \$ 4,210,000 | 796,299 | 5,006,299 |
| 2024 | 3,280,000 | 689,686 | 3,969,686 |
| 2025 | 3,115,000 | 603,155 | 3,718,155 |
| 2026 | 2,640,000 | 514,036 | 3,154,036 |
| 2027 | 2,640,000 | 423,405 | 3,063,405 |
| 2028-2032 | 10,700,000 | 1,189,981 | 11,889,981 |
| 2033-2037 | 3,430,000 | 331,016 | 3,761,016 |
| 2038-2040 | 885,000 | 37,465 | 922,465 |
| Totals | \$ 30,900,000 | 4,585,043 | 35,485,043 |

D. Finance Purchases

The Gorham School Department has entered into various finance purchase agreements as lessee for school buses, photocopiers, lighting and portable classrooms. Those agreements qualify as finance purchases for accounting purposes, and therefore, have been recorded in the government-wide financial statements at the present value of future minimum payments as of the date of their inception.

The following is a summary of the finance purchases commitments as of June 30, 2022:

| | Original Purchase Price | Annual Depreciation Expense | Total Minimum Payments | Interest | Present Value of Minimum Payments |
|----------------------|-------------------------------|-----------------------------------|------------------------------|----------------|--|
| School buses (10) | \$ 1,210,500 | 123,010 | 411,948 | 17,541 | 394,407 |
| Photocopiers | 372,871 | -* | 149,148 | - | 149,148 |
| LED Lighting Project | 138,073 | -* | 97,116 | 5,071 | 92,045 |
| Portable Classrooms | 1,343,950 | 34,504 | 1,200,846 | 132,415 | 1,068,431 |
| Caterpillar 908M | 98,900 | 6,593 | 61,880 | 4,420 | 57,460 |
| Totals | \$ 3,164,294 | 164,107 | 1,920,938 | 159,447 | 1,761,491 |

* The LED lighting project and photocopier agreement does not result in capitalized assets as the assets acquired do not meet the capitalization threshold individually.

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

Note 9 – LONG-TERM DEBT, Continued

The following is a schedule of future minimum payments under the finance purchases and the present value of the minimum payments at June 30, 2022:

| <u>Fiscal year</u> <u>ending</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> <u>Obligation</u> |
|-------------------------------------|---------------------|-----------------|-----------------------------------|
| 2023 | \$ 442,660 | 45,452 | 488,112 |
| 2024 | 389,937 | 34,197 | 424,134 |
| 2025 | 211,812 | 25,121 | 236,933 |
| 2026 | 176,361 | 19,666 | 196,027 |
| 2027 | 141,549 | 14,731 | 156,280 |
| 2028-2032 | 399,172 | 20,280 | 419,452 |
| Totals | \$ 1,761,491 | 159,447 | 1,920,938 |

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 \$1,233,505 for governmental activities at June 30, 2022, is expected to be paid in future years from future resources. The Town has estimated that out of the \$1,233,505 approximately \$63,000 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, 2022 are comprised of the following:

| <u>Type of Leave</u> | <u>Governmental</u> <u>Activities</u> |
|----------------------------|--|
| Sick paid upon termination | \$ 666,155 |
| Vacation | 477,750 |
| Compensatory time | <u>89,600</u> |
| Total | <u>\$ 1,233,505</u> |

Note 10 – 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, 2022, the Town's State valuation of \$2,280,050,000 was 4.03% of the County's State valuation of \$56,590,050,000. The Town's share is 4.03% or \$1,243,215 of Cumberland County's \$30,856,174 long-term debt outstanding as of June 30, 2022.

The Town is also served by the Portland Water District. At June 30, 2022, the Town's share of self-supporting bonded water debt is 5.95% or \$3,488,547 of total debt of \$58,631,046.

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

Note 10 – 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 \$3,195,151, while Gorham’s share of the Westbrook sewer system debt is \$1,599,009. 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, 2022</u> | | |
|---|----------------------------|-----------------------------|-----------------------|
| | <u>Direct Debt</u> | <u>Overlapping Debt</u> | <u>Total Debt</u> |
| Town of Gorham - general obligation bonds and notes payable | \$ 30,900,000 | - | 30,900,000 |
| Town of Gorham - bond premiums | 637,262 | - | 637,262 |
| Town of Gorham – finance purchases | 1,761,491 | - | 1,761,491 |
| Cumberland County | - | 1,243,215 | 1,243,215 |
| Portland Water District - sewer shared with Town of Windham and City of Westbrook | - | 4,794,160 | 4,794,160 |
| Portland Water District - water debt | - | 3,488,547 | 3,488,547 |
| Totals | \$ 33,298,753 | 9,525,922 | 42,824,675 |

B. Arbitrage

Pursuant to the Tax Reform Act of 1986, municipalities issuing tax-exempt bonds or entering into note or financed purchase 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, 2022, 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 10 – 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, 2022, 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 | \$ 1,146,632 |
| School Operations Fund | 496,972 |

Note 11 – NET PENSION LIABILITY (ASSET)

The Town contributes to two defined benefit pension plans, (1) the Maine Public Employees Retirement System Consolidated Plan for Participating Local Districts (PLD Plan) and (2) the Maine Public Employees Retirement System State Employee and Teacher Plan (SET Plan). As of the year ended June 30, 2022, the Town had the following balances reported in the government-wide financial statements:

| | | Net Pension Liability (Asset) | Deferred Outflows of Resources | Deferred Inflows of Resources | Pension Expense (Gain) |
|--------------|-----------|-------------------------------------|--------------------------------------|-------------------------------------|------------------------------|
| PLD Plan | \$ | (135,350) | 983,373 | 1,844,875 | (2,389,383) |
| SET Plan | | 213,300 | 1,040,964 | 300,815 | 4,191,864 |
| Total | \$ | 77,950 | 2,024,337 | 2,145,690 | 1,802,481 |

Detailed disclosures for each plan follow.

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.maineopers.org

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

Note 11 – NET PENSION LIABILITY (ASSET), Continued

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 8.1% to 9.7% of their annual pay. The Town's contractually required contribution rate for the year ended June 30, 2022, was 10.3% of annual payroll for the regular plan and 13.4% of annual payroll for the special plan. Contributions to the pension plan from the Town were \$314,024 for the year ended June 30, 2022.

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, 2022, was 18.13% of annual payroll of which 3.84% of payroll was required from the Town and 14.29% was required from the State. Contributions to the pension plan from the Town were \$895,539 for the year ended June 30, 2022.

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

The net pension liabilities were measured as of June 30, 2021, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of that date. The Town's proportion of the net pension liabilities were based on projections of the Town's long-term share of contributions to the pension plans relative to the projected contributions of all participating local districts (PLD Plan) and of all participating School Administrative Units and the State (SET Plan), actuarially determined.

PLD Plan - At June 30, 2022, the Town reported an asset of \$135,350 for its proportionate share of the net pension asset. At June 30, 2022, the Town's proportion of the PLD Plan was 0.4212%.

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

Note 11 – NET PENSION LIABILITY (ASSET), Continued

SET Plan - At June 30, 2022, 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 | \$ 213,300 |
| State's proportionate share of the net pension liability associated with the Town | 13,480,029 |
| Total | \$ 13,693,329 |

At June 30, 2022, the Town's proportion of the SET Plan was 0.0252%.

For the year ended June 30, 2022 the Town recognized pension revenue of \$2,389,383 for the PLD Plan. At June 30, 2022, 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 | \$ 78,356 | - |
| Changes of assumptions | 454,495 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 1,844,875 |
| Changes in proportion and differences between Town contributions and proportionate share of contributions | 136,498 | - |
| Town contributions subsequent to the measurement date | 314,024 | - |
| Total | \$ 983,373 | 1,844,875 |

\$314,024 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, 2023. 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:

| | |
|------|--------------|
| 2023 | \$ (167,957) |
| 2024 | (74,954) |
| 2025 | (419,959) |
| 2026 | (512,656) |

For the year ended June 30, 2022, the Town recognized pension expense of \$4,191,864 for the SET Plan with revenue of \$3,332,619 for support provided by the State.

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

Note 11 – NET PENSION LIABILITY (ASSET), Continued

At June 30, 2022, 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 | \$ - | 1,199 |
| Changes of assumptions | 145,425 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 290,639 |
| Changes in proportion and differences between Town contributions and proportionate share of contributions | - | 8,977 |
| Town contributions subsequent to the measurement date | 895,539 | - |
| Total | \$1,040,964 | 300,815 |

\$895,539 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, 2023. 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:

| | |
|------|-------------|
| 2023 | \$ (28,656) |
| 2024 | 20,297 |
| 2025 | (66,020) |
| 2026 | (81,011) |

Actuarial Assumptions - The total pension liability in the June 30, 2021 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% - 11.48% | 2.75% - 13.03% |
| Investment return, per annum, compounded annually | 6.50% | 6.50% |
| Cost of living benefit increases, per annum | 1.91% | 2.20% |

Mortality rates were based on the 2010 Public Plan General (PLD) and Teacher (SET) Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC 2020 model.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period June 30, 2016 to June 30, 2020.

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

Note 11 – NET PENSION LIABILITY (ASSET), Continued

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, 2021 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 | 7.5% | 7.2% |
| Diversifiers | 7.5% | 5.9% |

Discount Rate - The discount rate used to measure the total pension liability was 6.50% for the PLD Plan and 6.50% for the SET Plan. The projection of cash flows used to determine the discount rates assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liabilities.

Sensitivity of the Town’s Proportionate Share of the net Pension Liabilities to Changes in the Discount Rate - The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 6.50% for the PLD Plan and 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 (5.50% for PLD Plan and SET Plan) or 1 percentage-point higher (7.50% for PLD Plan and SET Plan) than the current rate:

| <u>PLD Plan</u> | 1% Decrease <u>(5.50%)</u> | Current Discount Rate <u>(6.50%)</u> | 1% Increase <u>(7.50%)</u> |
|--|--------------------------------------|--|--------------------------------------|
| Town’s proportionate share of the net pension liability (asset) | \$ 1,926,113 | (135,350) | (1,840,453) |
| <u>SET Plan</u> | 1% Decrease <u>(5.50%)</u> | Current Discount Rate <u>(6.50%)</u> | 1% Increase <u>(7.50%)</u> |
| Town’s proportionate share of the net pension liability (asset) | \$ 560,151 | 213,300 | (75,488) |

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

Note 11 – NET PENSION LIABILITY (ASSET), Continued

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, 2022.

Note 12 – 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 \$172,722 for the year ended June 30, 2022, and \$178,417 for the year ended June 30, 2021. 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 \$555,648 including F.I.C.A. and Medicare to the Social Security Retirement Program on behalf of Town employees for the year ended June 30, 2022 and \$544,296 for the year ended June 30, 2021.

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 \$663,642 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, 2022 and \$612,279 for the year ended June 30, 2021.

Note 13 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) – AGGREGATE OF LIFE AND HEALTH INSURANCE

The Town contributes to four postemployment defined benefit plans, (1) the Town’s retiree health plan (City Plan), (2) the Maine Public Employees Retirement System State Employee and Teacher Group Term Life Plan (School Life Plan), (3) the Maine Public Employees Retirement System Participating Local District Life Plan (Town Life Plan) and (4) the School Department’s retiree health plan (School Plan). As of the year ended June 30, 2022, the Town had the following balances reported in the government-wide financial statements:

| | Total OPEB <u>Liability</u> <u>(Asset)</u> | Deferred Outflows of <u>Resources</u> | Deferred Inflows of <u>Resources</u> | OPEB (Gain) <u>Expense</u> |
|----------------------------|--|---|--|-------------------------------|
| Town Health Plan | \$ 1,004,203 | 21,039 | 344,848 | 35,581 |
| School Life Insurance Plan | - | - | - | 105,519 |
| Town Life Insurance Plan | 96,407 | 18,668 | 78,336 | (18,351) |
| School Health Plan | 5,716,152 | 1,033,935 | 441,458 | 215,950 |
| Total | \$ 6,816,762 | 1,073,642 | 864,642 | 338,699 |

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

Note 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE

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.maineopers.org.

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.

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 - Premiums total \$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 \$2,004 for the year ended June 30, 2022.

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 \$105,519 for the year ended June 30, 2022. Employers and employees are not required to contribute to the SET OPEB plan.

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, 2021, and the net 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 were 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, 2022, the Town reported a liability of \$96,407 for its proportionate share of the net OPEB liability. At June 30, 2022, the Town's proportion was 0.9338%.

SET OPEB Plan - At June 30, 2022, 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 \$450,448 as of June 30, 2022. At June 30, 2022, the Town's proportion was 0.00%.

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

Note 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE, Continued

For the year ended June 30, 2022, the Town recognized OPEB gain of \$18,351 for the PLD OPEB Plan. For the year ended June 30, 2022, the Town recognized OPEB expense of \$105,519 and also revenues of \$105,519 for support provided by the State related to the SET OPEB plan. At June 30, 2022, the Town reported no deferred outflows of resources nor deferred inflows of resources related to the SET OPEB plan.

At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to the PLD OPEB plan from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 10,894 | - |
| Changes of assumptions | - | 48,746 |
| Net difference between projected and actual earnings on OPEB plan investments | - | 29,590 |
| Changes in proportion and differences between Town contributions and proportionate share of contributions | 5,770 | - |
| Town contributions subsequent to the measurement date | 2,004 | - |
| Total | \$ 18,668 | 78,336 |

An amount of \$2,004 is reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. 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: | |
|----------------------------|-------------|
| 2023 | \$ (19,954) |
| 2024 | (10,532) |
| 2025 | (16,909) |
| 2026 | (18,066) |
| 2027 | 3,789 |

Actuarial Assumptions - The net OPEB liability in the June 30, 2021 actuarial valuations was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | <u>PLD OPEB Plan</u> | <u>SET OPEB Plan</u> |
|---------------------------|----------------------|----------------------|
| Inflation | 2.75% | 2.75% |
| Salary increases | 2.75% - 11.48% | 2.75% - 13.03% |
| Investment rate of return | 6.50% | 6.50% |

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

Note 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE, Continued

Mortality rates for each plan were based on the 2010 Public Plan Teacher (SET) and General (PLD) Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.

The actuarial assumptions used in the June 30, 2021 valuations were based on the results of an actuarial experience study conducted for the period June 30, 2016 to June 30, 2020.

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 a 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 | 15.0% | 3.0% |
| US government securities | 10.0% | 2.3% |

The rate used to measure the net OPEB liability for the PLD and SET OPEB plan was 6.50%. 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.

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 6.50%, 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 (5.50%) or 1 percentage-point higher (7.50%) than the current rate:

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

Note 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE, Continued

| | 1% Decrease (5.50%) | Discount Rate (6.50%) | 1% Increase (7.50%) |
|--------------------|----------------------------------|------------------------------------|----------------------------------|
| Net OPEB liability | \$ 143,110 | 96,407 | 58,941 |

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

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.

Note 15 - OTHER POST EMPLOYMENT BENEFITS (OPEB) – TOWN HEALTH INSURANCE

General Information about the OPEB Plans

Plan Description - 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 - 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, 2022, the following employees were covered by the Health Plan benefit terms:

| | |
|--|----|
| Inactive employees or beneficiaries currently receiving benefits | 6 |
| Inactive employee entitled to but not yet receiving benefits | - |
| Active employees | 66 |
| Total | 72 |

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

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

Note 15 – OTHER POST EMPLOYMENT BENEFITS (OPEB) – TOWN HEALTH INSURANCE, Continued

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

The Town's total Health Plan OPEB liability of \$1,004,203 was measured as of January 1, 2022, and was determined by an actuarial valuation of that date.

Changes in the Total Health Plan OPEB Liability

| | | Total OPEB Liability |
|--|----|-------------------------|
| Balance at June 30, 2021 | \$ | 1,041,368 |
| Changes for the year: | | |
| Service Cost | | 46,443 |
| Interest | | 22,819 |
| Changes of benefit terms | | - |
| Differences between expected and actual experience | | (106,487) |
| Changes in assumptions or other inputs | | 23,113 |
| Benefit payments | | (23,053) |
| Net changes | | <u>(37,165)</u> |
| Balance at June 30, 2022 | \$ | <u>1,004,203</u> |

Change in assumptions reflects a change in the discount rate from 2.12% to 2.06%.

For the year ended June 30, 2022, the Town recognized OPEB expense of \$35,581 related to the Health Plan. At June 30, 2022, 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 | \$ | - | 344,848 |
| Changes of assumption or other inputs | | 5,762 | - |
| Contributions subsequent to measurement date | | 15,277 | - |
| Total | \$ | <u>21,039</u> | <u>344,848</u> |

An amount of \$15,277 is reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2023. 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: | |
| 2023 | \$ (82,616) |
| 2024 | (82,616) |
| 2025 | (82,608) |
| 2026 | (41,881) |
| 2027 | (29,106) |
| Thereafter | (20,259) |

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

Note 15 – OTHER POST EMPLOYMENT BENEFITS (OPEB) – TOWN HEALTH INSURANCE, Continued

Actuarial Assumptions and Other Inputs - The total OPEB liability in the January 1, 2022 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 | 2.40% per year |
| Salary increases | 2.75% per year |
| Discount rate | 2.06% |
| Healthcare cost trend rates | 8.60% for 2022, decreasing to 3.53% for 2042 |
| Retirees' share of the benefit related costs | 100% of projected health insurance premiums |

Mortality rates for the Health Plan were based on the 2010 Public Plan General Benefits-Weighted Employee Mortality Table, respectively, for males and females.

The actuarial assumptions used in the January 1, 2022 valuation for the Health Plan were based on the results of an actuarial experience study for the period June 30, 2016 through June 30, 2020.

Discount Rate - The rate used to measure the total OPEB liability for the Health Plan was 2.06%. Since the plan is pay as you go and is not funded, the discount rate will be based on a 20-year tax-exempt general obligation municipal bond index. The rate is assumed to be an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher, for pay as you go plans.

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 2.06%, 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 (1.06%) or 1 percentage-point higher (3.06%) than the current rate:

| | 1% Decrease (1.06%) | Discount Rate (2.06%) | 1% Increase (3.06%) |
|----------------------|------------------------------------|--------------------------------------|------------------------------------|
| Total OPEB liability | \$ 1,169,112 | 1,004,203 | 868,866 |

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, 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 | \$ 854,232 | 1,004,203 | 1,195,396 |

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

Note 16 – OTHER POST EMPLOYMENT BENEFITS (OPEB) – SCHOOL HEALTH INSURANCE

General Information about the OPEB Plan

Plan Description - The Town sponsors a post-retirement benefit plan providing health insurance to retiring employees. The plan is a single-employer defined benefit OPEB plan administered by the Maine Education Association Benefits Trust (MEABT). The State Legislature 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 - MEABT provides healthcare insurance benefits for retirees and their dependents. The employee must have participated in the MEABT health plan for the 12 months prior to retirement and have 10 years of continuous active service and enrollment in the health plan (under age 50), or 5 years of continuous active service and enrollment in the health plan (age 50 or above), in order to be eligible for postretirement benefits. The retiree is eligible for a State subsidy of 45% of the blended single premium for the retiree only. Under State laws, the blended premium is determined by blending rates for active members and retired members. The retiree pays 55% of the blended premium rate for coverage selected. Spouses must contribute 100% of the blended premium amounts. Thus, the total premium is paid for by both the State and the retiree and or spouse.

Employees Covered by Benefit Terms – At June 30, 2022, the following employees were covered by the benefit terms:

| | |
|--|-----|
| Inactive employees or beneficiaries currently receiving benefits | 97 |
| Inactive employee entitled to but not yet receiving benefits | - |
| Active employees | 370 |
| Total | 467 |

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

The Town’s total OPEB liability of \$5,716,152 was measured as of June 30, 2021, and was determined by an actuarial valuation as of June 30, 2020.

Changes in the Total OPEB Liability

| | |
|--|--------------|
| Balance at June 30, 2021 | \$ 5,515,546 |
| Changes for the year: | |
| Service Cost | 151,935 |
| Interest | 131,800 |
| Changes of benefit terms | - |
| Differences between expected and actual experience | - |
| Changes in assumptions or other inputs | 47,639 |
| Benefit payments | (130,768) |
| Net changes | 200,606 |
| Balance at June 30, 2022 | \$ 5,716,152 |

Change in assumptions reflects a change in the discount rate from 2.21% to 2.16%.

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

Note 16 – OTHER POST EMPLOYMENT BENEFITS (OPEB) – SCHOOL HEALTH INSURANCE, Continued

For the year ended June 30, 2022, The Town recognized OPEB expense of \$215,950. At June 30, 2022, The Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Difference between expected & actual experience | \$ - | 441,458 |
| Changes of assumption or other inputs | 900,869 | - |
| Town contributions subsequent to measurement date | 133,066 | - |
| Total | \$ 1,033,935 | 441,458 |

\$133,066 is reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2023. Other 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: | |
|---------------------|-----------|
| 2023 | \$ 73,173 |
| 2024 | 73,173 |
| 2025 | 73,176 |
| 2026 | 107,097 |
| 2027 | 63,420 |
| Thereafter | 69,372 |

Actuarial Assumptions - The total OPEB liability in the June 30, 2020 actuarial valuation for the total OPEB liability was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|--|--|
| Inflation | 2.00% |
| Salary increases | 2.75% per year |
| Discount rate | 2.16% per annum |
| Healthcare cost trend rates - Non-Medicare | 6.21% for 2021 grading over 19 years to 3.25% |
| Healthcare cost trend rates - Medicare | 0.00% for 2021 grading over 19 years to 3.25% |
| Retirees' share of the benefit related costs | 55% of the blended premium rate with a State subsidy for the remaining 45% of the blended premium rate |

Mortality rates were based on the 2010 Public Plan Teacher Benefit Weighed Healthy Retiree Mortality Table.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period June 30, 2015 through June 30, 2020.

Discount Rate - The rate used to measure the total OPEB liability was 2.16% per annum. Since the plan is pay as you go and is not funded, 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.

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

Note 16 – OTHER POST EMPLOYMENT BENEFITS (OPEB) – SCHOOL HEALTH INSURANCE, Continued

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the Town’s total OPEB liability calculated using the discount rate of 2.16%, 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 (1.16%) or 1 percentage-point higher (3.16%) than the current rate:

| | 1% Decrease (1.16%) | Discount Rate (2.16%) | 1% Increase (3.16%) |
|----------------------|---------------------------|-----------------------------|---------------------------|
| Total OPEB liability | \$ 6,792,024 | 5,716,152 | 4,857,466 |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the Town’s total OPEB liability calculated using the healthcare cost trend rates, 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 | \$ 4,714,584 | 5,716,152 | 7,016,791 |

Note 17 - 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, 2022 includes total assets of \$70,668,532 and total liabilities of \$25,753,954 and unrestricted net position of \$13,354,272. The liabilities include an accrual for landfill closure and postclosure care amounting to \$17,442,939. 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.

Note 18 - 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 finance purchases 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 2022 with 2021 information provided for comparison:

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

Note 18 - NET POSITION

| | <u>2022</u> | <u>2021</u> | <u>\$ Chg</u> | <u>% Chg</u> |
|--|-----------------------------|--------------------------|-------------------------|--------------|
| Capital assets | \$ 167,188,874 | 162,500,155 | 4,688,719 | 2.9% |
| Accumulated depreciation | (88,577,057) | (84,942,462) | (3,634,595) | 4.3% |
| Deferred charge on refunding | 145,210 | 228,795 | (83,585) | -36.5% |
| Bonds payable (includes premium) | (31,537,262) | (35,914,466) | 4,377,204 | -12.2% |
| Finance purchase | (1,761,491) | (2,167,784) | 406,293 | -18.7% |
| Add back non capitalized finance purchases | 241,193 | 345,117 | (103,924) | -29.93% |
| Add back unspent bond proceeds | <u>4,621,464</u> | <u>7,569,751</u> | <u>(2,948,287)</u> | -38.9% |
| Net investment in capital assets | <u>\$ 50,320,931</u> | <u>47,619,106</u> | <u>2,701,825</u> | 5.7% |

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 19 - 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 20 - TAX INCREMENT FINANCING DISTRICT

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

The municipality may designate, or “capture”, all or a portion of the increase in assessed value resulting from development within the district and dedicates the increased property taxes it receives in future years generated by the “captured” assessed value to payment of the costs of the Development Program, which may include debt service on borrowing to fund such costs. Tax increment financing districts are subject to statutory limits on their size, including the following limitations: (a) the total area of a single development district may not exceed 2% of the total acreage of the municipality, (b) the total area of all districts within a municipality may not exceed 5% of the total acreage of the municipality, and (c) the aggregate value of equalized taxable property of all districts within the municipality as of the April 1st preceding the date of designation of each such district cannot exceed 5% of the municipality’s total value of equalized taxable property, excluding from this limit any district involving project costs in excess of \$10,000,000, the geographic area of which consists entirely of contiguous property owned by a single taxpayer with an assessed value in excess of 10% of the municipality’s total assessed value.

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

Note 20 - TAX INCREMENT FINANCING DISTRICT, Continued

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, 2022:

| FY2022 TIF Activity | | | |
|--|------------------------------|-----------------------|-------------------------------|
| | Developer's Share | Town Share | TIF District Total |
| ODAT - Grondin District | | | |
| ODAT | \$ 26,423 | 26,423 | 52,846 |
| Grondin Properties | - | 203,471 | 203,471 |
| Subtotal: | 26,423 | 229,894 | 256,317 |
| Pettingill-Ross District | | | |
| Pettingill Ross | - | 15,644 | 15,644 |
| Gorham County Road District | | | |
| Gorham County Road LLC | - | 20,706 | 20,706 |
| Nappi District | | | |
| Nappi Distributors | 91,708 | 84,654 | 176,362 |
| Olde Canal Business Park | | | |
| Olde Canal | 44,085 | 47,760 | 91,845 |
| Martin's Point | | | |
| Martin's Point | 29,721 | 29,721 | 59,442 |
| Sebago Brewing | | | |
| Sebago Brewing | 30,237 | 30,237 | 60,474 |
| 49 Raceway Drive | | | |
| 49 Raceway Drive | 77,999 | 63,817 | 141,816 |
| Village (Downtown) | | | |
| Village (Downtown) | - | 350,452 | 350,452 |
| Total TIF Financing Plan Amount | \$ 300,173 | 872,885 | 1,173,058 |

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.

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

Note 20 - TAX INCREMENT FINANCING DISTRICT, Continued

The Town had nine approved Tax Increment Financing Districts as of June 30, 2022. For fiscal year 2022, the Town captured \$1,173,058 in TIF tax revenues and disbursed \$300,173 in C.E.A. payments to seven developers. The remaining \$872,886 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 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 \$9,227,100 or an increment of \$9,090,800 from the original value of \$136,300. 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 2022 from this C.E.A. agreement totaled \$91,708.

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 2022 from this C.E.A. agreement totaled \$44,085.

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 developed 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 2022 from this C.E.A. agreement totaled \$29,721.

On June 6, 2017, the Town Council approved the Sebago Brewing Tax Increment Financing and Development District with a 6-0 vote. Sebago Brewing Company developed a 32,650 square foot building on a 6.05-acre parcel at the intersection on Main Street in Gorham. This is a 20-year district beginning July 1, 2018 with 100% of the increased assessed value being shared 50%-50% between the developer, Sebago Brewing Company, and the Town. The total tax abatement granted in fiscal year 2022 from this C.E.A. agreement totaled \$30,237.

On August 6, 2019, the Town Council designated the Municipal Development and Tax increment #10 District. This district would include a 13.03 acre site located at 200 Narragansett Street (Tax Map 39 Lot 2-1) and would capture 100% of the increased assessed value of the property for a period of 20 years. 55% of the tax revenue will be returned to the property owner, 49 Raceway Drive, LLC to be applied to costs of development of the site for the Harvey Performance Company and the remaining 45% would be retained by the Town to be used for various public improvements. The total tax abatement granted in fiscal year 2022 from this C.E.A. agreement totaled \$77,999.

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

Note 21 - 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.

Note 22 – SUBSEQUENT EVENTS

On November 8, 2022, the voters of the Town of Gorham, Maine passed a referendum to borrow and expend up to \$10,523,215 for LED Lighting and HVAC at the Gorham High School as well as the final phase of the Narragansett Elementary School Modular Expansion project.

TOWN OF GORHAM, MAINE
Required Supplementary Information

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

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|-----------------|----------------|------------------|-----------------|------------------|
| Total OPEB Liability | | | | | |
| Service cost | \$ 46,443 | 39,948 | 34,673 | 39,091 | 40,376 |
| Interest | 22,819 | 26,463 | 47,274 | 41,977 | 56,510 |
| Changes of benefit terms | - | - | (23,036) | - | - |
| Differences between expected and actual experience | (106,487) | - | (234,378) | - | (276,556) |
| Changes of assumptions or other inputs | 23,113 | 60,269 | 15,412 | (102,269) | (49,292) |
| Benefit payments | (23,053) | (22,166) | (42,465) | (40,832) | (47,987) |
| Net change in total OPEB Liability | (37,165) | 104,514 | (202,520) | (62,033) | (276,949) |
| Total OPEB liability-beginning | 1,041,368 | 936,854 | 1,139,374 | 1,201,407 | 1,478,356 |
| Total OPEB liability-ending | \$ 1,004,203 | 1,041,368 | 936,854 | 1,139,374 | 1,201,407 |
| Covered-employee payroll | \$ 4,117,807 | 4,612,795 | 4,612,795 | 4,317,608 | 4,317,608 |
| Total OPEB liability as a percentage of covered-employee payroll | 24.38% | 22.58% | 20.31% | 26.39% | 27.82% |

* Only five years of information available.

See accompanying independent auditors' report and notes to financial statements.

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

| | 2022 | 2021 | 2020 | 2019 |
|--|----------------|-----------------|----------------|------------------|
| Total OPEB Liability | | | | |
| Service cost | \$ 151,935 | 71,171 | 60,366 | 64,293 |
| Interest | 131,800 | 193,176 | 199,964 | 191,672 |
| Changes of benefit terms | - | (524,475) | - | - |
| Differences between expected and actual experience | - | (596,566) | - | - |
| Changes of assumptions or other inputs | 47,639 | 1,047,264 | 305,745 | (237,472) |
| Benefit payments | (130,768) | (244,216) | (205,158) | (198,067) |
| Net change in total OPEB Liability | 200,606 | (53,646) | 360,917 | (179,574) |
| Total OPEB liability-beginning | 5,515,546 | 5,569,191 | 5,208,274 | 5,387,848 |
| Total OPEB liability-ending | \$ 5,716,152 | 5,515,545 | 5,569,191 | 5,208,274 |
| Covered-employee payroll | \$ 17,732,981 | 17,128,582 | 17,474,490 | 17,006,803 |
| Total OPEB liability as a percentage of covered-employee payroll | 32.23% | 32.20% | 31.87% | 30.62% |

* Only four years of information available.

See accompanying independent auditors' report and notes to financial statements.

TOWN OF GORHAM, MAINE
Required Supplementary Information, Continued

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

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|------------|-----------|-----------|-----------|-----------|
| PLD OPEB Plan | | | | | |
| Town's proportion of the net OPEB liability | 0.93% | 0.91% | 0.90% | 0.93% | 0.82% |
| Town's proportionate share of the net OPEB liability | \$ 96,407 | 120,010 | 192,788 | 186,633 | 148,746 |
| Town's covered payroll | 2,361,116 | 1,712,933 | 1,826,577 | 1,846,541 | 1,781,967 |
| Town's proportionate share of the net OPEB liability as a percentage of it covered payroll | 4.08% | 7.01% | 10.55% | 10.11% | 8.35% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 67.26% | 55.40% | 43.18% | 43.92% | 47.42% |
| SET OPEB Plan | | | | | |
| Town's proportion of the net OPEB liability | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Town's proportionate share of the net OPEB liability | - | - | - | - | - |
| State's proportionate share of the net OPEB liability associated with the Town | 450,488 | 900,916 | 867,198 | 843,979 | 771,655 |
| Total | \$ 450,488 | 900,916 | 867,198 | 843,979 | 771,655 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 62.90% | 49.51% | 49.22% | 48.04% | 47.29% |

* Only five years of information available.

Amounts presented for each fiscal year were determined as of the end of the previous fiscal year.

See accompanying independent auditors' report and notes to financial statements.

Schedule of Town OPEB Contributions
 Last 10 Fiscal Years *

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|--------------|-----------|-----------|-----------|-----------|
| PLD OPEB Plan | | | | | |
| Contractually required contribution | \$ 2,004 | 2,039 | 3,149 | 2,792 | 1,862 |
| Contributions in relations to the contractually required contribution | (2,004) | (2,039) | (3,149) | (2,792) | (1,862) |
| Contribution deficiency (excess) | \$ - | - | - | - | - |
| Town's covered payroll | \$ 2,361,116 | 2,239,900 | 1,712,933 | 1,826,577 | 1,846,541 |
| Contributions as a percentage of covered payroll | 0.08% | 0.09% | 0.18% | 0.15% | 0.10% |

* Only five years of information available.

See accompanying independent auditors' report and notes to financial statements.

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 *

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| PLD Plan | | | | | | | | |
| Town's proportion of the net pension liability | 0.4212% | 0.3366% | 0.3749% | 0.4015% | 0.4226% | 0.4857% | 0.5451% | 0.6508% |
| Town's proportionate share of the net pension liability (asset) | \$ (135,350) | 1,337,169 | 1,146,079 | 1,098,780 | 1,730,314 | 2,580,562 | 1,739,229 | 1,001,423 |
| Town's covered payroll | 2,239,900 | 1,712,933 | 1,826,577 | 1,846,541 | 1,781,967 | 2,047,466 | 2,074,545 | 2,160,307 |
| Town's proportion share of the net pension liability (asset) as a percentage of its covered payroll | -6.04% | 78.06% | 62.74% | 59.50% | 97.10% | 126.04% | 83.84% | 46.36% |
| Plan fiduciary net position as a percentage of the total pension liability | 100.86% | 88.35% | 90.62% | 91.14% | 86.43% | 81.61% | 88.27% | 94.10% |
| SET Plan | | | | | | | | |
| Town's proportion of the net pension liability | 0.0252% | 0.0229% | 0.0294% | 0.0299% | 0.0340% | 0.3520% | 0.0339% | 0.0415% |
| Town's proportionate share of the net pension liability (asset) | 213,300 | 374,063 | 430,792 | 404,023 | 494,487 | 621,158 | 457,507 | 448,218 |
| State's proportionate share of the net pension liability associated with the Town | 13,480,029 | 25,654,419 | 22,598,249 | 20,482,449 | 21,227,184 | 25,355,628 | 19,001,327 | 14,819,750 |
| Total | \$ 13,693,329 | 26,028,482 | 23,029,041 | 20,886,472 | 21,721,671 | 25,976,786 | 19,458,834 | 15,267,968 |
| Town's covered payroll | \$ 21,948,511 | 20,672,815 | 20,071,546 | 19,017,990 | 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 | 0.97% | 1.81% | 2.15% | 2.12% | 2.73% | 3.60% | 2.77% | 2.82% |
| Plan fiduciary net position as a percentage of the total pension liability | 90.90% | 81.03% | 82.73% | 82.90% | 80.78% | 76.21% | 81.18% | 83.91% |

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

See accompanying independent auditors' report and notes to financial statements.

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 *

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| PLD Plan | | | | | | | | | |
| Contractually required contribution | \$ 314,024 | 287,055 | 217,396 | 229,363 | 222,864 | 200,984 | 229,391 | 222,645 | 215,650 |
| Contributions in relation to the required contractually required contribution | (314,024) | (287,055) | (217,396) | (229,363) | (222,864) | (200,984) | (229,391) | (222,645) | (215,650) |
| Contribution deficiency (excess) | - | - | - | - | - | - | - | - | - |
| Town's covered payroll | 2,361,116 | 2,239,900 | 1,712,933 | 1,826,577 | 1,846,541 | 1,781,967 | 2,047,466 | 2,074,545 | 2,160,307 |
| Contribution as a percentage of covered payroll | 13.30% | 12.82% | 12.69% | 12.56% | 12.07% | 11.28% | 11.20% | 10.73% | 9.98% |
| SET Plan | | | | | | | | | |
| Contractually required contribution | 895,539 | 913,058 | 859,989 | 796,840 | 755,014 | 607,674 | 579,457 | 437,139 | 419,332 |
| Contributions in relation to the required contractually required contribution | (895,539) | (913,058) | (859,989) | (796,840) | (755,014) | (607,674) | (579,457) | (437,139) | (419,332) |
| Contribution deficiency (excess) | - | - | - | - | - | - | - | - | - |
| Town's covered payroll | 23,321,334 | 21,948,511 | 20,672,815 | 20,071,546 | 19,017,990 | 18,085,543 | 17,245,735 | 16,495,802 | 15,872,616 |
| Contribution as a percentage of covered payroll | 3.84% | 4.16% | 4.16% | 3.97% | 3.97% | 3.36% | 3.36% | 2.65% | 2.64% |

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

See accompanying independent auditors' report and notes to financial statements.

TOWN OF GORHAM, MAINE
Notes to Required Supplementary Information

Net Pension Liability (Asset)

Changes of Benefit Terms - None

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

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|--------------------------------|--------------|---------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Discount rate - PLD | 6.50% | 6.75% | 6.75% | 6.75% | 6.875% | 7.125% | 7.25% | 7.25% |
| Discount rate - SET | 6.50% | 6.75% | 6.75% | 6.75% | 6.875% | 7.125% | 7.125% | 7.25% |
| Inflation rate | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% | 3.50% | 3.50% | 3.50% |
| Salary increases - PLD | 2.75%-11.48% | 2.75% + merit | 2.75-9.00% | 2.75-9.00% | 2.75-9.00% | 3.50-9.50% | 3.50-9.50% | 3.50-9.50% |
| Salary increases - SET | 2.80%-13.03% | 2.75% + merit | 2.75-14.50% | 2.75-14.50% | 2.75-14.50% | 3.50-13.50% | 3.50-13.50% | 3.50-13.50% |
| Cost of living increases - PLD | 1.91% | 1.91% | 1.91% | 2.20% | 2.20% | 2.55% | 3.12% | 3.12% |
| Cost of living increases - SET | 2.20% | 2.20% | 2.20% | 2.20% | 2.20% | 2.55% | 2.55% | 2.55% |

Mortality rates:

In 2015, mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA. Between 2016 and 2020, mortality rates were based on the RP2014 Total Data Set Health Annuitant Mortality Table. Starting 2021, Mortality rates were based on the 2010 Public Plan General (PLD) and Teacher (SET) Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC 2020 model.

Net OPEB Liability

Changes of Benefit Terms - None

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

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---------------------|-------------|-------------|-------------|-------------|-------------|
| Discount rate - SET | 6.50% | 6.75% | 6.75% | 6.75% | 6.875% |
| Discount rate - PLD | 6.50% | 6.75% | 4.98% | 5.13% | 5.41% |

Mortality rates:

In 2018, for active members and non-disabled retirees of the teachers and PLD plan, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, were used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, were used. Starting 2021, Mortality rates were based on the 2010 Public Plan General (PLD) and Teacher (SET) Benefits-Weighted Healthy Retiree Mortality Table, for males and females. projected generationally using the RPEC 2020 model.

Total OPEB Liability

Changes of Benefit Terms - Implementation of the Medicare Advantage plan in 2020.

Changes of Assumptions - 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:

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Discount rate - Town's Health Plan | 2.06% | 2.12% | 2.74% | 4.10% | 3.44% | 3.78% |
| Discount rate - School's Health Plan | 2.16% | 2.21% | 3.50% | 3.87% | 3.58% | N/A |

Mortality rates:

In 2019, mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.

In 2020 and going forward, the mortality rates were based on the 2010 Public Plan Teacher Benefits Weighted Healthy Retiree Mortality Table.

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

** This schedule is intended to show information for ten years, but only the years in which changes occurred have been displayed. Additional years' information will be displayed as it becomes available.*

GENERAL FUND

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

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TOWN OF GORHAM, MAINE
Comparative Balance Sheets - General Fund
June 30, 2022 and 2021

| | 2022 | 2021 |
|--|----------------------|-------------------|
| ASSETS | | |
| Cash | \$ 21,776,643 | 17,812,122 |
| Investments | 6,153,381 | 6,149,573 |
| Receivables: | | |
| Accounts | 130,150 | 135,851 |
| Intergovernmental | 696,762 | 605,001 |
| Rescue (net of allowance of \$135,073 and \$148,393) | 234,345 | 262,047 |
| Taxes - current year | 738,256 | 601,999 |
| Taxes - prior year | 200,567 | 190,479 |
| Tax liens | 209,863 | 349,408 |
| Tax acquired property | 28,930 | 28,930 |
| Performance bonds | 170,275 | 6,416,516 |
| Inventory | 65,297 | 16,531 |
| Prepaid expenditures | 49,492 | 73,653 |
| Total assets | 30,453,961 | 32,642,110 |
| LIABILITIES | | |
| Accounts payable | 565,395 | 555,937 |
| Accrued wages and benefits | 221,631 | 376,801 |
| Interfund loans payable | 4,204,612 | 4,289,323 |
| Taxes paid in advance | 93,395 | 106,608 |
| Unearned revenues-ARPA | 1,670,867 | - |
| Performance bond deposits | 1,341,514 | 7,479,793 |
| Total liabilities | 8,097,414 | 12,808,462 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Unavailable revenue - property taxes | 663,000 | 745,000 |
| Total deferred inflows of resources | 663,000 | 745,000 |
| FUND BALANCE | | |
| Nonspendable | 114,789 | 90,184 |
| Restricted | 632,736 | 371,243 |
| Committed | 3,316,697 | 3,391,088 |
| Assigned | 5,928,077 | 5,710,028 |
| Unassigned | 11,701,248 | 9,526,105 |
| Total fund balance | 21,693,547 | 19,088,648 |
| Total liabilities, deferred inflows of resources and fund balance | \$ 30,453,961 | 32,642,110 |

TOWN OF GORHAM, MAINE
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Budgetary Basis
For the year ended June 30, 2022
(with comparative actual amounts for the year ended June 30, 2021)

| | 2022 | | Variance positive (negative) | 2021 Actual |
|--|---------------|------------|------------------------------------|----------------|
| | Budget | Actual | | |
| Revenues: | | | | |
| Taxes: | | | | |
| Property taxes | \$ 30,806,102 | 31,406,034 | 599,932 | 30,321,680 |
| Change in unavailable property tax revenue | - | 82,000 | 82,000 | 115,000 |
| Excise taxes | 3,569,000 | 4,311,760 | 742,760 | 4,145,726 |
| Interest and costs on taxes | 60,000 | 94,323 | 34,323 | 67,178 |
| Total taxes | 34,435,102 | 35,894,117 | 1,459,015 | 34,649,584 |
| Licenses and permits: | | | | |
| Building permits | 380,000 | 731,170 | 351,170 | 354,097 |
| Plumbing/electrical fees | 32,500 | 28,212 | (4,288) | 25,843 |
| Motor vehicle renewal fees | 51,000 | 67,502 | 16,502 | 66,702 |
| Town clerk fees | 76,650 | 101,138 | 24,488 | 92,428 |
| Cable TV franchise fee | 215,000 | 196,559 | (18,441) | 213,680 |
| Code fees | 6,700 | 5,650 | (1,050) | 10,582 |
| Other | 2,300 | 18,110 | 15,810 | 2,680 |
| Total licenses and permits | 764,150 | 1,148,341 | 384,191 | 766,012 |
| Intergovernmental: | | | | |
| State revenue sharing | 1,100,000 | 2,630,503 | 1,530,503 | 1,746,817 |
| Highway block grant | 230,000 | 237,560 | 7,560 | 220,956 |
| Human services assistance | 10,500 | 20,798 | 10,298 | 17,035 |
| Homestead exemption | 1,043,797 | 1,041,085 | (2,712) | 1,034,413 |
| BETE reimbursement | 607,843 | 608,149 | 306 | 635,827 |
| Other state grants | 36,500 | 50,412 | 13,912 | 36,145 |
| Other agencies | 45,000 | 51,113 | 6,113 | 26,626 |
| University of Southern Maine assistance | 12,500 | 12,500 | - | 12,500 |
| Total intergovernmental | 3,086,140 | 4,652,120 | 1,565,980 | 3,730,319 |
| Charges for services: | | | | |
| Police fees, fines and outside work | 16,800 | 21,902 | 5,102 | 13,091 |
| Fire and rescue fees | 557,100 | 679,959 | 122,859 | 604,206 |
| Subdivision/development fees | 28,500 | 33,180 | 4,680 | 55,488 |
| Sewer inspection fees | 5,000 | 5,638 | 638 | 1,680 |
| Miscellaneous code/assessing | 350 | 250 | (100) | 185 |
| Miscellaneous public works | 1,300 | 802 | (498) | 845 |
| Solid waste user charges | 555,000 | 720,440 | 165,440 | 744,003 |
| Recreation fees | 204,120 | 217,186 | 13,066 | 186,190 |
| Payment in lieu of taxes | 44,250 | 46,823 | 2,573 | 45,193 |
| Sale of town property | - | 21,546 | 21,546 | 30,157 |
| Total charges for services | 1,412,420 | 1,747,726 | 335,306 | 1,681,038 |

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

| | 2022 | | Variance positive (negative) | 2021 Actual |
|---------------------------------|---------------|---------------|---|------------------------|
| | Budget | Actual | | |
| Revenues, continued: | | | | |
| Other revenues: | | | | |
| Cemetery income | \$ 9,000 | 6,233 | (2,767) | 10,668 |
| Interest on investments | 40,000 | 89,527 | 49,527 | 32,133 |
| Rent | 95,700 | 95,713 | 13 | 95,237 |
| Senior mealsite | 9,000 | 2,391 | (6,609) | 175 |
| Miscellaneous | 9,000 | 17,327 | 8,327 | 21,096 |
| Total other revenues | 162,700 | 211,191 | 48,491 | 159,309 |
| Total revenues | 39,860,512 | 43,653,495 | 3,792,983 | 40,986,262 |
| Expenditures: | | | | |
| Current: | | | | |
| General government: | | | | |
| Administration | 571,283 | 570,019 | 1,264 | 553,463 |
| Technology | 237,791 | 235,531 | 2,260 | 184,312 |
| Town Clerk | 298,252 | 281,538 | 16,714 | 284,846 |
| Planning | 262,005 | 246,788 | 15,217 | 250,800 |
| Assessing | 195,164 | 193,002 | 2,162 | 185,851 |
| Code enforcement | 182,323 | 181,339 | 984 | 169,639 |
| Gorham municipal center | 250,485 | 231,912 | 18,573 | 241,417 |
| Total general government | 1,997,303 | 1,940,129 | 57,174 | 1,870,328 |
| Public safety: | | | | |
| Police department | 2,127,741 | 2,126,811 | 930 | 2,099,196 |
| Fire/Rescue department | 2,076,581 | 2,070,168 | 6,413 | 1,844,116 |
| Central Fire Station | 92,104 | 92,067 | 37 | 89,869 |
| Police Station | 62,567 | 61,969 | 598 | 58,130 |
| Public utilities | 144,820 | 131,512 | 13,308 | 147,584 |
| Public safety contract services | 402,163 | 401,914 | 249 | 390,805 |
| Total public safety | 4,905,976 | 4,884,441 | 21,535 | 4,629,700 |
| Public works: | | | | |
| Public works maintenance | 2,063,530 | 2,056,918 | 6,612 | 1,821,255 |
| Stormwater compliance | 83,306 | 83,182 | 124 | 70,966 |
| Solid waste removal | 1,010,532 | 1,010,448 | 84 | 976,760 |
| Cemeteries | 32,178 | 38,658 | (6,480) | 25,543 |
| Total public works | 3,189,546 | 3,189,206 | 340 | 2,894,524 |
| Health and welfare: | | | | |
| Welfare | 54,000 | 60,125 | (6,125) | 51,846 |
| Health council | 600 | 600 | - | 600 |
| Total health and welfare | 54,600 | 60,725 | (6,125) | 52,446 |

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

| | 2022 | | Variance positive (negative) | 2021 Actual |
|----------------------------------|------------|-----------|------------------------------------|----------------|
| | Budget | Actual | | |
| Expenditures, continued: | | | | |
| Current, continued: | | | | |
| Recreation: | | | | |
| Baxter Memorial Library | \$ 522,655 | 507,446 | 15,209 | 493,397 |
| Baxter Museum | 5,806 | 2,997 | 2,809 | 278 |
| Recreation | 416,637 | 420,296 | (3,659) | 362,912 |
| Middle School Softball Field | 10,081 | 10,078 | 3 | 9,746 |
| Little Falls Rec Area | 25,886 | 25,798 | 88 | 24,632 |
| Old Robie School | 19,750 | 19,172 | 578 | 19,989 |
| Little Falls School | 34,482 | 34,478 | 4 | 36,565 |
| Robie Gym | 11,808 | 11,804 | 4 | 11,419 |
| Total recreation | 1,047,105 | 1,032,069 | 15,036 | 958,938 |
| Economic development | 157,837 | 157,317 | 520 | 130,388 |
| Insurances: | | | | |
| Multi peril policy | 145,500 | 147,803 | (2,303) | 143,769 |
| Public liability | 11,500 | 10,014 | 1,486 | 9,897 |
| Total insurances | 157,000 | 157,817 | (817) | 153,666 |
| Employee benefits: | | | | |
| Direct unemployment compensation | 8,000 | - | 8,000 | 5,051 |
| Worker's compensation | 301,408 | 271,646 | 29,762 | 251,249 |
| Retirement | 487,907 | 427,741 | 60,166 | 394,500 |
| Major medical insurance | 1,561,214 | 1,134,939 | 426,275 | 1,140,810 |
| Social security | 546,540 | 511,848 | 34,692 | 503,732 |
| Group life insurance | 1,400 | 1,049 | 351 | 1,035 |
| Other employee benefits | - | 8,390 | (8,390) | 10,000 |
| Total employee benefits | 2,906,469 | 2,355,613 | 550,856 | 2,306,377 |
| Public agencies: | | | | |
| Parks and conservation | 2,000 | 912 | 1,088 | 2,000 |
| G.P.C.O.G./PACTS | 29,500 | 29,486 | 14 | 26,210 |
| MMA | 18,000 | 18,215 | (215) | 17,443 |
| North Gorham Library | 11,000 | 11,000 | - | 11,000 |
| Metro | 35,000 | 35,000 | - | 35,000 |
| Total public agencies | 95,500 | 94,613 | 887 | 91,653 |
| Unclassified: | | | | |
| Gorham cable TV | 108,813 | 108,771 | 42 | 104,118 |
| Senior Mealsite | 23,500 | 5,360 | 18,140 | 2,000 |
| Memorial Day | 2,500 | 2,343 | 157 | 1,986 |
| New Years Gorham | 8,500 | - | 8,500 | - |
| Contingency | 118,091 | 31,885 | 86,206 | 30,309 |
| Town Clock | 900 | 900 | - | 900 |
| Lions Flags | 1,200 | 2,273 | (1,073) | 2,319 |
| Senior tax relief | 62,000 | 56,250 | 5,750 | 56,750 |
| Gorham village alliance | 5,000 | 5,000 | - | 5,000 |
| Sno-Goers | 4,500 | 4,500 | - | 4,500 |
| Total unclassified | 335,004 | 217,282 | 117,722 | 207,882 |

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

| | 2022 | | Variance positive (negative) | 2021 Actual |
|---|--------------|-------------------|------------------------------------|-------------------|
| | Budget | Actual | | |
| Expenditures, continued: | | | | |
| Current, continued: | | | | |
| Intergovernmental - County tax | \$ 1,380,030 | 1,380,030 | - | 1,329,231 |
| Debt service (excluding education): | | | | |
| Principal | 1,550,000 | 1,550,000 | - | 1,565,000 |
| Interest | 481,013 | 415,011 | 66,002 | 489,085 |
| Total debt service | 2,031,013 | 1,965,011 | 66,002 | 2,054,085 |
| Capital: | | | | |
| Capital maintenance | 12,000 | 5,500 | 6,500 | - |
| Capital improvements | 35,000 | - | 35,000 | 20,138 |
| Total capital | 47,000 | 5,500 | 41,500 | 20,138 |
| Total expenditures | 18,304,383 | 17,439,753 | 864,630 | 16,699,356 |
| Excess (deficiency) of revenues over (under) expenditures | 21,556,129 | 26,213,742 | 4,657,613 | 24,286,906 |
| Other financing sources (uses): | | | | |
| Transfers to special revenue - | | | | |
| School Operations Fund | (22,278,413) | (22,278,413) | - | (21,930,755) |
| Transfers in from special revenue - | | | | |
| Impact Fees | - | 125,000 | 125,000 | - |
| TIF fund | 697,284 | 700,026 | 2,742 | 723,856 |
| Transfers in from capital projects - | | | | |
| Public safety capital project fund | 25,000 | 25,000 | - | 25,000 |
| Transfer to reserve accounts | - | (2,886,697) | (2,886,697) | (2,545,080) |
| Total other financing uses | (21,556,129) | (24,315,084) | (2,758,955) | (23,726,979) |
| Net change in fund balances - budgetary basis | - | 1,898,658 | 1,898,658 | 559,927 |
| Reconciliation to GAAP basis: | | | | |
| Change in restricted | | 279,951 | | 4,549 |
| Change in committed | | (74,391) | | 904,139 |
| Change in assigned | | 532,840 | | 244,061 |
| Change in unassigned | | (32,159) | | (37,656) |
| Net change in fund balance - GAAP basis | | 2,604,899 | | 1,675,020 |
| Fund balance, beginning of year | | 19,088,648 | | 17,413,628 |
| Fund balance, end of year | \$ | 21,693,547 | | 19,088,648 |

TOWN OF GORHAM, MAINE
Restricted, Committed, Assigned, and Unassigned Funds - General Fund
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2022

| | Fund balances beginning of year | Capital Part II | Transfer from Unassigned | Revenues | | Expenditures | | Fund balances end of year |
|--|--|-----------------|-----------------------------|----------------|----------------|----------------|----------------|------------------------------------|
| | | | | Transfer In | Revenues | Transfer Out | Expenditures | |
| Restricted to: | | | | | | | | |
| General government purposes: | | | | | | | | |
| Park & Conservation committee | \$ 5,924 | - | 1,088 | - | - | - | - | 7,012 |
| Skate park | 1,000 | - | 125,000 | 14,423 | 196,200 | - | 126,114 | 210,509 |
| Safety grant | - | - | - | - | 4,000 | - | 2,500 | 1,500 |
| ARPA-Premium Pay (Phase 2) | - | - | - | 128,000 | - | 51,505 | 76,495 | - |
| ARPA Grant | - | - | - | 68,138 | 230,100 | 298,238 | - | - |
| Heating assistance | 13,741 | - | - | - | 6,000 | - | - | 19,741 |
| Ctr Tch/Civic grant | - | - | - | - | 5,302 | - | 5,302 | - |
| South Street sewer project | 30,000 | - | - | - | - | - | - | 30,000 |
| Employee wellness program | 1,063 | - | - | - | - | - | - | 1,063 |
| Total general government purposes | 51,728 | - | 126,088 | 210,561 | 441,602 | 349,743 | 210,411 | 269,825 |
| Public safety operations: | | | | | | | | |
| D.A.R.E. | 3,184 | - | - | - | 13,498 | - | 6,969 | 9,713 |
| Little Falls substation | 166 | - | - | - | - | - | - | 166 |
| Free Mason donation | - | - | - | - | 2,700 | - | - | 2,700 |
| Drug forfeiture | 28,503 | - | - | - | 7,332 | - | - | 35,835 |
| MLEAP Accreditation | - | - | - | - | 2,500 | - | 2,500 | - |
| e-Citation grant | - | - | - | - | 940 | - | 940 | - |
| DRE/LEPT grant | - | - | - | - | 7,408 | 1,398 | 6,010 | - |
| Distracted driver grant | - | - | - | - | 10,793 | - | 10,793 | - |
| JAG grant | - | - | - | - | 3,424 | - | 3,424 | - |
| DEA forfeiture | 66,086 | - | - | - | - | - | - | 66,086 |
| Impaired driving grant | - | - | - | - | 15,730 | - | 15,730 | - |
| Speed grant | - | - | - | - | 5,630 | - | 5,630 | - |
| Coronavirus emergency supplemental funding | - | - | - | - | 20,243 | - | 20,243 | - |
| Child safety seats | 728 | - | - | - | 60 | - | - | 788 |
| Fire/Rescue donations | 3,216 | - | - | - | 465 | - | - | 3,681 |
| Fire prevention | 4,316 | - | - | - | - | - | - | 4,316 |
| Fire memorial | 5,012 | - | - | - | 1,050 | - | - | 6,062 |
| USM confined space | 10,152 | - | - | - | 12,000 | - | 50 | 22,102 |
| FEMA fire grant | 708 | - | - | - | 2,356 | - | 3,064 | - |
| Sprinkler grant | 372 | - | - | - | - | - | 372 | - |
| Hose Grant | 864 | - | - | - | 50,933 | - | 51,797 | - |
| FEMA-Project 3 | - | - | - | - | 26,028 | - | 26,028 | - |
| Fire ARPA Project-Phase 1 | - | - | - | 170,238 | - | 16,633 | 153,605 | - |
| Exhaust System | - | - | - | - | 83,473 | - | 83,473 | - |
| North Gorham Generator | - | - | 6,413 | - | 10,000 | - | 16,413 | - |
| M4-King Foundation | 3,433 | - | - | - | - | - | 3,433 | - |
| Total public safety operations | 126,740 | - | 6,413 | 170,238 | 276,563 | 18,031 | 410,474 | 151,449 |

TOWN OF GORHAM, MAINE
Restricted, Committed, Assigned, and Unassigned Funds - General Fund
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2022

| | Fund balances beginning of year | Capital Part II | Transfer from Unassigned | Revenues | | Expenditures | | Fund balances end of year |
|---|--|-----------------|-----------------------------|----------------|----------------|----------------|----------------|------------------------------------|
| | | | | Transfer In | Revenues | Transfer Out | Expenditures | |
| Restricted to: | | | | | | | | |
| Public works operations: | | | | | | | | |
| Street opening | \$ 185,713 | - | - | - | 15,025 | - | - | 200,738 |
| Gorham Village grant | 1,562 | - | - | - | - | - | - | 1,562 |
| Little Falls Sidewalk Grant | (18,458) | - | - | - | 91,244 | - | 72,610 | 176 |
| Total public works operations | 168,817 | - | - | - | 106,269 | - | 72,610 | 202,476 |
| Recreation operations: | | | | | | | | |
| Little Falls Rec Area ADA bathroom | - | - | - | - | 30,000 | - | 30,000 | - |
| Maine Community Foundation-Trailer | - | - | - | - | 7,500 | - | 6,520 | 980 |
| Maine Community Foundation | - | - | - | - | 19,500 | - | 17,208 | 2,292 |
| Community center donations | 750 | - | - | - | - | - | - | 750 |
| New Year's Gorham | 4,750 | - | 8,500 | - | 5,935 | - | 14,221 | 4,964 |
| Total recreation operations | 5,500 | - | 8,500 | - | 62,935 | - | 67,949 | 8,986 |
| Economic Development operations: | | | | | | | | |
| South Windham/Little Falls Village masterplan | - | - | - | - | 44,805 | - | 44,805 | - |
| Total economic development operations | - | - | - | - | 44,805 | - | 44,805 | - |
| Total restricted to | 352,785 | - | 141,001 | 380,799 | 932,174 | 367,774 | 806,249 | 632,736 |
| Committed to: | | | | | | | | |
| General government purposes: | | | | | | | | |
| Office space in Municipal Center for Ec Dev | 5,344 | - | - | - | - | - | 2,142 | 3,202 |
| Air Handler for Municipal Center | 1,581 | - | - | - | - | - | - | 1,581 |
| Recreation wing painting and entry repairs | 9,887 | - | - | - | - | - | - | 9,887 |
| Energy Efficient Lights at Robie Gym/Mun Ctr | 7,678 | - | - | - | - | - | - | 7,678 |
| Lockdown controls for Municipal Center | - | 9,500 | - | - | - | - | 3,057 | 6,443 |
| Revaluation | 345,039 | - | - | - | - | - | 238,878 | 106,161 |
| Land acquisition | 339,439 | - | - | - | 27,294 | - | - | 366,733 |
| Cable TV franchise agreement consultant | 8,045 | - | - | - | - | - | - | 8,045 |
| Website upgrades | - | 7,400 | - | - | - | - | 7,207 | 193 |
| Human Resources management software | - | 19,500 | - | - | - | - | 19,181 | 319 |
| Founders festival | 17,961 | - | - | - | - | - | 63 | 17,898 |
| Historical district signs | - | - | 6,000 | - | - | - | - | 6,000 |
| Historical Society | 3,000 | - | - | - | - | - | - | 3,000 |
| Computer upgrade | - | 45,000 | - | - | - | - | 43,716 | 1,284 |
| Town's internet fleet controls | - | 105,000 | - | - | - | - | 104,518 | 482 |
| Standing workstations | - | 10,000 | - | - | - | - | 7,405 | 2,595 |
| Cemetery reserve | 28,697 | - | - | - | 1,730 | - | - | 30,427 |
| Planning Consultant Work | 22,439 | 45,000 | - | - | - | 14,423 | 7,403 | 45,613 |
| Covid supplies | 21,739 | - | - | - | - | - | 524 | 21,215 |
| Emergency reserve account | 165,416 | - | - | - | - | - | - | 165,416 |
| Covid contingency | 248,197 | - | - | - | - | - | 10,792 | 237,405 |
| Gorham village parking improvement | 44,925 | - | - | - | - | - | - | 44,925 |
| Vision Software Upgrade | 22,000 | - | - | - | - | - | - | 22,000 |
| School/Town facility study | 100,283 | - | - | - | - | - | 43,946 | 56,337 |
| Total general government purposes | 1,391,670 | 241,400 | 6,000 | - | 29,024 | 14,423 | 488,832 | 1,164,839 |

TOWN OF GORHAM, MAINE
Restricted, Committed, Assigned, and Unassigned Funds - General Fund
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2022

| | Fund | Capital Part II | Transfer | Revenues | | Expenditures | | Fund |
|---|------------------|------------------|-----------------|---------------|---------------|--------------|------------------|------------------|
| | balances | | | Transfer In | Revenues | Transfer Out | Expenditures | balances |
| | beginning | | from Unassigned | | | | | end |
| | of year | | | | | | | of year |
| Committed to: | | | | | | | | |
| Public safety operations: | | | | | | | | |
| Spillman & DMV database full access | \$ 9,000 | - | - | - | - | - | - | 9,000 |
| Blauer vest carriers (21) | 4,937 | - | - | - | 2,220 | - | 4,826 | 2,331 |
| Police Vests | 300 | - | - | - | - | - | - | 300 |
| Thermal monoculars | - | 5,700 | - | - | - | - | 5,578 | 122 |
| Binoculars | - | 4,800 | - | - | - | - | 4,787 | 13 |
| Tasers & related equipment | - | 6,000 | - | - | - | - | 5,896 | 104 |
| Accident reconstruction drone & training | - | 8,260 | - | - | - | - | - | 8,260 |
| 40mm foam launchers | 512 | - | - | - | - | - | - | 512 |
| Traffic Lights Emitters | 3,400 | - | - | - | - | - | - | 3,400 |
| New server at the Police Department | - | 25,000 | - | - | - | - | 24,872 | 128 |
| Police cruiser replacement | - | 172,000 | - | - | - | - | 166,128 | 5,872 |
| Radio system replacement | 55,000 | - | - | - | - | - | - | 55,000 |
| Air pack breathing units | - | 28,860 | - | - | - | - | 28,480 | 380 |
| Power stretcher for 3rd ambulance | 6,843 | - | - | - | - | - | - | 6,843 |
| Turnout gear for Fire department | 20,000 | 34,000 | - | - | - | - | 42,472 | 11,528 |
| Replacement of 2002 Chevy Tahoe | - | 50,000 | - | - | - | - | - | 50,000 |
| Ambulance #3 replacement | - | 249,500 | - | - | - | - | 51,621 | 197,879 |
| LED street light conversion | 50,172 | - | - | - | - | - | - | 50,172 |
| West Gorham fire station repairs | 7,760 | - | - | - | - | - | - | 7,760 |
| Hose tower | 7,988 | - | - | - | - | - | 5,493 | 2,495 |
| Water filtration | 955 | - | - | - | - | - | - | 955 |
| Additional work stations in EOC | 707 | - | - | - | - | - | - | 707 |
| Emergency preparedness equipment & project | - | 30,000 | - | - | - | - | - | 30,000 |
| Total public safety operations | 167,574 | 614,120 | - | - | 2,220 | - | 340,153 | 443,761 |
| Public works operations: | | | | | | | | |
| Landfill monitoring & remediation | - | 75,000 | - | - | - | - | 65,119 | 9,881 |
| Ecomaine recycling reserve | 3,900 | - | - | - | - | - | - | 3,900 |
| Facility doors | 20,000 | - | - | - | - | - | - | 20,000 |
| Phone system at Public Works | 707 | - | - | - | - | - | - | 707 |
| Climate control system at Public Works | 5,131 | - | - | - | - | - | 3,000 | 2,131 |
| Boiler replacement | 750 | - | - | - | - | - | - | 750 |
| Tractor replacement | - | 150,000 | - | - | - | - | 145,375 | 4,625 |
| 6-wheel plow truck | 155,000 | - | - | - | - | - | - | 155,000 |
| 6-wheel plow truck | - | 165,000 | - | - | - | - | - | 165,000 |
| Repair & upgrade fuel depot | 90,613 | - | - | 73,718 | - | - | 164,331 | - |
| Pedestrian improvement in Gorham Village | 79,318 | - | - | - | - | - | 2,494 | 76,824 |
| Mosher Brook watershed management plan | - | 25,000 | - | - | - | - | - | 25,000 |
| Stormwater data collection compliance | 4,654 | - | - | - | - | - | 4,654 | - |
| Garage door replacements | - | 50,000 | - | - | - | - | - | 50,000 |
| Facility gate | - | 35,000 | - | - | - | - | - | 35,000 |
| Door controls at Public Works | - | 35,000 | - | - | - | - | 30,849 | 4,151 |
| Roads | 705,679 | 1,050,082 | - | - | - | 1,653 | 1,165,049 | 589,059 |
| Plummer Road culvert | - | - | - | - | 22,366 | - | 22,366 | - |
| Buck Street pipe arch culvert | 118,032 | - | - | - | - | - | - | 118,032 |
| South Street | 64,282 | - | - | - | - | - | - | 64,282 |
| Civil War memorial repairs | - | - | 4,000 | - | - | - | - | 4,000 |
| Eastern cemetery stone wall repair | 15,000 | - | - | - | - | - | - | 15,000 |
| Shaw Mill's cemetery chain link fence | 1,295 | - | - | - | - | - | - | 1,295 |
| Gorham Village Square cemetery stone repair | 15,000 | - | - | - | - | - | - | 15,000 |
| Cemetery wall repairs | - | 15,000 | - | - | - | - | - | 15,000 |
| Total public works operations | 1,279,361 | 1,600,082 | 4,000 | 73,718 | 22,366 | 1,653 | 1,603,237 | 1,374,637 |

TOWN OF GORHAM, MAINE
Restricted, Committed, Assigned, and Unassigned Funds - General Fund
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2022

| | Fund balances beginning of year | | Transfer from Unassigned | Revenues | | Expenditures | | Fund balances end of year |
|--|---------------------------------|------------------|--------------------------|---------------|---------------|---------------|------------------|---------------------------|
| | | Capital Part II | | Transfer In | Revenues | Transfer Out | Expenditures | |
| Committed to: | | | | | | | | |
| Recreation operations: | | | | | | | | |
| Repointing brownstone | \$ 15,000 | - | - | - | - | - | - | 15,000 |
| Slate roof repair | 7,500 | - | - | - | - | - | 6,851 | 649 |
| Sewer pump overflow alarm | 3,080 | - | - | - | - | - | - | 3,080 |
| Generator | - | 37,000 | - | - | - | - | - | 37,000 |
| Door controls at Baxter Library | - | 21,000 | - | - | - | - | 19,306 | 1,694 |
| Chick property master plan | 12,207 | - | - | - | - | - | - | 12,207 |
| Little Falls-multi purpose field | 25,777 | - | - | - | - | - | - | 25,777 |
| Chick property baseball field | 234,696 | - | - | - | - | - | 71,674 | 163,022 |
| White Rock tennis court | - | 15,000 | - | - | - | - | 9,840 | 5,160 |
| Robie field irrigation | 4,146 | - | - | - | - | - | - | 4,146 |
| Little Falls recreation area field house | 211,948 | - | - | - | - | - | 203,352 | 8,596 |
| Court lights replacement at Little Falls | 7,500 | - | - | - | - | - | - | 7,500 |
| Recreation trail | 16,975 | - | - | - | - | - | - | 16,975 |
| Stairs for Old Robie School | - | 9,000 | - | - | - | - | 9,000 | - |
| Shaw Park fence & guard rail/electricity | 3,654 | - | - | - | - | - | - | 3,654 |
| Shaw Park pavilion electrical work | 10,000 | - | - | - | - | - | - | 10,000 |
| Total recreation operations | 552,483 | 82,000 | - | - | - | - | 320,023 | 314,460 |
| Economic Development operations: | | | | | | | | |
| Electric vehicle for Economic Development | \$ - | 19,000 | - | - | - | - | - | 19,000 |
| Total economic development operations | - | 19,000 | - | - | - | - | - | 19,000 |
| Total committed to | 3,391,088 | 2,556,602 | 10,000 | 73,718 | 53,610 | 16,076 | 2,752,245 | 3,316,697 |
| Assigned to: | | | | | | | | |
| Encumbrances: | | | | | | | | |
| General government | 25,817 | - | - | - | 62,862 | - | 18,974 | 69,705 |
| Public safety | 365,558 | - | - | - | 369,363 | - | 180,727 | 554,194 |
| Public works | 192,774 | - | - | - | 264,217 | - | 138,987 | 318,004 |
| Recreation | 168,214 | - | - | - | 52,259 | - | 46,228 | 174,245 |
| Economic development | 8,088 | - | - | - | 15,000 | - | 1,000 | 22,088 |
| Other | 25,175 | - | - | - | 8,380 | - | 25,159 | 8,396 |
| Total encumbrances | 785,626 | - | - | - | 772,081 | - | 411,075 | 1,146,632 |
| General government purposes: | | | | | | | | |
| Radio programming | 4,157 | - | - | - | - | - | - | 4,157 |
| Capital project reserve | 1,228 | - | - | - | - | - | - | 1,228 |
| Municipal Center building roof replacement | 19,100 | - | - | - | - | - | - | 19,100 |

TOWN OF GORHAM, MAINE
Restricted, Committed, Assigned, and Unassigned Funds - General Fund
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2022

| | Fund | Capital Part II | Transfer | Revenues | | Expenditures | | Fund |
|---|----------------|-----------------|---------------|-----------------|---------------|--------------|---------------|----------------|
| | balances | | | from Unassigned | Transfer In | Revenues | Transfer Out | Expenditures |
| | beginning | | | | | | | end |
| | of year | | | | | | | of year |
| Assigned to: | | | | | | | | |
| General government purposes, continued: | | | | | | | | |
| Council chambers carpet replacement | \$ - | - | 4,000 | - | - | - | - | 4,000 |
| Compensation study | 28,516 | - | - | - | - | - | - | 28,516 |
| Insurance consultant | 21,500 | - | - | - | - | - | - | 21,500 |
| Administration capital reserves | 769 | - | 1,582 | - | - | - | - | 2,351 |
| Town Council contingency | 37,500 | - | - | - | - | - | - | 37,500 |
| Technology capital reserves | 610 | - | - | - | - | - | - | 610 |
| Technology equipment | 2,684 | - | - | - | - | - | 2,684 | - |
| Town clerk capital reserves | 32,844 | - | 8,357 | - | - | - | - | 41,201 |
| Town clerk counters | 10,000 | - | - | - | - | - | - | 10,000 |
| Planning reimbursable expense | 5,000 | - | - | - | - | - | - | 5,000 |
| Planning consultants | 2,906 | - | 10,000 | - | - | - | 2,906 | 10,000 |
| Planning capital reserve | 25,548 | - | 108 | - | - | - | 611 | 25,045 |
| Radios for municipal center | 12,000 | - | - | - | - | - | 10,597 | 1,403 |
| Monitors for council chambers | 4,000 | - | - | - | - | - | - | 4,000 |
| Assessing capital reserve | 10,331 | - | 1,081 | - | - | - | 459 | 10,953 |
| Code capital reserve | 13,606 | - | 492 | - | - | - | 1,104 | 12,994 |
| Web site development/maintenance | 20,538 | - | - | - | - | - | - | 20,538 |
| Hiring incentives | - | - | 20,000 | - | - | - | - | 20,000 |
| General assistance reserve | 23,065 | - | - | - | - | - | - | 23,065 |
| Total general government purposes | 275,902 | - | 45,620 | - | - | - | 18,361 | 303,161 |
| Public safety operations: | | | | | | | | |
| Hiring Incentives | - | - | - | - | 16,240 | - | 5,000 | 11,240 |
| Outside detail (police) | 21,184 | - | - | - | 60,715 | - | 60,714 | 21,185 |
| Police capital reserve | 79,593 | - | 465 | 1,398 | - | - | - | 81,456 |
| Cruisers | 114,433 | - | - | - | 21,681 | - | - | 136,114 |
| Fire capital reserve | 1,939 | - | - | - | - | - | 214 | 1,725 |
| Air bottles | 1,504 | - | - | - | - | - | - | 1,504 |
| Fire truck bond | 25 | - | - | - | - | - | - | 25 |
| Fire ponds/dry hydrants | 31,260 | - | 2,000 | - | - | - | - | 33,260 |
| LED light maintenance | 6,160 | - | - | - | - | - | - | 6,160 |
| EV charging station | - | - | 14,000 | - | - | - | - | 14,000 |
| Total public safety operations | 256,098 | - | 16,465 | 1,398 | 98,636 | - | 65,928 | 306,669 |
| Public works operations: | | | | | | | | |
| Public works capital reserve | 26,854 | - | - | - | 9,992 | - | - | 36,846 |
| Public works vehicles (Financed purchase payment account) | 78,901 | - | - | - | - | 78,901 | - | - |
| Fuel depot reserve | 38,554 | - | - | 5,183 | - | - | 43,737 | - |
| Longfellow bridge | 2,123 | - | - | - | - | - | - | 2,123 |
| Storm water management | 13,695 | - | - | - | - | - | - | 13,695 |

TOWN OF GORHAM, MAINE
Restricted, Committed, Assigned, and Unassigned Funds - General Fund
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2022

| | Fund balances beginning of year | Capital Part II | Transfer from Unassigned | Transfer In | Revenues | Transfer Out | Expenditures | Fund balances end of year |
|---------------------------------------|--|-----------------|-----------------------------|--------------|------------------|---------------|------------------|------------------------------------|
| Assigned to: | | | | | | | | |
| Public works operations, continued: | | | | | | | | |
| Stone repairs | \$ 15,240 | - | - | - | - | - | - | 15,240 |
| Total public works operations | 175,367 | - | - | 5,183 | 9,992 | 78,901 | 43,737 | 67,904 |
| Recreation operations: | | | | | | | | |
| Books | - | - | 5,000 | - | - | - | - | 5,000 |
| Baxter Library capital reserve | 12,243 | - | 5,105 | - | - | - | - | 17,348 |
| Recreation Restitution | - | - | - | - | 1,502 | - | - | 1,502 |
| Chick property wood clearing | 7,499 | - | - | - | - | - | - | 7,499 |
| Robie Park Committee | - | - | 5,000 | - | - | - | - | 5,000 |
| Recreation capital reserve | 2,276 | - | - | - | - | - | - | 2,276 |
| Baxter Museum building account | 5,000 | - | - | - | - | - | 3,740 | 1,260 |
| Recreation reimbursable | 266,449 | - | - | - | 1,037,740 | - | 792,652 | 511,537 |
| Total recreation operations | 293,467 | - | 15,105 | - | 1,039,242 | - | 796,392 | 551,422 |
| Economic Development | | | | | | | | |
| Economic development capital reserve | 61,880 | - | 260 | - | - | - | 489 | 61,651 |
| Total economic development | 61,880 | - | 260 | - | - | - | 489 | 61,651 |
| Unclassified: | | | | | | | | |
| Cable TV capital reserve | 968 | - | - | - | - | - | - | 968 |
| Total unclassified | 968 | - | - | - | - | - | - | 968 |
| Insurance and employee benefits: | | | | | | | | |
| UIC contingency reserve | 31,500 | - | - | - | - | - | - | 31,500 |
| PO133 IUUAL | 216,845 | - | (30,000) | - | - | - | - | 186,845 |
| Employee Relations | - | - | 10,000 | - | - | - | - | 10,000 |
| Vacation/compensation/sick reserve | 372,423 | - | 125,000 | - | - | - | 103,663 | 393,760 |
| Property insurance deductible reserve | 10,000 | - | - | - | - | - | - | 10,000 |
| Auto insurance deductible reserve | 4,000 | - | - | - | - | - | - | 4,000 |
| Investigation | - | - | 2,240 | - | - | - | 2,240 | - |
| Salary Compensation | 50,000 | - | (5,596) | - | - | - | - | 44,404 |
| Accrued compensated absences | 619,350 | - | - | - | - | - | 52,000 | 567,350 |
| Total insurance and employee benefits | 1,304,118 | - | 101,644 | - | - | - | 157,903 | 1,247,859 |
| Total assigned to | 3,153,426 | - | 179,094 | 6,581 | 1,919,951 | 78,901 | 1,493,885 | 3,686,266 |

TOWN OF GORHAM, MAINE
Restricted, Committed, Assigned and Unassigned Funds - General Fund
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
For the year ended June 30, 2022

| | Fund balances beginning of year | Capital Part II | Transfer from Unassigned | Revenues | | Expenditures | | Fund balances end of year |
|---|--|------------------|-----------------------------|----------------|------------------|----------------|------------------|------------------------------------|
| | | | | Transfer In | Revenues | Transfer Out | Expenditures | |
| Unassigned to: | | | | | | | | |
| Public works operations: | | | | | | | | |
| Wescott Street culvert | \$ - | - | - | 1,653 | - | - | 4,153 | (2,500) |
| Narragansett sidewalk | - | - | - | - | - | - | 29,659 | (29,659) |
| Total public works operations | - | - | - | 1,653 | - | - | 33,812 | (32,159) |
| Total unassigned reserves | - | - | - | 1,653 | - | - | 33,812 | (32,159) |
| Total General Fund Restricted, Committed Assigned and Unassigned Funds | \$ 6,897,299 | 2,556,602 | 330,095 | 462,751 | 2,905,735 | 462,751 | 5,086,191 | 7,603,540 |

ALL OTHER GOVERNMENTAL FUNDS

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TOWN OF GORHAM, MAINE
Combining Balance Sheet
All Other Nonmajor Governmental Funds
June 30, 2022

| | Special Revenue Funds | Capital Projects Funds | Permanent Funds | Total Other Governmental Funds |
|--|-----------------------------|------------------------------|--------------------|--------------------------------------|
| ASSETS | | | | |
| Cash | \$ 1,432,687 | 4,621,464 | - | 6,054,151 |
| Investments | 143,451 | - | 1,031,294 | 1,174,745 |
| Receivables: | | | | |
| Accounts | 241,635 | - | - | 241,635 |
| Notes | 584,729 | - | - | 584,729 |
| Intergovernmental | 77,736 | - | - | 77,736 |
| Inventory | 57,706 | - | - | 57,706 |
| Interfund loans receivable | 2,846,634 | 91,919 | - | 2,938,553 |
| Total assets | 5,384,578 | 4,713,383 | 1,031,294 | 11,129,255 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | 1,224 | 382,259 | 5,496 | 388,979 |
| Interfund loans payable | 103,745 | 388,397 | - | 492,142 |
| Unearned revenues | 37,229 | - | - | 37,229 |
| Total liabilities | 142,198 | 770,656 | 5,496 | 918,350 |
| Fund balances: | | | | |
| Nonspendable | 57,706 | - | 783,222 | 840,928 |
| Restricted | 3,258,931 | 3,942,727 | 242,576 | 7,444,234 |
| Committed | 1,829,246 | - | - | 1,829,246 |
| Assigned | 96,497 | - | - | 96,497 |
| Total fund balances | 5,242,380 | 3,942,727 | 1,025,798 | 10,210,905 |
| Total liabilities and fund balances | \$ 5,384,578 | 4,713,383 | 1,031,294 | 11,129,255 |

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, 2022

| | Special Revenue Funds | Capital Projects Funds | Permanent Funds | Total Other Governmental Funds |
|--|-----------------------------|------------------------------|--------------------|--------------------------------------|
| Revenues: | | | | |
| Taxes | \$ 1,173,058 | - | - | 1,173,058 |
| Intergovernmental | 1,452,856 | - | - | 1,452,856 |
| Charges for services | 1,859,201 | - | - | 1,859,201 |
| Investment income (loss) | 1,628 | 21,665 | (96,062) | (72,769) |
| Student activities fees and fundraisers | 357,661 | - | - | 357,661 |
| Public safety activity fees | 34,599 | - | - | 34,599 |
| Other revenue | 72,003 | - | 12,500 | 84,503 |
| Total revenues | 4,951,006 | 21,665 | (83,562) | 4,889,109 |
| Expenditures: | | | | |
| Current: | | | | |
| Education-other special uses | 14,754 | - | - | 14,754 |
| Food services | 1,397,071 | - | - | 1,397,071 |
| Student activities | 383,314 | - | - | 383,314 |
| Public safety activities | 38,234 | - | - | 38,234 |
| Public works - sewer | 1,250,970 | - | - | 1,250,970 |
| Recreation | 48,282 | - | - | 48,282 |
| Economic development | 304,951 | - | - | 304,951 |
| Unclassified | - | - | 5,496 | 5,496 |
| Debt Service - principal | - | 314,408 | - | 314,408 |
| Capital improvements | - | 2,823,453 | - | 2,823,453 |
| Total expenditures | 3,437,576 | 3,137,861 | 5,496 | 6,580,933 |
| Excess (deficiency) of revenues over (under) expenditures | 1,513,430 | (3,116,196) | (89,058) | (1,691,824) |
| Other financing sources (uses): | | | | |
| Transfer in from other funds | 120,000 | 3,398 | - | 123,398 |
| Transfer to other funds | (905,445) | (25,000) | - | (930,445) |
| Total other financing sources (uses) | (785,445) | (21,602) | - | (807,047) |
| Net change in fund balances | 727,985 | (3,137,798) | (89,058) | (2,498,871) |
| Fund balances, beginning of year | 4,514,395 | 7,080,525 | 1,114,856 | 12,709,776 |
| Fund balances, end of year | \$ 5,242,380 | 3,942,727 | 1,025,798 | 10,210,905 |

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 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.

School Activity Fund -- To account for the activity of the individual schools.

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 Town's various TIF districts.

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.

Public Safety Activity Fund -- To account for the activity of the funds held for the fire departments.

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TOWN OF GORHAM, MAINE
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2022
(with comparative amounts for June 30, 2021)

| | School Donation Fund | School Lunch Fund | School Activity Funds | Sewer Operations Fund | Little Falls | | Library Fund | Recreation Fund | TIF Fund | Miscellaneous Fund | Public Safety Activity Funds | Totals | |
|--|----------------------------|-------------------------|-----------------------------|-----------------------------|-----------------------------------|------------------------|-----------------|--------------------|------------------|-----------------------|---------------------------------|------------------|------------------|
| | | | | | Sewer Reserve and Loan Fund | Impact Fees Fund | | | | | | 2022 | 2021 |
| ASSETS | | | | | | | | | | | | | |
| Cash | \$ - | 874,406 | 375,586 | - | - | - | - | - | - | - | 182,695 | 1,432,687 | 1,112,383 |
| Investments | - | - | - | - | 70,498 | - | 59,306 | 1,323 | - | 12,324 | - | 143,451 | 161,188 |
| Receivables: | | | | | | | | | | | | | |
| Accounts | - | - | - | 241,516 | - | - | - | - | 119 | - | - | 241,635 | 266,234 |
| Notes | - | - | - | - | - | - | - | - | 584,729 | - | - | 584,729 | 416,173 |
| Intergovernmental | - | 77,736 | - | - | - | - | - | - | - | - | - | 77,736 | 1,398,134 |
| Inventory | - | 57,706 | - | - | - | - | - | - | - | - | - | 57,706 | 51,846 |
| Interfund loans receivable | 32,694 | - | - | 1,106,495 | 2,797 | 632,740 | 55,182 | 8,077 | 1,005,792 | 2,857 | - | 2,846,634 | 2,732,553 |
| Total assets | 32,694 | 1,009,848 | 375,586 | 1,348,011 | 73,295 | 632,740 | 114,488 | 9,400 | 1,590,640 | 15,181 | 182,695 | 5,384,578 | 6,138,511 |
| LIABILITIES AND FUND BALANCES | | | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | | | |
| Accounts payable | 1,224 | - | - | - | - | - | - | - | - | - | - | 1,224 | 105,945 |
| Interfund loans payable | - | 103,745 | - | - | - | - | - | - | - | - | - | 103,745 | 1,299,133 |
| Unearned revenue | - | 37,229 | - | - | - | - | - | - | - | - | - | 37,229 | 56,776 |
| Total liabilities | 1,224 | 140,974 | - | - | - | - | - | - | - | - | - | 142,198 | 1,461,854 |
| Fund balances: | | | | | | | | | | | | | |
| Nonspendable | - | 57,706 | - | - | - | - | - | - | - | - | - | 57,706 | 51,846 |
| Restricted | - | 811,168 | - | - | - | 632,740 | 84,662 | 9,400 | 1,525,942 | 12,324 | 182,695 | 3,258,931 | 2,758,034 |
| Committed | 31,470 | - | 375,586 | 1,348,011 | 73,295 | - | - | - | - | 884 | - | 1,829,246 | 1,808,034 |
| Assigned | - | - | - | - | - | - | 29,826 | - | 64,698 | 1,973 | - | 96,497 | 85,916 |
| Unassigned | - | - | - | - | - | - | - | - | - | - | - | - | (27,173) |
| Total fund balances | 31,470 | 868,874 | 375,586 | 1,348,011 | 73,295 | 632,740 | 114,488 | 9,400 | 1,590,640 | 15,181 | 182,695 | 5,242,380 | 4,676,657 |
| Total liabilities and fund balances | \$ 32,694 | 1,009,848 | 375,586 | 1,348,011 | 73,295 | 632,740 | 114,488 | 9,400 | 1,590,640 | 15,181 | 182,695 | 5,384,578 | 6,138,511 |

TOWN OF GORHAM, MAINE
Combining Statement of Revenues, Expenditures and Changes, in Fund Balances
Nonmajor Special Revenue Funds
For the year ended June 30, 2022
(with comparative amounts for the year ended June 30, 2021)

| | School Donation Fund | School Lunch Fund | School Activity Funds | Sewer Operations Fund | Little Falls Sewer Reserve and Loan Fund | Impact Fees Fund | Library Fund | Recreation Fund | TIF Fund | Miscellaneous Fund | Public Safety Activity Funds | Totals | |
|--|----------------------------|-------------------------|-----------------------------|-----------------------------|---|------------------------|-----------------|--------------------|------------------|-----------------------|---------------------------------|------------------|------------------|
| | | | | | | | | | | | | 2022 | 2021 |
| Revenues: | | | | | | | | | | | | | |
| Taxes | \$ - | - | - | - | - | - | - | - | 1,173,058 | - | - | 1,173,058 | 1,010,026 |
| Intergovernmental: | | | | | | | | | | | | | |
| Federal grants | - | 1,387,598 | - | - | - | - | - | - | - | - | - | 1,387,598 | 6,106,702 |
| Other state grants | - | - | - | - | - | - | - | - | - | - | - | - | 118,614 |
| USDA subsidies | - | 65,258 | - | - | - | - | - | - | - | - | - | 65,258 | 58,337 |
| Total intergovernmental | - | 1,452,856 | - | - | - | - | - | - | - | - | - | 1,452,856 | 6,283,653 |
| Charges for services | - | 285,066 | - | 1,298,348 | - | 227,723 | 42,309 | 2,275 | 3,480 | - | - | 1,859,201 | 1,502,795 |
| Investment income (loss) | - | - | - | 566 | (7,201) | - | (5,345) | (135) | 15,002 | (1,259) | - | 1,628 | 8,352 |
| Student activity fees and fundraisers | - | - | 357,661 | - | - | - | - | - | - | - | - | 357,661 | 287,693 |
| Public Safety activity fees | - | - | - | - | - | - | - | - | - | - | 34,599 | 34,599 | 187,915 |
| Other revenues | 20,876 | 51,127 | - | - | - | - | - | - | - | - | - | 72,003 | 56,556 |
| Total revenues | 20,876 | 1,789,049 | 357,661 | 1,298,914 | (7,201) | 227,723 | 36,964 | 2,140 | 1,191,540 | (1,259) | 34,599 | 4,951,006 | 9,336,990 |
| Expenditures: | | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | | |
| Education-other special uses | 14,754 | - | - | - | - | - | - | - | - | - | - | 14,754 | 5,510,806 |
| Food services | - | 1,397,071 | - | - | - | - | - | - | - | - | - | 1,397,071 | 756,515 |
| Student activities | - | - | 383,314 | - | - | - | - | - | - | - | - | 383,314 | 204,790 |
| Public Safety activities | - | - | - | - | - | - | - | - | - | - | 38,234 | 38,234 | 162,223 |
| Public works - sewer | - | - | - | 1,250,970 | - | - | - | - | - | - | - | 1,250,970 | 1,174,758 |
| Recreation | - | - | - | - | - | - | 48,282 | - | - | - | - | 48,282 | 19,676 |
| Recreation activities | - | - | - | - | - | - | - | - | - | - | - | - | 230 |
| Economic development | - | - | - | - | - | - | - | - | 304,951 | - | - | 304,951 | 291,075 |
| Total expenditures | 14,754 | 1,397,071 | 383,314 | 1,250,970 | - | - | 48,282 | - | 304,951 | - | 38,234 | 3,437,576 | 8,120,073 |
| Excess (deficiency) of revenues over (under) expenditures | 6,122 | 391,978 | (25,653) | 47,944 | (7,201) | 227,723 | (11,318) | 2,140 | 886,589 | (1,259) | (3,635) | 1,513,430 | 1,216,917 |
| Other financing sources (uses): | | | | | | | | | | | | | |
| Transfers in | - | 120,000 | - | - | - | - | - | - | - | - | - | 120,000 | 100,000 |
| Transfers out | - | - | - | - | - | (205,419) | - | - | (700,026) | - | - | (905,445) | (723,856) |
| Total other financing sources (uses) | - | 120,000 | - | - | - | (205,419) | - | - | (700,026) | - | - | (785,445) | (623,856) |
| Net change in fund balance | 6,122 | 511,978 | (25,653) | 47,944 | (7,201) | 22,304 | (11,318) | 2,140 | 186,563 | (1,259) | (3,635) | 727,985 | 593,061 |
| Fund balances, beginning of year | 25,348 | 356,896 | 401,239 | 1,300,067 | 80,496 | 610,436 | 125,806 | 7,260 | 1,404,077 | 16,440 | 186,330 | 4,514,395 | 4,083,596 |
| Fund balances, end of year | \$ 31,470 | 868,874 | 375,586 | 1,348,011 | 73,295 | 632,740 | 114,488 | 9,400 | 1,590,640 | 15,181 | 182,695 | 5,242,380 | 4,676,657 |

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:

2015 Public Safety Building Bond

To account for the construction of a new police station and renovation to the public safety building.

2016 Main Street Bond

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

2020 Industrial Park Bond

To account for the development of an industrial park where lots will be sold off in the future.

Great Falls Elementary School Project

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

2020 Narragansett School Project Bond

To account for the construction of a modular for Narragansett School.

2021 School CIPS Capital Project Fund

To account for bond revenue and related expenditures for upgrades for Gorham Middle School and Narragansett School.

High School Renovation and Expansion Project

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

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**TOWN OF GORHAM, MAINE
Combining Balance Sheet
Nonmajor Capital Project Funds
June 30, 2022**

(with comparative amounts for June 30, 2021)

| | 2015 | 2016 | 2020 | Great Falls Elementary School Project | 2020 | 2021 School CIPS Capital Project Fund | High School Renovation and Expansion | Totals | |
|--|----------------------------|---------------------|-------------------------|---|--|---|--|------------------|------------------|
| | Public Safety Bldg Bond | Main Street Bond | Industrial Park Bond | | Narragansett School Project Bond | | | 2022 | 2021 |
| ASSETS | | | | | | | | | |
| Cash | \$ 15,298 | 305,732 | 1,629,484 | 70,098 | 6,784 | 2,594,068 | - | 4,621,464 | 2,211,915 |
| Interfund loans receivable | - | - | - | 36,028 | 55,891 | - | - | 91,919 | 94,939 |
| Total assets | 15,298 | 305,732 | 1,629,484 | 106,126 | 62,675 | 2,594,068 | - | 4,713,383 | 2,306,854 |
| LIABILITIES AND FUND BALANCES | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| Accounts payable | - | - | - | - | - | 382,259 | - | 382,259 | - |
| Interfund loans payable | 2,083 | - | 31,155 | - | - | 355,159 | - | 388,397 | 107,004 |
| Total liabilities | 2,083 | - | 31,155 | - | - | 737,418 | - | 770,656 | 107,004 |
| Fund balances (deficit): | | | | | | | | | |
| Restricted | 13,215 | 305,732 | 1,598,329 | 106,126 | 62,675 | 1,856,650 | - | 3,942,727 | 2,203,248 |
| Unassigned | - | - | - | - | - | - | - | - | (3,398) |
| Total fund balances (deficit) | 13,215 | 305,732 | 1,598,329 | 106,126 | 62,675 | 1,856,650 | - | 3,942,727 | 2,199,850 |
| Total liabilities and fund balances | \$ 15,298 | 305,732 | 1,629,484 | 106,126 | 62,675 | 2,594,068 | - | 4,713,383 | 2,306,854 |

TOWN OF GORHAM, MAINE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Project Funds
For the year ended June 30, 2022
(with comparative amounts for the year ended June 30, 2021)

| | 2015 Public Safety Bldg Bond | 2016 Main Street Bond | 2020 Industrial Park Bond | Great Falls Elementary School Project | 2020 | | 2021 School CIPS Capital Project Fund | High School Renovation and Expansion | Totals | |
|--|------------------------------------|-----------------------------|---------------------------------|---|--|------------------|---|--|------------------|------|
| | | | | | Narragansett School Project Bond | | | | 2022 | 2021 |
| Revenues: | | | | | | | | | | |
| Investment income | \$ 113 | 1,359 | 7,477 | 312 | 555 | 11,849 | - | 21,665 | 5,352 | |
| Miscellaneous Income | - | - | - | - | - | - | - | - | 8,118 | |
| Total revenues | 113 | 1,359 | 7,477 | 312 | 555 | 11,849 | - | 21,665 | 13,470 | |
| Expenditures: | | | | | | | | | | |
| Debt service: | | | | | | | | | | |
| Principal | - | - | - | - | - | 314,408 | - | 314,408 | - | |
| Capital improvements: | | | | | | | | | | |
| Construction and renovation | - | - | 100,087 | - | 1,900 | 2,721,466 | - | 2,823,453 | 660,865 | |
| Total capital improvements | - | - | 100,087 | - | 1,900 | 2,721,466 | - | 2,823,453 | 660,865 | |
| Total expenditures | - | - | 100,087 | - | 1,900 | 3,035,874 | - | 3,137,861 | 660,865 | |
| Excess (deficiency) of revenues over (under) expenditures | 113 | 1,359 | (92,610) | 312 | (1,345) | (3,024,025) | - | (3,116,196) | (647,395) | |
| Other financing sources (uses): | | | | | | | | | | |
| Transfers - in | - | - | - | - | - | - | 3,398 | 3,398 | - | |
| Transfers - out | (25,000) | - | - | - | - | - | - | (25,000) | (25,000) | |
| Total other financing sources (uses) | (25,000) | - | - | - | - | - | 3,398 | (21,602) | (25,000) | |
| Net change in fund balances | (24,887) | 1,359 | (92,610) | 312 | (1,345) | (3,024,025) | 3,398 | (3,137,798) | (672,395) | |
| Fund balances (deficit), beginning of year | 38,102 | 304,373 | 1,690,939 | 105,814 | 64,020 | 4,880,675 | (3,398) | 7,080,525 | 2,872,245 | |
| Fund balances, end of year | \$ 13,215 | 305,732 | 1,598,329 | 106,126 | 62,675 | 1,856,650 | - | 3,942,727 | 2,199,850 | |

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.

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**TOWN OF GORHAM, MAINE
Combining Balance Sheet
Nonmajor Permanent Funds
June 30, 2022**

(with comparative amounts for June 30, 2021)

| | Cemetery Perpetual Care | Parks and Recreation Grounds | Baxter Library and Museum | Schools | Public Purpose and Civic Improvements | Miscellaneous | Totals | |
|--|-------------------------------|---------------------------------------|------------------------------------|---------------|--|----------------|------------------|------------------|
| | | | | | | | 2022 | 2021 |
| ASSETS | | | | | | | | |
| Investments | \$ 505,524 | 12,118 | 240,316 | 45,738 | 13,886 | 213,712 | 1,031,294 | 1,120,113 |
| Interfund loans receivable | - | - | - | - | - | - | - | 1,041 |
| Total assets | 505,524 | 12,118 | 240,316 | 45,738 | 13,886 | 213,712 | 1,031,294 | 1,121,154 |
| LIABILITIES AND FUND BALANCES | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable | 5,496 | - | - | - | - | - | 5,496 | 6,298 |
| Total liabilities | 5,496 | - | - | - | - | - | 5,496 | 6,298 |
| Fund balances: | | | | | | | | |
| Nonspendable | 499,993 | 4,125 | 211,226 | 5,171 | 5,000 | 57,707 | 783,222 | 826,668 |
| Restricted | 35 | 7,993 | 29,090 | 40,567 | 8,886 | 156,005 | 242,576 | 288,188 |
| Total fund balances | 500,028 | 12,118 | 240,316 | 45,738 | 13,886 | 213,712 | 1,025,798 | 1,114,856 |
| Total liabilities and and fund balances | \$ 505,524 | 12,118 | 240,316 | 45,738 | 13,886 | 213,712 | 1,031,294 | 1,121,154 |

TOWN OF GORHAM, MAINE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Permanent Funds
For the year ended June 30, 2022
(with comparative amounts for the year ended June 30, 2021)

| | Cemetery Perpetual Care | Parks and Recreation Grounds | Baxter Library and Museum | Schools | Public Purpose and Civic Improvements | Miscellaneous | Totals | |
|-----------------------------------|-------------------------------|---------------------------------------|------------------------------------|----------------|--|-----------------|------------------|------------------|
| | | | | | | | 2022 | 2021 |
| Revenues: | | | | | | | | |
| Investment income (loss) | \$ 5,498 | 135 | 1,457 | 508 | 154 | 3,478 | 11,230 | 37,767 |
| Market gain on investments | (55,961) | (1,372) | (6,403) | (5,181) | (1,573) | (36,802) | (107,292) | (20,004) |
| Donations | 12,500 | - | - | - | - | - | 12,500 | 11,200 |
| Total revenues | (37,963) | (1,237) | (4,946) | (4,673) | (1,419) | (33,324) | (83,562) | 28,963 |
| Expenditures: | | | | | | | | |
| Current: | | | | | | | | |
| Other miscellaneous | 5,496 | - | - | - | - | - | 5,496 | 6,298 |
| Total expenditures | 5,496 | - | - | - | - | - | 5,496 | 6,298 |
| Net change in fund balance | (43,459) | (1,237) | (4,946) | (4,673) | (1,419) | (33,324) | (89,058) | 22,665 |
| Fund balances, beginning of year | 543,487 | 13,355 | 245,262 | 50,411 | 15,305 | 247,036 | 1,114,856 | 1,092,191 |
| Fund balances, end of year | \$ 500,028 | 12,118 | 240,316 | 45,738 | 13,886 | 213,712 | 1,025,798 | 1,114,856 |

FIDUCIARY FUNDS

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

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.

Ernst Cressey Scholarship Fund

Provides a scholarship to a Gorham High School student who is currently taking business classes and intends to pursue a career in business.

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TOWN OF GORHAM, MAINE
Combining Statement of Fiduciary Net Position
Private-purpose Trust Funds
June 30, 2022
(with comparative amounts for June 30, 2021)

| | 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 | Ernst Cressey Scholarship | Totals | |
|---|---------------------------------|--------------------------------------|--------------------------------|---------------------------------|-----------------------------------|----------------------------------|--|---------------------------------|----------------|---------------|
| | | | | | | | | | 2022 | 2021 |
| ASSETS | | | | | | | | | | |
| Investments | \$ 1,896 | 2,351 | 5,628 | 23,584 | 4,511 | 10,082 | 1,772 | 60,122 | 109,946 | 41,642 |
| Total assets | 1,896 | 2,351 | 5,628 | 23,584 | 4,511 | 10,082 | 1,772 | 60,122 | 109,946 | 41,642 |
| LIABILITIES AND NET POSITION | | | | | | | | | | |
| Liabilities: | | | | | | | | | | |
| Interfund loan payable | - | - | - | - | - | - | - | 3,000 | 3,000 | - |
| Total liabilities | - | - | - | - | - | - | - | 3,000 | 3,000 | - |
| Net position: | | | | | | | | | | |
| Principal | 1,796 | 2,274 | 5,528 | 23,462 | 4,368 | 10,082 | 1,772 | 57,122 | 106,404 | 41,142 |
| Unexpended income | 100 | 77 | 100 | 122 | 143 | - | - | - | 542 | 500 |
| Total net position | 1,896 | 2,351 | 5,628 | 23,584 | 4,511 | 10,082 | 1,772 | 57,122 | 106,946 | 41,642 |
| Total liabilities and and net position | \$ 1,896 | 2,351 | 5,628 | 23,584 | 4,511 | 10,082 | 1,772 | 60,122 | 109,946 | 41,642 |

TOWN OF GORHAM, MAINE
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Private-purpose Trust Funds
For the year ended June 30, 2022
(with comparative amounts for the year ended June 30, 2021)

| | 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 | Ernst Cressey Scholarship | Totals | |
|--|---------------------------------|--------------------------------------|--------------------------------|---------------------------------|-----------------------------------|----------------------------------|--|---------------------------------|----------------|---------------|
| | | | | | | | | | 2022 | 2021 |
| Additions: | | | | | | | | | | |
| Investment earnings: | | | | | | | | | | |
| Interest | \$ 22 | 26 | 64 | 150 | 50 | 112 | 20 | 122 | 566 | 490 |
| Net increase (decrease) in the fair value of investments | (226) | (266) | (650) | (1,285) | (511) | (1,141) | (201) | - | (4,280) | (976) |
| Donations | - | - | - | 12,343 | - | - | - | 60,000 | 72,343 | - |
| Total additions | (204) | (240) | (586) | 11,208 | (461) | (1,029) | (181) | 60,122 | 68,629 | (486) |
| Deductions: | | | | | | | | | | |
| Current: | | | | | | | | | | |
| Scholarships awarded | 100 | - | 100 | 125 | - | - | - | 3,000 | 3,325 | 600 |
| Total deductions | 100 | - | 100 | 125 | - | - | - | 3,000 | 3,325 | 600 |
| Changes in net position | (304) | (240) | (686) | 11,083 | (461) | (1,029) | (181) | 57,122 | 65,304 | (1,086) |
| Net position, beginning of year | 2,200 | 2,591 | 6,314 | 12,501 | 4,972 | 11,111 | 1,953 | - | 41,642 | 42,728 |
| Net position, end of year | \$ 1,896 | 2,351 | 5,628 | 23,584 | 4,511 | 10,082 | 1,772 | 57,122 | 106,946 | 41,642 |

STATISTICAL SECTION

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STATISTICAL SECTION

This part of the Town of Gorham's annual comprehensive 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 | 129-133 |
| <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 | 134-137 |
| <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i> | |
| Debt Capacity | 138-141 |
| <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 | 142-143 |
| <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 | 144-146 |
| <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 annual comprehensive financial reports for the relevant year.

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

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 39,771,522 | \$ 41,744,384 | \$ 42,226,881 | \$ 44,482,501 | \$ 45,097,589 | \$ 45,751,261 | \$ 46,553,861 | \$ 46,066,679 | \$ 47,619,106 | \$ 50,320,931 |
| Restricted | 3,242,839 | 3,936,188 | 3,949,973 | 4,067,304 | 4,000,304 | 3,740,750 | 3,509,301 | 3,690,589 | 4,295,979 | 5,032,877 |
| Unrestricted | 9,596,610 | 9,556,973 | 9,268,347 | 10,011,462 | 10,849,966 | 11,509,305 | 7,459,371 | 9,563,713 | 11,172,419 | 13,768,797 |
| Total governmental activities net position | <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> | <u>\$ 57,522,533</u> | <u>\$ 59,320,981</u> | <u>\$ 63,087,504</u> | <u>\$ 69,122,605</u> |

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

| | 2013 | 2014 | 2015 ² | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 4,743,171 | \$ 5,045,971 | \$ 5,212,457 | \$ 5,750,902 | \$ 5,487,400 | \$ 5,369,140 | \$ 5,780,049 | \$ 6,139,815 | \$ 6,634,344 | \$ 7,158,217 |
| Public safety | 3,803,853 | 4,181,443 | 3,893,475 | 4,582,029 | 4,827,053 | 4,779,796 | 4,511,091 | 5,966,420 | 5,572,679 | 5,517,474 |
| Public works | 5,401,195 | 5,430,356 | 5,159,276 | 5,300,666 | 6,115,530 | 6,087,262 | 6,013,695 | 6,323,692 | 6,023,288 | 6,977,671 |
| Health and welfare | 188,183 | 121,093 | 50,170 | 52,100 | 44,098 | 37,848 | 29,359 | 42,591 | 52,446 | 60,725 |
| Recreation | 1,454,250 | 1,616,165 | 1,648,025 | 1,601,851 | 1,729,112 | 1,897,893 | 2,157,151 | 1,944,688 | 1,678,806 | 1,932,426 |
| Development | 240,178 | 246,957 | 240,827 | 309,488 | 312,953 | 299,326 | 523,040 | 603,883 | 554,405 | 370,415 |
| Education | 35,364,568 | 35,457,060 | 36,435,791 | 37,728,542 | 39,773,685 | 41,177,926 | 43,283,812 | 46,186,757 | 51,280,930 | 51,415,512 |
| Interest on debt | 1,310,289 | 1,260,694 | 1,218,765 | 1,231,628 | 1,157,647 | 1,083,433 | 745,058 | 972,437 | 946,201 | 829,521 |
| Total governmental activities expenses | <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> | <u>63,043,255</u> | <u>68,180,283</u> | <u>72,743,099</u> | <u>74,261,961</u> |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | 669,844 | 733,768 | 710,554 | 742,951 | 774,965 | 964,088 | 936,800 | 1,017,435 | 922,452 | 1,288,332 |
| Public safety | 643,240 | 582,398 | 635,994 | 595,448 | 637,448 | 564,292 | 569,344 | 835,189 | 906,453 | 818,856 |
| Public works | 1,518,310 | 1,592,331 | 1,522,571 | 1,605,862 | 1,634,405 | 1,893,239 | 1,884,100 | 1,992,784 | 2,151,183 | 2,253,546 |
| Health and welfare | 10,454 | 10,391 | 9,848 | 10,373 | 8,863 | 8,458 | 9,582 | 5,375 | 175 | 2,391 |
| Recreation | 655,906 | 798,272 | 792,628 | 859,864 | 940,247 | 1,003,066 | 1,103,635 | 868,655 | 1,020,495 | 1,299,510 |
| Education | 565,176 | 585,729 | 34,928 | 640,904 | 694,946 | 758,090 | 836,000 | 1,017,253 | 560,490 | 845,079 |
| Operating grants and contributions | 22,140,676 | 22,890,431 | 24,339,847 | 22,449,423 | 22,828,112 | 23,999,725 | 23,605,288 | 25,696,099 | 30,826,600 | 30,995,898 |
| Capital grants and contributions | 275,574 | 1,712,233 | 217,919 | 2,696,445 | 1,091,087 | 1,058,000 | - | 333,500 | 123,359 | 563,500 |
| Total governmental activities program revenues | <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> | <u>28,944,749</u> | <u>31,766,290</u> | <u>36,511,207</u> | <u>38,067,112</u> |
| Net (expense)/revenue, governmental activities | <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> | <u>(34,098,506)</u> | <u>(36,413,993)</u> | <u>(36,231,892)</u> | <u>(36,194,849)</u> |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes, levied for general purposes | 20,982,710 | 22,639,056 | 23,320,184 | 24,499,792 | 26,074,860 | 26,632,400 | 28,985,990 | 31,050,052 | 31,331,706 | 32,579,092 |
| Payment in lieu of taxes | 58,207 | 59,272 | 58,967 | 58,688 | 43,971 | 43,717 | 44,882 | 45,193 | 45,193 | 46,823 |
| Motor vehicle and boat excise taxes | 2,618,905 | 2,860,442 | 3,034,851 | 3,272,059 | 3,515,752 | 3,745,638 | 3,958,242 | 3,981,606 | 4,145,726 | 4,311,760 |
| Grants and contributions not restricted to specific programs: | | | | | | | | | | |
| Homestead exemption | 260,833 | 273,331 | 273,442 | 287,369 | 435,362 | 601,666 | 782,870 | 748,076 | 1,034,413 | 1,041,085 |
| BETE reimbursement | 189,602 | 180,676 | 215,861 | 292,684 | 305,366 | 299,868 | 539,203 | 592,272 | 635,827 | 608,149 |
| Other state aid | 41,769 | 41,730 | 40,914 | 40,755 | 38,785 | 40,767 | 37,966 | 38,461 | 36,145 | 50,412 |
| State revenue sharing | 1,105,086 | 784,766 | 731,086 | 780,829 | 738,529 | 778,497 | 871,428 | 1,288,868 | 1,746,817 | 2,630,503 |
| Unrestricted investment earnings | 100,293 | 91,407 | 118,144 | 128,724 | 200,467 | 288,927 | 460,991 | 311,167 | 133,883 | 111,081 |
| Miscellaneous revenues | 288,815 | 308,262 | 262,310 | 421,513 | 645,630 | 436,450 | 122,874 | 160,719 | 379,344 | 802,205 |
| Sale of property | 2,983 | 14,918 | 2,000 | 289,589 | 225,455 | 27,249 | 5,058 | - | 30,157 | 48,840 |
| Total governmental activities | <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> | <u>35,809,504</u> | <u>38,216,414</u> | <u>39,519,211</u> | <u>42,229,950</u> |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | <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> | <u>\$ 1,710,998</u> | <u>\$ 1,802,421</u> | <u>\$ 3,287,319</u> | <u>\$ 6,035,101</u> |

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 |
|----------------|-------------------|-----------------------------------|-----------------|---------------|
| 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 |
| 2019 | 28,985,990 | 60,518 | 3,958,242 | 33,004,750 |
| 2020 | 31,050,052 | 56,084 | 3,981,606 | 35,087,742 |
| 2021 | 31,331,706 | 67,178 | 4,145,726 | 35,544,610 |
| 2022 | 32,579,092 | 94,323 | 4,311,760 | 36,985,175 |

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

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---------------------|---------------------|------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|------------------------|---------------------|
| General Fund | | | | | | | | | | |
| Nonspendable | | | | | | | | | | |
| Noncurrent receivables | \$ 6,078 | \$ 2,634 | \$ 2,228 | \$ 1,823 | \$ 1,418 | \$ 1,013 | \$ 608 | 203 | - | - |
| Prepaid items | 105,687 | 212,149 | 228,091 | 144,676 | 140,814 | 84,285 | 32,198 | 21,558 | 73,653 | 49,492 |
| Inventory | 43,068 | 79,362 | 70,300 | 47,988 | 26,185 | 54,600 | 38,019 | 36,912 | 16,531 | 65,297 |
| Restricted | | | | | | | | | | |
| General government purposes | - | 15,006 | 26,751 | 31,099 | 29,900 | 41,741 | 44,167 | 47,969 | 51,728 | 269,825 |
| Public safety operations | 164,996 | 151,483 | 194,803 | 200,241 | 137,066 | 118,128 | 134,652 | 136,407 | 126,740 | 151,449 |
| Public works operations | 106,425 | 179,875 | 176,551 | 149,987 | 160,844 | 165,730 | 177,973 | 196,283 | 187,275 | 202,476 |
| Recreation operations | 750 | 7,359 | 10,965 | 9,434 | 9,103 | 7,480 | 6,621 | 5,549 | 5,500 | 8,986 |
| Other purposes | - | - | - | - | - | - | 730 | - | - | - |
| Committed | | | | | | | | | | |
| General government purposes | 104,006 | 310,677 | 363,659 | 652,000 | 855,966 | 621,161 | 657,722 | 938,362 | 1,391,670 | 1,164,839 |
| Public safety operations | - | 24,760 | 11,604 | 46,313 | 159,562 | 42,549 | 351,264 | 114,491 | 167,574 | 443,761 |
| Public works operations | - | 83,827 | 148,930 | 308,509 | 952,792 | 1,468,916 | 1,263,507 | 889,620 | 1,279,361 | 1,374,637 |
| Recreation operations | - | 60,342 | 229,208 | 120,151 | 254,767 | 127,897 | 594,035 | 544,476 | 552,483 | 314,460 |
| Economic development | - | - | - | - | - | - | - | - | - | 19,000 |
| Other purposes | 754,600 | - | - | - | - | - | 26,460 | - | - | - |
| Assigned | | | | | | | | | | |
| Capital funding | 466,800 | 1,005,423 | 1,130,012 | 1,344,000 | 1,394,848 | 2,104,048 | 1,051,114 | 2,256,931 | 2,556,602 | 2,241,811 |
| Encumbrances | 445,389 | 277,951 | 256,426 | 544,638 | 398,907 | 457,404 | 654,458 | 576,266 | 785,626 | 1,146,632 |
| General government purposes | 550,638 | 492,432 | 795,656 | 408,959 | 326,572 | 399,074 | 449,714 | 318,103 | 275,902 | 303,161 |
| Public safety operations | 187,318 | 147,693 | 172,952 | 165,258 | 148,410 | 121,183 | 144,771 | 239,367 | 256,098 | 306,669 |
| Public works operations | 510,559 | 649,994 | 607,394 | 793,465 | 155,574 | 126,730 | 161,053 | 220,008 | 175,367 | 67,904 |
| Recreation operations | 301,141 | 321,926 | 237,986 | 258,284 | 317,634 | 315,670 | 253,376 | 171,527 | 293,467 | 551,422 |
| Economic development | 85,399 | 82,899 | 82,899 | 75,124 | 72,993 | 46,703 | 48,458 | 51,686 | 61,880 | 61,651 |
| Insurance and employee benefits | 567,789 | 537,873 | 904,144 | 1,061,822 | 1,048,933 | 957,326 | 803,863 | 800,567 | 684,768 | 680,509 |
| Other purposes | 309,499 | - | - | - | 2,294 | - | - | 688 | 968 | 968 |
| Compensated absences | 369,162 | 376,121 | 396,688 | 411,255 | 457,563 | 484,046 | 487,892 | 531,153 | 619,350 | 567,350 |
| Unassigned | 6,491,317 | 6,567,745 | 6,708,673 | 7,011,371 | 7,884,367 | 7,846,520 | 8,948,160 | 9,315,502 | 9,526,105 | 11,701,248 |
| Total General Fund | 11,570,621 | 11,587,531 | 12,755,920 | 13,786,397 | 14,936,512 | 15,592,204 | 16,330,815 | 17,413,628 | 19,088,648 | 21,693,547 |
| All other governmental funds | | | | | | | | | | |
| Nonspendable | | | | | | | | | | |
| Special revenue funds | 145,908 | 169,010 | 203,776 | 270,181 | 252,486 | 44,353 | 47,707 | 58,610 | 51,846 | 57,706 |
| Permanent funds | 538,345 | 746,715 | 905,102 | 933,457 | 933,803 | 929,754 | 942,936 | 828,028 | 826,668 | 783,222 |
| Restricted | | | | | | | | | | |
| Special revenue funds | 2,499,236 | 2,627,725 | 2,424,698 | 2,498,548 | 2,464,903 | 2,209,543 | 1,838,947 | 2,314,448 | 2,758,034 | 3,396,094 |
| Capital project funds | 559,273 | 1,056,815 | 5,382,372 ¹ | 2,290,650 | 1,739,594 | 793,373 | 818,578 | 2,859,643 | 7,083,923 ¹ | 3,942,727 |
| Permanent funds | 205,258 | 208,025 | 211,103 | 213,616 | 220,332 | 224,021 | 271,832 | 246,163 | 288,188 | 242,576 |
| Committed | | | | | | | | | | |
| Special revenue funds | 99,629 | 106,714 | 177,822 | 291,647 | 340,977 | 1,228,261 | 1,273,993 | 1,663,439 | 1,808,034 | 1,829,246 |
| Capital project funds | 82,982 | 68,825 | 68,825 | 68,825 | 29,238 | 184,462 | 76,183 | 12,602 | - | - |
| Assigned | | | | | | | | | | |
| Special revenue funds | 305,307 | 10,396 | 9,527 | 10,852 | 12,663 | 75,631 | 79,181 | 70,843 | 85,916 | 96,497 |
| Unassigned | | | | | | | | | | |
| Special revenue funds | (1,606,033) | (872,680) | (604,072) | (720,751) | (805,304) | (1,377,570) | (1,832,814) | (418,253) | (838,382) | (795,476) |
| Total all other governmental funds | \$ 2,829,905 | \$ 4,121,545 | \$ 8,779,153 | \$ 5,857,025 | \$ 5,188,692 | \$ 4,311,828 | \$ 3,516,543 | \$ 7,635,523 | \$ 12,064,227 | \$ 9,552,592 |

¹ 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)

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|-------------------|-------------------|------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Revenues | | | | | | | | | | |
| Taxes | \$ 23,806,646 | \$ 25,447,669 | \$ 26,429,236 | \$ 27,906,699 | \$ 29,657,648 | \$ 30,434,839 | \$ 32,811,450 | 35,097,842 | 35,659,610 | \$ 37,067,175 |
| Licenses and permits | 644,599 | 691,597 | 674,697 | 684,459 | 728,782 | 824,494 | 772,177 | 879,693 | 766,012 | 1,148,341 |
| Intergovernmental | 23,642,623 | 23,896,480 | 24,505,354 | 23,951,677 | 24,498,894 | 25,670,115 | 25,780,170 | 28,323,895 | 34,268,602 | 35,313,547 |
| Charges for services | 2,862,119 | 3,030,321 | 2,461,337 | 3,837,878 | 3,992,123 | 4,322,463 | 4,501,784 | 4,317,146 | 4,288,898 | 4,931,145 |
| Unclassified | 1,189,455 | 1,266,969 | 2,050,794 ¹ | 807,468 | 1,085,637 | 833,426 | 695,372 | 568,640 | 1,162,296 | 1,355,354 |
| Total revenues | <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> | <u>64,560,953</u> | <u>69,187,216</u> | <u>76,145,418</u> | <u>79,815,562</u> |
| Expenditures | | | | | | | | | | |
| General government | 3,917,516 | 4,082,567 | 4,216,477 | 4,713,140 | 4,964,782 | 4,907,121 | 5,214,384 | 5,508,749 | 6,537,011 | 6,665,208 |
| Public safety | 3,483,363 | 3,708,786 | 3,765,789 | 4,063,172 | 4,548,080 | 4,419,673 | 4,969,416 | 5,661,748 | 5,135,902 | 5,550,594 |
| Public works | 3,375,294 | 3,467,186 | 3,314,864 | 3,980,162 | 4,616,022 | 4,612,736 | 5,113,111 | 5,064,881 | 5,162,775 | 6,068,342 |
| Health and welfare | 188,183 | 121,093 | 50,170 | 52,100 | 44,098 | 37,848 | 29,359 | 42,591 | 52,446 | 60,725 |
| Recreation | 1,275,146 | 1,458,993 | 1,514,686 | 1,685,202 | 1,599,650 | 1,918,189 | 2,029,703 | 1,875,988 | 1,737,523 | 2,258,684 |
| Economic development | 59,701 | 73,970 | 68,674 | 80,993 | 76,962 | 91,175 | 312,067 | 354,160 | 413,963 | 493,562 |
| Public agencies | 26,646 | 30,018 | 29,878 | 32,361 | 44,269 | 79,353 | 87,787 | 96,227 | 91,653 | 94,613 |
| Unclassified | 404,876 | 490,165 | 534,140 | 479,585 | 421,718 | 389,798 | 437,017 | 392,432 | 201,005 | 239,557 |
| Education and food service | 33,009,864 | 34,130,460 | 35,274,132 | 36,159,730 | 37,827,413 | 39,794,999 | 41,876,210 | 43,063,107 | 50,305,853 | 50,331,930 |
| Debt service | | | | | | | | | | |
| Principal | 3,593,125 | 3,653,125 | 3,148,125 | 3,378,125 | 3,438,125 | 3,468,125 | 3,393,125 | 3,448,125 | 3,590,000 | 4,219,650 |
| Interest | 1,361,973 | 1,308,722 | 1,230,211 | 1,331,006 | 1,398,168 | 1,165,808 | 1,020,768 | 983,885 | 1,028,130 | 933,007 |
| Capital maintenance | 418,072 | 214,165 | 827,997 | 65,411 | 69,976 | 164,730 | 6,670 | 2,000 | 20,138 | 76,284 |
| Capital improvements | 1,684,681 | 2,084,346 | 1,595,529 | 5,023,751 | 2,036,740 | 997,102 | 639,310 | 7,297,189 | 1,958,027 | 2,823,453 |
| Total expenditures | <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> | <u>65,128,927</u> | <u>73,791,082</u> | <u>76,234,426</u> | <u>79,815,609</u> |
| Other financing sources (uses) | | | | | | | | | | |
| Issuance of finance purchases | - | 399,110 | 136,208 | 167,928 | 159,710 | 339,200 | 511,300 | 1,443,471 | 820,355 | 70,784 |
| Issuance of bonds | - | - | 5,139,043 | 1,775,000 | 1,290,000 | - | - | 7,840,000 | 5,204,650 | - |
| Bond premium | - | - | - | 21,978 | 55,000 | - | - | 60,984 | 149,727 | - |
| Transfers in | 14,093,904 | 15,171,646 | 15,784,224 | 16,182,196 | 17,852,299 | 18,341,863 | 20,694,679 | 22,058,889 | 22,779,611 | 23,333,133 |
| Transfers out | (14,093,904) | (15,171,646) | (15,784,224) | (16,182,196) | (17,852,299) | (18,341,863) | (20,694,679) | (22,058,889) | (22,779,611) | (23,333,133) |
| 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>-</u> | <u>399,110</u> | <u>5,275,251</u> | <u>1,964,906</u> | <u>1,604,881</u> | <u>339,200</u> | <u>511,300</u> | <u>9,344,455</u> | <u>6,174,732</u> | <u>70,784</u> |
| Net change in fund balances | \$ (652,998) | \$ (91,450) | \$ 5,825,997 | \$ (1,891,651) | \$ 481,962 | \$ 377,880 | \$ (56,674) | \$ 4,740,589 | \$ 6,085,724 | \$ 70,737 |
| Debt service as a percentage of noncapital expenditures | 10.6% | 9.6% | 9.7% | 8.2% | 8.9% | 8.4% | 7.8% | 7.0% | 6.4% | 7.0% |

¹ Beginning with fiscal year 2016, recreation reimbursables has become part of the Charges for services source.

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

| Fiscal Year Ended June 30 | Real Property | | Personal Property | Less Tax Exempt Real Property | Total Taxable Assessed Value ¹ | Total Direct Tax Rate | State Equalized Value ² | Assessed Value as a Percentage of Equalized Value |
|------------------------------------|-------------------------|------------------------|----------------------|-------------------------------------|--|--------------------------------|--|---|
| | Residential Property | Commercial Property | | | | | | |
| 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% |
| 2019 | 1,336,762,000 | 552,252,256 | 42,540,300 | 340,776,561 | 1,590,777,995 | 17.50 | 1,806,250,000 | 88.1% |
| 2020 | 1,365,751,300 | 563,838,641 | 41,224,600 | 335,297,841 | 1,635,516,700 | 18.22 | 1,992,000,000 | 82.1% |
| 2021 | 1,311,263,250 | 650,219,291 | 38,519,700 | 350,085,191 | 1,649,917,050 | 18.23 | 2,152,750,000 | 76.6% |
| 2022 | 1,379,846,000 | 603,034,675 | 46,916,900 | 350,352,915 | 1,679,444,660 | 18.62 | 2,280,050,000 | 73.7% |

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 | |
| 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 |
| 2019 | 5.46 | 12.04 | 17.50 | 0.70 | 18.20 |
| 2020 | 5.52 | 12.70 | 18.22 | 0.73 | 18.95 |
| 2021 | 5.61 | 12.62 | 18.23 | 0.77 | 19.00 |
| 2022 | 5.99 | 12.63 | 18.62 | 0.78 | 19.40 |

Source: Cumberland County Regional Assessing

Table 8

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

| Taxpayer | 2022 | | | 2013 | | |
|--|-----------------------------|------|------------------------------------|-----------------------------|------|------------------------------------|
| | Current year assessed value | Rank | Percentage of total assessed value | Current year assessed value | Rank | Percentage of total assessed value |
| Central Maine Power Co. | \$ 85,577,100 | 1 | 5.10% | \$ 56,677,300 | 1 | 4.39% |
| New Portland Road Realty LLC | 13,137,400 | 2 | 0.78% | 11,605,700 | 2 | 0.90% |
| Nappi Distributors | 9,371,947 | 3 | 0.56% | 8,528,800 | 5 | 0.66% |
| Hannaford Brothers | 8,328,332 | 4 | 0.50% | 6,241,200 | 10 | 0.48% |
| 49 Raceway Drive LLC | 7,500,600 | 5 | 0.45% | | | |
| Railroad Avenue LLC | 7,154,500 | 6 | 0.43% | - | | |
| Maine Natural Gas | 6,898,629 | 7 | 0.41% | | | |
| Maritime & NE Pipeline | 6,402,277 | 8 | 0.38% | 6,945,100 | 8 | 0.54% |
| Gorham Savings Bank | 5,511,600 | 9 | 0.33% | 9,824,000 | 4 | 0.76% |
| Scott Paper | 5,130,900 | 10 | 0.31% | 7,336,700 | 7 | 0.57% |
| Maine Mobile Homes LTD | - | | | 6,709,700 | 9 | 0.52% |
| Shaw Brothers Construction Co. (formerly known as Gorham House) | - | | | 8,048,300 | 6 | 0.62% |
| Grondin, R J & Phillip | - | | | 10,639,000 | 3 | 0.82% |
| Totals | \$ 155,013,285 | | 9.23% | \$ 132,555,800 | | 10.26% |

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 |
| 2013 | 21,037,690 | 20,488,787 | 97.4% | 541,282 | \$ 21,030,069 | 100.0% |
| 2014 | 22,661,472 | 21,966,820 | 96.9% | 685,958 | 22,652,778 | 100.0% |
| 2015 | 23,364,012 | 22,663,613 | 97.0% | 690,453 | 23,354,066 | 100.0% |
| 2016 | 24,538,607 | 23,819,148 | 97.1% | 708,916 | 24,528,064 | 100.0% |
| 2017 | 26,102,071 | 25,447,396 | 97.5% | 627,283 | 26,074,679 | 99.9% |
| 2018 | 26,896,932 | 26,195,909 | 97.4% | 671,825 | 26,867,734 | 99.9% |
| 2019 | 29,152,488 | 28,430,043 | 97.5% | 687,009 | 29,117,052 | 99.9% |
| 2020 | 31,054,391 | 29,819,003 | 96.0% | 1,185,458 | 31,004,461 | 99.8% |
| 2021 | 31,388,882 | 30,746,425 | 98.0% | 515,855 | 31,262,280 | 99.6% |
| 2022 | 32,581,226 | 31,842,971 | 97.7% | - | 31,842,971 | 97.7% |

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 | Finance Purchases | | | |
| 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 |
| 2019 | 29,908,633 | - | 740,278 | 30,648,911 | 7.42% | 1,871 |
| 2020 | 34,292,670 | - | 1,702,978 | 35,995,648 | 8.71% | 2,197 |
| 2021 | 35,914,466 | - | 2,167,784 | 38,082,250 | 5.84% | 2,077 |
| 2022 | 31,537,262 | - | 1,761,491 | 33,298,753 | 5.10% | 1,816 |

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 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 |
|----------------|--|--|----------------------------|
| 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 |
| 2019 | 29,908,633 | 1.66% | 1,826 |
| 2020 | 34,292,670 | 1.72% | 2,093 |
| 2021 | 35,914,466 | 1.67% | 1,959 |
| 2022 | 31,537,262 | 1.38% | 1,720 |

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

Amount 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, 2022

| Jurisdiction | Total debt outstanding | Percentage applicable to Gorham | Amount applicable to Gorham |
|--|---------------------------|---------------------------------------|-----------------------------------|
| Direct debt: | | | |
| Town of Gorham | \$ 33,298,753 | 100.00% | 33,298,753 |
| Overlapping debt: | | | |
| Cumberland County | 30,856,174 | 4.03% | 1,243,215 |
| Portland Water District - sewer shared with Windham | 2,272,000 | 70.38% | 1,599,009 |
| Portland Water District - sewer shared with Windham and Westbrook | 11,154,734 | 28.64% | 3,195,151 |
| Portland Water District - water debt | 58,631,046 | 5.95% | 3,488,547 |
| Subtotal overlapping debt: | | | 9,525,922 |
| Total direct and overlapping debt: | | | \$ 42,824,675 |

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 |
|-------------|-------------|---------------------------------------|----------------------|---|
| 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% |
| 2019 | 270,937,500 | 29,908,633 | 241,028,867 | 11.04% |
| 2020 | 298,800,000 | 34,292,670 | 264,507,330 | 11.48% |
| 2021 | 322,912,500 | 35,914,466 | 286,998,034 | 11.12% |
| 2022 | 342,007,500 | 31,537,262 | 310,470,238 | 9.22% |

Legal Debt Margin Calculation for Fiscal Year 2022

| | Outstanding bonds and notes | Percent of state assessed value of \$ 2,280,050,000 | Allowable Amount | Margin |
|--|-----------------------------------|---|-----------------------|-----------------------|
| For school purposes | \$ 17,756,630 | 10.00% | \$ 228,005,000 | \$ 210,248,370 |
| For storm or sanitary sewer purposes | - | 7.50% | \$ 171,003,750 | \$ 171,003,750 |
| For municipal, airport, water, and special district purposes | - | 3.00% | \$ 68,401,500 | \$ 68,401,500 |
| For all other purposes | 13,780,632 | 7.50% | \$ 171,003,750 | \$ 157,223,118 |
| Total | \$ 31,537,262 | 15.00% | \$ 342,007,500 | \$ 310,470,238 |

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 |
|----------------|-------------------------|--------------------|--|----------------------------|-----------------------------------|-----------------------------------|
| 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 | 2,724 | 2.80% |
| 2019 | 16,381 | 413,276,249 | 25,229 | 38.0 | 2,786 | 2.40% |
| 2020 | 16,381 | 413,276,249 | 25,229 | 38.0 | 2,792 | 7.60% |
| 2021 | 18,336 | 652,559,904 | 35,589 | 34.0 | 2,735 | 4.00% |
| 2022 | 18,336 | 652,559,904 | 35,589 | 34.0 | 2,755 | 2.20% |

Data Source

¹ U.S. Dept. of Commerce, Bureau of Census
The 2012-2020 figures are based upon the 2010 census.
The 2021 figure is based upon the 2020 census.

² U.S. Dept. of Commerce, Bureau of Census (2010)
U.S. Dept. of Commerce, Bureau of Census (2020)

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 | 2022 ¹ | | | 2013 | | |
|--|-------------------|------|------------------------------------|--------------|------|------------------------------------|
| | Employees | Rank | Percentage of Gorham's Labor Force | Employees | Rank | Percentage of Gorham's Labor Force |
| Town of Gorham: School/Municipal | 570 | 1 | 5.4% | 510 | 1 | 5.4% |
| University of Southern Maine* | 344 | 2 | 3.3% | 500 | 2 | 5.3% |
| Shaw Brothers Construction, Inc. | 248 | 3 | 2.4% | 185 | 6 | 2.0% |
| New Portland Road Realty LLC (formerly known as Gorham House) | 237 | 4 | 2.3% | 230 | 3 | 2.4% |
| Nappi Distributors | 212 | 5 | 2.0% | 200 | 5 | 2.1% |
| Goodwill Northern New England | 201 | 6 | 1.9% | | | |
| Hannaford Brothers | 166 | 7 | 1.6% | 158 | 7 | 1.7% |
| R. J. Grondin | 140 | 8 | 1.3% | 116 | 8 | 1.2% |
| Jotul Stove, Inc. | 105 | 9 | 1.0% | 79 | 10 | 0.8% |
| Gorham Savings Bank | 94 | 10 | 0.9% | 92 | 9 | 1.0% |
| Irwin Industrial Tool (formerly American Tool) | - | | 0.0% | 210 | 4 | 2.2% |
| Totals | 2,317 | | 22.0% | 2,280 | | 24.2% |

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

¹ Labor force figure was for June 2022 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 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General Government | 17.5 | 18.0 | 18.0 | 17.0 | 17.0 | 16.0 | 18.0 | 19.0 | 19.0 | 19.0 |
| Public Safety: | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Officers | 23.0 | 23.5 | 23.0 | 23.0 | 24.0 | 24.0 | 25.0 | 24.0 | 23.0 | 24.0 |
| Civilians | 2.0 | 2.0 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 |
| Fire: | | | | | | | | | | |
| Firefighters and EMT's | 12.0 | 12.0 | 12.5 | 12.5 | 12.5 | 12.5 | 12.5 | 12.5 | 12.5 | 12.0 |
| Civilians | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Public Works | 19.0 | 19.0 | 19.0 | 18.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 |
| Recreation | 14.0 | 16.0 | 16.0 | 16.0 | 16.0 | 16.0 | 16.0 | 16.0 | 15.0 | 15.0 |
| Development | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Total | 91.5 | 94.5 | 95.0 | 93.0 | 96.0 | 95.0 | 98.0 | 98.0 | 96.0 | 96.5 |

Table 17

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

| Function | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|--------|--------|
| General Government: | | | | | | | | | | |
| Building permits: | | | | | | | | | | |
| Single family | 43 | 75 | 67 | 66 | 84 | 101 | 91 | 67 | 55 | 50 |
| Condos | 4 | 4 | 13 | 2 | 19 | 17 | 10 | 4 | 12 | 2 |
| Commercial | 38 | 44 | 43 | 23 | 32 | 36 | 34 | 58 | 46 | 36 |
| Total number permits issued | 966 | 1,079 | 1,116 | 1,141 | 1,334 | 1,334 | 1,391 | 1,364 | 1,285 | 1,415 |
| Public Safety: | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Number of calls for service | 17,137 | 17,411 | 13,702 | 12,999 | 15,048 | 20,893 | 14,903 | 12,437 | 11,729 | 12,014 |
| Number of physical arrests | 738 | 648 | 622 | 452 | 409 | 783 | 399 | 103 | 113 | 256 |
| Number of summons and warnings | 1,906 | 2,059 | 2,004 | 1,871 | 1,545 | 3,511 | 1,862 | 1,352 | 1,201 | 848 |
| Parking tickets issued | 117 | 110 | 62 | 88 | 68 | 256 | 74 | 35 | 22 | 5 |
| Number of accidents investigated | 455 | 420 | 596 | 432 | 709 | 519 | 509 | 509 | 509 | 399 |
| Fire: | | | | | | | | | | |
| Number of fire and rescue calls | 2,728 | 2,732 | 2,589 | 2,664 | 2,922 | 2,905 | 3,069 | 2,780 | 2,771 | 2,849 |
| Number of fire hydrants | 296 | 304 | 310 | 316 | 316 | 320 | 320 | 320 | 320 | 320 |
| Number of fire ponds | 71 | 71 | 71 | 71 | 71 | 73 | 73 | 73 | 73 | 73 |
| Public Works: | | | | | | | | | | |
| Number of roads maintained | 288 | 290 | 290 | 290 | 297 | 300 | 302 | 304 | 304 | 310 |
| Lane miles of roads maintained | 291.0 | 292.8 | 292.8 | 293 | 296 | 296 | 309 | 298 | 298 | 330 |
| Acres of public area maintained | 154.65 | 154.65 | 154.65 | 155 | 155 | 155 | 155 | 155 | 155 | 155 |
| Acres of cemeteries maintained | 30.03 | 30.12 | 30.12 | 30 | 30 | 30 | 30 | 30 | 30 | 30 |
| Tons of residential solid waste | 2,154 | 2,233 | 2,331 | 2,400 | 2,605 | 2,686 | 2,660 | 2,902 | 3,039 | 3,039 |
| Tons of waste recycled | 1,314 | 1,266 | 1,260 | 1,226 | 1,222 | 1,149 | 1,142 | 794 | 844 | 844 |
| Recreation: | | | | | | | | | | |
| Library: | | | | | | | | | | |
| Number of items circulated | 115,826 | 116,987 | 115,477 | 110,329 | 109,048 | 112,729 | 116,948 | 119,977 | 96,054 | 95,979 |

Sources: Various town departments.

¹ Information reported for each fiscal year is for prior year's activity. Therefore, the fiscal year 2019 information is for activity in 2018.

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

| Function | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Public Safety: | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 19 | 19 | 19 | 19 | 20 | 20 | 20 | 19 | 19 | 20 |
| Fire stations | 6 | 6 | 6 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Public Works: | | | | | | | | | | |
| Streets (miles) | 291.0 | 292.8 | 292.8 | 292.8 | 295.9 | 296.1 | 308.6 | 297.9 | 297.9 | 330.3 |
| Street lights | 395 | 405 | 405 | 405 | 437 | 437 | 437 | 437 | 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 | 2 | 2 | 2 | 2 | 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.