

TOWN OF GORHAM, NEW HAMPSHIRE

FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES
With Independent Auditor's Report Thereon

DECEMBER 31, 2013

TOWN OF GORHAM, NEW HAMPSHIRE

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The Mercier Group

a professional corporation

INDEPENDENT AUDITOR'S REPORT

To the Members of the Selectboard and Management
Town of Gorham, New Hampshire

Report on the Financial Statements. We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Gorham, New Hampshire as of and for the year ended December 31, 2013, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

Auditor's Responsibility. Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluation of the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluation of the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions. In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Gorham, New Hampshire, as of December 31, 2013, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Required Supplementary Information. Accounting principles generally accepted in the United States of America require that the *Management Discussion and Analysis* beginning on page ii and the budgetary information presented in the section marked *Required Supplementary Information* be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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 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.

Report on Combining and Individual Fund Statements and Schedules. Our audit was performed for the purpose of forming opinions on the basic financial statements taken as a whole. The accompanying schedules listed in the table of contents 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Paul J. Mercier, Jr. cpa for

The Mercier Group, a professional corporation

Canterbury, New Hampshire

April 15, 2014

Management's Discussion & Analysis

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of the Town of Gorham’s (the Town) annual financial report presents management’s discussion and analysis of the Town’s financial performance during the fiscal year ended December 31, 2013. Please read it in conjunction with the Town’s financial statements, which follow this section.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$48,369,063.00 (net position).
- The Town’s total cash and investments totaled \$3,540,162.00 at December 31, 2013 representing an increase of \$974,896.00 from December 31, 2012.
- The Town had program revenues of \$1,603,255.00 at December 31, 2013 representing a decrease of \$876,873.00 from December 31, 2012 and program expenses of \$5,072,188.00 for the year ended December 31, 2013 representing a decrease of \$1,682,350.00. These decreases are largely due to both FEMA and NRCS grants, which dealt with storm damages from Tropical Storm Irene as the projects were completed largely in 2012.
- The General Fund (operating fund) reflected on a modified accrual basis of accounting, reports \$1,004,512.00 in fund balance (surplus). Please refer to the Note on Page 29 regarding Litigation.
- The total General Fund actual expenditures were \$242,115.00 less than the 2013 Budgeted Expenditures.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the Town’s basic financial statements. The Town’s basic financial statements are comprised of the following components:

	REQUIRED STATEMENTS	PURPOSE & INFORMATION INCLUDED
Government-Wide	-Statement of Net Position -Statement of Activities	Provides short and long-term information about our overall financial status, and how our net position has changed. The statement of net position includes all assets and liabilities, both operational and capital. The statement of activities accounts for all of the current year’s revenue and expenses.
Fund Financials: Governmental Funds	-Balance Sheet -Statement of Revenues, Expenditures and Changes in Fund Balances	Provides detailed short-term information on revenues, expenses and fund balances for the current year. Focus is on revenue sources, expenditure categories, and on the balance left at year-end.
Fund Financials: Enterprise Funds	-Statement of Net Position -Statement of Revenues, Expenses and Changes in Net Position	Provides information on funds for which the Water & Sewer Department are responsible and reports activities for which a fee is charged to external users for services. The Water & Sewer Department uses these assets to finance its own operation.
Notes to Financial Statements	Notes to Financial Statements	Provides additional required detailed information and explanations to all statements listed above.
Other Required Supplementary Information	-Budgetary Comparison Schedules	Provides additional information on budgeted vs. actual revenues and expenditures for the year.

Net Position

Net position may serve over time as a useful indicator of a governmental entity’s financial position. The Town’s assets exceeded liabilities by \$48,369,063.00 and \$47,452,923.00 at December 31, 2013 and 2012, respectively.

Capital Assets and Debt Administration

During the year ended December 31, 2013, the Town's Governmental Activities depreciation was more than the additions to assets resulting in an decrease in capital assets (net of depreciation) of \$125,727.00 and the Business-Type Activities depreciation exceeded the additions to equipment resulting in a decrease in capital assets (net of depreciation) of \$93,478.00. Additional information on the Town's capital assets can be found in the notes to the Financial Statements of this report.

As of December 31, 2013, the Governmental Activities (Town) long-term liabilities were \$280,719.00 and the Business-Type Activities (Water and Sewer Department) long-term liabilities were \$483,789.00 for total long-term liabilities of \$764,508.00.

Economic Factors and Next Year's Budget

There are two economic factors which are of major concern to the Town:

- Due to the economy, existing tax liens and outstanding property taxes, the Deferred Revenue Account continues to carry a reserve of \$1,000,000.00, along with Grant Program Funds of \$19,849.00, bringing the account total to \$1,019,849.00.
- In order to prepare for possible rulings in utilities cases now pending before the Board of Tax and Land Appeals, the unassigned fund balance of \$904,783.00 has been earmarked by the Board of Selectmen to be used as a reserve to cover any settlements that the Town may be ordered to pay by the Court. Please refer to the "Litigation" paragraph on page 29 of the Notes to Financial Statements.

The following factors were considered in preparing the Town's budget for the 2014 fiscal year:

- In light of the economy and increased costs for salt, winter sand and asphalt, budgets were scrutinized carefully and kept bare-bones in an effort to keep the tax rate as low as possible.
- The Town continues to include appropriation requests for its Capital Improvements Program, to adequately fund the capital reserve funds in order to meet the necessary requirements for major equipment purchases and improvements when the need arises. In 2013, a 2014 International Truck was purchased for the Public Works Department for \$124,980.00.
- No new vehicle leases were entered into in 2013.
- We have gone out to bid for electricity, heating fuel, Property & Liability insurance and health insurance and have made every effort to obtain goods and services at the lowest possible price.

Town Hall Renovation Project:

- The \$1,180,000 bond for the project was issued on April 4, 2006. As of 12/31/2013, 77.8 percent of the principal has been repaid. The remaining balance payable on this bond issue is \$248,420.89. The bond matures on April 4, 2015.

Contacting the Town's Financial Management

The financial report is designed to provide a general overview of the Town's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Finance & Administration at the Town of Gorham, 20 Park Street, Gorham, New Hampshire 03581 or by calling 603-466-3322 or by e-mail at dvallee@gorhamnh.org.

Basic Financial Statements

Exhibit A1
TOWN OF GORHAM, NEW HAMPSHIRE

Statement of Net Position

December 31, 2013

All numbers are expressed in USA Dollars

	Primary Government		Total
	Governmental	Business-type	
	Activities	Activities	
ASSETS			
Cash and cash equivalents	3,007,182	506,823	3,514,005
Investments	26,157	-	26,157
Receivables <i>(net of allowance for uncollectibles)</i>			
Taxes	1,630,581		1,630,581
Accounts	66,494	9,069	75,563
Intergovernmental receivable	35,157	26,489	61,646
Internal balances	(87,579)	87,579	-
Prepays	-	8,119	8,119
Capital assets:			
Land	1,853,825	851,800	2,705,625
Buildings and other structures	5,984,586	2,718,200	8,702,786
Construction in progress	1,079,557	-	1,079,557
Equipment & furnishings	737,910	256,766	994,676
Vehicles	2,322,815	279,379	2,602,194
Infrastructure	20,087,996	28,911,312	48,999,308
Accumulated depreciation	(9,287,471)	(10,736,316)	(20,023,787)
	<u>27,457,210</u>	<u>22,919,220</u>	<u>50,376,430</u>
LIABILITIES			
Accounts payable and other current liabilities	25,671	-	25,671
Compensated absences payable	19,351		19,351
Intergovernmental payable	1,356,531		1,356,531
Deferred Revenues	19,849		19,849
Long-term obligations, <i>net of state aid receivable</i> :			
Due within one year			
Bonds & notes payable	124,211	67,476	191,687
Capital leases payable	12,689		12,689
Due Beyond one year:			
Bonds & notes payable	124,210	257,379	381,589
	<u>1,682,512</u>	<u>324,855</u>	<u>2,007,367</u>
net position			
Invested in capital assets, net of related debt	22,530,797	22,083,338	44,614,135
Restricted for:			
Subsequent year's expenditures	99,729		99,729
Special Revenue purposes	258,217		258,217
Capital & noncapital reserves	726,740	506,823	1,233,563
Permanent Funds:			
Nonspendable	141,914		141,914
Spendable for trust purposes	144,558		144,558
Enterprise fund purposes		4,204	4,204
Unrestricted	1,872,743		1,872,743
	<u>25,774,698</u>	<u>22,594,365</u>	<u>48,369,063</u>

The notes to the financial statements are an integral part of these statements.

Exhibit A2
TOWN OF GORHAM, NEW HAMPSHIRE
Statement of Activities
For the Fiscal Year Ended December 31, 2013

All numbers are expressed in USA Dollars.

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in net position	
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government	
				Governmental Activities	Business-type Activities
Primary government:					
<i>Governmental activities:</i>					
General Government	1,194,402	13,073	130,199	(1,051,130)	(1,051,130)
Public safety	1,098,720	356,669	5,345	(736,706)	(736,706)
Highways and streets	763,648	40,514	60,504	(662,630)	(662,630)
Sanitation	330,527	48,585		(281,942)	(281,942)
Health	16,459			(16,459)	(16,459)
Welfare	60,375			(60,375)	(60,375)
Culture and recreation	355,463	85,378	11,813	(258,272)	(258,272)
Conservation	25,825			(25,825)	(25,825)
Interest on long-term debt	16,094			(16,094)	(16,094)
Depreciation-unallocated	303,466			(303,466)	(303,466)
	<u>4,164,979</u>	<u>544,219</u>	<u>207,861</u>	<u>(3,412,899)</u>	<u>-</u>
<i>Business-type activities:</i>					
Water treatment	409,190	411,257	-		2,067
Wastewater treatment	498,019	439,918	-		(58,101)
	<u>907,209</u>	<u>851,175</u>	<u>-</u>	<u>-</u>	<u>(56,034)</u>
	<u>5,072,188</u>	<u>1,395,394</u>	<u>207,861</u>	<u>(3,412,899)</u>	<u>(3,468,933)</u>
General revenues and transfers:					
Taxes:					
Property taxes, levied for general purposes				3,598,563	3,598,563
Property taxes, levied for debt services				152,966	152,966
Licenses and permits				517,686	517,686
Other local revenues				51,377	67,775
				<u>4,320,592</u>	<u>67,775</u>
Change in net position				907,693	11,741
net position - beginning				24,870,299	22,582,624
net position - ending				<u>25,777,992</u>	<u>22,594,365</u>

The notes to the financial statements are an integral part of these statements.

Exhibit B1
TOWN OF GORHAM, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2013

All numbers are expressed in USA Dollars

	General	Capital & Noncapital Reserves	Non-major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	1,990,766	727,500	288,916	3,007,182
Investments	26,157		-	26,157
Receivables				
Taxes	1,630,581		-	1,630,581
Accounts	25,869		40,625	66,494
Intergovernmental	28,218		6,939	35,157
Interfund receivable			258,817	258,817
	<u>3,701,591</u>	<u>727,500</u>	<u>595,297</u>	<u>5,024,388</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	25,671		-	25,671
Interfund payable	314,877	760	30,759	346,396
Intergovernmental payable	1,356,531		-	1,356,531
Deferred revenue	1,000,000		19,849	1,019,849
	<u>2,697,079</u>	<u>760</u>	<u>50,608</u>	<u>2,748,447</u>
Fund balances:				
<i>Nonspendable</i>				
Permanent fund - principal			141,914	141,914
<i>Restricted for</i>				
Permanent fund purposes			144,558	144,558
<i>Committed for</i>				
Open purchase orders	99,729		-	99,729
Special revenue purposes			258,217	258,217
Capital & noncapital reserves		726,740	-	726,740
Unassigned	904,783		-	904,783
	<u>1,004,512</u>	<u>726,740</u>	<u>544,689</u>	<u>2,275,941</u>
	<u>3,701,591</u>	<u>727,500</u>	<u>595,297</u>	<u>5,024,388</u>

Exhibit B2
TOWN OF GORHAM, NEW HAMPSHIRE
Reconciliation of Governmental Funds
Balance Sheet to the Statement of Net Position
December 31, 2013

All numbers are expressed in USA Dollars

Total Fund Balance - Governmental Funds (Exhibit B1) 2,275,941

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	1,853,825	
Buildings and other structures	5,984,586	
Construction in progress	1,079,557	
Equipment & furnishings	737,910	
Vehicles	2,322,815	
Infrastructure	20,087,996	
Accumulated depreciation	<u>(9,287,471)</u>	
		22,779,218

Receivables in the Balance Sheet that do not provide current financial resources are deferred in the funds:

Deferred Taxes		1,000,000
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Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Notes payable	(248,421)	
Capital leases payable	(12,689)	
Compensated absences (sick & vacation leave)	<u>(19,351)</u>	
		<u>(280,461)</u>

net position of Governmental Activities (Exhibit A1) 25,774,698

The notes to the financial statements are an integral part of these statements.

Exhibit B3
TOWN OF GORHAM, NEW HAMPSHIRE
Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Fiscal Year Ended December 31, 2013

All numbers are expressed in USA Dollars

	General	Capital & Noncapital Reserves	Non-major Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	3,751,529		-	3,751,529
Licenses and permits	517,686		-	517,686
State support	189,497		-	189,497
Federal support	-		18,364	18,364
Charges for services	443,320		100,899	544,219
Other local sources	31,108	89	20,180	51,377
	<u>4,933,140</u>	<u>89</u>	<u>139,443</u>	<u>5,072,672</u>
EXPENDITURES				
Current:				
General Government	1,193,980		-	1,193,980
Public safety	1,096,806		3,536	1,100,342
Highways and streets	757,473		6,175	763,648
Sanitation	316,201		14,326	330,527
Health	16,459		-	16,459
Welfare	60,375		-	60,375
Culture and recreation	191,330		164,133	355,463
Conservation	-		25,825	25,825
Debt service				
Principal	135,932		-	135,932
Interest	16,094		-	16,094
Capital outlay	179,386		-	179,386
	<u>3,964,036</u>	<u>-</u>	<u>213,995</u>	<u>4,178,031</u>
Excess of revenues over(under) expenditures	<u>969,104</u>	<u>89</u>	<u>(74,552)</u>	<u>894,641</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	233,410	340,828	134,172	708,410
Transfers out	(463,650)	(234,140)	(10,620)	(708,410)
	<u>(230,240)</u>	<u>106,688</u>	<u>123,552</u>	<u>-</u>
Net change in fund balances	738,864	106,777	49,000	894,641
Fund balances - beginning	<u>265,648</u>	<u>619,963</u>	<u>495,689</u>	<u>1,381,300</u>
Fund balances - ending	<u>1,004,512</u>	<u>726,740</u>	<u>544,689</u>	<u>2,275,941</u>

The notes to the financial statements are an integral part of these statements.

Exhibit B4
TOWN OF GORHAM, NEW HAMPSHIRE
*Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities*
For the Fiscal Year Ended December 31, 2013

All numbers are expressed in USA Dollars

Net change in fund balances - total governmental funds (Exhibit B3)	894,641
<p>Amounts reported for governmental activities in the statement of activities (Exhibit A2) are different because:</p> <p><i>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 and reported as depreciation expense.</i></p>	
Reduce expenditures for capital outlays increasing capital assets	177,739
Increase expenditures for depreciation charges	(303,466)
<p><i>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</i></p>	
Reduction in expenditures for principal payments on debt	<u>135,932</u>
<p><i>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</i></p>	
(Increase)decrease in compensated absences payable	<u>(447)</u>
Change in net position of governmental activities (Exhibit A2)	<u><u>904,399</u></u>

The notes to the financial statements are an integral part of these statements.

Exhibit B5
TOWN OF GORHAM, NEW HAMPSHIRE
Statement of Net Position
 Proprietary Funds
 December 31, 2013

All numbers are expressed in USA Dollars

	Business-type Activities: Enterprise Funds		
	Water	Wastewater	Total
	Treatment	Treatment	
ASSETS			
Current assets:			
Cash and cash equivalents	274,645	232,178	506,823
Accounts receivable	5,254	3,815	9,069
Interfund receivable	88,617		88,617
Intergovernmental receivable	26,489		26,489
Prepaid items	8,119		8,119
	<u>403,124</u>	<u>235,993</u>	<u>639,117</u>
Noncurrent assets:			
Capital assets:			
Land	576,020	275,780	851,800
Buildings and other structures	1,774,680	943,520	2,718,200
Equipment & furnishings	115,959	140,807	256,766
Vehicles	154,803	124,576	279,379
Infrastructure	15,503,338	13,407,974	28,911,312
Accumulated depreciation	(5,249,608)	(5,486,708)	(10,736,316)
	<u>12,875,192</u>	<u>9,405,949</u>	<u>22,281,141</u>
	<u>13,278,316</u>	<u>9,641,942</u>	<u>22,920,258</u>
LIABILITIES			
Current liabilities:			
Interfund payable		1,038	1,038
Bonds & notes payable, net of State Aid	67,476		67,476
	<u>67,476</u>	<u>1,038</u>	<u>68,514</u>
Long-term liabilities:			
Bonds & notes payable, net of State Aid	257,379		257,379
	<u>324,855</u>	<u>1,038</u>	<u>325,893</u>
net position			
Invested in capital assets, net of related debt	12,677,389	9,405,949	22,083,338
Restricted for capital outlays (<i>Capital Reserve Funds</i>)	274,645	232,178	506,823
Unrestricted	1,427	2,777	4,204
	<u>12,953,461</u>	<u>9,640,904</u>	<u>22,594,365</u>

Exhibit B6
TOWN OF GORHAM, NEW HAMPSHIRE
Statement of Revenue, Expenses and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended December 31, 2013

All numbers are expressed in USA Dollars

	Business-type Activities: Enterprise Funds		
	Water	Wastewater	Total
	Treatment	Treatment	
OPERATING REVENUES			
Charges for services:			
User charges	392,096	399,282	791,378
Job Works & materials	15,096	36,797	51,893
Cost reimbursements	1,033	2,200	3,233
Administrative charges	1,898	1,639	3,537
Interest on delinquent accounts	1,134		1,134
	<u>411,257</u>	<u>439,918</u>	<u>851,175</u>
OPERATING EXPENSES			
Wages and benefits	240,754	99,590	340,344
Purchased services	13,904	2,508	16,412
Operating supplies	13,857	4,441	18,298
Operations & maintenance	80,392	295,548	375,940
General and administrative	19,417	9,016	28,433
Depreciation	40,866	86,916	127,782
	<u>409,190</u>	<u>498,019</u>	<u>907,209</u>
Operating income(loss)	2,067	(58,101)	(56,034)
NONOPERATING INCOME(EXPENSE)			
Capital debt surcharge	74,883		74,883
Earnings on investments	36	29	65
Interest expense	(7,173)		(7,173)
	<u>67,746</u>	<u>29</u>	<u>67,775</u>
Income before contributions and transfers	69,813	(58,072)	11,741
Changes in net position	69,813	(58,072)	11,741
Net position - beginning	12,883,648	9,698,976	22,582,624
Net position - ending	<u>12,953,461</u>	<u>9,640,904</u>	<u>22,594,365</u>

Exhibit B7
TOWN OF GORHAM, NEW HAMPSHIRE
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended December 31, 2013

All numbers are expressed in USA Dollars

	Business-type Activities: Enterprise Funds		
	Water	Wastewater	
	Treatment	Treatment	Total
Receipts from customers and users	410,297	439,432	849,729
Payments to suppliers for goods and services	(135,689)	(311,513)	(447,202)
Payments to employees for services	(240,754)	(99,590)	(340,344)
	<u>33,854</u>	<u>28,329</u>	<u>62,183</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Net (Increase)decrease in interfund balances	10,122	-	10,122
	<u>10,122</u>	<u>-</u>	<u>10,122</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital debt surcharge	72,646		72,646
Purchases of capital assets	(27,143)	(7,161)	(34,304)
Principal paid on capital debt	(93,965)		(93,965)
Interest paid on capital debt	(7,173)		(7,173)
State aid received	26,489		26,489
	<u>(29,146)</u>	<u>(7,161)</u>	<u>(36,307)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends received	36	29	65
	<u>36</u>	<u>29</u>	<u>65</u>
Net increase(decrease) in cash and cash equivalents	14,866	21,197	36,063
Cash and cash equivalents - beginning	259,779	210,981	470,760
Cash and cash equivalents - ending	<u>274,645</u>	<u>232,178</u>	<u>506,823</u>
Reconciliation of operating income (loss) to net cash received (used) by operating activities:			
Operating income (loss)	2,067	(58,101)	(56,034)
Adjustments to reconcile operating income (loss) to net cash received from (used by) operating activities:			
Depreciation expense	40,866	86,916	127,782
(Increase) decrease in accounts receivable	(960)	(486)	(1,446)
(Increase) in prepaid items	(8,119)		(8,119)
	<u>31,787</u>	<u>86,430</u>	<u>118,217</u>
Net cash received from (used by) operating activities	<u>33,854</u>	<u>28,329</u>	<u>62,183</u>
Noncash investing, capital, and financing activities:	none	none	

The notes to the financial statements are an integral part of these statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Gorham is a New Hampshire Municipal Corporation governed by a Selectboard and other elected officials. The financial statements of the Town have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to the governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies and its conformity with such principles are disclosed below. These disclosures are an integral part of the Town's financial statements.

FINANCIAL REPORTING ENTITY

The accompanying financial statements present the Town and its component units. A component unit is defined by GASB as a legally separate organization for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government is such that the exclusion would cause the reporting entity's financial statements to be misleading. Blended component units, although legally separate entities, are in substance, part of the government's operations. Based on the foregoing criteria, no other organizations are included in the Town's financial reporting entity and the Town is not a component unit of any other primary government.

GOVERNMENT-WIDE AND FUND 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 activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. *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 Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

TOWN OF GORHAM, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2013

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The **government-wide financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when they occur 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 fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. 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 Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes (property and other taxes), grants, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. If any, only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

- The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Capital and Noncapital Reserves Fund* accounts for the Town's capital and non-capital reserve funds which are restricted for specific purposes.

The government reports the following major proprietary funds:

- The *Water Treatment* fund accounts for the activities of the Town's water utility.
- The *Wastewater Treatment* fund accounts for the activities of the Town's sewer utility.

Private-sector standards of accounting and financial reporting issued on or before November 30, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

TOWN OF GORHAM, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2013

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

General Budget Policies – General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements that govern the Town's operations. The Town votes appropriations by official ballot in accordance with State Statutes. Appropriations are made on an annual basis for the General and all significant Special Revenue Funds. Project-length financial plans are adopted for all Capital Project Funds. Except as reconciled below, budgets are adopted on a basis generally consistent with the modified accrual basis of accounting. Management may transfer appropriations between operating categories as they deem necessary, but expenditures may not legally exceed budgeted appropriations in total. Unexpended balances of special articles for specific purposes may not be transferred. All annual appropriations lapse at year-end unless encumbered. In the case of emergency expenditures, over-expenditures are allowed under the provisions of the Municipal Budget Law (RSA Chapter 32) if prior approval is secured from the State Department of Revenue Administration. State statutes require balanced budgets, but provide for the use of beginning unassigned fund balance to achieve that end. In the fiscal year 2013 \$1,328 of the beginning General Fund balance was applied for this purpose.

Encumbrance accounting, under which purchase orders, contracts, and continuing appropriations (certain projects and specific items not fully expended at year-end) are recognized, is employed in the governmental funds. Encumbrances are not the equivalent of expenditures and are therefore reported as part of the fund balance at December 31 and are carried forward to supplement appropriations of the subsequent year. Amounts recorded as budgetary expenditures in the *Budgetary Comparison Schedule (Exhibit C1)* are presented on the basis budgeted by the Town. The amounts differ from those reported in conformity with generally accepted accounting principles in the *Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit B3)* as follows:

Expenditures and Other Financing Uses ~ Budgetary Basis (<i>see Exhibit C1</i>)	\$ 4,461,912
Adjustments:	
Encumbrances - December 31, 2012	65,503
Encumbrances - December 31, 2013	<u>(99,729)</u>
Expenditures and Other Financing Sources ~ GAAP Basis (<i>see Exhibit B3</i>)	<u>\$ 4,427,686</u>

TOWN OF GORHAM, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2013

ASSETS, LIABILITIES AND FUND EQUITY

Deposits and Investments. For financial reporting purposes, cash and equivalents include amounts in demand deposits and money market funds, as well as certificates of deposit and short-term investments with original maturities of 90 days or less. With the exception of Library and Trust Fund monies, which are held by separately elected trustees, the Town Treasurer is required by State statute to have custody of all monies belonging to the Town and shall pay out the same only upon orders of the selectmen. The Town Treasurer shall deposit all such monies in solvent banks in the state or in participation units in the public deposit investment pool established pursuant to RSA 383:22. Monies may be deposited in banks outside the state if such banks pledge and deliver to the state treasurer as collateral security for such deposits in value at least equal to the amount of the deposit in each case.

Whenever the Town Treasurer has an excess of monies which are not immediately needed for the purpose of expenditure, State statutes require the Treasurer, with the approval of the Town Manager, to invest the same in obligations of the United States government, in savings bank deposits of banks incorporated under the laws of the State of New Hampshire or in certificates of deposits of banks incorporated under the laws of the State of New Hampshire or in national banks located within this state or the Commonwealth of Massachusetts. Any person who directly or indirectly receives any such monies or monies for deposit or for investment in securities of any kind shall, prior to acceptance of such monies, make available at the time of such deposit or investment an option to have such monies secured by collateral having a value at least equal to the amount of such monies. Such collateral shall be segregated for the exclusive benefit of the Town. Only securities defined by the bank commissioner as provided by rules adopted pursuant to RSA 386:57 shall be eligible to be pledged as collateral.

The Town Trustees are authorized by State statute to invest Trust monies, including Capital Reserve Monies, in obligations of political subdivisions and stocks, bonds that are legal for investment by New Hampshire savings banks except mutual monies unless the mutual monies are registered with the Securities and Exchange Commission, qualified for sale in the State of New Hampshire in accordance with the New Hampshire Uniform Securities Act of the New Hampshire Secretary of State's Office, and have in their prospectus a stated investment policy that is consistent with the investment policy adopted by the Trustees of Trust Monies in accordance with RSA 35:9. The Trustees may also invest trust monies in New Hampshire credit unions and in the public deposit investment pool established pursuant to RSA 383:22. Capital Reserve monies must be kept in separate accounts and not intermingled with other monies.

With the exception of investments in the New Hampshire Public Deposit Investment Pool (the Pool), investments are stated at fair value. Under the terms of GASB Statement #31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the Pool is considered to be a **2a7-like pool** which means that it has a policy that it will, and does operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. This rule allows SEC-registered mutual funds to use amortized cost rather than market value to report net position to compute share prices if certain conditions are met. Therefore, the Town reports its investments in the Pool at amortized cost, which equals the Pool's participation unit price.

TOWN OF GORHAM, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2013

Receivables and Revenues. Revenues for the most part are recorded when received, except for the following items for which receivables have been recorded: *Tax revenue* is recorded when a warrant for collection is committed to the Tax Collector. However, any taxes not liened or deeded within statutory time limits and 3.5% of the remaining uncollected balances have been reserved. Property taxes not collected within 180 days after year-end are not considered an "available spendable resource" and therefore are deferred in the governmental funds. As prescribed by law, the Tax Collector places a lien on properties for all uncollected property taxes in the following year after taxes are due. The lien on these properties has priority over other liens and accrues interest at 18% per annum. If property is not redeemed within the 2-year redemption period, the property is tax-deeded to the Town. *Interest on investments* is recorded as revenue in the year earned. Certain *grants* received from other governments require that eligible expenditures be made in order to recognize the revenue. Revenue for these grants is recorded for the period in which eligible expenditures are made. Various *service charges* (Water, Wastewater, etc.) are recorded as revenue for the period when service was provided.

Internal Balances – Interfund Receivables and Payables. During the course of normal operations, the Town has activity between funds, including expenditures and transfers of resources to provide services and fund capital outlay. All outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". The Town considers all receivables collectible and therefore makes no provision for bad debt in its financial statements.

Inventories and Prepaid Items. Inventory in the Governmental and Proprietary Funds consists of expendable supplies held for consumption. The cost thereof has been recorded as an expenditure at the time individual inventory items were purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

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 or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the Town are depreciated using the straight line method over the following estimated useful lives:

TOWN OF GORHAM, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2013

<u>Asset Class</u>	<u>Years</u>
Buildings	40
Building improvements	20
Public domain infrastructure	40
Light vehicles	5
Heavy vehicles	10
Office equipment	5
Computer equipment	5
Other equipment & furnishings	10

Deferred Revenue. Deferred revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenue also arises when the government receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Long-Term Obligations. In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences. It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Fund Equity. In the governmental fund Balance Sheet, fund balances are reported using a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned depending on the level of constraints. *Nonspendable fund balance* includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. *Restricted fund balance* is the amount that is restricted to specific purposes by external requirements such

TOWN OF GORHAM, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2013

as those of creditors, grantors, contributors or laws and regulations. *Committed fund balance* is the amount that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority (the Selectboard). *Assigned fund balance* is the amount that is constrained by the Town's intent to be used for specific purposes, but is not restricted or committed. *Unassigned fund balance* is the residual classification for the general fund. When multiple classifications of resources are available for use, it is the Town's policy to use spendable, restricted, committed and assigned resources in that order first, then unassigned resources as they are needed.

ASSETS

CASH AND INVESTMENTS

Deposits. The Town maintains a common bank account in which the cash balances of most funds are maintained. The common bank account is used for receipts and disbursements relating to all these funds. All time deposits are accounted for in the General Fund. Throughout the fiscal year, all bank deposits were insured by Federal Depository Insurance (FDIC) or collateralized with securities held by the Town or its agent in the Town's name.

Investments. The Town's investments consist of participation units of the *New Hampshire Public Deposit Investment Pool* and fully-collateralized brokerage deposits held by a custodial bank in the Town's name. At this time, the Pool's investments are limited to short-term U.S. Treasury and U.S. Government Agency obligations, State of New Hampshire municipal obligations, certificates of deposit from AI/PI-rated banks, money market mutual funds (maximum of 20% of portfolio), overnight to 30-day repurchase agreements and reverse overnight repurchase agreements with primary dealers or dealer banks.

Concentrations of credit and market risk. Financial instruments that potentially expose the Town to credit risk consist primarily of bank deposits and investments in participation units of the New Hampshire Public Deposit Investment Pool. It is the Town's policy to deposit monies in high quality financial institutions according to State Statutes and to limit risk by maintaining deposits within the Federal Depository Insurance Corporation limits whenever possible or to require banking institutions to collateralize deposits. The Town has not experienced any losses on its cash deposits during the fiscal year and management believes the Town is not exposed to significant credit risk on those amounts even though significant amounts may be held by a single financial institution and are in excess of the FDIC limits. Each participation unit of the Pool is valued at one-dollar and do not fluctuate with the market values of underlying investments.

PROPERTY TAXES

The property tax year is from April 1 to March 31 and all property taxes are assessed on the inventory taken in April of that year. The 2013 property tax levy was based on a net assessed valuation as of April 1, 2013 of \$279,037,800. State Education Taxes were based on a State-wide equalized valuation of \$219,842,100. In connection with the setting of the tax rate, Town Officials, with the approval of the New Hampshire Department of Revenue Administration, establish and raise through taxation an amount for abatements and refunds of property taxes, known as overlay. This

TOWN OF GORHAM, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2013

amount is reported as a reduction in tax revenue and is adjusted by management for any tax reserves at year-end.

The tax rate for the year ended December 31, 2013, was as follows:

Municipal portion	\$	12.99
Local School Tax Assessment		12.09
State Education Tax Assessment		2.54
County Tax Assessment		4.36
	\$	<u>31.98</u>

Property taxes collected by the Town include taxes levied for other governmental entities as follows:

<u>State of New Hampshire</u>		
State Education Tax	\$	558,416
<u>Gorham Randolph Shelburne Cooperative School District</u>		
Local School Tax Assessment		3,373,115
<u>Coos County:</u>		
County Tax Assessment		<u>1,216,991</u>
	\$	<u>5,148,522</u>

The responsibility for the collection of taxes rests with the Town and tax amounts must be remitted to other municipal entities as requested. Any amounts due at year-end are reported in these financial statements as Intergovernmental payables.

The Town subscribes to the semi-annual method of tax collection as provided for by RSA 76:15-a. Under this method, tax bills are sent on or around June 1 and November 1 of each year, with interest accruing at a rate of 12% on bills outstanding for more than 30 days. The June 1 billing is considered an estimate only and is one-half of the previous year's tax billing. The remaining balance of taxes due is billed in the fall after the State Department of Revenue Administration has calculated and approved the Town's tax rate for the fiscal year.

As prescribed by law, within 18 months of the date assessed, the Tax Collector places a lien on properties for all uncollected property taxes in the following year after taxes are due. The lien on these properties has priority over other liens and accrues interest at 18% per annum. If property is not redeemed within the 2-year redemption period, the property (not otherwise protected by court decree) is tax-deeded to the Town.

TOWN OF GORHAM, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2013

TAXES RECEIVABLE

Taxes receivable at December 31, 2013, are as follows:

Uncollected Taxes

Property	\$ 934,896	
Levy of 2009	5,827	
	<u> </u>	\$ 940,723

Unredeemed Taxes (under tax liens)

Levy of 2012	223,117	
Levy of 2011	180,817	
Levy of 2010	124,837	
Prior levies	186,087	
	<u> </u>	714,858

Reserve for non-current taxes receivable		<u>1,655,581</u>
		<u>(25,000)</u>
		<u>\$ 1,630,581</u>

ACCOUNTS RECEIVABLE

Accounts receivable as of December 31, 2013 are as follows:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>
<u>General Fund</u>		
Ambulance fees	\$ 249,022	\$ -
Landfill tipping fees	2,930	-
Cable franchise fees	3,031	-
Other	317	-
<u>Nonmajor Governmental Funds</u>		
Library overpayment	708	-
Grant matching amounts due from landowners	39,917	-
<u>Enterprise Funds</u>		
Water services	-	5,254
Wastewater services	-	3,815
	<u>295,925</u>	<u>9,069</u>
Less: Allowance for non-current receivables	<u>(229,431)</u>	<u>-</u>
	<u>\$ 66,494</u>	<u>\$ 9,069</u>

TOWN OF GORHAM, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2013

INTERGOVERNMENTAL RECEIVABLE

Amounts due from other governments as of December 31, 2013 are as follows:

	Governmental Activities	Business- Type Activities
<u>General Fund</u>		
Ambulance contracts	\$ 18,759	\$ -
Dispatch & mutual aid services	6,416	-
Gasoline sales (<i>school district</i>)	3,043	-
<u>Grant Programs Fund</u>		
Various State and Federal grants	6,939	-
<u>Enterprise Fund ~ Water Department</u>		
State aid grant	-	26,489
	<u>\$ 35,157</u>	<u>\$ 26,489</u>

INTERNAL BALANCES ~ INTERFUND RECEIVABLES/PAYABLES

Individual fund interfund receivable and payable balances at December 31, 2013 are as follows:

	Interfund Receivable	Interfund Payable
<i>Governmental Activities:</i>		
General Fund	\$ -	\$ 314,877
Special Revenues Fund:		
Gorham Public Library		2,992
DARE	1,124	-
Drug Forfeiture	2,369	-
Motor Vehicle Reclamation	32,939	-
Recreation Revolving	143,433	-
Forestry	78,192	-
Capital Projects Fund:		
Grant Programs	-	27,007
Multi-Modal Emergency Access Route	760	760
Capital and Non-capital Reserves Fund:		
Capital Reserve - Multi-Modal	-	760
	<u>258,817</u>	<u>346,396</u>
<i>Business-Type Activities:</i>		
Water Department	88,617	-
Sewer Department	-	1,038
	<u>88,617</u>	<u>1,038</u>
	<u>\$ 694,868</u>	<u>\$ 694,868</u>

TOWN OF GORHAM, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2013

CAPITAL ASSETS

A summary of changes in capital assets for the fiscal year ended December 31, 2013 is as follows:

	<i>Governmental Activities</i>			
	Balance			Balance
	January 1	Additions	Deductions	December 31
Land	\$ 1,853,825	\$ -	\$ -	\$ 1,853,825
Buildings & Other Structures	5,984,586	-	-	5,984,586
Construction in Progress	1,079,557	-	-	1,079,557
Equipment	710,829	27,081	-	737,910
Vehicles	2,299,823	124,980	101,988	2,322,815
Infrastructure	20,062,318	25,678	-	20,087,996
	<u>31,990,938</u>	<u>177,739</u>	<u>101,988</u>	<u>32,066,689</u>
Less: Accumulated Depreciation	<u>(9,085,993)</u>	<u>(303,466)</u>	<u>(101,988)</u>	<u>(9,287,471)</u>
	<u>\$ 22,904,945</u>	<u>\$ (125,727)</u>	<u>\$ -</u>	<u>\$ 22,779,218</u>

	<i>Business-Type Activities ~ Water Department</i>			
	Balance			Balance
	January 1	Additions	Deductions	December 31
Land	\$ 576,020	\$ -	\$ -	\$ 576,020
Buildings & Other Structures	1,774,680	-	-	1,774,680
Equipment	115,959	-	-	115,959
Vehicles	144,011	27,143	16,351	154,803
Infrastructure	15,503,338	-	-	15,503,338
	<u>18,114,008</u>	<u>27,143</u>	<u>16,351</u>	<u>18,124,800</u>
Less: Accumulated Depreciation	<u>(5,225,093)</u>	<u>(40,866)</u>	<u>(16,351)</u>	<u>(5,249,608)</u>
	<u>\$ 12,888,915</u>	<u>\$ (13,723)</u>	<u>\$ -</u>	<u>\$ 12,875,192</u>

	<i>Business-Type Activities ~ Sewer Department</i>			
	Balance			Balance
	January 1	Additions	Deductions	December 31
Land	\$ 275,780	\$ -	\$ -	\$ 275,780
Buildings & Other Structures	943,520	-	-	943,520
Equipment	140,807	-	-	140,807
Vehicles	128,315	7,161	10,900	124,576
Infrastructure	13,407,974	-	-	13,407,974
	<u>14,896,396</u>	<u>7,161</u>	<u>10,900</u>	<u>14,892,657</u>
Less: Accumulated Depreciation	<u>(5,410,692)</u>	<u>(86,916)</u>	<u>(10,900)</u>	<u>(5,486,708)</u>
	<u>\$ 9,485,704</u>	<u>\$ (79,755)</u>	<u>\$ -</u>	<u>\$ 9,405,949</u>

TOWN OF GORHAM, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2013

RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets, errors or omissions, injuries to employees, and natural disasters. During the fiscal year, the Town was a member of the following public-entity risk pool, currently operating as a common risk management and insurance programs for member towns and school administrative units.

The *New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability* are pooled risk management programs under RSA 5-B and RSA 281-A. A coverage summary of worker's compensation and property/liability programs provided from 1/1/13 – 1/1/14 and 7/1/13 – 7/1/14 by *Primex³*, which retained \$1,000,000 of each Workers' Compensation loss, \$500,000 of each Liability loss and \$200,000 of each Property Loss is available on file at the Town Office. The Board has decided to self-insure the aggregate exposure and has allocated resources based on actuarial analysis for that purpose.

Total contributions and any credits or balances due as of December 31, 2013 and June 30, 2014 were as follows:

<i>Estimated net contribution billed for the coverage period:</i>	
Workers' Compensation	\$ 37,425
Property/Liability	\$ 56,075
<i>Contribution due from(to) member:</i>	
Workers' Compensation	\$ (39,123)
Property/Liability	\$ 0

The Workers' Compensation Section of the Self-Insurance Membership Agreement permits *Primex³* to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. At this time, Town management understands that the Trust foresees no likelihood of an additional assessment for this or any prior year. Claims have not exceeded insurance coverage in any of the past three years.

LIABILITIES

INTERGOVERNMENTAL PAYABLE

Payables due other governments at December 31, 2013 include:

General Fund

<i>Gorham Randolph Shelburne Cooperative School District</i> (balance of 2013-2014 School District Assessment due in monthly installments through June 30, 2014)	<u>\$1,356,531</u>
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TOWN OF GORHAM, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2013

DEFERRED REVENUE

Deferred Revenue at December 31, 2013 was as follows:

<u>General Fund</u>	
Taxes receivable not available to pay current obligations	\$ 1,000,000
<u>Grant Programs Fund</u>	
Hazmat planning grants	19,849
	<u>\$ 1,019,849</u>

In accordance with generally accepted accounting principles, taxes receivable older than 180 days are not recognized as available spendable resources and thus are deferred until collected. Likewise, grant revenue is not recorded until the related expenditures have been incurred.

LONG-TERM DEBT

Changes in General Long-Term Debt. The following is a summary of the Town's general obligation long-term debt transactions for the fiscal year ended December 31, 2013:

	<u>Balance January 1, 2013</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance December 31, 2013</u>	<u>Due Within One Year</u>
<i>Governmental Activities:</i>					
General obligation debt	\$ 372,631	\$ -	\$ 124,210	\$ 248,421	\$ 124,211
Capital leases payable	24,411	-	11,722	12,689	12,689
Compensated absences	18,904	447	-	19,351	19,351
	<u>415,946</u>	<u>447</u>	<u>135,932</u>	<u>280,461</u>	<u>156,251</u>
<i>Business-Type Activities:</i>					
Major Enterprise Funds					
Water Department	577,754	-	93,965	483,789	93,965
Less: State aid receivable	(185,423)	-	(26,489)	(158,934)	(26,489)
	<u>392,331</u>	<u>-</u>	<u>67,476</u>	<u>324,855</u>	<u>67,476</u>
	<u>\$ 808,277</u>	<u>\$ 447</u>	<u>\$ 203,408</u>	<u>\$ 605,316</u>	<u>\$ 223,727</u>

TOWN OF GORHAM, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2013

General Long-term Debt Payable. Long-term debt payable at December 31, 2013, is comprised of the following individual issues:

Description of Issue	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding December 31 2013
<i>Governmental Activities:</i>					
General Obligation Debt Payable					
Town Hall Notes	\$ 1,180,000	07/30/06	07/31/16	3.730	\$ 248,421
					<u>248,421</u>
Capital Leases Payable					
2009 420EIT Caterpillar Backhoe/Loader	\$ 57,787	04/24/09	04/24/14	8.250	12,947
					<u>12,947</u>
Compensated Absences Payable					
Sick Leave					6,752
Vacation Leave					12,599
					<u>19,351</u>
<i>Business-Type Activities:</i>					
General Obligation Bonds & Notes					
Refunding Bonds, Water Filtration Plant	\$ 1,105,000	04/01/99	04/01/19	4.25-5.125	443,789
Sugar Hill Reservoir Cover	\$ 100,000	12/28/10	12/30/15	3.540	40,000
					<u>483,789</u>
					<u>\$ 764,508</u>

Annual Requirements to Amortize General Obligation Debt. The annual requirements to amortize all general obligation debt outstanding as of December 31, 2013, including interest payments, are as follows:

Governmental Activities:

Fiscal Year Ending December 31,	General Obligation Note Payable		
	Principal	Interest	Total
2014	\$ 124,211	\$ 8,108	\$ 132,319
2015	124,210	2,896	127,106
	<u>\$ 248,421</u>	<u>\$ 11,004</u>	<u>\$ 259,425</u>

Fiscal Year Ending December 31,	Capital Lease Obligations		
	Principal	Interest	Total
2014	\$ 12,689	\$ 1,048	\$ 13,737

TOWN OF GORHAM, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2013

Business-Type Activities:

Fiscal Year Ending	Water Notes and Bonds		
	Principal	Interest	Total
<u>December 31,</u>			
2014	\$ 93,965	\$ 9,937	\$ 103,902
2015	93,965	7,809	101,774
2016	73,965	5,681	79,646
2017	73,965	4,260	78,225
2018	73,965	2,840	76,805
2019	73,964	1,420	75,384
	<u>\$ 483,789</u>	<u>\$ 31,947</u>	<u>\$ 515,736</u>

All debt is general obligation debt of the Town, which is backed by its full faith and credit. Enterprise Fund debt will be repaid from surcharge fees. All capital leases contain non-appropriation clauses whereby if adequate funding is not raised for lease payments, then the related equipment would be returned with no further obligation to the community.

State Aid

According to State of New Hampshire Funding Programs, the Town receives a percent of the annual amortization charges on the original costs resulting from the acquisition and construction of water filtration facilities. As of December 31, 2013, management estimates that the Town is due to receive the following annual amounts to offset debt payments:

Fiscal Year Ending	State Aid for
<u>December 31,</u>	<u>Water Debt</u>
2014	\$ 26,489
2015	26,489
2016	26,489
2017	26,489
2018	26,489
2019	26,489
	<u>\$ 158,934</u>

These receivables are reflected in the financial statements as a reduction of long-term debt listed above.

TOWN OF GORHAM, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2013

DEFINED BENEFIT PENSION PLAN

Full-time employees participate in the State of New Hampshire Retirement System (NHRS), a multiple-employer contributory pension plan and trust established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The plan is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters and permanent police officers within the State of New Hampshire are eligible and required to participate in NHRS. Full-time employees of political subdivisions, including counties, municipalities, districts and others, are also eligible to participate as a group if the governing body of the political subdivision has elected participation.

NHRS, a Public Employees Retirement System (PERS), is divided into two membership groups. By statute, Group I (employee and teacher) members contribute 7% of their salary to NHRS. Group II (police & fire) members contribute 11.5% and 11.8% respectively. While member rates are set by statute, employer rates are set by the NHRS Board of Trustees every two years after a biennial actuarial valuation is conducted using the *Entry Age Normal* actuarial method. Employer contributions are assessed at five different rates, one each for state employees, political subdivisions employees, teachers, police and fire. NHRS employers are required by the New Hampshire Constitution to pay 100% of the actuarial sound employer contribution rate as certified by the NHRS Board of Trustees to fully fund the pension plan and to pay down the retirement system's unfunded actuarial accrued liability over a closed amortization period. Currently, employer contribution rates for the period August 1, 2013 through June 30, 2014 are as follows:

	<u>Jan 1 - Jun 30</u>	<u>Jul 1 - Dec 31</u>
<u>Group I:</u>		
Employees	8.80%	10.77%
Teachers	11.30%	14.16%
<u>Group II:</u>		
Police	19.95%	25.30%
Fire	22.89%	27.74%

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group, funding policies, vesting requirements, contribution requirements and plan assets available to pay benefits are disclosed in the System's annual report available from the New Hampshire Retirement System located at Regional Drive ~ Concord, NH 03301-8509.

The payroll for Town employees covered by NHRS for the year ended December 31, 2013, was \$1,719,518; the Town's total payroll was \$2,164,740. Contribution requirements for the year ended December 31, 2013, were as follows:

Employer Contributions	\$ 227,153
Employee Contributions	<u>139,943</u>
	<u>\$ 367,096</u>

TOWN OF GORHAM, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2013

FUND EQUITY

Elements of fund equity as of December 31, 2013 were as follows:

Governmental Activities – Fund Balance:

Nonmajor Permanent Fund

Trust funds held by the Town and Library Trustees at December 31, 2013 for donor-restricted purposes were as follows:

	<u>Non- spendable Endowment</u>	<u>Spendable for Trust Purposes</u>	<u>Total</u>
<i>Non-expendable Trusts:</i>			
Town Trusts:			
Town Cemeteries	\$ 130,254	\$ -	\$ 130,254
Cemetery Flowers	2,348	331	2,679
Cemetery Repairs	2,312	-	2,312
Old Main Street Cemetery	7,000	1,566	8,566
Library	-	142,661	142,661
	<u>\$ 141,914</u>	<u>\$ 144,558</u>	<u>\$ 286,472</u>

General Fund

Committed for open purchase orders:

Employee health benefits	\$ 33,500
Town hall maintenance	759
Cate's Hill Landfill monitoring	43,680
East Milan Landfill monitoring	6,193
Capital lease payments - principal	12,947
Capital lease payments - interest	1,068
Airport runway maintenance	1,582
	<u>\$ 99,729</u>

Nonmajor Special Revenue Funds

Committed for fund purposes:

Gorham Public Library	\$ 160
DARE	1,124
Drug Forfeiture	2,369
Motor Vehicle Reclamation	32,939
Recreation Revolving	143,433
Town Forest	78,192
	<u>\$ 258,217</u>

TOWN OF GORHAM, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2013

Capital Reserves:

Ambulance	\$ 63,984
Assessing	59,180
River Maintenance	66,003
Emergency Disaster	10,771
Emergency Energy	15,634
Fieldstone Road	-
Fire Equipment	17,162
Fire Truck	102,087
Highway Heavy Equipment	57,824
Multi-Modal Access Route	48,307
Police Cruiser	12,001
Police Equipment	4,592
Recreation Van	35,850
Road Resurfacing & Reconstruction	6,808
Solid Waste/Recycling Equipment	76,788
Town Building Purchase & Repairs	105,590
Medallion Opera House	1,532
Ambulance Equipment	5,000
<i>Noncapital Reserves:</i>	
Special Insurance	4,783
Health Insurance Maintenance	1,492
Longevity Pay	18,071
Recreation Maintenance	13,281
	<u>\$ 726,740</u>

Business-Type Activities – Net Position:

Enterprise Funds

Water Department	\$ 12,953,461
Sewer Department	9,640,904
	<u>\$ 22,594,365</u>

SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

GRANTS – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount 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.

LITIGATION – There are a number of utility cases pending before the *New Hampshire Board of Land and Tax Appeals* that could have a material effect on financial position should they result in judgments against the Town. At this time, there is no way of knowing what the outcome may be or what impact (if any) those outcomes would have. Interested parties should make inquiries of management regarding the status of this or any other matters.

Required Supplementary Information

TOWN OF GORHAM, NEW HAMPSHIRE
Note to Required Supplementary Information – Budgetary Reporting
December 31, 2013

The budgetary comparison schedule – Budget to Actual (Non-GAAP Budgetary Basis) presents comparisons of the original and final legally adopted budget with actual data on a budgetary basis.

General Budget Policies – General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements that govern the Town's operations. The Town votes appropriations by official ballot in accordance with State Statutes. Appropriations are made on an annual basis for the General and all significant Special Revenue Funds. Project-length financial plans are adopted for all Capital Project Funds. Except as reconciled below, budgets are adopted on a basis generally consistent with the modified accrual basis of accounting. Management may transfer appropriations between operating categories as they deem necessary, but expenditures may not legally exceed budgeted appropriations in total. Unexpended balances of special articles for specific purposes may not be transferred. All annual appropriations lapse at year-end unless encumbered. In the case of emergency expenditures, over-expenditures are allowed under the provisions of the Municipal Budget Law (RSA Chapter 32) if prior approval is secured from the State Department of Revenue Administration. State statutes require balanced budgets, but provide for the use of beginning unassigned fund balance to achieve that end. In the fiscal year 2013 \$1,328 of the beginning General Fund balance was applied for this purpose.

Encumbrance accounting, under which purchase orders, contracts, and continuing appropriations (certain projects and specific items not fully expended at year-end) are recognized, is employed in the governmental funds. Encumbrances are not the equivalent of expenditures and are therefore reported as part of the fund balance at December 31 and are carried forward to supplement appropriations of the subsequent year. Amounts recorded as budgetary expenditures in the *Budgetary Comparison Schedule (Exhibit C1)* are presented on the basis budgeted by the Town. The amounts differ from those reported in conformity with generally accepted accounting principles in the *Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit B3)* as follows:

Expenditures and Other Financing Uses ~ Budgetary Basis (<i>see Exhibit C1</i>)	\$ 4,461,912
Adjustments:	
Encumbrances - December 31, 2012	65,503
Encumbrances - December 31, 2013	<u>(99,729)</u>
Expenditures and Other Financing Sources ~ GAAP Basis (<i>see Exhibit B3</i>)	<u>\$ 4,427,686</u>

Exhibit C1
TOWN OF GORHAM, NEW HAMPSHIRE
Budgetary Comparison Schedule
Budget to Actual (Non-GAAP Budgetary Basis) - General Fund
For the Fiscal Year Ended December 31, 2013

All amounts are expressed in USA Dollars

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
REVENUES				
Taxes	3,407,874	3,407,874	3,751,529	343,655
Licenses and permits	485,200	485,200	517,686	32,486
State support	184,366	184,366	189,497	5,131
Charges for services	381,450	381,450	443,320	61,870
Miscellaneous	15,460	15,460	31,108	15,648
	<u>4,474,350</u>	<u>4,474,350</u>	<u>4,933,140</u>	<u>458,790</u>
EXPENDITURES				
Current:				
General government	1,292,211	1,356,263	1,223,239	133,024
Public safety	1,112,653	1,112,653	1,096,806	15,847
Highways and streets	821,483	821,483	757,473	64,010
Sanitation	328,796	328,796	321,193	7,603
Health	23,095	23,095	16,459	6,636
Welfare	57,700	57,700	60,375	(2,675)
Culture and recreation	207,065	207,065	191,330	15,735
Debt service:				
Principal	137,157	137,157	136,919	238
Interest	15,809	15,809	15,107	702
Capital outlay	16,560	180,356	179,361	995
	<u>4,012,529</u>	<u>4,240,377</u>	<u>3,998,262</u>	<u>242,115</u>
Excess of revenues over(under) expenditures	461,821	233,973	934,878	700,905
OTHER FINANCING SOURCES (USES)				
Transfers in	501	228,349	233,410	5,061
Transfers out	(463,650)	(463,650)	(463,650)	-
	<u>(463,149)</u>	<u>(235,301)</u>	<u>(230,240)</u>	<u>5,061</u>
Net change in fund balances	(1,328)	(1,328)	704,638	705,966
Fund balances - beginning	200,145	200,145	200,145	-
Fund balances - ending	<u>198,817</u>	<u>198,817</u>	<u>904,783</u>	<u>705,966</u>

Individual Fund Financial Statements and Schedules

Schedule D1a
TOWN OF GORHAM, NEW HAMPSHIRE
General Fund

Schedule of Estimated and Actual Revenues
For the Fiscal Year Ended December 31, 2013

All amounts are expressed in USA Dollars

	Original & Final Budget	Reserves and RSA 31:95-b Authorizations	Actual (GAAP Basis)	Over (Under) Budget
REVENUES				
Taxes				
Property	3,615,000		3,618,536	3,536
Timber yield	200		310	110
Payments in lieu of taxes	21,861		13,106	(8,755)
Excavation tax	100		-	(100)
Interest and penalties on delinquent taxes	70,000		136,432	66,432
Overlay	(299,287)		(16,855)	282,432
	<u>3,407,874</u>	-	<u>3,751,529</u>	<u>343,655</u>
Licenses and permits				
Business licenses and permits	1,000		1,300	300
Motor vehicle fees	430,000		449,309	19,309
Building permits	12,000		17,120	5,120
Other licenses, permits and fees	42,200		49,957	7,757
	<u>485,200</u>	-	<u>517,686</u>	<u>32,486</u>
State Support				
Meals and rental tax distributions	126,581		126,581	-
Highway block grant	54,467		54,329	(138)
Other, incl. railroad tax	3,318		8,587	5,269
	<u>184,366</u>	-	<u>189,497</u>	<u>5,131</u>
Charges for Services				
Income From Departments				
<i>General Government Services:</i>				
Town office	2,700		3,458	758
Planning & zoning fees	1,000		945	(55)
Cemetery	7,000		8,670	1,670
<i>Public safety services:</i>				
Police department	16,350		27,495	11,145
Ambulance	270,000		315,352	45,352
Fire department	2,500		9,898	7,398
Dispatch	10,000		3,924	(6,076)
<i>Highways & Streets:</i>				
Gasoline sales - State & School	30,100		39,171	9,071
Other	3,700		1,343	(2,357)
<i>Sanitation:</i>				
Solid waste collection & disposal	38,100		33,064	(5,036)
	<u>381,450</u>	-	<u>443,320</u>	<u>61,870</u>

Schedule D1a
TOWN OF GORHAM, NEW HAMPSHIRE
General Fund

Schedule of Estimated and Actual Revenues
For the Fiscal Year Ended December 31, 2013

All amounts are expressed in USA Dollars

	Original & Final Budget	Reserves and RSA 31:95-b Authorizations	Actual (GAAP Basis)	Over (Under) Budget
Miscellaneous				
Sale of municipal property	500		3,570	3,070
Interest on investments	60		101	41
Rents of property	300		659	359
Insurance dividends and reimbursements	7,900		18,859	10,959
NHRS reimbursement	6,700		6,719	19
Other			1,200	1,200
	<u>15,460</u>	-	<u>31,108</u>	<u>15,648</u>
OTHER FINANCING SOURCES				
Operating transfers in - Interfund Transfers				
<i>Special Revenue Funds</i>				
<i>Nonexpendable Trust Funds -</i>				
Cemetery Perpetual Care	500		20	(480)
<i>Capital & Noncapital Reserve Funds -</i>				
Assessing		50,827	50,827	-
Fire Equipment		1,622	1,622	-
Police Cruiser		11,516	11,516	-
Dredging			5,542	5,542
Highway Heavy Equipment		124,980	124,980	-
Fieldstone Road		25,678	25,678	-
Health Insurance Maintenance		11,000	11,000	-
Longevity	1	280	280	(1)
Special Insurance		1,945	1,945	-
	<u>501</u>	<u>227,848</u>	<u>233,410</u>	<u>5,061</u>
Total revenues and other financing sources	4,474,851	227,848	5,166,550	463,851
Unassigned fund balance used to reduce tax rate	<u>1,328</u>			
Total revenues and use of fund balance	<u><u>4,476,179</u></u>			

Schedule D1b
TOWN OF GORHAM, NEW HAMPSHIRE
General Fund
Schedule of Appropriations, Expenditures and Encumbrances
For the Fiscal Year Ended December 31, 2013

all numbers are expressed in USA Dollars

	Reserved From Prior Fiscal Year	Voted Appropriations	Reserves and RSA 31:95-b Authorizations	Expenditures Net of Refunds	Reserved To Next Fiscal Year	(Over) Under Budget
EXPENDITURES						
Current						
General Government						
Executive		79,988		78,899		1,089
Election, Registration & Vital Statistics		40,671		40,767		(96)
Financial Administration		297,482	50,827	339,525		8,784
Legal Expenses		105,000		54,833		50,167
Employee Benefits		617,598	11,280	536,335	33,500	59,043
Planning and Zoning		4,783		3,647		1,136
General Government Buildings	5,000	71,337		64,152	759	11,426
Cemeteries		27,109		28,330		(1,221)
Insurance, not otherwise allocated		42,843	1,945	43,951		837
Advertising and regional associations		5,400		3,541		1,859
	5,000	1,292,211	64,052	1,193,980	34,259	133,024
Public safety						
Police Department		447,380		416,816		30,564
Ambulance		316,678		335,781		(19,103)
Fire Department		159,941		154,285		5,656
Building Inspection (code enforcement)		14,075		14,096		(21)
Emergency management		4,570		3,707		863
Dispatch		170,009		172,121		(2,112)
	-	1,112,653	-	1,096,806	-	15,847
Highways and streets						
Administration		653,700		617,727		35,973
Highway asphalt & paving		75,000		66,121		8,879
Street Lighting		50,533		49,446		1,087
Gas Pumps		42,250		24,179		18,071
	-	821,483	-	757,473	-	64,010
Sanitation						
Solid waste collection		318,176		310,573		7,603
NCC solid waste study		3,520		3,520		-
Cate's Hill Landfill Monitoring	40,180	3,500			43,680	-
East Milan Landfill Monitoring	4,701	3,600		2,108	6,193	-
	44,881	328,796	-	316,201	49,873	7,603
Health						
Pest Control		1,700		1,044		656
Health Agencies & Hospitals						
Androscoggin Valley Home Care		17,500		11,520		5,980
Northern Human Services TMHC		2,895		2,895		-
Child Advocacy Center of Coos County		1,000		1,000		-
	-	23,095	-	16,459	-	6,636
Welfare						
Administration & Direct Assistance		30,000		32,675		(2,675)
Social Service Agencies:						
Tri-County CAP Programs		8,700		8,700		-
Family Resource Center		15,000		15,000		-
Gorham Community Learning Center		4,000		4,000		-
	-	57,700	-	60,375	-	(2,675)
Culture and recreation						
Parks and Recreation		165,624		153,202		12,422
Patriotic Purposes		250		-		250
Gorham Historical Society		4,000		4,000		-
4th of July Committee		10,900		9,524		1,376
Information Booth, incl. Moose Tours		26,291		24,604		1,687
	-	207,065	-	191,330	-	15,735

Schedule D1b
TOWN OF GORHAM, NEW HAMPSHIRE
General Fund
Schedule of Appropriations, Expenditures and Encumbrances
For the Fiscal Year Ended December 31, 2013

all numbers are expressed in USA Dollars

	Reserved From Prior Fiscal Year	Voted Appropriations	Reserves and RSA 31:95-b Authorizations	Expenditures Net of Refunds	Reserved To Next Fiscal Year	(Over) Under Budget
Debt service						
Principal of long-term debt	11,960	137,157		135,932	12,947	238
Interest expense - long-term debt	2,055	13,809		14,665	1,068	131
Interest expense - tax anticipation notes		2,000		1,429		571
	<u>14,015</u>	<u>152,966</u>	-	<u>152,026</u>	<u>14,015</u>	<u>940</u>
Facilities acquisition and construction						
Machinery, vehicles & equipment						
Police cruiser equipment			11,516	11,516		-
Fire equipment			1,622	1,622		-
PW gas card system		16,560		15,565		995
Replace trucks #2 & #4			124,980	124,980		-
Improvements other than buildings						
Airport runway maintenance	1,607			25	1,582	-
Fieldstone road improvements			25,678	25,678		-
	<u>1,607</u>	<u>16,560</u>	<u>163,796</u>	<u>179,386</u>	<u>1,582</u>	<u>995</u>
OTHER FINANCING USES						
Operating transfers out - Interfund transfers						
<i>Special revenue</i>						
Gorham Public Library		122,322		122,322		-
DARE		500		500		-
<i>Capital & Noncapital Reserves:</i>						
<i>Capital Reserves</i>						
Ambulance Equipment		5,000		5,000		-
Fire Truck		40,000		40,000		-
Town Building Purchase/Repairs		30,000		30,000		-
Ambulance		20,000		20,000		-
Recreation Van		10,000		10,000		-
Highway Heavy Equipment		40,000		40,000		-
Sanitation/Recycling		23,000		23,000		-
Police Cruiser		12,000		12,000		-
Emergency Disaster		10,000		10,000		-
Madallion Opera House		1,328		1,328		-
Fire Equipment		8,000		8,000		-
Assessment		110,000		110,000		-
Fieldstone Road		12,500		12,500		-
Police Equipment		5,000		5,000		-
Road Resurfacing & Reconstruction		5,000		5,000		-
<i>Noncapital Reserves:</i>						
River Maintenance		5,000		5,000		-
Special Insurance		2,000		2,000		-
Longevity		2,000		2,000		-
	-	<u>463,650</u>	-	<u>463,650</u>	-	-
	<u>65,503</u>	<u>4,476,179</u>	<u>227,848</u>	<u>4,427,686</u>	<u>99,729</u>	<u>242,115</u>

Schedule D2a
TOWN OF GORHAM, NEW HAMPSHIRE
Combining Balance Sheet
Non-major Governmental Funds
December 31, 2013

All numbers are expressed in USA Dollars

	<i>Special Revenue</i>					<i>Capital Projects</i>				Total
	Gorham Public Library	DARE	Drug Forfeiture	Motor Vehicle Reclamations	Recreation Revolving	Forestry	Grant Programs	Multi-Modal Emergency Access Route	Permanent Funds	
ASSETS										
Cash and cash equivalents	2,444								286,472	288,916
Receivables										
Accounts	708						39,917			40,625
Intergovernmental							6,939			6,939
Interfund		1,124	2,369	32,939	143,433	78,192		760		258,817
	<u>3,152</u>	<u>1,124</u>	<u>2,369</u>	<u>32,939</u>	<u>143,433</u>	<u>78,192</u>	<u>46,856</u>	<u>760</u>	<u>286,472</u>	<u>595,297</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Interfund payable	2,992						27,007	760		30,759
Deferred revenue							19,849			19,849
	<u>2,992</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,856</u>	<u>760</u>	<u>-</u>	<u>50,608</u>
Fund balances:										
<i>Nonspendable</i>										
Permanent fund - principal									141,914	141,914
<i>Restricted for</i>										
Permanent fund purposes									144,558	144,558
<i>Committed for</i>										
Special revenue purposes	160	1,124	2,369	32,939	143,433	78,192				258,217
	<u>160</u>	<u>1,124</u>	<u>2,369</u>	<u>32,939</u>	<u>143,433</u>	<u>78,192</u>	<u>-</u>	<u>-</u>	<u>286,472</u>	<u>544,689</u>
	<u>3,152</u>	<u>1,124</u>	<u>2,369</u>	<u>32,939</u>	<u>143,433</u>	<u>78,192</u>	<u>46,856</u>	<u>760</u>	<u>286,472</u>	<u>595,297</u>

Schedule D2b
TOWN OF GORHAM, NEW HAMPSHIRE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
For the Fiscal Year Ended December 31, 2013

All numbers are expressed in USA Dollars

	<i>Special Revenue</i>					<i>Capital Projects</i>			Total
	Gorham Public Library	DARE	Drug Forfeiture	Motor Vehicle Reclamations	Recreation Revolving	Forestry	Grant Programs	Multi-Modal Emergency Access Route	
REVENUES									
Federal support						18,364			18,364
Charges for services				15,521	85,378				100,899
Miscellaneous	4,248					15,535		397	20,180
	4,248	-	-	15,521	85,378	15,535	18,364	-	397
EXPENDITURES									
Current:									
Public safety		2,410					376	750	3,536
Highways and streets							6,175		6,175
Sanitation				14,326					14,326
Culture and recreation	141,482				10,838		11,813		164,133
Conservation						25,825			25,825
	141,482	2,410	-	14,326	10,838	25,825	18,364	750	-
Excess (deficiency) of revenues over (under) expenditures	(137,234)	(2,410)	-	1,195	74,540	(10,290)	-	(750)	397
OTHER FINANCING SOURCES (USES)									
Transfers in	132,922	500						750	134,172
Transfers out								(10,620)	(10,620)
	132,922	500	-	-	-	-	-	750	(10,620)
Net change in fund balances	(4,312)	(1,910)	-	1,195	74,540	(10,290)	-	-	(10,223)
Fund balances - beginning	4,472	3,034	2,369	31,744	68,893	88,482	-	-	296,695
Fund balances - ending	160	1,124	2,369	32,939	143,433	78,192	-	-	286,472

SCHEDULE D2b(1)
TOWN OF GORHAM, NEW HAMPSHIRE
Special Revenue Fund - Gorham Public Library
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended December 31, 2013

All amounts are expressed in USA Dollars.

	Library Checking								Total
	Town Accounts R1	Library Unclassified (Interest)	Library Maint CRF R2	Equipment Generated R3	Gifts Personal Property & Other R4	Grants R5	Murphy Trust R6	Petty Cash	
REVENUES									
Miscellaneous									
R3 Equipment generated income				1,382.03					1,382.03
R4 Gifts, personal property & unanticipated					1,420.80				1,420.80
R5 Grants						1,445.00			1,445.00
	-	-	-	1,382.03	1,420.80	1,445.00	-	-	4,247.83
EXPENDITURES									
Current - Culture and Recreation									
Culture and Recreation									
Town appropriations expended	122,322.00								122,322.00
Unclassified									
R3 Equipment generated income				3,377.61					3,377.61
R4 Gifts, personal property & unanticipated					1,710.86				1,710.86
R5 Grants						1,400.54			1,400.54
R6 Murphy Trust							10,387.19		10,387.19
	122,322.00	-	-	3,377.61	1,710.86	1,400.54	10,387.19	-	139,198.20
Excess (deficiency) of revenues over (under) expenditures	(122,322.00)	-	-	(1,995.58)	(290.06)	44.46	(10,387.19)	-	(134,950.37)
OTHER FINANCING SOURCES (USES)									
Transfers in									
R1 General Fund	122,322.00	(17.45)	(3,328.90)		(17,915.91)	(1,291.36)			99,768.38
R6 Murphy Trust							10,600.00		10,600.00
R2 Library Maintenance Exp Trst			3,328.90						3,328.90
	122,322.00	(17.45)	-	-	(17,915.91)	(1,291.36)	10,600.00	-	113,697.28
Net change in fund balances	-	(17.45)	-	(1,995.58)	(18,205.97)	(1,246.90)	212.81	-	(21,253.09)
Cash balances - beginning	-	17.45	-	3,343.26	18,905.33	1,331.36	-	100.00	23,697.40
Cash balances - ending	-	-	-	1,347.68	699.36	84.46	212.81	100.00	2,444.31
Due from(to) General Fund									
31-Dec-13				(1,995.76)	(699.36)	(84.46)	(212.81)		(2,992.39)
Prepaid expense									
31-Dec-13				708.48					708.48
Fund balance - ending	-	-	-	60.40	0.00	0.00	(0.00)	100.00	160.40

SCHEDULE E1
TOWN OF GORHAM, NEW HAMPSHIRE
Special Revenue Fund - Water Treatment
Schedule of Activities and Changes in Net Position
For the Fiscal Year Ended December 31, 2013

All amounts are expressed in USA Dollars.

	Special Assessments		Capital Reserve Fund	Total Town Budgetary Basis	Restatements and Reclassifications	GAAP (Accrual) Basis
	Water Filtration Plant	Sugar Hill Reservoir				
OPERATING REVENUE						
Charges for services						
Water sales	392,096			392,096		392,096
Job works & materials	15,096			15,096		15,096
Administrative charges	1,898			1,898		1,898
Cost reimbursements	1,033			1,033		1,033
Interest on delinquent accounts	1,134			1,134		1,134
	<u>411,257</u>	<u>-</u>	<u>-</u>	<u>411,257</u>	<u>-</u>	<u>411,257</u>
OPERATING EXPENSE						
Wages and benefits	240,754			240,754		240,754
Professional services	13,904			13,904		13,904
Chemicals & supplies	13,857			13,857		13,857
Operations & maintenance	67,892		12,500	80,392		80,392
General and administrative	19,417			19,417		19,417
Depreciation					40,866	40,866
	<u>355,824</u>	<u>-</u>	<u>12,500</u>	<u>368,324</u>	<u>40,866</u>	<u>409,190</u>
Operating Income(Loss)	55,433	-	(12,500)	42,933	(40,866)	2,067
NONOPERATING INCOME(EXPENSE)						
Interest income			36	36		36
Capital debt surcharge	49,261	25,622		74,883		74,883
State aid grants	26,489			26,489	(26,489)	-
Debt service:						
Principal	(73,965)	(20,000)		(93,965)	93,965	-
Interest	(5,053)	(2,120)		(7,173)		(7,173)
Capital outlay			(27,143)	(27,143)	27,143	-
	<u>-</u>	<u>(3,268)</u>	<u>3,502</u>	<u>(27,107)</u>	<u>94,619</u>	<u>67,746</u>
Income(Loss) Before Contributions and Transfer	55,433	(3,268)	3,502	(39,607)	53,753	69,813
CONTRIBUTIONS AND TRANSFERS						
Intra-fund transfers, net	(54,473)		54,473	-		-
	<u>(54,473)</u>	<u>-</u>	<u>-</u>	<u>54,473</u>	<u>-</u>	<u>-</u>
Net Income(Loss)	960	(3,268)	3,502	14,866	53,753	69,813
Net Position - Beginning	467	116,949	9,869	259,779	12,496,584	12,883,648
Net Position - Ending	<u>1,427</u>	<u>113,681</u>	<u>13,371</u>	<u>274,645</u>	<u>12,550,337</u>	<u>12,953,461</u>
Analysis of Net Position December 31:						2013
Cash			274,645	274,645		274,645
Accounts receivable	2,729	1,351	1,174	5,254		5,254
Intergovernmental receivable		26,489		26,489		26,489
Interfund receivable(payable)	(9,421)	85,841	12,197	88,617		88,617
Prepaid insurance	8,119			8,119		8,119
Capital assets (net of accumulated depreciation)					12,875,192	12,875,192
Long-term debt:						
Unpaid principal					(483,789)	(483,789)
State grants receivable					158,934	158,934
	<u>1,427</u>	<u>113,681</u>	<u>13,371</u>	<u>274,645</u>	<u>403,124</u>	<u>12,953,461</u>
	Unrestricted	Net investment in capital assets	Net investment in capital assets	Restricted for Capital Outlays	Net investment in capital assets	Total net position

SCHEDULE E2
TOWN OF GORHAM, NEW HAMPSHIRE
Special Revenue Fund - Sewer Department
Schedule of Activities and Changes in Net Position
For the Fiscal Year Ended December 31, 2013

All amounts are expressed in USA Dollars.

	Operating Budget	Capital Reserve Fund	Total Town Budgetary Basis	Restatements and Reclassifications	GAAP (Accrual) Basis
OPERATING REVENUE					
Charges for services					
Wastewater user charges	399,282		399,282		399,282
Job Works & Materials	36,797		36,797		36,797
Cost Reimbursements	2,200		2,200		2,200
Administrative Charges	1,639		1,639		1,639
	439,918	-	439,918	-	439,918
OPERATING EXPENSE					
Wages and benefits	99,590		99,590		99,590
Professional services	2,508		2,508		2,508
Chemicals & supplies	4,441		4,441		4,441
Operations & maintenance	280,119	15,429	295,548		295,548
General and administrative	9,016		9,016		9,016
Depreciation			-	86,916	86,916
	395,674	15,429	411,103	86,916	498,019
Operating Income(Loss)	44,244	(15,429)	28,815	(86,916)	(58,101)
NONOPERATING INCOME(EXPENSE)					
Interest income		29	29		29
Capital outlay		(7,161)	(7,161)	7,161	-
	-	(7,132)	(7,132)	7,161	29
Income(Loss) Before Contributions and Transfers	44,244	(22,561)	21,683	(79,755)	(58,072)
CONTRIBUTIONS AND TRANSFERS					
Intra-Fund Transfers	(43,758)	43,758	-		-
	(43,758)	43,758	-	-	-
Net Income(Loss)	486	21,197	21,683	(79,755)	(58,072)
Net Position - Beginning	2,291	210,981	213,272	9,485,704	9,698,976
Net Position - Ending	2,777	232,178	234,955	9,405,949	9,640,904
Analysis of Net Position December 31:					2013
Cash		232,178	232,178		232,178
Accounts receivable	3,815		3,815		3,815
Interfund receivable(payable)	(1,038)		(1,038)		(1,038)
Capital assets (<i>net of accumulated depreciation</i>)			-	9,405,949	9,405,949
	2,777	232,178	234,955	9,405,949	9,640,904
	Unrestricted	Restricted for Capital Outlays		Net investment in capital assets	Total net position