

TOWN OF GORHAM, NEW HAMPSHIRE

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

DECEMBER 31, 2014

TOWN OF GORHAM, NEW HAMPSHIRE

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December 31, 2014

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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, 2014 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

Auditor's Responsibility. Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 opinions.

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, 2014, and the respective changes in financial position and, where applicable, cash flows 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's Discussion and Analysis* beginning on page iii 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 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.

Report on Combining and Individual Fund Statements and Schedules. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town of Gorham, New Hampshire's basic financial statements. 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 as a whole.

Paul J. Mercier, Jr. cpa for

The Mercier Group, a professional corporation

Canterbury, New Hampshire

March 15, 2014

Management's Discussion & Analysis

Basic Financial Statements

Exhibit A1
TOWN OF GORHAM, NEW HAMPSHIRE

Statement of Net Position

December 31, 2014

All numbers are expressed in USA Dollars

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash and cash equivalents	3,457,774	560,876	4,018,650
Investments	26,162	-	26,162
Receivables <i>(net of allowance for uncollectibles)</i>			
Taxes	1,523,221		1,523,221
Accounts	2,713	12,171	14,884
Intergovernmental receivable	52,503	26,489	78,992
Internal balances	(57,540)	57,540	-
Capital assets:			
Land	1,878,025	851,800	2,729,825
Buildings and other structures	6,000,486	2,738,200	8,738,686
Construction in progress	1,090,185	-	1,090,185
Equipment & furnishings	763,034	256,766	1,019,800
Vehicles	2,258,328	279,379	2,537,707
Infrastructure	20,087,996	28,911,312	48,999,308
Accumulated depreciation	(9,509,764)	(10,850,788)	(20,360,552)
	<u>27,573,123</u>	<u>22,843,745</u>	<u>50,416,868</u>
LIABILITIES			
Accounts payable and other current liabilities	14,206	-	14,206
Compensated absences payable	15,521		15,521
Intergovernmental payable	1,252,880		1,252,880
Long-term obligations:			
Bonds & notes payable:			
Due within one year	124,211	47,476	171,687
Due beyond one year	-	189,903	189,903
	<u>1,406,818</u>	<u>237,379</u>	<u>1,644,197</u>
DEFERRED INFLOWS OF RESOURCES			
Grant advances	12,203		12,203
	<u>12,203</u>	<u>-</u>	<u>12,203</u>
NET POSITION			
Net investment in capital assets	22,444,079	22,046,782	44,490,861
Restricted for:			
Open purchase orders	57,740		57,740
Special Revenue purposes	227,819		227,819
Capital & noncapital reserves	889,142	552,757	1,441,899
Permanent Funds:			
Nonspendable	141,914		141,914
Spendable for trust purposes	144,573		144,573
Enterprise fund purposes		6,827	6,827
Unrestricted	2,248,835		2,248,835
	<u>26,154,102</u>	<u>22,606,366</u>	<u>48,760,468</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, 2014

All numbers are expressed in USA Dollars.

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		<u>Total</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government</u>		
				<u>Governmental Activities</u>	<u>Business-type Activities</u>	
Primary government:						
<i>Governmental activities:</i>						
General Government	1,360,674	8,502	139,359	(1,212,813)		(1,212,813)
Public safety	1,140,584	419,012	26,917	(694,655)		(694,655)
Highways and streets	786,602	36,286	54,846	(695,470)		(695,470)
Sanitation	329,415	54,291		(275,124)		(275,124)
Health	17,613			(17,613)		(17,613)
Welfare	66,903			(66,903)		(66,903)
Culture and recreation	365,960	79,460	750	(285,750)		(285,750)
Conservation	45,246			(45,246)		(45,246)
Economic development	10,000		10,000	-		-
Interest on long-term debt	9,811			(9,811)		(9,811)
Depreciation-unallocated	286,780			(286,780)		(286,780)
	<u>4,419,588</u>	<u>597,551</u>	<u>231,872</u>	<u>(3,590,165)</u>	<u>-</u>	<u>(3,590,165)</u>
<i>Business-type activities:</i>						
Water treatment	407,076	413,261	-		6,185	6,185
Wastewater treatment	470,356	418,207	-		(52,149)	(52,149)
	<u>877,432</u>	<u>831,468</u>	<u>-</u>	<u>-</u>	<u>(45,964)</u>	<u>(45,964)</u>
	<u>5,297,020</u>	<u>1,429,019</u>	<u>231,872</u>	<u>(3,590,165)</u>	<u>(45,964)</u>	<u>(3,636,129)</u>
General revenues and transfers:						
Taxes:						
Property taxes, levied for general purposes				2,932,818		2,932,818
Property taxes, levied for debt services				134,318		134,318
Licenses and permits				530,906		530,906
Other local revenues				331,427	57,965	389,392
<i>Special items-</i>						
Capital assets acquired by tax deed				40,100		40,100
				<u>3,969,569</u>	<u>57,965</u>	<u>4,027,534</u>
Change in net position				379,404	12,001	391,405
Net position - beginning				25,774,698	22,594,365	48,369,063
Net position - ending				<u>26,154,102</u>	<u>22,606,366</u>	<u>48,760,468</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, 2014

All numbers are expressed in USA Dollars

	General	Capital & Noncapital Reserves	Non-major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	2,279,892	889,975	287,907	3,457,774
Investments	26,162		-	26,162
Receivables:				
Taxes	1,523,221		-	1,523,221
Accounts	2,713		-	2,713
Intergovernmental	49,503		3,000	52,503
Interfund			236,435	236,435
	<u>3,881,491</u>	<u>889,975</u>	<u>527,342</u>	<u>5,298,808</u>
LIABILITIES				
Accrued Liabilities	14,206		-	14,206
Interfund payable	292,309	833	833	293,975
Intergovernmental payable	1,252,880		-	1,252,880
	<u>1,559,395</u>	<u>833</u>	<u>833</u>	<u>1,561,061</u>
DEFERRED INFLOWS				
Deferred property taxes	1,000,000			1,000,000
Grant advances			12,203	12,203
	<u>1,000,000</u>	<u>-</u>	<u>12,203</u>	<u>1,012,203</u>
FUND BALANCES				
<i>Nonspendable</i>				
Permanent fund - principal			141,914	141,914
<i>Restricted for</i>				
Permanent fund purposes			144,573	144,573
<i>Committed for</i>				
Open purchase orders	57,740		-	57,740
Special revenue purposes			227,819	227,819
Capital & noncapital reserves		889,142	-	889,142
Unassigned	1,264,356		-	1,264,356
	<u>1,322,096</u>	<u>889,142</u>	<u>514,306</u>	<u>2,725,544</u>
	<u>3,881,491</u>	<u>889,975</u>	<u>527,342</u>	<u>5,298,808</u>

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

Exhibit B2
TOWN OF GORHAM, NEW HAMPSHIRE
Reconciliation of Governmental Funds
Balance Sheet to the Statement of Net Position
December 31, 2014

All numbers are expressed in USA Dollars

Total Fund Balance - Governmental Funds (Exhibit B1) 2,725,544

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	1,878,025	
Buildings and other structures	6,000,486	
Construction in progress	1,090,185	
Equipment & furnishings	763,034	
Vehicles	2,258,328	
Infrastructure	20,087,996	
Accumulated depreciation	<u>(9,509,764)</u>	
		22,568,290

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

Deferred inflow of resources - property 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	(124,211)	
Compensated absences (sick & vacation leave)	<u>(15,521)</u>	
		<u>(139,732)</u>

Net Position of Governmental Activities (Exhibit A1) 26,154,102

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, 2014

All numbers are expressed in USA Dollars

	General	Capital & Noncapital Reserves	Non-major Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	3,067,136		-	3,067,136
Licenses and permits	530,906		-	530,906
State support	194,205		750	194,955
Federal support	-		36,917	36,917
Charges for services	499,909		97,642	597,551
Other local sources	317,094	73	14,260	331,427
	<u>4,609,250</u>	<u>73</u>	<u>149,569</u>	<u>4,758,892</u>
EXPENDITURES				
Current:				
General Government	1,364,504		-	1,364,504
Public safety	1,137,451		3,133	1,140,584
Highways and streets	786,602		-	786,602
Sanitation	307,302		22,113	329,415
Health	17,613		-	17,613
Welfare	66,903		-	66,903
Culture and recreation	159,884		206,076	365,960
Conservation	-		45,246	45,246
Economic development	-		10,000	10,000
Debt service				
Principal	136,899		-	136,899
Interest	9,811		-	9,811
Capital outlay	-		35,752	35,752
	<u>3,986,969</u>	<u>-</u>	<u>322,320</u>	<u>4,309,289</u>
Excess of revenues over(under) expenditures	622,281	73	(172,751)	449,603
OTHER FINANCING SOURCES (USES)				
Transfers in	150,311	312,700	142,381	605,392
Transfers out	(455,008)	(150,371)	(13)	(605,392)
	<u>(304,697)</u>	<u>162,329</u>	<u>142,368</u>	<u>-</u>
Net change in fund balances	317,584	162,402	(30,383)	449,603
Fund balances - beginning	1,004,512	726,740	544,689	2,275,941
Fund balances - ending	<u>1,322,096</u>	<u>889,142</u>	<u>514,306</u>	<u>2,725,544</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, 2014

All numbers are expressed in USA Dollars

Net change in fund balances - total governmental funds (Exhibit B3)	449,603
 Amounts reported for governmental activities in the statement of activities (Exhibit A2) are different because:	
 <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>	
Reduce expenditures for capital outlays increasing capital assets	35,752
Increase expenditures for depreciation charges	(286,780)
 <i>The net effect of various miscellaneous transactions involving capital assets:</i>	
Property acquired by tax deed	40,100
 <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>	
Reduction in expenditures for principal payments on debt	<u>136,899</u>
 <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>	
(Increase)decrease in compensated absences payable	<u>3,830</u>
Change in net position of governmental activities (Exhibit A2)	<u><u>379,404</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, 2014

All numbers are expressed in USA Dollars

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
	Department	Department	
ASSETS			
Current assets:			
Cash	309,302	251,574	560,876
Accounts receivable	6,850	5,321	12,171
Intergovernmental receivable	26,489		26,489
Interfund receivable	58,578		58,578
	<u>401,219</u>	<u>256,895</u>	<u>658,114</u>
Noncurrent assets:			
Capital assets:			
Land	576,020	275,780	851,800
Buildings and other structures	1,786,680	951,520	2,738,200
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	(5,283,052)	(5,567,736)	(10,850,788)
	<u>12,853,748</u>	<u>9,332,921</u>	<u>22,186,669</u>
	<u>13,254,967</u>	<u>9,589,816</u>	<u>22,844,783</u>
LIABILITIES			
Current liabilities:			
Interfund payable		1,038	1,038
Bonds & notes payable, <i>net of State Aid</i>	47,476		47,476
	<u>47,476</u>	<u>1,038</u>	<u>48,514</u>
Long-term liabilities:			
Bonds & notes payable, <i>net of State Aid</i>	189,903		189,903
	<u>237,379</u>	<u>1,038</u>	<u>238,417</u>
NET POSITION			
Net investment in capital assets	12,713,861	9,332,921	22,046,782
Restricted for capital acquisitions	301,183	251,574	552,757
Unrestricted	2,544	4,283	6,827
	<u>13,017,588</u>	<u>9,588,778</u>	<u>22,606,366</u>

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

Exhibit B6
TOWN OF GORHAM, NEW HAMPSHIRE
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended December 31, 2014

All numbers are expressed in USA Dollars

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
	Department	Department	
OPERATING REVENUES			
Charges for services:			
User charges	391,764	393,402	785,166
Job Works & materials	18,878	22,723	41,601
Administrative charges	1,575	1,557	3,132
Cost reimbursements		525	525
Interest on delinquent accounts	1,044		1,044
	<u>413,261</u>	<u>418,207</u>	<u>831,468</u>
OPERATING EXPENSES			
Wages and benefits	260,200	96,794	356,994
Purchased services	15,239	3,918	19,157
Operating supplies	12,057	6,270	18,327
Operations & maintenance	69,749	275,177	344,926
General and administrative	16,387	7,169	23,556
Depreciation	33,444	81,028	114,472
	<u>407,076</u>	<u>470,356</u>	<u>877,432</u>
Operating income(loss)	<u>6,185</u>	<u>(52,149)</u>	<u>(45,964)</u>
NONOPERATING INCOME(EXPENSE)			
Capital debt surcharge	68,038		68,038
Earnings on investments	26	23	49
Interest expense	(10,122)		(10,122)
	<u>57,942</u>	<u>23</u>	<u>57,965</u>
Income before contributions and transfers	64,127	(52,126)	12,001
Changes in net position	64,127	(52,126)	12,001
Net position - beginning	<u>12,953,461</u>	<u>9,640,904</u>	<u>22,594,365</u>
Net position - ending	<u>13,017,588</u>	<u>9,588,778</u>	<u>22,606,366</u>

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

Exhibit B7
TOWN OF GORHAM, NEW HAMPSHIRE
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended December 31, 2014

All numbers are expressed in USA Dollars

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
	Department	Department	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	412,143	416,701	828,844
Payments to suppliers for goods and services	(105,312)	(292,534)	(397,846)
Payments to employees for services	(260,200)	(96,794)	(356,994)
	<u>46,631</u>	<u>27,373</u>	<u>74,004</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Received from other funds	30,039		30,039
	<u>30,039</u>	-	<u>30,039</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital debt surcharge received	67,559		67,559
Acquisition and construction of capital assets	(12,000)	(8,000)	(20,000)
Principal paid on capital debt	(113,965)		(113,965)
Interest paid on capital debt	(10,122)		(10,122)
State aid received	26,489		26,489
	<u>(42,039)</u>	<u>(8,000)</u>	<u>(50,039)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	26	23	49
	<u>26</u>	<u>23</u>	<u>49</u>
Net increase in cash	34,657	19,396	54,053
Cash - beginning	274,645	232,178	506,823
Cash - ending	<u>309,302</u>	<u>251,574</u>	<u>560,876</u>
Reconciliation of operating income (loss) to net cash received by operating activities:			
Operating income (loss)	6,185	(52,149)	(45,964)
Adjustments to reconcile operating income(loss) to net cash received from operating activities:			
Depreciation expense	33,444	81,028	114,472
(Increase) decrease in accounts receivable	(1,117)	(1,506)	(2,623)
(Increase) decrease in prepaid items	8,119		8,119
	<u>40,446</u>	<u>79,522</u>	<u>119,968</u>
Net cash received from operating activities	<u>46,631</u>	<u>27,373</u>	<u>74,004</u>
Noncash investing, capital, and financing activities:	none	none	

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

TOWN OF GORHAM, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2014

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.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The **government-wide financial statements** are reported using the *economic resources*

TOWN OF GORHAM, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2014

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 (other than taxes) to be available if they are collected within 60 days of the end of the current fiscal period. Because of material liabilities associated with the collection and payment of school taxes through the end of the School fiscal year of June 30th, the Town considers property taxes to be available if collected within 180 days of year end. 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 main 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 Town reports the following major enterprise 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.

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)

TOWN OF GORHAM, NEW HAMPSHIRE

Notes to Financial Statements

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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 offset the net amount of taxes to be raised. In the fiscal year 2014, \$200,700 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>)	\$ 4,399,988
Adjustments:	
Encumbrances - December 31, 2013	99,729
Encumbrances - December 31, 2014	<u>(57,740)</u>
Expenditures and Other Financing Uses ~ GAAP Basis (<i>see Exhibit B3</i>)	<u>\$ 4,441,977</u>

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

TOWN OF GORHAM, NEW HAMPSHIRE

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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 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 funds unless the mutual funds 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 Funds 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.

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

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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 Town as assets with an individual cost of more than \$5,000 and an initial 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:

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

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Deferred Inflows of Resources. Deferred inflows of resources arise when potential non-exchange revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred inflows also arise 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 deferred inflow 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 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.

In the fund financial statements, governmental funds recognize bond premiums and discounts 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 as those of creditors, grantors, contributors or laws and regulations or imposed by law through constitutional provisions or legally enforceable enabling legislation. *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 and other elected officials). *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. Whenever 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.

Accounting Estimates. Accounting estimates are an integral part of the financial statements. They are based on management's knowledge and experience about past and current events and

TOWN OF GORHAM, NEW HAMPSHIRE

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assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates used in the preparation of these financial statements were:

- Management's estimate of the *reserve for non-current taxes* is based on the percentage of overlay used in the calculation of tax rates, the status of any non-liable or non-deedable accounts at year-end and unpaid accounts that are considered significant for other reasons.
- Management's estimate of *deferred inflows of taxes* is based on liens committed during the current fiscal year and the estimated balance of outstanding taxes receivable on June 30, 2015.
- Management's estimate of *depreciation* is based on the expected number of years an asset will be use in operations and on the age and condition of capital assets at year-end.

New Governmental Accounting Pronouncements. GASB Statement No. 68, "Accounting and Financial Reporting for Pensions," revises and establishes new financial reporting requirements for employers participating in cost-sharing, multi-employer plans such as the New Hampshire Retirement System (NHRS). Beginning in FY2015, the Town will be required to report a long-term liability for an estimate of the Town's proportional share of NHRS's net pension liability. Essentially, what this means is that the Town will report in its Statement of Net Position, a long-term liability for the estimated total amount of retirement benefits to be paid to retirees in future years.

As required by GASB 67 "Financial Reporting for Pension Plans", beginning in 2014, NHRS will report two different pension liability numbers in its comprehensive annual financial report (CAFR):

1. the liability for accounting purposes, referred to as the Net Pension Liability (NPL), calculated according to GASB 67; and
2. the liability for funding purposes, referred to as the Unfunded Actuarial Accrued Liability (UAAL) calculated by the NHRS' independent actuary. The current method of calculating the UAAL is not affected by GASB 67.

Further, GASB 67 requires NHRS to use the year-to-year fair market value of assets to calculate the retirement system's funded ratio – as opposed to NHRS' current actuarial method of "smoothing" investment gains and losses over a five-year period – which may lead to greater annual fluctuations in NHRS' reported NPL as compared to the UAAL.

Starting with fiscal years beginning after June 30, 2014, GASB 68 will require individual employers to begin reporting a proportionate share of the NPL in their Statement of Net Position. Previously, employers reported annual contributions they made to the NHRS in the footnotes only. NHRS is currently developing informational materials for employers, as well as a mechanism for determining the proportionate shares of the NPL, pension expense and other financial disclosures, and providing it to employers.

TOWN OF GORHAM, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2014

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).

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 does 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 2014 property tax levy was based on a net assessed valuation as of April 1, 2014 of \$275,097,300. State Education Taxes were based on a State-wide equalized valuation of \$215,901,600. 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 amount is reported as a reduction in tax revenue and is adjusted by management for any tax reserves at year-end.

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.

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The tax rate for the year ended December 31, 2014, was as follows:

Municipal portion	\$	11.90
Local School Tax Assessment		11.48
State Education Tax Assessment		2.64
County Tax Assessment		4.66
	\$	<u>30.68</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. Property taxes collected by the Town include taxes levied for other governmental entities as follows:

<u>State of New Hampshire</u>		
State Education Tax	\$	570,445
<u>Gorham Randolph Shelburne Cooperative School District</u>		
Local School Tax Assessment		3,157,435
<u>Coos County:</u>		
County Tax Assessment		<u>1,281,045</u>
	\$	<u>5,008,925</u>

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.

TAXES RECEIVABLE

Taxes receivable at December 31, 2014, are as follows:

<u>Uncollected Taxes</u>		
Property	\$	916,246
Levy of 2009		<u>5,827</u>
	\$	922,073
<u>Unredeemed Taxes (under tax liens)</u>		
Levy of 2013		342,537
Levy of 2012		135,195
Levy of 2011		92,649
Prior levies		<u>55,767</u>
		<u>626,148</u>
		1,548,221
Less: Allowance for uncollectible receivables		<u>(25,000)</u>
	\$	<u>1,523,221</u>

TOWN OF GORHAM, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2014

ACCOUNTS RECEIVABLE

Accounts receivable as of December 31, 2014 are as follows:

	Governmental Activities	Business- Type Activities
<u>General Fund</u>		
Ambulance fees	\$ 140,173	\$ -
Cable franchise fees	2,713	-
<u>Enterprise Funds</u>		
Water services	-	6,850
Sewer services	-	5,321
	142,886	12,171
Less: Allowance for non-current receivables	(140,173)	-
	<u>\$ 2,713</u>	<u>\$ 12,171</u>

INTERGOVERNMENTAL RECEIVABLE

Amounts due from other governments as of December 31, 2014 are as follows:

	Governmental Activities	Business- Type Activities
<u>General Fund</u>		
Ambulance revenues	\$ 43,749	\$ -
Dispatch & mutual aid services	2,996	-
Gasoline sales (<i>school district</i>)	2,758	-
<u>Grant Programs Fund</u>		
Various State and Federal grants	3,000	-
<u>Enterprise Fund ~ Water Department</u>		
State aid grant	-	26,489
	<u>\$ 52,503</u>	<u>\$ 26,489</u>

TOWN OF GORHAM, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2014

INTERNAL BALANCES ~ INTERFUND RECEIVABLES/PAYABLES

Individual fund interfund receivable and payable balances at December 31, 2014 are as follows:

	<u>Internal Balance/ Interfund Receivable</u>	<u>Internal Balance/ Interfund Payable</u>
<i>Governmental Activities:</i>		
General Fund	\$ -	\$ 292,309
Special Revenues Fund:		
Gorham Public Library	168	-
DARE	529	-
Drug Forfeiture	2,369	-
Motor Vehicle Reclamation	29,008	-
Recreation Revolving	161,379	-
Forestry	32,946	-
Capital Projects Fund:		
Grant Programs	9,203	-
Multi-Modal Emergency Access Route	833	833
Capital and Non-capital Reserves Fund:		
Capital Reserve - Multi-Modal	-	833
	<u>236,435</u>	<u>293,975</u>
<i>Business-Type Activities:</i>		
Water Department	58,578	-
Sewer Department	-	1,038
	<u>58,578</u>	<u>1,038</u>
	<u>\$ 295,013</u>	<u>\$ 295,013</u>

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 other political subdivisions.

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 1/1/14 – 1/1/15 and 7/1/14 – 7/1/15 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 retain the aggregate exposure and has allocated resources based on actuarial analysis for that purpose.

TOWN OF GORHAM, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2014

Total contributions and any credits or balances due as of December 31, 2014 are as follows:

Town contributions billed for the coverage period:

Workers' Compensation	\$ 39,565
Property/Liability	\$ 60,000

Contribution due from(to) member:

Workers' Compensation	\$ (27,291)
Property/Liability	\$ 30,000

The Workers' Compensation Section of the Self-Insurance Membership Agreement permits *Primex*³ 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.

CAPITAL ASSETS

A summary of changes in capital assets for the fiscal year ended December 31, 2014 is as follows:

Governmental Activities

	Balance			Balance
	January 1	Additions	Deductions	December 31
Land	\$ 1,853,825	\$ 24,200	\$ -	\$ 1,878,025
Buildings & Other Structures	5,984,586	15,900	-	6,000,486
Construction in Progress	1,079,557	10,628	-	1,090,185
Equipment	737,910	25,124	-	763,034
Vehicles	2,322,815	-	64,487	2,258,328
Infrastructure	20,087,996	-	-	20,087,996
	32,066,689	75,852	64,487	32,078,054
Less: Accumulated Depreciation	(9,287,471)	(286,780)	(64,487)	(9,509,764)
	<u>\$ 22,779,218</u>	<u>\$ (210,928)</u>	<u>\$ -</u>	<u>\$ 22,568,290</u>

Business-Type Activities ~ Water Department

	Balance			Balance
	January 1	Additions	Deductions	December 31
Land	\$ 576,020	\$ -	\$ -	\$ 576,020
Buildings & Other Structures	1,774,680	12,000	-	1,786,680
Equipment	115,959	-	-	115,959
Vehicles	154,803	-	-	154,803
Infrastructure	15,503,338	-	-	15,503,338
	18,124,800	12,000	-	18,136,800
Less: Accumulated Depreciation	(5,249,608)	(33,444)	-	(5,283,052)
	<u>\$ 12,875,192</u>	<u>\$ (21,444)</u>	<u>\$ -</u>	<u>\$ 12,853,748</u>

TOWN OF GORHAM, NEW HAMPSHIRE

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Business-Type Activities ~ Sewer Department

	Balance		Balance	
	January 1	Additions	Deductions	December 31
Land	\$ 275,780	\$ -	\$ -	\$ 275,780
Buildings & Other Structures	943,520	8,000	-	951,520
Equipment	140,807	-	-	140,807
Vehicles	124,576	-	-	124,576
Infrastructure	13,407,974	-	-	13,407,974
	14,892,657	8,000	-	14,900,657
Less: Accumulated Depreciation	(5,486,708)	(81,028)	-	(5,567,736)
	<u>\$ 9,405,949</u>	<u>\$ (73,028)</u>	<u>\$ -</u>	<u>\$ 9,332,921</u>

LIABILITIES

INTERGOVERNMENTAL PAYABLE

Payables due other governments at December 31, 2014 include:

General Fund

Gorham Randolph Shelburne Cooperative School District (balance of
2014-2015 School District Assessment due in monthly installments through June 30, 2015) \$ 1,252,880

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows of Resources at December 31, 2014 are as follows:

General Fund

Taxes receivable not available to pay current obligations \$ 1,000,000

Grant Programs Fund

Grant advances 12,203

\$ 1,012,203

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.

TOWN OF GORHAM, NEW HAMPSHIRE

Notes to Financial Statements

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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, 2014:

	Balance January 1, 2014	Issued	Retired	Balance December 31, 2014	Due Within One Year
<i>Governmental Activities:</i>					
General obligation debt	\$ 248,421	\$ -	\$ 124,210	\$ 124,211	\$ 124,211
Capital leases payable	12,689	-	12,689	-	-
Compensated absences	19,351	-	3,830	15,521	15,521
	<u>280,461</u>	-	<u>140,729</u>	<u>139,732</u>	<u>139,732</u>
<i>Business-Type Activities:</i>					
Major Enterprise Funds					
Water Department	483,789	-	113,965	369,824	73,965
Less: State aid receivable	(158,934)	-	(26,489)	(132,445)	(26,489)
	<u>324,855</u>	-	<u>87,476</u>	<u>237,379</u>	<u>47,476</u>
	<u>\$ 605,316</u>	\$ -	<u>\$ 228,205</u>	<u>\$ 377,111</u>	<u>\$ 187,208</u>

General Long-term Debt Payable. Long-term debt payable at December 31, 2014, is comprised of the following individual issues:

<u>Description of Issue</u>	<u>Original Amount</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate %</u>	<u>Outstanding December 31 2014</u>
<i>Governmental Activities:</i>					
General Obligation Debt Payable					
Town Hall Notes	\$ 1,180,000	07/30/06	04/04/2015	3.730	<u>\$ 124,211</u>
Compensated Absences Payable					
Sick Leave					6,386
Vacation Leave					<u>9,135</u>
					<u>15,521</u>
<i>Business-Type Activities:</i>					
General Obligation Bonds & Notes					
Refunding Bonds, Water Filtration Plant	\$ 1,105,000	04/01/99	04/01/19	1.92	<u>369,824</u>
					<u>\$ 509,556</u>

Annual Requirements to Amortize General Obligation Debt. The annual requirements to amortize all general obligation debt outstanding as of December 31, 2014, including interest payments, are as follows:

Governmental Activities:

Fiscal Year Ending	General Obligation Note Payable		
December 31,	Principal	Interest	Total
2015	<u>\$ 124,211</u>	<u>\$ 2,896</u>	<u>\$ 127,106</u>

TOWN OF GORHAM, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2014

Business-Type Activities:

Fiscal Year Ending <u>December 31,</u>	Water Notes and Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 73,965	\$ 7,101	\$ 81,066
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>\$ 369,824</u>	<u>\$ 21,302</u>	<u>\$ 391,126</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.

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, 2014, subject to annual state appropriation, the Town will receive the following annual amounts to offset debt payments:

Fiscal Year Ending <u>December 31,</u>	State Aid for <u>Water Debt</u>
2015	\$ 26,489
2016	26,489
2017	26,489
2018	26,489
2019	26,489
	<u>\$ 132,445</u>

TOWN OF GORHAM, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2014

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 the System. 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 is a Public Employees Retirement System (PERS), which 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 July 1, 2014 through June 30, 2015 are as follows:

<u>Group I</u>		<u>Group II</u>	
Employees	10.77%	Police	25.30%
Teachers	14.16%	Fire	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 NHRS located at Regional Drive ~ Concord, NH 03301-8509.

The payroll for Town employees covered by NHRS for the year ended December 31, 2014, was \$1,462,097; the Town's total payroll was \$2,262,211. Contribution requirements for the year ended December 31, 2014, were as follows:

Employer Contributions	\$ 223,860
Employee Contributions	<u>122,596</u>
	<u>\$ 346,456</u>

TOWN OF GORHAM, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2014

FUND EQUITY

Elements of fund equity as of December 31, 2014 were as follows:

Governmental Activities – Fund Balance:

Nonmajor Permanent Fund

Trust funds held by the Town and Library Trustees at December 31, 2014 for donor-restricted purposes were as follows:

	Non- spendable Endowment	Spendable for Trust Purposes	Total
<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	1,567	8,567
Library	-	142,675	142,675
	<u>\$ 141,914</u>	<u>\$ 144,573</u>	<u>\$ 286,487</u>

General Fund

Committed for open purchase orders:

Town hall maintenance	\$ 759
Cate's Hill Landfill monitoring	45,630
East Milan Landfill monitoring	9,794
Airport runway maintenance	1,557
	<u>\$ 57,740</u>

Nonmajor Special Revenue Funds

Committed for fund purposes:

Gorham Public Library	\$ 1,588
DARE	529
Drug Forfeiture	2,369
Motor Vehicle Reclamation	29,008
Recreation Revolving	161,379
Town Forest	32,946
	<u>\$ 227,819</u>

TOWN OF GORHAM, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2014

Capital and Non-capital Reserves Fund

Committed for capital & noncapital reserves:

Capital Reserves:

Ambulance	\$	84,990
Assessing		6
River Maintenance		71,010
Emergency Disaster		20,772
Emergency Energy		15,636
Fire Equipment		21,864
Fire Truck		146,098
Highway Heavy Equipment		97,829
Multi-Modal Access Route		49,072
Police Cruiser		26,002
Police Equipment		4,992
Recreation Van		35,854
Road Resurfacing & Reconstruction		16,809
Solid Waste/Recycling Equipment		106,796
Town Building Purchase & Repairs		130,327
Medallion Opera House		2,232
Ambulance Equipment		10,000
Dispatch Equipment		5,000

Noncapital Reserves:

Special Insurance		5,085
Health Insurance Maintenance		1,492
Longevity Pay		19,827
Recreation Maintenance		18,282
	\$	<u>889,975</u>

Business-Type Activities – Net Position:

Enterprise Funds

Water Department	\$	13,017,588
Sewer Department		<u>9,588,778</u>
	\$	<u>22,606,366</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 – Four utility companies have appealed their valuations for property tax purposes. 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

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, 2014

All amounts are expressed in USA Dollars

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
REVENUES				
Taxes	3,113,906	3,113,906	3,067,136	(46,770)
Licenses and permits	477,300	477,300	530,906	53,606
State support	193,663	193,663	194,205	542
Charges for services	443,910	443,910	499,909	55,999
Miscellaneous	5,300	5,300	317,094	311,794
	<u>4,234,079</u>	<u>4,234,079</u>	<u>4,609,250</u>	<u>375,171</u>
EXPENDITURES				
Current:				
General government	1,248,014	1,253,287	1,331,004	(77,717)
Public safety	1,203,418	1,211,318	1,137,451	73,867
Highways and streets	814,904	814,904	786,577	28,327
Sanitation	320,936	320,936	312,853	8,083
Health	23,095	23,095	17,613	5,482
Welfare	57,700	57,700	66,903	(9,203)
Culture and recreation	177,587	177,587	159,884	17,703
Debt service:				
Principal	124,210	124,210	123,952	258
Interest	10,108	10,108	8,743	1,365
	<u>3,979,972</u>	<u>3,993,145</u>	<u>3,944,980</u>	<u>48,165</u>
Excess of revenues over(under) expenditures	254,107	240,934	664,270	423,336
OTHER FINANCING SOURCES (USES)				
Transfers in	201	13,374	150,311	136,937
Transfers out	(455,008)	(455,008)	(455,008)	-
	<u>(454,807)</u>	<u>(441,634)</u>	<u>(304,697)</u>	<u>136,937</u>
Net change in fund balances	(200,700)	(200,700)	359,573	560,273
Fund balances - beginning	904,783	904,783	904,783	-
Fund balances - ending	<u>704,083</u>	<u>704,083</u>	<u>1,264,356</u>	<u>560,273</u>

TOWN OF GORHAM, NEW HAMPSHIRE
Note to Required Supplementary Information – Budgetary Reporting
December 31, 2014

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 offset the net amount of taxes to be raised. In the fiscal year 2014, \$200,700 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>)	\$ 4,399,988
Adjustments:	
Encumbrances - December 31, 2013	99,729
Encumbrances - December 31, 2014	<u>(57,740)</u>
Expenditures and Other Financing Uses ~ GAAP Basis (<i>see Exhibit B3</i>)	<u>\$ 4,441,977</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, 2014

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	3,249,283		3,277,080	27,797
Timber yield	200		235	35
Payments in lieu of taxes	24,434		23,674	(760)
Boat tax	775		796	21
Excavation tax	100		-	(100)
Interest and penalties on delinquent taxes	140,000		149,113	9,113
Overlay	(300,886)		(383,762)	(82,876)
	<u>3,113,906</u>	-	<u>3,067,136</u>	<u>(46,770)</u>
Licenses and permits				
Business licenses and permits	1,100		1,280	180
Motor vehicle fees	419,000		468,210	49,210
Building permits	15,000		20,170	5,170
Other licenses, permits and fees	42,200		41,246	(954)
	<u>477,300</u>	-	<u>530,906</u>	<u>53,606</u>
State Support				
Meals and rental tax distributions	136,147		136,147	-
Highway block grant	54,649		54,846	197
Other, incl. railroad tax	2,867		3,212	345
	<u>193,663</u>	-	<u>194,205</u>	<u>542</u>
Charges for Services				
Income From Departments				
<i>General Government Services:</i>				
Town office	1,200		2,230	1,030
Planning & zoning fees	800		567	(233)
Cemetery	3,000		5,705	2,705
<i>Public safety services:</i>				
Police department	10,660		14,014	3,354
Ambulance	345,000		386,583	41,583
Fire department	7,150		11,951	4,801
Dispatch	7,500		6,464	(1,036)
<i>Highways & Streets:</i>				
Gasoline sales - School	30,000		36,286	6,286
Other	500			(500)
<i>Sanitation:</i>				
Solid waste collection & disposal	38,100		36,109	(1,991)
	<u>443,910</u>	-	<u>499,909</u>	<u>55,999</u>
Miscellaneous				
Sale of municipal property	500		300,725	300,225
Interest on investments	100		97	(3)
Rents of property	600		1,145	545
Insurance dividends and reimbursements	3,000		11,728	8,728
Old Void Checks	1,100		3,399	2,299
	<u>5,300</u>	-	<u>317,094</u>	<u>311,794</u>

Schedule D1a
TOWN OF GORHAM, NEW HAMPSHIRE
General Fund

Schedule of Estimated and Actual Revenues
For the Fiscal Year Ended December 31, 2014

All amounts are expressed in USA Dollars

	Original & Final Budget	Reserves and RSA 31:95-b Authorizations	Actual (GAAP Basis)	Over (Under) Budget
OTHER FINANCING SOURCES				
Operating transfers in - Interfund Transfers				
<i>Nonexpendable Trust Funds -</i>				
Cemetery Perpetual Care	200		13	(187)
<i>Capital & Noncapital Reserve Funds -</i>				
Assessing			134,180	134,180
Fire Equipment		3,300	3,300	-
Police Equipment		4,600	4,600	-
Town Buildings Purchase & Repairs		5,273	5,273	-
Longevity	1		246	245
Special Insurance			2,699	2,699
	<u>201</u>	<u>13,173</u>	<u>150,311</u>	<u>136,937</u>
Total revenues and other financing sources	4,234,280	<u>13,173</u>	4,759,561	512,108
Unreserved Fund Balance Used to Reduce Tax Rate	<u>200,700</u>			
Total revenues and use of fund balance	<u>4,434,980</u>			

Schedule D1b
TOWN OF GORHAM, NEW HAMPSHIRE
General Fund
Schedule of Appropriations, Expenditures and Encumbrances
For the Fiscal Year Ended December 31, 2014

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		81,435		81,380		55
Election, Registration & Vital Statistics		47,338		46,130		1,208
Financial Administration		202,614		192,399		10,215
Revaluation of Property		67,678		262,022		(194,344)
Legal Expenses		70,000		31,968		38,032
Employee Benefits	33,500	626,271		590,454		69,317
Planning and Zoning		7,293		4,731		2,562
General Government Buildings	759	68,756	5,273	74,975	759	(946)
Cemeteries		27,515		28,049		(534)
Insurance, not otherwise allocated		44,049		48,300		(4,251)
Advertising and regional associations		5,065		4,096		969
	34,259	1,248,014	5,273	1,364,504	759	(77,717)
Public safety						
Police Department		457,087		437,559		19,528
Ambulance		389,912		350,176		39,736
Fire Department		160,829		148,646		12,183
Building Inspection (code enforcement)		14,469		9,399		5,070
Emergency management		4,500		2,548		1,952
Dispatch		176,621		181,223		(4,602)
Police cruiser equipment			4,600	4,600		-
Fire equipment			3,300	3,300		-
	-	1,203,418	7,900	1,137,451	-	73,867
Highways and streets						
Administration		647,121		618,138		28,983
Highway asphalt & paving		75,000		74,573		427
Street Lighting		50,533		53,601		(3,068)
Gas Pumps		42,250		40,265		1,985
Airport runway maintenance	1,582			25	1,557	-
	1,582	814,904	-	786,602	1,557	28,327

Schedule D1b
TOWN OF GORHAM, NEW HAMPSHIRE
General Fund
Schedule of Appropriations, Expenditures and Encumbrances
For the Fiscal Year Ended December 31, 2014

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
Sanitation						
Solid waste collection		304,586		296,503		8,083
Solid Waste Clean-up:						
East Milan Landfill Monitoring	43,680	12,750		10,799	45,631	-
Cate's Hill Landfill Monitoring	6,193	3,600		-	9,793	-
	<u>49,873</u>	<u>320,936</u>	-	<u>307,302</u>	<u>55,424</u>	<u>8,083</u>
Health						
Pest Control		1,700		917		783
Health Agencies & Hospitals:						
Androscoggin Valley Home Care		17,500		12,801		4,699
Northern Human Services TMHC		2,895		2,895		-
Child Advocacy Center of Coos County		1,000		1,000		-
	-	<u>23,095</u>	-	<u>17,613</u>	-	<u>5,482</u>
Welfare						
Administration & Direct Assistance		30,000		39,203		(9,203)
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		-
	-	<u>57,700</u>	-	<u>66,903</u>	-	<u>(9,203)</u>
Culture and recreation						
Parks and Recreation		151,667		139,626		12,041
Special Olympics		1,000		1,000		-
Gorham Historical Society		4,000		4,000		-
4th of July Committee		10,900		8,190		2,710
Information Booth, incl. Moose Tours		10,020		7,068		2,952
	-	<u>177,587</u>	-	<u>159,884</u>	-	<u>17,703</u>
Debt service						
Principal of long-term debt	12,947	124,210		136,899		258
Interest expense - long-term debt	1,068	8,108		9,556		(380)
Interest expense - tax anticipation notes		2,000		255		1,745
	<u>14,015</u>	<u>134,318</u>	-	<u>146,710</u>	-	<u>1,623</u>

Schedule D1b
TOWN OF GORHAM, NEW HAMPSHIRE
General Fund
Schedule of Appropriations, Expenditures and Encumbrances
For the Fiscal Year Ended December 31, 2014

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
OTHER FINANCING USES						
Operating transfers out - Interfund transfers						
<i>Special revenue</i>						
Gorham Public Library		141,808		141,808		-
DARE		500		500		-
<i>Capital & Noncapital Reserves:</i>						
<i>Capital Reserves</i>						
Ambulance Equipment		5,000		5,000		-
Fire Truck		44,000		44,000		-
Town Buildings Purchase/Repair		30,000		30,000		-
Ambulance		21,000		21,000		-
Highway Heavy Equipment		40,000		40,000		-
Sanitation/Recycling		30,000		30,000		-
Police Cruiser		14,000		14,000		-
Emergency Disaster		10,000		10,000		-
Medallion Opera House		700		700		-
Fire Equipment		8,000		8,000		-
Assessment		75,000		75,000		-
Police Equipment		5,000		5,000		-
Road Resurfacing & Reconstruction		10,000		10,000		-
Recreation Department		5,000		5,000		-
Dispatch Equipment		5,000		5,000		-
<i>Noncapital Reserves:</i>						
River Maintenance		5,000		5,000		-
Special Insurance		3,000		3,000		-
Longevity		2,000		2,000		-
	-	455,008	-	455,008	-	-
	99,729	4,434,980	13,173	4,441,977	57,740	48,165

Schedule D2a
TOWN OF GORHAM, NEW HAMPSHIRE
Balance Sheet
Non-major Governmental Funds
December 31, 2014

All numbers are expressed in USA Dollars

	<i>Special Revenue</i>					<i>Capital Projects</i>			
	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	1,420							286,487	287,907
Receivables:									
Intergovernmental						3,000			3,000
Interfund	168	529	2,369	29,008	161,379	32,946	9,203	833	236,435
	<u>1,588</u>	<u>529</u>	<u>2,369</u>	<u>29,008</u>	<u>161,379</u>	<u>32,946</u>	<u>12,203</u>	<u>833</u>	<u>286,487</u>
LIABILITIES									
Interfund payable								833	833
	-	-	-	-	-	-	-	833	833
DEFERRED INFLOWS									
Grant advances							12,203		12,203
	-	-	-	-	-	-	12,203	-	12,203
FUND BALANCES									
<i>Nonspendable</i>									
Permanent fund - principal								141,914	141,914
<i>Restricted for</i>									
Permanent fund purposes								144,573	144,573
<i>Committed for</i>									
Special revenue purposes	1,588	529	2,369	29,008	161,379	32,946			227,819
	<u>1,588</u>	<u>529</u>	<u>2,369</u>	<u>29,008</u>	<u>161,379</u>	<u>32,946</u>	-	-	<u>286,487</u>
	<u>1,588</u>	<u>529</u>	<u>2,369</u>	<u>29,008</u>	<u>161,379</u>	<u>32,946</u>	<u>12,203</u>	<u>833</u>	<u>286,487</u>

Schedule D2b
TOWN OF GORHAM, NEW HAMPSHIRE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
For the Fiscal Year Ended December 31, 2014

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	
REVENUES										
State support	750									750
Federal support						36,917				36,917
Charges for services	1,062			18,182	78,398					97,642
Miscellaneous	3,432	800				10,000			28	14,260
	5,244	800	-	18,182	78,398	-	46,917	-	28	149,569
EXPENDITURES										
Current:										
Public safety		1,895					1,238			3,133
Sanitation				22,113						22,113
Culture and recreation	145,624				60,452					206,076
Conservation						45,246				45,246
Economic Development						10,000				10,000
Capital outlay								73		35,752
	145,624	1,895	-	22,113	60,452	45,246	46,917	73	-	322,320
Excess (deficiency) of revenues over (under) expenditures	(140,380)	(1,095)	-	(3,931)	17,946	(45,246)	-	(73)	28	(172,751)
OTHER FINANCING SOURCES (USES)										
Transfers in	141,808	500						73		142,381
Transfers out									(13)	(13)
	141,808	500	-	-	-	-	-	73	(13)	142,368
Net change in fund balances	1,428	(595)	-	(3,931)	17,946	(45,246)	-	-	15	(30,383)
Fund balances - beginning	160	1,124	2,369	32,939	143,433	78,192	-	-	286,472	544,689
Fund balances - ending	1,588	529	2,369	29,008	161,379	32,946	-	-	286,487	514,306

SCHEDULE D2b(1)
TOWN OF GORHAM, NEW HAMPSHIRE
Special Revenue Fund - Gorham Public Library
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended December 31, 2014

All amounts are expressed in USA Dollars.

	Library Checking							Petty Cash	Total
	Town Accounts R1	Library Unclassified (Interest)	Library Maint CRF R2	Equipment Generated R3	Gifts Personal Property & Other R4	Grants R5	Murphy Trust R6		
REVENUES									
State support						750.00			750.00
Charges for services									
Copier Income				1,062.20					1,062.20
Miscellaneous									
Donations					3,431.96				3,431.96
	-	-	-	1,062.20	3,431.96	750.00	-	-	5,244.16
EXPENDITURES									
Current - Culture and Recreation									
Culture and Recreation	141,640.00			955.55	2,363.57	665.54	-		145,624.66
	141,640.00	-	-	955.55	2,363.57	665.54	-	-	145,624.66
Excess (deficiency) of revenues over (under) expenditures	(141,640.00)	-	-	106.65	1,068.39	84.46	-	-	(140,380.50)
OTHER FINANCING SOURCES (USES)									
Transfers in									
General Fund	141,808.00								141,808.00
	141,808.00	-	-	-	-	-	-	-	141,808.00
Net change in fund balances	168.00	-	-	106.65	1,068.39	84.46	-	-	1,427.50
Fund balances - beginning	-	-	-	60.40	-	-	-	100.00	160.40
Fund balances - ending	168.00	-	-	167.05	1,068.39	84.46	-	100.00	1,587.90

SCHEDULE E1
TOWN OF GORHAM, NEW HAMPSHIRE
Enterprise Fund - Water Department
Schedule of Activity and Net Position
For the Fiscal Year Ended December 31, 2014

All amounts are expressed in USA Dollars.

	Special Assessments		Capital Reserve Fund	Total Town Budgetary Basis	Restatements and Reclassifications	GAAP (Accrual) Basis
	Filtration Plant	Sugar Hill Reservoir				
OPERATING REVENUE						
Charges for services						
Water sales	391,764			391,764		391,764
Job works & materials	18,878			18,878		18,878
Administrative charges	1,575			1,575		1,575
Interest on delinquent accounts	1,044			1,044		1,044
	413,261	-	-	413,261	-	413,261
OPERATING EXPENSE						
Wages and benefits	260,200			260,200		260,200
Professional services	15,239			15,239		15,239
Chemicals & supplies	12,057			12,057		12,057
Operations & maintenance	61,781		7,968	69,749		69,749
General and administrative	16,387			16,387		16,387
Depreciation					33,444	33,444
	365,664	-	7,968	373,632	33,444	407,076
Operating Income(Loss)	47,597	-	(7,968)	39,629	(33,444)	6,185
NONOPERATING INCOME(EXPENSE)						
Interest income			26	26		26
Capital debt surcharge	39,596	28,442		68,038		68,038
State aid grants	26,489			26,489	(26,489)	-
Debt service:						
Principal	(73,965)	(40,000)		(113,965)	113,965	-
Interest	(8,704)	(1,418)		(10,122)		(10,122)
Capital outlay			(12,000)	(12,000)	12,000	-
	-	(16,584)	(12,976)	(41,534)	99,476	57,942
Income(Loss) Before Transfers	47,597	(16,584)	(19,942)	(1,905)	66,032	64,127
TRANSFERS						
Intra-fund transfers, net	(46,480)		46,480	-		-
	(46,480)	-	46,480	-	-	-
Net Income(Loss)	1,117	(16,584)	26,538	(1,905)	66,032	64,127
Net Position - Beginning	1,427	113,681	13,371	274,645	12,550,337	12,953,461
Net Position - Ending	2,544	97,097	395	301,183	12,616,369	13,017,588
Analysis of Net Position December 31:						2014
Cash			309,302	309,302		309,302
Accounts receivable	3,846	2,729	275	6,850		6,850
Intergovernmental receivable		26,489		26,489		26,489
Interfund receivable(payable)	(1,302)	67,879	120	(8,119)		58,578
Capital assets (net of accumulated depreciation)					12,853,748	12,853,748
Long-term debt:						
Unpaid principal					(369,824)	(369,824)
State grants receivable					132,445	132,445
	2,544	97,097	395	301,183	12,616,369	13,017,588
	Unrestricted	Net investment in capital assets	Net investment in capital assets	Restricted for capital acquisitions	Net investment in capital assets	Total Net Position

SCHEDULE E2
TOWN OF GORHAM, NEW HAMPSHIRE
Enterprise Fund - Sewer Department
Schedule of Activity and Net Position
For the Fiscal Year Ended December 31, 2014

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					
Sewer user charges	393,402		393,402		393,402
Job Works & Materials	22,723		22,723		22,723
Administrative Charges	1,557		1,557		1,557
Cost Reimbursements	525		525		525
	418,207	-	418,207	-	418,207
OPERATING EXPENSE					
Wages and benefits	96,794		96,794		96,794
Professional services	3,918		3,918		3,918
Chemicals & supplies	6,270		6,270		6,270
Operations & maintenance	261,143	14,034	275,177		275,177
General and administrative	7,169		7,169		7,169
Depreciation			-	81,028	81,028
	375,294	14,034	389,328	81,028	470,356
Operating Income(Loss)	42,913	(14,034)	28,879	(81,028)	(52,149)
NONOPERATING INCOME(EXPENSE)					
Interest income		23	23		23
Capital outlay		(8,000)	(8,000)	8,000	-
	-	(7,977)	(7,977)	8,000	23
Income(Loss) Before Transfers	42,913	(22,011)	20,902	(73,028)	(52,126)
TRANSFERS					
Intra-Fund Transfers	(41,407)	41,407	-		-
	(41,407)	41,407	-	-	-
Net Income(Loss)	1,506	19,396	20,902	(73,028)	(52,126)
Net Position - Beginning	2,777	232,178	234,955	9,405,949	9,640,904
Net Position - Ending	4,283	251,574	255,857	9,332,921	9,588,778
Analysis of Net Position December 31:					2014
Cash		251,574	251,574		251,574
Accounts receivable	5,321		5,321		5,321
Interfund receivable(payable)	(1,038)		(1,038)		(1,038)
Capital assets <i>(net of accumulated depreciation)</i>			-	9,332,921	9,332,921
	4,283	251,574	255,857	9,332,921	9,588,778
	<small>Unrestricted</small>	<small>Restricted for capital acquisitions</small>		<small>Net investment in capital assets</small>	<small>Total Net Position</small>