

TOWN OF GORHAM, NEW HAMPSHIRE

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

DECEMBER 31, 2015

TOWN OF GORHAM, NEW HAMPSHIRE

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December 31, 2015

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# The Mercier Group

*a professional corporation*

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## 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, 2015 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, 2015, 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*

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**The Mercier Group**, a professional corporation

Canterbury, New Hampshire

April 14, 2016

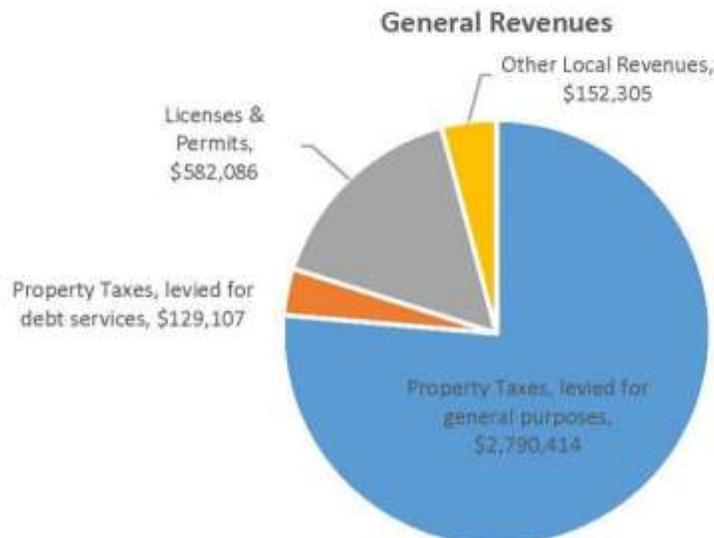
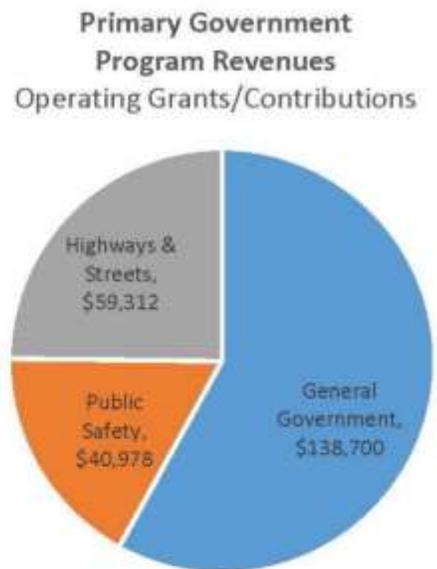
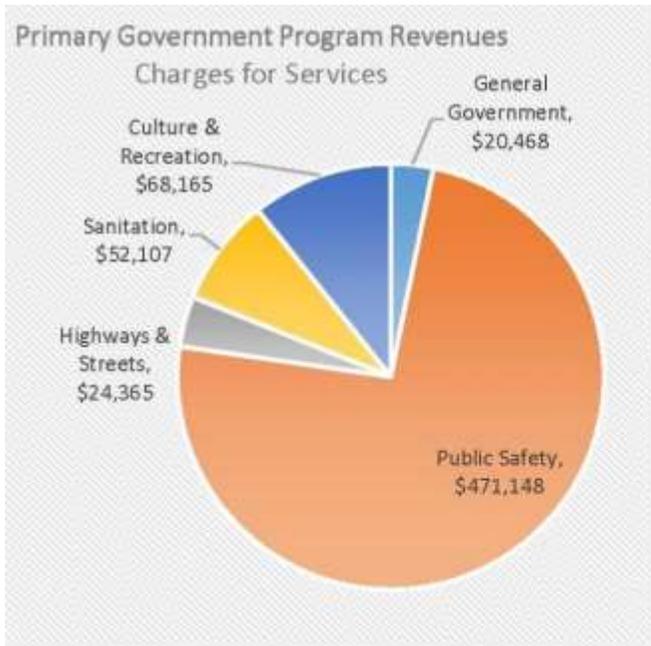
# **Management's Discussion & Analysis**

## 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, 2015. 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 \$45,874,098.00 (net position).
- The Town’s total cash and investments totaled \$3,813,489.00 at December 31, 2015 representing a decrease of \$231,323.00 from December 31, 2014.
- The Town had program revenues of \$1,722,183.00 at December 31, 2015 representing an increase of \$61,292.00 from December 31, 2014 and program expenses of \$5,239,408.00 for the year ended December 31, 2015 representing a decrease of \$57,612.00.



- The General Fund (operating fund) reflected on a modified accrual basis of accounting, reports \$798,212.00 in unassigned fund balance (surplus). This is a decrease of \$466,144.00 from December 31, 2014. Please refer to the Note on Page 29 regarding Litigation.
- The total General Fund actual expenditures were \$162,965.00 less than the 2015 Budgeted Expenditures.
- The total General Fund actual revenues were \$167,984.00 less than the 2015 Budgeted Revenues.

## 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 assets have changed. The statement of net assets 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 -Reconciliation of Governmental Funds -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: Fiduciary Funds	-Statement of Fiduciary Net Assets -Statement of Changes in Fiduciary Net Assets	Provides information on funds for which the Town acts as a trustee, or fiduciary. The Town cannot use these assets to finance its own operations, but is responsible for ensuring that the assets reported here are used for their intended purposes.
Fund Financials: Proprietary Funds / Enterprise Funds	-Statement of Net Position -Statement of Changes in Net Assets -Statement of Cash Flows	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.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following statements are presented for comparative analysis of the Town’s financial condition. Net position serves as a useful indicator of a governmental entity’s financial condition as of a certain date while the Statement of Activities shows the change in that financial condition over time. The Town’s assets exceeded liabilities by \$45,874,098 and \$45,706,880 at December 31, 2015 and 2014, respectively. The 2014 Net Position was restated to reflect the implementation of GASB 68, changing the 2014 figure of \$48,760,468 to \$45,706,880. The reduction in the stated 2014 and 2015 Net Position is largely due to GASB 68 and the

required inclusion of the Town's share of the NH Retirement System's net pension liability of \$2,733,945.00, Deferred Outflows of Resources of \$86,173.00 and Deferred Inflows of Resources of \$330,001.00 (see page 26 for a detailed explanation).

<b>TOWN OF GORHAM, NEW HAMPSHIRE</b>		
<i>Condensed Comparative Statements of Activities</i>		
For the Fiscal Year Ended December 31, 2015 and 2014		
<i>All numbers are expressed in USA Dollars.</i>		
	<b>2015</b>	<b>2014</b>
<b>REVENUES</b>		
<i>Program revenues:</i>		
Charges for services	1,483,193	1,429,019
Operating grants and contributions	238,990	231,872
<i>General Revenues:</i>		
Taxes	2,919,521	3,067,136
Licenses and permits	582,086	530,906
Other local revenues	182,836	389,392
<i>Special items:</i>		
Capital assets acquired by tax deed	-	40,100
	<b>5,406,626</b>	<b>5,688,425</b>
<b>PROGRAM EXPENSES</b>		
<i>Governmental activities:</i>		
General Government	1,326,439	1,360,674
Public safety	1,153,805	1,140,584
Highways and streets	744,979	786,602
Sanitation	310,223	329,415
Sewage collection & disposal	456,517	470,356
Water distribution & treatment	421,356	407,076
Health	22,813	17,613
Welfare	55,715	66,903
Culture and recreation	405,515	365,960
Conservation	47,110	45,246
Economic development	2,000	10,000
Interest on long-term debt	3,489	9,811
Depreciation-unallocated	289,447	286,780
	<b>5,239,408</b>	<b>5,297,020</b>
Change in net position	167,218	391,405
Net position - beginning, as restated	45,706,880	45,315,475
Net position - ending	<b>45,874,098</b>	<b>45,706,880</b>

*For comparability, FY2014 has been restated to reflect the implementation of GASB 68*

**TOWN OF GORHAM, NEW HAMPSHIRE**  
*Condensed Comparative Statements of Net Position*  
December 31, 2015 and 2014

*All numbers are expressed in USA Dollars*

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Current assets	5,822,731	5,661,909
Capital assets	44,547,397	44,754,959
	<u>50,370,128</u>	<u>50,416,868</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Town share of NHRS for GASB 68	86,173	110,059
	<u>86,173</u>	<u>110,059</u>
<b>LIABILITIES</b>		
Current liabilities	1,306,834	1,282,607
Long-term obligations	189,903	361,590
Town share of NHRS net pension liability	2,733,945	2,804,774
	<u>4,230,682</u>	<u>4,448,971</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Town share of NHRS for GASB 68	330,001	358,873
Unspent grants	21,520	12,203
	<u>351,521</u>	<u>371,076</u>
<b>NET POSITION</b>		
Net investment in capital assets	44,438,151	44,490,861
Restricted for specific purposes	2,387,766	2,020,772
Unrestricted (deficit)	(951,819)	(804,753)
	<u>45,874,098</u>	<u>45,706,880</u>

*For comparability, FY2014 has been restated to reflect the implementation of GASB 68*

**Net Assets**

Net assets may serve over time as a useful indicator of a governmental entity's financial position. The Town's assets exceeded liabilities by \$45,874,098.00 and \$45,706,880.00 at December 31, 2015 and 2014, respectively.

**Capital Assets and Debt Administration**

During the year ended December 31, 2015, the Town's Governmental Activities depreciation was more than the additions to assets resulting in a decrease in capital assets (net of depreciation) of \$115,384.00 and the Business-Type Activities depreciation exceeded the additions to equipment resulting in a decrease in capital assets (net of depreciation) of \$92,178.00. 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, 2015, the Governmental Activities (Town) long-term liabilities were \$22,258.00 and the Business-Type Activities (Water and Sewer Department) long-term liabilities were \$295,859.00 for total long-term liabilities of \$318,117.00.

## **Economic Factors, Next Year's Budget and Project Updates**

There is one economic factor which is of major concern to the Town:

- Due to the economy, existing tax liens and outstanding property taxes, the balance as of December 31, 2015 of the Deferred Inflow Account was increased by \$250,000.00 to carry a reserve of \$1,250,000.00, along with Grant Program Funds of \$21,520.00, bringing the account total to \$1,271,520.00. The actual revenues received for property taxes were \$297,779 and \$46,770 under budgeted property tax revenues in 2015 and 2014, respectively.

The following factors were considered in preparing the Town's budget for the 2016 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. However, \$98,000.00 was cut from proposed budget requests by the Board of Selectmen from a variety of Capital Reserve Funds during the final stages of the budget process. A new 15-passenger bus was purchased in 2015 for \$51,064.00, with \$35,855.91 coming from the Recreation Van CRF and \$15,208.09 from the Recreation Revolving Fund. A new police cruiser was purchased and outfitted with \$35,453.00 coming from the Police Cruiser CRF.
- No new vehicle leases were entered into in 2015.
- We have gone out to bid for electricity and heating fuel (along with the Cooperative School District) and have made every effort to obtain goods and services at the lowest possible price.
- As of December 31, 2015, \$117,689.00 remained of the \$175,000.00 appropriation for the replacement of a culvert on Tinker Brook Hill in Cascade Flats (\$100,000 to come from the unassigned fund balance and \$75,000 to come from taxation). The \$117,689 was encumbered to be spent in 2016 and an additional \$110,000 (to come from unassigned fund balance) was appropriated in the 2016 budget in order to complete the project.
- The \$1,180,000 bond for the Town Hall Renovation Project was issued on April 4, 2006. As of April 4, 2015, the entire bond was repaid.
- In 2015, a new metal roof and spray-foam insulation were installed in the Public Works Department Garage at a cost of \$93,400.00, with \$75,800.00 paid from the Town Building Purchase & Repairs CRF and \$17,600.00 paid through a USDA Community Facilities Grant.
- The Board of Selectmen and the Budget Committee recommended a warrant article for an appropriation of \$65,000.00 for the purchase and implementation of a new, fully-integrated software package for the Finance, Town Clerk/Tax Collector and Assessing Departments. The new software will be paid for over the next five years with a total cost of \$202,685.00, interest free. The software will provide a seamless transfer of data from Assessing, to property tax billing, to revenue collections and, finally, to Finance. The process will be much more efficient and will reduce the chance for errors caused by multiple entries of the same data and will increase reporting capabilities.

## **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](mailto:dvallee@gorhamnh.org).

# **Basic Financial Statements**

Exhibit A1  
**TOWN OF GORHAM, NEW HAMPSHIRE**  
*Statement of Net Position*  
December 31, 2015

All numbers are expressed in USA Dollars

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Cash and cash equivalents	3,190,239	623,250	3,813,489
Receivables <i>(net of allowance for uncollectibles)</i>			
Taxes	1,887,054		1,887,054
Accounts	56,101	31,631	87,732
Intergovernmental receivable	7,485	26,489	33,974
Internal balances	(19,524)	19,524	-
Prepays	-	482	482
Capital assets:			
Land	1,878,025	851,800	2,729,825
Buildings and other structures	6,023,711	2,738,200	8,761,911
Construction in progress	1,147,496	-	1,147,496
Equipment & furnishings	777,063	281,538	1,058,601
Vehicles	2,305,883	279,379	2,585,262
Infrastructure	20,087,996	28,911,312	48,999,308
Accumulated depreciation	(9,767,268)	(10,967,738)	(20,735,006)
	<u>27,574,261</u>	<u>22,795,867</u>	<u>50,370,128</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Town share of NHRS for GASB 68	86,173		86,173
	<u>86,173</u>	<u>-</u>	<u>86,173</u>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	32,195	-	32,195
Compensated absences payable	22,258		22,258
Intergovernmental payable	1,252,381		1,252,381
Long-term obligations due beyond one year:			
Due within one year			
Bonds & notes payable		47,476	47,476
Due Beyond one year:			
Bonds & notes payable		142,427	142,427
Town share of NHRS net pension liability	2,733,945		2,733,945
	<u>4,040,779</u>	<u>189,903</u>	<u>4,230,682</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Town share of NHRS for GASB 68	330,001		330,001
Unspent grants	21,520		21,520
	<u>351,521</u>	<u>-</u>	<u>351,521</u>
<b>NET POSITION</b>			
Net investment in capital assets	22,452,906	21,985,245	44,438,151
Restricted for:			
Open purchase orders	198,416		198,416
Special Revenue purposes	267,901		267,901
Capital & noncapital reserves	1,016,228	606,213	1,622,441
Permanent Funds:			
Nonspendable	141,914		141,914
Spendable for trust purposes	142,588		142,588
Enterprise fund purposes		14,506	14,506
Unrestricted(deficit)	(951,819)		(951,819)
	<u>23,268,134</u>	<u>22,605,964</u>	<u>45,874,098</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, 2015

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		Total
				Governmental Activities	Business-type Activities	
Primary government:						
<i>Governmental activities:</i>						
General Government	1,326,439	20,468	138,700	(1,167,271)		(1,167,271)
Public safety	1,153,805	471,148	40,978	(641,679)		(641,679)
Highways and streets	744,979	24,365	59,312	(661,302)		(661,302)
Sanitation	310,223	52,107		(258,116)		(258,116)
Health	22,813			(22,813)		(22,813)
Welfare	55,715			(55,715)		(55,715)
Culture and recreation	405,515	68,165		(337,350)		(337,350)
Conservation	47,110			(47,110)		(47,110)
Economic development	2,000			(2,000)		(2,000)
Interest on long-term debt	3,489			(3,489)		(3,489)
Depreciation-unallocated	289,447			(289,447)		(289,447)
	<u>4,361,535</u>	<u>636,253</u>	<u>238,990</u>	<u>(3,486,292)</u>	<u>-</u>	<u>(3,486,292)</u>
<i>Business-type activities:</i>						
Water department	421,356	428,345	-		6,989	6,989
Sewer department	456,517	418,595	-		(37,922)	(37,922)
	<u>877,873</u>	<u>846,940</u>	<u>-</u>	<u>-</u>	<u>(30,933)</u>	<u>(30,933)</u>
	<u>5,239,408</u>	<u>1,483,193</u>	<u>238,990</u>	<u>(3,486,292)</u>	<u>(30,933)</u>	<u>(3,517,225)</u>
General revenues:						
Taxes:						
Property taxes, levied for general purposes				2,790,414		2,790,414
Property taxes, levied for debt services				129,107		129,107
Licenses and permits				582,086		582,086
Other local revenues				152,305	30,531	182,836
				<u>3,653,912</u>	<u>30,531</u>	<u>3,684,443</u>
Change in net position				167,620	(402)	167,218
Net position - beginning, as restated				23,100,514	22,606,366	45,706,880
Net position - ending				<u>23,268,134</u>	<u>22,605,964</u>	<u>45,874,098</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, 2015

*All numbers are expressed in USA Dollars*

	<b>General</b>	<b>Capital &amp; Noncapital Reserves</b>	<b>Non-major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	1,884,371	1,017,061	288,807	3,190,239
Receivables				
Taxes	1,887,054		-	1,887,054
Accounts	55,839		262	56,101
Intergovernmental			7,485	7,485
Interfund			278,974	278,974
	<u>3,827,264</u>	<u>1,017,061</u>	<u>575,528</u>	<u>5,419,853</u>
<b>LIABILITIES</b>				
Accounts payable	12,045		-	12,045
Accrued Liabilities	20,150		-	20,150
Interfund payable	296,060	833	1,605	298,498
Intergovernmental payable	1,252,381		-	1,252,381
	<u>1,580,636</u>	<u>833</u>	<u>1,605</u>	<u>1,583,074</u>
<b>DEFERRED INFLOWS</b>				
Unavailable taxes revenues	1,250,000			1,250,000
Unspent grants			21,520	21,520
	<u>1,250,000</u>	<u>-</u>	<u>21,520</u>	<u>1,271,520</u>
<b>FUND BALANCES</b>				
<i>Nonspendable</i>				
Permanent fund - principal			141,914	141,914
<i>Restricted for</i>				
Permanent fund purposes			142,588	142,588
<i>Committed for</i>				
Open purchase orders	198,416		-	198,416
Special revenue purposes			267,901	267,901
Capital & noncapital reserves		1,016,228	-	1,016,228
Unassigned	798,212		-	798,212
	<u>996,628</u>	<u>1,016,228</u>	<u>552,403</u>	<u>2,565,259</u>
	<u>3,827,264</u>	<u>1,017,061</u>	<u>575,528</u>	<u>5,419,853</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, 2015

All numbers are expressed in USA Dollars

**Total Fund Balance - Governmental Funds (Exhibit B1)** 2,565,259

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	6,023,711	
Construction in progress	1,147,496	
Equipment & furnishings	777,063	
Vehicles	2,305,883	
Infrastructure	20,087,996	
Accumulated depreciation	<u>(9,767,268)</u>	
		22,452,906

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

Taxes receivable not available to pay current obligations		1,250,000
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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:*

<i>Town's share of New Hampshire Retirement System:</i>		
Net pension liability	(2,733,945)	
Deferred outflows of resources	86,173	
Deferred inflows of resources	<u>(330,001)</u>	
		(2,977,773)
Compensated absences (sick & vacation leave)		<u>(22,258)</u>
		<u>(3,000,031)</u>

**Net Position of Governmental Activities (Exhibit A1)** 23,268,134

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, 2015

*All numbers are expressed in USA Dollars*

	<b>General</b>	<b>Capital &amp; Noncapital Reserves</b>	<b>Non-major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Taxes	2,669,521		-	2,669,521
Licenses and permits	582,086		-	582,086
State support	201,012		13,485	214,497
Federal support	-		24,493	24,493
Charges for services	559,370		76,883	636,253
Other local sources	25,051	85	127,169	152,305
	<u>4,037,040</u>	<u>85</u>	<u>242,030</u>	<u>4,279,155</u>
<b>EXPENDITURES</b>				
Current:				
General Government	1,290,984		104,533	1,395,517
Public safety	1,142,667		11,138	1,153,805
Highways and streets	744,979		-	744,979
Sanitation	297,386		12,837	310,223
Health	22,813		-	22,813
Welfare	55,715		-	55,715
Culture and recreation	156,469		249,046	405,515
Conservation	9,002		38,108	47,110
Economic development	2,000		-	2,000
Debt service				
Principal	124,211		-	124,211
Interest	3,489		-	3,489
Capital outlay	174,063		-	174,063
	<u>4,023,778</u>	<u>-</u>	<u>415,662</u>	<u>4,439,440</u>
Excess of revenues over(under) expenditures	13,262	85	(173,632)	(160,285)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	201,565	389,145	228,950	819,660
Transfers out	(540,295)	(262,144)	(17,221)	(819,660)
	<u>(338,730)</u>	<u>127,001</u>	<u>211,729</u>	<u>-</u>
Net change in fund balances	(325,468)	127,086	38,097	(160,285)
Fund balances - beginning	1,322,096	889,142	514,306	2,725,544
Fund balances - ending	<u>996,628</u>	<u>1,016,228</u>	<u>552,403</u>	<u>2,565,259</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, 2015

All numbers are expressed in USA Dollars

**Net change in fund balances - total governmental funds (Exhibit B3)** (160,285)

Amounts reported for governmental activities in the statement of activities (Exhibit A2) are different because:

*Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.*

Reduce expenditures for capital outlays increasing capital assets	174,063
Increase expenditures for depreciation charges	(289,447)

*Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.*

Increase(decrease) in Deferred inflow of taxes not available for current expenditures	250,000
---	---------

*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.*

Reduction in expenditures for principal payments on debt	124,211
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*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.*

(Increase)decrease in compensated absences payable	(6,737)
Town's share of New Hampshire Retirement System:	
(increase)decrease in net pension liability	70,829
Increase(decrease) in deferred outflows of resources	(23,886)
(Increase)decrease in deferred inflows of resources	28,872
	75,815

**Change in net position of governmental activities (Exhibit A2)** 167,620

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, 2015

All numbers are expressed in USA Dollars

	<b>Business-type Activities ~ Enterprise Funds</b>		
	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
	<b>Department</b>	<b>Department</b>	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	329,768	293,482	623,250
Accounts receivable	25,086	6,545	31,631
Interfund receivable	20,755		20,755
Intergovernmental receivable	26,489		26,489
Prepaid items	289	193	482
	<u>402,387</u>	<u>300,220</u>	<u>702,607</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	140,731	140,807	281,538
Vehicles	154,803	124,576	279,379
Infrastructure	15,503,338	13,407,974	28,911,312
Accumulated depreciation	(5,318,973)	(5,648,765)	(10,967,738)
	<u>12,842,599</u>	<u>9,251,892</u>	<u>22,094,491</u>
	<u>12,842,599</u>	<u>9,251,892</u>	<u>22,094,491</u>
	<u>13,244,986</u>	<u>9,552,112</u>	<u>22,797,098</u>
<b>LIABILITIES</b>			
Current liabilities:			
Interfund payable		1,231	1,231
Bonds & notes payable, net of State Aid	47,476		47,476
	<u>47,476</u>	<u>1,231</u>	<u>48,707</u>
Long-term liabilities:			
Bonds & notes payable, net of State Aid	142,427		142,427
	<u>142,427</u>	<u>-</u>	<u>142,427</u>
	<u>189,903</u>	<u>1,231</u>	<u>191,134</u>
<b>NET POSITION</b>			
Net investment in capital assets	12,733,353	9,251,892	21,985,245
Restricted for capital acquisitions <i>(Capital Reserve Funds)</i>	312,731	293,482	606,213
Unrestricted	8,999	5,507	14,506
	<u>13,055,083</u>	<u>9,550,881</u>	<u>22,605,964</u>

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

Exhibit B6  
**TOWN OF GORHAM , NEW HAMPSHIRE**  
*Statement of Revenue, Expenditures and Changes in Fund Net Position*  
**Proprietary Funds**  
For the Fiscal Year Ended December 31, 2015

All numbers are expressed in USA Dollars

	<b>Business-type Activities ~ Enterprise Funds</b>		
	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
	<b>Department</b>	<b>Department</b>	
<b>OPERATING REVENUES</b>			
Charges for services:			
User charges	391,062	396,522	787,584
Job Works & materials	33,593	19,079	52,672
Administrative charges	2,152		2,152
Cost reimbursements	45	1,105	1,150
Late fees	1,493	1,889	3,382
	<u>428,345</u>	<u>418,595</u>	<u>846,940</u>
<b>OPERATING EXPENSES</b>			
Wages and benefits	262,033	93,202	355,235
Professional services	15,139	3,364	18,503
Operating supplies	10,339	2,731	13,070
Operations & maintenance	72,361	269,097	341,458
General and administrative	25,563	7,094	32,657
Depreciation	35,921	81,029	116,950
	<u>421,356</u>	<u>456,517</u>	<u>877,873</u>
Operating income(loss)	<u>6,989</u>	<u>(37,922)</u>	<u>(30,933)</u>
<b>NONOPERATING INCOME(EXPENSE)</b>			
Interest income	42	25	67
Capital debt surcharge	37,568		37,568
Interest expense	(7,104)		(7,104)
	<u>30,506</u>	<u>25</u>	<u>30,531</u>
Changes in net position	37,495	(37,897)	(402)
Fund net position - beginning	<u>13,017,588</u>	<u>9,588,778</u>	<u>22,606,366</u>
Fund net position - ending	<u>13,055,083</u>	<u>9,550,881</u>	<u>22,605,964</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, 2015

All numbers are expressed in USA Dollars

	<b>Business-type Activities ~ Enterprise Funds</b>		
	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
	<b>Department</b>	<b>Department</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	421,890	417,371	839,261
Payments to suppliers for goods and services	(123,691)	(282,479)	(406,170)
Payments to employees for services	(262,033)	(93,202)	(355,235)
	<u>36,166</u>	<u>41,690</u>	<u>77,856</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Net advances from(to) other funds	37,823	193	38,016
	<u>37,823</u>	<u>193</u>	<u>38,016</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital debt surcharges	25,787		25,787
Acquisition and construction of capital assets	(24,772)		(24,772)
Principal paid on capital debt	(73,965)		(73,965)
Interest paid on capital debt	(7,104)		(7,104)
State aid received	26,489		26,489
	<u>(53,565)</u>	<u>-</u>	<u>(53,565)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	42	25	67
	<u>42</u>	<u>25</u>	<u>67</u>
Net increase(decrease) in cash and cash equivalents	20,466	41,908	62,374
Cash - beginning	309,302	251,574	560,876
Cash - ending	<u>329,768</u>	<u>293,482</u>	<u>623,250</u>
<b><i>Reconciliation of operating income (loss) to net cash received(used) by operating activities:</i></b>			
Operating income (loss)	6,989	(37,922)	(30,933)
Adjustments to reconcile operating income(loss) to net cash received from(used by) operating activities:			
Depreciation expense	35,921	81,029	116,950
(Increase) decrease in accounts receivable	(6,455)	(1,224)	(7,679)
(Increase) in prepaid items	(289)	(193)	(482)
	<u>29,177</u>	<u>79,612</u>	<u>108,789</u>
Net cash received from (used by) operating activities	<u>36,166</u>	<u>41,690</u>	<u>77,856</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, 2015

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### 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 (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* is a capital projects fund which accounts for monies set aside by vote of the legislative body (the Town's citizens) for specific purposes.

The Town reports the following major enterprise funds:

- The *Water Department* fund accounts for the activities of the Town's water utility.
- The *Sewer Department* 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.

# TOWN OF GORHAM, NEW HAMPSHIRE

## Notes to Financial Statements

December 31, 2015

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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 offset the net amount of taxes to be raised. In the fiscal year 2015, \$476,145 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> )	\$ 4,704,749
Adjustments:	
Encumbrances - December 31, 2014	57,740
Encumbrances - December 31, 2015	<u>(198,416)</u>
Expenditures and Other Financing Uses ~ GAAP Basis ( <i>see Exhibit B3</i> )	<u>\$ 4,564,073</u>

# TOWN OF GORHAM, NEW HAMPSHIRE

## Notes to Financial Statements

December 31, 2015

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### 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 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.

**TOWN OF GORHAM, NEW HAMPSHIRE**

*Notes to Financial Statements*

December 31, 2015

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**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 5.0% 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, Sewer, Ambulance, Recreation, 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

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**TOWN OF GORHAM, NEW HAMPSHIRE**

*Notes to Financial Statements*

December 31, 2015

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Public domain infrastructure	40
Light vehicles	5
Heavy vehicles & equipment	10
Office equipment	5
Other equipment & furnishings	10

**Deferred Outflows of Resources.** Deferred outflows of resources represent the consumption of resources that are applicable to future accounting periods. In subsequent periods, when expense recognition criteria are met, the deferred outflow is removed from the combined balance sheet and expense 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.

**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.

**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

# TOWN OF GORHAM, NEW HAMPSHIRE

## Notes to Financial Statements

December 31, 2015

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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 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 *allowance for uncollectable taxes* is based on the percentage of overlay used in the calculation of tax rates, the status of any non-lienable 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, cases pending before the State Board of Tax and Land Appeals and the estimated balance of outstanding taxes receivable on June 30, 2016.
- Management's estimate of *depreciation* is based on the expected number of years an asset will be used in operations and on the age and condition of capital assets at year-end.

**New Governmental Accounting Pronouncements.** During FY2015, the town implemented the provisions of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions", which revises and establishes new financial reporting requirements for employers participating in cost-sharing, multi-employer plans such as the New Hampshire Retirement System (NHRS). According to GASB 68 the Town is 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. Previously, employers reported annual contributions they made to the NHRS in the footnotes only.

## 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

**TOWN OF GORHAM, NEW HAMPSHIRE**

*Notes to Financial Statements*

December 31, 2015

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held by the Town or its agent in the Town's name.

**Cash Equivalents.** The Town's cash equivalents consist of participation units of the *New Hampshire Public Deposit Investment Pool (NHPDIP)*. Deposits with the NHPDIP are not restricted in any way and available upon demand. At this time, the NHPDIP's underlying investments are limited to short-term U.S. Treasury and U.S. Government Agency obligations, New Hampshire municipal obligations, certificates of deposit from AI/PI-rated banks, and 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. The Town has not experienced any losses on its cash deposits during FY2015 and management believes the Town is not exposed to significant credit risk on those amounts. 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 levied on the inventory taken in April of that year. The 2015 property tax levy was based on a net assessed valuation as of April 1, 2015 of \$275,316,900. State Education Taxes were based on a state-wide equalized valuation of \$212,210,500. 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 tax rates and amounts assessed for the year ended December 31, 2015, were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Levied
Municipal portion	\$ 11.51	\$ 3,170,393
County Tax Assessment	4.27	1,174,894
Local School Tax Assessment	10.90	3,000,233
State Education Tax Assessment	2.72	577,148
		<u>\$ 7,922,668</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 an annual rate of 12% on bills outstanding for more than 30 days. The June 1 billing is

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**TOWN OF GORHAM, NEW HAMPSHIRE**

*Notes to Financial Statements*

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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 is tax-deeded to the Town.

**TAXES RECEIVABLE**

Taxes receivable at December 31, 2015, are as follows:

<u>Uncollected Taxes</u>	
Property	\$ 804,049
Levy of 2009	<u>5,827</u>
	\$ 809,876
<u>Unredeemed Taxes (under tax liens)</u>	
Levy of 2014	596,873
Levy of 2013	290,915
Levy of 2012	86,292
Prior levies	<u>128,098</u>
	<u>1,102,178</u>
	1,912,054
Less: Allowance for uncollectible receivables	<u>(25,000)</u>
	<u>\$ 1,887,054</u>

**ACCOUNTS RECEIVABLE**

Accounts receivable as of December 31, 2015 are as follows:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>
<u>General Fund</u>		
Ambulance fees	\$ 146,613	\$ -
<u>Nonmajor Governmental Funds</u>		
Library vendor overpayment	262	-
<u>Enterprise Funds</u>		
Water services	-	25,086
Sewer services	<u>-</u>	<u>6,545</u>
	146,875	31,631
Less: Allowance for non-current receivables	<u>(146,613)</u>	<u>-</u>
	<u>\$ 262</u>	<u>\$ 31,631</u>

**TOWN OF GORHAM, NEW HAMPSHIRE**

*Notes to Financial Statements*

December 31, 2015

**INTERGOVERNMENTAL RECEIVABLE**

Amounts due from other governments as of December 31, 2015 are as follows:

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>
<u>General Fund</u>		
Ambulance contracts	\$ 43,750	\$ -
Gasoline sales ( <i>school district</i> )	12,089	-
<u>Grant Programs Fund</u>		
Various State and Federal grants	7,485	-
<u>Enterprise Fund ~ Water Department</u>		
State aid grant	-	26,489
	<u>\$ 63,324</u>	<u>\$ 26,489</u>

**INTERNAL BALANCES ~ INTERFUND RECEIVABLES/PAYABLES**

Individual fund interfund receivable and payable balances at December 31, 2015 are as follows:

	<b>Internal Balance/ Interfund Receivable</b>	<b>Internal Balance/ Interfund Payable</b>
<b><i>Governmental Activities:</i></b>		
General Fund	\$ -	\$ 296,060
Special Revenues Fund:		
Gorham Public Library	-	772
DARE	1,529	-
Drug Forfeiture	2,369	-
Motor Vehicle Reclamation	24,889	-
Recreation Revolving	154,284	-
Forestry	81,035	-
Capital Projects Fund:		
Grant Programs	14,035	-
Multi-Modal Emergency Access Route	833	833
Capital and Non-capital Reserves Fund:		
Capital Reserve - Multi-Modal	-	833
	<u>278,974</u>	<u>298,498</u>
<b><i>Business-Type Activities:</i></b>		
Water Department	20,755	-
Sewer Department	-	1,231
	<u>20,755</u>	<u>1,231</u>
	<u>\$ 299,729</u>	<u>\$ 299,729</u>

**TOWN OF GORHAM, NEW HAMPSHIRE**

*Notes to Financial Statements*

December 31, 2015

**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 (Primex<sup>3</sup>) 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 1/1/15 – 1/1/16 and 7/1/15 – 7/1/16 by *Primex<sup>3</sup>*, 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.

Total contributions and any credits or balances due as of December 31, 2015 are as follows:

*Town contributions billed for the coverage period:*

Workers' Compensation	\$ 9,111
Property/Liability	\$ 47,444

The Workers' Compensation Section of the Self-Insurance Membership Agreement permits *Primex<sup>3</sup>* 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, 2015 is as follows:

	<i>Governmental Activities</i>			
	<b>Balance</b>			<b>Balance</b>
	<b>January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>December 31</b>
Land	\$ 1,878,025	\$ -	\$ -	\$ 1,878,025
Buildings & Other Structures	6,000,486	23,225	-	6,023,711
Construction in Progress	1,090,185	57,311	-	1,147,496
Equipment	763,034	14,029	-	777,063
Vehicles	2,258,328	79,498	31,943	2,305,883
Infrastructure	20,087,996	-	-	20,087,996
	<u>32,078,054</u>	<u>174,063</u>	<u>31,943</u>	<u>32,220,174</u>
Less: Accumulated Depreciation	<u>(9,509,764)</u>	<u>(289,447)</u>	<u>(31,943)</u>	<u>(9,767,268)</u>
	<u>\$ 22,568,290</u>	<u>\$ (115,384)</u>	<u>\$ -</u>	<u>\$ 22,452,906</u>

**TOWN OF GORHAM, NEW HAMPSHIRE**

*Notes to Financial Statements*

December 31, 2015

*Business-Type Activities ~ Water Department*

	<b>Balance</b>		<b>Balance</b>	
	<b>January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>December 31</b>
Land	\$ 576,020	\$ -	\$ -	\$ 576,020
Buildings & Other Structures	1,786,680	-	-	1,786,680
Equipment	115,959	24,772	-	140,731
Vehicles	154,803	-	-	154,803
Infrastructure	15,503,338	-	-	15,503,338
	18,136,800	24,772	-	18,161,572
Less: Accumulated Depreciation	(5,283,052)	(35,921)	-	(5,318,973)
	<u>\$ 12,853,748</u>	<u>\$ (11,149)</u>	<u>\$ -</u>	<u>\$ 12,842,599</u>

*Business-Type Activities ~ Sewer Department*

	<b>Balance</b>		<b>Balance</b>	
	<b>January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>December 31</b>
Land	\$ 275,780	\$ -	\$ -	\$ 275,780
Buildings & Other Structures	951,520	-	-	951,520
Equipment	140,807	-	-	140,807
Vehicles	124,576	-	-	124,576
Infrastructure	13,407,974	-	-	13,407,974
	14,900,657	-	-	14,900,657
Less: Accumulated Depreciation	(5,567,736)	(81,029)	-	(5,648,765)
	<u>\$ 9,332,921</u>	<u>\$ (81,029)</u>	<u>\$ -</u>	<u>\$ 9,251,892</u>

**LIABILITIES**

**INTERGOVERNMENTAL PAYABLE**

Payables due other governments at December 31, 2015 include:

General Fund

*Gorham Randolph Shelburne Cooperative School District* (balance of  
2015-2016 School District Assessment due in monthly installments through June 30, 2016) \$ 1,252,381

**TOWN OF GORHAM, NEW HAMPSHIRE**

*Notes to Financial Statements*

December 31, 2015

**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, 2015:

	<u>Balance January 1, 2015</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance December 31, 2015</u>	<u>Due Within One Year</u>
<i>Governmental Activities:</i>					
General obligation debt	\$ 124,211	\$ -	\$ 124,211	\$ -	\$ -
Compensated absences	15,521	6,737	-	22,258	22,258
	<u>139,732</u>	<u>6,737</u>	<u>124,211</u>	<u>22,258</u>	<u>22,258</u>
<i>Business-Type Activities:</i>					
Major Enterprise Funds					
Water Department	369,824	-	73,965	295,859	73,965
Less: State aid receivable	(132,445)	-	(26,489)	(105,956)	(26,489)
	<u>237,379</u>	<u>-</u>	<u>47,476</u>	<u>189,903</u>	<u>47,476</u>
	<u>\$ 377,111</u>	<u>\$ 6,737</u>	<u>\$ 171,687</u>	<u>\$ 212,161</u>	<u>\$ 69,734</u>

**General Long-term Debt Payable.** Long-term debt payable at December 31, 2015, 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 2015</u>
<i>Governmental Activities:</i>					
Compensated Absences Payable					
Sick Leave					11,596
Vacation Leave					10,662
					<u>22,258</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	295,859
					<u>\$ 318,117</u>

**Annual Requirements to Amortize General Obligation Debt.** The annual requirements to amortize all general obligation debt outstanding as of December 31, 2015, including interest payments, are as follows:

*Business-Type Activities:*

<u>Fiscal Year Ending December 31,</u>	<u>Water Notes and Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 295,859</u>	<u>\$ 14,201</u>	<u>\$ 310,060</u>

**TOWN OF GORHAM, NEW HAMPSHIRE**

*Notes to Financial Statements*

December 31, 2015

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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, 2015, subject to annual state appropriation, the Town will receive the following annual amounts to offset debt payments:

<b>Fiscal Year Ending</b> <b><u>December 31,</u></b>	<b>State Aid for</b> <b><u>Water Debt</u></b>
2016	\$ 26,489
2017	26,489
2018	26,489
2019	26,489
	<u>\$ 105,956</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred Inflows of Resources at December 31, 2015 are as follows:

General Fund

Taxes receivable not available to pay current obligations \$ 1,250,000

Grant Programs Fund

Grant advances 21,520

\$ 1,271,520

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.

**DEFINED BENEFIT PENSION PLAN**

**Plan description, participation and funding mechanisms.** Full-time employees participate in the State of New Hampshire Retirement System (NHRS), a public employee retirement system that administers one cost-sharing multiple-employer defined benefit pension plan (Pension Plan) and four separate cost-sharing multiple-employer postemployment medical subsidy healthcare plans. The Pension Plan was 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 Pension 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 are eligible and required to participate in the Pension Plan. Full-time employees of

# TOWN OF GORHAM, NEW HAMPSHIRE

## Notes to Financial Statements

December 31, 2015

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political subdivisions, including counties, municipalities and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation. NHRS 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, 2015 through June 30, 2016 are as follows:

Group I:		Group II:	
Employees	11.17%	Police	26.38%
Teachers	15.67%	Fire	29.16%

In fiscal year 2014, NHRS implemented the provisions of GASB Statement No. 67, Financial Reporting for Pension Plans — an Amendment of GASB Statement No. 25 (GASB 67). GASB 67 supersedes the requirements of GASB Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures. For cost-sharing multiple-employer defined benefit pension plans, GASB 67 requires disclosures of total pension liability, fiduciary net position, net pension liability, and annual money-weighted rate of return on plan investments, among other disclosures. GASB 67 requires the net pension liability to be measured as the total pension liability, less the amount of the pension plan's fiduciary net position. GASB 67 also revises reporting requirements for required supplementary information to include, among other information, trend information regarding (1) components and sources of changes in the net pension liability, and related ratios; (2) actuarially and contractually determined contributions of employer contributing entities; and (3) the annual money-weighted rate of return on plan investments. This information along with significant assumptions and inputs for total pension liabilities, the NHRS's fiduciary net position and current year sources of changes to net pension liabilities are available for the plan as a whole as well as audited cost-sharing schedules by individual members in the System's Comprehensive Annual Financial Report and other annual reports are available from the NHRS located at 54 Regional Drive ~ Concord, NH 03301-8509 or on its web site at <https://www.nhrs.org/funding-and-investments/reports-valuations/annual-report-archive> and <https://www.nhrs.org/employers/gasb/gasb-67-68-reports>.

In fiscal year 2015, the Town implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, which requires participating employers to recognize their proportionate share of collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense. As provided in the reports above, collective amounts have been allocated based on employer contributions during the respective fiscal years. Contributions to the plan are recognized when legally due, based on statutory requirements.

**TOWN OF GORHAM, NEW HAMPSHIRE**

*Notes to Financial Statements*

December 31, 2015

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**Estimated future pension obligations.** Selected information from NHRS's audited financial statements and cost-sharing schedules that is specific to the Town's current year financial statements is as follows:

Proportionate share	0.06901241%
Employer contribution	\$ 231,528
Net Pension Liability	\$ 2,733,945
Deferred outflows of resources:	
Changes in proportion	<u>86,173</u>
<i>Total deferred outflows of resources</i>	<u><u>\$ 86,173</u></u>
Deferred inflows of resources:	
Differences between expected and actual	59,994
Net difference between projected and actual investment earnings on pension plan investments	73,068
Changes in proportion	<u>196,939</u>
<i>Total deferred inflows of resources</i>	<u><u>\$ 330,001</u></u>
Pension expense:	
Proportionate share of plan pension expense	176,646
Net amortization of deferred amounts from changes in proportion	<u>(20,933)</u>
<i>Total employer pension expense</i>	<u><u>\$ 155,713</u></u>

This information should be read in conjunction with the audited actuarial reports presented by the NHRS. As noted therein, the preparation of those reports requires management to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature and uncertainty of those estimates, actual results could differ, and the differences could be material. As of December 31, 2015, the Town has recognized all statutorily required contributions to the plan. Unless additional assessments are imposed by the NHRS Board due to insolvency or some other circumstances, all future obligations to the plan will become due as a percentage of qualifying wages as they are paid by the Town. At this time, management understands that that the NHRS foresees no likelihood of additional assessment beyond normal contribution rates, which are established every two years by a statutorily-governed rate-setting process. All future obligations of the Town to the NHRS will be paid by current appropriations as they become due.

**TOWN OF GORHAM, NEW HAMPSHIRE**

*Notes to Financial Statements*

December 31, 2015

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**FUND EQUITY**

Elements of fund equity as of December 31, 2015 were as follows:

***Governmental Activities – Fund Balance:***

General Fund

*Committed for open purchase orders:*

Employee health insurance reimbursement	\$	17,609
Airport runway maintenance		2,116
Cate's Hill Landfill monitoring		47,609
East Milan Landfill monitoring		13,393
Tinker Brook Bridge Project		117,689
		<hr/>
	\$	198,416

Capital and Non-capital Reserves Fund

*Committed for capital & noncapital reserves:*

*Capital Reserves:*

Ambulance	\$	130,000
Assessing		6
River Maintenance		67,015
Emergency Disaster		30,774
Emergency Energy		8,007
Fire Equipment		27,887
Fire Truck		190,112
Highway Heavy Equipment		167,839
Multi-Modal Access Route		48,243
Police Cruiser		11,551
Police Equipment		9,992
Road Resurfacing & Reconstruction		10,310
Solid Waste/Recycling Equipment		156,807
Town Building Purchase & Repairs		88,762
Medallion Opera House		1,627
Ambulance Equipment		15,002
Dispatch Equipment		6,767
Information Technology		10,000

*Noncapital Reserves:*

Special Insurance		8,663
Health Insurance Maintenance		1,492
Longevity Pay		22,787
Recreation Maintenance		2,585
		<hr/>
	\$	1,016,228

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**TOWN OF GORHAM, NEW HAMPSHIRE**

*Notes to Financial Statements*

December 31, 2015

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Nonmajor Special Revenue Funds

*Committed for fund purposes:*

Gorham Public Library	\$	3,795
DARE		1,529
Drug Forfeiture		2,369
Motor Vehicle Reclamation		24,889
Recreation Revolving		154,284
Town Forest		81,035
		\$ 267,901

Nonmajor Permanent Fund

Trust funds held by the Town and Library Trustees at December 31, 2015 for donor-restricted purposes were as follows:

	<b>Non- spendable Endowment</b>	<b>Spendable for Trust Purposes</b>	<b>Total</b>
<b><i>Non-expendable Trusts:</i></b>			
Town Trusts:			
Town Cemeteries	\$ 130,254	\$ -	\$ 130,254
Cemetery Flowers	2,348	332	2,680
Cemetery Repairs	2,312	-	2,312
Old Main Street Cemetery	7,000	1,567	8,567
Library	-	140,689	140,689
	\$ 141,914	\$ 142,588	\$ 284,502

***Business-Type Activities – Net Position:***

Enterprise Funds

Water Department	\$ 13,055,083
Sewer Department	9,550,881
	\$ 22,605,964

**TOWN OF GORHAM, NEW HAMPSHIRE**

*Notes to Financial Statements*

December 31, 2015

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**PRIOR-PERIOD ADJUSTMENT AND UNASSIGNED DEFICIT**

Net Position at January 1, 2015 was restated to give retroactive effect to the following prior period adjustment:

Adjustment

Town's estimated share of NHRS obligations - reporting required by generally accepted accounting principles - GASB 68:

Town share of NHRS Net Pension Liability as of July 1, 2014	\$ (2,804,774)
Town share of NHRS Deferred Outflows as of July 1, 2014	110,059
Town share of NHRS Deferred Inflows as of July 1, 2014	<u>(358,873)</u>
	(3,053,588)
Net Position, as previously reported	<u>26,154,102</u>
Net Position, as restated	<u>\$ 23,100,514</u>

This change to the Government-Wide Financial Statements had no effect on prior-period fund balances as reported in the Fund Financial Statements.

**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** – In connection with cases pending before the *New Hampshire Board of Land and Tax Appeals*, three taxpayers have appealed their valuations for property tax purposes. Amounts requested 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, 2015

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>
<b>REVENUES</b>				
Taxes	2,967,300	2,967,300	2,669,521	(297,779)
Licenses and permits	487,850	487,850	582,086	94,236
State support	196,264	199,264	201,012	1,748
Charges for services	535,550	535,550	559,370	23,820
Miscellaneous	12,030	15,060	25,051	9,991
	<u>4,198,994</u>	<u>4,205,024</u>	<u>4,037,040</u>	<u>(167,984)</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,234,539	1,296,004	1,307,834	(11,830)
Public safety	1,221,198	1,227,431	1,142,667	84,764
Highways and streets	813,330	819,830	745,538	74,292
Sanitation	307,275	307,275	302,964	4,311
Health	24,943	24,943	22,813	2,130
Welfare	58,700	58,700	55,715	2,985
Culture and recreation	168,453	168,453	156,469	11,984
Conservation	500	9,502	9,002	500
Economic development	2,000	2,000	2,000	-
Debt service:				
Principal	124,211	124,211	124,211	-
Interest	4,896	4,896	3,489	1,407
Capital outlay	175,000	284,174	291,752	(7,578)
	<u>4,135,045</u>	<u>4,327,419</u>	<u>4,164,454</u>	<u>162,965</u>
Excess of revenues over(under) expenditures	63,949	(122,395)	(127,414)	(5,019)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	201	186,545	201,565	15,020
Transfers out	(540,295)	(540,295)	(540,295)	-
	<u>(540,094)</u>	<u>(353,750)</u>	<u>(338,730)</u>	<u>15,020</u>
Net change in fund balances	(476,145)	(476,145)	(466,144)	10,001
Fund balances - beginning	1,264,356	1,264,356	1,264,356	-
Fund balances - ending	<u>788,211</u>	<u>788,211</u>	<u>798,212</u>	<u>10,001</u>

**TOWN OF GORHAM, NEW HAMPSHIRE**  
*Note to Required Supplementary Information – Budgetary Reporting*  
December 31, 2015

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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 2015, \$476,145 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> )	\$ 4,704,749
Adjustments:	
Encumbrances - December 31, 2014	57,740
Encumbrances - December 31, 2015	<u>(198,416)</u>
Expenditures and Other Financing Uses ~ GAAP Basis ( <i>see Exhibit B3</i> )	<u>\$ 4,564,073</u>

Exhibit C2  
**TOWN OF GORHAM , NEW HAMPSHIRE**  
*Comparative Schedule of Pension Obligations*  
For the Fiscal Year Ended December 31, 2015

All amounts are expressed in USA Dollars

**Estimated future pension obligations - New Hampshire Retirement System (NHRS).** Selected comparative information from NHRS's audited financial statements and cost-sharing schedules that is specific to the Town is as follows:

	<b>As of and for the years ended December 31,</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
Proportionate share	0.07161026%	0.07472252%	0.06901241%
Employer contribution	\$ 178,061	\$ 242,417	\$ 231,528
Net Pension Liability	\$ 3,081,951	\$ 2,804,774	\$ 2,733,945
Deferred outflows of resources:			
Changes in proportion	<i>base year</i>	110,059	86,173
<i>Total deferred outflows of resources</i>	<u>\$ -</u>	<u>\$ 110,059</u>	<u>\$ 86,173</u>
Deferred inflows of resources:			
Differences between expected and actual experience	<i>base year</i>	-	59,994
Net difference between projected and actual investment earnings on pension plan investments	<i>base year</i>	358,873	73,068
Changes in proportion	<i>base year</i>	-	196,939
<i>Total deferred inflows of resources</i>	<u>\$ -</u>	<u>\$ 358,873</u>	<u>\$ 330,001</u>
Pension expense:			
Proportionate share of allocable plan pension expense	<i>base year</i>	190,168	176,646
Net amortization of deferred amounts from changes in proportion	<i>base year</i>	23,886	(20,933)
<i>Total employer pension expense</i>	<u>\$ -</u>	<u>\$ 214,054</u>	<u>\$ 155,713</u>

This information should be read in conjunction with the audited actuarial reports presented by the NHRS. As noted therein, the preparation of those reports requires management to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature and uncertainty of those estimates, actual results could differ, and the differences could be material. As of December 31, 2015, the Town has recognized all statutorily required contributions to the plan. Unless additional assessments are imposed by the NHRS Board due to insolvency or some other circumstances, all future obligations to the plan will become due as a percentage of qualifying wages as they are paid by the Town. At this time, management understands that that the NHRS foresees no likelihood of additional assessment beyond normal contribution rates, which are established every two years by a statutorily-governed rate-setting process. All future obligations of the Town to the NHRS will be paid by current appropriations as they become due.

All significant assumptions, inputs for total pension liabilities, the NHRS's fiduciary net position and current year sources of changes to net pension liabilities are available for the plan as a whole and as audited cost-sharing schedules by individual members in the System's Comprehensive Annual Financial Report and other annual reports, which are available from the NHRS located at 54 Regional Drive ~ Concord, NH 03301-8509 or on its web site at <https://www.nhrs.org/funding-and-investments/reports-valuations/annual-report-archive> and <https://www.nhrs.org/employers/gasb/gasb-67-68-reports>.

# **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, 2015

All amounts are expressed in USA Dollars

	Original Budget	Reserves and RSA 31:95-b Authorizations	Actual (GAAP Basis)	Over (Under) Budget
<b>REVENUES</b>				
<b>Taxes</b>				
Property	3,145,293		2,904,533	(240,760)
Timber yield	50		1,717	1,667
Payments in lieu of taxes	22,329		22,339	10
Boat taxes	900		1,020	120
Excavation tax	100		83	(17)
Interest and penalties on delinquent taxes	100,000		119,976	19,976
Overlay	(301,372)		(380,147)	(78,775)
	2,967,300	-	2,669,521	(297,779)
<b>Licenses and permits</b>				
Business licenses and permits	1,200		1,414	214
Motor vehicle fees	429,000		519,637	90,637
Building permits	17,000		22,833	5,833
Other licenses, permits and fees	40,650		38,202	(2,448)
	487,850	-	582,086	94,236
<b>State Support</b>				
Meals and rooms tax distribution	135,611		135,611	-
Highway block grant	58,179		59,312	1,133
Other		3,000	3,615	615
	196,264	3,000	201,012	1,748
<b>Charges for Services</b>				
Income From Departments				
<i>General Government Services:</i>				
Town office	100		70	(30)
Planning & zoning fees	1,900		2,203	303
Cemetery	3,500		5,415	1,915
Other	12,500		12,780	280
<i>Public safety services:</i>				
Police department	12,100		12,182	82
Ambulance	420,500		437,189	16,689
Fire department	6,000		9,002	3,002
Dispatch	7,500		12,775	5,275
<i>Highways &amp; Streets:</i>				
Gasoline sales - state & school	35,100		23,646	(11,454)
Other			719	719
<i>Sanitation:</i>				
MV Surcharge	1,400		1,769	369
Commercial hauler fees	34,950		41,620	6,670
	535,550	-	559,370	23,820
<b>Miscellaneous</b>				
Sale of municipal property			6,000	6,000
Interest on investments	30		42	12
Rents of property			1,195	1,195
Insurance dividends and reimbursements	12,000		14,784	2,784
Other		3,030	3,030	-
	12,030	3,030	25,051	9,991

Schedule D1a  
**TOWN OF GORHAM , NEW HAMPSHIRE**  
**General Fund**  
*Schedule of Estimated and Actual Revenues*  
For the Fiscal Year Ended December 31, 2015

All amounts are expressed in USA Dollars

	<b>Original Budget</b>	<b>Reserves and RSA 31:95-b Authorizations</b>	<b>Actual (GAAP Basis)</b>	<b>Over (Under) Budget</b>
<b>OTHER FINANCING SOURCES</b>				
Operating transfers in - Interfund Transfers				
<i>Special Revenue Funds</i>				
Recreation Revolving			15,208	15,208
<i>Nonexpendable Trust Funds -</i>				
Cemetery Perpetual Care	201		13	(188)
<i>Capital &amp; Noncapital Reserve Funds -</i>				
Assessing		60,000	60,000	-
Fire Equipment		3,980	3,980	-
Town Buildings Purchase & Repair		5,776	5,776	-
River Maintenance		9,002	9,002	-
Police Cruiser		35,453	35,453	-
Medallion Opera House		1,750	1,750	-
Emergency Energy		7,630	7,630	-
Recreation Department		15,699	15,699	-
Recreation Van		35,856	35,856	-
Roadway Resurfacing & Reconstruction		6,500	6,500	-
Dispatch Equipment		3,233	3,233	-
Longevity		42	42	-
Special Insurance		1,423	1,423	-
	<u>201</u>	<u>186,344</u>	<u>201,565</u>	<u>15,020</u>
Total revenues and other financing sources	<u>4,199,195</u>	<u>192,374</u>	<u>4,238,605</u>	<u>(152,964)</u>
Unassigned Fund Balance				
Used to Reduce Tax Rate	<u>476,145</u>			
Total revenues and use of fund balance	<u><u>4,675,340</u></u>			

Schedule D1b  
**TOWN OF GORHAM , NEW HAMPSHIRE**  
**General Fund**  
*Schedule of Appropriations, Expenditures and Encumbrances*  
For the Fiscal Year Ended December 31, 2015

*all numbers are expressed in USA Dollars*

	<b>Reserved From Prior Fiscal Year</b>	<b>Voted Appropriations</b>	<b>Reserves and RSA 31:95-b Authorizations</b>	<b>Expenditures Net of Refunds</b>	<b>Reserved To Next Fiscal Year</b>	<b>(Over) Under Budget</b>
<b>EXPENDITURES</b>						
Current						
General Government						
Executive		81,137		81,936		(799)
Election, Registration & Vital Statistics		43,993		41,060		2,933
Financial Administration		206,395		194,470		11,925
Revaluation of Property		67,695	60,000	149,111		(21,416)
Legal Expenses		70,000		73,484		(3,484)
Employee Benefits		609,004	42	582,367	17,609	9,070
Planning and Zoning		7,743		9,949		(2,206)
General Government Buildings	759	69,977		80,778		(10,042)
Cemeteries		27,437		26,703		734
Insurance, not otherwise allocated		46,091	1,423	47,444		70
Advertising and regional associations		5,067		3,682		1,385
	759	1,234,539	61,465	1,290,984	17,609	(11,830)
Public safety						
Police Department		473,679		436,079		37,600
Ambulance		384,578		350,010		34,568
Fire Department		164,418		155,482		8,936
Building Inspection (code enforcement)		13,539		8,822		4,717
Emergency management		4,500	3,000	6,760		740
Dispatch		180,484	3,233	185,514		(1,797)
	-	1,221,198	6,233	1,142,667	-	84,764
Highways and streets						
Administration		650,917		590,379		60,538
Highways asphalt & paving		75,000		75,000		-
Street Lighting		50,663		46,736		3,927
Gas Pumps		36,750		26,364		10,386
Airport runway maintenance	1,557	-		-	2,116	(559)
Street evaluation study			6,500	6,500		-
	1,557	813,330	6,500	744,979	2,116	74,292

Schedule D1b  
**TOWN OF GORHAM , NEW HAMPSHIRE**  
**General Fund**

*Schedule of Appropriations, Expenditures and Encumbrances*  
For the Fiscal Year Ended December 31, 2015

*all numbers are expressed in USA Dollars*

	<b>Reserved From Prior Fiscal Year</b>	<b>Voted Appropriations</b>	<b>Reserves and RSA 31:95-b Authorizations</b>	<b>Expenditures Net of Refunds</b>	<b>Reserved To Next Fiscal Year</b>	<b>(Over) Under Budget</b>
<b>Sanitation</b>						
Solid waste collection		300,175		295,864		4,311
Cate's Hill Landfill Monitoring	45,631	3,500		1,522	47,609	-
East Milan Landfill Monitoring	9,793	3,600		-	13,393	-
	<u>55,424</u>	<u>307,275</u>	-	<u>297,386</u>	<u>61,002</u>	<u>4,311</u>
<b>Health</b>						
Pest Control		1,700		1,099		601
Health Agencies & Hospitals:						
Androscoggin Valley Home Care		17,500		15,971		1,529
Northern Human Services TMHC		2,895		2,895		-
Child Advocacy Center of Coos County		2,848		2,848		-
	-	<u>24,943</u>	-	<u>22,813</u>	-	<u>2,130</u>
<b>Welfare</b>						
Administration & Direct Assistance		30,000		27,015		2,985
Tri-County CAP Programs		9,700		9,700		-
Family Resource Center		15,000		15,000		-
Gorham Community Learning Center		4,000		4,000		-
	-	<u>58,700</u>	-	<u>55,715</u>	-	<u>2,985</u>
<b>Culture and recreation</b>						
Parks and Recreation		143,429		132,704		10,725
ARA - Special Olympics		2,000		2,000		-
Gorham Historical Society		4,000		4,000		-
4th of July Committee		10,000		10,000		-
Information Booth, inc. Moose Tours		9,024		7,765		1,259
	-	<u>168,453</u>	-	<u>156,469</u>	-	<u>11,984</u>
<b>Conservation</b>						
Conservation Commission		500				500
River maintenance			9,002	9,002		-
	-	<u>500</u>	<u>9,002</u>	<u>9,002</u>	-	<u>500</u>
<b>Economic development</b>						
Androscoggin Valley Chamber of Commerce		2,000		2,000		-
	-	<u>2,000</u>	-	<u>2,000</u>	-	-

Schedule D1b  
**TOWN OF GORHAM , NEW HAMPSHIRE**  
**General Fund**  
*Schedule of Appropriations, Expenditures and Encumbrances*  
For the Fiscal Year Ended December 31, 2015

*all numbers are expressed in USA Dollars*

	<b>Reserved From Prior Fiscal Year</b>	<b>Voted Appropriations</b>	<b>Reserves and RSA 31:95-b Authorizations</b>	<b>Expenditures Net of Refunds</b>	<b>Reserved To Next Fiscal Year</b>	<b>(Over) Under Budget</b>
Debt service						
Principal of long-term debt		124,211		124,211		-
Interest expense - long-term debt		2,896		2,645		251
Interest expense - tax anticipation notes		2,000		844		1,156
	-	129,107	-	127,700	-	1,407
Facilities acquisition and construction						
Machinery, vehicles & equipment						
Recreation vehicle			51,555	51,064		491
Police cruiser & equipment			35,453	35,453		-
Fire equipment			7,010	7,010		-
Building repairs/improvements			15,156	23,225		(8,069)
Buildings						
Tinker Brook Bridge Project		175,000		57,311	117,689	-
	-	175,000	109,174	174,063	117,689	(7,578)
OTHER FINANCING USES						
Operating transfers out - Interfund transfers						
<i>Special revenue</i>						
Gorham Public Library		150,150		150,150		-
DARE		1,000		1,000		-
<i>Capital &amp; Noncapital Reserves:</i>						
<i>Capital Reserves</i>						
Fire Truck		44,000		44,000		-
Town Buildings Purchase/Repair		40,000		40,000		-
Ambulance		45,000		45,000		-
Highway Heavy Equipment		70,000		70,000		-
Sanitation/Recycling		50,000		50,000		-
Police Cruiser		21,000		21,000		-
Emergency Disaster		10,000		10,000		-
Medallion Opera House		1,145		1,145		-

Schedule D1b  
**TOWN OF GORHAM , NEW HAMPSHIRE**  
**General Fund**  
*Schedule of Appropriations, Expenditures and Encumbrances*  
For the Fiscal Year Ended December 31, 2015

*all numbers are expressed in USA Dollars*

	<b>Reserved From Prior Fiscal Year</b>	<b>Voted Appropriations</b>	<b>Reserves and RSA 31:95-b Authorizations</b>	<b>Expenditures Net of Refunds</b>	<b>Reserved To Next Fiscal Year</b>	<b>(Over) Under Budget</b>
Fire Equipment		10,000		10,000		-
Assessment		60,000		60,000		-
Police Equipment		5,000		5,000		-
Ambulance Equipment		5,000		5,000		-
Dispatch Equipment		5,000		5,000		-
Information Technology		10,000		10,000		-
<i>Noncapital Reserves:</i>						
River Maintenance		5,000		5,000		-
Special Insurance		5,000		5,000		-
Longevity		3,000		3,000		-
	-	540,295	-	540,295	-	-
	57,740	4,675,340	192,374	4,564,073	198,416	162,965

Schedule D2a  
**TOWN OF GORHAM , NEW HAMPSHIRE**  
*Balance Sheet*  
*Non-major Governmental Funds*  
December 31, 2015

All numbers are expressed in USA Dollars

	<i>Special Revenue</i>					<i>Capital Projects</i>			Permanent Funds	Total
	Gorham Public Library	DARE	Drug Forfeiture	Motor Vehicle Reclamation	Recreation Revolving	Forestry	Grant Programs	Multi-Modal Emergency Access Route		
<b>ASSETS</b>										
Cash and cash equivalents	4,305								284,502	288,807
Receivables:										
Accounts	262									262
Intergovernmental receivable						7,485				7,485
Interfund		1,529	2,369	24,889	154,284	81,035	14,035	833		278,974
	<u>4,567</u>	<u>1,529</u>	<u>2,369</u>	<u>24,889</u>	<u>154,284</u>	<u>81,035</u>	<u>21,520</u>	<u>833</u>	<u>284,502</u>	<u>575,528</u>
<b>LIABILITIES</b>										
Interfund payable	772							833		1,605
	<u>772</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>833</u>	<u>-</u>	<u>1,605</u>
<b>DEFERRED INFLOWS</b>										
Grant advances							21,520			21,520
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,520</u>	<u>-</u>	<u>-</u>	<u>21,520</u>
<b>FUND BALANCES</b>										
<i>Nonspendable</i>										
Permanent fund - principal									141,914	141,914
<i>Restricted for</i>										
Permanent fund purposes									142,588	142,588
<i>Committed for</i>										
Special revenue purposes	3,795	1,529	2,369	24,889	154,284	81,035				267,901
	<u>3,795</u>	<u>1,529</u>	<u>2,369</u>	<u>24,889</u>	<u>154,284</u>	<u>81,035</u>	<u>-</u>	<u>-</u>	<u>284,502</u>	<u>552,403</u>
	<u>4,567</u>	<u>1,529</u>	<u>2,369</u>	<u>24,889</u>	<u>154,284</u>	<u>81,035</u>	<u>21,520</u>	<u>833</u>	<u>284,502</u>	<u>575,528</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, 2015

All numbers are expressed in USA Dollars

	<i>Special Revenue</i>					<i>Capital Projects</i>				Total
	Gorham Public Library	DARE	Drug Forfeiture	Motor Vehicle Reclamation	Recreation Revolving	Forestry	Grant Programs	Multi-Modal Emergency Access Route	Permanent Funds	
<b>REVENUES</b>										
State support							13,485			13,485
Federal support							24,493			24,493
Charges for services				8,718	68,165					76,883
Miscellaneous	8,244				23,136	85,197	10,564		28	127,169
	8,244	-	-	8,718	91,301	85,197	48,542	-	28	242,030
<b>EXPENDITURES</b>										
Current:										
General government							104,533			104,533
Public safety							11,138			11,138
Sanitation				12,837						12,837
Culture and recreation	158,187				83,188		7,671			249,046
Conservation						37,108	1,000			38,108
	158,187	-	-	12,837	83,188	37,108	124,342	-	-	415,662
Excess (deficiency) of revenues over (under) expenditures	(149,943)	-	-	(4,119)	8,113	48,089	(75,800)	-	28	(173,632)
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	152,150	1,000					75,800			228,950
Transfers out					(15,208)				(2,013)	(17,221)
	152,150	1,000	-	-	(15,208)	-	75,800	-	(2,013)	211,729
Net change in fund balances	2,207	1,000	-	(4,119)	(7,095)	48,089	-	-	(1,985)	38,097
Fund balances - beginning	1,588	529	2,369	29,008	161,379	32,946	-	-	286,487	514,306
Fund balances - ending	3,795	1,529	2,369	24,889	154,284	81,035	-	-	284,502	552,403

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, 2015

All amounts are expressed in USA Dollars.

	<u>Library Checking</u>						<b>Total</b>
	<b>Town</b>	<b>Equipment</b>	<b>Gifts</b>	<b>Grants</b>	<b>Murphy</b>	<b>Petty</b>	
	<b>Accounts</b>	<b>Generated</b>			<b>Trust</b>		
	<b>R1</b>	<b>R3</b>	<b>R4</b>	<b>R5</b>	<b>R6</b>	<b>R6</b>	
<b>REVENUES</b>							
Miscellaneous							
R3 Equipment generated income		738.30					738.30
R4 Gifts, personal property & unanticipated			4,105.65				4,105.65
R5 Grants				3,400.00			3,400.00
	-	738.30	4,105.65	3,400.00	-	-	8,243.95
<b>EXPENDITURES</b>							
Current - Culture and Recreation							
Culture and Recreation							
Town appropriations expended	150,827.93						150,827.93
Unclassified							
R3 Equipment generated income		300.00					300.00
R4 Gifts, personal property & unanticipated			2,722.73				2,722.73
R5 Grants				2,336.12			2,336.12
R6 Murphy Trust					2,000.00		2,000.00
	150,827.93	300.00	2,722.73	2,336.12	2,000.00	-	158,186.78
Excess (deficiency) of revenues over (under) expenditures	(150,827.93)	438.30	1,382.92	1,063.88	(2,000.00)	-	(149,942.83)
<b>OTHER FINANCING SOURCES</b>							
Operating transfers in							
R1 General Fund	150,150.00						150,150.00
R6 Murphy Trust					2,000.00		2,000.00
	150,150.00	-	-	-	2,000.00	-	152,150.00
Net change in fund balances	(677.93)	438.30	1,382.92	1,063.88	-	-	2,207.17
Cash & Interfund balances - beginning	168.00	167.05	1,068.39	84.46	-	100.00	1,587.90
Cash & Interfund balances - ending	(509.93)	605.35	2,451.31	1,148.34	-	100.00	3,795.07

SCHEDULE E1  
**TOWN OF GORHAM, NEW HAMPSHIRE**  
*Enterprise Fund - Water Department*  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
For the Fiscal Year Ended December 31, 2015

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				
<b>OPERATING REVENUE</b>						
Charges for services						
Water sales	391,062			391,062		391,062
Job works & materials	33,593			33,593		33,593
Administrative charges	2,152			2,152		2,152
Cost reimbursements	45			45		45
Interest on delinquent accounts	1,328	165		1,493		1,493
	<u>428,180</u>	<u>165</u>	<u>-</u>	<u>428,345</u>	<u>-</u>	<u>428,345</u>
<b>OPERATING EXPENSE</b>						
Wages and benefits	262,033			262,033		262,033
Professional services	15,139			15,139		15,139
Chemicals & supplies	10,339			10,339		10,339
Operations & maintenance	60,651		11,710	72,361		72,361
General and administrative	25,563			25,563		25,563
Depreciation				-	35,921	35,921
	<u>373,725</u>	<u>-</u>	<u>-</u>	<u>385,435</u>	<u>35,921</u>	<u>421,356</u>
Operating Income(Loss)	54,455	165	(11,710)	42,910	(35,921)	6,989
<b>NONOPERATING INCOME(EXPENSE)</b>						
Interest income			12	30	42	42
Capital debt surcharge	37,568			37,568		37,568
State aid grants	26,489			26,489	(26,489)	-
Principal	(73,965)			(73,965)	73,965	-
Interest	(7,104)			(7,104)		(7,104)
Capital outlay				(24,772)	24,772	-
	<u>-</u>	<u>(17,012)</u>	<u>12</u>	<u>(24,742)</u>	<u>72,248</u>	<u>30,506</u>
Income(Loss) Before Transfers	54,455	(16,847)	12	(36,452)	1,168	37,495
<b>TRANSFERS</b>						
Intra-fund transfers, net	(48,000)			48,000	-	-
	<u>(48,000)</u>	<u>-</u>	<u>-</u>	<u>48,000</u>	<u>-</u>	<u>-</u>
Net Income(Loss)	6,455	(16,847)	12	11,548	36,327	37,495
Net Position - Beginning	2,544	97,097	395	301,183	12,616,369	13,017,588
Net Position - Ending	<u>8,999</u>	<u>80,250</u>	<u>407</u>	<u>312,731</u>	<u>12,652,696</u>	<u>13,055,083</u>
<b>Analysis of Net Position December 31:</b>						<b>2015</b>
Cash				329,768	329,768	329,768
Accounts receivable	10,301	14,731	54	25,086	25,086	25,086
Intergovernmental receivable		26,489		26,489	26,489	26,489
Interfund receivable(payable)						
Due from(to) General Fund	(18,628)	39,030	353	20,755	20,755	20,755
Due from(to) Capital Reserve	17,037			(17,037)	-	-
Prepaid expense	289			289	289	289
Capital assets (net of accumulated depreciation)				-	12,842,599	12,842,599
Long-term debt:						
Unpaid principal					(295,859)	(295,859)
State grants receivable					105,956	105,956
	<u>8,999</u>	<u>80,250</u>	<u>407</u>	<u>312,731</u>	<u>12,652,696</u>	<u>13,055,083</u>
	Unrestricted	Invested in Capital Assets, Net of Related Debt	Invested in Capital Assets, Net of Related Debt	Restricted for capital acquisitions & maintenance	Invested in Capital Assets, Net of Related Debt	Total Net Position

SCHEDULE E2  
**TOWN OF GORHAM, NEW HAMPSHIRE**  
*Enterprise Fund - Sewer Department*  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
For the Fiscal Year Ended December 31, 2015

All amounts are expressed in USA Dollars.

	Operating Budget	Capital Reserve Fund	Total Town Budgetary Basis	Restatements and Reclassifications	GAAP (Accrual) Basis
<b>OPERATING REVENUE</b>					
Charges for services					
Sewer user charges	396,522		396,522		396,522
Job Works & Materials	19,079		19,079		19,079
Administrative Charges	1,889		1,889		1,889
Cost Reimbursements	1,105		1,105		1,105
	418,595	-	418,595	-	418,595
<b>OPERATING EXPENSE</b>					
Wages and benefits	93,202		93,202		93,202
Professional services	3,364		3,364		3,364
Chemicals & supplies	2,731		2,731		2,731
Operations & maintenance	257,188	11,909	269,097		269,097
General and administrative	7,094		7,094		7,094
Depreciation			-	81,029	81,029
	363,579	11,909	375,488	81,029	456,517
Operating Income(Loss)	55,016	(11,909)	43,107	(81,029)	(37,922)
<b>NONOPERATING INCOME</b>					
Interest income		25	25		25
	-	25	25	-	25
Income(Loss) Before Transfers	55,016	(11,884)	43,132	(81,029)	(37,897)
<b>TRANSFERS</b>					
Intra-Fund Transfers	(53,792)	53,792	-		-
	(53,792)	53,792	-	-	-
Net Income(Loss)	1,224	41,908	43,132	(81,029)	(37,897)
Net Position - Beginning	4,283	251,574	255,857	9,332,921	9,588,778
Net Position - Ending	5,507	293,482	298,989	9,251,892	9,550,881
<b>Analysis of Net Position December 31:</b>					<b>2015</b>
Cash		293,482	293,482		293,482
Accounts receivable	6,545		6,545		6,545
Interfund receivable(payable)	(1,231)		(1,231)		(1,231)
Prepaid expense	193		193		193
Capital assets <i>(net of accumulated depreciation)</i>			-	9,251,892	9,251,892
	5,507	293,482	298,989	9,251,892	9,550,881
	Unrestricted	Restricted for capital acquisitions & maintenance		Net Investment in Capital Assets	Total Net Position