

November 4, 2011

Town Manager's Message to Town of Gorham Taxpayers:

As I write this message, the 2011 second issue tax bills for the Town of Gorham are going in the mail. The news is not good. The tax rate for 2011 is \$26.80, which is \$2.85 higher than the 2010 rate of \$23.95. The rate breaks down as follows:

| | |
|--------|-----------------|
| Town | \$ 11.21 |
| School | \$ 9.58 (local) |
| | \$ 2.29 (state) |
| County | \$ 3.72 |

There are many factors that go into the tax rate setting. The factors which affected the 2011 rate the most are the loss of approximately \$10,000,000 in valuation and the loss of undesignated fund balance to use to reduce the tax rate.

Though almost every category of property showed a decrease in total value, commercial/industrial and residential comprise the bulk of the decrease in total town valuation. There was an overall decrease in residential value of \$3.8 million while the decrease in commercial/industrial was \$6.1 million.

Undesignated fund balance (UFB) is what the Town has on reserve that is not designated for any purpose. The UFB at the end of 2010 was \$517,655. From this, the Town was approved for an emergency expenditure of \$76,500 for damages during Tropical Storm Irene making UFB now \$411,155. The Government Finance Officers' Association (GFOA) recommends a certain retainage of UFB and the range this year for the Town of Gorham is \$730,364 to \$1,552,024. As you can see, we are nowhere near even the low end of that range. Therefore, the difficult decision was made to not use an UFB in the tax calculation this year.

Those factors above, combined with smaller increases in school and county rates and other reductions in revenues, increased the tax rate by \$2.85. This calculates to an increase of \$285 per year on property valued at \$100,000, \$570/year on property valued at \$200,000 and so forth.

I encourage you to contact me at 466-3322, if you have any questions regarding the rate. Additionally, I encourage you to attend all Town meetings, as you are able, in order to voice your opinions and ask questions with regard to any and all subjects under discussion. The Board of Selectmen meets on alternating Monday nights with the next meeting on Monday, November 7th at 6:30 pm in the Public Meeting Room on the 2nd floor of the Town Hall. We encourage and welcome your participation.

Sincerely,

Robin L. Frost, Town Manager