

INTRODUCTORY SECTION

Town of Gorham
Municipal Center
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September 07, 2005

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

The comprehensive annual financial report of the Town of Gorham for the fiscal year ended June 30, 2005, is hereby submitted as required by Town Charter and State law.

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures rests with the Town. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Town on a government-wide and fund basis. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

Internal Controls: The Town's Finance Department is responsible for establishing and maintaining internal controls designed to ensure that the assets of the Town are protected from loss, theft, or misuse, and to ensure that the adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal controls being used are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the costs of control procedures are weighed against the expected benefits to be derived, and that the evaluation of costs and benefits requires estimates and judgments by management. As a recipient of federal, state and local financial assistance, the Town is also responsible for ensuring that adequate internal controls are in place to ensure and document compliance with applicable laws and regulations related to these programs.

Independent Audit: State statutes require an annual audit by independent certified public accountants. The accounting firm of Runyon Kersteen Ouellette, Certified Public Accountants, performed for the Town Council the annual audit for fiscal year end June 30, 2005. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. In the opinion of the independent auditor, the Town of Gorham's basic financial statements, as of June 30, 2005, present fairly, in all material respects, the financial position of the Town, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States

of America. The auditors were required to do a single audit under OMB Circular A-133 as the Town received more than \$500,000 in federal funds. Information related to this single audit, including a schedule of federal financial assistance, findings, recommendations and the independent auditor's reports on the internal control structure and compliance with applicable laws and regulations are included in a separately issued single audit report. This report is available at the Finance Office at the Municipal Center.

Accounting Principles Generally Accepted in the United States of America (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town of Gorham, Maine's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The Town of Gorham is located in Cumberland County, approximately nine miles west of downtown Portland and is bordered by the Towns of Scarborough, Buxton, Standish, Windham and Westbrook. The land area is 59.88 square miles with a population of 14,141 residents. The Town is a suburban community and is comprised of a mix of residential, local business, industrial, and commercial activity. The University of Southern Maine has a campus located within walking distance of the Village Center. Routes 25 and 114 provide convenient access to Gorham.

The Town operates under a charter initially adopted in 1967, providing for a Council-Manager form of government. The Council is comprised of seven members, elected at large for three-year staggered terms. The Charter grants to the Town Council all powers to enact, amend, or repeal rules, ordinances and resolutions relating to the Town's property, affairs and government, to preserve the public peace, health and safety, to establish personnel policies and giving effect to any vote of the Town and to authorize the issuance of debt subject to referendum approval by the voters of the Town. The Town Manager is the chief executive officer and is responsible for the administration of council policy.

The Town provides general governmental services for the territory within its boundaries, including police and fire protection, maintenance of highways, streets and sidewalks, parks, recreation, and library. The Town operates its education program for grades K through 12 under its own supervision. The Town's Charter provides that the Department of Education for the Town be administered by a School Board comprised of seven members. Portland Water District provides the management and maintenance of the Town's sewer service and wastewater treatment.

Budgeting Controls: Article V of the Town's Charter provides for a budget process. The fiscal year or budget year of the Town begins on the first day of July and ends on the thirtieth day of June of the following calendar year. The Charter provides that the town and school budgets be submitted by the Town Manager to the Council on or before 60 days prior to the first day of each

fiscal year. The Superintendent of Schools on or before 70 days prior to the first day of each fiscal year must submit to the Town Manager the Schools' budget request in both summary and in detailed analysis. The summary shall be compatible for incorporation into the town budget. Upon receipt of the Town Manager's budget, the Council shall set a time and place for a public hearing on the town budget as received by the Council. Following the public hearing, the Council shall consider all relevant information received and adopt a budget for the fiscal year. If the Council fails to adopt a budget on or before the first day of each fiscal year, the town budget as submitted by the Town Manager shall become the adopted budget of the town for the fiscal year. The budget is prepared by fund, function (e.g. public safety), and department (e.g. police). Department heads may transfer resources within a department as they see fit. Transfers between departments, however, need special approval from the governing council.

Local Economy

The Town's assessed value for tax year 2004-2005 is \$868,307,900 (excludes the valuation attributable to the State Homestead Exemption), an approximate increase of 3.4% from the tax year 2003-2004 assessment. In the past ten years, the Town's assessed value has increased, and since tax year 1995-1996, it has increased by 73%. Approximately 21% of the tax base is commercial and industrial with the remainder being residential (these figures include vacant parcels as well as developed parcels). The Town's rate of tax collection continues to be strong with a 97.0% for last year and 96.8% for this year. The Town's legal debt margin is set by State law at 15% of its state assessed value. Currently, the Town's outstanding debt is 2.8% of the state assessed value.

In the past two decades, Gorham has been one of the fastest growing communities in the Portland Metropolitan Statistical Area (MSA). Increasing population levels and the ability to commute to work have resulted in housing growth well above the state average. The 2000 population of Gorham was 14,141 according to the U.S. Census Bureau. Future projections suggest that the Town will exceed 17,000 people by year 2005. Residential development has continued but at a more moderate rate -- similar to what the Town saw in the years 1998, 1999, and 2000. During calendar year 2004, the Code office issued 1,276 permits, which includes 101 single-family dwellings, 23 commercial/institutional structures, and 13 condominium units. This is a 7% increase over the 1,188 total permits issued in calendar year 2003.

Although Gorham has not been immune to the national recession that has persisted for the past few years, Gorham has managed to keep its economic development efforts on track through several recent attraction and expansion efforts during fiscal year 2005. As mentioned last fiscal year, the expansion of the Industrial Park on 26 acres of land behind Lake Region Furniture on lower Main Street was just beginning in the spring of 2004. The initial five lots to be created ended up being eight industrial lots, with six of those sold or optioned by end of calendar year 2004. Two businesses, Plan-It Recycling and Plas-Tek, Inc., have already completed construction, with Clean-O-Rama, Atlantic Hardwoods, and Pizzo Produce slated to begin construction projects in 2005. Also as part of this expansion, a new, safer entrance to the Gorham Industrial Park was constructed with more visible signage installed.

The sale of two high profile buildings in the park also occurred during the year. The vacant Hill Loma building was sold to Pettingill Ross, a sheet metal fabrication company previously located in Westbrook. The Town Council has approved tax-increment financing for this project. The building formerly owned by New England Tech Air was sold to Hudson RPM, a magazine and newspaper distributor.

Sebago Brewing Company, a local brewing company with restaurants in Portland, South Portland, and Gorham, located their company-wide brewing operations in the Gorham Industrial Park. They have taken possession of a new 5,000 square foot building on Sanford Drive.

Also, in the lower Main Street (Rte 25) area, Lake Region Furniture has completed the expansion of their retail space and is now called Crockett Interiors. Mainely Plumbing and Heating has moved to Gorham in commercial space across the street from Crockett Interiors. Mid-way between the intersection of Rte 237/25 and Libby Ave on Rte 25, a clothing consignment store, Tots to Teens, Kings and Queens, moved from Westbrook to a larger retail space allowing the business owner to expand her business to include adult clothing.

In the Village area, Susan Duchaine, a local developer, has built two new commercial/retail structures, one at 166 Narragansett Street and the other at 16 Mechanic Street. In February 2005, Bella Donna a combination tearoom, retail shop and mini spa opened at the 16 Mechanic Street location. The building constructed on the former Uncle Earles' lot on Narragansett Street, has two separate retail spaces with office space above. The Fry Guy, a food establishment, and Running Dog Sports, a retail store, opened at the 166 Narragansett Street location.

Also in the Village, Norway Savings Bank purchased the building formerly owned by Design Dwellings on Main Street just across from Gorham Savings Bank. After extensive renovation and expansion work, the bank's branch opened in March 2005. Besides the bank, a local insurance agency, C.E. Carll, has relocated to this expanded facility from its former location on School Street.

In the fall of 2004, the University of Southern Maine completed the expansion of the John Mitchell Center's Technology Wing. Now the University has begun the process of adding a 300-bed residential building in the area of the newly expanded Mitchell Center with access via Husky Drive and the new entrance on Route 25 by the Admissions Office. According to Denise Nelson, Director of Residential Life, the new residential building would be geared towards upperclassmen and would feature suite-style accommodations (two or three bedrooms sharing a bath and living area) and apartments (bedrooms, bathroom, living area and full kitchen). The University is also in the planning stages of adding a proposed \$1.5 million childcare facility.

The Town of Gorham's budget for 2005 showed an increase of 4.53% over 2004. There was an increase of \$0.60 in the mill rate for 2005, which was a 3.09% increase over 2004. The following is a breakdown of mill rate increase.

	FY2003 – 2004	FY 2004 – 2005	\$ Incr/(Decr)	% Chg
Town's Tax Rate	\$ 5.09	\$ 5.06	(\$ 0.03)	-0.67
School's Tax Rate	\$13.56	\$14.20	\$ 0.64	4.75
County's Tax Rate	\$ 0.75	\$ 0.74	(\$ 0.01)	-1.39

The Town's expenditure budget saw an increase of 6.3% primarily due to the new principal and interest debt payments for the project to convert the Shaw School into a Community Center and the Town's share of the new fire truck that was jointly purchased with the Town of Windham. It also includes funds to operate the Community Center. However, the Town's non-property tax revenues also saw an increase of 6.9% primarily due to vehicle excise taxes and the impact of increased building permit fees. This combined with an increase of 3.05% in the valuation figure, resulted in a decrease of \$0.03 on the municipal tax rate in FY2005.

The School's 3.95% increase can be attributed two factors: 2.8% increase for existing programs, mainly increases in salary and benefits; and 1.1% for needed new positions. Although the School Department's non-property tax revenues were up slightly, the use of "carryover" fund balance was down significantly. This has resulted in a 4.75% increase in the School's tax rate. The School Department during fiscal year 2005, consolidated their kindergarten classes, closed the Little Falls School, and reduced their bus runs from 3 runs to 2 runs.

Major Initiatives

As mentioned in last fiscal year's comprehensive annual financial report, the Town issued \$3,150,000 in general obligation bonds to finance three major projects. The largest of these projects was the renovation of the Shaw School into a community center at an estimated cost of \$2,400,000. The other two projects being funded with the bonds were the replacement of the Narragansett School roof and the Town's share of a fire truck jointly purchased with the Town of Windham.

During summer 2004, it came to the attention of the Town that sufficient funds were not requested of the residents to complete the proposed community center. After hiring a new architectural firm to re-assess the project and develop a new conceptual plan for the Shaw School, the Town Council approved putting out to referendum on March 8, 2005 the following referendum question. "Shall the Town of Gorham authorize the capital expenditure of the remaining, unexpended funds from (a) previously approved (June 10, 2003) \$2,400,000 general obligation bonds issued (relating to the Shaw Middle School) and (b) the previously approved (November 4, 2003) of \$400,000 general obligation bonds issue (relating to the Narragansett School roof) and an additional \$5,000,000 to be raised by the issuance of general obligation bonds and/or notes of the Town for the following purposes as determined by the Town Council after a public hearing:

1. The redesign, renovation and equipping of the existing Shaw Middle School on South Street to serve as the new Municipal Center. Upon the determination of the Town Council, the renovated facility shall provide for a public meeting room, the Offices of the Superintendent of Schools, municipal offices, recreation and other uses.
2. As funds may be available to commence the redesign and re-use of the current municipal center on Main Street to serve as a new Public Safety Building and other public uses.
3. As funds may be available to commence the redesign and re-use of the former Little Falls Elementary School building as may be reasonably necessary for public purposes?"

The voters of Gorham approved the referendum question on March 8, 2005. The additional bonds for this project were issued in September 2005. Bid specifications for the renovation work are being developed and were put out to bid in September 2005 with construction to begin in November or December 2005 with a ten-month construction period.

Also during summer 2004, the School Department was awarded funds from the State Revolving Renovation Fund to complete the roof replacement work at Narragansett School. And on December 7, 2004, the Town Council approved authorizing the School Department to execute an agreement with the Maine Bond Bank for a loan of up to \$250,000 under the State's Revolving Renovation Fund. The previously issued general obligation bonds for this project, as indicated above, were rolled into the March 8, 2005 referendum question.

The fiscal year 2005 capital equipment and capital project appropriations equaled \$112,795 and \$167,647 respectively. The capital equipment funds are for:

1. \$16,892, to make the fifth lease payment (five year lease) on the John Deere Backhoe
2. \$69,370, purchase three police cruisers
3. \$1,970, to replace two chairs in Dispatch
4. \$27,000, to make the first lease payment (five year lease) on a dump truck and a pickup truck for the Public Works Department

The capital projects funded in fiscal year 2005 were:

1. \$112,000, to fund road projects. The Town of Gorham has 256 public roads consisting of over 135 miles of Town roads and 12.5 miles of State roads. The Town also has approximately 15.5 miles of sidewalks to maintain and three bridges that are maintained by the Town. The Public Works Department, through a pavement management system, annually evaluates the roads to determine level of maintenance/repair and cost to maintain/repair. A prioritized list is generated from this database.

The Town Council also appropriated \$145,934 of bond refinancing funds to the Road Projects account. The bond refunding was done by the Maine Bond Bank.

It was noted during the budget hearings, that based on requests from citizens, the Town, with Council approval, has applied for a “Safe Route to Schools” grant to help pay for a \$145,000 sidewalk on South Street. The local share would be 40% or \$58,000, which would come from the road projects account funds.

With the \$112,000 budget request and the \$145,934 in bond refinancing funds, the total amount available for road projects in fiscal year 2005 was \$257,934. These funds will be able to fund the first five projects identified this year by Public Works as roads with the most crucial need for repairs along with the local share for the sidewalk on South Street.

	Road	Length in Miles	Type of Repair	Cost	Cumulative Cost
1	Goodall Road	0.18	shim & surface	\$11,700	\$11,700
2	Hutcherson Drive	0.52	shim & surface	33,800	45,500
3	Line & Dow Intersection	--	--	15,000	60,500
4	Tow Path & Gray Rd Inter	--	--	15,000	75,500
5	Shaw Mill Road	2.02	shim & surface	131,300	206,800
6	George St	0.18	shim & surface	11,700	218,500
7	Terry St	0.08	shim & surface	5,200	223,700
8	Wescott Road	0.39	shim & surface	25,350	249,050
9	Osborne Road	0.76	shim & surface	49,400	298,450
10	Finn Parker Road	1.25	shim & surface	81,250	379,700

Also, as part of the budget motion, the Town Council approved the reallocation of previously reserved funds that were no longer needed amounting to \$39,246.87 to the State Road Projects – Local Share account.

This account pays for the Town’s local share of road projects or traffic studies for projects on State and State aid roads. The local share of these cost vary depending upon the type of project, and it is difficult to predict when a project will be constructed. Listed below are pending projects included in the MDOT Biennial Transportation Plan.

MDOT PIN	Location	Type of Work	Estimated Costs	% Local Match	Est. Local Match
8460	Libby Ave – Rte 25 to Patio Park	reclaim	\$ 321,900	20%	\$ 64,380
7852	Restore Gambo Rd Bridge for Bike/Ped Use (see note)	restore	420,000	20%	84,000
10541	Brackett (from New Portland to Saco St)	reclaim	2,535,000	25%	633,750
	TOTAL:				\$698,130

Note: The Town does not intend to use a cash match for the Gambo Bridge project, but an in-kind match, and the local match is not included in the totals.

The following projects have been applied for, or are expected to be applied for, but are not yet included in the BTIP.

	Type of	Estimated	% Local	Est. Local
Location	Work	Costs	Match	Match
Traffic Circle @ Mosher's Corner	New construction	\$1,150,000	20%	\$230,000
New access road to Industrial Park	New construction	2,400,000	20%	480,000
Route 114/22 Intersection widening with Burnham Road improvements and two way left turn lane between Gorham Road and South Street.	Full depth reconstruction	1,555,000	15%	232,500

ESTIMATED LOCAL SHARE OF ALL PROJECTS

(not counting Gambo Bridge Project)

\$1,640,630

**CURRENT ESTIMATED REVENUE AVAILABLE FROM
LOCAL SHARE RESERVE ACCOUNT**

615,317

ESTIMATED UNMET NEED

\$1,025,313

Due to issues surrounding this State project, it is expected that the Brackett Road Project (PIN 10541) will not be ready for the 2005 construction season, but is expected to be ready for the 2006 construction season.

2. \$10,000, to fund NPDES (National Pollution Discharge Elimination System) Phase II. The funds will be used to continue implementing this federally mandated program to control storm water runoff. The Town is working cooperatively with ten other communities in an effort to address this program regionally and cost effectively.
3. \$13,000, to make repairs at the White Rock Fire Station primarily replace the roof and siding on the station.
4. \$15,000, to fund a Fire Department Master Plan. The Town of Gorham is interested in completing a strategic plan for its Fire/Rescue Department that will help the Town deliver effective fire and rescue services within the parameters of a fiscal growth rate that is acceptable to the Town Council and taxpayers of the community. And during fiscal year 2005, the actual cost to complete the study came in approximately \$9,000. So at the Town Council's February 1, 2005 meeting, the Council authorized a transfer of \$9,000 from the General Fund's contingency account to the Capital Project, Master Plan account, bringing the total for the study to \$24,000.
5. \$7,647, to fund the repair of the Little Falls Recreation Area basketball and tennis courts. The repair work will consist of filling the cracks and voids on both the basketball and tennis courts.

6. \$10,000 – to provide minimum funding to collect data and continue building our GIS system.

The Town of Gorham has a fund balance policy (see Note 2, STEWARDSHIP, COMPLIANCE & ACCOUNTABILITY, A. BUDGETARY INFORMATION) and the amount in excess of the required fund balance can be used for one-time capital equipment/project purchases. During fiscal year 2005, there were no funds available for allocation to capital equipment and capital project needs.

Department Focus – Gorham Fire Department

This past fiscal year municipalities in Maine have been faced with numerous efforts to impose tax reform measures on them in the hopes of lowering Maine's high reliance on property taxes to fund operations. The voters soundly defeated the referendum question in November 2004, known as the Palesky initiative. However, in response to the public's outcry for tax reform, the Governor and Legislature approved in January 2005 various measures aimed at lowering local tax burdens. It will be interesting to see if these measures actually produce the desired results.

The Public Safety sector was a vocal opponent of the Palesky initiative and I believe that without their active participation in defeating this referendum question, the referendum results may have been radically different. Therefore, I would like to focus on the Gorham Fire Department in this year's comprehensive annual financial report.

The Town of Gorham Fire and Rescue Department consist of a full-time Fire Chief, Deputy Chief, a firefighter, four paramedics, an administrative assistance, an administrative clerk shared with the Assessing Department, a shared mechanic with the Town of Windham, and two part-time Fire Inspectors. And with the departments' call force, the citizens of Gorham are very well served and protected by these highly trained and dedicated men and women. Between the full-time staff and call force, the department is ready to handle a wide variety of emergencies including emergency medical calls, fire calls, water rescues, hazardous materials incidents, extrication of victims at motor vehicle accidents, confined space rescues, and weapons of mass destruction incidents. During calendar year 2004, the Fire Department responded to 1853 calls, while the Rescue Department responded to 2,234 calls.

During the daytime, Gorham has two full time staff members on duty, along with the Chief, and one per-diem person 6 days a week. After 6 p.m., the Town only has one full time staff member on duty with all other functions being covered by the departments' call force. Many citizens throughout the community do not realize that the vast majority of Gorham's fire and rescue force are call force members, who respond from home or work. The call force members receive an hourly pay only when responding to calls or training. The commitment that is required for a person to remain an active member in the Department requires a great deal of sacrifice, dedication, and immense amount of time. Not only are members required to answer more and more calls each year, they are also required to put in many hours of training to maintain their knowledge and skill level. Many of the members will exceed over 300 hours of training a year, in addition to responding to calls.

Given the growth that the Town has seen in recent years, the Town Council authorized funding for a Fire/Rescue Department Master Plan Study in the fiscal year 2005 budget. The goal of this study is to conduct a comprehensive survey and evaluation of the town's fire/rescue department, including but not limited to: facilities, apparatus, staffing, fire code enforcement, and strategic operations. It is anticipated that the final report will be issued and given to the Town by December 31, 2005.

The Gorham Fire and Rescue Department has a student live-in program. The department takes a student enrolled in an area college into a department firehouse where the student is expected to respond to calls, complete house duties, perform truck checks, and SCBA equipment checks on a weekly basis. In return, the student gets a free room until he or she is no longer a full time college student. This has been a beneficial program for both the Town and the student. The student gains real world experience and the department receives necessary station coverage. The department currently has 14 live-in students and these students logged 31,166 hours of coverage in the various stations during 2004.

The department has a Fire Prevention division, which provides educational programs throughout the year in schools, daycares, and elderly housing projects. They also provide a juvenile fire setter intervention program for children who have been involved with setting fires. The division also host birthday parties at Central Fire Station. The birthday parties include fire prevention activities, as well as the birthday child getting a fire truck ride home.

During fiscal year 2004, the department received a Federal Fire Act Grant from FEMA (Federal Emergency Management Agency) of \$60,795 for the purchase of three fire prevention items to assist in fire prevention education. The first item, Buzz E Smoke Alarm and his House of Hazards is automated smoke alarms along with a house mock up to identify home hazards. The second product purchased was Sparky the Fire Dog driving his very own fire truck. Sparky and his fire truck are remote operated with talking and driving capabilities. The fire truck has red lights, a siren, and an operating water system. The final item is a training trailer which will actually simulate real smoky conditions, is equipped with heated doors to feel for safe exiting, an everyday home safety calling 9-1-1 feature, fire escapes and a working sprinkler head to demonstrate the effectiveness of home sprinkler systems. This training trailer is able to move from school to school and is handicapped accessible for everyone to experience.

The Town of Gorham owns four fire stations, Central located just outside the village on Route 25, the North Gorham Station located on Standish Neck Road, the White Rock Station located on Wilson Road, and the West Gorham Station located on Ossipee Trail. In addition to the four stations owned by the Town, the Town of Windham shares the South Windham Fire Station located on Route 202 and the Town of Scarborough shares the North Scarborough Fire Station located on Route 22 with the Town of Gorham.

Central Station consists of two engines, an aerial ladder, two squads -- specialized rescues, and two rescue units. The paramedics, day firefighter, and the Fire administrative office are all located at Central Station.

One of the squads is used for confined space and rope rescue calls. The Fire Department agreed to be the confined space rescue team for the University of Southern Maine's Gorham campus. There was significant training to get prepared for this type of response and now the department has town wide confined space rescue capabilities.

The rescue units are housed at Central Station with one unit manned 24/7 with one paramedic and supplemented with call personnel. During fiscal year 2004, a major improvement in manpower was implemented with a paid overnight position to assist the paramedic. This position is on from midnight to 7:00 a.m., and assures at least two people will be available to respond to calls. Central Station also has four live-in students who provide much needed manpower for both fire and rescue calls during the school year.

North Gorham Fire Station is an automatic mutual aid station serving the towns of Gorham and Standish. The trucks that respond out of North Gorham are Gorham Tank 2, Standish Engine 4, and Gorham Marine 4. The North Gorham Fire Company specializes in rural water supply and water rescues. The company also responds to all medical emergencies in the North Gorham area and is equipped with ALS equipment.

White Rock Fire Station serves the residents in the White Rock area of Gorham as well as assisting in protecting the citizens of Standish with the North Gorham Fire Company. The White Rock Fire Company combined with the North Gorham Fire Company this past year and the combined fire companies consist of 12 people, two who are junior members, dedicated to protecting and serving the citizens of Gorham and Standish. Between the two stations, there are three live-in students. The trucks that operate out of the White Rock station are Engine 5, Engine 7, Forestry 1, and Canteen 1. This company also operates a snowmobile and rescue boggan, which is used to transport victims of snowmobile accidents or other incidents in remote areas during the winter months.

The West Gorham Fire Station houses Engine 6 and Tank 3. The West Gorham Fire Company consists of 17 members and they specialize in rural water supply and are first responders on medical calls in the West Gorham area. This station has two live-in students.

One message out of Augusta that is continually repeated is the need for regionalization and for communities to work together to consolidate services. The Gorham Fire Department has been doing just that for years. With the limited number of full-time employees and resources, the Fire Chief, Robert Lefebvre, has been innovative in providing firefighting services to the residents of Gorham.

The Gorham Fire Department currently shares three stations with surrounding communities. The Town of Windham and Gorham have shared a fire station located in South Windham for over sixty years. The North Gorham station is shared with the Town of Standish, and the North Scarborough station is shared with the Town of Scarborough. Besides sharing personnel, the communities share fire equipment providing cost savings to both communities.

The Town of Gorham and Windham share a full time mechanic who does vehicle maintenance on both communities' fire and rescue vehicles. All operational cost, salary and benefits, tools, uniforms, and cell phone are shared with each department paying 50% of the costs.

And during fiscal year 2004, the Town of Gorham and Windham jointly purchased a Quint truck which offers both the use of a pump and an aerial ladder. The Quint is known as Tower 3 and is housed in the Little Falls/South Windham Fire Station. The cost for this aerial platform truck was \$700,000 with each community paying 50% of the cost of purchase and maintenance.

Another area that the Gorham Fire and Rescue Department works jointly with other communities is training. The department annually hosts the recruit training school and shares the cost with three other communities. To send a new recruit to the State Fire Academy to complete a firefighter 1 program cost \$1,200 per person. By sharing resources and working together, the department has been able to run this same program in house at a cost of \$200 per person.

During fiscal year 2002, the Towns of Gorham and Windham jointly submitted and received a Federal Fire Act grant of \$200,000 to purchase a mobile live fire training trailer. Each community jointly owns and shares in the operation and maintenance of this vehicle. They also jointly own a tractor for moving this training trailer to different locations.

Other Information

Awards: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Gorham, Maine for its comprehensive annual financial report for the fiscal year ended June 30, 2004. This was the second year that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

Acknowledgements: I would like to express my gratitude to the various departments for providing the necessary information needed to complete sections of the Town's third comprehensive annual financial report, in particular the Gorham Fire and Rescue Department. I would also like to extend my thanks to the Town Manager, David Cole, and the Gorham Town Council for their continued support of my efforts to improve the Town's level of financial reporting. I would like to acknowledge our independent auditors, Runyon Kersteen Ouellette, for the professional audit work provided and the continued support and assistance.

Sincerely,

Maureen R. Finger
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Gorham,
Maine

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Ziehl

President

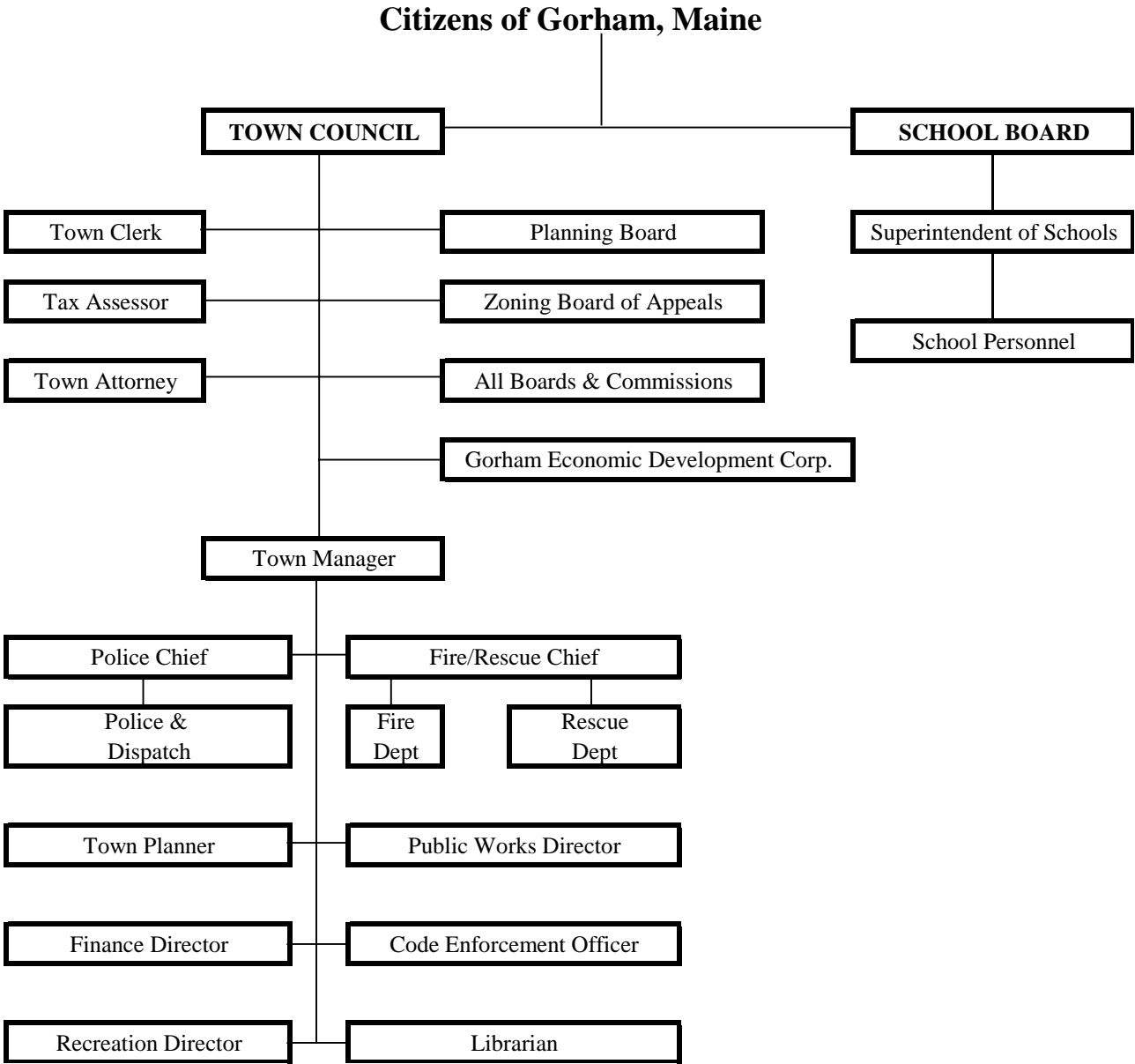
Jeffrey R. Enos

Executive Director

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Town of Gorham, Maine

Organizational Chart



TOWN OF GORHAM, MAINE
List of Principal Officials
June 30, 2005

Burleigh H. Loveitt, Council Chairman

Philip A. Dugas

Michael J. Phinney

Calvin H. Hamlin

Matthew J. Robinson

Norman E. Justice, Jr.

Jane S. Willett

David O. Cole, Town Manager

Christina Silberman, Town Clerk

Michael D'arcangelo, Acting Tax Assessor

Clinton Cushman, Jr., C.E.O.

Thomas E. Ellsworth, Econ. Dev. Director

Maureen R. Finger, Finance Director

Robert S. Lefebvre, Fire Chief

Pamela E. Turner, Librarian

Deborah F. Fossum, Planner

Ronald W. Shepard, Police Chief

Robert J. Burns, Jr., Public Works Director

Cynthia A. Hazelton, Recreation Director

Rose Marie South, School Board Chairman

Steven R. Caldwell

Roger L. Marchand

James J. Hager, Jr.

Stephen M. Morin

Jason P. Libby

William D. Neily

Theodore G. Sharp, School Superintendent

Paul A. Kelly, School Business Manager