

TOWN OF GORHAM, MAINE
Comprehensive Annual Financial Report
For Fiscal Year Ended June 30, 2008

Prepared by:

David O. Cole, Town Manager

TOWN OF GORHAM, MAINE
Annual Financial Report
June 30, 2008

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Town of Gorham

Municipal Center

75 South Street, Suite #1

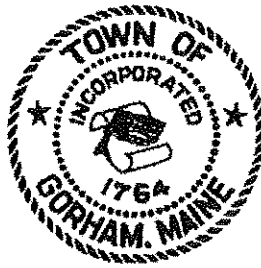
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February 24, 2009

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 ending June 30, 2008, 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 ending June 30, 2008. The auditor's report on the basic financial statements and combined 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, 2008, 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 expenditures of federal financial assistance, findings, recommendations and the independent auditor's reports on the internal control 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 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 15,830 residents according to estimates by the Maine State Housing Authority. 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 Town 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 elected at large for three-year staggered terms. 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 2007-08 is \$1,217,828,500 (excludes the valuation attributable to the State Homestead Exemption), resulting in an increase of about 2.7% from the 2006-2007 tax assessment. Approximately 26% 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 96.5% for last year and 96.4% 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 2.1% of the state assessed value.

The 2000 population of Gorham was 14,141 according to the U.S. Census Bureau and the Maine Housing Authority estimates that by 2008 Gorham's population was 15,830.

During calendar year 2007, the Code office issued permits for 64 single-family dwellings, 15 commercial/institutional structures, and 4 condominium units for a total of 83 permits. This is a reduction from the 98 permits issued in 2006.

Several important road projects progressed during fiscal year 2008. The State of Maine, Department of Transportation completed the Route 114 road improvement project in the Fall of 2007. The Route 114 project, which began in 2006, made improvements to the 114 corridor between Gorham Village and Standish. The site distances have been improved and adjustments to the grade were done in several places along the road. This is a State funded road project with no local money required. Also, while the State made road improvements, the Portland Water District extended current water lines from Gorham Village up to Huston Road.

The Portland Water District began work on the Routes 202/237 sewer project in April 2007 and completed the project in the Fall of 2008. The Route 202 and Route 237 sewer project closed a small inefficient sewer treatment plant in Little Falls and installed a new sewer line to provide sewer to areas of Windham and North Gorham. The new sewer line starts on Route 202 in the Little Falls area and continues south through the round-a-bout, down Route 237, and across Route 25, where it connects into an existing sewer line near the Gorham Industrial Park and flows into the sewer treatment plant in Westbrook. The Westbrook treatment plant has ample capacity to handle the new flowage.

The Maine Department of Transportation began constructing Phase I of the Gorham Bypass, which will consist of building a 3.4 mile-long, 2 lane, limited access highway between Route 25 at Brandy Brook Hill, across Flaggy Meadow Road, across Route 202, and end near

Waterhouse Road on Route 114. The road will be built within a 200-ft. right of way. Completion of this project is expected in the Fall of 2008. This project is funded entirely with Federal and State funds.

The Maine Department of Transportation also began a project to reconstruct a part of Libby Avenue and all of Brackett Road. This project will provide travel lanes, improved site distance and other safety improvements and is expected to be completed in the Fall of 2008. On November 8, 2005, voters authorized the Town to issue debt to pay for its share of the project. The Town will pay approximately 25% of the cost of the project.

In November 2007, voters also authorized the Town to issue bonds for \$3 million to reconstruct several other roads. The Town successfully issued bonds for \$4 million for these road projects in the Spring of 2008 and construction began on Day Road, Plummer Road and Osborne Road and is expected to be completed in the Spring of 2009.

The Town of Gorham's gross budget for 2008 showed an increase of 4.61% over 2007. As a result, there was an increase of \$0.77 in the mill rate for 2008, which was a 5.06% increase. The following is a comparison of the FY2007 mill rate to the FY2008 mill rate.

	FY 06 – 07 ¹	FY 07 – 08	\$ Incr/(Decr)	% Chg
Town's Tax Rate	\$ 4.75	\$ 4.95	\$ 0.20	4.11
School's Tax Rate	\$ 9.90	\$10.46	\$ 0.56	5.65
County's Tax Rate	\$ 0.58	\$ 0.59	\$ 0.01	2.07

¹ The April 1, 2006 valuation figure has been restated to reflect the impact of the trending down to get to the April 1, 2007 valuation figure. As a result of this restatement, the tax rates have also been restated for comparison purposes.

This is the third year that the Town and School had to develop budgets under the State of Maine's Property Tax Initiative known as LD 1. The purpose of LD 1 is to curb government spending and reduce the tax burden, particularly the property tax burden. LD 1, passed in June 2004, proposes to:

- increase the state's share of education funding each year, achieving 55% in 2009,
- caps spending growth at all government levels, and
- directs more money to tax relief programs such as the Maine Residents Property Tax Relief Program, which provides property tax rebates to eligible Maine citizens.

The Town's expenditure budget saw an increase of 6.36%. This increase reflects the increased operating costs for the new Municipal Center, which commenced operation in December 2006 and the cost of 2 additional employees in the Fire Department. This is also due to higher costs for health insurance and fire insurance, higher costs in commodities like sand, salt and liquid calcium used for winter maintenance and a new federally mandated storm water management program.

The Town's non-property tax revenues also saw an increase of 3.4% primarily due to vehicle excise taxes and interest income.

The School's 3.93% increase in expenditures can be contributed to increases in existing programs and increases in salary and benefits. Although the School Department's gross budget increased by 3.93%, the School Department's non-property tax revenues were up 1.14%

Major Initiatives

The Town of Gorham has a fund balance policy (see Note 2, STEWARDSHIP, COMPLIANCE AND 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 2008, there was \$622,345 in funds available for allocation to capital equipment and capital project needs. The Town Council approved at their May 8, 2007 meeting as part of the adopted budget the use of the excess undesignated fund balance of \$622,345 for the following purposes:

- \$184,000 to replace a Rescue vehicle for the Fire and Rescue Department;
- \$120,000 to purchase a new plow truck and sander;
- \$31,683 to purchase a Life Pack Auto Defibrillator;
- \$18,000 to purchase 10 automatic defibrillators;
- \$17,475 to purchase 25 self contained air bottles for fire fighters;
- \$28,750 to refurbish an existing power grader;
- \$7,000 to purchase intergraded management software for the Recreation Department;
- \$12,000 to purchase a new fuel management system for the Town's fuel depot;
- \$153,437 to provide funds for road maintenance;
- \$50,000 to provide the Town's share of jointly purchasing a vacuum truck with the Town of Windham through a 5 year lease-purchase program.

The following chart outlines the anticipated road projects to be undertaken with the \$432,837 funds approved through the Capital Projects and Capital Part II budgets.

Road	Length	Type of Repair	Estimated Cost	Estimated Cost
Cressey	0.2878 miles	Overlay	\$ 25,815	\$ 25,815
Burnham	0.5 miles	Reclaim	68,620	94,435
Burnham	2.21 miles	Shim & Overlay	198,229	292,663
Buck	0.22 miles	Gravel & Overlay	55,357	348,020
Buck	0.48 miles	Shim & Overlay	23,949	371,969
Barstow	1.87 miles	Reclaim	256,639	628,608

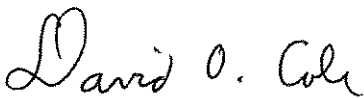
Other Information

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, 2007. This was the fifth year in a row 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.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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 sixth comprehensive annual financial report. I would also like to extend my thanks to the Gorham Town Council for their continued support of our 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,



David O. Cole
Town Manager

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, 2007

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.



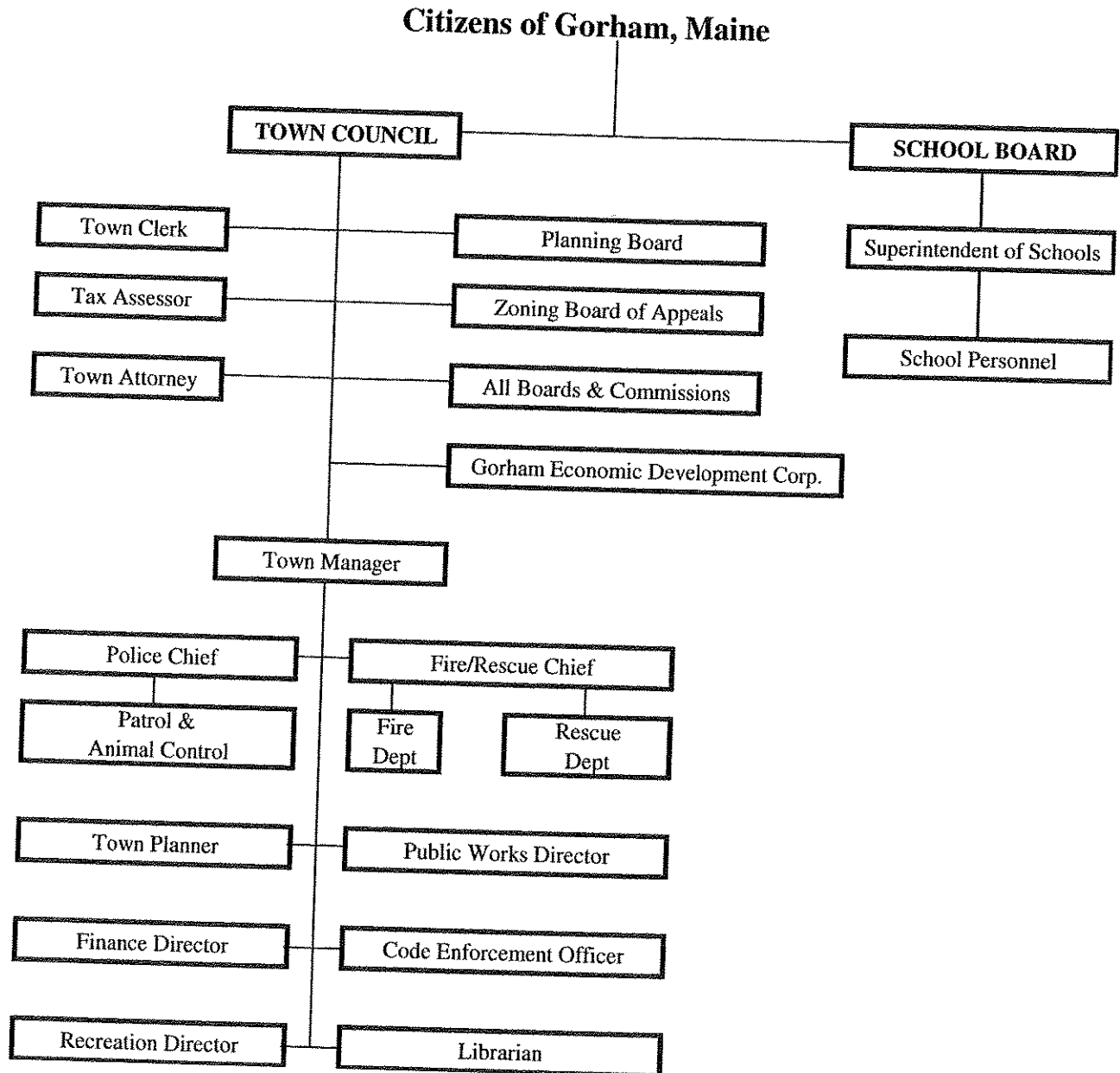
Charles S. Cox

President

Jeffrey R. Emery

Executive Director

Town of Gorham, Maine Organizational Chart



TOWN OF GORHAM, MAINE
List of Principal Officials
June 30, 2008

Burleigh H. Loveitt, Chairman, Town Council

Matthew J. Robinson, Vice Chairman	D. Brenda Caldwell
Phillip A. Csoros	Shonn R. Moulton
Michael J. Phinney	Jane S. Knapp

David O. Cole, Town Manager

Christina Silberman, Town Clerk	Michael D'Arcangelo, Tax Assessor
Clinton Cushman, Jr., C.E.O.	Thomas E. Ellsworth, Econ. Dev. Dir.
Dana Fischer, Finance Director	Robert S. Lefebvre, Fire Chief
Pamela E. Turner, Library Director	Deborah F. Fossum, Planner
Ronald W. Shepard, Police Chief	Robert J. Burns, Jr., Public Works Dir.
Cynthia A. Hazelton, Recreation Director	

James J. Hager, Jr., Chairman, School Board

Steven R. Caldwell, Vice Chairman	Kyle P. Currier
Dennis Libby	Roger L. Marchand
Rose Marie South	Janet Williams

Theodore G. Sharp, School Superintendent

Leighton O'Connor, School Business Manager

Independent Auditor's Report

Town Council
Town of Gorham, Maine

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Gorham, Maine as of and for the year ended June 30, 2008, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Gorham, Maine as of June 30, 2008, and the respective changes in financial position and the budgetary comparison for the General Fund and School Operations Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2009, on our consideration of the Town of Gorham, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The Management's Discussion and Analysis, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Town Council
Town of Gorham, Maine

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Gorham, Maine's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink, reading "Jennifer Keaton Ouellette". The signature is written in a cursive, flowing style.

February 25, 2009
South Portland, Maine

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Town of Gorham's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year that ended on June 30, 2008. We encourage the readers to consider the information presented in conjunction with the Town's financial statements, which follow this section.

Financial Highlights

- The total assets of the Town of Gorham exceed its liabilities by \$37,145,159, an increase of \$1,123,894 or 3.12% when compared to the beginning net asset figure of \$36,021,265.
- The ending fund balance for Governmental Funds is \$15,818,078. Although expenditures exceeded revenues by \$1,617,244, with bond proceeds of \$4,000,000 and capital lease proceeds of \$151,694, the net change was an increase of \$2,534,451.
- The General Fund's ending fund balance is \$7,780,931; an increase of \$101,568 over the prior year's ending fund balance of \$7,679,363. Of the \$7,780,931, \$296,508 is reserved for encumbrances, \$16,753 is reserved for trash bag inventory, and \$1,630,162 is designated for capital projects, accrued compensated absences and self-funded programs. A detail listing can be found in the notes to basic financial statements, NOTE 17, DESIGNATED FUND BALANCE.
- The Town of Gorham has a fund balance policy. The Town must maintain a General Fund and Special Revenue Fund (School Operations Fund) balance of at least 8% of the yearly School, Town, and Cumberland County appropriations. The combined General Fund and Special Revenue Fund – School Operations Fund undesignated fund balances as of June 30, 2008 was \$3,920,556 or 9.3% of the total FY09 budgeted appropriations. The Town Council uses any excess funds to fund the capital needs of the community as deemed appropriate. The Town Council generally reviews and approves the capital projects during the annual budget process. It is anticipated that the Town Council will have approximately \$541,862 to allocate to the Capital Part II budget during the FY10 budget process.
- The Town of Gorham's general obligation debt increased by \$1,325,350 or an 4.4% increase in the outstanding bonded debt total.

Overview of the Financial Statements

This annual report consists of three parts – management’s discussion and analysis, the basic financial statements, and unaudited statistical tables. The basic financial statements include two kinds of statements that present different views of the Town:

Government-wide Statements

The Governmental-wide Financial Statements present the financial picture of the Town from the economic resources measurement focus using the accrual basis of accounting, which is similar to what private-sector companies’ use. These statements present governmental activities and business type activities separately.

The statement of net assets includes *all* of the government’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town’s *net assets* and how they have changed. Net assets – the difference between the Town’s assets and liabilities – is one way to measure the Town’s financial health, or position. Over time, increases or decreases in the Town’s net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

These statements are divided into two categories: governmental activities and business-type activities.

- *Governmental activities* – Most of the Town’s basic services are included here, such as the police, fire, public works, education, and general administration. Property taxes and state and federal grants finance most of these activities.
- *Business-type activities* – Currently, the Town of Gorham does not have any business-type activities to report.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town’s most significant *funds* – not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for particular purposes.

The Town has two kinds of funds -- governmental, and fiduciary.

- *Governmental funds* – Most of the Town’s basic services are included in governmental funds. These fund statements tell how general government services were financed in the current year as well as what remains (fund balance) for future spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

- *Fiduciary funds* – The Town is the trustee, or *fiduciary*, for the School Activity fund and the private-purpose trust fund (scholarships). The Town excludes this activity from its other financial statements because the Town cannot use these assets to fund operations.

Reporting the Town's Fiduciary Responsibilities

The Town is the trustee, or fiduciary, for the various school activity accounts and Trust Funds that are set up primarily as scholarships. These assets, because of a trust arrangement, can only be used for trust beneficiaries. All of the Town's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 40 and 41. The Town excludes these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Reporting the Town as a Whole

Net Assets

The following is a condensed version of the Statement of Net Assets.

<u>Governmental Activities</u>				
	2008	2007	\$ Chg	% Chg
Current & other assets	\$ 21,636,940	\$ 18,527,855	\$ 3,109,085	16.8%
Capital assets, net	<u>53,962,913</u>	<u>54,318,348</u>	<u>(355,435)</u>	-0.7%
Total assets	\$ 75,599,853	\$ 72,846,203	\$ 2,753,650	3.8%
Long term debt outstanding	33,026,960	31,867,630	1,159,330	3.6%
Other liabilities	<u>5,427,734</u>	<u>4,957,308</u>	<u>470,426</u>	9.5%
Total liabilities	\$ 38,454,694	\$ 36,824,938	\$ 1,629,756	4.4%
Net assets:				
Invested in:				
Capital assets, net of related debt	21,730,596	23,204,001	(1,473,405)	-6.3%
Restricted	375,446	375,446	-	0.0%
Unrestricted	<u>15,039,117</u>	<u>12,441,818</u>	<u>2,597,299</u>	20.9%
Total net assets	\$ 37,145,159	\$36,021,265	\$1,123,894	3.1%

The increase of \$3,109,085 in the current and other assets category is primarily due to the increase in investments of \$3,062,484, which can be attributed to the bond proceeds from the May 2008 GO bonds issued to pay for the reconstruction of Libby/Brackett roads and various road projects.

The Capital Asset disclosure in the notes to the financial statements, see Note 6, shows how the change in capital assets, net change of (\$355,435) resulted.

The Long-term Liabilities disclosure in the notes to the financial statements, see Note 10, shows how the change in long-term debt outstanding of \$1,159,330 resulted.

The change in the other liabilities of \$470,426 is a combination of the following:

- an increase of \$479,752 in the accounts payable and other liabilities category, which is due to the increase in the performance bond escrow accounts held as of June 30, 2008 from various developers.

The change in capital assets, net of related debt is explained in detail further in the Management Discussion & Analysis under the Capital Assets section.

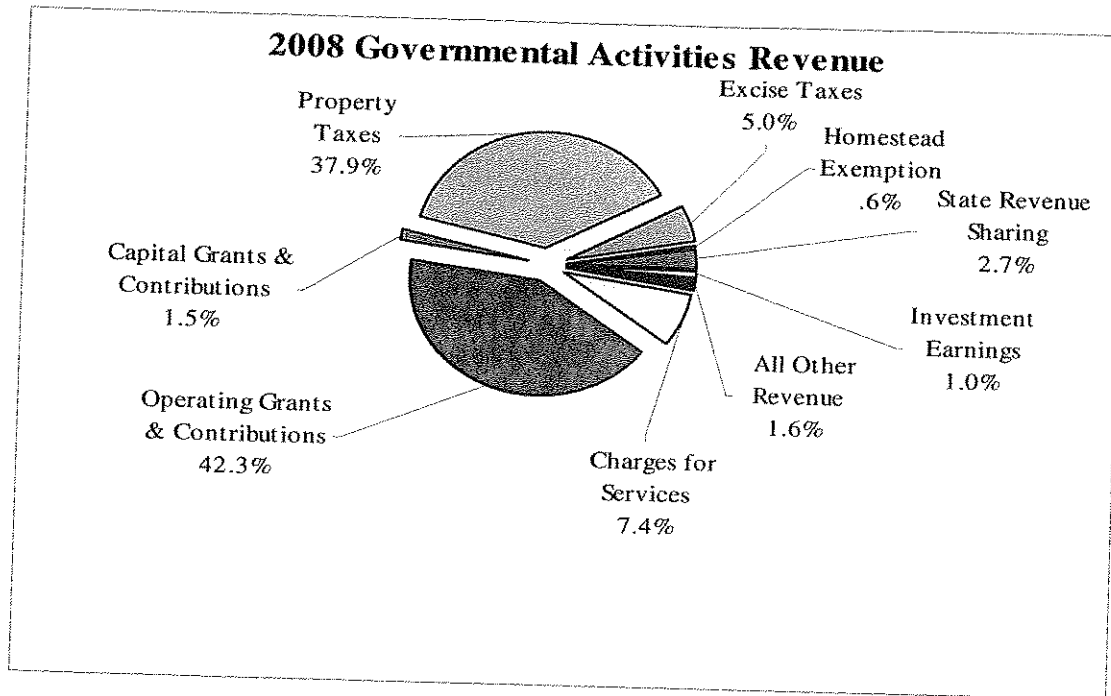
Changes in Net Assets

The following is a condensed version of the Statement of Activities.

	<u>Governmental Activities</u>		\$ Chg	% Chg
	2008	2007		
Revenues				
Program revenues				
Charges for services	\$ 3,721,155	\$ 3,908,836	\$ (187,681)	-4.8%
Operating grants & contributions	21,369,835	20,628,587	741,248	3.6%
Capital grants & contributions	775,035	2,318,647	(1,543,612)	-66.6%
General revenues				
Property taxes	19,138,898	17,690,199	1,448,699	8.2%
Payment in lieu of taxes	36,385	54,396	(18,011)	-33.1%
Motor vehicle & boat excise taxes	2,486,856	2,486,679	177	0.0%
Grants and contributions not restricted to specific programs				
Homestead exemption	309,050	331,237	(22,187)	-6.7%
Other state aid	39,204	10,865	28,339	260.8%
State revenue sharing	1,389,770	1,265,414	124,356	9.8%
Investment earnings	501,024	727,022	(225,998)	-31.1%
Miscellaneous revenues	<u>739,881</u>	<u>307,381</u>	<u>432,500</u>	140.7%
Total revenues:	\$ 50,507,093	\$ 49,729,263	\$ 777,830	1.6%
Expenses				
General government	4,262,645	3,897,193	365,452	9.4%
Public safety	3,811,471	3,317,132	494,339	14.9%
Public works	5,531,287	3,902,787	1,628,500	41.7%
Health & welfare	57,765	55,774	1,991	3.6%
Recreation, library & museum	1,414,399	1,216,449	197,950	16.3%
Development	429,849	406,590	23,259	5.7%
Education	32,649,708	31,417,334	1,232,374	3.9%
Interest on debt	<u>1,226,075</u>	<u>1,272,191</u>	<u>(46,116)</u>	-3.6%
Total expenses:	\$ 49,383,199	\$ 45,485,450	\$ 3,897,749	8.6%
Increase (decrease) in net assets:	\$ 1,123,894	\$ 4,243,813	\$ (3,119,920)	-73.5%

Approximately 37.9% of the Town's revenues come from property taxes, while 42.3% comes from operating grants and contributions. Approximately 92% of the operating grants and contributions revenue source comes from state aid to education and state construction aid.

The following pie chart shows the sources of revenue for fiscal year 2008.



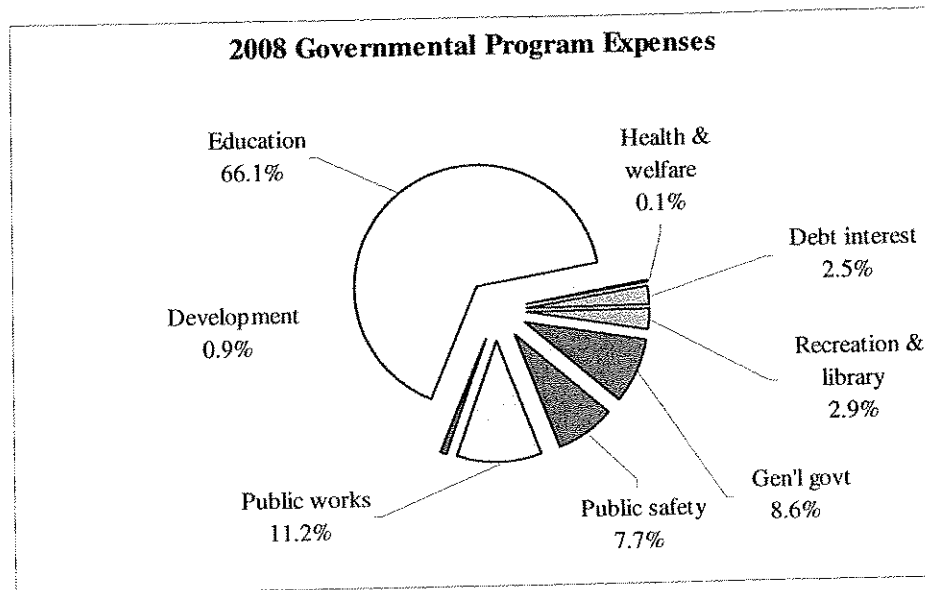
Education, which makes up 66.1% of the expenses for fiscal year 2008, increased by a modest 3.9% or \$1,232,374. The largest increases were seen in the employee's wages and benefit costs.

The Public Safety category saw a 14.9% increase in their expenditures when compared to fiscal year 2007. The primary reason the public safety category is up nearly \$494,000 is due to the addition of two full-time firefighter/EMTs during fiscal year 2008 at an estimated cost of \$88,618, increase in the rescue per diem rates at an estimated cost of \$10,320, the addition of a patrol officer at an estimated cost of \$46,210, changes in encumbrances of \$137,500, and approximately \$332,000 spent on purchasing two rescue units during fiscal year 2008.

The Public Works category saw a 41.7% increase is primarily due to the expenses associated with the road bond projects which accounted for an increase of approximately \$1,305,000.

The Recreation, library and museum category saw a 16.3% increase or \$197,950. The increase is primarily due to the construction of new athletic fields at the Middle School.

The following pie chart shows functional expenses for fiscal year 2008.



Governmental Activities

The cost of all governmental activities was \$49,383,198. The Town's governmental activities include general government, public safety, public works, health and welfare, recreation, library and museum, development, education, and interest on debt. Note: the general government activity includes insurance, employee benefits, unclassified, and county tax expenditures. The fiscal year 2008 expenses were an 8.6% increase over fiscal year 2007's expenses.

However, as shown on the Statement of Activities, the amount that the taxpayers of Gorham ended up financing was \$19,138,898 or 38.8%, because some of the cost was paid by those who directly benefit from the programs -- \$3,721,155, or by other governments and organizations that subsidized certain programs with operating grants and contributions -- \$21,369,835, and capital grants and contributions -- \$775,035. The Town also received \$5,502,170 in other general revenues, such as State Revenue Sharing, motor vehicle and boat excise taxes, homestead exemption, and interest earnings, to fund operations during fiscal year 2008.

As a result of the governmental activities' revenues of \$50,507,093 exceeding the expenses of \$49,383,199, the Town of Gorham realized an increase to its net assets of \$1,123,894. Approximately \$760,510 of the increase can be attributed to assets donated to the Town during fiscal year 2008. These donated assets include three roads accepted by the Town Council during fiscal year 2008.

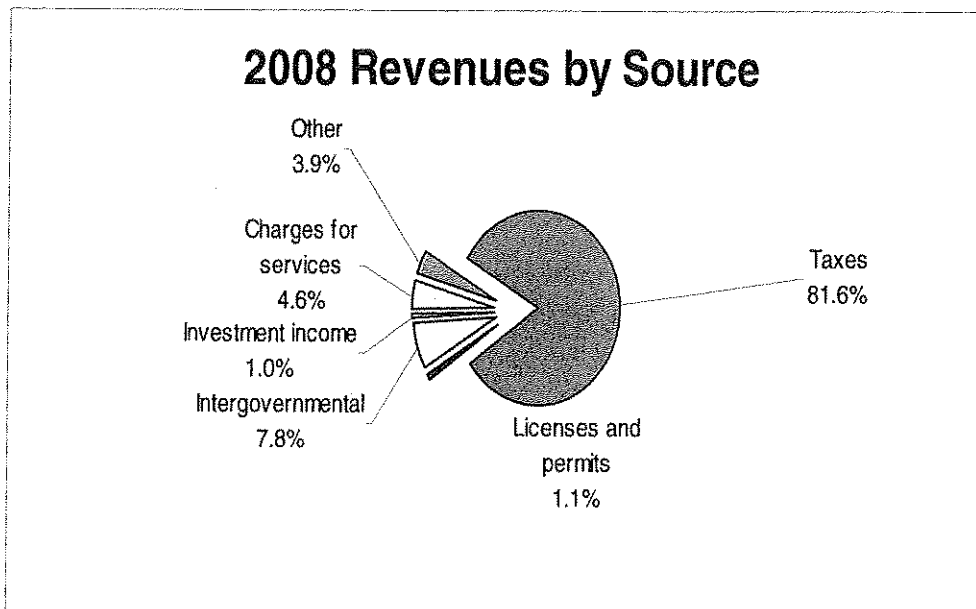
The Town's Funds

The following is an analysis of the balances in the Town's major individual funds.

General Major Governmental Functions

The following table summarizes the fiscal year 2008 revenues by source for the General Fund with the 2007 information for comparison while the pie chart summaries the 2008 revenues by source. Information is from Statement 4.

	<u>2008</u>	<u>2007</u>	<u>\$ Chg</u>	<u>% Chg</u>
Revenues by source				
Taxes	\$ 21,230,698	\$ 19,906,790	\$ 1,323,908	6.7%
Licenses and permits	282,421	434,921	(152,500)	-35.1%
Intergovernmental	2,031,845	1,894,447	137,398	7.3%
Investment income	256,609	371,989	(115,380)	-31.0%
Charges for services	1,199,485	1,089,601	109,884	10.1%
Other	<u>1,004,321</u>	<u>760,932</u>	<u>243,389</u>	32.0%
Total revenue	\$ 26,005,379	\$ 24,458,680	\$ 1,546,699	6.3%



General Fund revenues increased 6.3% over the fiscal year 2007 amount. Below are some of the reasons for the changes in the revenue sources.

Taxes: The net appropriation or local tax requirement for FY2008 increased by 6.7% or \$1,323,908 from the FY2007 level, with the primary increases in the net municipal appropriation of \$498,709, net Education appropriation of \$1,000,000, and a decrease in overlay of \$131,846. With the higher tax commitment and continued strong tax collections, the FY2008 taxes came in significantly higher than the FY2007 taxes.

Licenses and permits: The building permits revenue was \$106,961 lower than the FY07 actual. The building activity in Gorham has slowed considerably from the past few years.

Intergovernmental: During fiscal year 2008, the State of Maine reimbursed the Town \$124,356 more for state revenue sharing. This contributed to the intergovernmental revenues being up 7.3% or \$137,398.

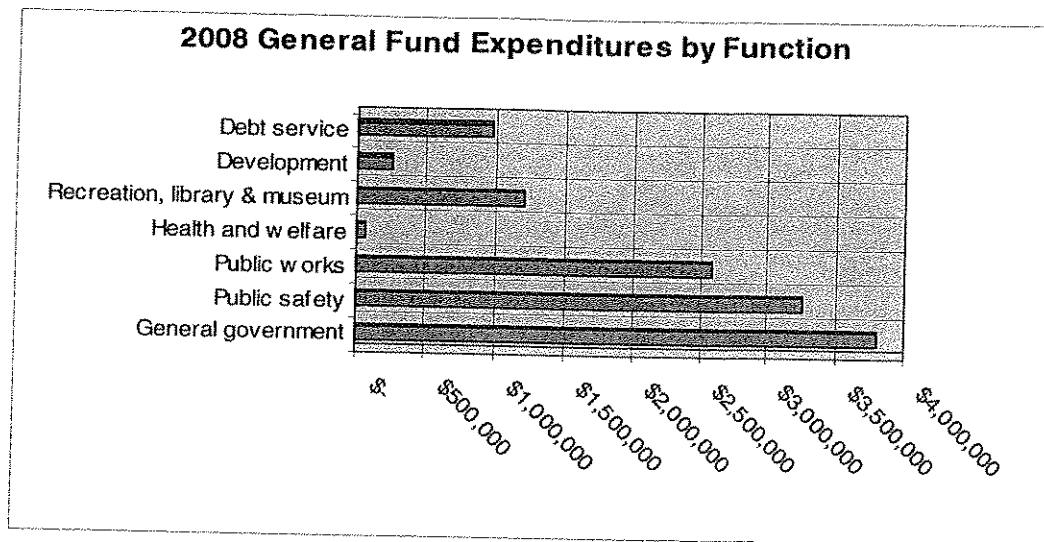
Interest income: During fiscal year 2008, the Town received an average interest rate of 3.5% on its investments. Compared to the average rate of 5.3% for fiscal year 2007, this has accounted for the 31% decrease seen in the investment income revenue source in fiscal year 2008.

Charges for services: The rescue fees were \$108,133 higher than the FY07 actual. Between adding additional full time personnel to drive the rescues and higher call volume, the Town is able to handle more of its rescue calls resulting in increased billings.

Other: During fiscal year 2008, the Town received a \$100,000 in grant funds from the Maine Development Foundation to construct a regional maintenance facility, a full year of rent from Gorham School Department for office space in the new municipal building, additional recreation program revenues, and additional funding of \$81,210 to the Town's vacation/sick/comp reserve account accounted for the 32% increase over the FY07 actual.

The following table summarizes the General Fund expenditures by function for fiscal year 2008 with 2007 information for comparison while the graph displays the General Fund expenditures by function for fiscal year 2008. Information is from Statement 4.

	<u>2008</u>	<u>2007</u>	<u>\$ Chg</u>	<u>% Chg</u>
Expenditure by function				
General government	\$ 3,800,490	\$ 3,571,950	\$ 228,540	6.4%
Public safety	3,254,798	2,944,915	309,883	10.5%
Public works	2,575,546	2,156,937	418,609	19.4%
Health and welfare	57,765	55,774	1,991	3.6%
Recreation, library & museum	1,215,668	1,164,766	50,902	4.4%
Development	241,787	222,750	19,037	8.5%
Debt service	<u>972,572</u>	<u>973,396</u>	<u>(824)</u>	-0.1%
Total expenditures	\$ 12,118,626	\$ 11,090,488	\$ 1,028,138	9.3%



The General Fund expenditures increased 9.3% over fiscal year 2007 levels. The biggest change was in the public works, which increased by \$418,609 or 19.4%. Approximately \$169,000 can be contributed to higher fuel costs and parts, while \$90,000 was due to wage and overtime costs, and nearly \$72,000 more in salt and liquid calcium. The other function that has a significant increase was public safety, which increased 10.5% or \$309,883. The major reason for the increase was higher firefighter/EMT wages of \$120,000 due to the addition of two employees during fiscal year 2008.

The net results of operations for fiscal year 2008 are \$101,568, after transfers in of \$221,000 and transfers out of \$14,006,185. The following table summarizes the General Fund's fund balance for fiscal year 2008 with 2007 information for comparison.

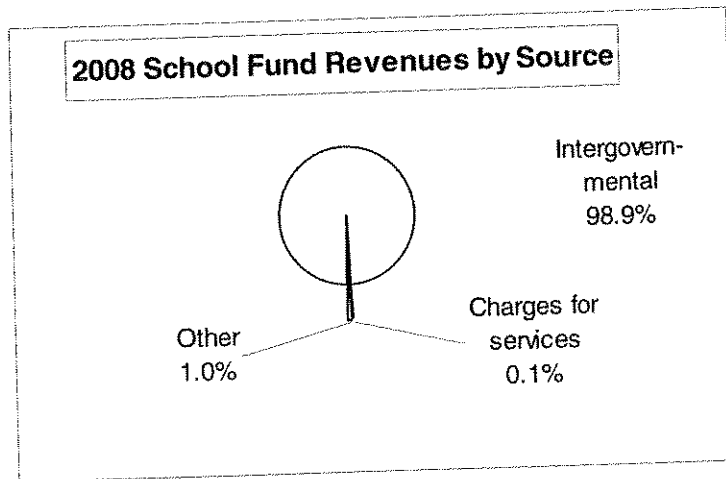
	<u>2008</u>	<u>2007</u>	\$ Chg	% Chg
Fund balance:				
Reserved for:				
Encumbrances	\$ 296,508	\$ 270,652	\$ 25,856	9.6%
Inventory	16,753	14,024	2,729	19.5%
Unreserved:				
Designated	1,630,162	1,324,811	305,351	23.0%
Undesignated	<u>5,837,508</u>	<u>6,069,876</u>	<u>(232,368)</u>	-3.8%
Total fund balance	\$ 7,780,931	\$ 7,679,363	\$ 101,568	1.3%

As you can see by the above comparison, the Town has seen a slight decrease in its undesignated fund balance in fiscal year 2008. With the Town's undesignated fund balance policy (see Note 2 A), the 3.8% decrease in the undesignated fund balance will cause the funding for the Capital Part II budget in fiscal year 2010 to be less than in previous years. The large increase in the designated fund balance is due in part to the \$100,000 regional grant funds received for public safety and additional funding to the Town's vacation/sick/comp reserve account of \$81,000.

The following table summarizes the fiscal year 2008 revenues by source for the Special Revenue Fund's School Operations Fund with 2007 information for comparison while the pie chart summarizes the 2008 revenues by source. The information is from Statement 4.

	<u>2008</u>	<u>2007</u>	<u>\$ Chg</u>	<u>% Chg</u>
Revenues by source				
Intergovernmental	\$ 18,894,049	\$ 18,578,308	\$ 315,741	1.7%
Charges for services	29,283	39,121	(9,838)	-25.1%
Other	<u>187,941</u>	<u>192,810</u>	<u>(4,869)</u>	-2.5%
Total revenue	\$ 19,111,273	\$ 18,810,239	\$ 301,034	1.6%

The 1.6% increase in School Operation Fund revenues is primarily from the increased state aid to education and state construction aid, which amounted to an increase of \$285,903.



The following table summarizes the School Operations Fund expenditures by function for fiscal year 2008 with 2007 information for comparison. Information is from Statement 4. Following the table, an explanation of the major changes is provided.

	<u>2008</u>	<u>2007</u>	<u>\$ Chg</u>	<u>% Chg</u>
Expenses by function				
Education	\$ 28,711,269	\$ 27,797,176	\$ 914,093	3.3%
Debt service	2,662,499	2,741,208	(78,709)	-2.9%
Capital outlay	<u>151,694</u>	<u>170,607</u>	<u>(18,913)</u>	-11.1%
Total expenses	\$ 31,525,462	\$ 30,708,991	\$ 816,471	2.7%

The School Operations Fund's expenditures are 2.7% higher or \$816,471 higher than fiscal year 2007. The increase was primarily due to wages and benefits.

The following table summarizes the fiscal year 2008 revenues by source for the Special Revenue Fund's Capital Reserve Fund with 2007 information for comparison. The information is from Statement 4.

	<u>2008</u>	<u>2007</u>	<u>\$ Chg</u>	<u>% Chg</u>
Revenue by source				
Intergovernmental	\$ 83,826	\$ 68,362	\$ 15,464	22.6%
Investment income	117,839	236,554	(118,715)	-50.2%
Charges for services	18,361	36,975	(18,614)	-50.3%
Unclassified	<u>320,911</u>	<u>309,837</u>	<u>11,074</u>	3.6%
Total revenues	\$ 540,937	\$ 651,728	\$ (110,791)	-17.0%

The major decrease was in the investment income revenue source. The investment income revenue source was down due to the fact that less of the Municipal/Community Center's unspent bond proceeds were available for investing during fiscal year 2008 as well as the lower interest rates received on investments.

The following table summarizes the Capital Reserve Fund expenditures by function for fiscal year 2008 with 2007 information for comparison. Information is from Statement 4.

	<u>2008</u>	<u>2007</u>	<u>\$ Chg</u>	<u>% Chg</u>
Expenses by function				
Roads and road projects	\$ 1,856,213	\$ 614,218	\$ 1,241,995	202.2%
Library and museum	605,563	13,333	592,230	4441.8%
Public works facilities	-	2,910	(2,910)	-100.0%
Community center	72,264	2,364,635	(2,292,371)	-96.9%
Public safety building	48,423	93,469	(45,046)	-48.2%
All other	<u>905,014</u>	<u>947,105</u>	<u>(42,091)</u>	-4.4%
Total expenses	\$ 3,487,477	\$ 4,035,670	\$ (548,193)	-13.6%

As you can see from the above table, the Special Revenue Fund's Capital Reserve Fund expenses for fiscal year 2008 were down significantly, 13.6% or (\$548,193) from fiscal year 2007. The biggest decrease was due to the renovation work being done on the old Shaw School to turn it into a joint municipal/community center was completed in December 2006. However, the roads and road projects function saw a substantial increase due to a road bond being issued in May 2008 and work beginning in the late spring. Also, the recreation, library and museum function saw a large increase due primarily to the construction of new athletic fields at the Middle School.

The net results of operations for fiscal year 2008 are \$2,282,957, after transfers in of \$1,340,497, bond proceeds of \$4,000,000, and transfers out of \$111,000. The following table summarizes the Capital Reserve Fund's fund balance for fiscal year 2008 with 2007 information for comparison.

	<u>2008</u>	<u>2007</u>	<u>\$ Chg</u>	<u>% Chg</u>
Fund balances:				
Reserved for:				
Noncurrent				
receivables/encumbrances	\$ 10,535	\$ 10,940	\$ (405)	-3.7%
Unreserved:				
Designated	6,634,917	4,272,134	2,362,783	55.3%
Undesignated	<u>118,925</u>	<u>198,346</u>	<u>(79,421)</u>	-40.0%
Total fund balance	\$ 6,764,377	\$ 4,481,420	\$ 2,282,957	50.9%

As you can see by the above chart, the biggest increase in the fund balance is in the designated fund balance, which is due to the unspent bond proceeds for the Libby/Brackett roads reconstruction project and other road projects.

General Fund Budgetary Highlights

The Town continues to meet its responsibilities for sound financial management. As shown in Statement 6, actual revenues exceed budgeted revenues by \$1,082,073, while actual expenditures were over budgeted appropriations by \$272,581. This resulted in a positive net effect of \$809,492. However, after transfers and changes in encumbrances, the net change in fund balance was a positive \$101,568.

The undesignated fund balance at \$5,837,508 is a healthy figure and represents 13.8% of the total general fund and school operations fund budgeted appropriations for FY2009. The goal of the Town's fund balance policy is to maintain a General Fund and Special Revenue Fund (School Operations Fund) balance of at least 8% of the yearly School, Town, and Cumberland County appropriations. However, when the school operations fund's deficit balance of (\$1,916,952) is factored in the percentage drops to 9.3%. The Town's management anticipates that during the FY2010 budget process, the Council will utilize the undesignated fund balance in excess of the 8% for the Town's Capital Budget Part II.

The original (or adopted) budget for fiscal year 2007-2008 amount of \$41,162,069 (expenditures of \$40,581,352 plus transfers of \$580,717), compared to the final budget amount of \$41,432,720 (expenditures of \$40,870,003 plus net transfers of \$580,717) reflects a change of \$280,651. The change is the result of the Town Council appropriating \$18,000 from capital reserve fund to cover the operating expenses associated with the Old Robie School and the prior period encumbrances being added to the various departments' appropriations. However, the prior period encumbrances are not reflected in the final budget figures on Statement 6 or Exhibit A-2. The following chart shows the changes made to the adopted budget during the fiscal year.

The \$200,501 reduction in unclassified was primarily due to the reallocation of public safety reserve money to the public safety function to fund two new firefighter/EMTs, a new patrol officer, and an increase in the rescue per diem rate. There was also a corresponding increase in the insurance and employee benefits function as a result of these additional personnel.

The \$5,000 increase in the public works function was to cover maintenance at the Hillside cemetery, which the Town took back from the Hillside Cemetery Association.

And as mentioned above, the \$18,000 increase in the recreation function was to cover the cost of the operating expenses associated with the Town taking over the Old Robie School building from the Gorham PTA.

FY 2007 - 2008

Department	Original	Adjustment	Adjusted Budget	Pr Period Encumbrances	Final Adjusted
General Government	\$ 1,936,181	\$ -	\$ 1,936,181	\$ 36,549	\$ 1,972,730
Public Safety	3,225,159	145,148	3,370,307	67,163	3,437,470
Public Works	2,353,172	5,000	2,358,172	74,464	2,432,636
Health and Welfare	68,785	-	68,785	-	68,785
Recreation	679,043	18,000	697,043	4,360	701,403
Development	213,277	-	213,277	62,155	275,432
Insurances & Employee Benefits	1,851,275	50,353	1,901,628	3,290	1,904,918
Unclassified	411,023	(200,501)	210,522	22,670	233,192
Debt Service	1,115,986	-	1,115,986	-	1,115,986
Education	<u>28,727,451</u>	<u>-</u>	<u>28,727,451</u>	<u>-</u>	<u>28,727,451</u>
Budget Without Transfers:	\$ 40,581,352	\$ 18,000	\$ 40,599,352	\$ 270,652	\$ 40,870,003
Transfer to SRF - Econ Dev Fund	65,000	-	65,000	-	65,000
Transfer to SRF - Capital Reserve	470,717	-	470,717	-	470,717
Transfer to SRF - School Lunch Fund	45,000	-	45,000	-	45,000
Transfer in from SRF - Robie Schl	<u>-</u>	<u>(18,000)</u>	<u>(18,000)</u>	<u>-</u>	<u>(18,000)</u>
Budget With Transfers:	\$ 41,162,069	\$ -	\$ 41,162,069	\$ 270,652	\$ 41,432,720

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2008, the Town had invested \$2,647,335 in a broad range of capital assets. The following chart identifies the assets that were added during fiscal year 2008 (including the construction in progress projects – athletic fields at Middle School less the removal of the construction in progress projects – South Street sidewalk and Morrell Avenue sidewalk reflected in previous fiscal years.

Category	Category Total
Historical treasurers/artwork	\$ -
Land	-
Land improvements	-
Little Falls sidewalk, southside of Rte 202	41,540
Little Falls sidewalk, northside of Rte 202	76,879
Drainage Little Falls, bridge to round-a-bout	64,611

	Morrell Avenue sidewalk	\$ 230,330	
	South Street sidewalk, eastside near Weeks Road	130,717	
	Less prior year construction in progress	(280,993)	
	Middle School athletic fields, construction in progress	560,450	
			823,534
Buildings and building improvements			
Genl Govt	Replace Robie School roof	19,124	
			19,124
Machinery and equipment			
Genl Govt	Cable TV - channel server	6,950	
Public Safety	Fire - (2) LP12 defibrillator	49,990	
	Fire - ambulance cot	9,800	
	Police - ATV	7,100	
	Police - TTY talk-a-phone system	3,888	
Public Works	Craig 3 yd bucket for John Deere Loader	5,875	
Recreation	Community Ctr floor mat	6,957	
			90,560
Furniture and office equipment			
Genl Govt	Planning - Xerox wide format plotter	14,204	
			14,204
Computer equipment			
Genl Govt	Assessing - server, operating system & backup	7,339	
	Cable TV - server	5,199	
Public Safety	Fire, server	5,315	
Public Works	Fuel depot software	4,528	
			22,381
Vehicles			
	Education, Transportation - (2) buses	151,694	
	Public Safety, Fire - 2003 GMC Savana	16,823	
	Public Safety, Fire - 2007 Titan ambulance	154,507	
	Public Safety, Fire - 2008 Titan ambulance	172,108	
	Public Safety, Fire - 2005 Chevy Silverado	24,900	
	Public Safety, Police - (2) cruisers	42,290	
	Public Works, '08 Intl plow tk w/sander & sprayer	120,647	
	Public Works, refurbish 1986 grader	28,500	
	Public Works, new transmission 1993 loader	16,904	
			728,373
Infrastructure			
Public Works	Roads	760,510	
Education	Construction in progress	188,649	
			949,159
Total Assets Added During FY 2008			<u>\$ 2,647,335</u>

The depreciation expense for 2008 was \$2,988,864. The following is a summary of the Town of Gorham's capital assets, net of depreciation. This amount represents a net decrease (including additions and deductions) of \$355,435 or -0.7%, over last fiscal year.

Capital Assets
(net of depreciation)
Governmental Activities

	<u>2008</u>	<u>2007</u>	<u>\$ Change</u>	<u>% Chg</u>
Land	\$ 1,722,959	1,722,959	-	0.0%
Books/Historical Treasures/Artwork	1,090,274	1,090,274	-	0.0%
Construction in Progress	847,626	379,520	468,106	123.3%
Land improvements	3,690,789	3,866,788	(175,999)	-4.6%
Buildings and building improvements	31,672,540	33,012,043	(1,339,503)	-4.1%
Machinery and equipment	1,330,126	1,427,036	(96,910)	-6.8%
Furniture and office equipment	1,162,827	1,446,850	(284,023)	-19.6%
Computer equipment	154,300	159,417	(5,117)	-3.2%
Vehicles	3,228,337	3,019,936	208,401	6.9%
Infrastructure	<u>9,063,135</u>	<u>8,193,525</u>	<u>869,610</u>	<u>10.6%</u>
Totals	\$ 53,962,913	54,318,348	(355,435)	-0.7%

The Town has appropriated \$237,586 in fiscal year 2009 for the following capital expenditures: two police cruisers, the fifth and final lease payment for a pickup truck and dump truck, the third lease payment for a plow truck, a front end loader, a street sweeper and a trackless tractor, and various road projects. Additionally, the Council allocated \$691,231 in undesignated fund balance, which was in excess of the 8% fund balance policy to purchase a new plow truck and sander, replace twenty-five air bottles, purchase a 1 ton dump truck with plow, replace the 1988 asphalt hot box, replace a 1990 wood chipper, provide the local match for a fire service grant that the Cumberland County Fire Attach School and Southern Maine Community College received, purchase eight tactical protective vests, and provide additional funds for road projects.

More information on the Town's capital assets is presented in the notes to the financial statements. See NOTE 1 G, SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CAPITAL ASSETS, and NOTE 6, CAPITAL ASSETS.

Debt Administration

As of June 30, 2008, the Town had a total of \$31,398,950 of outstanding general obligation debt. On May 13, 2008, the Town issued \$4,000,000 in general obligation bonds to fund the local share of reconstructing Libby and Brackett roads, and to fund various road maintenance projects. As a result of this bond issue, the Town's outstanding general obligation bonds as of June 30, 2008 were \$1,325,350 higher than last fiscal year – a increase of 4.4%.

The Town of Gorham currently has an AA rating from Standard and Poor's on its general obligation bond issues. The Town's outstanding indebtedness is only 2.11% of the State's equalized value.

More detailed information on the Town's long-term debt is presented in NOTE 10, LONG-TERM DEBT to the financial statements.

Economic Factors and Next Year's Budget and Tax Rates

The Town's assessed value ratio as of April 1, 2008 remained about 80% or unchanged from the prior year and above the State required 70%.

The total assessed value as of April 1, 2008, is \$1,239,776,300, an increase of \$21,947,800 or 1.8% from the prior year. The Town of Gorham's tax rate remained unchanged at \$16.00.

The Town's municipal appropriation is \$11,782,227; an increase of \$95,369 or 0.8% over FY 2008. An increase in non-property tax revenue of \$97,562 and a decrease in the transfer in from the TIF fund of \$63,887 resulted in a net appropriation of \$5,488,209; an increase of \$61,694 or 1.1%.

The Town's education budget is \$29,677,716; an increase of \$905,265 or 3.2%. The School Department also had an increase in State Aid to Education and Impact Fees resulting in a net education appropriation of \$12,891,981, an increase of \$155,293 or about 1%.

The County tax assessment increased by \$52,975, or 7.35%.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions about this report or need additional information, contact the Finance Department, at the Town, 75 South Street, Gorham, Maine 04038.

TOWN OF GORHAM, MAINE
Statement of Net Assets
June 30, 2008

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 133,241
Investments	18,175,228
Receivables:	
Accounts	512,243
Intergovernmental	240,603
Rescue receivable (net of allowance of \$77,000)	128,496
Taxes receivable - current year	654,727
Taxes receivable - prior year	33,006
Tax liens	278,961
Notes	23,078
Inventory	39,463
Other	1,417,894
Non-depreciable capital assets	3,660,859
Depreciable capital assets, net	50,302,054
Total assets	75,599,853
LIABILITIES	
Accounts payable and other current liabilities	1,067,394
Accrued wages and benefits	2,460,404
Performance bond deposits	1,721,623
Middle School impact fees	162,127
Unearned revenue	16,186
Noncurrent liabilities:	
Due within one year	3,051,392
Due in more than one year	29,975,568
Total liabilities	38,454,694
NET ASSETS	
Invested in capital assets, net of related debt	21,730,596
Restricted for:	
Nonexpendable trust principal	375,446
Unrestricted	15,039,117
Total net assets	\$ 37,145,159

See accompanying notes to financial statements.

TOWN OF GORHAM, MAINE
Statement of Activities
For the Year Ended June 30, 2008

Functions/programs	Expenses	Program Revenues			Net (expense) revenue and changes in net assets
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Governmental activities
Primary government:					
Governmental activities:					(3,825,080)
General government	\$ 4,262,644	399,105	38,459	-	(3,027,365)
Public safety	3,811,471	527,077	242,504	14,525	(2,924,204)
Public works	5,531,287	1,454,912	391,661	760,510	(32,232)
Health and welfare	57,765	11,261	14,272	-	(797,464)
Recreation	1,414,399	597,558	19,377	-	(331,248)
Development	429,849	98,601	-	-	(11,353,506)
Education	32,649,708	632,641	20,663,562	-	(1,226,075)
Interest on debt	1,226,075	-	-	-	(23,517,174)
Total governmental activities	49,383,198	3,721,155	21,369,835	775,035	(23,517,174)
Total primary government	\$ 49,383,198	3,721,155	21,369,835	775,035	(23,517,174)

General revenues:	19,138,898
Property taxes, levied for general purposes	36,385
Payment in lieu of taxes	2,486,856
Motor vehicle and boat excise taxes	
Grants and contributions not restricted to specific programs:	309,050
Homestead exemption	39,204
Other State aid	1,389,770
State Revenue Sharing	501,024
Unrestricted investment earnings	739,880
Miscellaneous revenues	24,641,067
Total general revenues	
Change in net assets	1,123,894
Net assets - beginning	36,021,265
Net assets - ending	\$ 37,145,159

See accompanying notes to financial statements.

TOWN OF GORHAM, MAINE
Balance Sheet
Governmental Funds
June 30, 2008

	General	School Operations Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 3,192	-	-	130,049	133,241
Investments	12,908,895	-	4,504,505	761,828	18,175,228
Receivables:					
Accounts	153,284	19,556	78,400	261,003	512,243
Rescue receivable (net of allowance of \$77,000)	128,496	-	-	-	128,496
Taxes receivable - current year	654,727	-	-	-	654,727
Taxes receivable - prior year	33,006	-	-	-	33,006
Tax liens	278,961	-	-	-	278,961
Notes	-	-	10,535	12,543	23,078
Due from other governments	-	121,140	-	119,463	240,603
Interfund loans receivable	-	546,484	2,613,985	1,737,782	4,898,251
Tax acquired property	2,635	-	-	-	2,635
Other assets - performance bonds and impact fees	1,415,259	-	-	-	1,415,259
Inventory	16,753	-	-	22,710	39,463
Total assets	\$ 15,595,208	687,180	7,207,425	3,045,378	26,535,191
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	278,712	51,848	443,048	28,714	802,322
Accrued wages and benefits	226,166	2,234,238	-	-	2,460,404
Interfund loans payable	4,769,449	-	-	128,802	4,898,251
Deferred revenues	656,200	-	-	16,186	672,386
Performance bond deposits	1,721,623	-	-	-	1,721,623
Middle school impact fees	162,127	-	-	-	162,127
Total liabilities	7,814,277	2,286,086	443,048	173,702	10,717,113
Fund balances:					
Reserved for:					
Noncurrent receivables/encumbrances	296,508	318,046	10,535	12,543	637,632
Nonexpendable trust principal	-	-	-	375,446	375,446
Inventory	16,753	-	-	22,710	39,463
Unreserved:					
Designated	1,630,162	-	6,634,917	20,745	8,285,824
Undesignated, reported in:					
General fund	5,837,508	-	-	-	5,837,508
Special revenue funds	-	(1,916,952)	118,925	2,140,549	342,522
Capital projects funds	-	-	-	58,834	58,834
Permanent funds	-	-	-	240,849	240,849
Total fund balances (deficit)	7,780,931	(1,598,906)	6,764,377	2,871,676	15,818,078
Total liabilities and fund balances	\$ 15,595,208	687,180	7,207,425	3,045,378	

Continued

TOWN OF GORHAM, MAINE
Balance Sheet
Governmental Funds
June 30, 2008

Reconciliation of the total fund balances - total governmental funds
to the total net assets of governmental activities:

Total fund balances - total governmental funds, Statement 3 \$ 15,818,078

Amounts reported for governmental activities in the statement of
net assets (Statement 1) are different because:

Capital assets used in governmental activities are not financial
resources and therefore not reported in the funds. More
specifically:

Non-depreciable capital assets	\$ 3,660,859	
Depreciable capital assets, net	50,302,054	53,962,913

Long-term liabilities are not due and payable in the current period
and therefore not reported in the funds:

General obligation bonds	\$ 31,398,950	
Capital leases	833,367	
Compensated absences	794,643	
Accrued interest payable	265,072	(33,292,032)

Deferred revenues -- more specifically, property taxes not reported on Statement 1	656,200
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Net assets of governmental activities	\$ 37,145,159
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See accompanying notes to financial statements.

TOWN OF GORHAM, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2008

	General	School Operations Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 21,230,698	-	-	359,520	21,590,218
Licenses and permits	282,421	-	-	-	282,421
Intergovernmental	2,031,845	18,894,049	83,826	1,771,397	22,781,117
Investment income	256,609	-	117,839	30,312	404,760
Charges for services	1,199,485	29,283	18,361	1,053,348	2,300,477
Unclassified	1,004,321	187,941	320,911	742,614	2,255,787
Total revenues	26,005,379	19,111,273	540,937	3,957,191	49,614,780
Expenditures:					
Current:					
General government	3,800,490	-	-	-	3,800,490
Public safety	3,254,798	-	-	-	3,254,798
Public works	2,575,546	-	-	920,973	3,496,519
Health and welfare	57,765	-	-	-	57,765
Recreation	1,215,668	-	-	-	1,215,668
Development	241,787	-	-	-	241,787
Unclassified	-	-	-	1,374,541	1,374,541
Education	-	28,711,269	-	1,323,006	30,034,275
Debt service:					
Principal	608,323	1,836,327	-	230,000	2,674,650
Interest and other charges	364,249	826,172	-	8,062	1,198,483
Capital maintenance	-	151,694	-	-	151,694
Capital improvements	-	-	3,487,477	243,876	3,731,353
Total expenditures	12,118,626	31,525,462	3,487,477	4,100,458	51,232,023
Excess (deficiency) of revenues over (under) expenditures	13,886,753	(12,414,189)	(2,946,540)	(143,267)	(1,617,244)
Other financing sources (uses):					
Long-term debt issued	-	-	4,000,000	-	4,000,000
Capital lease proceeds	-	151,694	-	-	151,694
Transfers in	221,000	12,758,688	1,340,497	406,894	14,727,079
Transfers out	(14,006,185)	(206,894)	(111,000)	(403,000)	(14,727,079)
Total other financing sources (uses)	(13,785,185)	12,703,488	5,229,497	3,894	4,151,694
Net change in fund balances	101,568	289,299	2,282,957	(139,373)	2,534,451
Fund balances (deficit), beginning of year	7,679,363	(1,888,205)	4,481,420	3,011,049	13,283,627
Fund balances (deficit), end of year	\$ 7,780,931	(1,598,906)	6,764,377	2,871,676	15,818,078

See accompanying notes to financial statements.

TOWN OF GORHAM, MAINE
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended June 30, 2008

Net change in fund balances - total governmental funds (from Statement 4)	\$ 2,534,451
Amounts reported for governmental activities in the statement of activities (Statement 2) 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 as depreciation expense. This is the amount by which depreciation expense (\$2,988,864) and loss on disposal (\$13,906) exceeded capital outlays (\$2,647,335) in the current period.	(355,435)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	131,800
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. (Note 10)	(4,000,000)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. (Note 10)	2,674,650
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. More specifically, this represents the change in long-term accrued compensated absences. (Note 10)	(41,360)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. More specifically, this represents the change in long-term capital leases. (Note 10)	207,380
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. More specifically, this represents the change in accrued bond interest payable.	(27,592)
Change in net assets of governmental activities (see Statement 2)	\$ 1,123,894
<i>See accompanying notes to financial statements.</i>	

TOWN OF GORHAM, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
All Budgeted Governmental Funds
For the year ended June 30, 2008

	General Fund				Budgeted Special Revenue Funds			
	Budgeted amounts		Actual	Variance with final budget positive (negative)	School Operations Fund		Actual	Variance with final budget positive (negative)
	Original	Final			Budgeted amounts	Final		
Revenues:								
Taxes	\$ 21,093,625	21,093,625	21,230,698	137,073	-	-	-	-
Licenses and permits	394,005	394,005	282,421	(111,584)	-	-	-	-
Intergovernmental	1,925,662	1,925,662	2,031,845	106,183	15,842,494	15,842,494	16,128,397	285,903
Investment income	225,000	225,000	256,609	31,609	-	-	-	-
Charges for services	1,116,355	1,116,355	1,199,485	83,130	-	-	29,283	29,283
Other revenues	168,659	168,659	1,004,321	835,662	170,000	170,000	187,941	17,941
Total revenues	24,923,306	24,923,306	26,005,379	1,082,073	16,012,494	16,012,494	16,345,621	333,127
Expenditures:								
Current:								
General government	1,936,181	1,936,181	1,836,966	99,215	-	-	-	-
Public safety	3,225,159	3,370,307	3,392,335	(22,028)	-	-	-	-
Public works	2,353,172	2,358,172	2,517,580	(159,408)	-	-	-	-
Health and welfare	68,785	68,785	57,765	11,020	-	-	-	-
Recreation	679,043	697,043	1,216,778	(519,735)	-	-	-	-
Development	213,277	213,277	205,391	7,886	-	-	-	-
Insurances and employee benefits	1,851,275	1,901,628	1,683,595	218,033	-	-	-	-
Education	-	-	-	-	25,989,902	25,989,902	25,898,434	91,468
Unclassified	411,023	210,522	261,500	(50,978)	-	-	-	-
Debt service	1,115,986	1,115,986	972,572	143,414	2,737,549	2,737,549	2,742,617	(5,068)
Capital maintenance	-	-	-	-	-	-	-	-
Total expenditures	11,853,901	11,871,901	12,144,482	(272,581)	28,727,451	28,727,451	28,641,051	86,400
Excess (deficiency) of revenues over (under) expenditures	13,069,405	13,051,405	13,860,897	809,492	(12,714,957)	(12,714,957)	(12,295,430)	419,527
Other financing sources (uses):								
Utilization of prior year surplus	-	-	-	-	1,269	1,269	-	(1,269)
Transfers to school fund	(12,736,688)	(12,736,688)	(12,758,688)	(22,000)	12,758,688	12,758,688	12,758,688	-
Transfers to the White Rock School Project	-	-	(42,000)	(42,000)	-	-	-	-
Transfers to special revenue - school lunch fund	-	-	-	-	(45,000)	(45,000)	(206,894)	(161,894)
Transfers to special revenue - economic development	(65,000)	(65,000)	(65,000)	-	-	-	-	-
Transfers to special revenue - capital reserve	(470,717)	(470,717)	(1,140,497)	(669,780)	-	-	-	-
Transfers in special revenue - TIF and capital reserve	203,000	221,000	221,000	-	-	-	-	-
Total other financing sources (uses)	(13,069,405)	(13,051,405)	(13,785,185)	(733,780)	12,714,957	12,714,957	12,551,794	(163,163)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses - budgetary basis	-	-	75,712	75,712	-	-	256,364	256,364
Reconciliation to GAAP basis:								
Change in accrued payroll			-	-			(67,745)	
Change in encumbrances			25,856				128,680	
Net change in fund balance			101,568				317,299	
Fund balances (deficit), beginning of year			7,679,363				(1,888,205)	
Fund balances (deficit), end of year	\$		7,780,931				(1,570,906)	

See accompanying notes to financial statements.

TOWN OF GORHAM, MAINE
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

	Agency Fund (School Activity)	Private-purpose Trust Fund (Scholarships)
ASSETS		
Cash	\$ 208,860	-
Investments	-	35,546
Total assets	208,860	35,546
LIABILITIES		
Due to student groups	208,860	-
Accounts payable	-	1,200
Total liabilities	208,860	1,200
NET ASSETS		
Held in trust	\$ -	34,346

See accompanying notes to financial statements.

TOWN OF GORHAM, MAINE
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the year ended June 30, 2008

	Private-purpose Trust Fund (Scholarships)
Additions:	
Donations	\$ 1,000
Investment income	1,639
Total additions	2,639
Deductions:	
Scholarships awarded	700
Total deductions	700
Change in net assets	1,939
Net assets, beginning of year	32,407
Net assets, end of year	\$ 34,346

See accompanying notes to financial statements.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2008

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Gorham, Maine was incorporated in 1764 and operates under a Council-Manager form of government, adopted by charter in 1967.

The accounting policies of the Town of Gorham conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant of such policies.

A. The Reporting Entity

In evaluating how to define the reporting entity, for financial statement purposes, management has considered all potential component units. The decision to include a potential component unit was made by apply the criteria set forth in GAAP which defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. Based upon the application of these criteria, there were no potential component units required to be included in this report.

B. Basis of Presentation

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

C. Basis of Accounting/Measurement Focus

Government - wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2008

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned 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 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 Town of Gorham, at this time, does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Town has elected not to allocate indirect costs among the programs, functions and segments. 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 or segment, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements report detailed information about the Town. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

GOVERNMENTAL FUNDS

All governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. An exception to the general rule is principal and interest on long-term debt which is recognized when due.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2008

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The Town reports the following major governmental funds:

The General Fund and the School Operations Fund in the Special Revenue Fund are the Town's primary operating funds. They account for all financial resources of the general government and education, except those required to be accounted for in another fund. The Capital Reserve Fund in the Special Revenue Fund, which accounts for all capital equipment and project expenditures funded through fund balance transfers, is another major governmental fund.

Additionally, the Town reports the following fund type:

Fiduciary funds account for assets held by the Town in a trustee capacity or as an agent on behalf of others. The Town's fiduciary funds include the following types: agency funds (school activity funds) and private-purpose trust funds (scholarships).

Revenue Recognition

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Those revenues susceptible to accrual are property taxes, interest, and charges for services. Licenses and permits, fines and forfeits, and miscellaneous revenues (except investment earnings) are recorded as revenues when received in cash because they are generally not measurable until actually received. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on long-term debt as well as expenditures related to certain compensated absences and claims and judgments are only recorded when payment is due. Allocation of costs, such as depreciation, is not recognized in the governmental funds.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2008

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Encumbrances

Encumbrance accounting, whereby commitments for the expenditure of monies are recorded to preserve that portion of the applicable appropriation, is being employed by the Town during the fiscal year. At year-end, encumbrances are recorded as an expenditure for budgetary reporting and as a designation of fund balance within the fund financial statements, since they do not constitute expenditures or liabilities and are added to the subsequent year's adopted appropriations.

E. Investments

Investments are stated at fair value.

F. Inventories

Inventory consists of the School Lunch Fund (Governmental Special Revenue Fund) food, supplies, and donated commodities and is recorded at the lower of cost or market on the first-in, first-out basis. The Town has also chosen to record the trash bag inventory maintained by the Public Works Department for the pay-per-bag program instituted on July 1, 2002. This inventory is recorded at cost on the first-in, first-out basis.

G. 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 activities in the government-wide financial statements. The Town defines capital assets as assets with an estimated useful life in excess of one year and an initial, individual cost of more than \$5,000. The Town's assets are capitalized at historical cost or estimated historical cost. For roads accepted by the Town from a developer, the Town will record the accepted road's value at the average cost per mile based on the road type. The Public Works Department will determine the average cost per mile for each road type. Gifts or contributions of capital assets are recorded at fair market value when received. The Town does not intend to use the "modified approach" to record infrastructure. The Town has also decided not to capitalize immaterial assets such as firearms, firefighting equipment such as air-paks, and certain computer equipment.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2008

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Depreciation is recorded based on the straight-line method using the full-month convention beginning with the month following the purchase date over the assets' estimated useful live. In addition, all assets will be depreciated down to zero. Historical treasures, works of art, and library books, which are capitalized, will not be depreciated.

The following estimated useful lives are used to compute depreciation:

- Buildings -- 40 years
- HVAC systems and roofing -- 20 years
- Electrical/plumbing systems -- 30 years
- Land improvements -- 20-30 years
- Roads -- 20-50 years
- Bridges -- 50 years
- Vehicles
 - Cars and light trucks -- 7 years
 - Police cruisers -- 4 years
 - Buses and rescue units -- 10 years
 - Fire trucks -- 20 years
- Office furniture and fixtures -- 7 years
- Equipment -- 10-20 years
- Computer equipment -- 5-7 years

The Town conducted an inventory of all capital assets for fiscal year 2003 and completes internal updates annually. This process involved determining the original cost. Original costs were developed in one of four ways: 1) historical records; 2) assessed value records deflated to date of acquisition; 3) engineering estimates and Land Use and Development Code; or 4) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation, as defined as the total depreciation from the date of construction/acquisition to the current date on a straight-line, unrecovered cost method was computed using industry accepted life expectancies for each capital asset. The book value was then computed by deducting the accumulated depreciation from the original cost.

H. Compensated Absences

Employees earn vacation and sick leave as they provide services. Under the terms of personnel policies and union contracts, vacation and sick leave are granted in varying amounts according to length of service. Town employees may accumulate (subject to certain limitations) up to 180 days of unused sick leave and, upon retirement, termination or death, may be compensated for amounts up to 90 days at current rates of pay.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2008

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Vacation time is earned based on anniversary date and length of service in amounts ranging from two to four weeks per year. Unused vacation days for regular full-time employees may accrue from one year to the next at a maximum of 150 hours for employees with less than six (6) years of continuous service, 225 hours for an employee with six (6) years of continuous service but less than eleven (11) years of continuous service and 260 hours for employees with eleven (11) years of continuous service. Employees are paid for allowable accruals upon termination of employment.

In the fund financial statements, no amount is recorded unless the amount is to be paid out shortly after year-end. But the full liability is recorded in the government-wide statements.

I. Long-term Obligations

Long-term debt is recognized as a liability of a governmental fund when due. In the fund financial statements, for other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

J. Interfund Transactions

During the course of normal operations, the Town has numerous transactions between funds including expenditures and transfers of resources to provide services, construct assets, and service debt. These transactions are reported as transfers.

K. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

L. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designated fund balances represent tentative plans for future use of financial resources.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2008

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. Comparative Data/Reclassification

Comparative data for the prior year have been presented only for certain funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds.

Note 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Budgets are adopted for the General Fund and School Operations Fund only, and are adopted on a basis consistent with generally accepted accounting principles (GAAP) except as described in the budget footnote, Note 18, BUDGETARY VS. GAAP ACCOUNTING. The level of control (level at which expenditures may not exceed budget) is the Department for the general fund budget and the total budget for the school operations fund. With Council authorization, mid-year budget adjustments between departments can be made. The budget as presented reflects these changes. Generally, all unexpended budgetary accounts lapse at the close of the fiscal year. However, the Town adopted a policy that allows certain departments to carry 50% of unexpended balances to be used towards future capital purchases. These amounts have been shown as transfers to the capital reserve special revenue fund at year-end. Additionally, the Town has a policy in which the amount of fund balance at the end of the year, which is greater than 8% of the budget, is transferred to a capital reserve account. This transfer happens subsequent to year-end, during the next fiscal years' budget process.

B. Excess of Expenditures Over Appropriations

For the year ended June 30, 2008, expenditures exceeded appropriations in the following general fund departments and the school operations fund as shown on Statement 6:

Public safety	\$ 22,028
Public works	\$159,408
Recreation	\$519,735
Education debt service	\$ 5,068

The public safety function overage is due to unbudgeted expenditures related to the purchase of rescue equipment such as a power pro cot and rescue jack, and the additional EMS software fees.

The public works function overage is due to the unbudgeted expenditures related to the higher cost of diesel, gas and oil.

The recreation function overage is due to the unbudgeted expenditures related to the various Recreation Department programs that are offset by corresponding program fees. These programs are all self-supporting and are not included as part of the Town's budget.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2008

Note 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, Continued

The education function's debt service was slightly over budget.

The above over expenditures lapsed to fund balance.

C. Deficit Fund Equity

The School Operations Fund has a deficit fund balance of \$1,598,906 at June 30, 2008. This is due primarily to variations between the budgetary and GAAP methods of accounting for summer teachers' payroll. See Note 18, BUDGETARY VS. GAAP ACCOUNTING.

Note 3 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the Town either carries commercial insurance, participates in a public entity risk pool, or is effectively self-insured. Currently, the Town participates in several public entity and self-insured risk pools sponsored by the Maine Municipal Association, which provides the following coverages to the Town: property & casualty, liability, vehicle, and workers' compensation. The Town is self insured for unemployment compensation. Based on the coverage provided by these pools, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities, which should be recorded at June 30, 2008.

Note 4 - DEPOSITS AND INVESTMENTS

The Town's policy is to invest public funds in a way that will provide the highest investment return with the maximum security while meeting daily cash flow demands of the Town and conforming to all state and local statutes governing the investment of public funds.

The average yield for the Town's investments during fiscal year 2008 was 3.58%, producing total investment income for the General Fund of \$380,550 less bank management fees of \$5,966 and allocation of interest earnings to the Capital Reserve Funds of \$117,975 for a net of \$256,609.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2008

Note 4 - DEPOSITS AND INVESTMENTS, Continued

A. Deposits

At June 30, 2008, cash consisted of the following:

	<u>Carrying amount</u>	<u>Bank balance</u>
Checking, savings, NOW, and certificates of deposit accounts		
Government Funds	\$ 132,246	\$ 132,246
Agency Funds	208,860	227,369
Petty Cash - Government Funds	<u>995</u>	<u>-</u>
Totals	<u>\$ 342,101</u>	<u>\$ 359,615</u>

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town's investment policy does not directly address custodial credit risk for deposits. As of June 30, 2008, \$43,747 of the Town's bank balances of \$359,615 was exposed to custodial credit risks because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Town's name. All of this risk is concentrated in the High School Activity Agency Fund.

B. Investments

At June 30, 2008, investments consisted of the following:

Investment Type	Total	Maturities			
		Within 6 Months	6 Months to 1 Year	1 Year to 3 Years	Over 3 Years
Mutual Funds	\$ 3,600,735	\$ 3,600,735	\$ -	\$ -	\$ -
U.S. Treasuries	721,950	509,928	50,301	161,721	-
Repurchase Agreements	13,873,679	13,873,679	-	-	-
Common Stock	14,410	-	-	-	-
Total Fair Value:	<u>\$ 18,210,774</u>	<u>\$ 17,984,342</u>	<u>\$ 50,301</u>	<u>\$ 161,721</u>	<u>\$ -</u>
% of Portfolio:		98.8%	0.3%	0.9%	0.0%

Out of the total \$18,210,774 in investments, \$18,175,228 is from investments in the governmental funds, while \$35,546 is for investments in the fiduciary funds' private-purpose trust funds.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2008

Note 4 - DEPOSITS AND INVESTMENTS, Continued

Interest Rate Risk. The Town of Gorham's investment policy addresses interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and by investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

Credit Risk. Maine statutes authorize the Town to invest in obligations of U.S. Treasury and U.S. Agencies, repurchase agreements, and certain corporate stocks and bonds. Generally, the Town invests funds in certificates of deposit or savings accounts in the case of special revenue, capital projects and trust funds, and in commercial paper or repurchase agreements (through a financial institution trust department) in the case of the General Fund. The Town only invests in commercial paper, rated in the highest tier (e.g., A-1, P-1, F-1, or D-1 or higher) by a nationally recognized rating agency. As of June 30, 2008, the Town did not have any funds invested in commercial paper. The funds invested in federal money market accounts are rated AAAm by Standard and Poor's. The repurchase agreements are generally U.S. government securities which are unrated.

Concentration Risk. The Town of Gorham will diversify its investment portfolio by security type and institution. With the exception of U.S. Treasury securities and authorized pools, no more than 50% of the Town's total investment portfolio will be invested in a single security type or with a single financial institution. At June 30, 2008, the Town was not in compliance with its investment policy's stipulations on portfolio diversification. The Town had 70% of its invested funds invested with one financial institution in repurchase agreements.

Custodial Credit Risk – Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Since all of the Town's investments were in mutual funds, U S Treasuries or repurchase agreements, there is no custodial credit risk to report.

Note 5 - PROPERTY TAXES

Property taxes for the current year were committed on August 24, 2007, on the assessed value listed as of the prior April 1 for all real and personal property located in the Town. Assessed values are periodically established by the Town's Assessor at 100% of assumed market value. A revaluation was completed for the list of April 1, 2001. The assessed value represented 80.6% of the estimated State valuation of \$1,487,700,000.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$241,774 for the year ended June 30, 2008. The variance between actual property tax revenues and budgeted property tax revenues represents overlay plus supplemental taxes less abatements.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2008

Note 5 - PROPERTY TAXES, Continued

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The Town has the authority to foreclose on property eighteen months after the filing of the lien if tax liens and associated costs remain unpaid.

Property taxes levied during the year were recorded as receivables at the time the levy was made. The receivables collected during the year and in the first sixty days following the end of the fiscal year have been recorded as revenues. The remaining receivables have been recorded as deferred revenues.

The following summarizes the 2008 and 2007 levies:

	<u>2008</u>	<u>2007</u>
Assessed value	\$1,198,526,100	\$913,343,000
Tax rate (per \$1,000)	<u>16.00</u>	<u>19.40</u>
Commitment	19,176,418	17,718,854
Supplemental taxes assessed	<u>39,016</u>	<u>11,570</u>
	19,215,434	17,730,424
Less: Abatements	76,910	26,442
Collections	<u>18,441,200</u>	<u>17,089,955</u>
Receivable at June 30, 2008 and 2007	<u><u>\$ 697,324</u></u>	<u><u>\$ 614,027</u></u>
Due date(s)	½ 11/16/2007	½ 11/15/2006
	½ 05/16/2008	½ 05/15/2007
Interest rates on delinquent taxes	12.0%	11.0%
Collection rate	96.4%	96.5%

Of the total taxes committed for the year ended June 30, 2008, the original amount allocated to the Gorham Industrial Park Municipal Development Tax Increment Financing District, the ODAT-Grondin Municipal Development Tax Increment Financing District, the Pettingill Ross Municipal Development Tax Increment Financing District, the Gorham County Road LLC Municipal Development Tax Increment Financing District and the Moody's Collision Centers Municipal Development Tax Increment Financing District was \$359,519.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2008

Note 5 - PROPERTY TAXES, Continued

The following amounts were allocated to various companies located within the five tax increment financing districts located in the Town as well as the Town's share.

FY2008 TIF Activity			
	Developer's Share	Town's Share	TIF District Total
Gorham Industrial Park District			
Big Water	\$ 4,834	\$ 4,834	\$ 9,668
CMJ, Inc.	4,272	4,272	8,544
Foreside Management Co.	28,846	28,846	57,692
D C Associates	3,169	3,169	6,338
D & G Group	10,444	10,444	20,888
Hampstead Associates	12,865	12,865	25,730
Mega Industries	8,561	25,683	34,244
Montalvo	21,357	21,357	42,714
Transformit	2,986	8,957	11,943
Subtotal:	\$ 97,334	\$ 120,427	\$ 217,761
ODAT/Grondin District			
ODAT	18,999	18,999	37,998
Grondin Properties	36,711	36,711	73,422
Subtotal:	\$ 55,710	\$ 55,710	\$ 111,420
Pettingill Ross District			
Pettingill Ross	15,534	-	15,534
Subtotal:	\$ 15,534	\$ -	\$ 15,534
Gorham County Road District			
Gorham County Road LLC	6,765	-	6,765
Subtotal:	\$ 6,765	\$ -	\$ 6,765
Moody's Collision Centers District			
Moody's Collision Center	8,039	-	8,039
Subtotal:	\$ 8,039	\$ -	\$ 8,039
Total TIF Financing Plan Amount:	\$ 183,382	\$ 176,137	\$ 359,519

(see Note 15, TAX INCREMENT FINANCING DISTRICT)

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2008

Note 6 - CAPITAL ASSETS

In accordance with GASB Statement No. 34, the Town has reported all capital assets including infrastructure in the Government-wide Statement of Net Assets. All capital assets were reported using the basic approach whereby accumulated depreciation and depreciation expense has been recorded.

Capital asset activity for the year ended June 30, 2008 was as follows:

	<u>Balance</u> <u>June 30,</u> <u>2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30,</u> <u>2008</u>
<i>Governmental Activities:</i>				
Capital assets, not being depreciated:				
Books/historical treasures/artwork	\$ 1,090,274	-	-	\$1,090,274
Land	1,722,959	-	-	1,722,959
Construction in progress	379,520	749,099	280,993	847,626
Total capital assets, not being depreciated	3,192,753	749,099	280,993	3,660,859
Capital assets, being depreciated:				
Land improvements	4,738,685	-	-	4,738,685
Buildings and building improvements	46,764,770	19,124	-	46,783,894
Machinery and equipment	2,100,313	90,560	30,520	2,160,353
Furniture and office equipment	2,503,026	14,204	-	2,517,230
Computer equipment	425,694	22,381	-	448,075
Vehicles	7,794,429	728,373	125,045	8,397,757
Infrastructure	22,287,136	1,304,587	-	23,591,723
Total capital assets being depreciated	86,614,053	2,179,229	155,565	88,637,717
Less accumulated depreciation for:				
Land improvements	871,897	175,999	-	1,047,896
Buildings and building improvements	13,752,727	1,358,627	-	15,111,354
Machinery and equipment	673,277	180,858	23,908	830,227
Furniture and office equipment	1,056,176	298,227	-	1,354,403
Computer equipment	266,277	27,498	-	293,775
Vehicles	4,774,493	512,678	117,751	5,169,420
Infrastructure	14,093,611	434,977	-	14,528,588
Total accumulated depreciation	35,488,458	2,988,864	141,659	38,335,663
Total capital assets being depreciated, net	51,125,595	(809,635)	13,906	50,302,054
Governmental activities capital assets, net	\$ 54,318,348	(60,536)	294,899	\$ 53,962,913

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2008

Note 6 - CAPITAL ASSETS, Continued

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 366,994
Public safety	320,746
Public works, including depreciation of general infrastructure assets	665,768
Recreation and library	107,968
Education	<u>1,527,388</u>
Total depreciation expense – governmental activities	<u>\$ 2,988,864</u>

Note 7 - PENSION PLANS

A. Maine PERS – Consolidated Plan

Description of the Plan – The Town contributes to Maine Public Employees Retirement System Consolidated Plan, a cost sharing multiple-employer public employee retirement system established by the Maine State legislature. The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State Legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

Funding Policy – Plan members are required to contribute 6.5% or 7.5% of their annual covered salary depending upon the plan they are in and the Town of Gorham is required to contribute an actuarially determined rate. The current rates range from 2.8% to 4% of annual covered payroll. The contribution rates of plan members and the Town of Gorham are established and may be amended by the Maine Public Employees Retirement System Board of Trustees. Due to an unfunded liability credit, the Town's contribution to the Maine Public Employees Retirement System Consolidated Plan for the years ended June 30, 2008, 2007 and 2006 are \$0, \$0 and \$0, respectively, equal to the required contributions for each year.

B. Maine PERS – Teacher's Group

Description of Plan – All schoolteachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's teacher group. The teacher's group is a cost-sharing plan with a special funding situation, established by the Maine State legislature. The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2008

Note 7 - PENSION PLANS, Continued

The authority to establish and amend benefit provisions rests with the State Legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Teacher's Group. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

Funding Policy – Plan members are required to contribute 7.65% of their compensation to the retirement system. The same statute requires the State of Maine's Department of Education to contribute the employer contribution, which amounts to \$2,765,652 (18.71%) for the fiscal year 2008. This amount has been reported as an intergovernmental revenue and retirement expenditure in the GAAP basis financial statements (Statement 2 and Statement 4). There is no contribution required by the School except for federally funded teachers, for which the School contributed 18.71% of their compensation. This cost is charged to the applicable grant.

C. Deferred Compensation Plan

The Town of Gorham offers all its employees not participating in Maine Public Employees Retirement a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan permits participating employees to defer a portion of their salary until future years. The Town expended \$206,017 for the year ended June 30, 2008, and \$206,971 for the year ended June 30, 2007. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Assets of the plan are placed in trust for the exclusive benefit of participants and their beneficiaries. Accordingly, the assets and the liabilities for the compensation deferred by plan participants, including earnings on plan assets, are not included in the Town's financial statements.

D. Other Retirement Contributions

Additionally, the Town participates in the Social Security Retirement Program. The Town contributed \$387,646 including F.I.C.A. and Medicare to the Social Security Retirement Program on behalf of Town employees for the year ended June 30, 2008 and \$367,856 for the year ended June 30, 2007.

School employees who are not eligible for the Maine Public Employees Retirement Program participate in the Social Security Retirement Program. In addition, a small group of School employees participates in both programs. The School Department contributed \$350,475 including F.I.C.A. and Medicare to the Social Security Retirement Program on behalf of the School employees for the year ended June 30, 2008 and \$332,363 for the year ended June 30, 2007.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2008

Note 8 - INTERFUND ACCOUNTS

Individual interfund loans receivable and payable balances at June 30, 2008, were as follows:

<u>Fund</u>	<u>Interfund loan receivable</u>	<u>Interfund loan payable</u>
Governmental Funds		
General fund	\$ -	\$ 4,769,449
School operations fund	546,484	-
Capital reserve fund	2,613,985	-
Other governmental funds:		
Special revenue funds:		
School special revenue funds	467,370	-
School lunch fund	-	27,902
Sewer operations	803,264	-
Little Falls sewer reserve and loan fund	14,552	-
Economic development fund	42,432	-
Tax increment financing district	311,568	-
FEMA fund	5,375	-
Capital project funds:		
Middle school construction	10,955	-
White Rock school project	-	52,177
Various school projects	39,045	-
Permanent funds:		
Cemetery perpetual care	24,250	-
Parks and recreation grounds	-	115
Baxter Library and museum	15,374	45,011
Miscellaneous	3,597	3,597
Total other governmental funds	1,737,782	128,802
Totals	\$ 4,898,251	\$ 4,898,251

The purpose of the interfunds is to charge revenue and expenditure activity to the appropriate funds. With centralized cash, everything is received and disbursed through the general fund. With interfund accounts, it allows the activity to be recorded within the proper fund, even though the activity occurs within the general fund cash account.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2008

Note 8 - INTERFUND ACCOUNTS, Continued

Interfund transfers during the year ended June 30, 2008 consisted of the following:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General fund	\$ 221,000	\$ 14,006,185
School Operations fund	12,758,688	206,894
Capital Reserve fund	1,340,497	111,000
Other governmental funds:		
Special revenue funds:		
School Lunch fund	206,894	-
Economic Development fund	65,000	-
TIF fund	-	203,000
Non-major capital project funds:		
Middle School project	-	200,000
White Rock School project	135,000	-
Total other governmental funds	406,894	403,000
Totals	\$ 14,727,079	\$ 14,727,079

The transfer outs comprised of the following:

1. From the General Fund: to provide the school operations fund with the local tax allocation for education (\$12,758,688); to provide startup funds for the White Rock School project (\$42,000); to provide the capital reserve fund with the allocation of undesignated fund balance approved by the Town Council to fund projects and the transfer of half balances remaining at year-end in departmental budgets to fund future capital needs for those departments (\$1,140,497); and to transfer the economic development corporation expenditures to the special revenue funds' economic development fund (\$65,000).
2. From the School's Operating Fund: to provide funding to cover the School Lunch program's fiscal year 2008 deficit (\$206,894).
3. From the Capital Reserve Fund: to provide funding for the operating costs associated with the old Robie School (\$18,000) and to provide additional startup funds for the White Rock School project (\$93,000).
4. From the Special Revenue Fund's TIF Fund: to provide funding for economic development corporation expenditures (\$65,000) and the Library's current and prior debt service (\$138,000).
5. From the Non-major Capital Project Fund: to repay the startup costs associated with the Middle School project and allocate the funds to the construction of athletic fields at the Middle School (\$200,000).

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2008

Note 9 - DUE FROM OTHER GOVERNMENTS

Due from other governments is comprised of the following:

School operations fund – State agency clients	\$ 121,140
Other governmental funds:	
School special revenue funds	
Title IIA, NCLB	20,917
Medicaid Reimbursement	79,410
Preschool	4,032
School Lunch – USDA subsidy	15,104
Total other governmental funds	119,463
Total	\$ 240,603

Note 10 - LONG-TERM DEBT

A. Statutory Debt Limit

In accordance with 30 MRSA, Section 5061, as amended, no municipality shall incur debt for specified purposes in excess of certain percentages of state valuation of such municipality. At June 30, 2008, the Town was in compliance with these limitations. (see Table 13, STATISTICAL SECTION)

B. Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2008, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 30,073,600	4,000,000	2,674,650	31,398,950	2,664,650
Capital leases	1,040,747	151,694	359,074	833,367	336,742
Accrued vacation and sick leave	753,283	794,643	753,283	794,643	50,000
Governmental activity					
Long-term liabilities	\$ 31,867,630	4,946,337	3,787,007	33,026,960	3,051,392

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2008

Note 10 - LONG-TERM DEBT, Continued

C. Bonds and Notes Payable

General obligation bonds are direct obligations and pledge the full faith and credit of the Town. These bonds are issued as serial bonds, generally with equal amounts of principal maturing each year.

General obligation bonds currently outstanding at June 30, 2008, are comprised of the following:

	Date of Issue	Original Issue Amount	Date of Maturity	Interest Rate	Balance	Balance by Bond
Bonds and notes payable:						
Governmental activities:						
Robie Gym improvements & Baxter Library handicapped access	6/2/1988	\$ 80,250	10/25/2008	5.9-7.7%	\$ 8,700	
Public Works, dump truck, transfer trailer, truck scale	6/2/1988	117,700	10/25/2008	5.9-7.7%	6,720	
Public Safety, aerial ladder truck & lucas tool	6/2/1988	310,300	10/25/2008	5.9-7.7%	13,320	
General Gov't, voting machines	6/2/1988	26,750	10/25/2008	5.9-7.7%	1,260	30,000
Rebuild tennis courts and Baxter Library handicapped addition	10/26/1988	75,000	10/25/2008	6.5-7.4%	4,540	
Public Works, hauler truck, back hoe, paving box	10/26/1988	174,000	10/25/2008	6.5-7.4%	10,540	
Public Safety, repair and pump tank 3	10/26/1988	50,000	10/25/2008	6.5-7.4%	3,040	
General Gov't, computer upgrade	10/26/1988	31,000	10/25/2008	6.5-7.4%	1,880	20,000
Education, Village school addition	5/4/1989	4,100,000	10/25/2009	7.25-7.3%	410,000	410,000
Robie Gym windows, Chick recreation area, playground	5/24/1990	21,600	10/25/2010	7.1-7.2%	3,213	
Public Works, plow truck, street sweeper, Mitchell bridge, transfer trailer, air compressor, underground tanks, Great Falls bridge (local share)	5/24/1990	327,830	10/25/2010	7.1-7.2%	49,157	
Public Safety, new rescue and base radio upgrade	5/24/1990	106,000	10/25/2010	7.1-7.2%	15,942	
Education, Village & GSH schools asbestos abatement, and High school roof	5/24/1990	437,570	10/25/2010	7.1-7.2%	65,638	133,950
Education, GSH expansion	9/1/1993	11,565,000	9/1/2013	4.6-5.25%	3,440,000	3,440,000
Public Works, new facility	6/1/2000	1,295,000	6/1/2020	5.7-5.75%	780,000	780,000
Education, New Middle School Construction	9/1/2002	20,375,000	11/1/2022	2.25- 4.375%	15,275,000	
Baxter Library, addition and renovations	9/1/2002	850,000	11/1/2017	2.25- 4.375%	550,000	15,825,000
Old Shaw School/Community Ctr, renovation	2/1/2004	2,688,345	2/1/2024	3.25- 4.35%	2,225,552	
Narragansett School, roof replacement	2/1/2004	112,237	2/1/2009		14,448	
Public Safety, 50% share of fire truck	2/1/2004	350,000	2/1/2024		270,000	2,510,000
Municipal/Community Ctr, renovation (old Shaw School)	9/1/2005	5,000,000	12/1/2024	3.75- 4.00%	4,250,000	4,250,000
Local share Libby/Brackett Road reconstruction	5/1/2008	1,000,000	5/1/2025	3.0-4.0%	1,000,000	
Road projects	5/1/2008	3,000,000	5/1/2025	3.0-4.0%	3,000,000	4,000,000
Total governmental activities					\$ 31,398,950	\$ 31,398,950

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2008

Note 10 - LONG-TERM DEBT, Continued

The General Fund, the Special Revenue Funds' School Operations Fund and Sewer Fund, and the Permanent Funds' Baxter Library and Museum Fund pay all governmental activities long-term debt service requirements. The annual debt service requirements to amortize bonds and notes payable are as follows:

Fiscal Year Ended June 30	Principal	Interest	Total
2009	\$ 2,664,650	\$ 1,214,165	\$ 3,878,815
2010	2,609,650	1,109,159	3,718,809
2011	2,404,650	1,010,347	3,414,997
2012	2,360,000	917,053	3,277,053
2013	2,360,000	823,878	3,183,878
2014-2018	9,470,000	2,895,386	12,365,386
2019-2023	8,405,000	1,137,408	9,542,408
2024-2028	1,125,000	54,818	1,179,818
Total:	\$ 31,398,950	\$ 9,162,214	\$ 40,561,164

D. Capital Leases

The Gorham School Department has entered into various lease agreements as lessee for school buses and copiers, and the Town has entered into six lease agreements for various public works equipment. Those leases qualify as capital leases for accounting purposes, and therefore, have been recorded in the government-wide financial statements at the present value of future minimum lease payments as of the date of their inception.

The following is a summary of the capital lease commitments as of June 30, 2008:

	Original Purchase Price	Annual Depreciation Expense	Total Minimum Lease Payments	Interest	Present Value of Minimum Lease Payments
Education, fourteen (14) School Buses	\$ 845,976	\$ 76,223	\$ 392,438	\$ 32,586	\$ 359,852
Education, Photocopiers,	212,046	n/a	141,326	10,471	130,855
Public Works, 2005 Chevy Pickup	27,000	2,533	5,851	234	5,617
Public Works, 2005 Dump Truck	95,628	9,563	20,788	867	19,921
Public Works, 2007 John Deere Loader	140,286	7,014	92,344	8,298	84,046
Public Works, 2007 Street Sweeper	149,800	3,745	96,123	8,588	87,535
Public Works, 2007 Internat'l Dump	109,272	2,732	70,119	6,267	63,852
Public Works, Trackless Tractor & Mowers	139,797	9,320	89,706	8,017	81,689
			\$ 908,695	\$ 75,328	\$ 833,367

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2008

Note 10 - LONG-TERM DEBT, Continued

The following is a schedule of future minimum lease payments under the capital lease and the present value of the minimum lease payment at June 30, 2008:

Fiscal year ending	<u>Principal</u>	<u>Interest</u>	Total Lease <u>Obligation</u>
2009	\$ 336,742	38,242	374,984
2010	227,197	23,009	250,206
2011	237,679	12,526	250,205
2012	31,749	1,551	33,300
	<u>\$ 833,367</u>	<u>75,328</u>	<u>908,695</u>

E. Compensated Absences

The Town's policy relating to compensated absences is described in Note 1, H. The long-term portion of this debt, amounting to \$794,643 for governmental activities at June 30, 2008, is expected to be paid in future years from future resources. The Town has estimated that out of the \$794,643, approximately \$50,000 will be due within the next year. In prior years, compensated absences have been liquidated primarily by the general fund.

Note 11 - OPERATING LEASES

The School Department has entered into seven leases for portable buildings, six expiring July 31, 2012 and one expiring August 31, 2011. For accounting purposes, all of these leases are considered to be operating leases. Lease expenditures for the year ended June 30, 2008 amounted to \$92,400. Future minimum lease payments for these leases are as follows:

Year ended June 30,	
2009	\$ \$ 92,400
2010	92,400
2011	81,400
2012	13,200
<u>Total</u>	<u>\$ 279,400</u>

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2008

Note 12 - OVERLAPPING DEBT AND OTHER CONTINGENCIES

A. Overlapping Debt

The Town is subject to an annual assessment of its proportional share of Cumberland County expenses, including debt repayment, as determined by the percentage of the Town's State valuation to the County's State valuation. At June 30, 2008, the Town's State valuation of \$1,487,700,000 was 3.58% of the County's State valuation of \$41,557,850,000. The Town's share is 3.58% or \$225,350 of Cumberland County's \$6,295,000 long-term debt outstanding as of June 30, 2008.

The Town is also served by the Portland Water District. At June 30, 2008, the Town's share of self-supporting bonded water debt is 5.47% or \$1,468,643 of total debt of \$26,840,715. At June 30, 2008, the Town's portion of Portland Water District's bonded sewer debt for which the Town of Gorham is directly obligated through sewer user fees is \$791,572. The Town also shares an obligation with the Town of Windham for a joint sewer project. Gorham's share of this debt amounts to \$1,766. The Water District annually assesses the Town for its proportionate share of debt issued for engineering and construction costs of a sewage treatment plant.

B. Contingencies

Ecomaine, formerly Regional Waste Systems, Inc., a Maine corporation with twenty-one participating municipalities including the Town of Gorham, has issued bonds to fund the design, construction and start-up of a resource recovery system. The bonds are special revenue obligations of Ecomaine, payable from and secured by a pledge of Ecomaine revenues. The bonds do not constitute a debt or liability within the meaning of any constitutional or statutory provision of the State of Maine, or a pledge of the full faith and credit of any political subdivision of the State of Maine. Ecomaine has no taxing power. Notwithstanding the foregoing, pursuant to the Waste Handling Agreements, the participating municipalities are obligated severally to deliver certain of the solid waste produced within each such participating municipality to Ecomaine for processing, to make service payments and pay tipping fees for such processing in amounts which, when added to other available monies, will at least equal required debt service of the bonds. The obligations of the participating municipalities under the Waste Handling Agreements are secured by the full faith and credit of the participating municipalities subject to certain limitations. On June 30, 2008, outstanding "Incinerator Debt" of Ecomaine totaled \$28,224,000 of which the Gorham share, based on estimated tonnage to be delivered, amounted to \$1,133,756.

The Town has also entered into an agreement with Ecomaine, as one of twenty-one Ecomaine Member Municipalities along with an additional six Participating Municipalities, to establish a Material Recycling Facility ("MRF") at Ecomaine's demolition debris and recycling facility in Gorham. It is anticipated that the Town's share of debt incurred for this project will also be paid through service charges and user fees over the life of the project. At June 30, 2008, the Town's share is \$205,856 of Ecomaine's outstanding MRF debt of \$3,676,000.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2008

Note 12 - OVERLAPPING DEBT AND OTHER CONTINGENCIES, Continued

Ecomaine operates a licensed balefill and ashfill site for which projected landfill closure and postclosure care costs approximate \$23,195,375 at June 30, 2007, the most recent data available. The Town's proportionate share of these estimated landfill closure and postclosure care costs is 4.02% or \$931,853.

Total Debt and Contingencies

<u>Governmental Unit</u>	As of June 30, 2008			
	<u>Direct</u> <u>Debt</u>	<u>Overlapping</u> <u>Debt</u>	<u>Contingent</u> <u>Debt</u>	<u>Total</u> <u>Debt</u>
Town of Gorham	\$ 31,398,950	-	-	\$ 31,398,950
Cumberland County	-	225,350	-	225,350
Portland Water District – sewer debt	-	791,572	-	791,572
Portland Water District – sewer shared with Town of Windham	-	1,766	-	1,766
Portland Water District - water debt	-	1,468,643	-	1,468,643
Ecomaine:				
Resources recovery system	-	-	1,133,756	1,133,756
Material recycling facility	-	-	205,856	205,856
Landfill closure	-	-	931,853	931,853
Totals	\$ 31,398,950	\$ 2,487,331	\$ 2,271,465	\$ 36,157,746

C. Arbitrage

Pursuant to the Tax Reform Act of 1986, municipalities issuing tax-exempt bonds or entering into note or lease obligations are required to perform an arbitrage rebate calculation upon the fifth anniversary of the obligation and to remit such rebate to the federal government, subject to certain exceptions. The Town has had several issues for which a rebate calculation is or has been required. As of June 30, 2008, substantially all such calculations have been performed.

D. Grant Funds

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

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2008

Note 12 - OVERLAPPING DEBT AND OTHER CONTINGENCIES, Continued

E. Litigation

The Town is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Town's attorney the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

F. Conduit Debt

From time to time, the Town has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the Town, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2008, there were two series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$2,765,000.

Note 13 - REIMBURSEMENT FOR DEBT SERVICE EXPENDITURES

The State of Maine currently reimburses the Town for a portion of the financing costs of school building and school bus purchases. Continuation of such reimbursement is dependent upon continued appropriation by the state legislature.

Hannaford Brothers has agreed to reimburse the Town for certain debt service costs related to the Village Sewer Construction project. During the years ended June 30, 2008 and 2007, these reimbursements amounted to \$14,525 and \$15,575, respectively. Principal and interest to be reimbursed will total \$488,407 through fiscal year 2008. These reimbursements are recorded as revenue in the Sewer operations special revenue fund for 2008.

Note 14 - NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Town's net assets invested in capital assets, net of related debt was calculated as follows at June 30, 2008:

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2008

Note 14 - NET ASSETS, Continued

Capital assets	\$ 92,298,576
Accumulated depreciation	(38,335,663)
Bonds payable	(31,398,950)
Capital leases	(833,367)
Add back unspent bond proceeds	<u>-</u>
Total invested in capital assets net of related debt	\$ 21,730,596

Note 15 - TAX INCREMENT FINANCING DISTRICT

Tax increment financing (TIF) pursuant to Chapter 207 of Title 30-A of the Maine Revised Statutes, as amended, enables a municipality to finance development by utilizing the future increased property tax receipts attributable to the development. Under the statutory framework, the municipality designates a tax increment-financing district and adopts a development program (the Development Program) stating the means and objectives for the development district.

The municipality may designate, or "capture", all or a portion of the increase in assessed value resulting from development within the district and dedicates the increased property taxes it receives in future years generated by the "captured" assessed value to payment of the costs of the Development Program, which may include debt service on borrowing to fund such costs.

Tax increment financing districts are subject to statutory limits on their size, including the following limitations: (a) the total area of a single development district may not exceed 2% of the total acreage of the municipality, (b) the total area of all districts within a municipality may not exceed 5% of the total acreage of the municipality, and (c) the aggregate value of equalized taxable property of all districts within the municipality as of the April 1st preceding the date of designation of each such district cannot exceed 5% of the municipality's total value of equalized taxable property, excluding from this limit any district involving project costs in excess of \$10,000,000, the geographic area of which consists entirely of contiguous property owned by a single taxpayer with an assessed value in excess of 10% of the municipality's total assessed value.

The increase in assessed value captured by the municipality is excluded from the municipality's equalized just value for each year's State valuation filed with the Secretary of State in accordance with Title 36, Section 208 and 305 of Maine Revised Statutes, as amended, and is therefore not included in calculating that municipality's share of State educational aid, State municipal revenue sharing, the county tax or the 15% debt limitation for the municipality pursuant to Title 30-A, Section 5257 of the Maine Revised Statutes, as amended.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2008

Note 15 - TAX INCREMENT FINANCING DISTRICT, Continued

In March 1997, the Town designated a 19.97 acre area within the Gorham Industrial Park as the Gorham Industrial Park Municipal Development Tax Increment Financing District (the district). The district included three companies, Mega Industries, a high technology metals fabrication company, Transformat, a high quality fabric structures firm, and Foreside Company, an import-export, wholesale, retail company.

Subsequently, in March 1999, the Town expanded the geographic scope of the district. The expansion allows the Town to assist three additional businesses to be located in the district. The expansion of the district encompasses approximately 6.83 acres of taxable land.

On June 4, 2002, the Town Council approved a minor amendment to the original Tax Increment Financing District as subsequently amended on March 31, 1999, by adding approximately 1.08 acres which is part of Tax Map 12, Lot 33-5, to the District.

On August 5, 2003, the Town designated approximately 28.1 acres within the Gorham Industrial Park as the ODAT/Grondin Development District. The joint name is to reflect that this district involves efforts of two separate developers on two separate but geographically proximate locations. ODAT is a precision manufacturer of component machine parts and will be constructing a 21,000 square foot manufacturing facility on its 4.9-acre tract of land.

The purpose of the Grondin portion of the district is to encourage the creation of five (5) new industrial lots on 23.14 acres of land. Grondin Properties, LLC will develop a new industrial park access road on part of this 23 acre parcel of land and will be reimbursed from the TIF revenues generated over a 15 year period, up to a maximum of \$429,064 for construction costs related to the development of the new road.

On January 6, 2004, the Town Council approved the creation of a permanent Revolving Loan Fund program with the funding coming from the Town's portion of Tax Increment Financing revenues derived from the ODAT/Grondin Development District.

On March 2, 2004, the Town designated a 6.5-acre parcel of land in the Gorham Industrial Park as the Pettingill Municipal Development District. The Pettingill Ross Company, a sheet metal company, currently located in the Westbrook Industrial Park, has acquired the old Hill-Loma building and intends to improve, rehabilitate, construct and equip a manufacturing facility at this location in the Gorham Industrial Park.

On March 1, 2005, the Town designated a 2.1-acre parcel of land located at 14 County Road (Route 22) as the VIP, Inc. Tax Increment Financing Development District. VIP, Inc., a retail parts, tires, and automotive services business, requested the TIF designation when they found out that one of the conditions of building a new 9,620 sq. ft. retail store on the former Roberts' Welding property would be to construct a center turning lane. VIP estimates that the cost of the

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2008

Note 15 - TAX INCREMENT FINANCING DISTRICT, Continued

turning lane to be in the \$170,000 range, a cost that “makes the project bear an unreasonable amount of its share of rectifying the traffic problem,” as stated in a February 14, 2005 letter to Town Manager David Cole. The Town Council in a 4-1 vote approved a 15-year TIF, which would give back 50% of the taxes generated from the increased tax value generated from the new building.

On June 6, 2006, the Town designated three parcels of land totaling 58.3 acres located on Narragansett Street near the existing Moody’s Collision Center as the Moody’s Collision Centers Municipal Development and Tax Increment Financing District. Moody’s Collision Centers, Inc. plans on expanding on the three parcels with additional 6-acre vehicle storage, a 2 acre 17,000 sq. ft. new repair facility, and another 4-acre vehicle storage area. As part of this development activity, Moody’s is planning to add the following infrastructure improvements: phase 3 power and T-1 telephone/network service to the new collision repair facility.

The total infrastructure improvements are estimated to costs Moody’s \$53,000. The Town Council in a 4-3 vote approved a 15-year TIF, which would give back 50% of the taxes generated from the increased tax value from the new building and improvements up to a maximum of \$46,638.

On September 5, 2006, the Town designated a 25 +/- acre site at 615 Main Street as the Nappi Distributors Municipal Development and Tax Increment Finance District. Nappi Distributors plans on constructing a 155,000 sq. ft. commercial facility for beverage warehousing and administration offices. At full build out, the development (land and buildings) is estimated to be valued at \$7,995,500 or an increment of \$7,859,200 from the current value of \$136,130.

This district’s term is for a period of twenty (20) years with 100% of the increased assessed value being split 52%-48% between the developer, Nappi, and the Town. The Town’s portion of the tax increment revenues will be used to support construction and financing costs associated with road and infrastructure improvements to Brackett Road and Libby Avenue.

On May 1, 2007, the Town Council approved the Olde Canal Business Park Tax Increment Financing and Development District. Grondin Properties, LLC intends to develop a 9 lot business park on a 55 acre parcel on Mosher Road (Route 237). This is a 20 year district with 100% of the increased assessed value being shared 48%/52% between the developer, Grondin Properties, LLC and the Town.

The Town’s portion of the tax increment revenues will be used to finance various public improvements such as pay remaining debt of Libby Avenue/Brackett Road project, reconstruct a small portion of New Portland Road, pave Brackett Road, Hutcherson Drive and Sanford Drive, replace brick sidewalk in Gorham Village with concrete, fix storm drains, sidewalk and road in Little Falls Village Business District, provide annual funding for the Economic Development

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2008

Note 15 - TAX INCREMENT FINANCING DISTRICT, Continued

Corporation, pay Town's share of South Street sidewalk project, install storm drain system on Cross Street, reconstruction portion of Flaggy Meadow Road, purchase land and construct parking lot in Gorham Village Business District, add funds to the Business Revolving Loan Fund, and reconstruct the traffic circle in Little Falls Business District.

Note 16 - CLASSIFICATION OF NET ASSETS

In the Government-wide financial statements net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduces this category.

Restricted Net Assets - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. This category presents restrictions placed on the Permanent fund.

Unrestricted Net Assets - Represent the net assets of the Town, not restricted for any project or other purpose.

In the Funds financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Town Council and Management and can be increased, reduced or eliminated by similar actions. As of June 30, 2008, reservations of fund balance are described below:

Reserved for Non-current Receivables/Encumbrances - These reserves represent the portion of purchase orders and contracts awarded for which goods and services have not yet been received, as well as the portion of receivables not due within the next 12 months after year end.

Reserved for Nonexpendable Trust Principal - These reserves represent that portion of originally contributed trust fund assets restricted from disbursement.

Reserved for Inventory - Represent that portion of General Fund and Special Revenue Fund – School Lunch Fund, restricted for trash bags, and food, supplies and donated commodities, used in the lunch program, respectively.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2008

Note 17 - DESIGNATED FUND BALANCES

At June 30, 2008 and 2007, portions of the General Fund and the Special Revenue Funds' School Operation Fund and Capital Reserve Fund fund balances were appropriated to future periods as follows:

	<u>2008</u>	<u>2007</u>
General Fund:		
D.A.R.E.	\$ 8,456	\$ 8,188
Bicycle patrol	376	376
Restorative justice grant	6,242	5,661
Drug forfeiture	2,197	8,452
Little Falls substation	2,272	2,272
Seat belt enforcement grant	2	2
OUI grant	-	3
Gorham triad	5,231	3,728
Child safety seats	885	885
Fire/rescue donations	25	25
Fire prevention	2,672	1,977
Fire memorial	400	-
Cumberland County hazmat	13,763	13,850
WMD homeland security*	(1,843)	1,228
Regional grant - maintenance facility	100,000	-
ATV enforcement grant*	(478)	-
Arrest forfeiture	5,650	-
Underage drinking grant*	(232)	-
Street opening permits	78,809	68,312
Pay-per-bag startup costs	5,636	5,636
Inspection services	7,551	-
Recycling committee	2,107	1,102
Recreation	105,863	90,779
Tree grant	1,358	1,358
Community Center donations	750	750
Library centennial celebration	5,803	500
Vacation/comp/sick reserve	252,833	171,623
Unemployment insurance contingency reserve	21,500	21,500
Employee wellness program	1,846	969
Property insurance deductible reserve	10,000	10,000
Auto insurance deductible reserve	4,000	4,000
Gorham Co-op preschool lease*	(87)	-
Accrued compensated absences	295,344	279,290

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2008

Note 17 - DESIGNATED FUND BALANCES, continued

	<u>2008</u>	<u>2007</u>
FY09 capital budget	691,231	622,345
Total general fund	\$ 1,630,162	\$ 1,324,811
Special Revenue Fund:		
School operation fund:		
Budgeted use of fund balance	-	1,269
Total school operation fund	\$ -	\$ 1,269
Capital reserve fund:		
Village plan study	6,000	6,000
Municipal center building	34,000	34,000
Revaluation	185,911	187,162
South St sidewalk (grant project)*	(36,714)	15,386
Impact study - residential growth	30	30
State roads projects	268,467	270,782
Longfellow bridge	35,000	35,000
Extension - Wentworth Drive	6,500	6,500
Fire ponds/dry hydrants	11,446	14,213
Limited access highway	75,000	75,000
Drainage, 130 Main Street	6,219	6,219
Storm water phase II	5,160	5,282
Stumpage	4,439	4,789
Morrell Ave sidewalk	13,357	60,737
Community center granite sign	4,830	4,969
Shaw park	3,500	3,500
Town clock	45,000	45,000
Timber harvest - bypass	40,285	6,841
Repairs to outlying fire stations	5,296	10,244
Fire Dept master plan	200	200
Little Falls tennis courts	1,469	1,469
Old Robie school	3,865	25,000
Baxter Memorial Library Assoc (BMLA)	9,862	3,977
Baxter library expansion	7,095	13,986
Historical society building repairs	-	2,164

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2008

Note 17 - DESIGNATED FUND BALANCES, Continued

	<u>2008</u>	<u>2007</u>
Recreation facility reserve	\$ -	125,500
Public Works building	10,209	10,209
Chick property site development	23,756	1,947
Recreation master plan	1,372	1,371
Baxter museum repairs	23,890	20,809
Municipal/community center project	1,166,540	1,235,247
Public safety building project	-	35,014
Land acquisition	371,525	281,525
Recreation facility impact fee	278,907	451,872
Open space impact fee	89,805	79,653
Water impact fee	2,280	1,347
4M bond project	2,716,221	-
Equipment	173,947	119,018
Administration	8,440	6,952
Finance software/computer upgrade	196,739	207,561
Compensation study	15,100	25,000
Assessing	5,623	3,155
Code	4,885	4,622
Town clerk	20,263	6,977
Cemetery maintenance software	2,878	2,878
Police vests	309	309
Shotguns (replacement)	12	12
Cruisers	72,076	52,205
Police	23,122	9,561
Communications	5,480	7,276
Fire	834	854
Rescue	-	10,885
Automatic defibrillators	1,620	-
Public Works	12,744	30,291
Public Works vehicles	9,341	11,510
Refurbish grader	4,767	-
Vacuum truck	50,000	-
Fuel management system software	2,800	-
Fuel depot	14,316	7,459
Baxter Library	5,052	6,926
Recreation	1,591	1,694
Cable TV	488,674	435,215

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2008

Note 17 - DESIGNATED FUND BALANCES, Continued

	<u>2008</u>	<u>2007</u>
Planning	15,883	12,445
GIS system	46,189	46,589
Internet	18,711	18,711
Web site development	10,143	10,143
Rescue reserve	2,006	150,942
Cemetery reserve	650	-
Total capital reserve fund	\$ 6,634,917	\$ 4,272,134
TIF fund:		
Transformit	-	3,007
Grondin Properties	20,745	13,318
Total TIF fund	\$ 20,745	\$ 16,325
Total governmental funds	\$ 8,285,824	\$ 7,073,673

Note: * Various grant funds not received by the end of the fiscal year and Gorham Co-op startup expenditures not covered by revenues.

Note 18 - BUDGETARY VS. GAAP ACCOUNTING

Through June 30, 2008, the Town did not budget for expenditures related to teachers' summer pay on an accrual basis. Additionally, for budgetary purposes, the Town has recorded certain encumbrances as expenditures at year-end. The following is a reconciliation of fund balance for the General Fund and School Operations Fund (Special Revenue Fund) on the basis of accounting principles generally accepted in the United States of America and on the budgetary basis.

	<u>General Fund</u>	<u>Special Revenue School</u>
Fund balance (deficit), June 30, 2008 – GAAP basis	\$7,780,931	\$ (1,598,906)
Accrued summer salaries	-	2,205,873
Encumbrances	(296,508)	(318,046)
Fund balance, June 30, 2008 – budgetary basis	\$7,484,423	\$ 288,921

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2008

Note 18 - BUDGETARY VS. GAAP ACCOUNTING, Continued

As required by generally accepted accounting principles (GAAP), the Town has recorded a revenue and expenditure for Maine Public Employees Retirement contributions made by the State of Maine on behalf of the Gorham School Department. These amounts have not been budgeted in the General Fund and result in a difference in reporting on a budgetary basis of accounting vs. reporting under accounting principles generally accepted in the United States of America of \$2,765,652. These amounts have been included as intergovernmental revenue and education expenditure in the General Fund on Statement 2 (GAAP basis). There is no effect on the fund balance at the end of the year.

Note 19 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The Town has two landfills, one that holds household refuse and a second, which is used for demolition debris. The first was capped in the 1970's in accordance with Maine Department of Environmental Protection (MDEP) standards at the time. Monitoring wells in the area had shown levels of contamination and MDEP ordered a study be performed to determine the extent of contamination. This study has now been completed. Current MDEP requirements call for testing once a year which is expected to cost the Town \$6,500 annually. The demolition debris landfill is now presently capped. Because of the study, the engineers do not expect any contamination problems in the future.

All potential postclosure monitoring cost for this site has been deemed immaterial, and therefore no liability for these amounts has been accrued. Postclosure monitoring costs will be included in the Town's operating budget annually.

Note 20 - CONSTRUCTION COMMITMENT

At June 30, 2008, the Town was committed to contracts for the construction of athletic fields at the Gorham Middle School property for approximately \$166,000 and road improvement work for approximately \$1,272,000.

GENERAL FUND

The general fund is the general operating fund of the Town. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. From the fund are paid the general operating expenses, the fixed charges and the capital improvement costs, which are not paid through other funds.

TOWN OF GORHAM, MAINE
Comparative Balance Sheet - General Fund
June 30, 2008 and 2007

	2008	2007
ASSETS		
Cash	\$ 3,192	9,397
Investments	12,908,895	9,683,997
Receivables:		
Accounts	153,284	102,368
Rescue receivable (net of allowance of \$77,000 and \$50,000)	128,496	106,131
Taxes receivable - current year	654,727	614,027
Taxes receivable - prior year	33,006	5,925
Tax liens	278,961	243,906
Tax acquired property	2,635	3,623
Inventory	16,753	14,024
Other assets - performance bonds	1,415,259	1,241,871
Total assets	\$ 15,595,208	12,025,269
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and payroll withholdings	278,712	536,388
Accrued wages and benefits	226,166	109,173
Interfund loans payable	4,769,449	1,693,181
Deferred tax revenues	656,200	524,400
Middle school impact fees	162,127	240,893
Performance bond deposits	1,721,623	1,241,871
Total liabilities	7,814,277	4,345,906
Fund balance:		
Reserved for:		
Encumbrances	296,508	270,652
Inventory	16,753	14,024
Unreserved:		
Designated for public safety operations	145,619	46,647
Designated for public works operations	94,103	75,050
Designated for recreation operations	113,686	93,387
Designated for insurance and employee benefits	585,523	487,382
Designated for FY09 capital budget	691,231	622,345
Undesignated	5,837,508	6,069,876
Total fund balance	7,780,931	7,679,363
Total liabilities and fund balance	\$ 15,595,208	12,025,269

TOWN OF GORHAM, MAINE
General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year ended June 30, 2008

(with comparative actual amounts for the year ended June 30, 2007)

	2008		Variance positive (negative)	2007 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 18,575,125	18,779,378	204,253	17,371,941
Change in deferred property tax revenue	-	(131,800)	(131,800)	(11,400)
Excise taxes	2,467,500	2,486,856	19,356	2,486,679
Interest and costs on taxes	51,000	96,264	45,264	59,570
Total taxes	21,093,625	21,230,698	137,073	19,906,790
Licenses and permits:				
Building permits	270,000	163,039	(106,961)	295,675
Plumbing/electrical fees	27,000	18,922	(8,078)	26,896
Motor vehicle renewal fees	49,150	45,259	(3,891)	47,778
Town clerk fees	35,030	46,071	11,041	48,669
Other	12,825	9,130	(3,695)	15,903
Total licenses and permits	394,005	282,421	(111,584)	434,921
Intergovernmental:				
State revenue sharing	1,300,000	1,389,770	89,770	1,265,414
Homestead exemption	308,838	309,050	212	331,237
Highway block grant	270,924	279,280	8,356	270,924
DARE	-	269	269	(510)
Other state grants	30,900	39,204	8,304	10,865
Human services assistance	15,000	14,272	(728)	16,517
Total intergovernmental	1,925,662	2,031,845	106,183	1,894,447
Investment income	225,000	256,609	31,609	371,989
Charges for services:				
Recreation fees	39,000	46,895	7,895	40,650
Fire and rescue fees	415,957	485,020	69,063	376,887
Subdivision/development fees	85,875	95,851	9,976	120,388
Sewer inspection fees	3,000	2,750	(250)	3,350
Miscellaneous public works	4,700	4,107	(593)	5,911
Cable TV franchise fee	116,923	98,973	(17,950)	84,005
Solid waste user charges	399,000	411,332	12,332	420,548
Police fees, fines and outside work	39,400	42,057	2,657	25,362
University of Southern Maine assistance	12,500	12,500	-	12,500
Total charges for services	1,116,355	1,199,485	83,130	1,089,601

TOWN OF GORHAM, MAINE
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - General Fund, Continued

	2008		Variance positive (negative)	2007 Actual
	Budget	Actual		
Revenues, continued:				
Other revenues:				
Cemetery income	\$ 7,500	-	(7,500)	9,323
Rent	90,000	90,000	-	45,000
Recreation reimbursement	-	550,663	550,663	510,054
Senior mealsite	12,500	11,261	(1,239)	13,672
Payment in lieu of taxes	52,459	36,385	(16,074)	54,396
Miscellaneous	6,200	24,349	18,149	30,751
Miscellaneous unbudgeted	-	291,663	291,663	97,736
Total other revenues	168,659	1,004,321	835,662	760,932
Total revenues	24,923,306	26,005,379	1,082,073	24,458,680
Expenditures:				
Current:				
General government:				
Administration	407,125	404,946	2,179	383,764
Assessing	117,140	112,608	4,532	111,600
Code enforcement	132,145	132,118	27	127,592
Elections	241,561	215,699	25,862	227,303
Municipal center* (5 months)	-	-	-	42,658
Technology	95,300	89,324	5,976	44,901
Gorham municipal center	222,150	161,511	60,639	112,820
Total general government	1,215,421	1,116,206	99,215	1,050,638
Public safety:				
Public safety building	111,850	112,095	(245)	59,722
Police department	1,790,334	1,768,422	21,912	1,638,840
Fire department	926,899	948,684	(21,785)	712,548
Rescue squad	412,704	437,504	(24,800)	371,502
Public utilities	128,520	125,630	2,890	115,814
Total public safety	3,370,307	3,392,335	(22,028)	2,898,426
Public works:				
Public works maintenance	1,498,022	1,667,677	(169,655)	1,381,649
Solid waste removal	860,150	849,903	10,247	849,152
Total public works	2,358,172	2,517,580	(159,408)	2,230,801
Health and welfare	68,785	57,765	11,020	55,774
Recreation:				
Baxter Memorial Library	442,645	434,059	8,586	414,759
Baxter Museum	8,200	4,227	3,973	2,701
Little Falls Library	1,800	1,842	(42)	1,800
North Gorham Library	12,000	12,000	-	12,000
Parks and conservation	500	500	-	473
Recreation	213,898	212,548	1,350	193,588
Old Robie School	18,000	17,232	768	-
Recreation - reimbursable programs	-	534,370	(534,370)	514,556
Total recreation	697,043	1,216,778	(519,735)	1,139,877

TOWN OF GORHAM, MAINE
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - General Fund, Continued

	2008		Variance positive (negative)	2007 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Development:				
Planning	\$ 196,886	190,650	6,236	182,630
Social services	600	600	-	600
Appeals board/assessment appeals	1,650	-	1,650	100
G.P.C.O.G.	14,141	14,141	-	14,141
Total development	213,277	205,391	7,886	197,471
Insurances:				
Multi peril policy	158,400	192,606	(34,206)	144,086
Public liability	17,000	6,861	10,139	16,241
Worker's compensation	122,136	133,141	(11,005)	94,735
MMA insurance premium	11,275	11,456	(181)	10,910
Total insurances	308,811	344,064	(35,253)	265,972
Employee benefits:				
Group life insurance	800	831	(31)	671
Retirement	258,091	203,472	54,619	204,193
Major medical insurance	965,507	803,335	162,172	817,529
Direct unemployment compensation	2,500	1,455	1,045	1,844
Social security	364,919	329,723	35,196	313,387
Employee assistance program	1,000	715	285	190
Total employee benefits	1,592,817	1,339,531	253,286	1,337,814
Intergovernmental - County tax	720,760	720,760	-	693,583
Unclassified:				
Contingency	114,499	80,000	34,499	45,296
Memorial Day	2,100	1,832	268	1,790
Gorham cable TV	92,923	93,170	(247)	66,354
Gorham sno-goers	1,000	-	1,000	-
Miscellaneous unbudgeted	-	86,498	(86,498)	105,120
Total unclassified	210,522	261,500	(50,978)	218,560
Debt service (excluding education):				
Principal	698,324	608,323	90,001	600,073
Interest	417,662	364,249	53,413	373,323
Total debt service	1,115,986	972,572	143,414	973,396

TOWN OF GORHAM, MAINE
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - General Fund, Continued

	2008		Variance positive (negative)	2007 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Total expenditures	\$ 11,871,901	12,144,482	(272,581)	11,062,312
Excess of revenues over expenditures	13,051,405	13,860,897	809,492	13,396,368
Other financing sources (uses):				
Transfers to school fund	(12,736,688)	(12,758,688)	(22,000)	(11,736,688)
Transfers to the White Rock School Project	-	(42,000)	(42,000)	-
Transfers to special revenue - economic development	(65,000)	(65,000)	-	(63,000)
Transfers to special revenue - capital reserve	(470,717)	(1,140,497)	(669,780)	(886,753)
Transfers in from special revenue - TIF and capital reserve funds	221,000	221,000	-	203,003
Total other financing sources (uses)	(13,051,405)	(13,785,185)	(733,780)	(12,483,438)
Excess of revenues and other financing sources over expenditures and other uses - budgetary basis		75,712	75,712	912,930
Reconciliation to GAAP basis:				
Change in encumbrances		25,856		(28,176)
		25,856		(28,176)
Net change in fund balance		101,568		884,754
Fund balance, beginning of year		7,679,363		6,794,609
Fund balance, end of year	\$	7,780,931		7,679,363

TOWN OF GORHAM, MAINE
Combining Balance Sheet
All Other Governmental Funds
June 30, 2008

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
ASSETS				
Cash	\$ 130,049	-	-	130,049
Investments	65,210	61,011	635,607	761,828
Accounts receivable	261,003	-	-	261,003
Notes receivable	12,543	-	-	12,543
Intergovernmental	119,463	-	-	119,463
Inventory	22,710	-	-	22,710
Interfund loans receivable	1,644,561	50,000	43,221	1,737,782
Total assets	\$ 2,255,539	111,011	678,828	3,045,378
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	14,904	-	13,810	28,714
Interfund loans payable	27,902	52,177	48,723	128,802
Total liabilities	58,992	52,177	62,533	173,702
Fund balances:				
Reserved for:				
Noncurrent receivables/encumbrances	12,543	-	-	12,543
Inventory	22,710	-	-	22,710
Nonexpendable trust principal	-	-	375,446	375,446
Unreserved:				
Designated for TIF reimbursements	20,745	-	-	20,745
Undesignated	2,140,549	58,834	240,849	2,440,232
Total fund balance	2,196,547	58,834	616,295	2,871,676
Total liabilities and fund balances	\$ 2,255,539	111,011	678,828	3,045,378

TOWN OF GORHAM, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Other Governmental Funds
For the year ended June 30, 2008

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
Revenues:				
Property taxes	\$ 359,520	-	-	359,520
Intergovernmental	1,771,397	-	-	1,771,397
Investment income	4,021	-	26,291	30,312
Other revenue	1,754,886	9,492	31,584	1,795,962
Total revenues	3,889,824	9,492	57,875	3,957,191
Expenditures:				
Current:				
Education	1,323,006	-	-	1,323,006
Public works - sewer	920,973	-	-	920,973
Other:				
Food services	1,072,864	-	-	1,072,864
Miscellaneous	265,080	-	36,597	301,677
Debt service:				
Principal	230,000	-	-	230,000
Interest and other costs	8,062	-	-	8,062
Capital improvements	-	243,876	-	243,876
Total expenditures	3,819,985	243,876	36,597	4,100,458
Excess (deficiency) of revenues over (under) expenditures	69,839	(234,384)	21,278	(143,268)
Other financing sources (uses):				
Transfer from other funds	271,894	135,000	-	406,894
Transfer to other funds	(203,000)	(200,000)	-	(403,000)
Total other financing sources (uses)	68,894	(65,000)	-	3,894
Net change in fund balances	138,733	(299,384)	21,278	(139,374)
Fund balances, beginning of year	2,057,814	358,218	595,017	3,011,049
Fund balances, end of year	\$ 2,196,547	58,834	616,295	2,871,676

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are restricted by law or administrative action for particular purposes.

Special revenue funds are established for the following purposes:

School Operations Fund -- To account for the operations of the Town of Gorham School Department, the revenues of which are dedicated by State statute for school purposes. The School Fund has been presented as a major fund. See Statement 3 and 4.

School Special Revenue Funds -- To account for various federal and state grants for special programs administered by the School Department, as well as the activity of miscellaneous school programs.

School Lunch Fund -- To account for the activity of the school lunch program.

Sewer Operations -- To account for the revenues and expenditures of the Sewer operations.

Little Falls Sewer Reserve and Loan Fund -- To account for the financial activity of a reserve established for the Little Falls Sewer and of certain loans provided to sewer users.

Economic Development Fund -- To account for a reserve earmarked for the Gorham Industrial Park.

Capital Reserve -- To account for a reserve earmarked for future capital outlays. The Capital Reserve has been presented as a major fund. See Statement 3 and 4.

Recreation Funds -- To account for the activity of miscellaneous recreation programs.

Public Safety Funds -- To account for the activity that benefits various fire companies and public safety groups.

FEMA/EMMA Projects -- To account for the activity related to storm damage in federally designated disaster areas.

Gorham Senior Citizens -- To account for the activities that benefit the senior citizens of Gorham.

TIF Funds -- To account for the activity of the Gorham Industrial Park redevelopment district, the Grondin-ODAT development district, the Pettingill Ross development district, the Gorham County Road development district, and Moody's Collision Centers development district.

TOWN OF GORHAM, MAINE
Combining Balance Sheet
Special Revenue Funds

June 30, 2008

(with comparative actual amounts for the year ended June 30, 2007)

Little Falls

	School Special Revenue Funds	School Lunch Fund	Sewer Operations	Sewer Reserve and Loan Fund	Economic Development Fund	Recreation Funds	Public Safety Funds	FEMA/ MEMA Projects	Gorham Senior Citizens	Totals	
										TIF Funds	2007
ASSETS											
Cash	\$ -	-	-	-	16,136	5,194	108,719	-	-	-	97,361
Investments	-	-	-	54,195	-	-	-	-	11,015	-	62,172
Accounts receivable	22,401	6,274	231,726	-	-	-	-	-	-	-	229,872
Notes receivable	-	-	-	-	-	-	-	602	-	-	261,003
Due from other governments	104,359	15,104	-	-	-	-	-	-	-	12,543	15,188
Inventory	-	22,710	-	-	-	-	-	-	-	-	563,383
Interfund loans receivable	467,370	-	803,264	14,552	42,432	-	-	-	-	-	30,581
								5,375	-	311,568	1,490,657
Total assets	\$ 594,130	44,088	1,034,990	68,747	58,568	5,194	108,719	5,375	11,015	324,713	2,255,539
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable	14,904	-	-	-	-	-	-	-	-	-	26,527
Deferred revenues	-	16,186	-	-	-	-	-	-	-	-	-
Interfund loans payable	-	27,902	-	-	-	-	-	-	-	-	-
Total liabilities	14,904	44,088	-	-	-	-	-	-	-	-	404,873
								-	-	58,992	431,400
Fund balances:											
Reserved for:											
Noncurrent receivables/encumbrances	-	-	-	-	-	-	-	-	-	12,543	15,188
Inventory	-	22,710	-	-	-	-	-	-	-	-	30,581
Unreserved:											
Designated	-	-	-	-	-	-	-	-	-	-	-
Undesignated	579,226	(22,710)	1,034,990	68,747	58,568	5,194	108,719	5,375	11,015	20,745	16,325
Total fund balances	579,226	-	1,034,990	68,747	58,568	5,194	108,719	5,375	11,015	291,425	1,995,720
										324,713	2,057,814
Total liabilities and fund balances	\$ 594,130	44,088	1,034,990	68,747	58,568	5,194	108,719	5,375	11,015	324,713	2,255,539
											2,489,214

TOWN OF GORHAM, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Special Revenue Funds
For the year ended June 30, 2008
(with comparative actual amounts for the year ended June 30, 2007)

Little Falls

	School Special Revenue Funds	School Lunch Fund	Sewer Operations Fund	Sewer Reserve and Loan Fund	Economic Development Fund	Recreation Funds	Public Safety Funds	FEMA/ MEMA Projects	Gorham Senior Citizens	TIF Funds	Totals	
											2008	2007
Revenues:												
Intergovernmental:												
Federal grants	\$ 845,870	-	-	-	-	-	-	19,903	-	-	865,773	867,789
Other state grants	657,491	-	-	-	-	-	-	(8,527)	-	-	648,964	583,300
USDA subsidies	-	256,660	-	-	-	-	-	-	-	-	256,660	245,868
Total intergovernmental	1,503,361	256,660	-	-	-	-	-	11,376	-	-	1,771,397	1,696,957
Investment income	-	-	-	2,525	16	-	-	-	513	967	4,021	7,312
Other revenues:												
Property taxes	-	-	-	-	-	-	-	-	-	359,520	359,520	318,258
Hannaford payment	-	-	14,525	-	-	-	-	-	-	-	14,525	15,575
User fees	-	-	1,038,823	-	-	-	-	-	-	-	1,038,823	1,130,676
Miscellaneous	-	603,358	-	-	4	10,820	87,144	-	-	212	701,538	676,836
Total other revenues	-	603,358	1,053,348	-	4	10,820	87,144	-	-	359,732	2,114,406	2,141,345
Total revenues	1,503,361	860,018	1,053,348	2,525	20	10,820	87,144	11,376	513	360,699	3,889,824	3,845,614
Expenditures:												
Current:												
Education:												
Federal education grants	778,699	-	-	-	-	-	-	-	-	-	778,699	779,108
State grants and special uses	544,307	-	-	-	-	-	-	-	-	-	544,307	342,522
Total education	1,323,006	-	-	-	-	-	-	-	-	-	1,323,006	1,121,630
Public works - sewer costs	-	-	920,973	-	-	-	-	-	-	-	920,973	733,968
Other:												
Food services	-	1,072,864	-	-	53,480	8,181	26,440	6,001	-	170,978	265,080	284,061
Miscellaneous	-	-	-	-	53,480	8,181	26,440	6,001	-	170,978	1,337,944	1,184,265
Total other	-	1,072,864	-	-	-	-	-	-	-	-	230,000	223,250
Debt service:												
Principal	-	-	230,000	-	-	-	-	-	-	-	8,062	25,087
Interest	-	-	8,062	-	-	-	-	-	-	-	238,062	248,337
Total debt service	-	-	238,062	-	-	-	-	-	-	-	3,819,985	3,288,200
Total expenditures	1,323,006	1,072,864	1,159,035	-	53,480	8,181	26,440	6,001	-	170,978	3,819,985	3,288,200

TOWN OF GORHAM, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Special Revenue Funds
For the year ended June 30, 2008
(with comparative actual amounts for the year ended June 30, 2007)

Little Falls												
	School Special Revenue Funds	School Lunch Fund	Sewer Operations	Sewer Reserve and Loan Fund	Economic Development Fund	Recreation Funds	Public Safety Funds	FEMA/ MEMA Projects	Gorham Senior Citizens	TIF Funds	Totals	
											2008	2007
Excess (deficiency) of revenues over (under) expenditures	\$ 180,355	(212,846)	(105,687)	2,525	(53,460)	2,639	60,704	5,375	513	189,721	69,839	557,414
Other financing sources (uses):												
Transfers in	-	206,894	-	-	65,000	-	-	-	-	-	271,894	63,000
Transfers out	-	-	-	-	-	-	-	-	-	(203,000)	(203,000)	(203,003)
Total other financing sources (uses)	-	206,894	-	-	65,000	-	-	-	-	(203,000)	68,894	(140,003)
Net change in fund balance	180,355	(5,952)	(105,687)	2,525	11,540	2,639	60,704	5,375	513	(13,279)	138,733	417,411
Fund balances, beginning of year	398,871	5,952	1,140,677	66,222	47,028	2,555	48,015	-	10,502	337,992	2,057,814	1,640,403
Fund balances, end of year	\$ 579,226	-	1,034,990	68,747	58,568	5,194	108,719	5,375	11,015	324,713	2,196,547	2,057,814

CAPITAL PROJECTS FUND

Capital projects fund are established to account for resources obtained and expended for the acquisition of major capital facilities.

The Town's individual capital project funds were established for the following purposes:

Middle School Construction

To account for the construction of a new middle school on Weeks Road.

White Rock School Project

To account for the preliminary work required before submitting a proposal of either renovating the existing White Rock school building or constructing a new elementary school to the State of Maine and requesting funding through the State's School Construction Aid program.

Various School Projects

To account for various maintenance projects for the School Department.

TOWN OF GORHAM, MAINE

Combining Balance Sheet

Capital Project Funds

June 30, 2008

(with comparative actual amounts for the year ended June 30, 2007)

	Middle School Project	White Rock School Project	Various School Project	Totals	
				2008	2007
ASSETS					
Investments	\$ 61,011	-	-	61,011	452,154
Interfund loans receivable	10,955	-	39,045	50,000	40,517
Total assets	\$ 71,966	-	39,045	111,011	492,671
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	-	-	-	-	134,453
Interfund loans payable	-	52,177	-	52,177	-
Total liabilities	-	52,177	-	52,177	134,453
Fund balances:					
Unreserved, undesignated (deficit)	71,966	(52,177)	39,045	58,834	358,218
Total fund balances (deficit)	71,966	(52,177)	39,045	58,834	358,218
Total liabilities and fund balances	\$ 71,966	-	39,045	111,011	492,671

TOWN OF GORHAM, MAINE
Capital Project Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2008
(with comparative actual amounts for the year ended June 30, 2007)

	Middle School Project	White Rock School Project	Various School Projects	Totals	
				2008	2007
Revenues:					
Interest income	\$ -	-	-	-	22,707
Miscellaneous income	9,492	-	-	9,492	14,000
Total revenues	9,492	-	-	9,492	36,707
Expenditures:					
Capital improvements:					
Construction and renovation	55,227	188,649	-	243,876	253,750
Total capital improvements	55,227	188,649	-	243,876	253,750
Total expenditures	55,227	188,649	-	243,876	253,750
Excess (deficiency) of revenues over (under) expenditures	(45,735)	(188,649)	-	(234,384)	(217,043)
Other financing sources (uses):					
Transfers - in	-	135,000	-	135,000	-
Transfers - out	(200,000)	-	-	(200,000)	-
Total other financing sources (uses)	(200,000)	135,000	-	(65,000)	-
Net change in fund balance	(245,735)	(53,649)	-	(299,384)	(217,043)
Fund balances, beginning of year	317,701	1,472	39,045	358,218	575,261
Fund balances (deficit), end of year	\$ 71,966	(52,177)	39,045	58,834	358,218

PERMANENT FUND

Permanent funds are established to account for assets received by the Town and held in trust.

Cemetery Perpetual Care

Various funds established to be used for the care and upkeep of the various town cemeteries.

Parks and Recreation Grounds

Various funds established to be used for the care and upkeep of the various parks in Gorham, as well as the Soldiers' monument in Gorham Village. The parks include Robie, Fort Hill, and Phinney.

Baxter Library and Museum

Various funds established to be used for the benefit of the Baxter Memorial Library and Baxter Museum.

Schools

Various funds established to be used for the purchase of equipment, library books, and pictures at Gorham High School.

Public Purposes and Civic Improvements

Various funds established to be used for any public purpose at the discretion of the Town Council.

Miscellaneous

Various funds established to be used for various benefits from permanent improvements, support and maintenance of Gorham's poor and indigent residents, eye care for Gorham students, and construction and upkeep of Gidding Chapel in Eastern Cemetery.

TOWN OF GORHAM, MAINE
Combining Balance Sheet
Permanent Funds

June 30, 2008

(with comparative actual amounts for the year ended June 30, 2007)

		Cemetery Perpetual Care	Parks and Recreation Grounds	Baxter Library and Museum	Schools	Public Purpose Improvements and Civic	Miscellaneous	Totals
								2008 2007
ASSETS								
Investments	\$	184,819	13,597	209,276	41,578	15,718	170,619	635,607 611,987
Interfund loans receivable		24,250	-	15,374	-	-	3,597	43,221 26,096
Total assets		209,069	13,597	224,650	41,578	15,718	174,216	678,828 638,083
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable		13,810	-	-	-	-	-	13,810 6,651
Interfund loans payable		-	115	45,011	-	-	3,597	48,723 36,415
Total liabilities		13,810	115	45,011	-	-	3,597	62,533 43,066
Fund balances:								
Principal		185,264	4,125	109,694	5,171	9,372	61,820	375,446 375,446
Unexpended income		9,995	9,357	69,945	36,407	6,346	108,799	240,849 219,571
Total fund balances		195,259	13,482	179,639	41,578	15,718	170,619	616,295 595,017
Total liabilities and fund balances	\$	209,069	13,597	224,650	41,578	15,718	174,216	678,828 638,083

TOWN OF GORHAM, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Permanent Funds

For the year ended June 30, 2008

(with comparative actual amounts for the year ended June 30, 2007)

		Parks		Baxter		Public		Totals	
		Cemetery Perpetual Care	Parks and Recreation Grounds	Library and Museum	Schools	Improvements and Civic	Miscellaneous	2008	2007
Revenues:									
Investment income	\$	8,613	633	8,826	1,937	732	5,550	26,291	28,890
Other miscellaneous		-	-	15,659	-	-	-	15,659	10,371
Donations		8,525	-	7,400	-	-	-	15,925	28,225
Total revenues		17,138	633	31,885	1,937	732	5,550	57,875	67,486
Expenditures:									
Current:									
Debt service:									
Other miscellaneous		7,160	-	25,840	-	-	3,597	36,597	43,066
Total expenditures		7,160	-	25,840	-	-	3,597	36,597	43,066
Net change in fund balance		9,978	633	6,045	1,937	732	1,953	21,278	24,420
Fund balances, beginning of year		185,281	12,849	173,594	39,641	14,986	168,666	595,017	570,597
Fund balances, end of year	\$	195,259	13,482	179,639	41,578	15,718	170,619	616,295	595,017

TOWN OF GORHAM, MAINE
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

	Agency Funds	Private- purpose Trust Funds
ASSETS		
Cash	\$ 208,860	-
Investments	-	35,546
Total assets	208,860	35,546
LIABILITIES AND NET ASSETS		
Liabilities:		
Due to student groups	208,860	-
Accounts payable	-	1,200
Total liabilities	208,860	1,200
Net assets:		
Principal	-	31,642
Unexpended income	-	2,704
Total net assets	-	34,346
Total liabilities and and net assets	\$ 208,860	35,546

TOWN OF GORHAM, MAINE
Combining Statement of Fiduciary Net Assets
Fiduciary Funds

June 30, 2008

(with comparative actual amounts for June 30, 2007)

	Agency Funds								Totals	
	High School Activity Fund	High School CBE Fund	White Rock Activity Fund	Narragansett Office	Narragansett PIE	Village Activity Fund	Middle School Activity Fund	Special Education	2008	2007
ASSETS										
Cash	\$ 135,129	1,016	5,874	4,637	17,447	16,073	26,333	1,501	850	194,891
Total assets	\$ 135,129	1,016	5,874	4,637	17,447	16,073	26,333	1,501	850	194,891
LIABILITIES										
Due to student groups	135,129	1,016	5,874	4,637	17,447	16,073	26,333	1,501	850	194,891
Total liabilities	\$ 135,129	1,016	5,874	4,637	17,447	16,073	26,333	1,501	850	194,891

TOWN OF GORHAM, MAINE
Combining Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2008

(with comparative actual amounts for June 30, 2007)

	Private-purpose Trust Funds									
	Bob					Watson				
	Malcolm Smith Scholarship	Grant Memorial Scholarship	Harry Shevis Scholarship	Family Trust Scholarship	Thomas Fogg Scholarship	Arthur/Jane Fogg Scholarship	Totals			
ASSETS										
Investments	\$ 3,157	2,502	5,576	13,536	9,164	1,611	35,546	32,907		
Total assets	3,157	2,502	5,576	13,536	9,164	1,611	35,546	32,907		
LIABILITIES AND NET ASSETS										
Liabilities:										
Accounts payable	200	100	200	700	-	-	1,200	500		
Total liabilities	200	100	200	700	-	-	1,200	500		
Net assets:										
Principal	2,810	2,250	4,134	12,175	8,737	1,536	31,642	31,642		
Unexpended income	147	152	1,242	661	427	75	2,704	765		
Total net assets	2,957	2,402	5,376	12,836	9,164	1,611	34,346	32,407		
Total liabilities and and net assets	\$ 3,157	2,502	5,576	13,536	9,164	1,611	35,546	32,907		

TOWN OF GORHAM, MAINE
Combining Statement of Changes in Fiduciary Net Assets
Fiduciary Funds - Private-purpose
For the year ended June 30, 2008
(with comparative actual amounts for June 30, 2007)

	Malcolm Smith Scholarship	Bob Grant Memorial Scholarship	Harry Shevis Scholarship	Watson Family Trust Scholarship	Thomas Fogg Scholarship	Arthur & Jane Fogg Scholarship	Totals
							2008 2007
Additions:							
Contributions:							
Donations	\$ -	-	1,000	-	-	-	1,000 1,000
Investment earnings:							
Interest	122	97	205	525	355	62	1,366 1,280
Net increase/(decrease) in the fair value of investments	25	20	37	106	72	13	273 133
Total additions	147	117	1,242	631	427	75	2,639 2,413
Deductions:							
Current:							
Scholarships awarded	100	100	100	400	-	-	700 500
Total deductions	100	100	100	400	-	-	700 500
Changes in net assets	47	17	1,142	231	427	75	1,939 1,913
Net assets, beginning of year	2,910	2,385	4,234	12,605	8,737	1,536	32,407 30,494
Net assets, end of year	\$ 2,957	2,402	5,376	12,836	9,164	1,611	34,346 32,407

TOWN OF GORHAM, MAINE
Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2008

		Balance			Balance
		July 1, 2007	Additions	Deletions	June 30, 2008
ASSETS					
Cash:					
High School Activity Fund	\$	130,855	440,738	436,464	135,129
Gorham High School CBE		685	2,161	1,830	1,016
White Rock Activity Fund		11,657	14,448	20,231	5,874
Narragansett Office		1,057	10,152	6,572	4,637
Narragansett PIE		16,396	33,610	32,559	17,447
Village Activity Fund		11,584	58,341	53,852	16,073
Middle School Activity Fund		17,126	116,242	107,035	26,333
GCVE		2,223	5,818	6,540	1,501
Special Education		3,308	165	2,623	850
Total assets	\$	194,891	681,675	667,706	208,860
LIABILITIES					
Funds held for student activities:					
High School Activity Fund		130,855	440,738	436,464	135,129
Gorham High School CBE		685	2,161	1,830	1,016
White Rock Activity Fund		11,657	14,448	20,231	5,874
Narragansett Office		1,057	10,152	6,572	4,637
Narragansett PIE		16,396	33,610	32,559	17,447
Village Activity Fund		11,584	58,341	53,852	16,073
Middle School Activity Fund		17,126	116,242	107,035	26,333
GCVE		2,223	5,818	6,540	1,501
Special Education		3,308	165	2,623	850
Total liabilities	\$	194,891	681,675	667,706	208,860

TOWN OF GORHAM, MAINE
Capital Assets Used in the Operation of Governmental Funds - By Source
June 30, 2008
(with comparative actual amounts for the year ended June 30, 2007)

	Totals	
	2008	2007
Governmental fund capital assets:		
Land and buildings	\$ 53,805,988	53,226,414
Furniture and equipment	14,613,689	13,913,736
Infrastructure	23,878,899	22,666,656
Total governmental fund capital assets	\$ 92,298,576	89,806,806
Investments in governmental fund capital assets by source:		
General fund	91,450,950	89,427,286
Capital project funds	847,626	379,520
Total governmental fund capital assets	\$ 92,298,576	89,806,806

TOWN OF GORHAM, MAINE
Schedule of Capital Assets Used in the Operation of Governmental Funds by Function and Activity
June 30, 2008
(with comparative actual amounts for the year ended June 30, 2007)

Function and Activity		Land and buildings	Furniture and equipment	Infrastructure	Totals	
					2008	2007
General government	\$	8,300,181	1,071,902	-	9,372,083	9,319,267
Education		39,214,294	4,416,996	-	43,631,290	43,494,856
Public safety		1,144,713	4,714,638	-	5,859,351	5,372,630
Public works		1,753,811	2,905,924	23,031,273	27,691,008	26,910,722
Recreation, library and museum		3,392,989	413,955	-	3,806,944	3,239,537
Construction in progress		-	-	847,626	847,626	379,520
Book collection, historical treasures and artwork		-	1,090,274	-	1,090,274	1,090,274
Total governmental fund capital assets	\$	53,805,988	14,613,689	23,878,899	92,298,576	89,806,806

Exhibit G-3

Schedule of Changes in Governmental Funds Capital Assets - By Function and Activity
For the year ended June 30, 2008

Function and Activity		Balance 2007	Additions	Deletions	Balance 2008
General government	\$	9,319,267	52,816	-	9,372,083
Education		43,494,856	151,694	15,260	43,631,290
Public safety		5,372,630	486,721	-	5,859,351
Public works		26,910,722	1,481,041	140,305	28,251,458
Recreation, library and museum		3,239,537	6,957	-	3,246,494
Construction in progress		379,520	749,099	280,993	847,626
Book collection, historical treasures and artwork		1,090,274	-	-	1,090,274
Totals	\$	89,806,806	2,928,328	436,558	92,298,576

STATISTICAL SECTION

This part of the Town of Gorham's comprehensive annual financial report presents in detailed information as a context for understanding what the information in the financial statements and note disclosures says about the Town's overall financial health.

Contents	Page
Financial Trends	117
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	122
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	126
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	130
<i>These schedules offer demographic and economic indicators to help the reader understand the environment that the government's financial activity takes place.</i>	
Operating Information	132
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Table 1

TOWN OF GORHAM, MAINE
Net Assets by Component
Last Ten Fiscal Years (1)
(accrual basis of accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities						
Invested in capital assets, net of related debt	\$ 10,150,993	\$ 13,820,834	\$ 16,377,091	\$ 17,962,590	\$ 23,204,001	\$ 21,730,596
Restricted	350,383	354,163	352,781	384,443	375,446	375,446
Unrestricted	12,901,374	11,607,484	11,735,345	13,430,419	12,441,818	15,039,117
Total governmental activities net assets	<u>\$ 23,402,750</u>	<u>\$ 25,782,481</u>	<u>\$ 28,465,217</u>	<u>\$ 31,777,452</u>	<u>\$ 36,021,265</u>	<u>\$ 37,145,159</u>

(1) Fiscal year 2003 is the initial year of implementation of GASB Statement No. 34.

TOWN OF GORHAM, MAINE
Changes in Net Assets
Last Ten Fiscal Years (1)
(accrual basis of accounting)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Expenses						
Governmental activities:						
General government	\$ 2,281,895	\$ 2,562,887	\$ 3,925,978	\$ 4,023,144	\$ 3,897,193	\$ 4,262,644
Public safety	2,496,047	2,819,226	2,879,251	2,979,424	3,317,132	3,811,471
Public works	1,957,858	1,973,330	3,262,818	3,517,160	3,902,787	5,531,287
Health and welfare	44,010	57,263	52,415	45,423	55,774	57,765
Recreation	267,235	1,039,901	1,264,777	1,229,648	1,216,449	1,414,399
Development	425,216	445,018	377,263	414,130	406,590	429,849
County tax ³	595,692	645,663	-	-	-	-
Education	23,475,662	26,265,868	27,770,333	30,564,714	31,417,334	32,649,708
Interest on debt	1,251,078	1,158,576	1,306,889	1,370,154	1,272,191	1,226,075
Capital maintenance ²	944,278	-	-	-	-	-
Total governmental activities expenses	<u>33,738,971</u>	<u>36,967,732</u>	<u>40,839,724</u>	<u>44,143,797</u>	<u>45,485,450</u>	<u>49,383,198</u>
Program Revenues						
Governmental activities:						
Charges for services:						
General government	352,799	474,992	553,250	762,661	518,926	399,105
Public safety	1,176,497	1,167,015	265,997	435,752	434,044	527,077
Public works	530,137	420,736	1,205,385	1,181,418	1,571,638	1,454,912
Health and welfare	12,735	13,712	12,186	13,710	13,672	11,261
Recreation	35,739	124,983	568,976	513,804	550,704	597,558
Development	51,735	55,508	99,721	91,139	123,738	98,601
Education	574,896	633,132	660,199	669,220	696,114	632,641
Operating grants and contributions	13,897,976	15,671,082	16,493,334	19,244,840	20,628,587	21,369,835
Capital grants and contributions	175,064	256,658	1,800,096	2,262,981	2,318,647	775,035
Total governmental activities program revenues	<u>16,807,578</u>	<u>18,817,818</u>	<u>21,659,144</u>	<u>25,175,525</u>	<u>26,856,070</u>	<u>25,866,025</u>
Net (expense)/revenue, governmental activities	<u>(16,931,393)</u>	<u>(18,149,914)</u>	<u>(19,180,580)</u>	<u>(18,968,272)</u>	<u>(18,629,380)</u>	<u>(23,517,173)</u>
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes						
Property taxes, levied for general purposes	14,808,959	16,253,550	17,234,005	16,918,807	17,690,199	19,138,898
Payment in lieu of taxes	45,233	52,922	51,083	55,469	54,396	36,385
Motor vehicle and boat excise taxes	2,107,389	2,267,577	2,359,645	2,480,592	2,486,679	2,486,856
Grants and contributions not restricted						
Homestead exemption	441,123	410,820	369,434	379,972	331,237	309,050
Other state aid	22,265	27,119	27,807	31,716	10,865	39,204
State revenue sharing	1,194,609	1,236,201	1,302,053	1,372,122	1,265,414	1,389,770
Unrestricted investment earnings	317,110	151,965	273,500	628,511	727,022	501,024
Miscellaneous revenues	194,214	129,491	245,789	251,818	307,381	739,880
Special item - sale of property	-	-	-	161,500	-	-
Total governmental activities	<u>19,130,902</u>	<u>20,529,645</u>	<u>21,863,316</u>	<u>22,280,507</u>	<u>22,873,193</u>	<u>24,641,067</u>
Change in Net Assets	<u>\$ 2,199,509</u>	<u>\$ 2,379,731</u>	<u>\$ 2,682,736</u>	<u>\$ 3,312,235</u>	<u>\$ 4,243,813</u>	<u>\$ 1,123,894</u>
Governmental activities						

(1) Fiscal year 2003 is the initial year of implementation of GASB Statement No. 34.

² Fiscal year 2003 is the only year that reported capital maintenance expenses. Fiscal year 2004 figures restated.

³ Fiscal year 2002 and 2003 are the only years that reported county tax expenses separately. Fiscal year 2005 figure was restated and county tax expenses reported in general government. Fiscal year 2006 going forward will have the county tax expenses in the general government category.

Table 3

TOWN OF GORHAM, MAINE
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years (1)
(accrual basis of accounting)

Fiscal Year		Property Taxes		Interest & Costs on Taxes		Excise Taxes		Total
2003	\$	14,828,959	\$	76,937	\$	2,107,389	\$	17,013,285
2004		16,289,550		65,968		2,267,577		18,623,095
2005		17,192,005		53,883		2,359,645		19,605,533
2006		16,885,807		50,037		2,480,592		19,416,436
2007		17,678,799		59,570		2,486,679		20,225,048
2008		19,007,098		96,264		2,486,856		21,590,218

(1) Fiscal year 2003 is the initial year of implementation of GASB Statement No. 34.

TOWN OF GORHAM, MAINE
Fund Balances of Governmental Funds
Last Ten Fiscal Years (1)
(modified accrual basis of accounting)

	Fiscal Year					
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General fund						
Reserved	\$ 378,959	\$ 523,870	\$ 390,487	\$ 313,925	\$ 284,676	\$ 313,261
Unreserved	<u>4,040,140</u>	<u>4,461,349</u>	<u>5,409,444</u>	<u>6,480,684</u>	<u>7,394,687</u>	<u>7,467,670</u>
Total General Fund	<u>4,419,099</u>	<u>4,985,219</u>	<u>5,799,931</u>	<u>6,794,609</u>	<u>7,679,363</u>	<u>7,780,931</u>
All other governmental funds						
Reserved	709,198	883,752	946,732	487,466	621,519	739,280
Unreserved, reported in:						
Special revenue funds	3,008,281	5,298,075	4,636,672	6,123,327	4,404,956	6,998,184
Capital project funds	<u>4,657,117</u> ²	<u>840,405</u>	<u>674,738</u>	<u>575,261</u>	<u>358,218</u>	<u>58,834</u>
Permanent funds	<u>256,289</u>	<u>236,528</u>	<u>216,054</u>	<u>186,154</u>	<u>219,571</u>	<u>240,849</u>
Total all other governmental funds	<u>\$ 8,630,885</u>	<u>\$ 7,258,760</u>	<u>\$ 6,474,196</u>	<u>\$ 7,372,208</u>	<u>\$ 5,604,264</u>	<u>\$ 8,037,147</u>

(1) Fiscal year 2003 is the initial year of implementation of GASB Statement No. 34.

² The increase in capital project funds unreserved fund balance was due to unspent bond proceeds from an issuance during the period for capital projects.

TOWN OF GORHAM, MAINE
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years (1)
(modified accrual basis of accounting)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Revenues						
Taxes	\$ 17,013,285	\$ 18,623,095	\$ 19,605,533	\$ 19,416,436	\$ 20,225,048	\$ 21,590,218
Licenses and permits	265,683	403,479	478,148	671,498	434,921	282,421
Intergovernmental	15,512,386	17,277,215	17,889,358	20,496,153	22,238,074	22,781,117
Investment income	321,070	91,689	219,617	578,474	667,452	404,760
Charges for services	1,039,249	948,434	1,710,070	1,878,026	2,311,948	2,300,477
Other	1,887,704	2,191,176	2,268,251	2,553,714	1,993,011	2,255,787
Total revenues	<u>36,039,377</u>	<u>39,535,088</u>	<u>42,170,977</u>	<u>45,594,301</u>	<u>47,870,454</u>	<u>49,614,780</u>
Expenditures						
General government	2,299,593	2,532,185	3,546,209	3,676,038	3,571,950	3,800,490
Public safety	2,404,927	2,528,566	2,680,546	2,755,743	2,944,915	3,254,798
Public works	2,358,406	2,271,766	2,680,700	2,764,528	2,890,905	3,496,519
Health and welfare	44,010	57,263	52,199	45,423	55,774	57,765
Recreation	503,617	613,591	1,088,416	1,122,005	1,164,766	1,215,668
Development	227,103	218,559	180,108	196,437	222,750	241,787
County tax ²	595,692	645,663	-	-	-	-
Unclassified	996,485	1,132,948	1,120,904	1,182,951	1,227,331	1,374,541
Education	22,400,701	24,275,500	25,472,463	27,706,039	28,845,645	30,034,275
Debt service						
Principal	3,671,646	2,299,646	2,474,646	2,694,646	2,659,650	2,674,650
Interest	1,227,883	1,283,126	1,321,723	1,386,092	1,303,291	1,198,483
Capital maintenance	3,565,148	681,611	914,079	1,176,816	671,071	151,694
Capital improvements	13,046,960	5,177,893	912,630	4,606,632	3,862,117	3,731,353
Total expenditures	<u>53,342,171</u>	<u>43,718,317</u>	<u>42,444,623</u>	<u>49,313,350</u>	<u>49,420,165</u>	<u>51,232,023</u>
Other financing sources (uses)						
Capital lease proceeds	323,256	227,224	344,308	330,058	666,521	151,694
Long-term debt issued	21,225,000	3,150,000	-	5,000,000	-	4,000,000
Transfers in	10,841,842	12,667,625	13,279,543	13,401,011	12,889,444	14,727,079
Transfers out	(10,841,842)	(12,667,625)	(13,279,543)	(13,401,011)	(12,889,444)	(14,727,079)
Total other financing sources (uses)	<u>21,548,256</u>	<u>3,377,224</u>	<u>344,308</u>	<u>5,330,058</u>	<u>666,521</u>	<u>4,151,694</u>
Net change in fund balances	\$ 4,245,462	\$ (806,005)	\$ 70,662	\$ 1,611,009	\$ (883,190)	\$ 2,534,451
Debt service as a percentage of noncapital expenditures	13.5%	9.4%	9.6%	9.5%	9.1%	8.0%

(1) Fiscal year 2003 is the initial year of implementation of GASB Statement No. 34.

² Fiscal year 2002 and 2003 are the only years that reported county tax expenses separately. Fiscal year 2005 figure was restated and county tax expenses reported in general government. Fiscal year 2006 going forward will have the county tax expenses in the general government function.

TOWN OF GORHAM, MAINE
Assessed Value and State Equalized Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30	Real Property		Personal Property	Less Tax Exempt Real Property	Total Taxable Assessed Value ¹	Total Direct Tax Rate	State Equalized Value ²	Assessed Value as a Percentage of Equalized Value
	Residential Property	Commercial Property						
1999	\$ 514,719,000	\$ 94,091,800	\$ 21,676,800	\$ 103,219,400	\$ 527,268,200	\$ 19.80	\$ 567,650,000	92.9%
2000	535,353,000	93,630,800	31,960,200	105,998,400	554,945,600	20.50	609,150,000	91.1%
2001	501,722,200	162,259,600	39,489,200	125,864,100	577,606,900	21.40	643,800,000	89.7%
2002	689,785,700	242,742,500	40,933,200	193,603,600	779,857,800	17.40	716,650,000	108.8%
2003	719,958,800	244,000,100	42,637,800	201,604,400	804,992,300	18.40	835,200,000	96.4%
2004	758,447,900	240,177,400	43,985,800	203,250,100	839,361,000	19.40	937,300,000	89.6%
2005	782,949,600	238,791,800	46,492,900	199,926,400	868,307,900	20.00	1,085,600,000	80.0%
2006	808,313,900	237,869,000	44,511,600	220,950,100	869,744,400	19.50	1,234,200,000	70.5%
2007	841,957,600	239,730,600	47,696,100	216,041,300	913,343,000	19.40	1,352,300,000	67.5%
2008	1,098,762,800	324,401,000	49,657,400	274,295,100	1,198,526,100	16.00	1,487,700,000	80.6%

Sources:

¹ Gorham Assessing office. The substantial increase seen in fiscal year 2002 is due to a revaluation.

² State of Maine, Bureau of Taxation

TOWN OF GORHAM, MAINE
Property Tax Rates - All Direct and Overlapping
Governments (Per \$1,000 of Assessed Value)
Last Ten Fiscal Years

Fiscal Year	Direct		Overlapping	
	Municipal Tax Rate	School Tax Rate	County Tax Rate	Total Tax Rate
1999	\$ 5.75	\$ 13.27	\$ 0.78	\$ 19.80
2000	5.84	13.94	0.72	20.50
2001	6.05	14.59	0.76	21.40
2002	4.58	12.20	0.62	17.40 ¹
2003	4.92	12.76	0.72	18.40
2004	5.09	13.56	0.75	19.40
2005	5.06	14.20	0.74	20.00
2006	5.76	12.98	0.76	19.50
2007	6.04	12.61	0.75	19.40
2008	4.95	10.46	0.59	16.00 ²

Source: Gorham Assessing office

- 1 The drop in the tax rate for fiscal year 2002 was the result of revaluation.
- 2 The drop in the tax rate for fiscal year 2008 was the result of property value trending.

Table 8

TOWN OF GORHAM, MAINE
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2008			1999		
	Current year assessed value	Rank	Percentage of total assessed value	Current year assessed value	Rank	Percentage of total assessed value
Central Maine Power Co.	\$ 19,112,900	1	1.59%	\$ 16,885,800	1	3.20%
Grondin, R J & Phillip	15,279,500	2	1.27%	3,966,400	6	0.75%
Nappi Distributors	10,794,000	3	0.90%			
New Portland Road Realty LLC	10,695,300	4	0.89%			
Gorham Savings Bank	10,422,000	5	0.87%	4,114,300	5	0.78%
Maritimes & NE Pipeline	7,938,900	6	0.66%			
Scott Paper	7,336,700	7	0.61%	3,702,500	7	0.70%
Maine Mobile Homes LTD	6,444,600	8	0.54%	1,932,400	8	0.37%
Hannaford Brothers	6,100,800	9	0.51%			
Shaw Brothers Construction	6,096,700	10	0.51%			
Gorham House				8,103,600	2	1.54%
Sebago, Inc.				4,522,800	3	0.86%
American Tool				4,462,500	4	0.85%
Goldman Machine Tool Group, Inc.				1,633,800	9	0.31%
Eight Corners				1,394,900	10	0.26%
Totals	\$ 100,221,400		8.35%	\$ 50,719,000		9.62%

Source: Gorham Assessing office

Table 9

TOWN OF GORHAM, MAINE
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year ¹	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1999	\$ 10,476,528	\$ 10,137,863	96.8%	\$ 333,798	\$ 10,471,661	100.0%
2000	11,381,979	10,917,744	95.9%	460,080	11,377,824	100.0%
2001	12,485,788	12,132,184	97.2%	347,995	12,480,179	100.0%
2002	13,626,308	13,138,832	96.4%	478,532	13,617,364	99.9%
2003	14,852,234	14,470,933	97.4%	367,505	14,838,438	99.9%
2004	16,311,136	15,827,928	97.0%	461,670	16,289,598	99.9%
2005	17,379,982	16,828,596	96.8%	520,413	17,349,009	99.8%
2006	16,980,208	16,487,705	97.1%	458,689	16,946,394	99.8%
2007	17,730,424	17,116,397	96.5%	451,446	17,567,843	99.1%
2008	19,215,434	18,518,110	96.4%	-	18,518,110	96.4%

¹ Tax commitment plus supplemental taxes assessed during fiscal year

Table 10

TOWN OF GORHAM, MAINE
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Debt	Capital Leases			
1999	\$ 14,431,322	\$ 378,142	\$ 14,809,464	8.13%	\$ 1,088
2000	14,511,676	400,113	14,911,789	4.98%	1,055
2001	13,232,030	428,607	13,660,637	4.49%	952
2002	14,498,884	419,344	14,918,228	4.81%	1,019
2003	32,052,238	501,385	32,553,623	10.22%	2,164
2004	32,902,542	534,671	33,437,213	10.43%	2,208
2005	30,427,896	659,477	31,087,373	9.69%	2,053
2006	32,733,250	708,418	33,441,668	10.17%	2,154
2007	30,073,600	1,040,747	31,114,347	9.45%	2,000
2008	31,398,950	833,367	32,232,317	9.83%	2,080

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

¹ See Table 14, Schedule of Demographic and Economic Statistics, for personal income and population data.

Table 11

TOWN OF GORHAM, MAINE
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Debt	State Assessed Value of Property ¹	Per Capita ²
1999	\$ 14,431,322	2.54%	\$ 1,060
2000	14,511,676	2.38%	1,026
2001	13,232,030	2.06%	922
2002	14,498,884	2.02%	990
2003	32,052,238	3.84%	2,131
2004	32,902,542	3.51%	2,173
2005	30,427,896	2.80%	2,009
2006	32,733,250	2.65%	2,108
2007	30,073,600	2.22%	1,933
2008	31,398,950	2.11%	2,027

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

¹ See Table 6, Schedule of Assessed Value and State Equalized Value of Taxable Property, for property value data.

² Population data can be found in the Schedule of Demographic and Economic Statistics, Table 14.

TOWN OF GORHAM, MAINE
Direct and Overlapping Governmental Activities Debt
General Obligation Bonds
As of June 30, 2008

Jurisdiction	Net general obligation bonded debt outstanding	Percentage applicable to government	Amount applicable to government
Direct:			
Town of Gorham	\$ 31,398,950	100.00%	\$ 31,398,950
Overlapping debt:			
Cumberland County	6,295,000	3.58%	225,350
Portland Water District - sewer debt, Gorham only	17,819,107	4.44%	791,572
Portland Water District - sewer shared with Windham	296,183	0.60%	1,766
Portland Water District - water debt	26,840,715	5.47%	1,468,643
Contingent debt:			
Ecomaine:			
Resources recovery system	28,224,000	4.02%	1,133,756
Material recycling facility	3,676,000	5.60%	205,856
Landfill closure (see note)	23,195,375	4.02%	931,853
	\$ 137,745,330		\$ 36,157,746

Note: Ecomaine's Landfill closure and postclosure costs and the municipal proportional share are as of June 30, 2007 since the June 30, 2008 figures are unavailable until their annual audit is completed.

TOWN OF GORHAM, MAINE
Statutory Debt Margin Information
Last Ten Fiscal Years
In Accordance with 30 MRSA, Section 5061 as Amended

Fiscal Year	Debt Limit	Total net debt applicable to limit	Legal Debt Margin	Total net debt applicable to limit as a percentage of debt limit
1999	\$ 85,147,500	\$ 14,431,322	\$ 70,716,178	16.95%
2000	91,372,500	14,511,676	76,860,824	15.88%
2001	96,570,000	13,232,030	83,337,970	13.70%
2002	107,497,500	12,031,884	95,465,616	11.19%
2003	125,280,000	32,052,238	93,227,762	25.58%
2004	140,595,000	32,902,542	107,692,458	23.40%
2005	162,840,000	30,427,896	132,412,104	18.69%
2006	185,130,000	32,733,250	152,396,750	17.68%
2007	202,845,000	30,073,600	172,771,400	14.83%
2008	223,155,000	31,398,950	191,756,050	14.07%

Legal Debt Margin Calculation for Fiscal Year 2008

	Outstanding bonds and notes	Percent of state assessed value of \$1,487,700,000	Allowable Amount	Margin
For school purposes	\$ 19,205,084	10.00%	\$ 148,770,000	\$ 129,564,916
For storm or sanitary sewer purposes	-	7.50%	111,577,500	111,577,500
For municipal, airport, water, and special district purposes	-	3.00%	44,631,000	44,631,000
For all other purposes	12,193,866	7.50%	111,577,500	99,383,634
Total	\$ 31,398,950	15.00%	\$ 223,155,000	\$ 191,756,050

TOWN OF GORHAM, MAINE
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population ¹	Personal Income	Per Capita	Median Age ²	School Enrollment ³	Unemployment Rate ⁴
			Personal Income ²			
1999	13,610	\$182,251,510	\$ 13,391	30.9	2,599	2.00%
2000	14,141	299,421,534	21,174	34.3	2,625	2.40%
2001	14,354	303,931,596	21,174	34.3	2,583	2.70%
2002	14,640	309,987,360	21,174	34.3	2,633	2.90%
2003	15,041	318,478,134	21,174	34.3	2,708	3.20%
2004	15,145	320,680,230	21,174	34.3	2,760	3.20%
2005	15,145	320,680,230	21,174	34.3	2,761	3.30%
2006	15,528	328,789,872	21,174	34.3	2,725	3.10%
2007	15,554	329,340,396	21,174	34.3	2,714	3.30%
2008	15,493	328,048,782	21,174	34.3	2,693	4.07%

Data Source

¹ U.S. Dept. of Commerce, Bureau of Census

The 1998-1999 figures are based on July Census estimates, while the 2000 is based on the 2000 actual Census data, and the 2001-2004 are based on July Census estimates.

The 2005 figure is the July 1, 2004 Census estimate.

The 2006 and 2007 figures are from the Maine State Housing Authority.

² U.S. Dept. of Commerce, Bureau of Census (1990 and 2000)

³ Maine Department of Education. Figures are based on April 1 enrollment data. The April 1, 2006 and April 1, 2007 enrollment data, however, is from the Gorham School Dept.

⁴ U.S. Department of Labor. The 1998 - 2006 figures are annual rates. The 2007 figure was based on June 2007 data from U.S. Dept. of Commerce, Bureau of Census. The 2008 figures were based on December rates.

TOWN OF GORHAM, MAINE
Principal Employers
Current Year and Nine Years Ago

Employer	2008			1999 ¹		
	Employees	Rank	Percentage of Gorham's Labor Force	Employees	Rank	Percentage of Gorham's Labor Force
University of Southern Maine*	615	1	6.6%	381	2	4.9%
Town of Gorham: School/Municipal	589	2	6.3%	500	1	6.5%
Irwin Industrial Tool (formerly American Tool)	210	3	2.3%	215	3	2.8%
Gorham House	216	4	2.3%	200	4	2.6%
Nappi Distributors	184	5	2.0%			
Hannaford Brothers	175	6	1.9%			
R. J. Grondin	144	7	1.5%	146	5	1.9%
Shaw Brothers Construction, Inc. ²	120	8	1.3%			
Gorham Savings Bank	94	9	1.0%			
GPX, International Tire Corp (formerly Maine Rubber International)	89	10	1.0%			
	2,436		26.2%	1,442		18.7%

Source: Maine Department of Labor and U.S. Department of Labor and confirmed by company personnel.

¹ Only top five employers information available for fiscal year 1999.

* Gorham campus only.

² During the summer, Shaw Brothers employees 150 people.

TOWN OF GORHAM, MAINE
Full-time Equivalent Town Government Employees by Function
Last Ten Fiscal Years

Function	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Government	13	14	14	14	15	15	15	16.5	17.5	16.5
Public Safety:										
Police:										
Officers	17	18	20	20	20	20	21	21	21	22
Civilians	6	6	8	8	8	8	9	2	2	2
Fire:										
Firefighters and EMT's	5	7	7	7	7	7	7	7	9	13
Civilians	2	3	3	3	3	3	3	3	3	3
Public Works	15	15	15	18	18	18	18	19	21	21
Recreation	11	11	11	12	12	15	15	15	17	16
Development	4	5	5	4	4	4	4	4	4.5	4.5
Total	73	79	83	86	87	90	92	87.5	95	98

TOWN OF GORHAM, MAINE
Operating Indicators by Function
Last Ten Fiscal Years

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Function										
General Government:										
Building permits: ³										
Single family	90	93	94	137	193	84	90	91	66	64
Condos	20	13	8	0	0	7	13	41	9	4
Commercial	20	17	31	21	25	31	23	16	23	22
Total number permits issued	940	1,140	1,145	n/a	n/a	1,118	1,276	1,374	n/a	1,025
Public Safety:										
Police:										
Number of calls for service	8,364	8,335	8,553	12,600	16,502	17,359	18,832	17,076	17,434	1,824
Number of physical arrests	440	318	462	521	462	349	286	353	406	782
Number of summons and warnings	5,474	4,248	4,650	3,711	3,086	3,654	2,525	3,168	3,427	3,674
Parking tickets issued	n/a	n/a	n/a	n/a	369	662	503	372	305	269
Number of accidents investigated	578	513	588	n/a	649	658	586	668	528	555
Fire:										
Number of fire and rescue calls	2,779	2,537	3,000	3,000	2,109	2,182	2,012	2,129	2,352	2,101
Public Works:										
Number of roads maintained	229	232	233	234	247	256	261	263	269	272
Lane miles of roads maintained	244.6	246.0	246.0	252.8	268.4	273.8	275.0	276.0	278.0	278.0
Acres of public area maintained	108.1	108.1	108.1	108.1	108.1	108.1	113.1	113.1	113.1	113.1
Acres of cemeteries maintained	17.8	17.8	17.8	17.8	17.8	17.8	19.6	21.1	21.1	21.1
Recreation:										
Library:										
Number of items circulated	96,725	97,031	95,585	95,166	106,238	91,669	89,091	95,179	103,080	101,158

Sources: Various town departments.

² Information reported for each fiscal year is for prior year's activity. Therefore, the fiscal year 2005 information is for activity in 2004.

³ Figures shown are based on calendar year.

n/a = data not available

TOWN OF GORHAM, MAINE
Capital Asset Statistics by Function
Last Ten Fiscal Years

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Function										
Public Safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	10	13	13	13	13	13	13	13	13	13
Fire stations	6	6	6	6	6	6	6	6	6	6
Public Works:										
Streets (miles) ¹	157.2	157.7	157.7	252.8	268.4	273.8	275.0	276.0	278.0	272.0
Street lights	330	338	338	342	342	357	357	366	375	381
Traffic signals	9	9	9	10	10	11	11	11	11	11
Cemeteries	8	8	8	8	8	8	8	8	8	10
Tons of residential solid waste ²	n/a	n/a	n/a	3,724	3,914	1,860	2,212	2,307	2,290	2,305
Recreation:										
Libraries	3	3	3	3	3	3	3	3	3	3
Parks acreage	203.8	203.8	203.8	203.8	203.8	203.8	203.8	211.3	211.3	211.3
Parks	4	4	4	4	4	4	4	5	5	5
Tennis courts	7	7	7	7	7	7	7	7	7	7
Outdoor basketball courts	5	5	5	5	5	5	5	5	5	5

Sources: Various town departments.

Note: No capital asset indicators are available for the general government function.

¹ In fiscal year 2002, the Public Works Department changed how it was calculating the total miles of roads in Gorham. They began computing lane miles instead of straight miles.

² The Town of Gorham instituted a curbside recycling program in 2003, that is the reason for the significant decrease in the residential solid waste tonnage.