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TOWN OF GORHAM, MAINE

COMPREHENSIVE ANNUAL FINANCIAL REPORT



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**FOR FISCAL YEAR ENDED
JUNE 30, 2005**

TOWN OF GORHAM, MAINE

Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2005

Prepared by:

Maureen R. Finger, Finance Director

TOWN OF GORHAM, MAINE
Annual Financial Report
June 30, 2005

Table of Contents

	<u>Statement</u>	<u>Page</u>
INTRODUCTORY SECTION		
Letter of Transmittal		1
June 30, 2004 Certificate of Achievement for Excellence in Financial Reporting		13
Organizational Chart		15
Listing of Principal Officials		16
FINANCIAL SECTION		
Report of the Independent Auditors		19
Management's Discussion and Analysis		21
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Assets	1	41
Statement of Activities	2	42
Fund Financial Statements:		
Balance Sheet – Governmental Funds	3	43
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	4	45
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5	46
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget & Actual – All Budgeted Governmental Funds	6	47
Statement of Fiduciary Net Assets – Fiduciary Funds	7	48

TOWN OF GORHAM, MAINE
Annual Financial Report
June 30, 2005

Table of Contents, Continued

	<u>Exhibit</u>	<u>Page</u>
Fund Financial Statements:		
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	8	49
Notes to the Basic Financial Statements		51
Governmental Funds by Fund Type:		
General Fund:		
Comparative Balance Sheets	A-1	87
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Budgetary Basis	A-2	88
All Other Governmental Funds:		
Combining Balance Sheet	B-1	95
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – All other Governmental Funds	B-2	96
Special Revenue Funds:		
Combining Balance Sheet	C-1	99
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	C-2	100
Capital Projects Funds:		
Combining Balance Sheet	D-1	105
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	D-2	106
Permanent Funds:		
Combining Balance Sheet	E-1	109
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	E-2	110

TOWN OF GORHAM, MAINE
Annual Financial Report
June 30, 2005

Table of Contents, Continued

	<u>Exhibit</u>	<u>Page</u>
Fiduciary Funds:		
Combining Statement of Fiduciary Net Assets – Fiduciary Funds	F-1	113
Combining Statement of Fiduciary Net Assets – Fiduciary Funds - Agency Funds	F-2	114
Combining Statement of Fiduciary Net Assets – Fiduciary Funds - Private-purpose	F-3	115
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds – Private-purpose	F-4	116
Statement of Change in Assets and Liabilities – Agency Funds	F-5	117
Capital Assets Used in the Operation of Governmental Funds:		
By Source	G-1	121
By Function and Activity	G-2, G-3	122

<u>Table</u>	<u>Page</u>
--------------	-------------

STATISTICAL SECTION

Net Assets by Component	1	125
Changes in Net Assets	2	126
Governmental Activities Tax Revenues by Source	3	127
Fund Balances of Governmental Funds	4	128
Changes in Fund Balance Governmental Funds	5	129
Assessed Value and State Equalized Value of Taxable Property	6	130
Property Tax Rates – All Direct and Overlapping Governments	7	131
Principal Property Taxpayers	8	132
Property Tax Levies and Collections	9	133

TOWN OF GORHAM, MAINE
Annual Financial Report
June 30, 2005

Table of Contents, Continued

	<u>Table</u>	<u>Page</u>
Ratios of Outstanding Debt by Type	10	134
Ratios of General Bonded Debt Outstanding	11	135
Direct and Overlapping Governmental Activities Debt	12	136
Statutory Debt Margin Information	13	137
Demographic and Economic Statistics	14	138
Principal Employers	15	139
Full-time Equivalent Town Government Employees by Function	16	140
Operating Indicators by Function	17	141
Capital Asset Statistics by Function	18	142

INTRODUCTORY SECTION

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September 07, 2005

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

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

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

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

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

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

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

Profile of the Government

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

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

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

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

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

Local Economy

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

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

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

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

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

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

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

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

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

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

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

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

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

Major Initiatives

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

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

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

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

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

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

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

The capital projects funded in fiscal year 2005 were:

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

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

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

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

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

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

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

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

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

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

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

ESTIMATED LOCAL SHARE OF ALL PROJECTS

(not counting Gambo Bridge Project)

\$1,640,630

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

615,317

ESTIMATED UNMET NEED

\$1,025,313

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

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

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

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

Department Focus – Gorham Fire Department

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Other Information

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

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

Sincerely,

Maureen R. Finger
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Gorham,
Maine

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

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



Nancy L. Ziehl

President

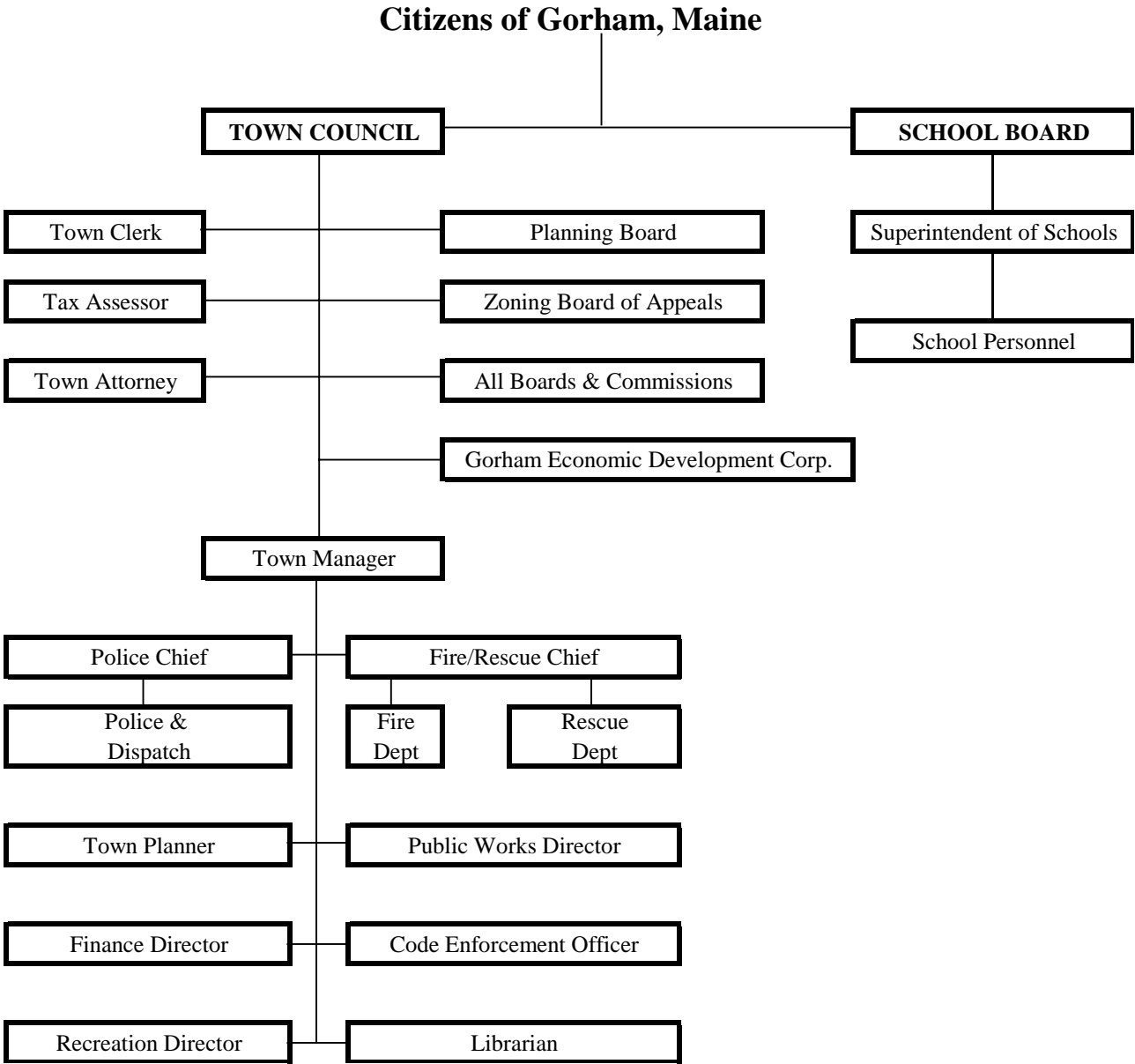
Jeffrey R. Enos

Executive Director

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Town of Gorham, Maine

Organizational Chart



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

Burleigh H. Loveitt, Council Chairman

Philip A. Dugas

Michael J. Phinney

Calvin H. Hamlin

Matthew J. Robinson

Norman E. Justice, Jr.

Jane S. Willett

David O. Cole, Town Manager

Christina Silberman, Town Clerk

Michael D'arcangelo, Acting Tax Assessor

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

Thomas E. Ellsworth, Econ. Dev. Director

Maureen R. Finger, Finance Director

Robert S. Lefebvre, Fire Chief

Pamela E. Turner, Librarian

Deborah F. Fossum, Planner

Ronald W. Shepard, Police Chief

Robert J. Burns, Jr., Public Works Director

Cynthia A. Hazelton, Recreation Director

Rose Marie South, School Board Chairman

Steven R. Caldwell

Roger L. Marchand

James J. Hager, Jr.

Stephen M. Morin

Jason P. Libby

William D. Neily

Theodore G. Sharp, School Superintendent

Paul A. Kelly, School Business Manager

FINANCIAL SECTION

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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, 2005, 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, 2005, and the respective budgetary comparison for the General 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 a report dated August 11, 2005, 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 should be read in conjunction with this report in considering the results of our audit.

Town Council
Town of Gorham, Maine

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 supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Gorham's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical tables 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 section and statistical tables 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 "Remya Kersteen Ouellette". The signature is written in a cursive, flowing style.

August 11, 2005
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, 2005. 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 \$28,465,217, an increase of \$2,682,736 or 10% when compared to the beginning net asset figure of \$25,782,481.
- The ending fund balance for Governmental Funds is \$12,555,808. This is an increase of \$311,829 from last fiscal year with \$70,662 the results from operations and \$241,167 the results of a prior period adjustment for accrued compensated absences. Although expenditures exceeded revenues by \$273,646, with capital lease proceeds of \$344,308, the net change was the \$70,662.
- The General Fund's ending fund balance is \$5,799,931, an increase of \$814,712 over the prior year's ending fund balance of \$4,985,219. Of the \$5,799,931, \$379,300 is reserved for encumbrances, \$11,187 is reserved for trash bag inventory and \$528,072 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 16, 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, 2005 was \$3,165,095 or 8.5% of the total FY06 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.
- The Town of Gorham's general obligation debt decreased by \$2,474,646 or a 7.5% reduction in the outstanding bonded debt total. No new debt was issued during fiscal year 2005.

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 48 and 49. 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><i>Governmental Activities</i></u>		\$ Chg	% Chg
		2005	2004		
Current & other assets		18,481,686	17,692,623	789,063	4.5%
Capital assets, net		<u>47,464,464</u>	<u>47,258,047</u>	<u>206,417</u>	0.4%
Total assets		65,946,150	64,950,670	995,480	1.5%
Long term debt outstanding		31,758,437	33,858,193	(2,099,756)	-6.2%
Other liabilities		<u>5,722,496</u>	<u>5,309,996</u>	<u>412,500</u>	7.8%
Total liabilities		37,480,933	39,168,189	(1,687,256)	-4.3%
Net assets:					
Invested in:					
Capital assets, net of related debt		16,377,091	13,820,834	2,556,257	18.5%
Restricted		352,781	354,163	(1,382)	-0.4%
Unrestricted		<u>11,735,345</u>	<u>11,607,484</u>	<u>127,861</u>	1.1%
Total net assets		28,465,217	25,782,481	2,682,736	10.4%

The increase of \$789,063 in the current and other assets category is primarily due to the increase in performance bonds received from developers. This reflects the development activity occurring in the Town of Gorham.

The Capital Asset disclosure in the notes to the financial statements, see Note 6, shows how the change in capital assets, net of \$206,417 resulted.

The Long-Term Debt disclosure in the notes to the financial statements, see Note 10, shows how the change in long-term debt outstanding of \$(2,099,756) resulted.

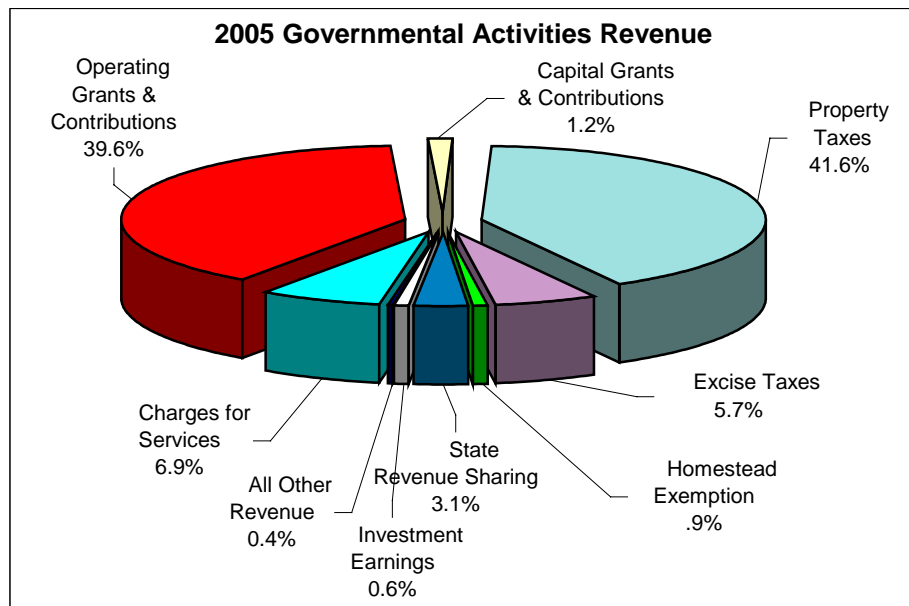
The change in the other liabilities of \$412,500 is mainly due to the increase in the value of performance bonds held as of June 30, 2005 from various developers.

Changes in Net Assets

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

	<u>Governmental Activities</u>			
	2005	2004	\$ Chg	% Chg
Revenues				
Program revenues				
Charges for services	2,851,502	2,972,731	(121,229)	-4.1%
Operating grants & contributions	16,405,586	15,671,082	734,504	4.7%
Capital grants & contributions	490,613	174,005	316,608	182.0%
General revenues				
Property taxes	17,234,005	16,253,550	980,455	6.0%
Payment in lieu of taxes	51,083	52,922	(1,839)	-3.5%
Motor vehicle & boat excise taxes	2,359,645	2,267,577	92,068	4.1%
Grants and contributions not restricted to specific programs				
Homestead exemption	369,434	410,820	(41,386)	-10.1%
Other state aid	27,807	27,119	688	2.5%
State revenue sharing	1,302,053	1,236,201	65,852	5.3%
Investment earnings	273,500	151,965	121,535	80.0%
Miscellaneous revenues	<u>78,789</u>	<u>129,491</u>	<u>(50,702)</u>	-39.2%
Total revenues:	41,444,017	39,347,463	2,096,554	5.3%
Expenses				
General government	2,718,015	2,562,887	155,128	6.1%
Public safety	2,896,737	2,819,226	77,511	2.7%
Public works	1,894,758	1,973,330	(78,572)	-4.0%
Health & welfare	52,415	57,263	(4,848)	-8.5%
Recreation, library & museum	893,350	1,039,901	(146,551)	-14.1%
Development	377,263	445,018	(67,755)	-15.2%
County tax	659,977	645,663	14,314	2.2%
Education	27,961,877	26,265,868	1,696,009	6.5%
Interest on debt	<u>1,306,889</u>	<u>1,304,509</u>	<u>2,380</u>	0.2%
Total expenses:	38,761,281	37,113,665	1,647,616	4.4%
Excess (deficiency) before special items and transfers	2,682,736	2,233,798	448,938	20.1%
Special items	-	-	-	n/a
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	n/a
Increase (decrease) in net assets:	2,682,736	2,233,798	448,938	20.1%

Approximately 41.6% of the Town's revenues come from property taxes, while 39.6% comes from operating grants and contributions. Approximately 74% 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 2005.



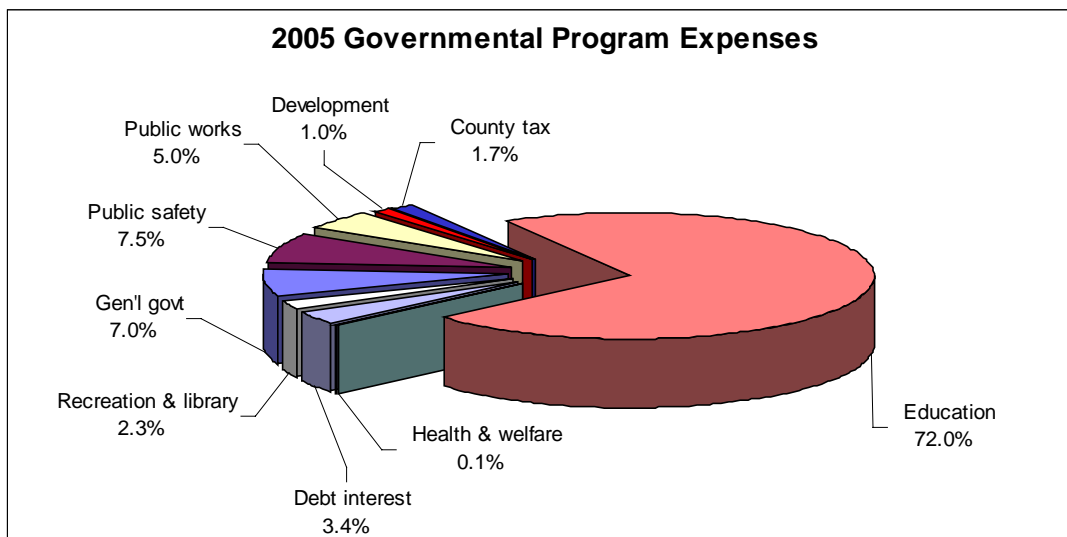
I would like to note that the capital outlays for fiscal year 2005 have been allocated to the appropriate function. Also this fiscal year, we placed the insurance, employee benefits and unclassified expenditures in the General Government category, and adjusted the fiscal year 2004 figures to reflect these changes.

Education, which makes up 72% of the expenses for fiscal year 2005, increased by \$1,696,009 and is attributed to an increase in the capital expenditures, higher depreciation expenditure, increase in grant expenditures, and higher employee benefit costs.

The reason the Recreation, library, and museum category is down by 14.1% or (\$146,551) is that the expansion and renovation of the Baxter Memorial Library was completed during fiscal year 2004.

The Development category is down by 15.2% or (\$67,755) because the Town Council eliminated the payments to outside social service agencies, which accounts for \$33,750 of the reduction. The remainder of the reduction is due to the TIF reimbursements being down by \$38,099 for fiscal year 2005. Many of the companies participating in the TIF program are moving from a 75% reimbursement rate to a 50% reimbursement rate.

The following pie chart shows functional expenses for fiscal year 2005.



Governmental Activities

The cost of all governmental activities was \$38,761,281. However, as shown on the Statement of Activities, the amount that the taxpayers of Gorham ended up financing was \$17,234,005 or 44.5%, because some of the cost was paid by those who directly benefit from the programs --\$2,851,502, or by other governments and organizations that subsidized certain programs with operating grants and contributions -- \$16,405,586, and capital grants and contributions --\$490,613. The Town also received \$4,462,311 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 2005.

The Town's governmental activities include general government, public safety, public works, health & welfare, recreation, library & museum, development, county tax, education, and interest on debt. Note: the general government activity includes insurance, employee benefits and unclassified expenditures.

Governmental activities resulted in an increase to the Town of Gorham's net assets of \$2,682,736.

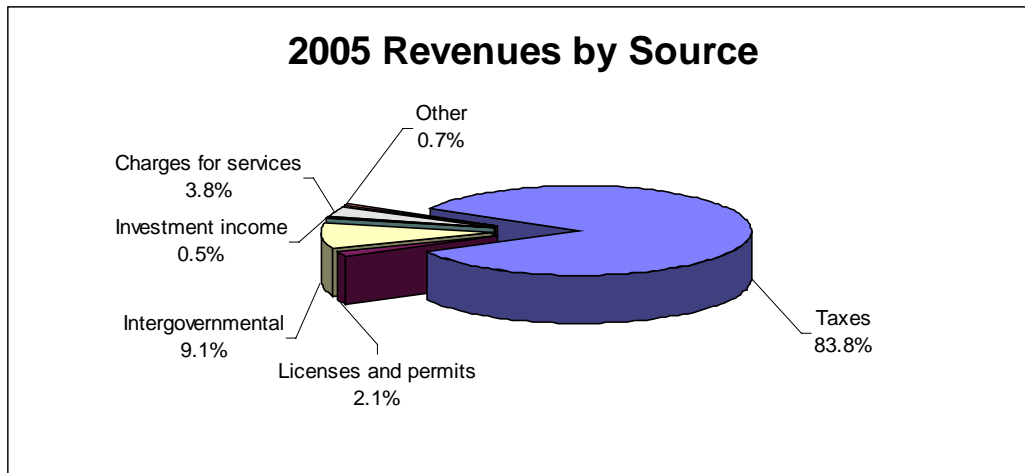
The Town's Funds

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 2005 revenues by source for the General Fund with the 2004 information for comparison while the pie chart summaries the 2005 revenues by source. Information is from Statement 4.

	<u>2005</u>	<u>2004</u>	<u>\$ Chg</u>	<u>% Chg</u>
Revenues by source				
Taxes	19,353,785	18,405,739	948,046	5.2%
Licenses and permits	478,148	403,479	74,669	18.5%
Intergovernmental	2,102,286	1,889,027	213,259	11.3%
Investment income	110,166	45,782	64,384	140.6%
Charges for services	885,825	948,434	(62,609)	-6.6%
Other	167,569	200,863	(33,294)	-16.6%
Total revenue	23,097,779	21,893,324	1,204,455	5.5%



General Fund revenues increased 5.5% over the fiscal year 2004 amount. Below are some of the reasons for the higher revenues.

Taxes: The net appropriation or local tax requirement for FY2005 increased 6.4% or \$1,041,390 over the FY2004 level, with the primary increase due to the Education budget, which increased 7.9% or \$924,007.

Licenses and permits: The building permits revenue was \$134,600 more than the FY05 estimate. As mentioned in the Introductory Section, the building activity in Gorham continues at a brisk pace.

Intergovernmental: During fiscal year 2005, four snowstorms were approved for Federal Emergency Management funds. The \$162,216 represents the funds received or anticipated to be received from the federal government. Another revenue source, State Revenue Sharing, came in higher than anticipated contributing \$87,000 towards the higher revenue collections.

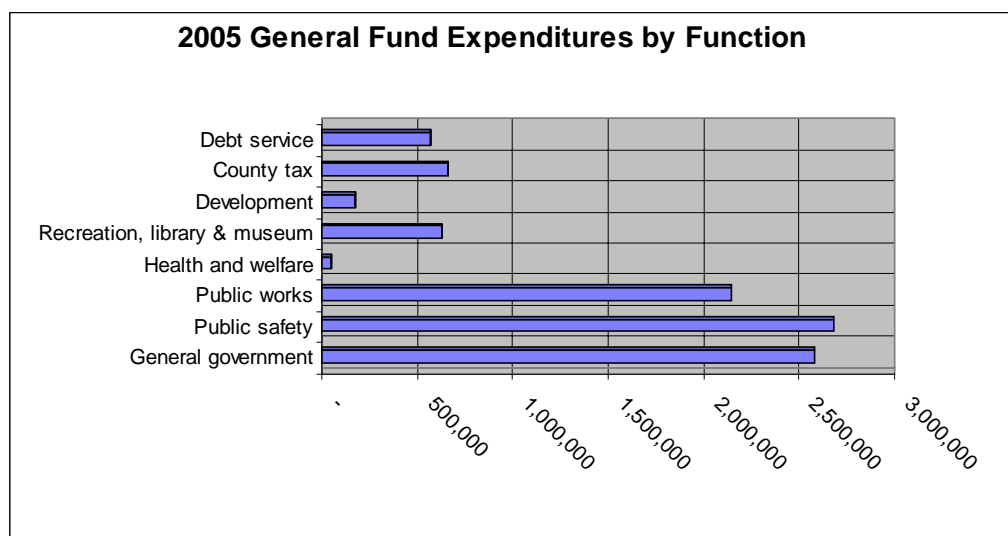
Interest income: During fiscal year 2005, interest rates started to increase. The average interest rate for fiscal year 2005 was 1.76%, while it was 0.89% for fiscal year 2004. Also, the actual amount invested during the year was approximately 20% or \$4,950,000 higher than the amount invested during fiscal year 2004.

Charges for services: The major decrease in this category is the fire and rescue fees. During fiscal year 2005, the Fire Department personnel dealt with “cleaning up” very old rescue bills. Many of these had been turned over to a collection agency a while ago and they were unable to collect on them. Therefore, our write offs during fiscal year 2005 were greater than the allowance for uncollected rescue fees and at year-end we needed to increase the allowance, which impacted the revenue.

Other: The 16.6% decrease in this revenue category can be contributed to the recreation reimbursement revenues.

The following table summarizes the General Fund expenditures by function for fiscal year 2005 with 2004 information for comparison while the graph displays the General Fund expenditures by function for fiscal year 2005. Information is from Statement 4.

	<u>2005</u>	<u>2004</u>	<u>\$ Chg</u>	<u>% Chg</u>
Expenditure by function				
General government	2,579,082	2,532,185	46,897	1.9%
Public safety	2,680,546	2,528,566	151,980	6.0%
Public works	2,146,064	1,763,986	382,078	21.7%
Health and welfare	52,199	57,263	(5,064)	-8.8%
Recreation, library & museum	626,606	613,591	13,015	2.1%
Development	180,108	218,559	(38,451)	-17.6%
County tax	659,977	645,663	14,314	2.2%
Debt service	570,573	369,733	200,840	54.3%
Total expenditures	9,495,155	8,729,546	765,609	8.8%



The General Fund expenditures increased by 8.8% over fiscal year 2004 levels. The following information identifies some of the causes for the increase.

Public Safety: In the Police Department, the impact of wage increases for the patrol officers as well as being fully staffed in fiscal year 2005 account for \$28,000 of the increase. Also, the part-time secretary added during fiscal year 2004 went to full-time in fiscal year 2005 accounting for \$11,000 of the increase. The cost for fuel in fiscal year 2005 was approximately \$22,500 higher than fiscal year 2004 for the police, fire and rescue departments. Also the vehicle maintenance costs were up by \$26,000. Finally, during fiscal year 2005 there were changes in the Communication department. The Head Dispatch Supervisor left and was replaced by a police officer. The impact of this change was \$12,600. Also, an additional dispatch position was approved in the fiscal year 2005 budget. However, with vacancies throughout the year, the impact was only \$10,000.

Public Works: During fiscal year 2005 the State of Maine had four snowstorms that the federal government declared disasters and provided federal emergency management funds to cover. Because of these snowstorms, the departments' overtime, salt, sand, gravel, cutting edges, and fuel costs were higher than the previous year. The impact of these items is approximately \$148,000. A new position, part-time inspection/compliance officer, was added during fiscal year 2005. The impact on the fiscal year 2005 expenditures was \$11,000. The solid waste budget saw a substantial increase in its disposal fees from Regional Waste Systems. The impact on the fiscal year 2005 expenditures was \$169,000.

Development: The Town Council during the fiscal year 2005 budget hearings, decided to eliminate all funding for outside social service agencies. The impact of this decision was a reduction in expenditures of \$33,750.

Debt service: The increase is due to the impact of the first principal and interest payments for the general obligation bonds issued in February 2004. The bond proceeds were used to help renovate the old Shaw School and fund the Town's share of a new fire truck, which was jointly purchased with the Town of Windham.

The following table summarizes the fiscal year 2005 revenues by source for the Special Revenue Fund's School Operations Fund with 2004 information for comparison while the pie chart summaries the 2005 revenues by source. The information is from Statement 4.

	<u>2005</u>	<u>2004</u>	<u>\$ Chg</u>	<u>% Chg</u>
Revenues by source				
Intergovernmental	14,283,346	13,903,266	380,080	2.7%
Charges for services	21,132	-	21,132	n/a
Other	168,037	294,320	(126,283)	-42.9%
Total revenue	14,472,515	14,197,586	274,929	1.9%

The 2% increase in School Operation Fund revenues is primarily from increased state aid to education and state construction aid, which amounted to an increase of \$266,000.

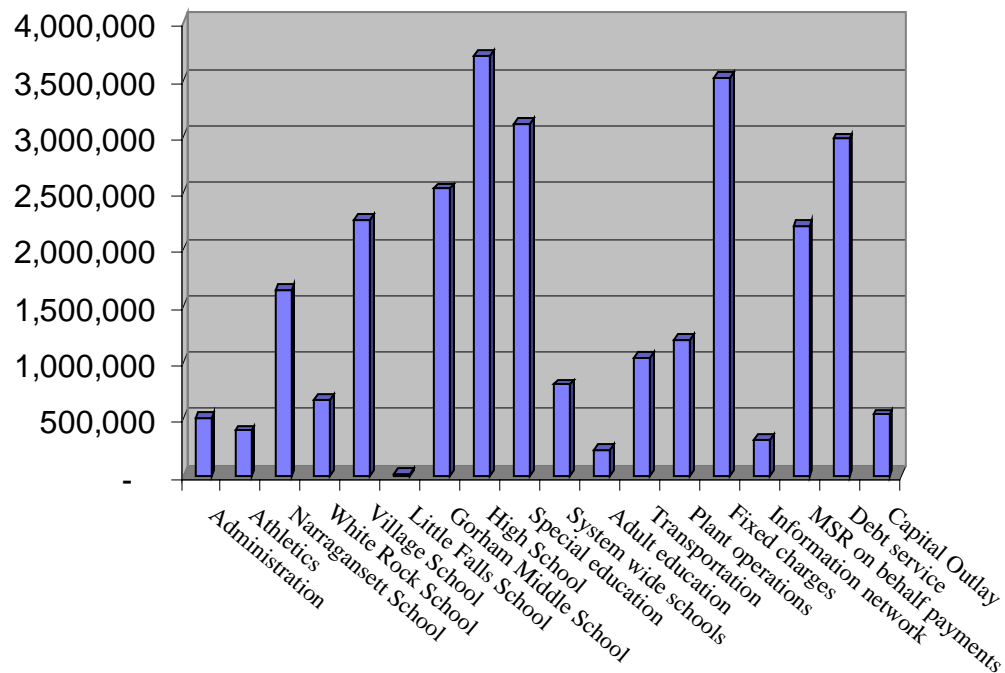
The 42.9% reduction in Other is the result of the Middle School Impact Fee going from \$250,000 in fiscal year 2004 to \$150,000 in fiscal year 2005.

The School Operations Fund's expenditures are 4.68% higher than fiscal year 2004. The four functions that saw the greatest increases are as follows. The capital outlay was up \$217,618 or 69.5% due primarily to a number of much needed capital improvement projects that the School Department was able to fund through higher revenues and lower expenditures in other functions. The fixed charges function was up \$380,776 or 12.2% primarily due to health insurance costs. The Gorham High School function was up \$328,182 or 9.7% and the Gorham Middle School function was up \$249,266 or 10.9% and both of these functions higher costs were primarily due to the teachers salaries.

The following table summarizes the School Operations Fund expenditures by function for fiscal year 2005 with 2004 information for comparison while the graph displays the expenditures by function for fiscal year 2005. Information is from Statement 4.

	<u>2005</u>	<u>2004</u>	<u>\$ Chg</u>	<u>% Chg</u>
Expenses by function				
Administration	509,260	468,096	41,164	8.79%
Athletics	393,708	368,030	25,678	6.98%
Narragansett school	1,635,006	1,853,626	(218,620)	-11.79%
White Rock school	666,154	714,339	(48,185)	-6.75%
Village school	2,254,177	2,184,525	69,652	3.19%
Little Falls school	12,302	11,176	1,126	10.08%
Gorham Middle school	2,531,221	2,281,955	249,266	10.92%
High school	3,704,281	3,376,099	328,182	9.72%
Special education	3,107,455	3,009,999	97,456	3.24%
System wide schools	798,248	779,770	18,478	2.37%
Adult education	226,168	189,543	36,625	19.32%
Transportation	1,039,720	993,489	46,231	4.65%
Plant operations	1,199,031	1,193,570	5,461	0.46%
Fixed charges	3,508,064	3,127,288	380,776	12.18%
Information network	309,829	360,290	(50,461)	-14.01%
MSR on behalf payments	2,205,447	2,183,495	21,952	1.01%
Debt service	2,972,767	2,960,503	12,264	0.41%
Capital outlay	530,573	312,955	217,618	69.54%
Total expenses	27,603,411	26,368,748	1,234,663	4.68%

2005 School Fund Expenditures by Function



The following table summarizes the fiscal year 2005 revenues by source for the Special Revenue Fund's Capital Reserve Fund with 2004 information for comparison. The information is from Statement 4.

	<u>2005</u>	<u>2004</u>	<u>\$ Chg</u>	<u>% Chg</u>
Revenue by source				
Investment income	80,750	29,063	51,687	177.8%
Unclassified	472,938	397,217	75,721	19.1%
Total revenues	553,688	426,280	127,408	29.9%

The major increase was in the unclassified revenue source. The Town pulled a developers' performance bond of \$125,000 since the developer refused to build a required sidewalk as a condition of a subdivision plan. The Town plans on building the sidewalk using these funds.

The investment income category was up as well and this is due not only to the higher interest rates received on investments during fiscal year 2005, but also the interest earned on the unspent Shaw Community/Municipal Center bond proceeds.

The following table summarizes the Capital Reserve Fund expenditures by function for fiscal year 2005 with 2004 information for comparison. Information is from Statement 4.

	<u>2005</u>	<u>2004</u>	<u>\$ Chg</u>	<u>% Chg</u>
Expenses by function				
Roads and road projects	249,278	496,510	(247,232)	-49.8%
Library and museum	29,106	152,326	(123,220)	-80.9%
Public works facilities	43,890	5,830	38,060	652.8%
Community center	483,769	249,464	234,305	93.9%
All other	301,616	644,176	(342,560)	-53.2%
Total expenses	1,107,659	1,548,306	(440,647)	-28.5%

As you can see from the above table, the Special Revenue Fund's Capital Reserve Fund expenses for fiscal year 2005 were down 28.5% or (\$440,647) from fiscal year 2004. The decrease can be seen in various functions – roads and road projects, library and museum, and all other. The fiscal year 2005 budget reduced the amount of funds available to perform road projects resulting in the decrease of (\$247,232) or (49.8%). The library project has pretty much been completed but a few residual issues have been addressed during fiscal year 2005. And finally, in fiscal year 2004, the Town jointly purchased a fire truck with the Town of Windham at a cost of \$347,500, which was reflected in the all other function's expenses.

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 \$692,701, while actual expenditures were under budgeted appropriations by \$227,022. This resulted in a positive net effect of \$919,723. However, after transfers and changes in encumbrances, and prior period adjustment for accrued compensated absences, the change in fund balance was a positive \$814,712.

The undesignated fund balance at \$4,881,372 is still a healthy figure and represents 13.1% of the total general fund and school operations fund budgeted appropriations for FY2006. 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 (\$1,716,277) is factored in the percentage drops to 8.50%. The Town's management anticipates that during the FY2007 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 2004-2005 amount of \$34,966,630 (expenditures of \$34,623,188 plus transfers of \$343,442), compared to the final budget amount of \$34,836,168 (expenditures of \$34,483,726 plus transfers of \$352,442) reflects a change of \$130,462. The change is the result of an accounting change in how the school bus maintenance charges from the Town's public works department to the School Department is reflected. In previous fiscal years, the Town recognized the expenditures associated with the school bus maintenance work with offsetting revenues, while the School Department's

Transportation Department recognized the expenditures. In fiscal year 2005, the Town is not recognizing the expenditures associated with the school bus maintenance work in the Public Works function but in the Special Revenue Funds' School Operations fund.

During fiscal year 2005, the Town Council authorized the transfer of \$9,000 from the Town's contingency account to the Special Revenue Funds' Capital Project Reserve fund to help fund the Fire Department Master Plan study. The fiscal year 2005 budget had \$15,000 appropriated for this study but the actual proposal received required additional funding.

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2005, the Town had invested \$2,474,311 in a broad range of capital assets. The following chart identifies the assets that were added during fiscal year 2005, but does not include the construction in progress projects – renovation of the old Shaw School into a community/municipal center.

Category	Description of Capital Asset		Category Total	
Historical Treasurers/Artwork				
Baxter Museum	1815 Federal Period Secretary Desk	6,500	6,500	
Land improvements				
Education	Shot Put Area and Track Extension at GHS	20,010	98,159	
	Chain Link Fence at Narragansett School	6,995		
	Roadway Gates at White Rock School	3,655		
	Chain Link Fence and Gates at GHS	27,574		
Public Works	Pavement - Parking Lot	39,925		
Buildings and building improvements				
Education	Metal Roof at Narragansett School	222,978		
	Water Heater at Gorham High School (GHS)	26,770		
	Arsenic Removal System at White Rock School	25,602		
	Air Conditioning System at GHS Library	40,183		
	Swap Pumps at Gorham Middle School (GMS)	10,212		
Public Safety	White Rock Fire Station Roof Replacement	12,548		
	White Rock Fire Station Siding	5,500		
Genl Govt	Re-roof gymnasium at Shaw Municipal/Comm Ctr	124,000		
	Re-roof over Dispatch area at Municipal Center	13,198		
				480,991
Machinery and equipment				
Education	Security System at Gorham High School	46,143		
	Power Hoists for Basketball Backboards (GMS)	6,175		
	TV Monitors	10,000		

Category	Description of Capital Asset	Category Total
Machinery and equipment		
Public Safety	(2) EVAC Command Base for T-Pass System	13,990
	Card Access System at No Gorham Fire Station	6,340
	Card Access System at White Rock Fire Station	6,290
	Card Access System at W Gorham Fire Station	6,439
	(5) Digital Eyewitness Units	28,900
	Digital Recorder	8,126
Public Works	Bale Chopper	5,350
	(2) Lawn Tractors	8,864
	Power Line Striper	4,260
		<u>150,877</u>
Vehicles		
	Public Safety, Police vehicles	62,607
	Public Safety, Fire vehicles	23,053
	Public Works vehicles	120,961
	School vehicles	221,680
		<u>428,301</u>
Infrastructure		
	Roads	1,309,483
		<u>1,309,483</u>
Total Assets Added During FY2005		<u>2,474,311</u>

During fiscal year 2005, a number of assets were transferred from one function/activity to another function/activity. The following chart shows these transfers.

Category	Function and Activity	Amount Transferred
Buildings and building improvements		
	Education, Little Falls Portable Classroom	(45,000)
	Recreation, Little Falls Portable Classroom	45,000
	Education, Shaw Jr High Portable Classroom	(45,000)
	Recreation, Shaw Jr High Portable Classroom	45,000
Vehicles		
	General Govt (Code), 1996 Chevy Caprice	(19,000)
	Public Works, 1996 Chevy Caprice	19,000
	Public Safety (Police), 1996 Jeep Cherokee	(20,308)
	General Govt (Code), 1996 Jeep Cherokee	20,308
	Public Safety (Police), 2001 Chevy Impala	(19,888)
	Public Works, 2001 Chevy Impala	19,888
	Transportation (School), 1989 Blue Bird Bus	(42,399)
	Public Safety (Fire), 1989 Blue Bird Bus	42,399
	Public Safety (Police), 2001 Chevy Impala	(19,689)
	Public Works, 2001 Chevy Impala	19,689

The depreciation expense for 2005 was \$2,502,512. The following is a summary of the Town of Gorham's Capital Assets, net of depreciation. This amount represents a net increase (including additions and deductions) of \$206,417 or 0.4%, over last fiscal year.

Capital Assets (net of depreciation)				
Governmental Activities				
	<u>2005</u>	<u>2004</u>	\$ Change	% Chg
Land	1,579,159	1,579,159	-	0.0%
Books/Historical Treasures/Artwork	1,090,274	1,083,774	6,500	0.6%
Construction in Progress	642,850	398,609	244,241	61.3%
Land improvements	3,863,000	3,925,611	(62,611)	-1.6%
Buildings and building improvements	29,752,879	30,417,492	(664,613)	-2.2%
Machinery and equipment	889,748	845,654	44,094	5.2%
Furniture and office equipment	1,392,345	1,629,509	(237,164)	-14.6%
Computer equipment	73,633	120,823	(47,190)	-39.1%
Vehicles	2,719,211	2,777,017	(57,806)	-2.1%
Infrastructure	<u>5,461,365</u>	<u>4,480,399</u>	<u>980,966</u>	<u>21.9%</u>
Totals	47,464,464	47,258,047	206,417	0.4%

The Town has appropriated \$563,565 in fiscal year 2006 for the following capital expenditures: three police cruisers, pickup truck and dump truck lease payment, a six wheel dump truck, a tandem axle plow truck, various road projects, and funds to continue the implementation of the federally mandated program to control storm water runoff. Additionally, the Council allocated \$308,071 in undesignated fund balance, which was in excess of the 8% fund balance policy to fund 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, 2005, the Town had a total of \$30,427,896 of outstanding general obligation debt, and \$5,000,000 in authorized but unissued debt. The Town's outstanding general obligation bonds as of June 30, 2005 is \$2,474,646 less than last fiscal year -- a decrease of 7.5%.

The Town of Gorham currently has an A1 rating from Moody's on its general obligation bond issues. The Town's outstanding indebtedness is only 2.8% 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

In November 2004, the citizens of Maine failed to approve the tax reform referendum question put forth by the Maine Tax Payers Action Network. However, the State legislature felt that tax reform was the number one issue they needed to address. As a result, in January 2005 the Maine legislature adopted and the governor signed into law a tax reform package known as LD1. The goal of LD1 was to increase the State's share of education costs and reduce overall property tax burden in the state. The portions of the law that impacted municipalities and school districts the most are:

1. School subsidy funding is to be based on an Essential Programs and Services (EPS) Funding Model with the State working towards the goal of funding 55% of EPS over the next five years. Note: Gorham Schools benefited from this change to the tune of an additional \$2,000,000 in state aid to education.
2. Established a municipal spending limitation system with the goal of limiting a municipalities' property tax levy. The limit is increased on an annual basis by an index based on statewide personal income growth and growth in local taxable values. There is an override feature in the law. Note: The Gorham Town Council passed an override for the 2006 budget due to the impact of the new debt service for the renovation of the old Shaw School to a Community/Municipal Center.
3. Change the existing homestead exemption program from a 3-tiered exemption with 100% reimbursement by the State to a municipality, to a flat \$13,000 with 50% reimbursement to the municipality by the State. With only a 50% reimbursement from the State, municipalities needed to cover the remaining 50% exemption amount by shifting the tax burden to commercial and other properties not eligible or not participating in the homestead exemption program.

On May 10, 2005, the Town Council approved a total gross appropriation of \$37,226,212 to fund municipal and education operations, and the county tax. This is an increase of \$2,259,582 or 6.5% over the FY2005 appropriation. After applying non-property tax revenues, transfers and use of fund balance the FY2006 net appropriation is \$17,339,657, a decrease of \$395,035 or -2.23%. This decrease is primarily due to the additional state aid to education the Gorham School Department will receive during fiscal year 2006.

The assessed valuation for the Town went from \$886,734,600 to \$889,213,200, a .28% increase. Although it appears that the Town's assessed valuation only grew \$2,478,600, it should be noted that as indicated above, the Town needed to "absorb" 50% of the increased homestead exemption, which accounted for \$19,468,800 of "lost" value.

The Town of Gorham's tax rate went from \$20.00 to \$19.50, a decrease of 2.5%.

The Town's municipal appropriation is \$10,432,290, a 10.8% increase over the FY2005 budget. Included in the municipal budget are funds for the new principal and interest debt payments for the project to convert the Shaw School into a Community Center – from the \$5,000,000 bond issue, \$168,000 in additional funding for road projects over the FY2005 appropriation, and \$176,000 to fund the purchase of a six wheel dump and tandem axle plow truck. An increase in non-property tax revenues, primarily vehicle excise taxes, of \$257,967 or 4.9%, transfers from the TIF Fund and Capital Reserve Fund, have resulted in a net appropriation of \$4,663,023, an increase of 14.9% or \$604,046. The municipal tax rate will go from \$5.06 to \$5.76.

The Town's education budget is \$26,116,451, a 4.9% or \$1,227,008 increase over the FY2005 budget. The major components of the budget increase included:

- 3.9% for existing programs (mainly increases in salary and benefits)
- 0.5% for needed new positions
- 0.5% for previously grant funded positions

Although the School Department saw a reduction in their use of fund balance with a slight increase in the middle school impact fees (these are used to help pay the debt service on the new middle school), and a substantial increase in State Aid to Education funding, the net education appropriation is \$11,540,653, a decrease of \$1,047,633 or –8.3% from FY2005. The results is an education tax rate decrease of \$1.22 or 8.57%, and will go from \$14.20 per thousand to \$12.98 per thousand.

The county tax assessment was up 2.65% or \$17,494, resulting in a slight increase in the tax rate for the County Tax. The rate went from \$0.74 to \$0.76.

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, 270 Main Street, Gorham, Maine 04038.

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BASIC FINANCIAL STATEMENTS

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TOWN OF GORHAM, MAINE
Statement of Net Assets
June 30, 2005

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 236,996
Investments	14,461,441
Receivables:	
Accounts	317,756
Intergovernmental	138,786
Rescue receivable (net of allowance of \$70,000)	76,582
Taxes receivable - current year	551,386
Taxes receivable - prior year	2,627
Tax liens	208,803
Notes	12,561
Inventory	31,187
Other	2,443,561
Non-depreciable capital assets	3,312,283
Depreciable capital assets, net	44,152,181
Total assets	65,946,150
LIABILITIES	
Accounts payable and other current liabilities	909,850
Accrued wages and benefits	2,124,382
Performance bond deposits	2,443,561
Middle School impact fees	244,703
Noncurrent liabilities	
Due within one year	2,633,352
Due in more than one year	29,125,085
Total liabilities	37,480,933
NET ASSETS	
Invested in capital assets, net of related debt	16,377,091
Restricted for:	
Nonexpendable trust principal	352,781
Unrestricted	11,735,345
Total net assets	\$ 28,465,217

See accompanying notes to financial statements.

TOWN OF GORHAM, MAINE
Statement of Activities
For the Year Ended June 30, 2005

					Net (expense) revenue and changes in net assets	
		Program Revenues			Primary Governmental activities	
Functions/programs	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions		
Primary government:						
Governmental activities:						
General government	\$	2,718,015	553,250	-	101,216	(2,063,549)
Public safety		2,896,737	265,997	29,780	31,340	(2,569,620)
Public works		1,894,758	1,205,385	392,718	150,187	(146,468)
Health & welfare		52,415	12,186	10,221	-	(30,008)
Recreation		893,350	54,764	13,795	207,870	(616,921)
Development		377,263	99,721	-	-	(277,542)
County tax		659,977	-	-	-	(659,977)
Education		27,961,877	660,199	15,792,072	-	(11,509,606)
Interest on debt		1,306,889	-	-	-	(1,306,889)
Total governmental activities		38,761,281	2,851,502	16,238,586	490,613	(19,180,580)
Total primary government	\$	38,761,281	2,851,502	16,238,586	490,613	(19,180,580)
General revenues:						
Property taxes, levied for general purposes						17,234,005
Payment in lieu of taxes						51,083
Motor vehicle and boat excise taxes						2,359,645
Grants and contributions not restricted to specific programs:						
Homestead exemption						369,434
Other State aid						27,807
State Revenue Sharing						1,302,053
Unrestricted investment earnings						273,500
Miscellaneous revenues						245,789
Special item - bond refunding						-
Transfers						-
Total general revenues and transfers						21,863,316
Change in net assets						2,682,736
Net assets - beginning						25,782,481
Net assets - ending						28,465,217

See accompanying notes to financial statements.

TOWN OF GORHAM, MAINE
Balance Sheet
Governmental Funds
June 30, 2005

	General	School Operations Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Assets:					
Cash	\$ 5,000	-	-	231,996	236,996
Investments	8,382,316	-	4,548,921	1,530,204	14,461,441
Receivables:					
Accounts	167,221	721	-	149,814	317,756
Rescue receivable (net of allowance of \$60,000)	76,582	-	-	-	76,582
Taxes receivable - current year	551,386	-	-	-	551,386
Taxes receivable - prior year	2,627	-	-	-	2,627
Tax liens	208,803	-	-	-	208,803
Notes	-	-	12,561	-	12,561
Due from other governments	-	72,626	-	66,160	138,786
Interfund loans receivable	-	1,170,257	86,584	1,574,939	2,831,780
Other assets - performance bonds & impact fees	2,443,561	-	-	-	2,443,561
Inventory	11,187	-	-	20,000	31,187
Total assets	\$ 11,848,683	1,243,604	4,648,066	3,573,113	21,313,466
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	420,227	48,837	157,822	6,346	633,232
Accrued wages and benefits	160,670	1,963,712	-	-	2,124,382
Compensated absences payable	-	-	-	-	-
Interfund loans	2,299,591	104,261	7,972	419,956	2,831,780
Deferred tax revenues	480,000	-	-	-	480,000
Performance bond deposits	2,443,561	-	-	-	2,443,561
Middle school impact fees	244,703	-	-	-	244,703
Total liabilities	6,048,752	2,116,810	165,794	426,302	8,757,658
Fund balances:					
Reserved for:					
Noncurrent receivables/encumbrances	379,300	561,390	12,561	-	953,251
Nonexpendable trust principal	-	-	-	352,781	352,781
Inventory	11,187	-	-	20,000	31,187
Unreserved:					
Designated	528,072	281,681	4,331,257	-	5,141,010
Undesignated, reported in:					
General fund	4,881,372	-	-	-	4,881,372
Special revenue funds	-	(1,716,277)	138,454	1,883,238	305,415
Capital projects funds	-	-	-	674,738	674,738
Permanent funds	-	-	-	216,054	216,054
Total fund balances	5,799,931	(873,206)	4,482,272	3,146,811	12,555,808
Total liabilities and fund balances	\$ 11,848,683	1,243,604	4,648,066	3,573,113	

See accompanying notes to financial statements.

Continued

TOWN OF GORHAM, MAINE
Balance Sheet
Governmental Funds
June 30, 2005

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	\$ 12,555,808
-------------------------------------------------------------	---------------

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	\$ 3,312,283	
Depreciable capital assets, net	44,152,181	47,464,464

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

General obligation bonds	\$ 30,427,896	
Capital leases	659,477	
Compensated absences	671,064	
Accrued interest payable	276,618	(32,035,055)

Deferred revenues -- more specifically, property taxes not
reported on Statement 1

480,000

Net assets of governmental activities	\$ 28,465,217
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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, 2005

	General	School Operations Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 19,353,785	-	-	251,748	19,605,533
Licenses and permits	478,148	-	-	-	478,148
Intergovernmental	2,102,286	14,283,346	-	1,503,726	17,889,358
Investment income	110,166	-	80,750	28,701	219,617
Charges for services	885,825	21,132	-	803,113	1,710,070
Unclassified	167,569	168,037	472,938	690,747	1,499,291
Total revenues	23,097,779	14,472,515	553,688	3,278,035	41,402,017
Expenditures:					
Current:					
General government	2,579,082	-	-	-	2,579,082
Public safety	2,680,546	-	-	-	2,680,546
Public works	2,146,064	-	-	534,636	2,680,700
Health & welfare	52,199	-	-	-	52,199
Recreation	626,606	-	-	-	626,606
Development	180,108	-	-	-	180,108
County tax	659,977	-	-	-	659,977
Unclassified	-	-	-	1,120,904	1,120,904
Education	-	24,100,071	-	1,372,392	25,472,463
Debt service					
Principal	368,140	1,910,148	-	196,358	2,474,646
Interest and other charges	202,433	1,062,619	-	56,671	1,321,723
Capital maintenance	-	530,573	383,506	-	914,079
Capital improvements	-	-	724,153	188,477	912,630
Total expenditures	9,495,155	27,603,411	1,107,659	3,469,438	41,675,663
Excess (deficiency) of revenues over (under) expenditures	13,602,624	(13,130,896)	(553,971)	(191,403)	(273,646)
Other financing sources (uses):					
Capital lease proceeds	-	221,680	122,628	-	344,308
Long-term debt issued	-	-	-	-	-
Transfers in	125,232	12,588,286	507,726	58,299	13,279,543
Transfers out	(13,154,311)	-	(66,933)	(58,299)	(13,279,543)
Total other financing sources (uses)	(13,029,079)	12,809,966	563,421	-	344,308
Net change in fund balances	573,545	(320,930)	9,450	(191,403)	70,662
Fund balances (deficit), beginning of year	4,985,219	(552,276)	4,472,822	3,338,214	12,243,979
Prior period adjustment - accrued compensated absences	241,167	-	-	-	241,167
Fund balances (deficit), beginning of year (as restated)	5,226,386	(552,276)	4,472,822	3,338,214	12,485,146
Fund balances (deficit), end of year	\$ 5,799,931	(873,206)	4,482,272	3,146,811	12,555,808

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, 2005

Net change in fund balances - total governmental funds (from Statement 4)	\$ 70,662
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 capital outlays (\$2,708,929) exceeded depreciation expense (\$2,502,512) in the current period.	206,417
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	42,000
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayments. (Note 10)	2,474,646
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)	(8,917)
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)	(124,806)
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.	22,734
Change in net assets of governmental activities (see Statement 2)	\$ 2,682,736

See accompanying notes to financial statements.

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, 2005

	General Fund				Budgeted Special Revenue Funds School Operations Fund			
	Budgeted amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Taxes	\$ 19,163,706	19,163,706	19,353,785	190,079	-	-	-	-
Licenses and permits	300,750	300,750	478,148	177,398	-	-	-	-
Intergovernmental	1,822,534	1,822,534	2,102,286	279,752	11,748,225	11,748,225	12,077,899	329,674
Investment income	100,000	100,000	110,166	10,166	-	-	-	-
Charges for services	1,022,631	892,169	885,825	(6,344)	17,000	17,000	21,132	4,132
Other revenues	125,919	125,919	167,569	41,650	165,000	165,000	168,037	3,037
Total revenues	22,535,540	22,405,078	23,097,779	692,701	11,930,225	11,930,225	12,267,068	336,843
Expenditures:								
Current:								
General government	1,010,504	992,524	974,946	17,578	-	-	-	-
Public safety	2,696,132	2,696,132	2,685,773	10,359	-	-	-	-
Public works	1,987,633	1,882,131	1,959,597	(77,466)	-	-	-	-
Health & welfare	67,218	67,218	52,199	15,019	-	-	-	-
Recreation	628,482	628,482	633,109	(4,627)	-	-	-	-
Development	198,025	198,025	193,520	4,505	-	-	-	-
Insurances and employee benefits	1,743,793	1,739,833	1,507,344	232,489	-	-	-	-
Education	-	-	-	-	24,889,443	24,889,443	25,207,799	(318,356)
County tax	659,977	659,977	659,977	-	-	-	-	-
Unclassified	146,809	134,789	122,323	12,466	-	-	-	-
Debt service	595,172	595,172	578,473	16,699	-	-	-	-
Total expenditures	9,733,745	9,594,283	9,367,261	227,022	24,889,443	24,889,443	25,207,799	(318,356)
Excess (deficiency) of revenues over (under) expenditures	12,801,795	12,810,795	13,730,518	919,723	(12,959,218)	(12,959,218)	(12,940,731)	18,487
Other financing sources (uses):								
Utilization of prior year surplus	-	-	-	-	370,932	370,932	-	(370,932)
Transfers to school fund	(12,588,286)	(12,588,286)	(12,588,286)	-	12,588,286	12,588,286	12,588,286	-
Transfers to special revenue - economic development	(63,000)	(63,000)	(58,299)	4,701	-	-	-	-
Transfers to special revenue - capital reserve	(280,442)	(289,442)	(507,726)	(218,284)	-	-	-	-
Transfers in special revenue - TIF and capital reserve	129,933	129,933	125,232	(4,701)	-	-	-	-
Total other financing sources (uses)	(12,801,795)	(12,810,795)	(13,029,079)	(218,284)	12,959,218	12,959,218	12,588,286	(370,932)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses - budgetary basis	-	-	701,439	701,439	-	-	(352,445)	(352,445)
Reconciliation to GAAP basis:								
Change in accrued payroll				-			(38,123)	
Change in encumbrances				(127,894)			69,638	
Net change in fund balance			573,545				(320,930)	
Fund balance (deficit), beginning of year, as previously reported			4,985,219				(552,276)	
Prior period adjustment - accrued compensated absences			241,167				-	
Fund balance (deficit), beginning of year, as restated			5,226,386				(552,276)	
Fund balance (deficit), end of year	\$		5,799,931				(873,206)	

See accompanying notes to financial statements.

TOWN OF GORHAM, MAINE
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2005

		Agency Fund (School Activity)	Private Purpose Trust Fund (Scholarships)	Total
ASSETS				
Cash	\$	215,361	-	215,361
Investments		-	30,349	30,349
Total assets		215,361	30,349	245,710
LIABILITIES AND NET ASSETS				
Liabilities:				
Due to student groups		215,361	-	215,361
Accounts payable		-	450	450
Total liabilities		215,361	450	215,811
Net assets:				
Held in trust	\$	-	29,899	29,899

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, 2005

	Private Purpose Trust Fund (Scholarships)
Additions:	
Donations	\$ 500
Investment income	472
Total additions	972
Deductions:	
Scholarships awarded	450
Total deductions	450
Change in net assets	522
Net assets, beginning of year	29,377
Net assets, end of year	\$ 29,899

See accompanying notes to financial statements.

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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.

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TOWN OF GORHAM, MAINE
Comparative Balance Sheets - General Fund
June 30, 2005 and 2004

	2005	2004
ASSETS		
Cash	\$ 5,000	3,137
Investments	8,382,316	8,112,763
Receivables:		
Accounts	167,221	100,450
Rescue receivable (net of allowance of \$70,000 and 60,000)	76,582	138,994
Taxes receivable - current year	551,386	483,208
Taxes receivable - prior year	2,627	19,707
Tax liens	208,803	216,654
Inventory	11,187	16,676
Other assets - performance bonds	2,443,561	1,726,702
Total assets	\$ 11,848,683	10,818,291
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and payroll withholdings	420,227	437,952
Accrued wages and benefits	160,670	141,421
Compensated absences payable	-	241,167
Interfund loans	2,299,591	2,645,189
Deferred tax revenues	480,000	438,000
Middle school impact fees	244,703	202,641
Performance bond deposits	2,443,561	1,726,702
Total liabilities	6,048,752	5,833,072
Fund balance:		
Reserved for:		
Encumbrances	379,300	507,194
Inventory	11,187	16,676
Unreserved:		
Designated	528,072	249,365
Undesignated	4,881,372	4,211,984
Total fund balance	5,799,931	4,985,219
Total liabilities and fund balance	\$ 11,848,683	10,818,291

TOWN OF GORHAM, MAINE
General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year ended June 30, 2005

(with comparative actual amounts for the year ended June 30, 2004)

	2005		Variance Positive (Negative)	2004 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 16,938,706	16,982,257	43,551	16,036,194
Change in deferred property tax revenue	-	(42,000)	(42,000)	36,000
Excise taxes	2,155,000	2,359,645	204,645	2,267,577
Interest and costs on taxes	70,000	53,883	(16,117)	65,968
Total taxes	19,163,706	19,353,785	190,079	18,405,739
Licenses and permits:				
Building permits	195,000	329,629	134,629	273,512
Plumbing/electrical fees	21,000	32,076	11,076	23,282
Motor vehicle renewal fees	47,000	50,055	3,055	49,839
Town clerk fees	32,700	45,789	13,089	43,949
Other	5,050	20,599	15,549	12,897
Total licenses and permits	300,750	478,148	177,398	403,479
Intergovernmental:				
State revenue sharing	1,215,000	1,302,053	87,053	1,236,201
Homestead exemption	368,534	369,434	900	410,820
Highway block grant	205,000	240,788	35,788	205,148
DARE	-	53	53	(2,865)
Other state grants	19,000	27,807	8,807	27,119
FEMA reimbursement	-	151,930	151,930	-
Human services assistance	15,000	10,221	(4,779)	12,604
Total intergovernmental	1,822,534	2,102,286	279,752	1,889,027
Investment income	100,000	110,166	10,166	45,782
Charges for services:				
Recreation fees	30,000	20,028	(9,972)	63,145
Fire and rescue fees	317,100	239,677	(77,423)	308,867
Subdivision/development fees	36,660	91,901	55,241	53,198
Sewer inspection fees	1,900	7,820	5,920	2,310
Miscellaneous public works	4,100	7,858	3,758	3,593
Cable TV franchise fee	87,009	75,102	(11,907)	71,513
Solid waste user charges	381,500	404,619	23,119	409,903
Police fees, fines and outside work	21,400	26,320	4,920	23,405
University of Southern Maine assistance	12,500	12,500	-	12,500
Total charges for services	892,169	885,825	(6,344)	948,434

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

	2005		Variance Positive (Negative)	2004 Actual
	Budget	Actual		
Revenues, continued:				
Other Revenues:				
Cemetery income	8,000	7,470	(530)	7,240
Rent	46,080	46,080	-	46,080
Recreation reimbursement	-	34,736	34,736	61,838
Senior Mealsite	10,500	12,186	1,686	13,712
Payment in lieu of taxes	52,439	51,083	(1,356)	52,922
Miscellaneous	8,900	16,014	7,114	19,071
Total other revenues	125,919	167,569	41,650	200,863
Total revenues	22,405,078	23,097,779	692,701	21,893,324
Expenditures:				
Current:				
General government:				
Administration	396,310	394,694	1,616	487,020
Assessing	123,523	121,811	1,712	117,608
Code enforcement	121,458	120,586	872	112,748
Elections	227,743	226,422	1,321	139,470
Municipal center	123,490	111,433	12,057	119,193
Total general government	992,524	974,946	17,578	976,039
Public Safety:				
Police department	1,268,819	1,267,055	1,764	1,220,279
Fire department	629,367	650,848	(21,481)	606,143
Rescue squad	371,791	349,580	22,211	338,964
Public utilities	110,500	105,301	5,199	108,263
Communications	315,655	312,989	2,666	285,126
Total public safety	2,696,132	2,685,773	10,359	2,558,775
Public Works:				
Public works maintenance	1,104,979	1,234,859	(129,880)	1,072,763
Solid waste removal	777,152	724,738	52,414	782,604
Total public works	1,882,131	1,959,597	(77,466)	1,855,367
Health and Welfare	67,218	52,199	15,019	57,263
Recreation:				
Baxter memorial library	384,740	382,339	2,401	368,856
Baxter museum	8,009	6,367	1,642	2,570
Little falls library	1,800	1,800	-	1,800
North gorham library	12,500	12,593	(93)	12,500
Parks and conservation	500	(29)	529	500
Recreation	179,133	177,637	1,496	205,789
Community Center	41,800	52,402	(10,602)	12,828
Total recreation	628,482	633,109	(4,627)	604,843

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

	2005		Variance Positive (Negative)	2004 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Development:				
Planning	181,634	178,829	2,805	175,509
Social services	600	600	-	34,350
Appeals board/assessment appeals	1,650	657	993	690
G.P.C.O.G.	14,141	13,434	707	14,141
Total Development	198,025	193,520	4,505	224,690
Insurances:				
Multi peril policy	130,000	121,044	8,956	107,803
Public liability	11,500	11,307	193	14,918
Worker's compensation	112,559	97,263	15,296	98,692
MMA insurance premium	11,000	10,910	90	10,644
Total insurance	265,059	240,524	24,535	232,057
Employee Benefits:				
Group life insurance	700	640	60	567
Retirement	204,904	153,783	51,121	138,184
Major medical insurance	939,968	796,449	143,519	849,581
Direct unemployment compensation	2,500	2,494	6	20,000
Social security	325,702	312,854	12,848	306,486
Employee assistance program	1,000	600	400	552
Total employee benefits	1,474,774	1,266,820	207,954	1,315,370
Intergovernmental - County Tax	659,977	659,977	-	645,663
Unclassified:				
Contingency	51,680	42,716	8,964	50,800
Town clock	500	1,300	(800)	500
Memorial day	2,100	1,668	432	1,908
Gorham cable TV	79,009	69,488	9,521	70,114
Gorham sno-goers	1,500	-	1,500	-
Miscellaneous unbudgeted	-	7,151	(7,151)	(65,618)
Total unclassified	134,789	122,323	12,466	57,704
Debt service (excluding education):				
Principal	368,141	368,140	1	225,161
Interest	227,031	210,333	16,698	144,572
Total debt service	595,172	578,473	16,699	369,733

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

	2005		Variance Positive (Negative)	2004 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Capital outlays:				
Capital improvements	-	-	-	-
Total capital outlay	-	-	-	-
Total expenditures	9,594,283	9,367,261	227,022	8,897,504
Excess of revenues over expenditures	12,810,795	13,730,518	919,723	12,995,820
Other financing sources (uses):				
Transfers to school fund	(12,588,286)	(12,588,286)	-	(11,664,279)
Transfers to special revenue - economic development	(63,000)	(58,299)	4,701	(60,036)
Transfers to special revenue - capital reserve	(289,442)	(507,726)	(218,284)	(873,343)
Transfers in from special revenue - TIF and capital reserve funds	129,933	125,232	(4,701)	-
Total other financing sources (uses)	(12,810,795)	(13,029,079)	(218,284)	(12,597,658)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses - budgetary basis		701,439	701,439	398,162
Reconciliation to GAAP basis:				
Change in accrued compensated absences		-		(330)
Change in encumbrances		(127,894)		168,288
		(127,894)		167,958
Net change in fund balance		573,545		566,120
Fund balance, beginning of year, as previously reported		4,985,219		4,419,099
Prior period adjustment -- accrued compensated absences		241,167		-
Fund balance, beginning of year, as restated		5,226,386		4,419,099
Fund balance, end of year	\$	5,799,931		4,985,219

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ALL OTHER GOVERNMENTAL FUNDS

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TOWN OF GORHAM, MAINE
Combining Balance Sheet
All Other Governmental Funds
June 30, 2005

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
ASSETS				
Cash	\$ 231,996	-	-	231,996
Investments	59,130	877,025	594,049	1,530,204
Accounts receivable	149,814	-	-	149,814
Intergovernmental	66,160	-	-	66,160
Inventory	20,000	-	-	20,000
Interfund loans receivable	1,538,912	29,044	6,983	1,574,939
Total assets	\$ 2,066,012	906,069	601,032	3,573,113
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	800	-	5,546	6,346
Interfund loans payable	161,974	231,331	26,651	419,956
Total liabilities	162,774	231,331	32,197	426,302
Fund balances:				
Reserved for:				
Inventory	20,000	-	-	20,000
Unreserved:				
Designated	-	-	352,781	352,781
Undesignated	1,883,238	674,738	216,054	2,774,030
Total fund balance	1,903,238	674,738	568,835	3,146,811
Total liabilities and fund balances	\$ 2,066,012	906,069	601,032	3,573,113

TOWN OF GORHAM, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Other Governmental Funds
For the year ended June 30, 2005

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
Revenues:				
Property taxes	\$ 251,748	-	-	251,748
Intergovernmental	1,503,726	-	-	1,503,726
Investment income	2,542	17,810	8,349	28,701
Other revenue	1,473,408	5,000	15,452	1,493,860
Total revenues	3,231,424	22,810	23,801	3,278,035
Expenditures:				
Current:				
Education	1,372,392	-	-	1,372,392
Public works - sewer	534,636	-	-	534,636
Other:				
Food services	875,101	-	-	875,101
Miscellaneous	202,764	-	43,039	245,803
Debt service:				
Principal	194,000	-	2,358	196,358
Interest and other costs	56,411	-	260	56,671
Capital improvements	-	188,477	-	188,477
Total expenditures	3,235,304	188,477	45,657	3,469,438
Excess (deficiency) of revenues over (under) expenditures	(3,880)	(165,667)	(21,856)	(191,403)
Other financing sources (uses):				
Transfer from other funds	58,299	-	-	58,299
Transfer to other funds	(58,299)	-	-	(58,299)
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(3,880)	(165,667)	(21,856)	(191,403)
Fund balances, beginning of year	1,907,118	840,405	590,691	3,338,214
Fund balances, end of year	\$ 1,903,238	674,738	568,835	3,146,811

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.

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

TIF Fund -- To account for the activity of the Gorham Industrial Park redevelopment district, and the Grondin-ODAT development district.

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TOWN OF GORHAM, MAINE
Combining Balance Sheet
Special Revenue Funds
June 30, 2005

(with comparative actual amounts for the year ended June 30, 2004)

			Little Falls								Totals	
	School Special Revenue Funds	School Lunch Fund	Sewer Operations	Sewer Reserve and Loan Fund	Economic Development Fund	Recreation Funds	Public Safety Funds	Gorham Senior Citizens	TIF Fund		2005	2004
ASSETS												
Cash	\$ -	161,234	-	-	16,088	11,573	43,101	-	-		231,996	210,551
Investments	-	-	-	49,142	-	-	-	9,988	-		59,130	58,215
Accounts receivable	-	1,997	147,817	-	-	-	-	-	-		149,814	162,328
Due from other governments	54,930	11,230	-	-	-	-	-	-	-		66,160	75,791
Inventory	-	20,000	-	-	-	-	-	-	-		20,000	24,466
Interfund loans receivable	227,879	-	950,726	14,552	23,577	-	-	-	322,178		1,538,912	1,516,511
Total assets	\$ 282,809	194,461	1,098,543	63,694	39,665	11,573	43,101	9,988	322,178		2,066,012	2,047,862
LIABILITIES AND FUND BALANCES												
Liabilities:												
Accounts payable	800	-	-	-	-	-	-	-	-		800	11,944
Interfund loans payable	21,037	140,937	-	-	-	-	-	-	-		161,974	128,800
Total liabilities	21,837	140,937	-	-	-	-	-	-	-		162,774	140,744
Fund balances:												
Reserved for:												
Inventory	-	20,000	-	-	-	-	-	-	-		20,000	24,466
Unreserved:												
Undesignated	260,972	33,524	1,098,543	63,694	39,665	11,573	43,101	9,988	322,178		1,883,238	1,882,652
Total fund balances	260,972	53,524	1,098,543	63,694	39,665	11,573	43,101	9,988	322,178		1,903,238	1,907,118
Total liabilities and fund balances	\$ 282,809	194,461	1,098,543	63,694	39,665	11,573	43,101	9,988	322,178		2,066,012	2,047,862

TOWN OF GORHAM, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Special Revenue Funds
For the year ended June 30, 2005
(with comparative actual amounts for the year ended June 30, 2004)

	School Special Revenue Funds	School Lunch Fund	Sewer Operations	Little Falls Sewer Reserve and Loan Fund	Economic Development Fund	Recreation Funds	Public Safety Funds	Gorham Senior Citizens	TIF Fund	Totals	
										2005	2004
Revenues:											
Intergovernmental:											
Federal grants	843,313	-	-	-	-	-	-	-	-	843,313	784,265
Other state grants	439,977	-	-	-	-	-	-	-	-	439,977	227,065
USDA subsidies	-	220,436	-	-	-	-	-	-	-	220,436	223,592
Total intergovernmental	1,283,290	220,436	-	-	-	-	-	-	-	1,503,726	1,234,922
Investment Income	-	1,591	-	760	37	-	-	154	-	2,542	(122)
Other Revenues:											
Property taxes	-	-	-	-	-	-	-	-	251,748	251,748	217,356
Hannaford payment	-	-	17,675	-	-	-	-	-	-	17,675	18,718
User fees	-	-	785,438	-	-	-	-	-	-	785,438	834,743
Miscellaneous	-	639,067	-	-	206	13,795	17,227	-	-	670,295	675,565
Total other revenues	-	639,067	803,113	-	206	13,795	17,227	-	251,748	1,725,156	1,746,382
Total revenues	\$ 1,283,290	861,094	803,113	760	243	13,795	17,227	154	251,748	3,231,424	2,981,182
Expenditures:											
Current:											
Education:											
Federal education grants	993,472	-	-	-	-	-	-	-	-	993,472	642,946
State grants and special uses	378,920	-	-	-	-	-	-	-	-	378,920	310,040
Total education	1,372,392	-	-	-	-	-	-	-	-	1,372,392	952,986
Public works - sewer costs	-	-	534,636	-	-	-	-	-	-	534,636	507,780
Other:											
Food services	-	875,101	-	-	-	-	-	-	-	875,101	848,927
Miscellaneous	-	-	-	-	58,299	12,890	15,074	-	116,501	202,764	252,584
Total other	-	875,101	-	-	58,299	12,890	15,074	-	116,501	1,077,865	1,101,511
Debt Service:											
Principal	-	-	194,000	-	-	-	-	-	-	194,000	179,400
Interest	-	-	56,411	-	-	-	-	-	-	56,411	70,345
Total debt service	-	-	250,411	-	-	-	-	-	-	250,411	249,745
Total expenditures	1,372,392	875,101	785,047	-	58,299	12,890	15,074	-	116,501	3,235,304	2,812,022

TOWN OF GORHAM, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Special Revenue Funds
For the year ended June 30, 2005
(with comparative actual amounts for the year ended June 30, 2004)

	School Special Revenue Funds	School Lunch Fund	Sewer Operations	Little Falls Sewer Reserve and Loan Fund	Economic Development Fund	Recreation Funds	Public Safety Funds	Gorham Senior Citizens	TIF Fund	Totals	
										2005	2004
Excess (deficiency) of revenues over (under) expenditures	(89,102)	(14,007)	18,066	760	(58,056)	905	2,153	154	135,247	(3,880)	169,160
Other financing sources (uses):											
Transfers in	-	-	-	-	58,299	-	-	-	-	58,299	60,036
Transfers out		-	-	-	-	-	-	-	(58,299)	(58,299)	(30,126)
Total other financing sources (uses)	-	-	-	-	58,299	-	-	-	(58,299)	-	29,910
Net change in fund balance	(89,102)	(14,007)	18,066	760	243	905	2,153	154	76,948	(3,880)	199,070
Fund balances, beginning of year	350,074	67,531	1,080,477	62,934	39,422	10,668	40,948	9,834	245,230	1,907,118	1,708,048
Fund balances, end of year	\$ 260,972	53,524	1,098,543	63,694	39,665	11,573	43,101	9,988	322,178	1,903,238	1,907,118

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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.

Narragansett School Roof Project

To account for the replacement of the Narragansett School roof.

Various School Projects

To account for various maintenance projects for the School Department.

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TOWN OF GORHAM, MAINE

Combining Balance Sheet

Capital Project Funds

June 30, 2005

(with comparative actual amounts for the year ended June 30, 2004)

	Middle School Project	Narragansett School Roof Project	Various School Project	Totals	
				2005	2004
ASSETS					
Investments	\$ 467,426	409,599	-	877,025	1,083,215
Interfund receivables	-	-	29,044	29,044	30,561
Total assets	\$ 467,426	409,599	29,044	906,069	1,113,776
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	-	-	-	-	128,948
Interfund loans	7,439	223,892	-	231,331	144,423
Total liabilities	7,439	223,892	-	231,331	273,371
Fund balances:					
Unreserved, undesignated	459,987	185,707	29,044	674,738	840,405
Total fund balances	459,987	185,707	29,044	674,738	840,405
Total liabilities and fund balances	\$ 467,426	409,599	29,044	906,069	1,113,776

TOWN OF GORHAM, MAINE
Capital Project Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2005
(with comparative actual amounts for the year ended June 30, 2004)

	Middle School Project	Narragansett School Roof Project	Various School Projects	Totals	
				2005	2004
Revenues:					
Interest income	\$ 10,130	7,680	-	17,810	18,469
Miscellaneous income	-	-	5,000	5,000	-
Total revenues	10,130	7,680	5,000	22,810	18,469
Expenditures:					
Capital improvements:					
Construction and renovation	107,263	74,697	6,517	188,477	4,225,466
Total capital improvements	107,263	74,697	6,517	188,477	4,225,466
Total expenditures	107,263	74,697	6,517	188,477	4,225,466
Excess (deficiency) of revenues over (under) expenditures	(97,133)	(67,017)	(1,517)	(165,667)	(4,206,997)
Other financing sources:					
Long-term debt issued	-	-	-	-	400,000
Transfers - in	-	-	-	-	30,126
Transfers - out	-	-	-	-	(39,841)
Total other financing sources	-	-	-	-	390,285
Net change in fund balance	(97,133)	(67,017)	(1,517)	(165,667)	(3,816,712)
Fund balances, beginning of year	557,120	252,724	30,561	840,405	4,657,117
Fund balances, end of year	\$ 459,987	185,707	29,044	674,738	840,405

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.

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TOWN OF GORHAM, MAINE
Combining Balance Sheet
Permanent Funds
June 30, 2005

(with comparative actual amounts for the year ended June 30, 2004)

	Cemetery Perpetual Care	Parks and Recreation Grounds	Baxter Library and Museum	Schools	Public Purpose and Civic Improvements	Miscellaneous	Totals	
							2005	2004
ASSETS								
Investments	\$ 161,605	12,328	212,895	37,701	14,253	155,267	594,049	608,097
Interfund loans receivable	6,875	-	108	-	-	-	6,983	3,439
Total assets	168,480	12,328	213,003	37,701	14,253	155,267	601,032	611,536
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	5,546	-	-	-	-	-	5,546	-
Interfund loans	-	-	26,035	-	-	616	26,651	20,845
Total liabilities	5,546	-	26,035	-	-	616	32,197	20,845
Fund balances:								
Principal	162,922	4,124	109,694	5,171	9,372	61,498	352,781	354,163
Unexpended income	12	8,204	77,274	32,530	4,881	93,153	216,054	236,528
Total fund balances	162,934	12,328	186,968	37,701	14,253	154,651	568,835	590,691
Total liabilities and fund balances	\$ 168,480	12,328	213,003	37,701	14,253	155,267	601,032	611,536

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

Permanent Funds

For the year ended June 30, 2005

(with comparative actual amounts for the year ended June 30, 2004)

		Cemetery Perpetual Care	Parks and Recreation Grounds	Baxter Library and Museum	Schools	Public Purpose and Civic Improvements	Miscellaneous	Totals	
								2005	2004
Revenues:									
Investment income	\$	2,514	190	3,556	584	221	1,284	8,349	(1,503)
Other miscellaneous		-	-	-	-	-	-	-	1,928
Donations		6,875	-	8,077	-	-	500	15,452	17,822
Total revenues		9,389	190	11,633	584	221	1,784	23,801	18,247
Expenditures:									
Current:									
Debt Service:									
Principal		-	-	2,358	-	-	-	2,358	2,358
Interest and other charges		-	-	260	-	-	-	260	433
Other miscellaneous		10,929	-	31,494	-	-	616	43,039	31,437
Total expenditures		10,929	-	34,112	-	-	616	45,657	34,228
Net change in fund balance		(1,540)	190	(22,479)	584	221	1,168	(21,856)	(15,981)
Fund balances, beginning of year		164,474	12,138	209,447	37,117	14,032	153,483	590,691	606,672
Fund balances, end of year	\$	162,934	12,328	186,968	37,701	14,253	154,651	568,835	590,691

FIDUCIARY FUNDS

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TOWN OF GORHAM, MAINE
Combining Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2005

	Agency Funds	Private- purpose Trust Funds
ASSETS		
Cash	\$ 215,361	-
Investments	-	30,349
Total assets	215,361	30,349
LIABILITIES AND NET ASSETS		
Liabilities:		
Due to student groups	215,361	-
Accounts payable	-	450
Total liabilities	215,361	450
Net assets:		
Principal	-	29,257
Unexpended income	-	642
Total net assets	-	29,899
Total liabilities and and net assets	\$ 215,361	30,349

TOWN OF GORHAM, MAINE
Combining Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2005
(with comparative actual amounts for June 30, 2004)

	Agency Funds								Totals		
	High	White	Narragansett	Narragansett	Village	Middle	Special				
	School	Rock			Activity	School					
	Activity	Activity			Activity	Activity					
	Fund	Fund	Office	PIE	Fund	Fund	GCVE	Education	2005	2004	
ASSETS											
Cash	\$	137,948	13,272	3,161	12,268	2,762	42,940	2,847	163	215,361	189,946
Total assets		137,948	13,272	3,161	12,268	2,762	42,940	2,847	163	215,361	189,946
LIABILITIES AND NET ASSETS											
NET ASSETS											
Liabilities:											
Due to student groups		137,948	13,272	3,161	12,268	2,762	42,940	2,847	163	215,361	189,946
Total liabilities		137,948	13,272	3,161	12,268	2,762	42,940	2,847	163	215,361	189,946
Net assets:											
Principal		-	-	-	-	-	-	-	-	-	-
Unexpended income		-	-	-	-	-	-	-	-	-	-
Total net assets		-	-	-	-	-	-	-	-	-	-
Total liabilities and net assets											
	\$	137,948	13,272	3,161	12,268	2,762	42,940	2,847	163	215,361	189,946

TOWN OF GORHAM, MAINE
Combining Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2005
(with comparative actual amounts for June 30, 2004)

	Private-purpose Trust Funds						Totals	
	Malcolm Smith Scholarship	Bob Grant Memorial Scholarship	Harry Shevis Scholarship	Watson Family Trust Scholarship	Thomas Fogg Scholarship	Arthur/Jane Fogg Scholarship	2005	2004
ASSETS								
Investments	\$ 3,057	2,364	2,349	12,808	8,310	1,461	30,349	30,027
Total assets	3,057	2,364	2,349	12,808	8,310	1,461	30,349	30,027
LIABILITIES AND NET ASSETS								
Liabilities:								
Accounts payable	100	-	100	250	-	-	450	650
Total liabilities	100	-	100	250	-	-	450	650
Net assets:								
Principal	2,857	2,259	2,149	12,221	8,310	1,461	29,257	29,377
Unexpended income	100	105	100	337	-	-	642	-
Total net assets	2,957	2,364	2,249	12,558	8,310	1,461	29,899	29,377
Total liabilities and net assets	\$ 3,057	2,364	2,349	12,808	8,310	1,461	30,349	30,027

TOWN OF GORHAM, MAINE
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds - Private-purpose

June 30, 2005

(with comparative actual amounts for June 30, 2004)

	Malcolm Smith Scholarship	Bob Grant Memorial Scholarship	Harry Shevis Scholarship	Watson Family Trust Scholarship	Thomas Fogg Scholarship	Arthur & Jane Fogg Scholarship	Totals	
							2005	2004
Additions:								
Contributions:								
Donations	\$ -	-	500	-	-	-	500	1,950
Investment earnings:								
Interest	107	84	81	445	283	50	1,050	967
Net increase/(decrease) in the fair value of investments	(59)	(46)	(47)	(245)	(154)	(27)	(578)	(1,080)
Total additions	48	38	534	200	129	23	972	1,837
Deductions:								
Current:								
Scholarships awarded	100	-	100	250	-	-	450	650
Total deductions	100	-	100	250	-	-	450	650
Changes in net assets	(52)	38	434	(50)	129	23	522	1,187
Net assets, beginning of year	3,009	2,326	1,815	12,608	8,181	1,438	29,377	28,190
Net assets, end of year	\$ 2,957	2,364	2,249	12,558	8,310	1,461	29,899	29,377

TOWN OF GORHAM, MAINE
Statement of Changes in Assets and Liabilities
Agency Funds
June 30, 2005

	Balance			Balance
	July 1, 2004	Additions	Deletions	June 30, 2005
ASSETS				
Cash				
High School Activity Fund	\$ 114,944	313,336	290,332	137,948
White Rock Activity Fund	11,848	15,443	14,019	13,272
Narragansett Office	2,439	6,558	5,836	3,161
Narragansett PIE	8,813	33,975	30,520	12,268
Village Activity Fund	4,058	60,913	62,209	2,762
Middle School Activity Fund	45,176	188,255	190,491	42,940
GCVE	2,592	3,368	3,113	2,847
Special Education	76	3,516	3,429	163
Total assets	189,946	625,364	599,949	215,361
LIABILITIES				
Funds held for student activities				
High School Activity Fund	114,944	313,336	290,332	137,948
White Rock Activity Fund	11,848	15,443	14,019	13,272
Narragansett Office	2,439	6,558	5,836	3,161
Narragansett PIE	8,813	33,975	30,520	12,268
Village Activity Fund	4,058	60,913	62,209	2,762
Middle School Activity Fund	45,176	188,255	190,491	42,940
GCVE	2,592	3,368	3,113	2,847
Special Education	76	3,516	3,429	163
Total liabilities	\$ 189,946	625,364	599,949	215,361

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**CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS**

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TOWN OF GORHAM, MAINE
Capital Assets Used in the Operation of Governmental Funds - By Source
June 30, 2005
(with comparative actual amounts for the year ended June 30, 2004)

	Totals	
	2005	2004
General fixed assets:		
Land and buildings	\$ 47,068,108	46,887,567
Furniture and equipment	11,526,272	11,264,051
Infrastructure	19,466,021	17,513,688
Total governmental fund capital assets	\$ 78,060,401	75,665,306
Investments in general fixed assets by source:		
General fund	77,417,551	75,266,697
Capital project funds	642,850	398,609
Total governmental fund capital assets	\$ 78,060,401	75,665,306

TOWN OF GORHAM, MAINE
Schedule of Capital Assets Used in the Operation of Governmental Funds by Function and Activity
June 30, 2005
(with comparative actual amounts for the year ended June 30, 2004)

Function and Activity		Land and buildings	Furniture and equipment	Infrastructure	Totals	
					2005	2004
General government	\$	3,109,770	232,599	-	3,342,369	3,217,061
Education		39,214,294	4,110,696	-	43,324,990	42,947,617
Public safety		570,380	3,642,066	-	4,212,446	4,114,603
Public works		1,746,925	2,243,630	18,823,171	22,813,726	21,359,896
Recreation, library and museum		2,426,739	207,007	-	2,633,746	2,543,746
Construction in progress		-	-	642,850	642,850	398,609
Book collection, historical treasures and artwork		-	1,090,274	-	1,090,274	1,083,774
Total governmental fund capital assets	\$	47,068,108	11,526,272	19,466,021	78,060,401	75,665,306

Exhibit G-3

Schedule of Changes in Governmental Funds Capital Assets - By Function and Activity
For the year ended June 30, 2005

Function and Activity		Balance 2004	Additions	Deletions	Balance 2005
General government	\$	3,217,061	157,506	32,198	3,342,369
Education		42,947,617	667,977	290,604	43,324,990
Public safety		4,114,603	216,192	118,349	4,212,446
Public works		21,359,896	1,547,420	93,590	22,813,726
Recreation, library and museum		2,543,746	90,000	-	2,633,746
Construction in progress		398,609	642,850	398,609	642,850
Book collection, historical treasures and artwork		1,083,774	6,500	-	1,090,274
Totals	\$	75,665,306	3,328,445	933,350	78,060,401

Note: Addition and Deletion totals include the assets transferred from one function/activity to another function/activity during fiscal year 2005 and amounts to \$211,284.

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TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2005

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 changes in net assets) 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, 2005

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, 2005

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, 2005

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, 2005

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 & 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 completed an internal update for fiscal year 2005. 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, 2005

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, 2005

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 17, 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, 2005, expenditures exceeded appropriations in the following departments and the school operations fund as shown on Statement 6:

Public Works	\$ 77,466
Recreation	4,627
Education	318,356

Public Works was over expended due to four major snowstorms during February and March 2005. The Town did received FEMA (Federal Emergency Management Agency) funds to offset this over expenditure.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2005

Note 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, Continued

The overage in the Recreation category was due to the heating costs associated with the old Shaw School. Although the building was vacant, due to asbestos abatement work, the heating system was damaged and the Town was unable to regulate the heat throughout the building.

The Education category overage was due to capital improvements that were not budgeted for in the fiscal year 2005 budget.

These over expenditures lapsed to fund balance.

C. Deficit Fund Equity

The School Operations Fund has a deficit fund balance of \$873,206 at June 30, 2005. This is due primarily to variations between the budgetary and GAAP methods of accounting for summer teachers' payroll. See Note 17, 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, 2005.

Note 4 - DEPOSITS AND INVESTMENTS

The Town's policy is to invest all available funds at the highest possible rates, in conformance with legal and administrative guidelines, while avoiding unreasonable risk.

The average yield for the Town's investments during fiscal year 2005 was 1.76%, producing total investment income for the General Fund of \$150,742 less bank management fees of \$6,298 and interfund transfers of \$34,278 for a net of \$110,166.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2005

Note 4 - DEPOSITS AND INVESTMENTS, Continued

A. Deposits

At June 30, 2005, cash consisted of the following:

	<u>Carrying amount</u>	<u>Bank balance</u>
Checking, savings, NOW, and certificates of deposit accounts		
Government Funds	236,246	272,389
Agency Funds	215,361	215,361
Petty Cash - Government Funds	<u>750</u>	<u>-</u>
Totals	\$ <u>452,357</u>	\$ <u>487,750</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 does not have deposit policy for custodial risk. As of June 30, 2005, \$135,488 of the Town's bank balances of \$487,750 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.

B. Investments

At June 30, 2005, 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	\$ 4,027,436	4,027,436	-	-	-
U.S. Treasuries	583,980	-	77,180	201,164	305,636
Commercial Paper	5,970,253	5,970,253	-	-	-
Repurchase Agreements	3,895,287	3,895,287	-	-	-
Common Stock	14,834	-	-	-	-
Total Fair Value:	\$ <u>14,491,790</u>	<u>13,892,976</u>	<u>77,180</u>	<u>201,164</u>	<u>305,636</u>
% of Portfolio:		95.9%	0.5%	1.4%	2.1%

Interest Rate Risk. Although the Town of Gorham does not have an approved investment policy, the Town manages its exposure to decline in fair values by limiting the majority of the maturity of its investments to less than six months.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2005

Note 4 - DEPOSITS AND INVESTMENTS, Continued

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.

Concentration Risk. Although the Town of Gorham does not have an approved investment policy, the Town attempts to diversify its investment portfolios by limiting investments to avoid over concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities), by limiting investment in securities that have higher credit risks, by investing in securities with varying maturities, and by continuously investing a portion of the portfolio in readily available funds such as money market funds or overnight repurchase agreements to ensure the appropriate liquidity is maintained in order to meet ongoing obligations.

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. Of the investments in commercial paper, \$5,970,253, the Town has a custodial credit risk exposure of \$5,970,253 because the related securities are uninsured, unregistered and held by the Town's brokerage firms which are also the counterparty for these particular securities.

Note 5 - PROPERTY TAXES

Property taxes for the current year were committed on September 1, 2004, 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 90% of market value and 80.0% of the estimated State valuation of \$1,085,600,000.

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 \$175,134 for the year ended June 30, 2005. The variance between actual property tax revenues and budgeted property tax revenues represents overlay plus supplemental taxes less abatements.

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.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2005

Note 5 - PROPERTY TAXES, Continued

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 2005 and 2004 levies:

	<u>2005</u>	<u>2004</u>
Assessed Value	\$868,307,900	\$839,361,000
Tax Rate (per \$1,000)	<u>20.00</u>	<u>19.40</u>
Commitment	\$ 17,366,158	\$ 16,283,603
Supplemental Taxes Assessed	<u>13,824</u>	<u>27,533</u>
	\$ 17,379,982	\$ 16,311,136
Less: Abatements	108,846	48,193
Collections	<u>16,719,750</u>	<u>15,779,735</u>
Receivable at June 30, 2005 and 2004	<u>\$ 551,386</u>	<u>\$ 483,208</u>
Due Date(s)	½ 11/15/2004	½ 11/01/2003
	½ 05/15/2005	½ 05/01/2004
Interest Rates on Delinquent Taxes	6.50%	7.00%
Collection Rate	96.8%	97.0%

Of the total taxes committed for the year ended June 30, 2005, the original amount allocated to the Gorham Industrial Park Municipal Development Tax Increment Financing District and the ODAT-Grondin Municipal Development Tax Increment Financing District was \$252,318. However, on February 3, 2005, the Tax Assessor issued a personal property tax abatement reducing the assessed value of the personal property by \$28,500. The revised tax increment financing amount allocated to the two districts is \$251,748. The following amounts were allocated to various companies located within the Gorham Industrial Park district: Big Water Realty -- \$9,346, CMJ, Inc. -- \$7,688, Foreside Management Co. -- \$55,908, D & G Group (formerly Gushee Enterprises) -- \$28,064, Hampstead Associates -- \$24,822, Mega Industries -- \$38,418, Montalvo Properties -- \$46,458, and Transformit -- \$12,002. The following amounts were allocated to two companies located within the ODAT-Grondin district: ODAT -- \$15,228, and Grondin -- \$13,814. (see Note 14, TAX INCREMENT FINANCING DISTRICT)

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2005

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, 2005 was as follows:

	Balance June 30, 2004	Increases	Decreases	Balance June 30, 2005
<i>Governmental Activities:</i>				
Capital assets, not being depreciated:				
Books/historical treasures/artwork	1,083,774	6,500	-	1,090,274
Land	1,579,159	-	-	1,579,159
Construction in progress	398,609	642,850	398,609	642,850
Total capital assets, not being depreciated	3,061,542	649,350	398,609	3,312,283
Capital assets, being depreciated:				
Land improvements	4,302,678	98,159	-	4,400,837
Buildings and building improvements	40,607,121	480,991	-	41,088,112
Machinery and equipment	1,157,577	150,877	7,500	1,300,954
Furniture and office equipment	1,949,727	-	-	1,949,727
Computer equipment	289,059	-	-	289,059
Vehicles	6,783,914	428,301	315,957	6,896,258
Infrastructure	17,513,688	1,309,483	-	18,823,171
Total capital assets being depreciated	72,603,764	2,467,811	323,457	74,748,118

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2005

Note 6 – CAPITAL ASSETS, Continued

	Balance June 30, 2004	Increases	Decreases	Balance June 30, 2005
Less accumulated depreciation for:				
Land improvements	377,067	160,770	-	537,837
Buildings and building improvements	10,189,629	1,145,604	-	11,335,233
Machinery and equipment	311,923	105,220	5,937	411,206
Furniture and office equipment	320,218	237,164	-	557,382
Computer equipment	168,236	47,190	-	215,426
Vehicles	4,006,897	478,047	307,897	4,177,047
Infrastructure	13,033,289	328,517	-	13,361,806
Total accumulated depreciation	28,407,259	2,502,512	313,834	30,595,937
Total capital assets being depreciated, net	44,196,505	(34,701)	9,623	44,152,181
Governmental activities capital assets, net	47,258,047	614,649	408,232	47,464,464

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

Governmental activities:

General government	\$ 76,991
Public safety	272,905
Public works, including depreciation of general infrastructure assets	510,554
Recreation and library	94,595
Education	<u>1,547,467</u>
Total depreciation expense – governmental activities:	<u><u>\$ 2,502,512</u></u>

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2005

Note 7 – PENSION PLANS

A. MSRS – Consolidated Plan

Description of the Plan – The Town contributes to Maine State Retirement System Consolidated Plan, a cost sharing multiple-employer public employee retirement system established by the Maine State legislature. The Maine State 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 State 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 State 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% of their annual covered salary 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 State Retirement System Board of Trustees. Due to an unfunded liability credit, the Town's contribution to the Maine State Retirement System Consolidated Plan for the years ended June 30, 2005, 2004 and 2003 are \$0, \$0 and \$0, respectively, equal to the required contributions for each year.

B. MSRS Teacher's Group

Description of Plan – All schoolteachers, plus other qualified educators, participate in the Maine State 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 State 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 State 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 State 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 State of Maine Department of Education is required, by the same statute, to contribute the employer contribution, which amounts to \$2,205,447 (17.77%) for the fiscal year 2005. There is no contribution required by the School except for federally funded teachers, for which the School contributed 17.77% of their compensation. This cost is charged to the applicable grant.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2005

Note 7 – PENSION PLANS, Continued

C. Deferred Compensation Plan

The Town of Gorham offers all its employees not participating in Maine State 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 \$158,208 for the year ended June 30, 2005, and \$137,419 for the year ended June 30, 2004. 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 \$352,130 including F.I.C.A. and Medicare to the Social Security Retirement Program on behalf of Town employees for the year ended June 30, 2005 and \$320,301 for the year ended June 30, 2004.

School employees who are not eligible for the Maine State 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 \$276,039 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, 2005 and \$264,563 for the year ended June 30, 2004.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2005

Note 8 – INTERFUND ACCOUNTS

Individual interfund loans receivable and payable balances at June 30, 2005, were as follows:

<u>Fund</u>	<u>Interfund loan receivable</u>	<u>Interfund loan payable</u>
Governmental Funds		
General fund	\$ -	\$ 2,299,591
School operations fund	1,170,257	104,261
Capital reserve fund	86,584	7,972
Other governmental funds:		
Special revenue funds:		
School lunch fund	-	140,937
School special revenue funds	227,879	21,037
Tax increment financing district	322,178	-
Sewer operations	950,726	-
Little Falls sewer reserve & loan fund	14,552	-
Economic development fund	23,577	-
Capital project funds:		
Middle school construction	-	7,439
Narragansett school roof	-	223,892
Various school projects	29,044	-
Permanent funds:		
Cemetery perpetual care	6,875	-
Baxter library and museum	108	26,035
Miscellaneous	-	616
Total other governmental funds	1,574,939	419,956
Totals:	2,831,780	2,831,780

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, 2005

Note 8 – INTERFUND ACCOUNTS, Continued

Interfund transfers during the year ended June 30, 2005 consisted of the following:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General fund	\$ 125,232	\$ 13,154,311
School operations fund	12,588,286	-
Capital reserve fund	507,726	66,933
Other governmental funds:		
Special revenue funds:		
Economic Development fund	58,299	-
TIF fund	-	58,299
Total other governmental funds	58,299	58,299
Totals:	\$ 13,279,543	\$ 13,279,543

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 (\$12,588,286) and 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 (\$507,726).
2. From the Capital Reserve Fund: to provide funds to purchase three new cruisers through the general fund (\$66,933).
3. From the Special Revenue Fund's TIF Fund: to provide funding for the Economic Development Corporation (\$58,299).

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2005

Note 9 – DUE FROM OTHER GOVERNMENTS

Due from other governments is comprised of the following:

School operations fund – State agency clients	\$ 72,626
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Other governmental funds:

School special revenue funds

Medicare Reimbursements	24,180
Title VI, Innovative Education	3,232
Title IVA, Drug Free Grant	2,784
Title IIA, NCLB	20,787
Title IID, NCLB Tech Literacy Challenge	1,864
Preschool Grant	2,083
School Lunch – USDA subsidy	11,230

Total other governmental funds	66,160
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Total	\$ 138,786
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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, 2005, the Town was in compliance with these limitations. (see Table 13, STATISTICAL SECTION)

B. Changes in Long Term Debt

Due to a prior period adjustment for the accrued compensated absences; the beginning balance for accrued vacation and sick leave has been adjusted by \$241,167, from \$420,980 to \$662,147.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2005

Note 10 – LONG-TERM DEBT, Continued

Long-term liability activity for the year ended June 30, 2005, was as follows:

		Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:						
General obligation bonds	\$	32,902,542	-	2,474,646	30,427,896	2,444,646
Capital leases		534,671	344,308	219,502	659,477	188,706
Accrued vacation and sick leave		662,147	107,942	99,025	671,064	see Note 10, E
Governmental activity						
Long-term liabilities	\$	34,099,360	452,250	2,793,173	31,758,437	2,633,352

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, 2005, 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:						
Public Works, paving/Village sewer lines & pump stations	5/20/1987	3,030,000	10/25/2007	5.7-7.5%	\$ 700,000	\$ 700,000
Robie Gym improvements & Baxter Library handicapped access	6/2/1988	80,250	10/25/2008	5.9-7.7%	31,900	
Public Works, dump truck, transfer trailer, truck scale	6/2/1988	117,700	10/25/2008	5.9-7.7%	24,640	
Public Safety, aerial ladder truck & lucas tool	6/2/1988	310,300	10/25/2008	5.9-7.7%	48,840	
General Gov't, voting machines	6/2/1988	26,750	10/25/2008	5.9-7.7%	4,620	110,000
Rebuild tennis courts and Baxter Library handicapped addition	10/26/1988	75,000	10/25/2008	6.5-7.4%	18,160	
Public Works, hauler truck, back hoe, paving box	10/26/1988	174,000	10/25/2008	6.5-7.4%	42,160	
Public Safety, repair and pump tank 3	10/26/1988	50,000	10/25/2008	6.5-7.4%	12,160	
General Gov't, computer upgrade	10/26/1988	31,000	10/25/2008	6.5-7.4%	7,520	80,000
Education, Village school addition	5/4/1989	4,100,000	10/25/2009	7.25-7.3%	1,025,000	1,025,000

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2005

Note 10 – LONG-TERM DEBT, Continued

	Date of Issue	Original Issue Amount	Date of Maturity	Interest Rate	Balance	Balance by Bond
Robie Gym windows, Chick recreation area, playground	5/24/1990	21,600	10/25/2010	7.1-7.2%	6,429	
Public Works, plow truck, street sweeper, Mitchell bridge, transfer trailer, air compressor, under- ground tanks, Great Falls bridge (local share)	5/24/1990	327,830	10/25/2010	7.1-7.2%	98,318	
Public Safety, new rescue and base radio upgrade	5/24/1990	106,000	10/25/2010	7.1-7.2%	31,881	
Education, Village & GSH schools asbestos abatement, and High school roof	5/24/1990	437,570	10/25/2010	7.1-7.2%	131,272	267,900
Education, GSH & Little Falls renovations	10/25/1990	714,438	10/25/2005	7.0-7.375%	47,647	
Baxter Library, renovations and equipment	10/25/1990	35,350	10/25/2005	7.0-7.375%	2,349	49,996
Education, GSH expansion	9/1/1993	11,565,000	9/1/2013	4.6-5.25%	5,165,000	5,165,000
Public Works, new facility	6/1/2000	1,295,000	6/1/2020	5.7-5.75%	975,000	975,000
Education, New Middle School Construction	9/1/2002	20,375,000	11/1/2022	2.25-4.375%	18,335,000	
Baxter Library, addition and renovations	9/1/2002	850,000	11/1/2017	2.25-4.375%	730,000	19,065,000
Old Shaw School/Community Ctr, renovation	2/1/2004	2,400,000	2/1/2024	3.25-4.35%	2,280,000	
Narragansett School, roof replacement	2/1/2004	400,000	2/1/2024		380,000	
Public Safety, 50% share of fire truck	2/1/2004	350,000	2/1/2024		330,000	2,990,000
Total governmental activities					\$ 30,427,896	\$ 30,427,896

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
2006	2,444,646	1,230,483	3,675,129
2007	2,409,650	1,096,777	3,506,427
2008	2,424,650	999,343	3,423,993
2009	2,174,650	916,890	3,091,540
2010	2,124,650	828,459	2,953,109
2011-2015	8,829,650	2,971,305	11,800,955
2016-2020	6,355,000	1,462,169	7,817,169
2021-2025	3,665,000	265,534	3,930,534
Total	<u>\$ 30,427,896</u>	<u>\$ 9,770,960</u>	<u>\$ 40,198,856</u>

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2005

Note 10 – LONG-TERM DEBT, Continued

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 two lease agreements for a pickup truck and dump truck. 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, 2005:

	Original Purchase <u>Price</u>	Annual Depreciation <u>Expense</u>	Total Minimum Lease <u>Payments</u>	<u>Interest</u>	Present Value of Minimum Lease <u>Payments</u>
Education, fourteen (12) School Buses	638,849	62,044	480,349	45,468	434,881
Education, Photocopiers,	205,526	see note	140,352	11,745	128,607
Public Works, 2005 Chevy Pickup	27,000	1,478	23,404	2,255	21,149
Public Works, 2005 Dump Truck	95,628	9,563	83,152	8,312	74,840
			<u>\$727,257</u>	<u>\$67,780</u>	<u>\$659,477</u>

Note: Individually, the copiers were below the capitalization threshold, therefore, they have not been capitalized.

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, 2005:

Fiscal year <u>ending</u>	<u>Principal</u>	<u>Interest</u>	Total Lease <u>Obligation</u>
2006	188,706	29,046	217,752
2007	171,862	20,501	192,363
2008	179,344	13,020	192,364
2009	119,565	5,213	124,778
	<u>659,477</u>	<u>67,780</u>	<u>727,257</u>

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2005

Note 10 – LONG-TERM DEBT, Continued

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 \$671,064 for governmental activities at June 30, 2005, is expected to be paid in future years from future resources. 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, five expiring July 31, 2005 and two expiring August 31, 2008. For accounting purposes, all of these leases are considered to be operating leases. Lease expenditures for the year ended June 30, 2005 amounted to \$92,400. Future minimum lease payments for these leases are as follows:

Year ended June 30,	
2006	31,400
2007	26,400
2008	17,600
Total	\$ 75,400

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, 2005, the Town's State valuation of \$1,085,600,000 was 3.58% of the County's State valuation of \$30,301,350,000. The Town's share is 3.58% or \$451,059 of Cumberland County's \$12,590,000 long-term debt outstanding as of June 30, 2005.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2005

Note 12 – OVERLAPPING DEBT AND OTHER CONTINGENCIES, Continued

The Town is also served by the Portland Water District. At June 30, 2005, the Town's share of self-supporting bonded water debt is 5.30% or \$1,216,899 of total debt of \$22,940,000. At June 30, 2005, 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 \$583,017. The Town also shares an obligation with the Town of Windham for a joint sewer project. Gorham's share of this debt amounts to \$7,064. 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

Regional Waste Systems, Inc. (RWS), a Maine corporation with twenty 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 RWS, payable from and secured by a pledge of RWS 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. RWS 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 RWS 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, 2005, outstanding "Incinerator Debt" of RWS totaled \$50,092,000 of which the Gorham share, based on estimated tonnage to be delivered, amounted to \$2,028,597.

The Town has also entered into an agreement with Regional Waste Systems, Inc., as one of twenty RWS Member Municipalities along with an additional seven Participating Municipalities, to establish a Material Recycling Facility ("MRF") at RWS'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, 2005, the Town's share is \$313,208 of RWS's outstanding MRF debt of \$5,593,000.

RWS operates a licensed balefill and ashfill site for which projected landfill closure and postclosure care costs approximate \$19,953,270 at June 30, 2004, the most recent data available. The Town's proportionate share of these estimated landfill closure and postclosure care costs is 4.08% or \$814,929.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2005

Note 12 – OVERLAPPING DEBT AND OTHER CONTINGENCIES, Continued

Total Debt and Contingencies

<u>Governmental Unit</u>	<u>Direct</u> <u>Debt</u>	As of June 30, 2005		<u>Total</u> <u>Debt</u>
		<u>Overlapping</u> <u>Debt</u>	<u>Contingent</u> <u>Debt</u>	
Town of Gorham	\$30,427,896	-	-	\$30,427,896
Cumberland County	-	451,059	-	451,059
Portland Water District – sewer debt	-	583,017	-	583,017
Portland Water District – sewer shared with Town of Windham	-	7,064	-	7,064
Portland Water District - water debt	-	1,216,899	-	1,216,899
Regional Waste Systems:				
Resources recovery system	-	-	2,028,597	2,028,597
Material recycling facility	-	-	313,208	313,208
Landfill closure	-	-	814,929	814,929
Totals	<u>\$30,427,896</u>	<u>\$ 2,258,039</u>	<u>\$ 3,156,734</u>	<u>\$35,842,669</u>

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, 2005, 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.

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.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2005

Note 12 – OVERLAPPING DEBT AND OTHER CONTINGENCIES, Continued

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, 2005, there were two series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$3,875,000.

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, 2005 and 2004, these reimbursements amounted to \$17,675 and \$18,718, 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 2005.

Note 14 - 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.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2005

Note 14 - TAX INCREMENT FINANCING DISTRICT, Continued

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.

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, Transformit, 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.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2005

Note 14 - TAX INCREMENT FINANCING DISTRICT, Continued

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 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.

Note 15 - 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.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2005

Note 15 - CLASSIFICATION OF NET ASSETS, Continued

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, 2005, 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.

Note 16 – DESIGNATED FUND BALANCES

At June 30, 2005 and 2004, 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>2005</u>	<u>2004</u>
General Fund:		
D.A.R.E.	\$ 9,442	\$ 9,388
Bicycle patrol	376	376
Restorative justice grant	3,697	4,205
Drug forfeiture	4,250	2,387

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2005

Note 16 – DESIGNATED FUND BALANCES, Continued

	<u>2005</u>	<u>2004</u>
General Fund:		
Little Falls substation	2,272	2,272
Police K-9	-	10
Gorham triad	3,728	3,728
Seatbelt enforcement grant	(1,956)	-
Child safety seats	885	885
Fire prevention	2,284	3,060
Fire/rescue donations	-	641
FEMA fire grant	-	2,154
Cumberland County hazmet	6,313	-
WMD homeland security	(2,914)	-
Homeland security grant	(23,053)	-
Street opening permits	53,260	32,365
Pay-per-bag startup costs	5,636	5,636
Recycling committee	7	(225)
Recreation	149,292	114,556
Tree grant	1,358	2,377
Community Center donations	750	750
Vacation/comp/sick reserve	39,877	44,800
Unemployment insurance contingency reserve	21,500	20,000
Accrued compensated absences	251,068	-
Total general fund	\$ 528,072	\$ 249,365
Special Revenue Fund:		
School operation fund:		
Education capital projects	-	62,555
Use of Surplus for FY2006 Budget	281,681	-
Total school operation fund	\$ 281,681	\$ 62,555
Capital reserve fund:		
GIS system	50,109	33,069
Village plan study	6,000	6,000
Municipal Center	35,200	2,047
Revaluation	122,162	22,162
Paving	2,020	128,518
Impact study - residential growth	30	8,973

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2005

Note 16 – DESIGNATED FUND BALANCES, Continued

	<u>2005</u>	<u>2004</u>
Capital reserve fund:		
State roads projects	652,634	653,705
Longfellow bridge	35,000	35,000
Extension - Wentworth Drive	6,500	6,500
Limited access highway	75,000	75,000
Drainage, 130 Main Street	6,219	6,219
Storm water phase II	15,177	8,566
Mechanic St turn lane/land acquisition	-	2,471
Stumpage	6,570	6,570
South St sidewalk (Heartwood)	119,431	-
Community Center granite sign	4,552	-
Repairs to outlying fire stations	5,752	3,000
Fire Dept master plan	22,620	-
Little Falls tennis courts	1,469	-
Baxter Memorial Library Assoc (BMLA)	4,838	4,369
Baxter Library expansion	20,021	5,145
Historical society building repairs	2,164	2,163
Recreation facility reserve	140,000	161,500
Narragansett skating	20,000	20,000
Public Works building	43,691	85,737
Chick property site development	1,947	(2,187)
Facility security reserve	-	127
Baxter Museum repairs	14,046	21,950
Community Center/Shaw school project	1,720,006	2,161,805
Land acquisition	40,772	40,772
Recreation facility impact fee	218,613	55,556
Open space impact fee	37,616	9,851
Water impact fee	15,787	600
Equipment	88,381	92,248
Portable Building - Planning Dept	1,792	2,716
Administration	266	266
Finance software/computer upgrade	197,569	21,761
Assessing	1,618	762
Code	436	-
Town clerk	660	-
Video system (laptops) - Police	-	3,815

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2005

Note 16 – DESIGNATED FUND BALANCES, Continued

	<u>2005</u>	<u>2004</u>
Capital reserve fund:		
Video cameras/computers - Police	-	68
Cruisers	16,686	-
Police	9,561	7,673
Communications	7,276	5,943
Dispatch Center upgrade	-	136
Fire	854	364
Accountability transmitters - Fire	-	243
Auto Defibrillators - Fire	-	147
Thermal Imaging Camera - Fire	-	3,935
Protective clothing - Fire	-	99
Rescue	2,573	2,208
Public Works	26,619	29,108
Public Works vehicles	80,410	5,651
Baxter Library	5,088	3,288
Me Infonet system setup - Baxter	-	600
Recreation	748	-
Cable TV	275,953	181,498
Planning	6,817	4,925
Internet	18,711	18,711
Web site development	10,143	10,143
Fire truck reserve	130,942	130,942
Recreation vehicles	2,208	2,208
Total capital reserve fund	\$ 4,331,257	\$ 4,094,646
Total governmental funds	\$ 5,141,010	\$ 4,406,566

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2005

Note 17 – BUDGETARY VS. GAAP ACCOUNTING

Through June 30, 2005, the Town did not budget for revenues and expenditures related to teachers' summer pay and vacation and sick time 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, 2005 – GAAP basis	\$5,799,931	(873,206)
Accrued summer salaries	-	1,876,915
Encumbrances	(379,300)	(561,390)
<u>Fund balance, June 30, 2005 – budgetary basis:</u>	<u>\$5,420,631</u>	<u>\$ 442,319</u>

Note 18 – 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 twice a year which is expected to cost the Town \$10,000 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 19 – CONSTRUCTION COMMITMENT

At June 30, 2005, the Town was committed to a contract for architectural services and roof replacement for the Shaw School Community Center project for approximately \$382,000.

TOWN OF GORHAM, MAINE
Notes to Basic Financial Statements
June 30, 2005

Note 20 – RESTATEMENT OF FUND BALANCE

During 2005, the Town changed the manner in which it accounts for accrued compensated absences to comply with recent interpretations of previously issued accounting standards. Fund balance as of July 1, 2004 has been restated as follows:

	<u>General Fund</u>
Fund balance as previously reported	\$ 4,985,219
Prior period adjustment – accrued compensated absences	241,167
	<hr/>
Fund balance, as restated	\$ 5,226,386

Note 21 – SUBSEQUENT EVENTS

Subsequent to year-end, the School Department entered into an \$118,012 capital lease for the lease purchase of two 2006, school buses. This capital lease has a 4.25% interest rate with a maturity date of July 15, 2010.

The Gorham School Department also finalized the loan agreement with the Maine Municipal Bond Bank to receive funds from the State's school revolving renovation fund for replacement of the Narragansett School roof. The Town of Gorham officials executed the agreement with the Maine Municipal Bond Bank in August 2005 for a loan amount of \$223,892, with principal forgiveness of \$112,237 and a no interest loan balance of \$111,655 payable over the next five years by the Gorham School Department. The final maturity date is October 1, 2009.

The Town of Gorham has been considering "outsourcing" its dispatch services for several years and with the State mandated consolidation of the PSAPs, Gorham would no longer be a PSAP. Given the ramifications of losing its PSAP status, the Town evaluated two separate proposals for dispatching services – one from the City of Westbrook and the other from Cumberland County. On August 2, 2005, the Town Council accepted a proposal from Cumberland County to provide consolidated dispatching services at an estimated savings of \$223,500 annually. On August 15, 2005, the Town of Gorham terminated the employment of the six dispatchers, with five taking jobs with Cumberland County. The physical relocation of the dispatch operations took place September 7, 2005.

As a result of the Council's action, a citizens petition to overrule the Council's action was submitted to the Town with the required number of signatures on August 22, 2005. The Council set the special referendum election date as September 12, 2005. Due to insufficient voter turnout for this special election, the Town's dispatching services will remain with Cumberland County.

On September 7, 2005, the Town of Gorham sold \$5,000,000 in general obligation bonds to complete the renovation work at the old Shaw School. The interest rate on the bonds range from 3.75 - 4.00 percent and the maturity date is December 1, 2024.

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	125
<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	130
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	134
<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	138
<i>These schedules offer demographic and economic indicators.</i>	

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

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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>
Governmental activities				
Invested in capital assets, net of related debt	\$	10,150,993	13,820,834	16,377,091
Restricted		350,383	354,163	352,781
Unrestricted		<u>12,901,374</u>	<u>11,607,484</u>	<u>11,735,345</u>
Total governmental activities net assets	\$	<u><u>23,402,750</u></u>	<u><u>25,782,481</u></u>	<u><u>28,465,217</u></u>

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

Table 2

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

	Fiscal Year		
	<u>2003</u>	<u>2004</u>	<u>2005</u>
Expenses			
Governmental activities:			
General government	\$ 2,281,895	2,562,887	2,718,015
Public safety	2,496,047	2,819,226	2,896,737
Public works	1,957,858	1,973,330	1,894,758
Health & welfare	44,010	57,263	52,415
Recreation	267,235	1,039,901	893,350
Development	425,216	445,018	377,263
County tax	595,692	645,663	659,977
Education	23,475,662	26,265,868	27,961,877
Interest on debt	1,251,078	1,158,576	1,306,889
Capital maintenance ²	944,278	-	-
Total governmental activities expenses	<u>33,738,971</u>	<u>36,967,732</u>	<u>38,761,281</u>
Program Revenues			
Governmental activities:			
Charges for services:			
General government	352,799	474,992	553,250
Public safety	1,176,497	1,167,015	265,997
Public works	530,137	420,736	1,205,385
Health & welfare	12,735	13,712	12,186
Recreation	35,739	124,983	54,764
Development	51,735	55,508	99,721
Education	574,896	633,132	660,199
Operating grants and contributions	13,897,976	15,671,082	16,405,586
Capital grants and contributions	175,064	256,658	490,613
Total governmental activities program revenues	<u>16,807,578</u>	<u>18,817,818</u>	<u>19,747,701</u>
Net (expense)/revenue, governmental activities	<u>(16,931,393)</u>	<u>(18,149,914)</u>	<u>(19,013,580)</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
Payment in lieu of taxes	45,233	52,922	51,083
Motor vehicle and boat excise taxes	2,107,389	2,267,577	2,359,645
Grants and contributions not restricted			
Homestead exemption	441,123	410,820	369,434
Other state aid	22,265	27,119	27,807
State revenue sharing	1,194,609	1,236,201	1,302,053
Unrestricted investment earnings	317,110	151,965	273,500
Miscellaneous revenues	194,214	129,491	78,789
Total governmental activities	<u>19,130,902</u>	<u>20,529,645</u>	<u>21,696,316</u>
Change in Net Assets			
Governmental activities	\$ <u>2,199,509</u>	<u>2,379,731</u>	<u>2,682,736</u>

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

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

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

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

Table 4

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>
General fund			
Reserved	\$ 378,959	\$ 523,870	\$ 390,487
Unreserved	4,040,140	4,461,349	5,409,444
Total General Fund	<u>\$ 4,419,099</u>	<u>\$ 4,985,219</u>	<u>\$ 5,799,931</u>
All other governmental funds			
Reserved	\$ 709,198	\$ 883,752	\$ 946,732
Unreserved, reported in:			
Special revenue funds	3,008,281	5,298,075	4,918,353
Capital project funds	4,657,117 ²	840,405	674,738
Permanent funds	256,289	236,528	216,054
Total all other governmental funds	<u>\$ 8,630,885</u>	<u>\$ 7,258,760</u>	<u>\$ 6,755,877</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.

Table 5

TOWN OF GORHAM, MAINE
Changes in 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>
Revenues			
Taxes	\$ 17,013,285	\$ 18,623,095	\$ 19,605,533
Licenses and permits	265,683	403,479	478,148
Intergovernmental	15,512,386	17,277,215	18,056,358
Investment income	321,070	91,689	219,617
Charges for services	1,039,249	948,434	1,710,070
Other	1,887,704	2,191,176	1,332,291
Total General Fund	<u>36,039,377</u>	<u>39,535,088</u>	<u>41,402,017</u>
Expenditures			
General government	2,299,593	2,532,185	2,579,082
Public safety	2,404,927	2,528,566	2,680,546
Public works	2,358,406	2,271,766	2,680,700
Health & welfare	44,010	57,263	52,199
Recreation	503,617	613,591	626,606
Development	227,103	218,559	180,108
County tax	595,692	645,663	659,977
Unclassified	996,485	1,132,948	1,120,904
Education	22,400,701	24,275,500	25,472,463
Debt Service			
Principal	3,671,646	2,299,646	2,474,646
Interest	1,227,883	1,283,126	1,321,723
Capital maintenance	3,565,148	681,611	914,079
Capital improvements	13,046,960	5,177,893	912,630
Total expenditures	<u>53,342,171</u>	<u>43,718,317</u>	<u>41,675,663</u>
Other financing sources (uses)			
Capital lease proceeds	323,256	227,224	344,308
Long term debt issued	21,225,000	3,150,000	-
Transfers in	10,841,842	12,667,625	13,279,543
Transfers out	(10,841,842)	(12,667,625)	(13,279,543)
Total other financing sources (uses)	<u>21,548,256</u>	<u>3,377,224</u>	<u>344,308</u>
Net change in fund balances	\$ 4,245,462	\$ (806,005)	\$ 70,662
Debt service as a percentage of noncapital expenditures	15.4%	10.5%	10.5%

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

Table 6

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	Commerical Property						
1996	500,152,600	80,558,600	18,944,400	99,144,300	500,511,300	18.70	494,050,000	101.3%
1997	507,605,200	83,818,500	20,370,300	99,222,800	512,571,200	19.10	508,600,000	100.8%
1998	524,006,200	91,573,000	22,309,900	102,804,100	535,085,000	19.40	528,000,000	101.3%
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	557,499,500	96,322,100	39,489,200	115,733,900	577,576,900	21.40	643,800,000	89.7%
2002	779,069,300	129,479,100	40,933,200	169,639,900	779,841,700	17.40	716,650,000	108.8%
2003	805,963,700	132,087,200	42,637,800	175,696,400	804,992,300	18.40	835,200,000	96.4%
2004	840,571,200	136,925,600	43,985,800	182,121,600	839,361,000	19.40	937,300,000	89.6%
2005	881,548,100	140,193,300	46,492,900	199,926,400	868,307,900	20.00	1,085,600,000	80.0%

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

Table 7

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	Total Tax Rate
	Municipal Tax Rate	School Tax Rate	County Tax Rate	
1996	5.49	12.38	0.83	18.70
1997	5.65	12.63	0.82	19.10
1998	5.74	12.85	0.81	19.40
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

Source: Gorham Assessing office.

¹ The drop in the tax rate for fiscal year 2002 was the result of revaluation.

Table 8

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

Taxpayer	2005			1996		
	Current year assessed value	Rank	Percentage of total assessed value	Current year assessed value	Rank	Percentage of total assessed value
Central Maine Power Co	\$ 24,718,200	1	2.85%	\$ 15,256,100	1	2.98%
Gorham House	11,602,300	2	1.34%	6,708,500	2	1.31%
Grondin, R J & Phillip	10,451,200	3	1.20%	4,042,200	6	0.79%
Maritimes & Northeast Pipeline LLC	8,536,200	4	0.98%	-	-	-
Gorham Savings Bank	7,048,800	5	0.81%	2,114,700	9	0.41%
Shaw Brothers Construction Co	6,445,300	6	0.74%	-	-	-
American Tool Co	6,033,300	7	0.69%	4,801,700	3	0.94%
Hannaford Brothers	5,737,500	8	0.66%	-	-	-
Scott Paper	5,713,200	9	0.66%	4,101,400	5	0.80%
Maine Mobile Homes	5,109,100	10	0.59%	2,380,600	7	0.46%
Sebago, Inc.	-	-	-	4,300,000	4	0.84%
Cottle Realty	-	-	-	2,194,100	8	0.43%
Eight Corners	-	-	-	1,394,900	10	0.27%
Totals	\$ 91,395,100		10.53%	\$ 47,294,200		9.23%

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
1996	\$ 9,383,207	\$ 8,860,955	94.4%	\$ 517,909	\$ 9,378,864	100.0%
1997	9,801,003	9,438,354	96.3%	358,090	9,796,444	100.0%
1998	10,398,609	9,998,915	96.2%	393,598	10,392,513	99.9%
1999	10,476,528	10,137,863	96.8%	332,690	10,470,553	99.9%
2000	11,381,979	10,917,744	95.9%	456,822	11,374,566	99.9%
2001	12,485,788	12,132,184	97.2%	338,441	12,470,625	99.9%
2002	13,626,308	13,138,832	96.4%	464,810	13,603,642	99.8%
2003	14,852,234	14,470,933	97.4%	343,299	14,814,232	99.7%
2004	16,311,136	15,827,928	97.0%	381,129	16,209,057	99.4%
2005	17,379,982	16,828,596	96.8%	-	16,828,596	96.8%

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			
1996	18,477,010	1,707	18,478,717	10.76%	\$ 1,441
1997	17,094,964	624,818	17,719,782	10.19%	\$ 1,364
1998	15,719,918	503,071	16,222,989	9.11%	\$ 1,220
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

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

¹ See the Schedule of Demographic and Economic Statistics on page 138 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
1996	\$ 18,477,010	3.74%	\$1,441
1997	17,094,964	3.36%	\$1,316
1998	15,719,918	2.98%	\$1,182
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

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

¹ See the Schedule of Assessed Value and State Equalized Value of Taxable Property on page 130 for property value data.

² Population data can be found in the Schedule of Demographic and Economic Statistics on page 138.

Table 12

TOWN OF GORHAM, MAINE
Direct and Overlapping Governmental Activities Debt
General Obligation Bonds
As of June 30, 2005

Jurisdiction	Net general obligation bonded debt outstanding	Percentage applicable to government	Amount applicable to government
Direct:			
Town of Gorham	\$ 30,427,896	100.00%	\$ 30,427,896
Overlapping debt:			
Cumberland County	12,590,000	3.58%	451,059
Portland Water District - sewer debt, Gorham only	23,322,133	2.50%	583,017
Portland Water District - sewer shared with Windham	23,322,133	0.03%	7,064
Portland Water District - water debt	22,940,000	5.30%	1,216,899
Contingent debt:			
Regional Waste Systems:			
Resources recovery system	50,092,000	4.05%	2,028,597
Material recycling facility	5,593,000	5.60%	313,208
Landfill closure (see note)	19,953,270	4.08%	814,929
	\$ 188,240,432		\$ 35,842,669

Note: Regional Waste Systems' Landfill closure and postclosure costs and the municipal proportion share are as of June 30, 2004 since the June 30, 2005 figures are unavailable until their annual audit is completed.

Table 13

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
1996	\$ 74,107,500	\$ 18,477,010	\$ 55,630,490	24.93%
1997	76,290,000	17,094,964	59,195,036	22.41%
1998	79,200,000	15,719,918	63,480,082	19.85%
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%

Legal Debt Margin Calculation for Fiscal Year 2005

	Outstanding bonds and notes	Percent of state assessed value of \$1,085,600,000	Allowable Amount	Margin
For school purposes	\$ 25,083,919	10.00%	\$ 108,560,000	\$ 83,476,081
For storm or sanitary sewer purposes	661,900	7.50%	81,420,000	80,758,100
For municipal, airport, water, and special district purposes	-	3.00%	32,568,000	32,568,000
For all other purposes	4,682,077	7.50%	81,420,000	76,737,923
Total	\$ 30,427,896	15.00%	\$ 162,840,000	\$ 132,412,104

Table 14

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

Fiscal Year	Population ¹	Personal Income ²	Per Capita Personal Income ²	Median Age ²	School Enrollment ³	Unemployment Rate ⁴
1996	12,820	\$ 171,672,620	\$ 13,391	30.9	2,444	2.80%
1997	12,990	\$ 173,949,090	13,391	30.9	2,524	2.70%
1998	13,296	\$ 178,046,736	13,391	30.9	2,566	2.30%
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	1.90%
2001	14,354	\$ 303,931,596	21,174	34.3	2,583	2.30%
2002	14,640	\$ 309,987,360	21,174	34.3	2,633	2.50%
2003	15,041	\$ 318,478,134	21,174	34.3	2,708	2.70%
2004	15,145	\$ 320,680,230	21,174	34.3	2,760	3.10%
2005	15,145	\$ 320,680,230	21,174	34.3	2,761	3.30%

Data Source

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

The 1996-1999 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.

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.

⁴ Maine Department of Labor. The 1996 - 2004 figures are annual rates. The 2005 figure is The 2005 figure is based on June 2005 data from U.S. Dept. of Commerce, Bureau of Census.

Table 15

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

Employer	2005			1996 ¹		
	Employees	Rank	Percentage of Gorham's Labor Force	Employees	Rank	Percentage of Gorham's Labor Force
University of Southern Maine*	601	1	6.71%	399	1	5.46%
Town of Gorham: School/Municipal	500	2	5.58%	400	2	5.47%
Gorham House	220	3	2.46%	200	3	2.73%
American Tool	210	4	2.34%	190	4	2.60%
R. J. Grondin	144	5	1.61%	180	5	2.46%
Sebago, Inc.	112	6	1.25%			
Hannaford Brothers	109	7	1.22%			
Shaw Brothers Construction, Inc.	105	8	1.17%			
Gorham Savings Bank	89	9	0.99%			
Maine Rubber International	89	10	0.99%			
	2,179		24.32%	1,369		18.72%

Source: Maine Department of Labor and U.S. Department of Labor

¹ Only top five employers information available for fiscal year 1996.

Table 16

TOWN OF GORHAM, MAINE
Full-time Equivalent Town Government Employees by Function
Last Ten Fiscal Years (1)

Function	Full-time Equivalent Employees as of June 30							
	1998	1999	2000	2001	2002	2003	2004	2005
General Government	13	13	14	14	14	15	15	15
Public Safety								
Police								
Officers	16	17	18	20	20	20	20	21
Civilians	6	6	6	8	8	8	8	9
Fire								
Firefighters and EMTs	5	5	7	7	7	7	7	7
Civilians	2	2	3	3	3	3	3	3
Public Works	13	15	15	15	18	18	18	18
Recreation	11	11	11	11	12	12	15	15
Development	4	4	5	5	4	4	4	4
Total	70	73	79	83	86	87	90	92

(1) Data unavailable for fiscal year 1996 and 1997, so only eight years of data has been presented.

Table 17

TOWN OF GORHAM, MAINE
Operating Indicators by Function
Last Ten Fiscal Years (1)

Function	Fiscal Year ²							
	1998	1999	2000	2001	2002	2003	2004	2005
General Government								
Building permits								
Single family	82	90	96	96	137	193	86	101
Condos	9	20	13	8	0	0	7	13
Commerical	17	20	17	31	21	25	31	23
Total number permits issued	782	940	1,140	1,145	n/a	n/a	1,118	1,276
Public Safety								
Police								
Number of calls for service	n/a	8,364	8,335	8,553	12,600	16,502	17,359	18,832
Number of physical arrests	n/a	440	318	462	521	462	349	286
Number of summons & warnings	n/a	5,474	4,248	4,650	3,711	3,086	3,654	2,525
Parking tickets issued	n/a	n/a	n/a	n/a	n/a	369	662	503
Number of accidents investigated	n/a	578	513	588	n/a	649	658	586
Fire								
Number of fire and rescue calls	2,352	2,779	2,537	3,000	3,000	4,719	4,904	5,028
Public Works								
Number of roads maintained	221	229	232	233	234	247	256	261
Lane miles of roads maintained	241.6	244.6	246.0	246.0	252.8	268.4	273.8	275.0
Acres of public area maintained	203.8	203.8	203.8	203.8	203.8	203.8	203.8	211.3
Acres of cemeteries maintained	17.8	17.8	17.8	17.8	17.8	17.8	17.8	19.6
Recreation								
Library								
Number of items circulated	89,304	96,725	97,031	95,585	95,166	106,238	91,669	89,091

Sources: Various town departments.

(1) Information unavailable for fiscal year 1996 and 1997, so only eight years of data has been presented.

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

n/a = data not available

Table 18

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

Function	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	9	9	10	10	13	13	13	13	13	13
Fire stations	6	6	6	6	6	6	6	6	6	6
Public Works										
Streets (miles) ¹	152.5	152.5	156.5	157.2	157.7	157.7	252.8	268.4	273.8	275.0
Street lights	330	330	330	330	338	338	342	342	357	357
Traffic signals	9	9	9	9	9	9	10	10	11	11
Cemeteries	8	8	8	8	8	8	8	8	8	8
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	203.8	203.8	203.8
Parks	4	4	4	4	4	4	4	4	4	4
Tennis courts	7	7	7	7	7	7	7	7	7	7
Outdoor basketball court	4	4	4	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.