

TOWN OF WINDHAM, MAINE

Annual Financial Report

For the year ended June 30, 2009

TOWN OF WINDHAM, MAINE
Annual Financial Report
Year ended June 30, 2009

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Certified Public Accountants and Business Consultants

Independent Auditor's Report

Town Council
Town of Windham, Maine

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Windham, Maine as of and for the year ended June 30, 2009, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Windham, Maine as of and for the year ended June 30, 2009, and the respective changes in financial position and the 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 October 30, 2009 on our consideration of the Town of Windham, Maine's internal control over financial reporting and on 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 considered in assessing the results of our audit.

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

Town Council
Page 2

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Windham, Maine's basic financial statements. The combining and individual fund statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script, reading "Raymond Weston Ouellette".

October 30, 2009
South Portland, Maine

TOWN OF WINDHAM, MAINE
Management's Discussion and Analysis
June 30, 2009

As management of the Town of Windham, Maine we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented in conjunction with the basic financial statements and the accompanying notes to those financial statements.

THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the Town of Windham, Maine using the integrated approach prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The Government-wide Financial Statements present the financial picture of the Town from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the Town (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred with regard to interfund activity, payables, and receivables as prescribed by the statement.

The Fund Financial Statements include statements for each of the two categories of activities within the Town – governmental and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Reconciliation of the Fund Financial Statements to the Government-wide Financial Statements is provided to explain the differences created by the integrated approach.

We are pleased to report that the Town has received an unqualified opinion from our auditors. This means that the Town of Windham's financial statements are fairly presented in all material respects. Furthermore, there were no reported material weaknesses over internal controls.

REPORTING THE TOWN AS A WHOLE

The Statement of Net Assets and the Statement of Activities

The Statement of Net Assets and the Statement of Activities report information about the Town as a whole and its activities. The statements include all assets and liabilities of the Town using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Under accrual accounting, revenues are recognized when earned and expenses are recorded when incurred, irrespective of the timing of the receipt and disbursement of cash.

The Statement of Net Assets reports the Town's net assets. Net assets are the difference between assets and liabilities, one way to measure the Town's financial health or financial position. Viewed another way, it is what's left over after assets are used to satisfy liabilities. Over time, increases and decreases in the Town's net assets are an indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the Town's property tax base and the condition of the Town's infrastructure.

The Statement of Activities illustrates what it costs to provide public services such as administrative services, public works, police, fire and rescue, recreation and libraries, planning and code enforcement, assessing, town clerk, social services, education, debt and capital expenses. It also identifies the resources necessary to finance those services such as property taxes, other taxes and user fees, license and permit fees, intergovernmental revenue, investments and other miscellaneous revenues.

TOWN OF WINDHAM, MAINE
Management's Discussion and Analysis, Continued
June 30, 2009

REPORTING THE TOWN'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the Town as a whole. Some funds are required to be established by law and by bond covenants. However, other funds are established to help control and manage funds for particular purposes, or to demonstrate that the Town is in compliance with legal requirements regarding the use of certain taxes, grants, or other monies. The Town's basic activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances that remain at year-end. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a short-term view (approximately one year) of the Town's most readily available assets and current liabilities, along with the resources that flow in and out during the year or shortly thereafter. These statements help to assess the Town's ability to meet its financial obligations over the next twelve months. The difference between the governmental funds financial statement and the government-wide financial statement of activities is reconciled in Statement #5.

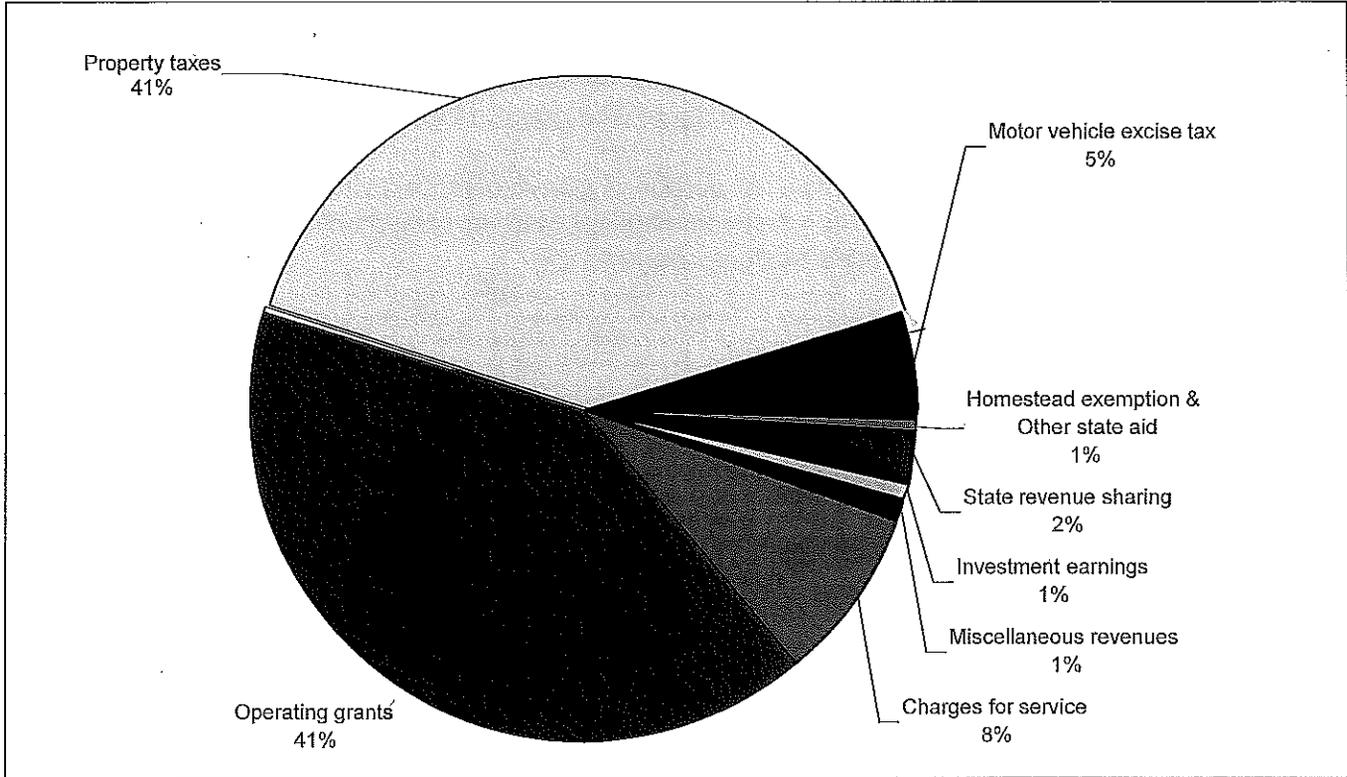
THE TOWN AS A WHOLE

The Town is providing condensed financial information for the year 2009 and comparative information for 2008.

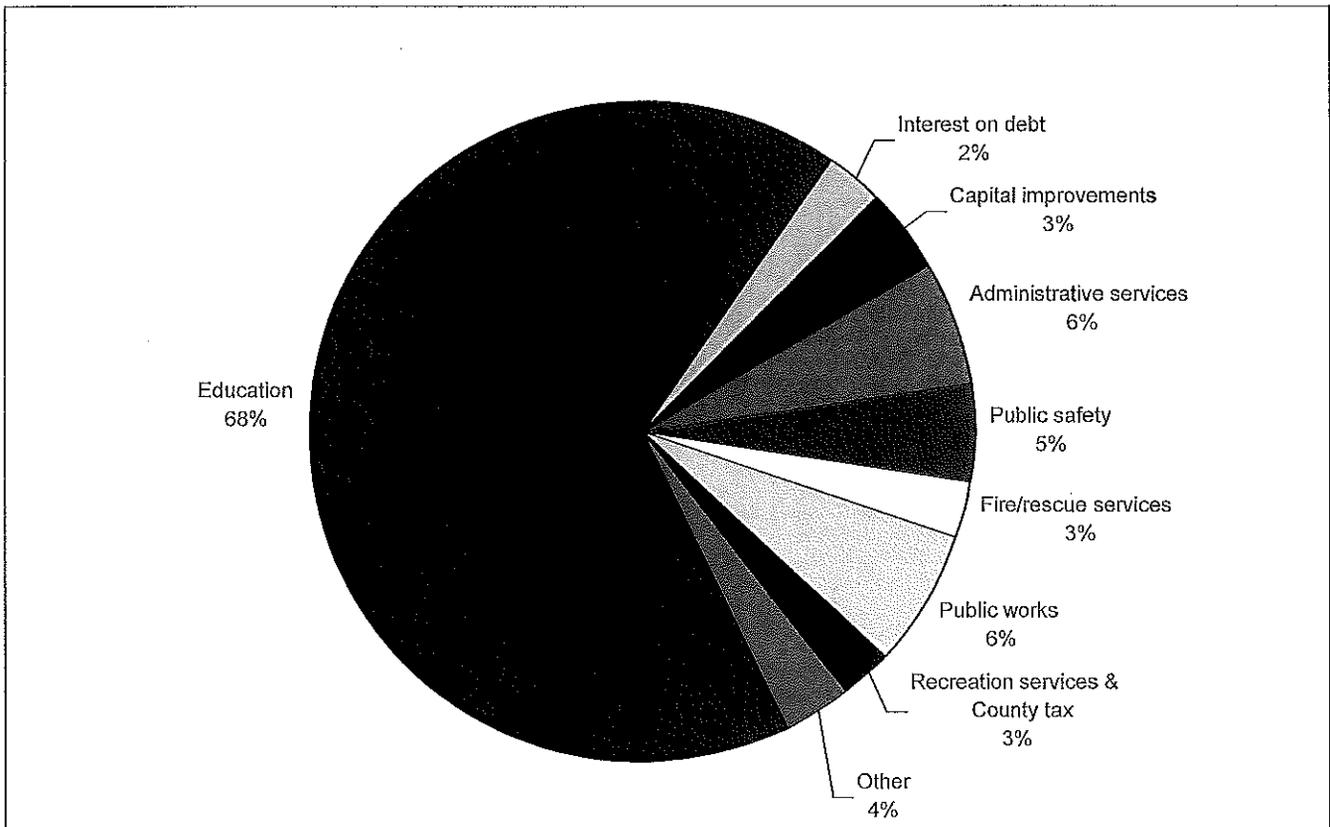
	<u>2009</u>		<u>2008</u>	
	<u>Government Activities</u>	<u>Activities (WEDC)</u>	<u>Government Activities</u>	<u>Activities (WEDC)</u>
Assets:				
Current and other assets	\$ 12,341,214	80,390	12,679,052	85,997
Capital assets (net)	60,029,697	-	60,560,387	-
Total assets	<u>72,370,911</u>	<u>80,390</u>	<u>73,239,439</u>	<u>85,997</u>
Liabilities:				
Long-term debt outstanding	28,887,196	-	30,597,847	-
Other liabilities	7,470,334	-	7,668,670	-
Total liabilities	<u>36,357,530</u>	<u>-</u>	<u>38,266,517</u>	<u>-</u>
Net assets:				
Invested in capital assets	28,787,365	-	27,641,591	-
Restricted	41,874	-	41,874	-
Unrestricted	7,184,142	80,390	7,289,457	85,997
Total net assets	<u>\$ 36,013,381</u>	<u>80,390</u>	<u>34,972,922</u>	<u>85,997</u>

TOWN OF WINDHAM, MAINE
Management's Discussion and Analysis, Continued
June 30, 2009

Governmental Activity Revenues by Source



Governmental Activity Expenditures by Type



TOWN OF WINDHAM, MAINE
Management's Discussion and Analysis, Continued
June 30, 2009

GOVERNMENTAL ACTIVITIES

The cost of all governmental activities for 2009 was \$50,897,815. However, as shown in the statement of activities, the amount paid by taxpayers through local property taxes for these activities was \$21,136,925 because some of the cost (\$4,637,137) was borne by those who directly benefited from the programs.

The Town paid for the remaining "public benefit" portion of governmental activities with \$26,164,212 in non-property taxes and other revenues, such as investment earnings, state revenue sharing, excise taxes, homestead exemption reimbursement, and other miscellaneous revenues.

Statement of Activities

Total resources of \$86,911,196 were available during the year to finance governmental activities, consisting of net assets of \$34,972,922 at July 1, 2008, program revenues of \$25,949,648 and general revenues of \$25,988,626.

Total governmental activities expenses were \$50,897,815 resulting in an increase in net assets of \$1,040,459 from \$34,972,922 to \$36,013,381, or 3%.

Total governmental activities expenses rose by \$1,809,854 or 3.7% while net expenses for governmental activities increased by \$1,042,798, or 4.4% from 2008 to 2009.

TOWN OF WINDHAM, MAINE
Management's Discussion and Analysis, Continued
June 30, 2009

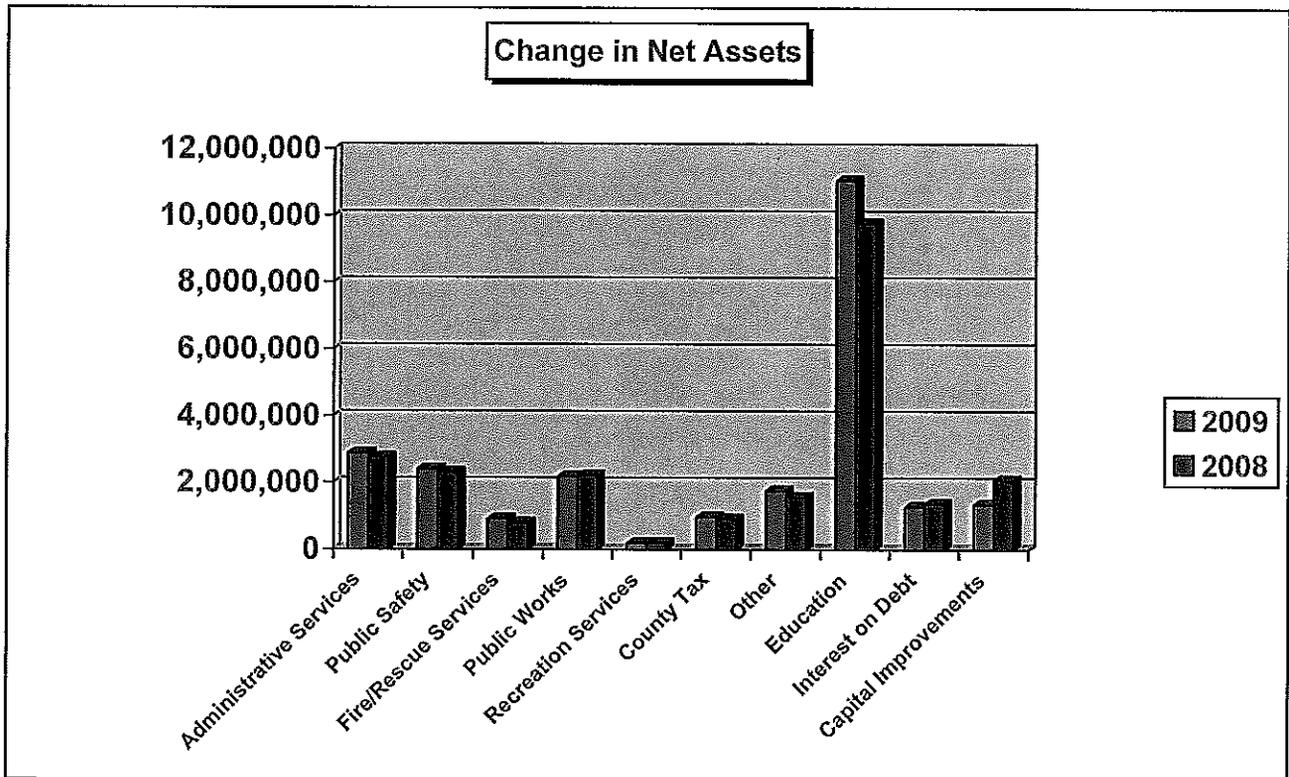
Statement of Activities

	<u>Primary Government Governmental Activities</u>	<u>Component Unit (WEDC)</u>	<u>2009 Primary Government and Component Unit</u>	<u>2008 Primary Government and Component Unit</u>
Revenues:				
Program Revenues:				
Charges for service	\$ 4,637,137	-	4,637,137	4,219,868
Operating grants and contributions	21,312,511	-	21,312,511	20,811,375
Capital grants and contributions	-	-	-	151,349
General Revenues:				
Property taxes	21,136,925	-	21,136,925	20,631,559
Excise tax	2,489,164	-	2,489,164	2,669,372
Franchise fees	110,657	-	110,657	93,972
Homestead exemption	324,039	-	324,039	321,711
Other state aid	15,215	-	15,215	14,995
State revenue sharing	1,235,010	-	1,235,010	1,234,766
Investment earnings	278,690	964	279,654	445,694
Miscellaneous revenues	398,926	-	398,926	490,498
Total Revenues	<u>51,938,274</u>	<u>964</u>	<u>51,939,238</u>	<u>51,085,159</u>
Expenses:				
Program Expenses:				
Administrative services	3,012,000	6,571	3,018,571	2,947,266
Public safety	2,407,727	-	2,407,727	2,349,466
Fire/rescue services	1,491,670	-	1,491,670	1,427,842
Public works	3,193,522	-	3,193,522	3,216,989
Recreation services	396,098	-	396,098	398,541
County tax	959,303	-	959,303	904,614
Other	1,953,527	-	1,953,527	1,663,603
Education	34,851,995	-	34,851,995	32,712,826
Interest on debt	1,264,661	-	1,264,661	1,360,127
Capital maintenance expenses	1,367,312	-	1,367,312	2,109,283
Total Expenses	<u>50,897,815</u>	<u>6,571</u>	<u>50,904,386</u>	<u>49,090,557</u>
Net assets – beginning	34,972,922	85,997	35,058,919	33,064,317
Change in net assets	<u>1,040,459</u>	<u>(5,607)</u>	<u>1,034,852</u>	<u>1,994,602</u>
Net assets – ending	<u>\$ <u>36,013,381</u></u>	<u><u>80,390</u></u>	<u><u>36,093,771</u></u>	<u><u>35,058,919</u></u>

TOWN OF WINDHAM, MAINE
Management's Discussion and Analysis, Continued
June 30, 2009

The Town's governmental activities include administrative services (including insurance, employee benefits, and other organization-wide expenses), public works, police, fire and rescue, recreation and libraries, planning and code enforcement, assessing, town clerk, social services, education, debt and capital expenses. Each program's net cost (total cost less revenues generated by the activities) is presented below for 2009.

	<u>2009 Expense</u>	<u>2009 Program revenue</u>	<u>2009 Net expense</u>	<u>2008 Net expense</u>
Governmental activities:				
Administrative services	\$ 3,012,000	132,451	2,879,549	2,747,101
Public safety	2,407,727	4,111	2,403,616	2,296,932
Fire/rescue services	1,491,670	588,136	903,534	786,751
Public works	3,193,522	1,008,721	2,184,801	2,213,446
Recreation services	396,098	201,447	194,651	194,317
County tax	959,303	-	959,303	904,614
Other	1,953,527	189,226	1,764,301	1,562,229
Education	34,851,995	23,809,236	11,042,759	9,762,249
Interest on debt	1,264,661	-	1,264,661	1,360,127
Capital maintenance	1,367,312	16,320	1,350,992	2,077,603
Total Governmental activities	\$ 50,897,815	25,949,648	24,948,167	23,905,369



The net expense represents that portion of governmental activities expenses that was offset by other general revenues or supported by local property taxes. No attempt has been made to apportion general revenues to the various governmental activities as a means of determining the relative degree to which they are supported by local property taxes.

TOWN OF WINDHAM, MAINE
Management's Discussion and Analysis, Continued
June 30, 2009

DEBT ADMINISTRATION

Debt decreased by \$1,676,464 in fiscal year 2009. New capital leases amounted to \$673,203; principal payments against lease debt were \$269,019, leaving a lease payable at June 30 of \$1,454,003. Principal payments made on general obligation bonds were \$2,080,648, resulting in a year-end bond payable balance of \$29,788,329.

Statement of Governmental Activities Debt

Debt payable at June 30, 2008	\$ 32,918,796
New capital leases	673,203
Debt retired	<u>(2,349,667)</u>
Debt payable at June 30, 2009	\$ 31,242,332

THE TOWN'S FUNDS

The following is an analysis of account balances in the Town and School's general fund for 2009. Comparative information is presented for fiscal years 2008 and 2007.

Statement of Revenues

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Revenues by source			
Taxes	\$ 23,199,811	22,892,549	22,788,341
Licenses and permits	211,938	288,683	367,460
Intergovernmental revenue	19,426,832	19,960,696	19,145,632
Charges for service	2,047,280	1,742,137	1,569,935
Interest earned	250,111	400,195	467,835
Other revenues	928,142	946,857	584,264
	<u>\$ 46,064,114</u>	<u>46,231,117</u>	<u>44,923,467</u>

Statement of Expenditures

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Expenditures by function			
Administrative services	\$ 2,793,266	2,872,421	2,671,354
Public safety	2,241,250	2,285,528	2,119,847
Fire/rescue services	1,400,342	1,331,960	1,281,245
Public works	3,007,327	3,162,484	2,998,923
Recreation services	250,909	257,646	269,240
County tax	959,303	904,614	817,216
Other	1,657,581	1,489,524	1,388,281
Education	29,170,633	28,348,055	27,124,124
Debt service	3,356,276	3,803,475	3,852,444
Capital outlay	1,041,990	844,748	2,279,305
	<u>\$ 45,878,877</u>	<u>45,300,455</u>	<u>44,801,979</u>

TOWN OF WINDHAM, MAINE
Management's Discussion and Analysis, Continued
June 30, 2009

CAPITAL ASSETS

The capital assets of the Town are those assets used in the performance of the Town's functions, including infrastructure assets. At June 30, 2009, net capital assets of governmental activities totaled \$60,029,697, a decrease of \$530,690 over the year ending June 30, 2008. A detailed breakdown of the activity by asset type is shown below.

Statement of Capital Assets

	<u>Balance 6/30/08</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/09</u>
Governmental assets				
Land, buildings and improvements	\$ 57,821,943	636,304	-	58,458,247
Infrastructure	14,435,195	343,838	-	14,779,033
Vehicles	5,224,537	682,912	626,138	5,281,311
Machinery and equipment	7,135,976	450,743	199,285	7,387,434
Total capital assets	<u>84,617,651</u>	<u>2,113,797</u>	<u>825,423</u>	<u>85,906,025</u>
Accumulated depreciation	<u>(24,057,264)</u>	<u>(2,475,646)</u>	<u>656,582</u>	<u>(25,876,328)</u>
Governmental assets, net	\$ <u>60,560,387</u>	<u>(361,849)</u>	<u>168,841</u>	<u>60,029,697</u>

Use of Modified Approach for Certain Infrastructure Assets

The Town has elected to use the "modified approach" as defined by GASB 34 for infrastructure reporting for roads and drainage structures. Under GASB 34 eligible infrastructure capital assets are not required to be depreciated under the following conditions:

- The Town manages the eligible infrastructure capital assets using an asset management system which provides for (1) an up-to-date inventory, (2) condition assessments and summary according to a measurement scale, and (3) an estimate of the annual amount required to maintain and preserve the infrastructure at the established condition assessment level.
- The Town documents that the eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed condition assessment level.

The Town's roads and streets are constantly deteriorating due to the effects of (1) traffic using the roads and streets, (2) ultraviolet solar radiation drying out and breaking down the top layer of pavement, (3) pavement cuts, damage, and trenching operations resulting from utility construction, repairs, and/or development, and (4) water damage from precipitation and drainage runoff. The Town is continuously taking actions to arrest the deterioration through short-term maintenance activities such as patching, sweeping, and repair.

The Town expended \$494,136 on road and street maintenance and improvements for the fiscal year ended June 30, 2009. Based on a pavement condition rating conducted in 2007, the average rating for Town roads remains essentially the same as the previous assessment in 2004 (4.14), compared with an average rating of 3.21 when the Town's first pavement condition rating survey done in 2001.

The Town estimates that the amount of annual expenditures required to improve and maintain the Town's roads and streets, and portions of state highways for which the Town is responsible for maintenance, at an average PCR score of 3.21 (see Required Supplemental Information) for fiscal years 2008 through 2010 to be at least \$1,316,000, or about \$439,000 per year. Continued increases in the cost of asphalt will put pressure on

TOWN OF WINDHAM, MAINE
Management's Discussion and Analysis, Continued
June 30, 2009

this estimate, leading to the need for increases in paving expenditures to maintain quality. Since 2001 the Town has appropriated \$500,000 annually for road improvement activities. It should be noted, however, that this amount relates mainly to the maintenance of current pavement infrastructure and does not contemplate more extensive improvements as might be required in the future for storm water management, improved safety, added capacity, or additional amenities such as sidewalks.

During 2007, the Town conducted its first condition assessment of its storm water drainage system. The storm water drainage system consists of drainage structures, pipes, and pipe openings. Stormwater drainage structures include catch basins, leaching catch basins, manholes, and dry wells. Pipes and pipe openings are identified as drain inlets, drain outlets, and pipe outfalls. Elements of the storm water drainage system were rated for structural and hydraulic condition according to the following criteria:

Good

Items examined and found to be "like new" or without apparent defects, is functioning well and reliably per design intent, and without flow restrictions; does not requiring attention, correction, or repair.

Fair

Items examined and found to have apparent defects or slight flow restrictions, are minimally functioning and/or may be at or near its useful life; near term replacement or rehabilitation may be necessary, however does not require immediate corrective action.

Poor/Needs Repair/Cleaning

Items examined and found to have a deficiency or deficiencies which affect performance, potential for failure exists, or has ceased to function as designed; requires immediate service, repair, or replacement.

Blocked

Items examined and found to have flow obstructions that require immediate service, rehabilitation, or replacement.

With regard to structural condition, 98.7% of drainage structures, pipes, and pipe openings were found to be in good (95.6%) or fair (3.1%) condition. The remaining 1.3% assessed as poor/needs repair. 84.4% of structures, pipes, and pipe openings were in good (81.3%) or fair (3.1%) hydraulic condition. Structures, pipes, or pipe openings requiring service or repair to correct flow deficiencies accounted for the remaining 15.6%. The Town conducted a complete cleaning of drainage structures in the fall of 2007, subsequent to the condition assessment, and expects to continue its program of maintenance, and regular cleaning along with inspection and condition assessment required for compliance with both GASB 34 and NPDES Phase II stormwater management rules.

Condition assessments for roads and drainage structures are planned again for 2010, with results expected to be reported in the Town's financial reports for the year ending June 30, 2011.

TOWN OF WINDHAM, MAINE
Management's Discussion and Analysis, Continued
June 30, 2009

BUDGETS AND BUDGETARY ACCOUNTING

General Fund Budget Variances

The 2008-2009 general fund budget increased 2.5% to \$14,476,188 from 2007-2008.

There were no supplemental appropriations during the fiscal year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The annual budget seeks the efficient, effective and economical use of the Town's resources as well as establishing direction for the accomplishment of policy priorities and objectives. The budget, through its adoption by the Town Council and Town meeting, establishes the direction of the Town, allocates its resources, and establishes its priorities.

Historical Trend

As the Town enters fiscal 2010, it does so with solid financials but needs to remain vigilant with respect to the economy and its effects on the Town's continued financial health. Town-issued bonds are considered investment grade, and are subject to low credit risk. They carry a rating of A1 from Moody's Investors Service. Town roads continue to improve based upon a recent study. The Town has experienced the peak of debt service costs related to the renovation and expansion of Windham High School and is receiving anticipated construction funding assistance from the state.

In order to achieve a tax rate acceptable to the community, the Town used reserves and reallocated carry-over funds over several years to help shield taxpayers from the full effect of the additional debt costs of the high school expansion and renovation project as well as operating cost increases for both school and municipal operations. Continuing to use reserves, particularly fund balance, to keep property taxes low would be detrimental to the Town's long-term financial health, especially with declines in several key revenues as a result of the recession. Consequently, the Town embarked on a three year effort to eliminate the use of fund balance as an offset in its general fund budget beginning with fiscal year 2010.

The Budget

The fiscal 2010 approved budget, which includes funding for municipal services only, is \$13,849,620. Effective July 1, 2009, the School Department became part of the Windham Raymond School Department, also referred to as Regional School Unit #14. Going forward, School activity will no longer be reported with the Town. The budget for municipal services represents a *decrease* of \$626,568, down 4.3% from last year. Since fiscal 2003, the annual budget for municipal services has increased an average of 3.57% over the seven-year period.

Due to the global economic meltdown and subsequent recession, the aim for the 2009-2010 budget was to continue to deliver municipal services as effectively as possible. Some programs were eliminated; department heads were asked to reduce spending whenever possible while maintaining the approximate level of services. Revenues were budgeted even more conservatively than in the past. A lesser reliance on the use of fund balance is also reflected in this year's budget. Other service or program needs were listed in the department's budget narrative but not included in their requests. The Town Council reviews and adjusts the budget as it sees fit and adopts a budget for recommendation to Town meeting.

TOWN OF WINDHAM, MAINE
Management's Discussion and Analysis, Continued
June 30, 2009

Revenues/Surplus

Amounts budgeted as revenue other than property taxes have increased from \$6,188,018 in 2003 to \$6,684,237 in the approved budget for 2010, an average annual increase of 1.39%. In fiscal year 2010, it is anticipated that these revenues will comprise just below one-half of total revenues (48%). Excise taxes are the Town's largest source of non-property tax revenues. Given the decline in auto sales as part of the overall worsening economy, we budgeted \$400,000 less excise tax revenue for 2010 than for 2009. This is the first time in at least fifteen years that we have budgeted for a decrease in this area.

Though the Town seeks to maximize use of non-property tax revenues in its budgeting, it remains conservative in its approach. This is done to maintain an appropriate "safety margin," guarding against revenues failing to meet estimates. This contributes to maintaining an adequate level of fund balance. As noted earlier, the Town significantly reduced its use of fund balance as a tool in managing the local tax rate for fiscal 2010. Use of fund balance as a budget balancing tool is being phased out by fiscal 2012. To the extent future fund balances allow, amounts in excess of targets set by the Council will be used to help fund long-term capital infrastructure, facilities, and equipment needs.

Breakdown of Budget Decrease

The municipal budget for 2010 reflects a decrease of 4.3% from last year, and is at the statutory property tax levy limit. The Town continues to demonstrate fiscal restraint by staying within the limit. Although not included in the budget, county taxes increased \$46,449 to \$1,005,752 for fiscal 2010. This represents a 4.8% increase over last year. County taxes are established through the county's budget approval process and are allocated to cities and towns in the county according to state law. The Town has no control over the amount of, or the amount of increase in, county taxes.

To remain within the tax levy limit for the ensuing year, Town management has taken the following measures:

- ❖ Adopted wage freezes, or their equivalent, for all employee groups
- ❖ The reduction of one full-time circulation supervisor at the library
- ❖ The reduction of one full-time truck driver's position in public works(replaced by a seasonal employee)
- ❖ A case-by-case hiring freeze, first implemented in November 2008, will continue
- ❖ The suspension of both the household hazardous waste collection and bulky waste programs
- ❖ Reduced capital equipment funding by \$100,000
- ❖ Reduced funding for land and building repairs and improvements by \$165,000
- ❖ Converted to a less generous health insurance plan for most employees

Savings/Increasing Demands

The Town participates with numerous regional and inter-municipal cooperatives for joint purchasing and resource-sharing. These include the Greater Portland Council of Governments and its collective bid process, fire chiefs in Cumberland County jointly bidding supplies and equipment, and participating in the Interlocal Storm Water Working Group to share costs of complying with federal storm water management rules.

Like many communities which have experienced, and continue to experience rapid rates of growth, Windham has sought to balance the need to provide services in response to growth, and growing expectations with a reasonable level of local property taxation. Capital equipment replacement and facilities funding have been increasing until this year; the use of capital lease purchase agreements allows us to replace major equipment without a significant impact on cash flow. Facilities funding has been reduced in order to remain within the statutory property tax levy limit.

TOWN OF WINDHAM, MAINE
Management's Discussion and Analysis, Continued
June 30, 2009

The Future

The Town is in good financial condition, although state and national trends call for close and constant vigilance. Undesignated fund balance, which represents potential supplemental financial resources to the Town, stands at 7.4 % of the current budget, representing less than one month's worth of operating expenses. The Town's fund balance policy recommends a ratio of at least 8.34%, equating to one month's worth of operating expenses. The Town's auditors recommend a ratio of up to two months of expenditures, or 16.7%. Credit agencies go even further, looking for a minimum ratio of 20%.

Undesignated fund balance as a percentage of next year's budget amounts to 12%, since a significant portion of the RSU budget has been removed from the calculation. We feel that this is a more representative comparison in that it takes a prospective approach, comparing surplus funds to upcoming expenditures rather than to expenses that have already occurred.

In order to maintain its fiscal health it will be necessary to evaluate the sustainability of any expansion in programs and services relative to the ability to generate revenue other than taxes and keep local property taxes from rising beyond what has been Windham's typically lower rates than many surrounding full-service communities.

In order to achieve stability in its local property tax rates and sustainability in its programs and services, the Town will need to work diligently to implement its comprehensive master plan and develop associated multi-year strategic and financial plans under the policy guidance and direction of the Town Council with appropriate and substantial input and involvement from citizens and other stakeholders. This becomes particularly important when considering future tax base growth potential, the cost of providing services to this growth, and providing infrastructure to enable and support growth in designated areas and not others. The Town will have to decide whether it can continue to comply with the statute governing increases in the property tax levy and still provide the level of services it desires. This law, enacted by the Maine Legislature in early 2005, contains provisions for voter approval of expenditures or increases in property tax levies over a certain amount.

Summary

The fiscal year 2010 budget will reflect a tax rate increase of about 3.1%, up \$0.35 to \$11.75 per thousand dollars of assessed value. For every tax dollar, \$0.33 goes to the Town, \$0.62 to schools, and the balance of \$0.05 is earmarked for the county. Municipal revenue sharing and state aid to schools for 2009-2010 will serve to keep taxes about 58% lower than they would be without these funds.

The Town continues to meet its debt obligations, reducing debt by nearly \$1.7 million in 2009. As debt for the high school and previous capital facilities projects is retired, the Town will be in a position to consider meeting other capital facilities needs as it carefully examines the costs of programs and services relative to the costs they incur. The timing of the Town's debt repayment schedule is important because of the growth-related infrastructure, facilities, and operational needs, and other investments needed to meet the needs of the community and realize the goals in its comprehensive master plan that the Town will face in the future.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to demonstrate its accountability for the funds entrusted to it. If you have any questions about this report or need any financial information, contact the Office of the Finance Director, 8 School Road, Windham, Maine, 04062, telephone 207-892-1907.

BASIC FINANCIAL STATEMENTS

TOWN OF WINDHAM, MAINE
Statement of Net Assets
June 30, 2009

	Primary Government Governmental Activities	Component Unit WEDC
ASSETS		
Cash and cash equivalents	\$ 2,908,292	53,566
Investments	7,313,971	26,824
Receivables:		
Accounts, net of allowance of \$193,144	771,172	-
Taxes receivable - current year	802,829	-
Taxes receivable - prior years	196,358	-
Tax liens	317,047	-
Inventory	31,545	-
Capital assets, not being depreciated	15,897,513	-
Capital assets, being depreciated	44,132,184	-
Total assets	72,370,911	80,390
LIABILITIES		
Accounts payable and other current liabilities	767,433	-
Accrued wages	2,518,656	-
Compensated absences payable	1,433,787	-
Accrued interest	202,379	-
Taxes paid in advance	53,354	-
Other postemployment benefits liability	139,589	-
Noncurrent liabilities:		
Due within one year	2,355,136	-
Due in more than one year	28,887,196	-
Total liabilities	36,357,530	-
NET ASSETS		
Invested in capital assets, net of related debt	28,787,365	-
Restricted for:		
Nonexpendable trust principal	41,874	-
Unrestricted	7,184,142	80,390
Total net assets	\$ 36,013,381	80,390

See accompanying notes to financial statements.

TOWN OF WINDHAM, MAINE
Statement of Activities
For the year ended June 30, 2009

Functions/programs	Expenses	Program Revenues			Net (expense) revenue and changes in net assets	
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Governmental activities	Component Unit WEDC
Primary government:						
Governmental activities:						
Administrative services	\$ 3,012,000	132,451	-	-	(2,879,549)	-
Public safety	2,407,727	4,111	-	-	(2,403,616)	-
Fire/rescue services	1,491,670	588,136	-	-	(903,534)	-
Public works	3,193,522	799,246	209,475	-	(2,184,801)	-
Recreation services	396,098	201,447	-	-	(194,651)	-
County tax	959,303	-	-	-	(959,303)	-
Other	1,953,527	28,952	160,274	-	(1,764,301)	-
Education	34,851,995	2,882,794	20,926,442	-	(11,042,759)	-
Interest on debt service	1,264,661	-	-	-	(1,264,661)	-
Capital maintenance expenses	1,367,312	-	16,320	-	(1,350,992)	-
Total governmental activities	50,897,815	4,637,137	21,312,511	-	(24,948,167)	-
Total primary government	\$ 50,897,815	4,637,137	21,312,511	-	(24,948,167)	-
Component unit:						
WEDC	\$ 6,571	-	-	-	-	(6,571)

General revenues:

Property taxes, levied for general purposes	\$ 21,136,925	-
Excise taxes	2,489,164	-
Supplemental taxes and lien fees	19,608	-
Motor vehicle registration fees	50,535	-
Franchise fees	110,657	-
Grants and contributions not restricted to specific programs:		
Homestead exemption	324,039	-
Other State aid	15,215	-
State Revenue Sharing	1,235,010	-
Unrestricted investment earnings	278,690	964
Loss on disposal of property	(168,840)	-
Miscellaneous	497,623	-
Total general revenues	25,988,626	964

Change in net assets 1,040,459 (5,607)

Net assets - beginning 34,972,922 85,997

Net assets - ending **\$ 36,013,381 80,390**

See accompanying notes to financial statements.

TOWN OF WINDHAM, MAINE
Balance Sheet
Governmental Funds
June 30, 2009

	General	School Operations	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,663,947	-	244,345	2,908,292
Investments	7,176,937	-	137,034	7,313,971
Receivables:				
Accounts, net of allowance of \$193,144	330,906	111,267	328,999	771,172
Taxes receivable - prior years	196,358	-	-	196,358
Taxes receivable - current year	802,829	-	-	802,829
Tax liens	317,047	-	-	317,047
Interfund loans receivable	-	3,565,501	3,074,274	6,639,775
Inventory	6,019	-	25,526	31,545
Total assets	\$ 11,494,043	3,676,768	3,810,178	18,980,989
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	296,414	197,391	15,003	508,808
Accrued wages	378,872	1,947,541	192,243	2,518,656
Interfund loans payable	5,821,506	770,363	46,662	6,638,531
Taxes paid in advance	53,354	-	-	53,354
Deferred revenue	1,010,000	-	-	1,010,000
Unearned income - impact fees	19,474	-	-	19,474
Inspection deposits and miscellaneous liabilities	184,965	55,430	-	240,395
Total liabilities	7,764,585	2,970,725	253,908	10,989,218
Fund balances:				
Reserved for:				
Inventory	6,019	-	25,526	31,545
Nonexpendable trust principal	-	-	41,874	41,874
Unreserved:				
Designated	421,693	706,043	-	1,127,736
Unreserved, reported in:				
General fund	3,301,746	-	-	3,301,746
Special revenue funds	-	-	3,328,526	3,328,526
Permanent funds	-	-	160,344	160,344
Total fund balances	3,729,458	706,043	3,556,270	7,991,771
Total liabilities and fund balances	\$ 11,494,043	3,676,768	3,810,178	
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				60,029,697
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.				1,010,000
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds:				
Compensated absences payable				(1,433,787)
Accrued interest				(202,379)
Other postemployment benefits liability				(139,589)
Capital leases				(1,454,003)
Bonds payable				(29,788,329)
Net assets of governmental activities				\$ 36,013,381

See accompanying notes to financial statements.

TOWN OF WINDHAM, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2009

	General	School Operations (Schedule B)	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 23,199,811	-	269,886	23,469,697
Licenses and permits	211,938	-	-	211,938
Intergovernmental	1,944,013	14,482,266	2,136,250	18,562,529
Intergovernmental - Maine PERS on-behalf payments	-	3,000,553	-	3,000,553
Charges for services	609,875	1,437,405	1,840,318	3,887,598
Interest earned	250,111	-	28,579	278,690
Other	806,569	121,573	1,423,127	2,351,269
Total revenues	27,022,317	19,041,797	5,698,160	51,762,274
Expenditures:				
Current:				
Administrative services	2,793,266	-	-	2,793,266
Public safety	2,241,250	-	-	2,241,250
Fire/rescue services	1,400,342	-	-	1,400,342
Public works	3,007,327	-	-	3,007,327
Recreation services	250,909	-	138,793	389,702
County tax	959,303	-	-	959,303
Other	1,657,581	-	286,884	1,944,465
Education	-	26,170,080	4,811,224	30,981,304
Education - Maine PERS on-behalf payments	-	3,000,553	-	3,000,553
Debt service	327,125	3,029,151	-	3,356,276
Capital outlay	941,306	100,684	1,501,778	2,543,768
Total expenditures	13,578,409	32,300,468	6,738,679	52,617,556
Excess (deficiency) of revenues over (under) expenditures	13,443,908	(13,258,671)	(1,040,519)	(855,282)
Other financing sources (uses):				
Capital lease proceeds	-	100,684	572,519	673,203
Transfers - in	292,885	13,142,270	743,362	14,178,517
Transfers - out	(13,885,632)	-	(292,885)	(14,178,517)
Total other financing sources (uses)	(13,592,747)	13,242,954	1,022,996	673,203
Net change in fund balances	(148,839)	(15,717)	(17,523)	(182,079)
Fund balances, beginning of year	3,878,297	721,760	3,573,793	8,173,850
Fund balances, end of year	\$ 3,729,458	706,043	3,556,270	7,991,771

See accompanying notes to financial statements.

TOWN OF WINDHAM, 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, 2009

Net change in fund balances - total governmental funds (from Statement 4) \$ (182,079)

Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$2,475,646) and loss on disposal of property of (\$168,841) exceeded capital outlays of (\$2,113,797) in the current period. (530,690)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 176,000

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in accrued interest (\$10,967) and accrued compensated absences (\$29,386) less the other post retirement benefits liability of (\$139,589). (99,236)

Capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of lease 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 by which lease proceeds (\$673,203) exceeded repayments (\$269,019). (404,184)

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 the repayments. 2,080,648

Change in net assets of governmental activities (see Statement 2) \$ 1,040,459

See accompanying notes to financial statements.

TOWN OF WINDHAM, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund
For the year ended June 30, 2009

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 23,534,852	23,534,852	23,199,811	(335,041)
Licenses and permits	324,650	324,650	211,938	(112,712)
Intergovernmental	2,018,718	2,018,718	1,944,013	(74,705)
Charges for services	700,185	700,185	609,875	(90,310)
Interest earned	322,500	322,500	250,111	(72,389)
Other	554,215	554,215	806,569	252,354
Total revenues	27,455,120	27,455,120	27,022,317	(432,803)
Expenditures:				
Current:				
Administrative services	2,927,618	2,927,618	2,793,266	134,352
Public safety	2,470,135	2,470,135	2,241,250	228,885
Fire/rescue services	1,449,942	1,449,942	1,400,342	49,600
Public works	3,376,237	3,405,737	3,007,327	398,410
Recreation services	282,932	287,932	250,909	37,023
County tax	959,303	959,303	959,303	-
Other	1,679,764	1,679,764	1,657,581	22,183
Debt service	327,125	327,125	327,125	-
Capital outlay	985,000	1,412,223	941,306	470,917
Total expenditures	14,458,056	14,919,779	13,578,409	1,341,370
Excess of revenues over expenditures	12,997,064	12,535,341	13,443,908	908,567
Other financing sources (uses):				
Use of undesignated fund balance	734,300	1,196,023	-	(1,196,023)
Transfers from other funds	292,885	292,885	292,885	-
Transfers to other funds	(14,024,249)	(14,024,249)	(13,885,632)	138,617
Total other financing sources (uses)	(12,997,064)	(12,535,341)	(13,592,747)	(1,057,406)
Net change in fund balance	-	-	(148,839)	(148,839)
Fund balance, beginning of year			3,878,297	
Fund balance, end of year	\$		3,729,458	

See accompanying notes to financial statements.

TOWN OF WINDHAM, MAINE
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	Private-purpose Trust Fund (Scholarships)	Agency Fund (School Activity)
ASSETS		
Cash and cash equivalents	\$ 66,412	258,736
Total assets	66,412	258,736
LIABILITIES		
Due to Town	1,244	-
Due to student groups	-	258,736
Total liabilities	1,244	258,736
NET ASSETS		
Held in trust	\$ 65,168	-

See accompanying notes to financial statements.

TOWN OF WINDHAM, MAINE
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the year ended June 30, 2009

	Private-purpose Trust Fund (Scholarships)
Additions:	
Investment income	\$ 753
Donation	100
Total additions	853
Deductions:	
Scholarships awarded	1,250
Total deductions	1,250
 Change in net assets	 (397)
 Net assets, beginning of year	 65,565
 Net assets, end of year	 \$ 65,168

See accompanying notes to financial statements.

TOWN OF WINDHAM, MAINE
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Windham, Maine was incorporated in 1762 and operates under a Council-Manager form of Government, adopted by charter in 1975.

In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit was made by applying the criteria set forth by accounting principles generally accepted in the United States of America. The criterion used 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 is one component unit that should be included as part of this reporting entity.

Discretely Presented Component Unit - The Windham Economic Development Corporation was established to promote economic development in the Town. Its major funding source is the Town of Windham and the majority of its board members are appointed by the Windham Town Council.

B. Government-wide and Fund Financial Statements

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

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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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.

TOWN OF WINDHAM, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as certain compensated absences and claims and judgments, are recorded only when the payment is due.

Those revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the Town and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The Town reports the following major governmental funds:

The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The School Operations Fund is used to account for the operations of the Town of Windham School Department, the revenues of which are dedicated by State statute for school purposes.

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 fund types:

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. The funds are used to account for assets that the Town holds for others in an agency capacity.

Private-purpose trust funds are used to account for assets that the Town holds and uses for scholarships.

TOWN OF WINDHAM, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

D. Cash and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits and time deposits. Investments are stated at fair value.

E. Interfund Loans Receivable/Payable

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund loans or as interfund advances (i.e. the noncurrent portion of interfund loans). Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

F. Inventories

Inventories are valued at the lower of cost (first-in, first-out basis) or market. Inventory consists of food and supplies, including the value of government surplus items donated to the School Lunch Program, and fuel.

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 columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than the following thresholds and an estimated useful life in excess of one year:

Land and improvements	\$ 25,000
Buildings and improvements	25,000
Machinery, equipment and vehicles	5,000
Infrastructure	100,000

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The Town has elected to use the Modified Approach for reporting certain infrastructure assets.

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.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government is depreciated using the straight-line method over the assets' estimated useful lives ranging from 3 to 40 years.

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34 which requires the inclusion of infrastructure capital assets in local government's basic financial statements. In accordance with Statement No. 34, the Town has included the value of, at a minimum, "major" infrastructure assets as defined in GASB Statement No. 34 that were acquired, constructed or significantly reconstructed, or that received significant improvements after June 30, 1980 into the 2008-2009 basic financial statements.

TOWN OF WINDHAM, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The Town elected to use the Modified Approach as defined by Statement No. 34 for roads, storm drainage, catch basins and manholes. The Town performed a physical assessment for all major infrastructure conditions in 2007. This condition assessment is performed every 3 years.

The Town commissioned a triennial physical condition assessment of the streets and roads in 2001, 2004 and 2007. These streets, primarily pavement, were defined as all physical features associated with the operation of motorized vehicles that exist within the limits of right of way. This condition assessment will be performed every 3 years. Each street was assigned a physical condition based on several potential defects. A pavement condition rating (PCR), a nationally recognized rating, was assigned to each street and expressed in a continuous scale from 0 to 5, where 0 is impassable and 5 is perfect. The following conditions were defined: very good condition was assigned to those segments with a rating between 3.61 – 5.00, good condition was assigned to those segments with a rating between 3.21 – 3.60, Fair - good condition was assigned to those segments with a rating between 2.81 – 3.20, fair condition was assigned to those segments with a rating between 2.41 – 2.80, fair - poor condition was assigned to those segments with a rating between 2.01 – 2.40, poor condition was assigned to those segments with a rating between 1.61 – 2.00, and very poor condition was assigned to those segments with a rating between 0.00 – 1.60. The Town's policy relative to maintaining the street assets is to achieve a minimum rating of 2.81 for all street segments. This acceptable rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at the posted speeds.

In accordance with GASB Statement No. 34, the Town subcontracted with an independent engineering firm to inventory and perform a condition assessment on all other infrastructure assets in 2007. Other infrastructure assets consist of catch basins, manholes and storm drainage. Per the rating system noted above, each infrastructure asset was assigned a condition assessment based on a visual inspection conducted on each asset.

For all other capital assets: buildings, vehicles, and equipment, the Town elects to use the Depreciation Approach as defined by Statement No. 34 for reporting. The Town conducted an inventory of all other capital assets for fiscal year 2003 and performs internal updates annually.

This original and updated process determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition. Original costs were developed in one of three ways: 1) historical records; 2) standard unit costs appropriate for the construction/acquisition date; or 3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation, 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

Under terms of personnel policies and union contracts, vacation and sick leave are granted in varying amounts according to length of service and is accrued ratably over the year. Sick time is not paid unless an employee is ill, or retires in good standing. Accrued vacation and sick leave are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignation or retirement.

TOWN OF WINDHAM, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

I. Long-term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs if material to basic financial statements, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. 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.

K. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly chargeable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

L. Use of Estimates

Preparation of the Town's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Budgets are formally adopted for the General Fund, School Operations Fund and Adult Education Fund each year through the passage of a Town warrant, and are prepared on a basis consistent with accounting principles generally accepted in the United States of America as noted below. The Town's other funds do not have legally adopted budgets but have adopted budgets through formal authorizations by the Town Council, School Board and through grant agreements.

TOWN OF WINDHAM, MAINE
Notes to Basic Financial Statements, Continued

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

In the General Fund, the level of control (level at which expenditures may not exceed budget) is the Department. Once adopted, the budget can only be amended by the Town Council, and then only to the extent that excess revenues over estimated amounts can be used to increase appropriation accounts.

In the School Operations Fund, the level of control is also the Department. Generally, all unexpended budgetary accounts lapse to the School Operations Fund balance at the close of the fiscal year. Once adopted, the budget can be amended by the School Board, but only through transfers between expenditure accounts.

B. Budgetary vs. GAAP Basis of Accounting

As required by accounting principles generally accepted in the United States of America (GAAP), the Town has recorded revenues and expenditures for Maine State Public Employees Retirement System (MainePERS) contributions made by the State of Maine on behalf of the Windham School Department. These amounts have not been budgeted in the School Operations Fund (a special revenue fund) and result in a difference in reporting on a budgetary basis of accounting vs. reporting under accounting principles generally accepted in the United States of America of \$3,000,553. These amounts have been included as an intergovernmental revenue and an education expenditure on Statement 2 (GAAP basis) and Statement 4. There is no effect on the fund balance at the end of the year.

C. Revised Budget

The revised budget presented for the General Fund in the Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Statement 6), includes various adjustments as follows:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other financing sources (uses)</u>
2009 budget as originally adopted	\$ 45,444,237	(45,444,237)	-
Designated carryforward balance	-	(461,723)	461,723
Budgeted use of surplus	(734,300)	-	734,300
Transfer to Sewer Fund	-	160,048	(160,048)
Transfer to Equipment Replacement Fund	-	513,569	(513,569)
Transfer to School	(16,961,932)	30,312,564	(13,350,632)
Transfer from Development District North TIF	(70,231)	-	70,231
Transfer from Pipeline Development District TIF	(105,812)	-	105,812
Transfer from Roosevelt Promenade TIF	(114,042)	-	114,042
Transfer from Cemetery	(2,800)	-	2,800
Totals	\$ 27,455,120	(14,919,779)	(12,535,341)

TOWN OF WINDHAM, MAINE
Notes to Basic Financial Statements, Continued

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED

D. Deficit Fund Balance

For the year ended June 30, 2009, the following funds had deficit fund balances:

Distinguished Educator	\$ 444
School Health	2,279

DEPOSITS AND INVESTMENTS

A. Deposits

Custodial Credit Risk-Town Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town minimizes custodial credit risk by obtaining collateral for all uninsured amounts on deposit. Time deposits are insured up to \$250,000 by the F.D.I.C. The school department maintains numerous activity funds, classified as fiduciary or agency funds on the Town's books. These are deposit accounts held in a fiduciary capacity by the School; as such, they each receive insurance coverage up to \$250,000.

The Town's custodian agrees to provide safekeeping services and to hold the securities (in book entry) pledged by a financial institution in a custodial account established for the benefit of the Town of Windham as a secured party. This account shall be kept separate and apart from the general assets of the Custodian, and will not, under any circumstances, be commingled with or become part of, the backing for any other deposit or liability of the Town.

As of June 30, 2009, the Town reported deposits of \$3,233,440 with a bank balance of \$4,089,448. None of the Town's bank balances were exposed to custodial credit risk as they were covered by the F.D.I.C. or by additional insurance purchased on behalf of the Town by the respective banking institutions. The Town's component unit, WEDC, reported deposits of \$53,566 which were fully covered by F.D.I.C.

Deposits have been reported as follows:

Reported in governmental funds	\$ 2,908,292
Reported in fiduciary funds	325,148
Total Town deposits	3,233,440
Reported in component unit (WEDC)	53,566
Total deposits	\$ 3,287,006

TOWN OF WINDHAM, MAINE
Notes to Basic Financial Statements, Continued

DEPOSITS AND INVESTMENTS, CONTINUED

B. Investments

At June 30, 2009, the Town (including the WEDC, component unit) had the following investments:

	<u>Fair Value</u>
Certificates of deposit	\$ 4,944,121
Money market	<u>2,396,674</u>
Total investments	<u>\$ 7,340,795</u>

Investments have been reported as follows:

Reported in governmental funds	\$ 7,313,971
<u>Reported in component unit (WEDC)</u>	<u>26,824</u>
Total investments	<u>\$ 7,340,795</u>

Custodial credit risk-investments – For investments, this is the risk that in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Town minimizes investment custodial credit risk by limiting securities and cash held by a broker to investments protected up to full value by a combination of coverage provided by the Securities Investor Protection Corporation (SIPC) and excess coverage purchased from a private insurer. Certificates of deposit which exceed the FDIC insured amount are collateralized in accordance with Title 30-A, Section 5706 of the Maine Revised Statutes.

Of the Town and component unit's \$7,340,795 investment in money markets and certificates of deposit, 100% was collateralized by underlying securities held by the related bank, which were not in the Town's name.

Interest rate risk – The Town does not have a deposit policy for interest rate risk

PROPERTY TAX

Property taxes for the current year were committed on August 12, 2008 on the assessed value listed as of the prior April 1, for all real and personal property located in the Town. Payment of taxes was due in two equal installments. Interest was charged at 11% on all tax bills unpaid as of October 1, 2008 and April 1, 2009. Assessed values are periodically established by the Town's Assessor at 100% of assumed market value.

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 \$71,233 for the year ended June 30, 2009.

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 the tax liens and associated costs remain unpaid.

TOWN OF WINDHAM, MAINE
Notes to Basic Financial Statements, Continued

PROPERTY TAX, CONTINUED

The following summarizes the 2009 and 2008 levies:

	<u>2009</u>	<u>2008</u>
Assessed value	\$ 1,829,101,200	1,801,304,900
Tax rate (per \$1,000)	11.40	11.30
Commitment	20,851,754	20,354,745
Supplemental taxes assessed	6,534	<u>11,813</u>
	20,858,288	20,366,558
Less:		
Abatements	25,121	17,940
Collections	20,030,338	<u>19,567,001</u>
Receivable at June 30	\$ 802,829	781,617
Due date(s)	(1/2) October 1, 2008 (1/2) April 1, 2009	(1/2) October 1, 2007 (1/2) April 1, 2008
Interest rate on delinquent taxes	11.00%	12.00%
Collection rate	96.15%	96.22%

INTERFUND BALANCES

Individual interfund receivable and payable balances at June 30, 2009, were as follows:

	<u>Interfund receivables</u>	<u>Interfund payables</u>
General Fund	\$ -	5,821,506
Special Revenue Funds:		
Town Special Revenue Funds	2,258,070	-
School Operations	3,565,501	770,363
School Special Revenue Funds	620,026	46,662
R.E.A.L. School	64,365	-
Adult Education	67,246	-
School Lunch Program	62,567	-
Fiduciary Funds:		
Scholarship Fund	-	1,244
Permanent Funds:		
Cemetery Acquisition Fund	2,000	-
Totals	\$ 6,639,775	6,639,775

All receipts and disbursements occur within the General Fund cash account. If the activity pertains to some other fund, the interfund receivable/payable accounts are used to record revenue and expenditure in the proper fund. Actual cash transactions occur in the general fund; the use of interfund accounts ensures that activity is reflected in the proper fund.

TOWN OF WINDHAM, MAINE
Notes to Basic Financial Statements, Continued

INTERFUND TRANSFERS

Individual fund transfers for the year ended June 30, 2009 were as follows:

	Transfers <u>in</u>	Transfers <u>out</u>
General Fund	\$ 292,885	13,885,632
School Operations Fund	13,142,270	-
Nonmajor Special Revenue Funds:		
Equipment Replacement Fund	535,000	-
Development District North T.I.F.	-	70,231
Pipeline Development T.I.F.	-	105,812
Roosevelt Promenade T.I.F.	-	114,042
Adult Education Program	208,362	-
Total nonmajor Special Revenue Funds	743,362	290,085
Nonmajor permanent funds:		
Perpetual Care Trust Funds	-	2,800
Total nonmajor Permanent Funds	-	2,800
Totals	\$ 14,178,517	14,178,517

These transfers were budgeted transfers to fund certain activities.

TOWN OF WINDHAM, MAINE
Notes to Basic Financial Statements, Continued

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 was as follows:

	Balance June 30, <u>2008</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2009</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,997,612	-	-	1,997,612
School land	592,280	-	-	592,280
Infrastructure	13,007,466	300,155	-	<u>13,307,621</u>
Total capital assets, not being depreciated	15,597,358	300,155		15,897,513
Capital assets, being depreciated:				
Land improvements	114,782	-	-	114,782
Buildings	4,846,828	164,475	-	5,011,303
Equipment	4,028,330	350,450	123,189	4,255,591
Vehicles	3,571,216	486,531	534,138	3,523,609
School vehicles	1,652,393	196,381	92,000	1,756,774
School equipment	2,489,267	100,293	76,096	2,513,464
School buildings	50,270,441	471,829	-	50,742,270
School furniture	619,307	-	-	619,307
Infrastructure	1,427,729	43,683	-	<u>1,471,412</u>
Total capital assets, being depreciated	69,020,293	1,813,642	825,423	70,008,512
Less accumulated depreciation for:				
Land improvements	37,643	4,422	-	42,065
Buildings	2,051,541	123,175	-	2,174,716
Equipment	2,853,501	264,524	98,647	3,019,378
Vehicles	2,160,273	249,108	399,755	2,009,626
School vehicles	1,104,075	166,411	92,000	1,178,486
School equipment	1,547,972	163,200	66,180	1,644,992
School buildings	13,267,779	1,360,724	-	14,628,503
School furniture	413,866	107,524	-	521,390
Infrastructure	620,614	36,558	-	<u>657,172</u>
Total accumulated depreciation	24,057,264	2,475,646	656,582	25,876,328
Total capital assets being depreciated, net	44,963,029	(662,004)	168,841	<u>44,132,184</u>
Governmental capital assets, net	\$ 60,560,387	(361,849)	168,841	<u>60,029,697</u>

TOWN OF WINDHAM, MAINE
Notes to Basic Financial Statements, Continued

CAPITAL ASSETS, CONTINUED

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

Governmental activities:

Administrative services	\$ 71,589
Public safety	163,312
Fire/rescue services	193,586
Public works	238,445
Recreation	5,626
Other (Town Clerk and Library)	5,229
Education	<u>1,797,859</u>

Total depreciation expense – governmental activities \$ 2,475,646

ACCRUED WAGES

The Town records the liability for teachers' and certain other contracted employees' summer salaries and for wages and related expenditures of hourly employees. At June 30, 2009, accrued wages amounted to \$2,518,656, of which \$2,139,784 applies to the School Funds and the remaining \$378,872 applies to the Town's General Fund.

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. As of June 30, 2009, the Town has not exceeded these percentages.

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2009, was as follows:

	Beginning <u>balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>balance</u>	Due within <u>one year</u>
Governmental activities:					
General obligation bonds	\$ 31,868,977	-	2,080,648	29,788,329	2,009,177
Capital leases	1,049,819	673,203	269,019	1,454,003	345,959
Accrued compensated absences	1,463,173	16,195	45,581	1,433,787	-
Totals	<u>\$ 34,381,969</u>	<u>689,398</u>	<u>2,395,248</u>	<u>32,676,119</u>	<u>2,355,136</u>

TOWN OF WINDHAM, MAINE
Notes to Basic Financial Statements, Continued

LONG-TERM DEBT

General obligation bonds, notes, and capital leases payable at June 30, 2009 are comprised of the following:

Primary government:

	<u>Original amount</u>	<u>Interest rate</u>	<u>Final maturity date</u>	<u>Balance end of year</u>
<u>General obligation bonds and promissory notes</u>				
1999 Windham School	\$ 2,820,000	Var.	2015	1,358,329
2003 General Obligation Bonds	35,787,000	Var.	2025	28,430,000
Total general obligation bonds and promissory notes				29,788,329
 <u>Capital leases</u>				
Town:				
2004 Aerial platform & Ladder truck		3.55%	2014	399,916
2007 Fire truck & Public Works plows (2)		4.17%	2012	271,758
Public Safety equipment		3.75%	2014	100,914
CAT backhoe		3.60%	2014	82,430
Fire truck and Public Works truck		3.89%	2014	389,175
School:				
2007 Passenger Freightliner bus		4.80%	2011	25,850
2007 Passenger Freightliner bus		4.80%	2011	25,850
2008 Passenger Freightliner bus		4.73%	2012	43,927
2008 Passenger Freightliner bus		4.73%	2012	42,216
Vans (2)		3.80%	2011	16,310
2009 Passenger Freightliner bus		4.10%	2012	55,657
Total capital leases				1,454,003
Total primary government general obligation bonds, promissory notes and capital leases				\$ 31,242,332

TOWN OF WINDHAM, MAINE
Notes to Basic Financial Statements, Continued

LONG-TERM DEBT, CONTINUED

The annual requirements to amortize all debt outstanding as of June 30, 2009 on primary government general obligation bonds and notes with interest ranging from 4.00% to 7.50% are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 2,009,177	1,209,686	3,218,863
2011	2,018,778	1,144,573	3,163,351
2012	2,029,626	1,072,555	3,102,181
2013	2,041,177	991,909	3,033,086
2014	2,053,337	907,257	2,960,594
2015-2019	9,306,234	3,352,806	12,659,040
2020-2024	9,050,000	1,404,869	10,454,869
2025-2029	1,280,000	32,000	1,312,000
Totals	\$ 29,788,329	10,115,655	39,903,984

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, 2009:

<u>Fiscal year ending</u>	<u>Town</u>	<u>School</u>	<u>Total capital leases</u>
2010	\$ 314,910	87,919	402,829
2011	314,910	87,919	402,829
2012	314,910	51,565	366,475
2013	216,667	-	216,667
2014	216,667	-	216,667
Total minimum lease payments	1,378,064	227,403	1,605,467
Less amount representing interest	133,872	17,592	151,464
Present value of future minimum lease payments	\$ 1,244,192	209,811	1,454,003

DIRECT AND OVERLAPPING DEBT

The Town's proportionate share of debt of all local government units which provide services within the Town's boundaries, and which must be borne by properties in the Town, is summarized as follows:

<u>Units</u>	<u>Net debt outstanding</u>	<u>Percentage applicable to the Town</u>	<u>Town's proportionate share of debt</u>
Town of Windham	\$ 29,788,329	100%	29,788,329
Cumberland County	5,655,000	4.53%	256,346
Portland Water District	31,202,072	7.01%	2,186,168
Portland Water – Little Falls sewer project	6,370,000	29.48%	1,877,846
Portland Water – Route 202 sewer replacement	19,200	100%	19,200
Portland Water – Westbrook sewer project	1,598,777	23.77%	380,079

TOWN OF WINDHAM, MAINE
Notes to Basic Financial Statements, Continued

CONTINGENT OBLIGATIONS

ecomaine (formally Regional Waste Systems) - A Maine corporation, with twenty seven participating municipalities including the Town of Windham has issued bonds to fund the design, construction and start-up of a resource recovery system. The bonds are special revenue obligations of ecomaine, payable from and secured by a pledge of ecomaine revenues. The bonds do not constitute a debt or liability within the meaning of any constitutional or statutory provision of the State of Maine, or a pledge of the full faith and credit of any political subdivision of the State of Maine. ecomaine has no taxing power. Notwithstanding the foregoing, pursuant to the Waste Handling Agreements, the participating municipalities are obligated severally to deliver certain of the solid waste produced within each such participating municipality to ecomaine for processing, to make service payments and pay tipping fees for such processing in amounts which, when added to other available monies, will at least equal required debt service of the bonds. The obligations of the participating municipalities under the Waste Handling Agreements are secured by the full faith and credit of the participating municipalities subject to certain limitations. On June 30, 2009, outstanding "Incinerator Debt" of ecomaine totaled \$21,640,000 of which the Windham share, based on estimated tonnage to be delivered, amounted to 4.58% or \$991,138.

Additionally, ecomaine operates a licensed balefill and ashfill site for which projected landfill closure and postclosure costs approximate \$14,645,291 at June 30, 2008, the most recent date available. The Town's proportionate share of these estimated landfill closure and postclosure costs is 4.66% or \$681,795.

STATE REIMBURSEMENT FOR DEBT SERVICE EXPENDITURES

The State of Maine currently reimburses the Town for a portion of financing costs of School building and School bus purchases. Continuation of such reimbursements is dependent upon continued appropriation by the State Legislature.

DESIGNATED FUND BALANCE

At June 30, 2009 and 2008, portions of the General Fund and Special Revenue Fund balance were appropriated to future periods as follows:

	<u>2009</u>	<u>2008</u>
General Fund:		
Capital equipment	\$ 102,359	263,877
Road improvements	144,529	138,665
Road striping	31,000	29,500
300th anniversary	11,810	11,681
Open space preservation	-	21,000
Building improvements	77,192	3,681
Summerfest	5,300	5,000
Accrued benefit payouts	49,503	-
	<u>\$ 421,693</u>	<u>473,404</u>
Special Revenue Fund:		
Carry over for future years - education	706,043	610,000
	<u>\$ 706,043</u>	<u>610,000</u>

TOWN OF WINDHAM, MAINE
Notes to Basic Financial Statements, Continued

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 or participates in a public entity risk pool. Currently, the Town participates in a public entity risk pool sponsored by the Maine Municipal Association and the School Department participates in a public entity risk pool sponsored by the Maine School Management Association for workers' compensation coverage. Based on the coverage provided by the pools described above, 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, 2009.

NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Town's net assets invested in capital assets, net of related debt was calculated as follows at June 30, 2009:

Capital assets	\$ 85,906,025
Accumulated depreciation	(25,876,328)
Bonds payable	(29,788,329)
Capital leases	(1,454,003)
<u>Total invested in capital assets, net of related debt</u>	<u>\$ 28,787,365</u>

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (MainePERS) - CONSOLIDATED RETIREMENT PENSION PLAN

A. Maine Public Employees Retirement System (MainePERS) - Teachers Group

Teacher Group - All teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's teacher group. The teacher's group is a cost-sharing plan with a special funding situation, established by the Maine State legislature. MainePERS 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. MainePERS issues a publicly available financial report that includes financial statements and required supplementary information for the Teacher's Group. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

Funding Policy - Plan members are required to contribute 6.5% 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 \$3,000,553 (18.76%) for the fiscal year 2009. This amount has been reported as an intergovernmental revenue and education expenditure in the GAAP basis financial statements (Statements 2 and 4). There is no contribution required by the School except for federally funded teachers, for which the School contributed 18.76% of their compensation. This cost is charged to the applicable grant.

TOWN OF WINDHAM, MAINE
Notes to Basic Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (MainePERS) - CONSOLIDATED RETIREMENT PENSION PLAN, CONTINUED

B. Maine Public Employees Retirement System (MainePERS) - Police Officers and Dispatchers

Police Officers, Dispatchers and Paramedics are eligible to participate in the Maine Public Employees Retirement System. MainePERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

Funding Policy - Police Officers who are plan members are required to contribute 7.5% of their compensation to the retirement system. Dispatchers are required to contribute 6.5% of their compensation and Paramedics are required to contribute 8.0%. The Town matches 3.5%, 2.8% and 5.3% for the Police Officers, Dispatchers and Paramedics, respectively. The total Town contributions for these groups during the fiscal year ended June 30, 2009 were \$56,750.

C. Deferred Compensation Plan

Town Plan - The Town of Windham offers all its employees a deferred compensation plan created in accordance with Internal Revenue (IRC) Section 457. The plan permits participating employees to defer a portion of their salary until future years. 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.

School Department Plan - The Windham School Department offers its entire support staff employees a deferred compensation plan created in accordance with Internal Revenue (IRC) Section 457. The plan permits participating employees to defer a portion of their salary until future years. 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.

REORGANIZATION

Effective July 1, 2009 the School Department became part of the Windham Raymond School Department also referred to as Regional School Unit #14 (RSU #14) along with the Raymond School Department. As of that date the Department ceased to exist as a separate legal entity.

The agreement requires each of the combining units to satisfy their existing financial obligations from all legally available funds, except as otherwise specified in the agreement. If a school administrative unit has not satisfied all of its existing financial obligations, the unit shall transfer sufficient funds to the RSU to satisfy its remaining existing financial obligations. The balance from an existing school administrative unit must be used to reduce the local contribution to the region of the region member or the region members formerly comprising that school administrative unit within the first three years of operation of the RSU.

The agreement also specifies that RSU #14 will pay the remainder of the teacher and other employees' contracts and related benefits beginning July 1, 2009 for all of the entities making up the new RSU. All employee contracts of the Department were assumed by RSU #14 as of the operational date of July 1, 2009.

TOWN OF WINDHAM, MAINE
Notes to Basic Financial Statements, Continued

REORGANIZATION, CONTINUED

In order to provide the RSU with operating funds on July 1, the Town of Windham transferred \$1,200,000 to the RSU on that date. Remaining balances will be transferred upon completion of the audit and once all other financial obligations have been satisfied. All capital assets will become assets of the RSU effective July 1.

The complete reorganization plan can be obtained at the Superintendent's office located 223 Windham Center Road, Windham, ME.

TAX INCREMENT FINANCING DISTRICT

The Town has established the Windham Municipal Development District - North tax increment financing district (TIF). The District retains the tax increment on 80% on the new captured assessed value of the property in this TIF District to finance certain eligible projects for a period of five years. The Town accounts for the activity of the TIF in the special revenue fund. Revenues will be used specifically for conducting a multi-year environmental assessment to measure the impact of expanded development on Windham's natural resource base and to undertake the implementation of aspects of Windham's comprehensive plan. The maximum tax revenues collected over the five years were \$650,000 and were captured as of June 30, 1999. The Town has reauthorized the District for another ten years, with a physical expansion of approximately one acre, and increased the maximum revenues to \$2,000,000 over its ten year life. Funds were appropriated to the District on an annual basis by the Council and budgetary town meeting. As of June 30, 2005, all of the tax revenues were captured and during 2006 the remaining \$481,595 held in the general fund was transferred into the TIF fund.

The creation of a Pipeline Development District is to address specific concerns and issues that have been identified by the Town's staff, elected leaders, and citizenry over the past year during forums and other forms of direct communication. Public comments have been directed towards a reactionary environment, lack of capital expenditures and the continuing need to ration resources and proactively seek out economic opportunity before crisis and concern are established. The development within this District will produce approximately \$16,352,800 of new tax base for the Town. The District will produce new taxable revenues, beginning with 80% and declining by 5% annually, over a ten year period. These revenues will be used to make payments into the Pipeline Development Fund specifically for: the purchase of a Geographic Information System (GIS) that would integrate automated data and provide a tool for planning economic and community development, a formal study and long range plan to mitigate environmental issues related to pollutants within the northern section of Town, the development of a business and tourism center within the commercial hub, a mechanism to leverage private funding for rehabilitation and new construction of desirable commercial facilities throughout the community and the continuance of the Town's economic development program. For the year ended June 30, 2009, \$59,886 of tax revenues were captured and reported as TIF district revenues.

TOWN OF WINDHAM, MAINE
Notes to Basic Financial Statements, Continued

TAX INCREMENT FINANCING DISTRICT, CONTINUED

The goal of the Roosevelt Promenade TIF is to gain a better understanding of the impact that economic development has had on the North Windham Business District and to prepare for future growth. Increasing traffic volumes on Route 302 necessitate a study of transportation alternatives including the development of local connector roads to alleviate congestion. The Town's economic development program will administer the development program and will continue to be funded by TIF proceeds. Captured assessed value will be calculated for the District based upon the difference between the property's original assessed value as of April 1, 2005 (March 31, 2006) and April 1, 2006. The Town will capture no more than \$210,000 in any given year up to a total of \$1,050,000 in TIF revenues on assessed value resulting from the development with the District over the five year TIF period. Allocations from the TIF fund will be by the action of the Town Council as approved by the Town Meeting. For the year ended June 30, 2009, \$210,000 of tax revenues were captured and reported as TIF district revenues.

LANDFILL CLOSURE COSTS AND POSTCLOSURE CARE COSTS

The Town of Windham presently has one landfill, closure of which is substantially complete. Some monitoring costs will be required in the future, however these costs are not deemed to be material.

OTHER POST EMPLOYMENT BENEFITS

The Governmental Accounting Standards Board (GASB) recently issued its Statement 45, which addressed the reporting and disclosure requirements for other post employment benefits (OPEB). GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, was implemented, as required, by the Town of Windham, Maine for the year ended June 30, 2009. Under this pronouncement, it requires that the long-term cost of retirement health care and obligations for other postemployment benefits be determined on an actuarial basis and reported similar to pension plans.

The Town of Windham is a member of the Maine Municipal Employees Health Trust. The Health Trust contracted with an outside consultant to assist in the determination and valuation of the Town's OPEB liability under GASB Statement 45. An OPEB liability actuarial valuation was completed by the consultants in June 2009.

Plan Descriptions – The Town sponsors a post-retirement benefit plan providing health insurance to retiring employees. Town employees over the age of 55 with 5 years of continuous service are allowed to participate in the plan. Retirees that are designated in a plan pay 100% of the single coverage premium and 100% of the family coverage premium. For those Town employees eligible for Medicare (post-65 Retiree Plan), the plan is offered in conjunction with Medicare Parts A and B and the Companion Plan B.

Funding Policy and Annual OPEB Cost – GASB Statement 45 does not mandate the prefunding of postemployment benefits liability. The Town currently plans to fund these benefits on a pay-as-you-go basis. No assets have been segregated and restricted to provide postemployment benefits. The annual required contribution (ARC), an actuarial determined rate, represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize unfunded actuarial liabilities over a period not to exceed thirty years.

TOWN OF WINDHAM, MAINE
Notes to Basic Financial Statements, Continued

OTHER POST EMPLOYMENT BENEFITS, CONTINUED

The following table represents the OPEB costs for the year and the annual required contribution:

Normal cost	\$ 72,250
Amortization of Unfunded	64,602
<u>Interest</u>	<u>2,737</u>
Annual Required Contribution	\$ 139,589

Funding Status and Funding Progress – The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ending June 30, 2009 were as follows:

Annual required contribution	\$ 139,589
Actual contribution	-
Percent contributed	0%
Actuarial accrued liability	1,161,778
<u>Plan assets</u>	<u>-</u>
Unfunded actuarial accrued liability	1,161,778
Covered payroll	6,017,247
Unfunded actuarial accrued liability as a percentage of covered payroll	19.3%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information (only one year available) that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions – Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets. Significant methods and assumptions were as follows:

Actuarial valuation date	1/1/09
Actuarial cost method	Projected unit credit cost method
Amortization method	Level dollar
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4.0%
Projected salary increases	N/A
Healthcare inflation rate	4.0% - 9.6%

TOWN OF WINDHAM, MAINE
Required Supplementary Information

MODIFIED APPROACH FOR TOWN INFRASTRUCTURE ASSETS

In accordance with GASB Statement No. 34 the Town is required to account for and report infrastructure capital assets. The Town defines infrastructure as the basic physical assets including streets and roads, storm water conveyance system, parks and recreation land and improvements, buildings and associated amenities such as parking used by the Town in the conduct of its business. Each major infrastructure system can be divided into subsystems. For example, streets and roads can be divided into pavement, curbing, sidewalks, streetlights, traffic control devices (signs, signals, and pavement markings), landscaping, and land. Subsystem detail is not presented in these basic financial statements; however, the Town maintains detailed information on these subsystems.

The Town has elected to use the “modified approach” as defined by GASB 34 for infrastructure reporting for roads and drainage structures only. Under GASB 34 eligible infrastructure capital assets are not required to be depreciated under the following conditions:

- The Town manages the eligible infrastructure capital assets using an asset management system which provides for (1) an up-to-date inventory, (2) condition assessments and summary according to a measurement scale, and (3) an estimate of the annual amount required to maintain and preserve the infrastructure at the established condition assessment level.
- The Town documents that the eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed condition assessment level.

In 2007, the Town completed a physical condition assessment of roads and streets. For the purposes of this assessment, roads and streets were defined as all public roadways within Windham that the Town has some responsibility for maintenance and improvement. The condition assessment is performed every three years.

The pavement condition rating survey was conducted according to procedures outlined in “Visual Condition Survey for Flexible Pavements, Instruction Manual for Community Level Pavement Management,” Maine Department of Transportation, March 1986. The approach is based on upon systematic sampling to locate each rating site. Each rating site is one hundred feet in length and one travel lane wide, with a maximum travel lane width of twelve feet. The survey records the extent and severity of distresses that commonly occur on Maine roads. The distresses include several types of cracking, distortion, and patching.

A one-quarter mile rating frequency was used, with a minimum of two ratings on each homogeneous road segment. The rating sites were located with a calibrated distance measuring instrument (DMI), a piece of equipment similar to an odometer, but more precise. This allows the same rating sites to be relocated in subsequent distress surveys.

The raw field data was reduced to an individual pavement condition rating (PCR) score for each rating site. The PCR was based upon a 0 to 5 scale, with 0 being impassable and 5 being perfect. The scale reflects the structural integrity of the pavement and, as a result, is useful in determining appropriate treatment strategies for each condition range.

TOWN OF WINDHAM, MAINE
Required Supplementary Information, Continued

A description of the PCR scale is as follows:

Pavement Condition Rating Scale

PCR Range	Condition
0.00 – 1.60	Very Poor
1.61 – 2.00	Poor
2.01 – 2.40	Fair – Poor
2.41 – 2.80	Fair
2.81 – 3.20	Fair – Good
3.21 – 3.60	Good
3.61 – 5.00	Very Good

Generally, roads with ratings of 2.40 or lower are considered poor and in obvious need of improvement. Roads with ratings of 3.21 or higher are considered good and are not usually considered eligible for improvement, except for routine maintenance.

Approximately 563 sites were rated on 95.73 miles of roadway, resulting in an average of greater than six rating sites per mile. The overall existing condition rating of Windham's road network was determined by calculating the total roadway length in each of the condition ranges. In 2001 the overall condition rating of the entire roadway network was "good" with an average rating of 3.21. At the time the PCR survey was conducted in 2004 the average condition rating had improved to 4.15. As of October 2001, 29.76% of the public roadway mileage in Windham was rated below 2.81, while only 5.17% of all public roads fell into this category in 2004, with 3.08% of town roads and 10.56% of state roads. By October 2007 only 1.6% of all public roads were categorized as "fair," with 1.4% of town roads and 2.1% of state roads.

The Town's roads and streets are constantly deteriorating due to the effects of (1) traffic using the roads and streets, (2) ultraviolet solar radiation drying out and breaking down the top layer of pavement, (3) pavement cuts, damage, and trenching operations resulting from utility construction, repairs, and/or development, and (4) water damage from precipitation and drainage runoff. The Town is continuously taking actions to arrest the deterioration through short-term maintenance activities such as patching, sweeping, and repair.

As of 2007, the estimated cost to treat all eligible Town roadways (with condition ratings of less than 3.21) was estimated (in 2007 dollars) at \$626,000 through 2010. The estimated cost to treat all eligible state highways for which the Town has maintenance responsibility is estimated at \$690,000 through 2010. Since 2001 the Town has appropriated and/or expended \$6,500,000 for roadway maintenance and improvements other than routine maintenance. The Town expended \$494,136 on road and street maintenance and improvements for the fiscal year ended June 30, 2009. Both types of activities may contribute to improvements in the overall condition of roads.

Pavement condition rating (PCR) surveys only look at one element of a road's condition, but one which can communicate a great deal about underlying problems. Overlay alone may be enough to improve a road's rating for the short term, but more extensive work may be needed to address other issues. The Town estimates that the amount of annual expenditures required to improve and maintain the Town's roads and streets, and

TOWN OF WINDHAM, MAINE
Required Supplementary Information, Continued

portions of state highways for which the Town is responsible for maintenance, at an average PCR score of 3.21 through the year 2010 to be at least \$1,316,000, or about \$439,000 per year. Continued increases in the cost of asphalt could put pressure on this estimate, possibly leading to the need for increases in paving expenditures to maintain quality. Since 2001 the Town has appropriated \$500,000 annually for road improvement activities. It should be noted, however, that this amount relates mainly to the maintenance of current pavement infrastructure and does not contemplate more extensive improvements as might be required in the future for storm water management, improved safety, added capacity, or additional amenities such as sidewalks.

During 2007, the Town conducted its first condition assessment of its storm water drainage system. The storm water drainage system consists of drainage structures, pipes, and pipe openings. Stormwater drainage structures include catch basins, leaching catch basins, manholes, and dry wells. Pipes and pipe openings are identified as drain inlets, drain outlets, and pipe outfalls. Elements of the storm water drainage system were rated for structural and hydraulic condition according to the following criteria:

Good

Items examined and found to be "like new" or without apparent defects, are functioning well and reliably per design intent, and without flow restrictions; do not requiring attention, correction, or repair.

Fair

Items examined and found to have apparent defects or slight flow restrictions, are minimally functioning and/or may be at or near its useful life; Near term replacement or rehabilitation may be necessary, however does not require immediate corrective action.

Poor/Needs Repair/Cleaning

Items examined and found to have a deficiency or deficiencies which affect performance, potential for failure exists, or has ceased to function as designed; requires immediate service, repair, or replacement.

Blocked

Items examined and found to have flow obstructions that require immediate service, rehabilitation, or replacement.

With regard to structural condition, 98.7% of drainage structures, pipes, and pipe openings were found to be in good (95.6%) or fair (3.1%) condition. The remaining 1.3% assessed as poor/needs repair. 84.4% of structures, pipes, and pipe openings were in good (81.3%) or fair (3.1%) hydraulic condition. Structures, pipes, or pipe openings requiring service or repair to correct flow deficiencies accounted for the remaining 15.6%. The Town conducted a complete cleaning of drainage structures in 2007, subsequent to the condition assessment, and expects to continue its program of maintenance, and regular cleaning along with inspection and condition assessment required for compliance with both GASB 34 and NPDES Phase II stormwater management rules.

The next required condition assessment is to be performed by 2010.

TOWN OF WINDHAM, MAINE
Required Supplementary Information, Continued

SCHEDULE OF FUNDING PROGRESS

Retiree Healthcare Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a) / c]
1/1/09	\$ -	\$1,161,778	\$1,161,778	0.00%	\$6,017,247	19.3%

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 expenditures, the fixed charges and the capital improvement costs that are not paid through other funds.

TOWN OF WINDHAM, MAINE
General Fund
Comparative Balance Sheet
June 30, 2009 and 2008

	2009	2008
ASSETS		
Cash and cash equivalents	\$ 2,663,947	5,107,829
Investments	7,176,937	5,465,712
Receivables:		
Taxes receivable - current year	802,829	781,617
Taxes receivable - prior years	196,358	183,429
Tax liens - prior years	317,047	254,701
Accounts receivable, net of allowance of \$193,144 and \$124,000, respectively	330,906	166,926
Inventory	6,019	16,200
Total assets	\$ 11,494,043	11,976,414
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	296,414	315,268
Accrued wages	378,872	369,295
Interfund loans payable	5,821,506	6,238,325
Taxes paid in advance	53,354	42,018
Deferred tax revenue	1,010,000	834,000
Unearned income - impact fees	19,474	72,424
Inspection deposits and miscellaneous liabilities	184,965	226,787
Total liabilities	7,764,585	8,098,117
Fund balance:		
Reserved for:		
Inventory	6,019	16,200
Unreserved:		
Designated	421,693	473,404
Undesignated	3,301,746	3,388,693
Total fund balance	3,729,458	3,878,297
Total liabilities and fund balance	\$ 11,494,043	11,976,414

TOWN OF WINDHAM, MAINE
General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual

For the year ended June 30, 2009

(with comparative actual amounts for the year ended June 30, 2008)

	2009			Variance positive (negative)	2008 Actual
	2008 carryforward	Budget	Total available Actual		
Revenues:					
Taxes:					
Property taxes	\$ -	20,783,602	20,783,602	83,437	20,354,778
Change in deferred property tax revenue	-	-	-	(176,000)	(155,000)
Excise taxes	-	2,731,000	2,731,000	(241,836)	2,669,372
Supplemental taxes and lien fees	-	20,250	20,250	(642)	23,399
Total taxes	-	23,534,852	23,534,852	(335,041)	22,892,549
Licenses and permits:					
Plumbing fees	-	27,500	27,500	(12,381)	23,391
Town Clerk fees	-	75,000	75,000	(16,348)	67,530
Building permits	-	120,000	120,000	(69,346)	89,771
Planning fees	-	14,000	14,000	(5,974)	16,877
License and other fees	-	33,150	33,150	(4,198)	34,142
Motor vehicle registration fees	-	55,000	55,000	(4,465)	56,972
Total licenses and permits	-	324,650	324,650	(112,712)	288,683
Intergovernmental:					
State Revenue Sharing	-	1,200,000	1,200,000	35,010	1,234,766
State highway block grant	-	305,729	305,729	(96,254)	305,729
Homestead exemption	-	324,039	324,039	-	321,711
General assistance reimbursement	-	75,000	75,000	85,274	67,232
Cops in school grant	-	-	-	-	48,450
FEMA/MEMA assistance	-	-	-	-	-
Stag/LFWWC grant	-	92,000	92,000	(92,000)	-
Other state assistance	-	21,950	21,950	(6,735)	14,995
Total intergovernmental	-	2,018,718	2,018,718	(74,705)	1,992,883
Charges for services:					
Solid waste disposal fees	-	667,185	667,185	(86,540)	516,600
False alarm fees/police fines and fees	-	3,500	3,500	611	4,084
Park fees	-	29,500	29,500	(4,381)	29,885
Total charges for services	-	700,185	700,185	(90,310)	550,569

TOWN OF WINDHAM, MAINE
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual, Continued

	2009				2008		Variance	
	2009	2008	Total	Actual	2008	2008	2008	2008
	Budget	carryforward	available	Actual	Budget	Actual	positive	Actual
							(negative)	
Revenues, continued:								
Interest earned:								
Interest on delinquent taxes	\$ 62,500	-	62,500	128,250	62,500	128,250	65,750	103,886
Interest earned on investments	260,000	-	260,000	121,861	260,000	121,861	(138,139)	296,309
Total interest earned	322,500	-	322,500	250,111	322,500	250,111	(72,389)	400,195
Other revenues:								
Cable television franchise	85,000	-	85,000	110,657	85,000	110,657	25,657	93,972
Court fees	2,000	-	2,000	1,831	2,000	1,831	(169)	3,263
Rent	12,116	-	12,116	9,416	12,116	9,416	(2,700)	9,416
Rescue reimbursement	405,000	-	405,000	588,136	405,000	588,136	183,136	641,091
Miscellaneous	39,099	-	39,099	85,834	39,099	85,834	46,735	56,962
Library fines and state funds	11,000	-	11,000	10,695	11,000	10,695	(305)	10,564
Total other revenues	554,215	-	554,215	806,569	554,215	806,569	252,354	815,268
Total revenues	27,455,120	-	27,455,120	27,022,317	27,455,120	27,022,317	(432,803)	26,940,147
Expenditures:								
Current:								
Administrative services:								
Town Council	127,550	-	127,550	136,076	127,550	136,076	(8,526)	148,858
Economic Development	95,363	-	95,363	88,714	95,363	88,714	6,649	89,077
Community participation	55,749	-	55,749	18,716	55,749	18,716	37,033	44,374
Windham Community Cable Group	67,699	-	67,699	35,942	67,699	35,942	31,757	32,160
Municipal insurance	132,500	-	132,500	131,440	132,500	131,440	1,060	132,075
Employee benefits	1,746,004	-	1,746,004	1,676,094	1,746,004	1,676,094	69,910	1,744,664
Money management fees	300	-	300	(547)	300	(547)	847	580
Town management	358,655	-	358,655	345,157	358,655	345,157	13,498	335,750
Collect/account Town funds	228,279	-	228,279	215,507	228,279	215,507	12,772	229,312
Data processing	115,519	-	115,519	146,167	115,519	146,167	(30,648)	115,571
Total administrative services	2,927,618	-	2,927,618	2,793,266	2,927,618	2,793,266	134,352	2,872,421

TOWN OF WINDHAM, MAINE
General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual, Continued

	2009				Variance positive (negative)	2008 Actual
	2008 carryforward	Budget	Total available	Actual		
Expenditures, continued						
Current, continued:						
Recreation services:						
Recreation	\$ 5,000	210,452	215,452	191,209	24,243	194,142
Skate park	-	16,400	16,400	12,521	3,879	14,575
Dundee Park	-	56,080	56,080	47,179	8,901	48,929
Total recreation services	5,000	282,932	287,932	250,909	37,023	257,646
County tax	-	959,303	959,303	959,303	-	904,614
Other:						
Social services	-	220,785	220,785	386,668	(165,883)	184,563
Social services agency funding	-	44,754	44,754	44,434	320	46,657
Assessing	-	221,190	221,190	223,246	(2,056)	213,800
Geographic information systems	-	28,943	28,943	23,997	4,946	9,210
Contingency	-	100,000	100,000	-	100,000	-
Energy and weather emergency fund	-	106,000	106,000	-	106,000	-
Town Clerk/elections	-	140,478	140,478	139,769	709	137,277
Community development	-	265,400	265,400	252,682	12,718	279,194
Planning services	-	187,938	187,938	177,994	9,944	156,002
Library services	-	364,276	364,276	313,362	50,914	320,881
Rescue bad debt expense	-	-	-	69,144	(69,144)	124,000
Abatements	-	-	-	26,285	(26,285)	17,940
Total other	-	1,679,764	1,679,764	1,657,581	22,183	1,489,524
Debt service (excluding education):						
Principal	-	230,000	230,000	230,000	-	230,000
Interest	-	97,125	97,125	97,125	-	107,344
Total debt service (excluding education)	-	327,125	327,125	327,125	-	337,344

TOWN OF WINDHAM, MAINE
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual, Continued

	2009				Variance positive (negative)	2008 Actual
	2008 carryforward	Budget	Total available	Actual		
Expenditures, continued:						
Capital outlay:						
Town road resurfacing	\$ 138,665	500,000	638,665	494,136	144,529	520,963
ECB capital expenditures	263,877	-	263,877	35,681	228,196	34,284
Town building/land improvements	24,681	485,000	509,681	411,489	98,192	289,501
Total capital outlay	427,223	985,000	1,412,223	941,306	470,917	844,748
Total expenditures	461,723	14,458,056	14,919,779	13,578,409	1,341,370	13,486,269
Excess (deficiency) of revenues over (under) expenditures	(461,723)	12,997,064	12,535,341	13,443,908	908,567	13,453,878
Other financing sources (uses):						
Transfers - in	-	292,885	292,885	292,885	-	269,023
Transfers - out - Sewer	-	(160,048)	(160,048)	-	160,048	(170,375)
Transfers - out - Equipment replacement	-	(513,569)	(513,569)	(535,000)	(21,431)	(590,820)
Transfers - out - School appropriation	-	(13,350,632)	(13,350,632)	(13,350,632)	-	(13,126,461)
Utilization of prior year surplus and carried forward balances	461,723	734,300	1,196,023	-	(1,196,023)	-
Total other financing sources (uses)	461,723	(12,997,064)	(12,535,341)	(13,592,747)	(1,057,406)	(13,618,633)
Net change in fund balance	-	-	-	(148,839)	(148,839)	(164,755)
Fund balance, beginning of year				3,878,297		4,043,052
Fund balance, end of year				3,729,458		3,878,297

ALL OTHER GOVERNMENTAL FUNDS

TOWN OF WINDHAM
Combining Balance Sheet
All Other Governmental Funds
June 30, 2009

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 44,127	-	200,218	244,345
Investments	137,034	-	-	137,034
Accounts receivable	328,999	-	-	328,999
Interfund loans receivable	3,072,274	-	2,000	3,074,274
Inventory	25,526	-	-	25,526
Total assets	\$ 3,607,960	-	202,218	3,810,178
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	15,003	-	-	15,003
Accrued wages and related liabilities	192,243	-	-	192,243
Interfund loans payable	46,662	-	-	46,662
Total liabilities	253,908	-	-	253,908
Fund balances:				
Reserved for inventory	25,526	-	-	25,526
Reserved for nonexpendable trust principal	-	-	41,874	41,874
Unreserved:				
Undesignated	3,328,526	-	160,344	3,488,870
Total fund balances	3,354,052	-	202,218	3,556,270
Total liabilities and fund balances	\$ 3,607,960	-	202,218	3,810,178

TOWN OF WINDHAM, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Other Governmental Funds
For the year ended June 30, 2009

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
Revenues:				
Property taxes revenue	\$ 269,886	-	-	269,886
Intergovernmental	2,136,250	-	-	2,136,250
Charges for services	1,840,318	-	-	1,840,318
Other revenue	1,416,527	-	6,600	1,423,127
Interest revenue	26,368	-	2,211	28,579
Total revenues	5,689,349	-	8,811	5,698,160
Expenditures:				
Current:				
Education	4,811,224	-	-	4,811,224
Recreation	138,793	-	-	138,793
Capital outlay	1,105,767	396,011	-	1,501,778
Sewer assessment	282,878	-	-	282,878
Scholarships	4,000	-	-	4,000
Other	-	-	6	6
Total expenditures	6,342,662	396,011	6	6,738,679
Excess (deficiency) of revenues over (under) expenditures	(653,313)	(396,011)	8,805	(1,040,519)
Other financing sources (uses):				
Capital lease proceeds	572,519	-	-	572,519
Transfer to other funds	(290,085)	-	(2,800)	(292,885)
Transfer from other funds	743,362	-	-	743,362
Total other financing sources (uses)	1,025,796	-	(2,800)	1,022,996
Net change in fund balances	372,483	(396,011)	6,005	(17,523)
Fund balances, beginning of year	2,981,569	396,011	196,213	3,573,793
Fund balances, end of year	\$ 3,354,052	-	202,218	3,556,270

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are established to account for resources obtained and expended for specified purposes that are restricted by law or administrative action.

Special revenue funds are established for the following purposes:

Town Special Revenue Funds:

Equipment Replacement

To account for the financial activity of a reserve established for the acquisition of major equipment.

Little Falls Sewer Operations

To account for the revenues and expenditures of the Little Falls Sewer operations.

Recreation Program

To account for non-budgeted self-funded recreation programs and activities.

CCSWCD - Cumberland County Soil and Water Conservation District

To account for payroll costs for the Youth Conservation Corps of Little Sebago Lake and Presumpscot River.

T.I.F. Funds

To account for the revenues and related expenditures for the Municipal Development District - North T.I.F., Pipeline Development T.I.F., and the Roosevelt Promenade T.I.F.

Stormwater Grant

To account for grant activity.

Highland Lake Youth Conservation Corp.

To account for a County grant for the conservation of soil and water.

School Special Revenue Funds

To account for various federal and state grants for special programs administered by the School Department.

Adult Education Program

To account for the activity of the Town of Windham adult education program.

R.E.A.L. School Fund

To account for the operations of the Windham School Department's R.E.A.L. School.

School Lunch Program

To account for the activity of the School lunch operations.

Thomas Varney School Fund

Annie Akers Bregon Scholarship Trust Fund

The Town was appointed as successor trustee in 2004 to administer the trust assets. The income is to be used to award scholarships to worthy students graduating from Windham High School.

TOWN OF WINDHAM, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2009

	Town Special Revenue Funds	School Special Revenue Funds	Adult Education Program	R.E.A.L. School Fund	School Lunch Program	Thomas Varney School Fund	Annie Akers Bremon Fund	Total
ASSETS								
Cash and cash equivalents	\$ -	\$ -	50	-	500	43,577	-	44,127
Investments	-	-	-	-	-	-	137,034	137,034
Receivables:								
Accounts receivable	1,816	176,842	-	8,318	3,603	-	-	190,579
Due from State of Maine	-	120,044	-	-	18,376	-	-	138,420
Interfund loans receivable	2,258,070	620,026	67,246	64,365	62,567	-	-	3,072,274
Inventory	-	-	-	-	25,526	-	-	25,526
Total assets	\$ 2,259,886	916,912	67,296	72,683	110,572	43,577	137,034	3,607,960
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	315	7,885	5,756	1,047	-	-	-	15,003
Accrued wages and related liabilities	-	110,313	3,793	61,404	16,733	-	-	192,243
Interfund loans payable	-	46,662	-	-	-	-	-	46,662
Total liabilities	315	164,860	9,549	62,451	16,733	-	-	253,908
Fund balances:								
Reserved for inventory	-	-	-	-	25,526	-	-	25,526
Unreserved:								
Undesignated	2,259,571	752,052	57,747	10,232	68,313	43,577	137,034	3,328,526
Total fund balances	2,259,571	752,052	57,747	10,232	93,839	43,577	137,034	3,354,052
Total liabilities and fund balances	\$ 2,259,886	916,912	67,296	72,683	110,572	43,577	137,034	3,607,960

TOWN OF WINDHAM, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2009

	Town Special Revenue Funds	School Special Revenue Funds	Adult Education Program	R.E.A.L. School Fund	School Lunch Program	Thomas Varney School Fund	Annie Akers Bremont Fund	Total
	(Schedule A) (Schedule C)			(Schedule D) (Schedule E)		(Schedule F)		
Revenues:								
Property taxes revenue	\$ 269,886	-	-	-	-	-	-	269,886
Intergovernmental revenues:								
Federal subsidies	-	1,478,013	16,246	-	307,146	-	-	1,801,405
State subsidies	16,320	203,791	103,167	-	11,567	-	-	334,845
Total intergovernmental revenues	16,320	1,681,804	119,413	-	318,713	-	-	2,136,250
Charges for services:								
Tuition and fees	-	-	55,540	547,818	-	-	-	603,358
Recreation revenues	176,328	-	-	-	-	-	-	176,328
Sale of school lunches	-	-	-	-	842,031	-	-	842,031
Sewer user fees	218,601	-	-	-	-	-	-	218,601
Total charges for services	394,929	-	55,540	547,818	842,031	-	-	1,840,318
Interest and dividends	21,926	-	-	-	-	499	3,943	26,368
Other revenues	62,746	1,323,693	30,088	-	-	-	-	1,416,527
Total revenues	765,807	3,005,497	205,041	547,818	1,160,744	499	3,943	5,689,349

TOWN OF WINDHAM, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances, Continued

	Town	School	Adult	R.E.A.L.	School	Thomas	Annie	Total
	Special Revenue Funds (Schedule A)	Special Revenue Funds (Schedule C)	Education Program (Schedule D)	School Fund (Schedule E)	Lunch Program (Schedule F)	Varney School Fund	Akers Bremon Fund	
Expenditures:								
Education:								
Adult education	\$ -	-	506,866	-	-	-	-	506,866
Education	-	2,633,289	-	538,294	-	-	-	3,171,583
School lunch	-	-	-	-	1,132,775	-	-	1,132,775
Total education	-	2,633,289	506,866	538,294	1,132,775	-	-	4,811,224
Recreation	138,793							138,793
Capital expenditures	1,105,767	-	-	-	-	-	-	1,105,767
Sewer assessments	282,878	-	-	-	-	-	-	282,878
Scholarships	-	-	-	-	-	-	4,000	4,000
Total expenditures	1,527,438	2,633,289	506,866	538,294	1,132,775	-	4,000	6,342,662
Excess (deficiency) of revenues over (under) expenditures	(761,631)	372,208	(301,825)	9,524	27,969	499	(57)	(653,313)
Other financing sources:								
Capital lease proceeds	572,519	-	-	-	-	-	-	572,519
Transfer to other funds	(290,085)	-	-	-	-	-	-	(290,085)
Transfer from other funds	535,000	-	208,362	-	-	-	-	743,362
Total other financing sources	817,434	-	208,362	-	-	-	-	1,025,796
Net change in fund balances	55,803	372,208	(93,463)	9,524	27,969	499	(57)	372,483
Fund balances, beginning of year	2,203,768	379,844	151,210	708	65,870	43,078	137,091	2,981,569
Fund balances, end of year	\$ 2,259,571	752,052	57,747	10,232	93,839	43,577	137,034	3,354,052

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECT FUNDS

Capital project funds are established to account for resources obtained and expended for the acquisition of major capital facilities other than those employed in the delivery of services accounted for in enterprise funds.

The Town's individual capital project fund was established for the following purpose:

School Capital Projects

To account for various School renovation projects.

**TOWN OF WINDHAM, MAINE
Nonmajor Capital Project Funds
Balance Sheet
June 30, 2009**

		School Capital Projects
ASSETS		
Interfund loans receivable	\$	-
Total assets	\$	-
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable		-
Total liabilities		-
Fund balance:		
Unreserved:		
Undesignated		-
Total fund balance		-
Total liabilities and fund balance	\$	-

TOWN OF WINDHAM, MAINE
Nonmajor Capital Project Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2009

	School Capital Projects
Revenues:	
Other revenues	\$ -
Total revenues	-
Expenditures:	
Construction costs	396,011
Total expenditures	396,011
Other financing sources:	
Transfers from other funds	-
Total other financing sources	-
Net change in fund balance	(396,011)
Fund balance, beginning of year	396,011
Fund balance, end of year	\$ -

NONMAJOR GOVERNMENTAL FUNDS

PERMANENT FUNDS

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Cemetery Acquisition Fund

Funds restricted for the acquisition of a Town cemetery.

Perpetual Care Trust Funds

Consisting of numerous trust funds restricted for the perpetual care of specific lots or cemeteries.

Library Trust Fund

Consisting of a single fund established to assist the library.

TOWN OF WINDHAM, MAINE
Permanent Funds
Combining Balance Sheet
June 30, 2009

		Cemetery Acquisition Fund	Perpetual Care Trust Funds	Library Trust Fund	Total
ASSETS					
Cash and cash equivalents	\$	150,873	42,646	6,699	200,218
Interfund loans receivable		2,000	-	-	2,000
Total assets	\$	152,873	42,646	6,699	202,218
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund loans payable		-	-	-	-
Total liabilities		-	-	-	-
Fund balances:					
Reserved for nonexpendable trust principal		-	41,074	800	41,874
Undesignated		152,873	1,572	5,899	160,344
Total fund balances		152,873	42,646	6,699	202,218
Total liabilities and fund balances	\$	152,873	42,646	6,699	202,218

TOWN OF WINDHAM, MAINE
Permanent Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2009

	Cemetery Acquisition Fund	Perpetual Care Trust Funds	Library Trust Fund	Total
Revenues:				
Interest and dividends	\$ 1,680	456	75	2,211
Lot sales	6,600	-	-	6,600
Total revenues	8,280	456	75	8,811
Expenditures:				
Bank fees	6	-	-	6
Total expenditures	6	-	-	6
Other financing uses:				
Transfers	-	(2,800)	-	(2,800)
Total other financing uses	-	(2,800)	-	(2,800)
Net change in fund balances	8,274	(2,344)	75	6,005
Fund balances, beginning of year	144,599	44,990	6,624	196,213
Fund balances, end of year	\$ 152,873	42,646	6,699	202,218

FIDUCIARY FUNDS

School Student Activity Funds

Student activity funds are maintained by the High School, Middle School and other schools. Each School's fund accounts for the financial activity of numerous student clubs and activities, as well as several scholarship funds.

TOWN OF WINDHAM, MAINE
 Fiduciary Funds - Agency Funds
 Combining Statement of Fiduciary Net Assets
 June 30, 2009

	School Student Activity			Totals
	High School	Middle School	Other Schools	
ASSETS				
Cash	\$ 168,406	48,829	41,501	258,736
Total assets	\$ 168,406	48,829	41,501	258,736
LIABILITIES				
Due to student groups	168,406	48,829	41,501	258,736
Total liabilities	\$ 168,406	48,829	41,501	258,736

TOWN OF WINDHAM, MAINE
Fiduciary Funds - Agency Funds
Statement of Changes in Assets and Liabilities
June 30, 2009

	Balance			Balance
	July 1, 2008	Additions	Deductions	June 30, 2009
ASSETS				
Cash				
High School	\$ 190,077	377,456	399,127	168,406
Middle School	30,060	119,187	100,418	48,829
Other Schools	32,717	143,656	134,872	41,501
Total assets	252,854	640,299	634,417	258,736
LIABILITIES				
Funds held for student activities				
High School	190,077	377,456	399,127	168,406
Middle School	30,060	119,187	100,418	48,829
Other Schools	32,717	143,656	134,872	41,501
Total liabilities	\$ 252,854	640,299	634,417	258,736

SCHEDULES

The following schedules provide more detailed information on the financial activity of the following Special Revenue, Capital Projects and Fiduciary funds:

Special Revenue Funds:

- Town Special Revenue Funds
- School Operations Fund
- School Special Revenue Funds
- Adult Education Program
- R.E.A.L. School Fund
- School Lunch Program

School Capital Project Funds

Fiduciary Funds:

- High School Student Activity Funds
- Middle School Student Activity Funds
- Primary and Other School Activity Accounts

TOWN OF WINDHAM, MAINE
Town Special Revenue Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2009
(with comparative actual amounts for the year ended June 30, 2008)

	Equipment Replacement	Little Falls Sewer Operations	Recreation Program	CCSWCD	Development District North T.I.F.	Pipeline Development T.I.F.	Roosevelt Promenade T.I.F.	Highland Lake		Totals		
								Stormwater Grant	Youth Conservation Corp		2009	2008
Revenues:												
Property tax revenues	\$ -	-	-	-	-	59,886	210,000	-	-	269,886	276,781	
State/Federal grants	-	-	-	-	-	-	-	16,320	-	16,320	31,680	
Sewer user fees	-	218,601	-	-	-	-	-	-	-	218,601	29,865	
Recreation	-	-	176,328	-	-	-	-	-	-	176,328	174,339	
Interest	21,926	-	-	-	-	-	-	-	-	21,926	26,180	
Miscellaneous	-	-	-	62,746	-	-	-	-	-	62,746	175,490	
Total revenues	21,926	218,601	176,328	62,746	-	59,886	210,000	16,320	-	765,807	714,335	
Expenditures:												
Sewer assessments	-	282,878	-	-	-	-	-	-	-	282,878	170,375	
Recreation	-	-	138,793	-	-	-	-	-	-	138,793	136,354	
Capital expenditures	1,005,160	-	-	48,395	8,000	16,995	-	27,217	-	1,105,767	629,090	
Total expenditures	1,005,160	282,878	138,793	48,395	8,000	16,995	-	27,217	-	1,527,438	935,819	
Other financing sources (uses):												
Capital lease proceeds	572,519	-	-	-	-	-	-	-	-	572,519	-	
Transfers to General Fund	-	-	-	-	(70,231)	(105,812)	(114,042)	-	-	(290,085)	(266,223)	
Transfers from General Fund	535,000	-	-	-	-	-	-	-	-	535,000	761,195	
Total other financing sources (uses)	1,107,519	-	-	-	(70,231)	(105,812)	(114,042)	-	-	817,434	494,972	
Net change in fund balances	124,285	(64,277)	37,535	14,351	(78,231)	(62,921)	95,958	(10,897)	-	55,803	273,488	
Fund balances (deficit), beginning of year	707,872	166,753	361,252	(14,351)	297,827	393,767	260,622	10,897	19,129	2,203,768	1,930,280	
Fund balances, end of year	\$ 832,157	102,476	398,787	-	219,596	330,846	356,580	-	19,129	2,259,571	2,203,768	

TOWN OF WINDHAM, MAINE
School Operations Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the year ended June 30, 2009
(with comparative actual amounts for the year ended June 30, 2008)

	2009		Variance positive (negative)	2008 Actual
	Adjusted Budget	Actual		
Revenues:				
State subsidies	\$ 11,737,151	11,713,850	(23,301)	11,721,493
State reimbursement - debt service	2,147,200	2,147,200	-	2,568,392
State agency client	350,000	309,259	(40,741)	468,723
Tuition and fees	1,204,757	1,413,647	208,890	1,154,190
Rental income	25,000	23,758	(1,242)	37,378
Medicaid reimbursements	250,000	311,957	61,957	365,392
Other revenues	72,500	121,573	49,073	131,589
Total revenues	15,786,608	16,041,244	254,636	16,447,157
Expenditures:				
Regular instruction	11,264,590	11,264,590	-	11,138,261
Special education instruction	4,115,341	4,115,341	-	4,099,735
CTE instruction	406,197	406,197	-	350,201
Other instruction	738,880	738,880	-	685,612
Student and staff support	2,300,293	2,300,293	-	2,308,626
System administration	753,581	753,581	-	812,987
School administration	1,497,955	1,497,955	-	1,426,878
Transportation	1,644,153	1,644,153	-	1,459,083
Facilities maintenance	3,426,054	3,426,054	-	3,174,902
Debt service	3,029,151	3,029,151	-	3,466,131
Other expenditures	362,683	23,036	339,647	47,957
Total expenditures	29,538,878	29,199,231	339,647	28,970,373
Other financing sources (uses):				
Budgeted utilization of surplus	610,000	-	(610,000)	-
Transfers to other funds:				
Transfer to school capital projects	-	-	-	(48,360)
Transfer to school lunch fund	-	-	-	(50,000)
General Fund transfer - property taxes	13,142,270	13,142,270	-	12,928,760
Total other financing sources (uses)	13,752,270	13,142,270	(610,000)	12,830,400
Net change in fund balance	-	(15,717)	(15,717)	307,184
Fund balance, beginning of year		721,760		414,576
Fund balance, end of year	\$	706,043		721,760

TOWN OF WINDHAM, MAINE
School Special Revenue Funds - Federal, State, and Local Programs
Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2009

	June 30, 2008	Federal subsidies	State subsidies	Other revenues	Total revenues	Expenditures	June 30, 2009
Federal Programs:							
Local Entitlement	\$ 44,307	571,124	-	-	571,124	563,171	52,260
Local Entitlement Preschool Grant	-	8,699	-	-	8,699	8,014	685
Title IVA Reconnecting Youth (Drug Free)	2,392	8,951	-	-	8,951	10,780	563
Title I, Part A	-	386,231	-	-	386,231	378,075	8,156
Title V/Reap	244	-	-	-	-	244	-
Title II - Teacher Quality	1,372	90,841	-	-	90,841	80,849	11,364
Title II - Technology	3,141	4,827	-	-	4,827	5,117	2,851
J Jag Grant - Student Transportation	3,215	-	-	-	-	3,214	1
State Stabilization Fund Program	-	407,340	-	-	407,340	407,340	-
State Programs:							
Distinguished Educator	(444)	-	-	-	-	-	(444)
Learning Results	1	-	-	-	-	-	1
School Health	11,483	-	66,800	-	66,800	80,562	(2,279)
Maine Arts Commission	2,472	-	-	-	-	1,723	749
Maine Emergency Management	127	-	-	-	-	127	-
J Jag Grant - Maine Dept. of Corrections	120	-	65,243	-	65,243	56,610	8,753
College Transactions Initiative Grant	-	-	29,489	-	29,489	29,489	-
SAU Reorganization	1,158	-	21,943	-	21,943	23,101	-
Maine Care	-	-	20,316	-	20,316	20,316	-
Local Programs:							
Title III	722	-	-	2,924	2,924	2,406	1,240
HR Block contribution	521	-	-	-	-	-	521
State Farm Insurance grant	1,000	-	-	-	-	1,000	-
PTA Grants	197	-	-	4,424	4,424	4,621	-
Primary School Media Fund	4,621	-	-	4,061	4,061	8,643	39
Administrative Certification	592	-	-	3,500	3,500	3,553	539
National Semiconductor Grant	1,105	-	-	-	-	1,105	-
Direct Billings, Special Education	49,276	-	-	110,815	110,815	97,366	62,725
Maine Community Foundation	4,322	-	-	-	-	-	4,322
Wellness	5	-	-	100	100	10	95
Wal-Mart Grant	500	-	-	1,000	1,000	1,239	261
Lowe's Foundation	990	-	-	-	-	990	-
Milken Family Foundation	233	-	-	4,060	4,060	2,263	2,030
Sebago Educational Alliance Program	238,714	-	-	1,176,072	1,176,072	825,290	589,496
Local Mini Grants	500	-	-	3,000	3,000	2,365	1,135
Physical Education Grant	283	-	-	-	-	283	-
Let's Go - United Way	4,549	-	-	500	500	3,774	1,275
Gifts and Contributions	320	-	-	155	155	-	475
Windham Education Foundation	-	-	-	1,000	1,000	500	500
CAL Maine Grant	-	-	-	5,000	5,000	2,449	2,551
Windham Ice Hockey	-	-	-	5,582	5,582	5,367	215
Cumberland County Superintendents Assoc	1,806	-	-	1,500	1,500	1,333	1,973
Total	\$ 379,844	1,478,013	203,791	1,323,693	3,005,497	2,633,289	752,052

TOWN OF WINDHAM, MAINE
Adult Education Program
Schedules of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the years ended June 30, 2009 and 2008

	2009			2008
	Adjusted Budget	Actual	Variance positive (negative)	
Revenues:				
State subsidies	\$ 100,908	99,167	(1,741)	94,323
Tuition and fees	57,075	55,540	(1,535)	56,155
Entrepreneur program	29,662	29,662	-	1,090
Federal - ABE	16,246	16,246	-	18,475
MELMAC grant	4,000	4,000	-	9,000
Other	2,687	426	(2,261)	303
Total revenues	210,578	205,041	(5,537)	179,346
Expenditures:				
Current:				
General adult education	241,579	322,712	(81,133)	210,982
Adult enrichment education	25,059	21,695	3,364	29,775
Workforce training and retraining	43,708	38,413	5,295	19,840
High school completion	6,000	15,897	(9,897)	32,039
Literacy	50,000	57,536	(7,536)	47,260
Entrepreneur program	31,094	29,113	1,981	642
Adult basic education	16,246	16,246	-	18,475
MELMAC grant	5,254	5,254	-	7,746
Total expenditures	418,940	506,866	(87,926)	366,759
Other financing sources:				
Transfers from General Fund	208,362	208,362	-	197,701
Net change in fund balance	-	(93,463)	(93,463)	10,288
Fund balance, beginning of year		151,210		140,922
Fund balance, end of year	\$	57,747		151,210

TOWN OF WINDHAM, MAINE
R.E.A.L. School Fund
Schedules of Revenues, Expenditures, and Changes in Fund Balance
For the years ended June 30, 2009 and 2008

	2009	2008
Revenues:		
State agency client subsidies	\$ -	37,211
Tuitions/transportation charges	547,818	518,693
Total revenues	547,818	555,904
Expenditures:		
Instruction	245,502	279,615
Operations and maintenance of plant and equipment	17,930	15,600
General administration	142,004	111,959
Technology program	917	-
Student transportation	131,941	148,415
Total expenditures	538,294	555,589
Net change in fund balance	9,524	315
Fund balance, beginning of year	708	393
Fund balance, end of year	\$ 10,232	708

TOWN OF WINDHAM, MAINE
School Lunch Program
Schedules of Revenues, Expenditures, and Changes in Fund Balance
For the years ended June 30, 2009 and 2008

	2009	2008
Revenues:		
Sales	\$ 842,031	825,877
U.S. Department of Agriculture:		
Food and milk subsidy	282,567	213,245
Contributed commodities	36,146	28,875
Total revenues	1,160,744	1,067,997
Expenditures:		
Food	574,333	586,390
Payroll - staff	518,169	438,416
Supplies and other expenses	40,273	51,765
Total expenditures	1,132,775	1,076,571
Excess (deficiency) of revenues over (under) expenditures	27,969	(8,574)
Transfers from other funds:		
Transfer from School Operations Fund	-	50,000
Net change in fund balance	27,969	41,426
Fund balance, beginning of year	65,870	24,444
Fund balance, end of year	\$ 93,839	65,870

TOWN OF WINDHAM, MAINE
School Capital Project Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2009
(with comparative totals for year ended June 30, 2008)

	Other Locally Funded School Projects	Central Office Project	Totals	
			2009	2008
Revenues:				
Other revenues	\$ -	-	-	17,325
Total revenues	-	-	-	17,325
Expenditures:				
Construction costs	393,561	2,450	396,011	635,445
Total expenditures	393,561	2,450	396,011	635,445
Excess (deficiency) of revenues over (under) expenditures	(393,561)	(2,450)	(396,011)	(618,120)
Other financing sources:				
Transfer from school operations fund	-	-	-	48,360
Total other financing sources	-	-	-	48,360
Net change in fund balances	(393,561)	(2,450)	(396,011)	(569,760)
Fund balances, beginning of year	393,561	2,450	396,011	965,771
Fund balances, end of year	\$ -	-	-	396,011

TOWN OF WINDHAM, MAINE
High School Student Activity Funds
Schedule of Cash Receipts, Disbursements, and Changes in Balances
For the year ended June 30, 2009

	June 30, 2008	Cash receipts	Cash disbursements	June 30, 2009
Checking Account				
Art Club	\$ -	235	235	-
Amanda Grant Scholarship	-	500	-	500
Athletic Association	2,139	8,835	9,396	1,578
Band		32,722	32,629	93
Baseball	1,712	11,030	11,864	878
Boys Soccer	103	250	35	318
Boys Tennis	1,332	3,530	3,970	892
Boys Basketball	6,275	28,202	30,475	4,002
Boys Lacrosse	1,606	410	854	1,162
Business	969	-	-	969
BUSSIM	1,564	24,643	23,857	2,350
Caps and Gowns	-	7,303	7,303	-
Chamber Singers	7,824	23,312	28,823	2,313
Cheerleaders	103	1,747	1,300	550
Civil rights team	1,250	110	7	1,353
Class of 2000	1,024	-	-	1,024
Class of 2001	806	-	-	806
Class of 2004	7,376	-	-	7,376
Class of 2007	2,121	-	-	2,121
Class of 2008	3,584	130	1,372	2,342
Class of 2009	5,491	9,834	12,245	3,080
Class of 2010	2,089	8,090	10,002	177
Class of 2011	1,106	1,301	1,943	464
Class of 2012	-	2,052	1,085	967
Class of '77 scholarship	100	-	-	100
Coffee account	11	-	-	11
Co-op student	41	-	-	41
Cross-Country	1,364	3,664	4,896	132
Eagle Eyes	15	-	-	15
English Club	751	10,173	10,901	23
Entrepreneur recycling	36	1,107	800	343
Exemplar	100	185	-	285
Football	43	9,375	7,392	2,026
Foreign language	249	-	-	249
Field Hockey	1,162	1,725	2,391	496
French Club	592	2,481	2,518	555
Gate receipts	1	20,286	20,282	5
General Fund	2,295	16,760	19,055	-
Girls Basketball	2,214	5,770	7,395	589
Girls Lacrosse	1,910	2,705	3,578	1,037
Girls tennis	958	3,311	2,313	1,956
Girls Soccer	5,127	1,700	3,639	3,188
Golf	192	-	-	192
Gordan Scholarship	2,405	350	500	2,255
GSA	-	269	269	-
Health	218	-	11	207
Hodgdon Memorial Scholarship	3,000	-	1,000	2,000
Ice Hockey	-	6,720	5,582	1,138
Indoor Track	1,507	1,243	1,185	1,565
Incentive Scholarship Fund	351	-	-	351
Instrument rental	215	-	-	215
Interact/Youthland	452	11,326	2,177	9,601
Key Club	2,284	2,592	1,061	3,815
Key Replacements	15	-	-	15
Latin Club	16	23	38	1
Leo Club	55	32	20	67
Library	959	553	222	1,290
Life Skills	187	-	109	78
Lost books	8,703	6,483	7,948	7,238
Maine Studies	50	5,124	5,135	39
Subtotals	86,052	278,193	287,812	76,433

TOWN OF WINDHAM, MAINE
High School Student Activity Funds
Schedule of Cash Receipts, Disbursements, and Changes in Balances, Continued

	June 30, 2008	Cash receipts	Cash disbursements	June 30, 2009
Math Dept	\$ -	183	178	5
Miisop Scholarship	1,000	-	250	750
MS Swim Team	5,679	7,435	13,114	-
Mu Alpha Theta	16	-	-	16
Musical		18,287	16,788	1,499
National Honor Society	2,442	1,870	1,106	3,206
Orchestra	306	36	36	306
Outdoor track	1,569	2,259	3,011	817
Outing Club	1,402	2,074	1,212	2,264
Parking	674	1,623	1,879	418
PE fundraising	179	-	176	3
Photography	586	300	170	716
Project Graduation Class of 2010	-	500	-	500
Project Graduation Class of 2011	-	500	-	500
Project Graduation Class of 2012	-	500	-	500
Scholarship Fund	5,683	9,338	10,638	4,383
School Pop	96	1,009	247	858
School Store	193	-	-	193
Science Club	125	3,407	3,532	-
Science Scholarship	1,031	469	500	1,000
Ski Club	522	573	276	819
Social studies	-	51	51	-
Softball	229	308	516	21
Sound - Auditorium	-	306	306	-
Spanish Club	2,820	7,364	9,571	613
Speech & Debate	55	-	-	55
Sportsmanship foundation	601	-	-	601
Spring Play	714	2,500	2,500	714
Student Outreach	672	1,716	1,429	959
Student Council	7,711	6,137	6,788	7,060
Student services	1,047	9,517	9,896	668
Student services scholarship	188	80	-	268
Sunshine Club	(34)	59	-	25
Technology Club	239	-	-	239
Theatre Club	930	596	842	684
Theatre/musical	-	-	-	-
Townsend account	437	-	-	437
Walter Johnson Memorial Scholarship	500	-	-	500
Windham Comm. Scholarship	15	373	-	388
Wrestling	202	821	456	567
Yearbook	8,683	11,861	16,342	4,202
Subtotals	46,512	92,052	101,810	36,754
Total checking account	132,564	370,245	389,622	113,187
Savings and CD's				
Co-op Education Scholarship (Savings)	2,076	5	1,148	933
Project Graduation/Molly Call (CD)	1,637	43	19	1,661
Governor Andrew Prize (Savings)	454	1	-	455
Edith Pride Elliot Award (Savings)	305	1	-	306
Merribeth Gaudet Mem. School (Savings)	180	1	-	181
Johanna C. Bell Mem. Music (CD)	1,656	45	100	1,601
Crane Scholarship Fund (CD)	16,515	432	2,000	14,947
Paul Folan Scholarship Fund (CD)	4,601	123	-	4,724
Langley Scholarship (CD)	4,184	5,887	-	10,071
Langley Scholarship (CD)	5,616	122	5,738	-
Townsend Scholarship (CD)	528	17	-	545
Student Council (CD)	9,421	258	-	9,679
WHS Scho. (Manchester) - (CD)	10,340	276	500	10,116
Total savings and CD's	57,513	7,211	9,505	55,219
Activity fund totals	\$ 190,077	377,456	399,127	168,406

TOWN OF WINDHAM, MAINE
Middle School Student Activity Funds
Schedule of Cash Receipts, Disbursements, and Changes in Balances
For the year ended June 30, 2009

	June 30, 2008	Cash receipts	Cash disbursements	June 30, 2009
Art Department	\$ 877	-	-	877
Bates Team	421	5,573	4,503	1,491
Bentley Team	801	2,200	2,130	871
Brown Team	988	5,730	5,283	1,435
Civil Rights	249	55	170	134
Coffee Fund	478	1,373	1,200	651
Colby	177	5,253	4,942	488
DARE	170	-	-	170
Dartmouth	2,906	1,484	1,609	2,781
Drama	-	8,148	840	7,308
Emerson (SAIL)	923	120	348	695
Emerson (School Store)	200	-	-	200
Foreign Language	214	408	192	430
General Fund	1,355	5,606	2,714	4,247
Grants	727	350	-	1,077
Harvard	24	1,899	1,884	39
Health	-	1,242	400	842
Helping hands	833	719	1,178	374
Industrial arts	70	-	-	70
Ithaca	213	2,948	3,161	-
Library	1,624	3,511	3,425	1,710
Life skills	630	125	83	672
Maine	39	2,295	2,308	26
Middle school athletics	500	1,384	1,384	500
Music Department	2,169	16,313	12,394	6,088
Norwich	267	5,858	5,301	824
Odyssey of the Mind	585	5	493	97
Physical Education	14	35	-	49
Recycling	4,468	1,103	2,450	3,121
Sharing Closet	364	-	-	364
St. Joe's	273	2,229	1,770	732
Student activity	404	425	789	40
Student Council	887	10,712	11,331	268
Technology	4,380	9,395	6,216	7,559
U.N.E.	518	2,603	2,224	897
U.S.M.	1	1,779	1,780	-
Unity	-	1,224	975	249
W.P.I.	-	1,800	1,800	-
Yale	785	5,350	6,135	-
Yearbook	526	9,933	9,006	1,453
Total	\$ 30,060	119,187	100,418	48,829

TOWN OF WINDHAM, MAINE
Primary and Other School Activity Accounts
Schedule of Cash Receipts, Disbursements, and Changes in Balances
For the year ended June 30, 2009

		June 30, 2008	Cash receipts	Cash disbursements	June 30, 2009
Manchester	\$	14,508	60,198	57,686	17,020
Primary		5,765	51,472	45,243	11,994
Primary - Administrators		975	968	-	1,943
Real School		11,469	31,018	31,943	10,544
Total	\$	32,717	143,656	134,872	41,501

