

TOWN OF WINDHAM, MAINE

Annual Financial Report

For the year ended June 30, 2007

TOWN OF WINDHAM, MAINE
Annual Financial Report
Year ended June 30, 2007

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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, 2007, 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, 2007, 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 November 26, 2007, 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.

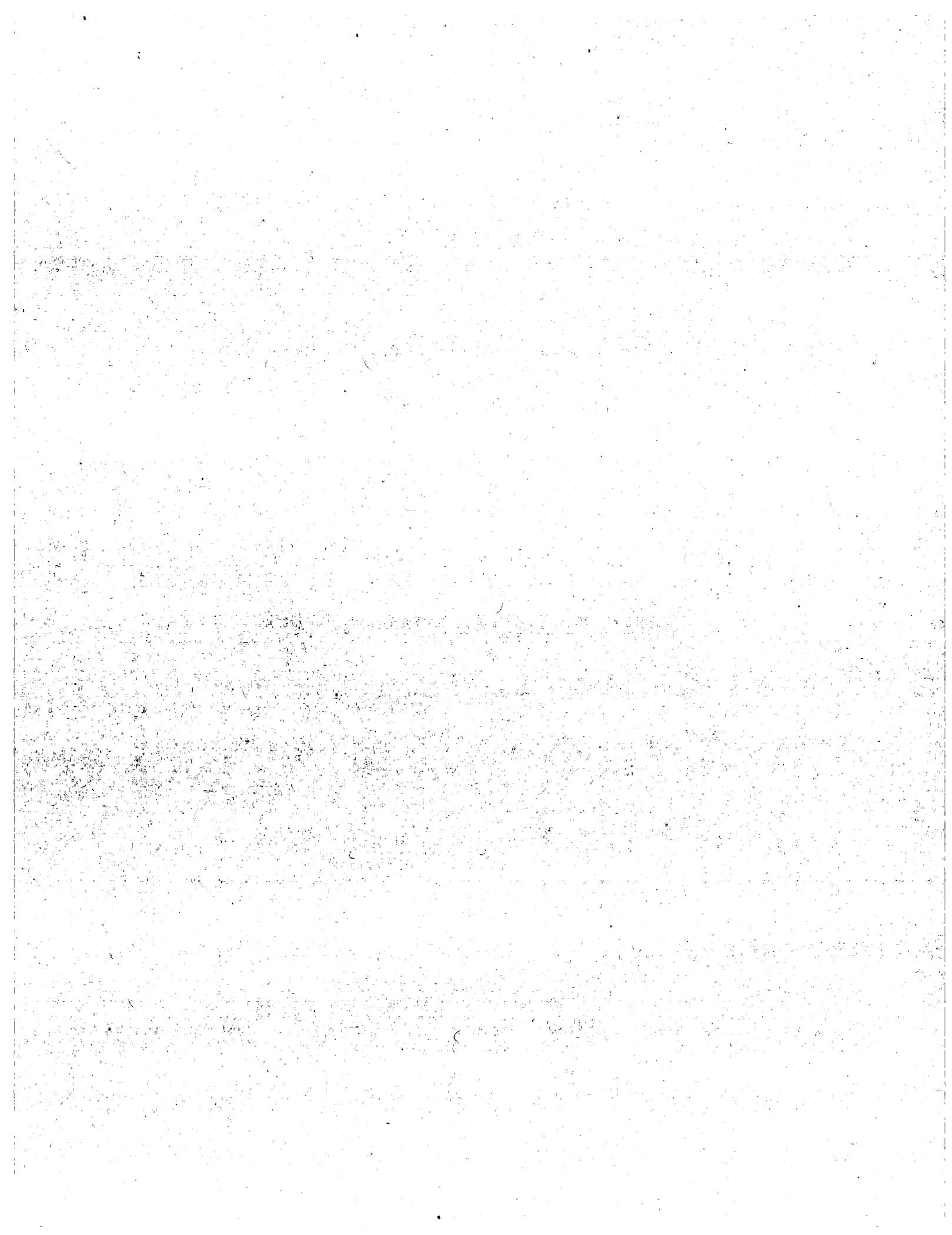
The Management's Discussion and Analysis and the Required Supplemental Information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. 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.

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 black ink that reads "Raymond Kustern Ouellette". The signature is written in a cursive style with a large initial 'R'.

November 26, 2007
South Portland, Maine

BASIC FINANCIAL STATEMENTS



TOWN OF WINDHAM, MAINE
Statement of Net Assets
June 30, 2007

	Primary Government Governmental Activities	Component Unit WEDC
ASSETS		
Cash and cash equivalents	\$ 4,409,052	52,244
Investments	6,385,200	34,098
Receivables:		
Accounts	386,824	-
Taxes receivable - prior years	169,021	-
Taxes receivable - current year	739,639	-
Tax liens	161,827	-
Inventory	23,772	-
Capital assets, not being depreciated	15,446,009	-
Capital assets, being depreciated	46,245,726	-
Total assets	73,967,070	86,342
LIABILITIES		
Accounts payable and other current liabilities	1,258,977	800
Accrued wages	2,277,429	-
Compensated absences payable	1,425,048	-
Accrued interest	223,164	-
Taxes paid in advance	57,776	-
Noncurrent liabilities:		
Due within one year	2,702,308	-
Due in more than one year	33,043,593	-
Total liabilities	40,988,295	800
NET ASSETS		
Invested in capital assets, net of related debt	25,945,834	-
Restricted for:		
Nonexpendable trust principal	41,874	-
Unrestricted	6,991,067	85,542
Total net assets	\$ 32,978,775	85,542

See accompanying notes to financial statements.

TOWN OF WINDHAM, MAINE
Statement of Activities
For the year ended June 30, 2007

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	\$ 2,419,024	274,359	-	-	(2,144,665)	-
Public safety	2,009,791	7,028	50,741	-	(1,952,022)	-
Fire/rescue services	1,420,153	370,995	-	-	(1,049,158)	-
Public works	2,981,974	500,217	377,362	742,800	(1,361,595)	-
Recreation services	403,648	212,579	-	-	(191,069)	-
County tax	817,216	-	-	-	(817,216)	-
Other	1,504,540	35,656	75,025	-	(1,393,859)	-
Education	31,470,177	2,283,630	18,420,158	-	(10,766,389)	-
Interest on debt service	1,391,300	-	-	-	(1,391,300)	-
Capital maintenance expenses	2,504,458	-	21,200	-	(2,483,258)	-
Total governmental activities	46,922,281	3,684,464	18,944,486	742,800	(23,550,531)	-
Total primary government	\$ 46,922,281	3,684,464	18,944,486	742,800	(23,550,531)	-
Component unit:						
WEDC	10,585	-	-	-	-	(10,585)
General revenues:						
Property taxes, levied for general purposes					20,314,484	-
Excise taxes					2,726,944	-
Supplemental taxes and lien fees					40,048	-
Motor vehicle registration fees					57,445	-
Franchise fees					85,450	-
Grants and contributions not restricted to specific programs:						
Homestead exemption					321,417	-
Other State aid					23,484	-
State Revenue Sharing					1,299,992	-
Unrestricted investment earnings					481,664	2,865
Loss on disposal of property					(53,883)	-
Miscellaneous					734,150	265
Total general revenues					26,031,195	3,130
Change in net assets					2,480,664	(7,455)
Net assets - beginning (restated)					30,498,111	92,997
Net assets - ending					\$ 32,978,775	85,542

See accompanying notes to financial statements.

TOWN OF WINDHAM, MAINE
Balance Sheet
Governmental Funds
June 30, 2007

	General	School Operations	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,676,012	503,948	229,092	4,409,052
Investments	6,251,453	-	133,747	6,385,200
Receivables:				
Accounts	203,983	16,534	166,307	386,824
Taxes receivable - prior years	169,021	-	-	169,021
Taxes receivable - current year	739,639	-	-	739,639
Tax liens	161,827	-	-	161,827
Interfund loans receivable	-	3,471,138	3,192,623	6,663,761
Inventory	-	-	23,772	23,772
Total assets	\$ 11,201,935	3,991,620	3,745,541	18,939,096
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	303,315	94,256	9,884	407,455
Accrued wages	328,076	1,818,024	131,329	2,277,429
Interfund loans payable	5,400,585	1,203,373	59,803	6,663,761
Taxes paid in advance	57,776	-	-	57,776
Deferred revenue	679,000	-	-	679,000
Unearned income - impact fees	72,466	-	-	72,466
Inspection deposits and miscellaneous liabilities	317,665	461,391	-	779,056
Total liabilities	7,158,883	3,577,044	201,016	10,936,943
Fund balances:				
Reserved for:				
Inventory	-	-	23,772	23,772
Nonexpendable trust principal	-	-	41,874	41,874
Unreserved:				
Designated - subsequent year	334,496	400,000	-	734,496
Unreserved, reported in:				
General fund	3,708,556	-	-	3,708,556
Special revenue funds	-	14,576	2,367,812	2,382,388
Capital projects funds	-	-	965,771	965,771
Permanent funds	-	-	145,296	145,296
Total fund balances	4,043,052	414,576	3,544,525	8,002,153
Total liabilities and fund balances	\$ 11,201,935	3,991,620	3,745,541	
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.				61,691,735
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.				679,000
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				(1,425,048)
Accrued interest				(223,164)
Capital leases				(1,414,348)
Bonds payable				(34,331,553)
Net assets of governmental activities				\$ 32,978,775

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, 2007

	General	School Operations (Schedule B)	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 22,788,341	-	287,135	23,075,476
Licenses and permits	367,460	-	-	367,460
Intergovernmental	2,148,021	14,275,800	1,443,747	17,867,568
Intergovernmental - on-behalf payments	-	2,721,811	-	2,721,811
Charges for services	518,800	1,051,135	1,433,519	3,003,454
Interest earned	467,835	-	13,829	481,664
Other	497,123	87,141	606,467	1,190,731
Total revenues	26,787,580	18,135,887	3,784,697	48,708,164
Expenditures:				
Current:				
Administrative services	2,671,354	-	-	2,671,354
Public safety	2,119,847	-	-	2,119,847
Fire/rescue services	1,281,245	-	-	1,281,245
Public works	2,998,923	-	-	2,998,923
Recreation services	269,240	-	128,308	397,548
County tax	817,216	-	-	817,216
Other	1,388,281	-	113,752	1,502,033
Education	-	24,402,313	3,086,688	27,489,001
Education - Maine State Retirement on-behalf payments	-	2,721,811	-	2,721,811
Debt service	347,000	3,505,444	-	3,852,444
Capital outlay	1,569,098	710,207	869,153	3,148,458
Total expenditures	13,462,204	31,339,775	4,197,901	48,999,880
Excess (deficiency) of revenues over (under) expenditures	13,325,376	(13,203,888)	(413,204)	(291,716)
Other financing sources (uses):				
Capital lease proceeds	435,283	710,207	-	1,145,490
Operating transfers - in	281,201	12,928,760	1,338,763	14,548,724
Operating transfers - out	(13,723,746)	(822,178)	(2,800)	(14,548,724)
Total other financing sources (uses)	(13,007,262)	12,816,789	1,335,963	1,145,490
Net change in fund balances	318,114	(387,099)	922,759	853,774
Fund balances, beginning of year	3,724,938	801,675	2,621,766	7,148,379
Fund balances, end of year	\$ 4,043,052	414,576	3,544,525	8,002,153

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, 2007

Net change in fund balances - total governmental funds (from Statement 4)	\$	853,774
<p>Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:</p>		
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 (\$2,464,965) and loss on disposal of property of (\$53,883) exceeded capital outlays of (\$2,162,395) in the current period.		(356,453)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		6,000
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.		(86,851)
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 proceeds (\$1,145,490) exceed repayments (\$757,612).		(387,878)
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.		2,452,072
Change in net assets of governmental activities (see Statement 2)	\$	2,480,664

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, 2007

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 22,887,335	22,887,335	22,788,341	(98,994)
Licenses and permits	367,864	367,864	367,460	(404)
Intergovernmental	1,992,563	1,992,563	2,148,021	155,458
Charges for services	718,575	718,575	518,800	(199,775)
Interest earned	265,000	265,000	467,835	202,835
Other	429,045	429,045	497,123	68,078
Total revenues	26,660,382	26,660,382	26,787,580	127,198
Expenditures:				
Current:				
Administrative services	2,868,517	2,761,708	2,671,354	90,354
Public safety	2,222,843	2,238,670	2,119,847	118,823
Fire/rescue services	1,382,049	1,386,141	1,281,245	104,896
Public works	3,184,643	3,231,154	2,998,923	232,231
Recreation services	276,524	280,472	269,240	11,232
County tax	817,216	817,216	817,216	-
Other	1,463,349	1,499,780	1,388,281	111,499
Debt service	347,000	347,000	347,000	-
Capital outlay	1,803,855	1,803,855	1,133,815	670,040
Total expenditures	14,365,996	14,365,996	13,026,921	1,339,075
Excess of revenues over expenditures	12,294,386	12,294,386	13,760,659	1,466,273
Other financing sources (uses):				
Use of undesignated fund balance	1,150,690	1,150,690	-	(1,150,690)
Operating transfers from other funds	278,670	278,670	281,201	2,531
Operating transfers to other funds	(13,723,746)	(13,723,746)	(13,723,746)	-
Total other financing sources (uses)	(12,294,386)	(12,294,386)	(13,442,545)	(1,148,159)
Net change in fund balance	-	-	318,114	318,114
Fund balance, beginning of year			3,724,938	
Fund balance, end of year	\$		4,043,052	

See accompanying notes to financial statements.

TOWN OF WINDHAM, MAINE
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2007

	Private-purpose Trust Fund (Scholarships)	Agency Fund (School Activity)
ASSETS		
Cash and cash equivalents	\$ 62,957	254,122
Total assets	\$ 62,957	254,122
LIABILITIES		
Due to student groups	-	254,122
NET ASSETS		
Held in trust	\$ 62,957	-

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, 2007

	Private-purpose Trust Fund (Scholarships)
Additions:	
Investment income	2,765
Total additions	2,765
Deductions:	
Scholarships awarded	1,250
Total deductions	1,250
Change in net assets	1,515
Net assets, beginning of year	61,442
Net assets, end of year	\$ 62,957

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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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, and consist of food and supplies, and include the value of government surplus items donated to the School Lunch Program.

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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 2006-2007 basic financial statements.

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 2007, the Town subcontracted with an independent engineering firm to inventory and perform a condition assessment on all other infrastructure assets. 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.

In accordance with GASB Statement No. 34, the Town is required to retroactively report all major general infrastructure assets by June 30, 2007. As of June 30, 2007, the Town has valued and recorded the amount for storm drainage, catch basins and manholes.

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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 governmental funds only if they have matured, for example, as a result of employee resignation or retirement.

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 operating 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.

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

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.

In the General Fund, the level of control (level at which expenditures may not exceed budget) is the Department. The Town has adopted the Expenditure Control Budgeting Policy. This policy allows one half of unexpended departmental budgetary accounts except for salary and benefit lines to be carried over to the succeeding year's budget. 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 a revenue and an expenditure for Maine State Retirement 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 \$2,721,811. 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>
2007 budget as originally adopted	\$ 42,667,934	(42,667,934)	-
Designated carryforward balance	-	(409,390)	409,390
Budgeted use of surplus	(741,300)	-	741,300
Transfer to Sewer Fund	-	108,852	(108,852)
Transfer to Equipment Replacement Fund	-	510,000	(510,000)
Transfer to School	(15,987,582)	29,092,476	(13,104,894)
Transfer from Development District North TIF	(275,870)	-	275,870
Transfer from Cemetery	(2,800)	-	2,800
Totals	\$ 26,660,382	(14,365,996)	(12,294,386)

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, 2007, the following fund had a deficit fund balance:

CCSWCD	\$ 14,401
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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 \$100,000 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 \$100,000.

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, 2007, the Town reported deposits of \$4,726,131 with a bank balance of \$5,507,558. \$51,789 of the Town's bank balances were exposed to custodial credit risk as they were not 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 \$52,244 which were fully covered by F.D.I.C.

Deposits have been reported as follows:

Reported in governmental funds	\$ 4,409,052
<u>Reported in fiduciary funds</u>	<u>317,079</u>
<u>Total Town deposits</u>	<u>\$ 4,726,131</u>
Reported in component unit (WEDC)	52,244
<u>Total deposits</u>	<u>\$ 4,778,375</u>

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

DEPOSITS AND INVESTMENTS, CONTINUED

B. Investments

At June 30, 2007, the Town (including the WEDC, component unit) had the following investments:

	<u>Fair Value</u>
Certificates of deposit	\$1,876,294
Commercial paper	787,215
<u>Money market</u>	<u>3,755,789</u>
<u>Total investments</u>	<u>\$ 6,419,298</u>

Investments have been reported as follows:

Reported in governmental funds	\$ 6,385,200
<u>Reported in component unit (WEDC)</u>	<u>34,098</u>
<u>Total investments</u>	<u>\$ 6,419,298</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 \$4,687,753 investment in money markets, commercial paper 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 22, 2006 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, 2006 and May 1, 2007. 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 \$65,571 for the year ended June 30, 2007.

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 2007 and 2006 levies:

	<u>2007</u>	<u>2006</u>
Assessed value	\$ 1,772,320,539	1,089,829,900
<u>Tax rate (per \$1,000)</u>	<u>11.30</u>	<u>17.80</u>
Commitment	20,027,222	19,398,972
<u>Supplemental taxes assessed</u>	<u>29,913</u>	<u>27,970</u>
	20,057,135	19,426,942
Less:		
Abatements	82,211	27,916
<u> Collections</u>	<u>19,235,285</u>	<u>18,770,896</u>
 <u>Receivable at June 30</u>	 <u>\$ 739,639</u>	 <u>628,130</u>
 Due date(s)	 (1/2) October 1, 2006 (1/2) May 1, 2007	 October 1, 2005 April 1, 2006
 Interest rate on delinquent taxes	 11.00%	 7.75%
Collection rate	96.85%	96.76%

INTERFUND BALANCES

Individual interfund receivable and payable balances at June 30, 2007, were as follows:

	<u>Interfund receivables</u>	<u>Interfund payables</u>
General Fund	\$ -	5,400,585
Special revenue funds:		
Town special revenue funds	1,943,848	14,401
School operations	3,471,138	1,203,373
School special revenue funds	81,342	-
R.E.A.L. school	54,777	-
Adult education	146,885	-
School lunch program	-	45,402
Capital project funds:		
Locally funded school projects	965,771	-
 <u>Totals</u>	 <u>\$ 6,663,761</u>	 <u>6,663,761</u>

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 expense 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, 2007 were as follows:

	Transfers <u>in</u>	Transfers <u>out</u>
<u>General fund</u>	\$ 281,201	13,723,746
<u>School operations fund</u>	12,928,760	822,178
Nonmajor special revenue funds:		
Equipment replacement fund	779,626	-
Little Falls sewer operations fund	108,852	-
CCSWCD	-	2,342
Development District North T.I.F.	-	113,564
Pipeline Development T.I.F.	-	125,632
Roosevelt Promenade T.I.F.	-	36,674
Homeland security	-	269,626
CDBG Agricultural fund	-	189
Adult education program	176,134	-
School workers' compensation reserve	22,207	-
School lunch program	36,527	-
<u>Total nonmajor special revenue funds</u>	<u>1,123,346</u>	<u>548,027</u>
Nonmajor capital project funds:		
School capital projects fund	763,444	-
<u>Total nonmajor capital project funds</u>	<u>763,444</u>	<u>-</u>
Nonmajor permanent funds:		
Perpetual care trust funds	-	2,800
<u>Total nonmajor permanent funds</u>	<u>-</u>	<u>2,800</u>
<u>Totals</u>	<u>\$ 15,096,751</u>	<u>15,096,751</u>

These operating 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, 2007 was as follows:

	Balance June 30, 2006 <u>(restated)</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, 2007
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,997,612	-	-	1,997,612
School land	592,280	-	-	592,280
Infrastructure	12,054,557	801,560	-	12,856,117
Construction in progress	337,684	-	337,684	-
Total capital assets, not being depreciated	14,982,133	801,560	337,684	15,446,009
Capital assets, being depreciated:				
Land improvements	114,782	-	-	114,782
Buildings	4,173,743	673,085	-	4,846,828
Equipment	3,626,011	362,864	-	3,988,875
Vehicles	3,369,167	18,570	18,703	3,369,034
School vehicles	1,461,338	196,751	-	1,658,089
School equipment	2,227,285	251,568	102,421	2,376,432
School buildings	49,397,748	189,681	-	49,587,429
School furniture	613,307	6,000	-	619,307
Infrastructure	1,427,729	-	-	1,427,729
Total capital assets, being depreciated	66,411,110	1,698,519	121,124	67,988,505
Less accumulated depreciation for:				
Land improvements	28,798	4,422	-	33,220
Buildings	1,823,363	107,563	-	1,930,926
Equipment	2,343,703	257,020	-	2,600,723
Vehicles	1,669,042	254,970	10,910	1,913,102
School vehicles	1,052,507	129,310	-	1,181,817
School equipment	1,252,509	157,763	56,331	1,353,941
School buildings	10,426,287	1,411,500	-	11,837,787
School furniture	199,618	106,724	-	306,342
Infrastructure	549,228	35,693	-	584,921
Total accumulated depreciation	19,345,055	2,464,965	67,241	21,742,779
Total capital assets being depreciated, net	47,066,055	(766,446)	53,883	46,245,726
Governmental capital assets, net	\$ 62,048,188	35,114	391,567	61,691,735

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	\$ 61,075
Public safety	156,134
Fire/rescue services	206,008
Public works	227,871
Recreation	6,100
Other (Town Clerk and Library)	2,480
<u>Education</u>	<u>1,805,297</u>
<u>Total depreciation expense – governmental activities</u>	<u>\$2,464,965</u>

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, 2007, accrued wages amounted to \$2,277,429, of which \$1,949,353 applies to the School Funds and the remaining \$328,076 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, 2007, the Town has not exceeded these percentages.

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2007, was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Governmental activities:					
General obligation bonds	\$ 36,783,625	-	2,452,072	34,331,553	2,462,576
Capital leases	1,026,470	1,145,490	757,612	1,414,348	239,732
<u>Accrued compensated absences</u>	<u>1,329,125</u>	<u>95,923</u>	<u>-</u>	<u>1,425,048</u>	<u>-</u>
<u>Totals</u>	<u>\$ 39,139,220</u>	<u>1,241,413</u>	<u>3,209,684</u>	<u>37,170,949</u>	<u>2,702,308</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, 2007 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>				
1988 Elementary school construction	\$ 7,765,000	Var.	2008	385,000
1989 Public safety building construction	1,600,000	Var.	2009	160,000
1999 Windham School	2,820,000	Var.	2015	1,731,553
2003 General Obligation Bonds	35,787,000	Var.	2025	32,055,000
Total general obligation bonds and promissory notes				34,331,553
<u>Capital leases</u>				
Town:				
2003 Dump truck		3.585%	2008	22,447
2004 Aerial platform & Ladder truck		3.55%	2014	541,346
2007 Fire truck & Public Works plows (2)		4.17%	2012	435,282
School:				
2004 Passenger Freightliner bus		4.78%	2008	11,343
2005 Passenger Freightliner bus		3.90%	2009	22,682
2005 Passenger Freightliner bus		3.90%	2009	22,682
2005 Passenger Freightliner bus		3.90%	2009	22,682
2007 Passenger Freightliner bus		4.80%	2011	49,390
2007 Passenger Freightliner bus		4.80%	2011	49,390
2007 Passenger Freightliner bus		4.73%	2012	57,267
2007 Passenger Freightliner bus		4.73%	2012	55,037
2007 Modular office space		4.92%	2012	124,800
Total capital leases				1,414,348
Total primary government general obligation bonds, promissory notes and capital leases				\$ 35,745,901

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, 2007 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>
2008	\$ 2,462,576	1,340,899	3,803,475
2009	2,080,648	1,275,590	3,356,238
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
2013-2017	9,780,748	4,134,128	13,914,876
2018-2022	9,050,000	2,213,713	11,263,713
2023-2025	4,900,000	341,000	5,241,000
Totals	\$ 34,331,553	12,732,144	47,063,697

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, 2007:

<u>Fiscal year ending</u>	<u>Town</u>	<u>School</u>	<u>Total capital leases</u>
2008	\$ 210,194	75,649	285,843
2009	186,943	130,434	317,377
2010	186,943	94,402	281,345
2011	186,943	94,402	281,345
2012	186,943	66,672	253,615
2013-2014	177,399	-	177,399
Total minimum lease payments	1,135,365	461,559	1,596,924
Less amount representing interest	136,290	46,286	182,576
Present value of future minimum lease payments	\$ 999,075	415,273	1,414,348

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	\$ 34,331,553	100.00%	34,331,553
Cumberland County	7,999,569	4.46%	356,904
Portland Water District	25,291,600	6.71%	1,332,942
Town of Gorham - Little Falls sewer project	66,500	94.69%	62,968

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

CONTINGENT OBLIGATIONS

ecomaine (formally Regional Waste Systems) - ecomaine, a Maine corporation with twenty one 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, 2007, outstanding "Incinerator Debt" of ecomaine totaled \$40,190,000 of which the Windham share, based on estimated tonnage to be delivered, amounted to 4.63% or \$1,861,389.

Additionally, ecomaine operates a licensed balefill and ashfill site for which projected landfill closure and postclosure costs approximate \$20,454,988 at June 30, 2006, the most recent date available. The Town's proportionate share of these estimated landfill closure and postclosure costs is 4.72% or \$965,724.

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, 2007 and 2006, portions of the General Fund and special revenue fund balance were appropriated to future periods as follows:

	<u>2007</u>	<u>2006</u>
General fund:		
Expenditure control budgeting - department carryovers	\$ 228,027	177,214
Other:		
Road improvements	77,052	82,576
Cemetery	-	2,554
300th anniversary	11,002	10,454
Town land/building improvements	-	136,592
Catch basin cleaning	18,415	-
Total general fund	\$ 334,496	409,390
Special revenue fund:		
Carry over for future years - education	400,000	400,000
Total special revenue fund	\$ 400,000	400,000

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, 2007.

NET ASSETS

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, 2007:

Capital assets	\$ 83,434,514
Accumulated depreciation	(21,742,779)
Bonds payable	(34,331,553)
<u>Capital leases</u>	<u>(1,414,348)</u>
<u>Total invested in capital assets net of related debt</u>	<u>\$ 25,945,834</u>

EMPLOYEE'S RETIREMENT SYSTEM

A. Maine State Retirement - Teachers Group

Teacher Group - All teachers, plus other qualified educators, participate in the Maine State Retirement System's teacher group. The teacher's group is a cost-sharing plan with a special funding situation, established by the Maine State legislature. The Maine State Retirement System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State Legislature. The Maine State Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Teacher's Group. That report may be obtained by writing to Maine State Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

Funding Policy - Plan members are required to contribute 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 \$2,721,811 (19.14%) for the fiscal year 2007. 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 19.14% of their compensation. This cost is charged to the applicable grant.

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

EMPLOYEE'S RETIREMENT SYSTEM, CONTINUED

B. Maine State Retirement – Police Officers and Dispatchers

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

Funding Policy – 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. The Town matches 3.5% and 2.8% for the Police Officers and Dispatchers, respectively. The total Town contributions for these groups during the fiscal year ended June 30, 2007 were \$47,198.

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.

ARBITRAGE REBATE

Pursuant to the Tax Reform Act of 1986, municipalities issuing tax-exempt bonds or entering into note or lease obligations are required to perform an arbitrage rebate calculation upon the fifth anniversary of the obligation and to remit such rebate to the federal government, subject to certain exceptions. One such exception applies to small issuers and provides that no arbitrage rebate will be due if the municipality issues less than \$5 million in a calendar year. Since August 15, 1986, the effective date of these rules, the Town has not issued more than \$5 million in any calendar year except for the 1988 elementary school construction issue for which rebatable arbitration has been calculated and reported and the 2003 High School Addition for which a calculation is not yet due.

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 five 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

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

TAX INCREMENT FINANCING DISTRICT, CONTINUED

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, 2007, \$77,135 of tax revenues were captured and reported as TIF district revenues.

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, 2007, \$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.

RESTATEMENT OF NET ASSETS

During 2007, the Town retroactively reported the remaining infrastructure values to be in compliance with GASB Statement No. 34. Net assets as of July 1, 2006 have been restated as follows:

	<u>Governmental Activities</u>
Net assets, July 1, 2006, as previously reported	\$ 25,447,710
Adjustment to record additional infrastructure consisting of catch basins, manholes and storm drainage	5,050,401
<u>Net assets, July 1, 2006, as restated</u>	<u>\$ 30,498,111</u>

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

SCHOOL ADMINISTRATIVE REORGANIZATION

On June 6, 2007 the Maine House and Senate enacted the two-year state budget including the school administrative reorganization legislation "School Administrative Reorganization" ("SAR") as Public Law 2007, Chapter 240. The law sets forth state policy to ensure that schools are organized as units in order to provide equitable educational opportunities, rigorous academic programs, uniformity in delivering programs, a greater uniformity in tax rates, more efficient and effective use of limited resources, preservation of school choice and maximum opportunity to deliver services in an efficient manner. All school units and municipal school units (collectively School Administrative Units or "SAU") are directed to work with other units to reorganize into larger, more efficient units; or where expansion of the unit would be impractical or inconsistent with state policy, reorganize their own administrative structures to reduce costs. The legislative intent of the law is to create a maximum of 80 school units or the number of units appropriate to achieve administrative efficiencies.

The law requires existing SAU's to file a "Notice of Intent" with the Commissioner by August 31, 2007. The Notice of Intent must elect either to engage in planning and negotiating with other SAU's for the purpose of developing a reorganization plan to form a regional school unit ("RSU"), or the intent to submit an alternative plan to achieve efficiencies. The Notice of Intent is subject to approval by the Commissioner of Education (the "Commissioner"), including approval of the election to file an alternative plan. SAU's are then required to submit a reorganization plan, or, if a SAU is exempted by the Commissioner, an alternative plan, by December 15, 2007. Reorganization Planning Committees, that include representation from the participating school administrative units, the member municipalities and members of the general public, develop the regionalization plans. Reorganization plans approved by the Department of Education ("DOE") are submitted to the voters in the proposed RSU. If the reorganization plan is approved by the voters, elections will then be held for seats on the RSU school board.

Subject to certain exceptions, existing SAU's are directed to form regional school units of at least 2,500 resident students; or 1,200 resident students in certain situations where geography, demographics, population density, transportation challenges and other obstacles make 2,500 impractical. Offshore islands and tribal schools are not subject to a minimum size requirement. Certain SAU's designated as "efficient, high performing districts" also are exempt from the regionalization requirement. The SAU's that are exempt from the regionalization requirement nonetheless are required to submit an alternative plan to achieve efficiencies.

All SAU regionalization and alternative plans must address how the SAU will reorganize administrative functions, duties and non-instructional personal so that the projected expenditures of the reorganized SAU in fiscal year 2008 / 2009 for system administration, transportation, special education and facilities and maintenance will not have an effect on the instructional program.

All reorganization plans are subject to voter approval. A SAU whose plan is approved by the Commissioner in December, 2007 must hold a referendum on the plan on or before January 15, 2008. A SAU whose plan is received or revised after December 15, 2007 and approved by the Commissioner in December, 2007 but has exercised due diligence and acted in good faith in developing a reorganization plan, must hold a referendum of the plan on June 10, 2008. The DOE will fund the cost of a referendum held on or before January 15, 2008.

The Windham School Department is not subject to reorganization requirements, due to the fact that they have over 2500 students. However, the WSD submitted a reorganization plan status report that included possible reorganization with Raymond and Westbrook, as well as an alternative plan. These plans were submitted December 1, 2007, and are subject to approval by the Commissioner of Education.

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 will need to be 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 \$6,000,000 for roadway maintenance and improvements other than routine maintenance. The Town expended \$422,948 on road and street maintenance and improvements for the fiscal year ended June 30, 2007. Both types of activities may contribute to improvements in the overall condition of roads.

Pavement condition rating (PCR) surveys only look 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 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

TOWN OF WINDHAM, MAINE
Required Supplementary Information, Continued

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.

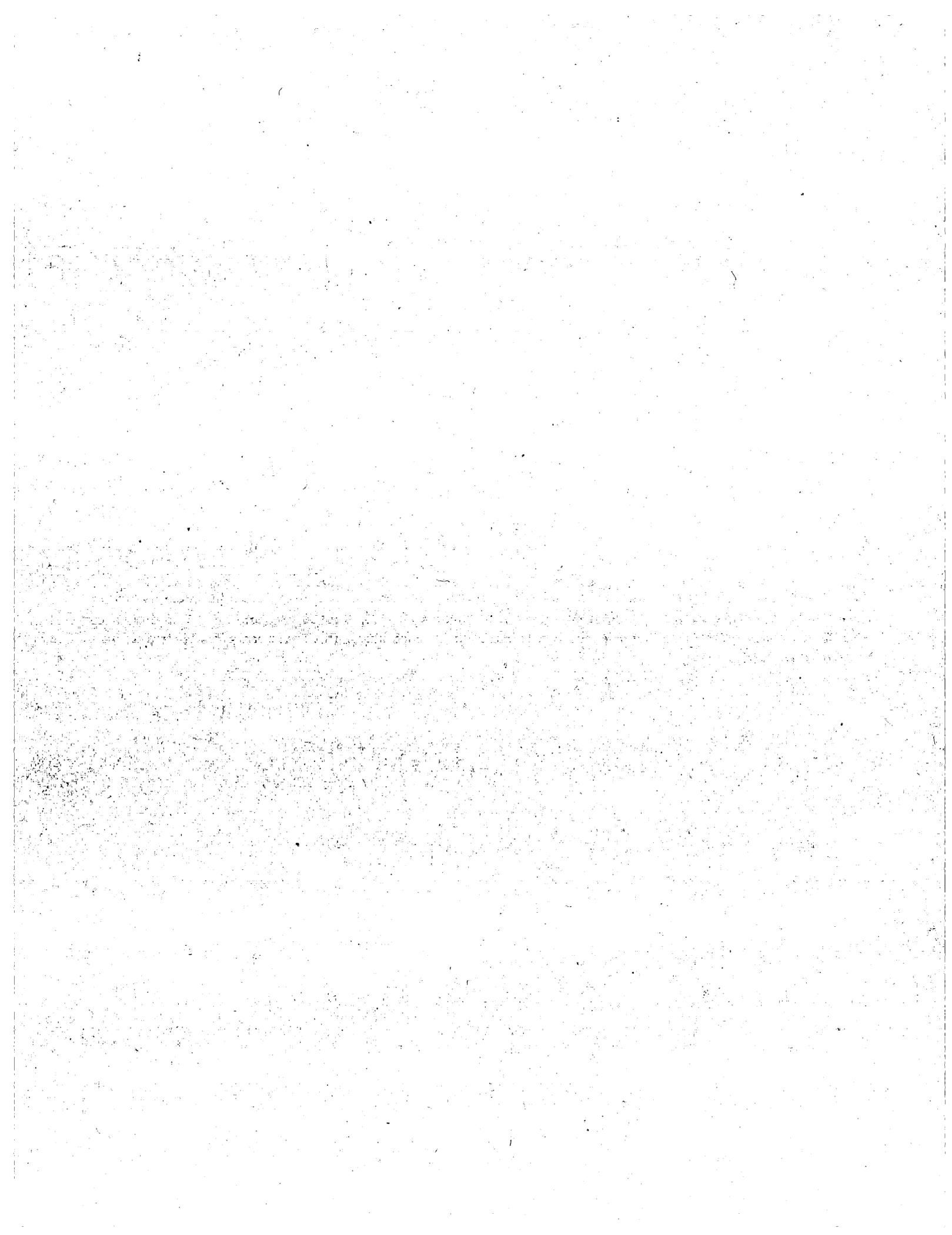
Blocked

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.

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, 2007 and 2006

	2007	2006
ASSETS		
Cash and cash equivalents	\$ 3,676,012	9,278,719
Investments	6,251,453	10,454
Receivables:		
Taxes receivable - current year	739,639	628,130
Taxes receivable - prior years	169,021	147,985
Tax liens - prior years	161,827	168,191
Accounts receivable	203,983	196,914
Total assets	\$ 11,201,935	10,430,393
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	303,315	578,117
Accrued wages	328,076	252,953
Interfund loans payable	5,400,585	4,792,993
Taxes paid in advance	57,776	54,533
Deferred tax revenue	679,000	673,000
Unearned income - impact fees	72,466	78,602
Inspection deposits and miscellaneous liabilities	317,665	275,257
Total liabilities	7,158,883	6,705,455
Fund balance:		
Unreserved:		
Designated	334,496	409,390
Undesignated - Town	3,708,556	3,315,548
Total fund balance	4,043,052	3,724,938
Total liabilities and fund balance	\$ 11,201,935	10,430,393

TOWN OF WINDHAM, MAINE
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the year ended June 30, 2007
(with comparative actual amounts for the year ended June 30, 2006)

	2007				Variance
	2006	Total	2006	2006	2006
	carryforward	available	Actual	positive	Actual
	Budget	Actual	(negative)	Actual	Actual
Revenues:					
Taxes:					
Property taxes	-	20,137,835	20,027,349	(110,486)	19,402,204
Change in deferred property tax revenue	-	-	(6,000)	(6,000)	(59,000)
Excise taxes	-	2,730,000	2,726,944	(3,056)	2,772,400
Supplemental taxes and lien fees	-	19,500	40,048	20,548	37,600
Total taxes	-	22,887,335	22,788,341	(98,994)	22,153,204
Licenses and permits:					
Plumbing fees	-	27,500	26,135	(1,365)	28,476
Town Clerk fees	-	50,000	79,872	29,872	72,568
Building permits	-	150,000	120,752	(29,248)	164,793
Planning fees	-	19,000	47,600	28,600	33,315
License and other fees	-	61,364	35,656	(25,708)	44,055
Motor vehicle registration fees	-	60,000	57,445	(2,555)	58,978
Total licenses and permits	-	367,864	367,460	(404)	402,185
Intergovernmental:					
State Revenue Sharing	-	1,283,160	1,299,992	16,832	1,434,344
State highway block grant	-	282,036	300,020	17,984	211,965
Homestead exemption	-	321,417	321,417	-	391,436
General assistance reimbursement	-	50,000	75,025	25,025	89,216
Cops in school grant	-	34,000	50,741	16,741	25,809
FEMA/MEMA assistance	-	-	77,342	77,342	-
Other state assistance	-	21,950	23,484	1,534	57
Total intergovernmental	-	1,992,563	2,148,021	155,458	2,152,827
Charges for services:					
Solid waste disposal fees	-	683,175	480,350	(202,825)	629,574
False alarm fees/police fines and fees	-	5,000	7,028	2,028	4,059
Park fees	-	30,400	31,422	1,022	29,661
Total charges for services	-	718,575	518,800	(199,775)	663,294

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

	2007			Variance positive (negative)	2006 Actual
	2006 carryforward	Budget	Total available		
Revenues, continued:					
Interest earned:					
Interest on delinquent taxes	-	65,000	65,000	31,127	62,636
Interest earned on investments	-	200,000	200,000	171,708	261,782
Total interest earned	-	265,000	265,000	202,835	324,418
Other revenues:					
Cable television franchise	-	70,000	70,000	15,450	79,250
Court fees	-	2,000	2,000	(445)	831
Rent	-	12,116	12,116	(1,050)	16,616
Rescue reimbursement	-	305,000	305,000	65,995	344,133
Miscellaneous	-	28,929	28,929	(10,815)	53,541
Library fines and state funds	-	11,000	11,000	(1,057)	10,993
Total other revenues	-	429,045	429,045	68,078	505,364
Total revenues	-	26,660,382	26,660,382	127,198	26,201,292
Expenditures:					
Current:					
Administrative services:					
Town Council	-	104,500	104,500	(16,027)	124,186
Town planning	-	99,026	99,026	6,480	115,737
Community participation	-	42,478	42,478	14,162	24,161
Windham Community Cable Group	-	40,623	40,623	17,379	23,688
Municipal insurance	-	161,559	161,559	36,316	145,171
Employee benefits	-	1,611,271	1,611,271	(3,442)	1,378,606
Money management fees	-	-	-	(329)	389
Program management	-	346,686	346,686	11,366	315,839
Collect/account Town funds	-	229,633	229,633	5,161	217,471
Data processing	-	125,932	125,932	19,288	100,021
Total administrative services	-	2,761,708	2,761,708	90,354	2,445,269

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

	2007			2006	2007		Variance	2006
	2006	Budget	Total	carryforward	available	Actual	positive	Actual
							(negative)	
Expenditures, continued								
Current, continued:								
Recreation services:								
Recreation	\$	212,078	212,078	-	197,887	14,191		157,249
Skate park		19,099	19,099	-	19,261	(162)		-
Dundee Park		49,295	49,295	-	52,092	(2,797)		64,569
Total recreation services		280,472	280,472	-	269,240	11,232		221,818
County tax		817,216	817,216	-	817,216	-		799,193
Other:								
Social services		171,478	171,478	-	219,011	(47,533)		202,602
Social services agency funding		47,704	47,704	-	47,675	29		44,066
Assessing		214,380	214,380	-	214,711	(331)		261,305
Geographic information systems		47,551	47,551	-	36,628	10,923		-
Contingency		100,000	100,000	-	-	100,000		7,205
Town Clerk/elections		139,077	139,077	-	140,136	(1,059)		117,601
Community development		440,000	440,000	-	331,846	108,154		333,432
Library services		329,136	329,136	-	316,063	13,073		288,215
300th anniversary		10,454	10,454	-	-	10,454		-
Abatements		-	-	-	82,211	(82,211)		27,916
Total other		1,489,326	1,499,780	10,454	1,388,281	111,499		1,282,342
Debt service (excluding education):								
Principal		230,000	230,000	-	230,000	-		230,000
Interest		117,000	117,000	-	117,000	-		126,335
Total debt service (excluding education)		347,000	347,000	-	347,000	-		356,335

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

	2007				Variance	
	2006	Budget	Total	Actual	2006	
	carryforward		available		Actual	
					positive	
					(negative)	
Expenditures, continued:						
Capital outlay:						
Town road resurfacing	\$ 82,576	500,000	582,576	422,948	159,628	755,172
ECB capital expenditures	177,214	-	177,214	48,942	128,272	29,858
Town building/land improvements	139,146	904,919	1,044,065	661,925	382,140	906,654
Total capital outlay	398,936	1,404,919	1,803,855	1,133,815	670,040	1,691,684
Total expenditures	409,390	13,956,606	14,365,996	13,026,921	1,339,075	12,779,379
Excess (deficiency) of revenues over (under) expenditures	(409,390)	12,703,776	12,294,386	13,760,659	1,466,273	13,421,913
Other financing sources (uses):						
Operating transfers - in	-	278,670	278,670	281,201	2,531	121,391
Operating transfers - out - Sewer	-	(108,852)	(108,852)	(108,852)	-	(86,297)
Operating transfers - out - Equipment replacement	-	(510,000)	(510,000)	(510,000)	-	(460,000)
Operating transfers - out - School appropriation	-	(13,104,894)	(13,104,894)	(13,104,894)	-	(13,098,287)
Operating transfers - out - Development District North T.I.F.	-	-	-	-	-	(481,595)
Utilization of prior year surplus and carried forward balances	409,390	741,300	1,150,690	-	(1,150,690)	-
Total other financing sources (uses)	409,390	(12,703,776)	(12,294,386)	(13,442,545)	(1,148,159)	(14,004,788)
Net change in fund balance	-	-	-	318,114	318,114	(582,875)
Fund balance, beginning of year				3,724,938		4,307,813
Fund balance, end of year	\$			4,043,052		3,724,938

ALL OTHER GOVERNMENTAL FUNDS

TOWN OF WINDHAM
Combining Balance Sheet
All Other Governmental Funds
June 30, 2007

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 41,922	-	187,170	229,092
Investments	133,747	-	-	133,747
Accounts receivable	166,307	-	-	166,307
Interfund loans receivable	2,226,852	965,771	-	3,192,623
Inventory	23,772	-	-	23,772
Total assets	\$ 2,592,600	965,771	187,170	3,745,541
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	9,884	-	-	9,884
Accrued wages and related liabilities	131,329	-	-	131,329
Interfund loans payable	59,803	-	-	59,803
Total liabilities	201,016	-	-	201,016
Fund balances:				
Reserved for inventory	23,772	-	-	23,772
Reserved for nonexpendable trust principal	-	-	41,874	41,874
Unreserved:				
Undesignated	2,367,812	965,771	145,296	3,478,879
Total fund balances	2,391,584	965,771	187,170	3,544,525
Total liabilities and fund balances	\$ 2,592,600	965,771	187,170	3,745,541

TOWN OF WINDHAM, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Other Governmental Funds
For the year ended June 30, 2007

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
Revenues:				
Property taxes revenue	\$ 287,135	-	-	287,135
Intergovernmental	1,443,747	-	-	1,443,747
Charges for services	1,433,519	-	-	1,433,519
Other revenue	601,367	-	5,100	606,467
Interest revenue	6,386	-	7,443	13,829
Total revenues	3,772,154	-	12,543	3,784,697
Expenditures:				
Current:				
Education	3,086,688	-	-	3,086,688
Recreation	128,308	-	-	128,308
Capital outlay	679,536	189,617	-	869,153
Sewer assessment	108,852	-	-	108,852
Scholarships	4,900	-	-	4,900
Total expenditures	4,008,284	189,617	-	4,197,901
Excess (deficiency) of revenues over (under) expenditures	(236,130)	(189,617)	12,543	(413,204)
Other financing sources (uses):				
Transfer from other funds	575,319	763,444	-	1,338,763
Transfer to other funds	-	-	(2,800)	(2,800)
Total other financing sources (uses)	575,319	763,444	(2,800)	1,335,963
Net change in fund balances	339,189	573,827	9,743	922,759
Fund balances, beginning of year	2,052,395	391,944	177,427	2,621,766
Fund balances, end of year	\$ 2,391,584	965,771	187,170	3,544,525

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.

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.

Homeland Security

To account for a federal grant to assist with Homeland Security.

CDBG Agricultural

To account for a federal grant.

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.

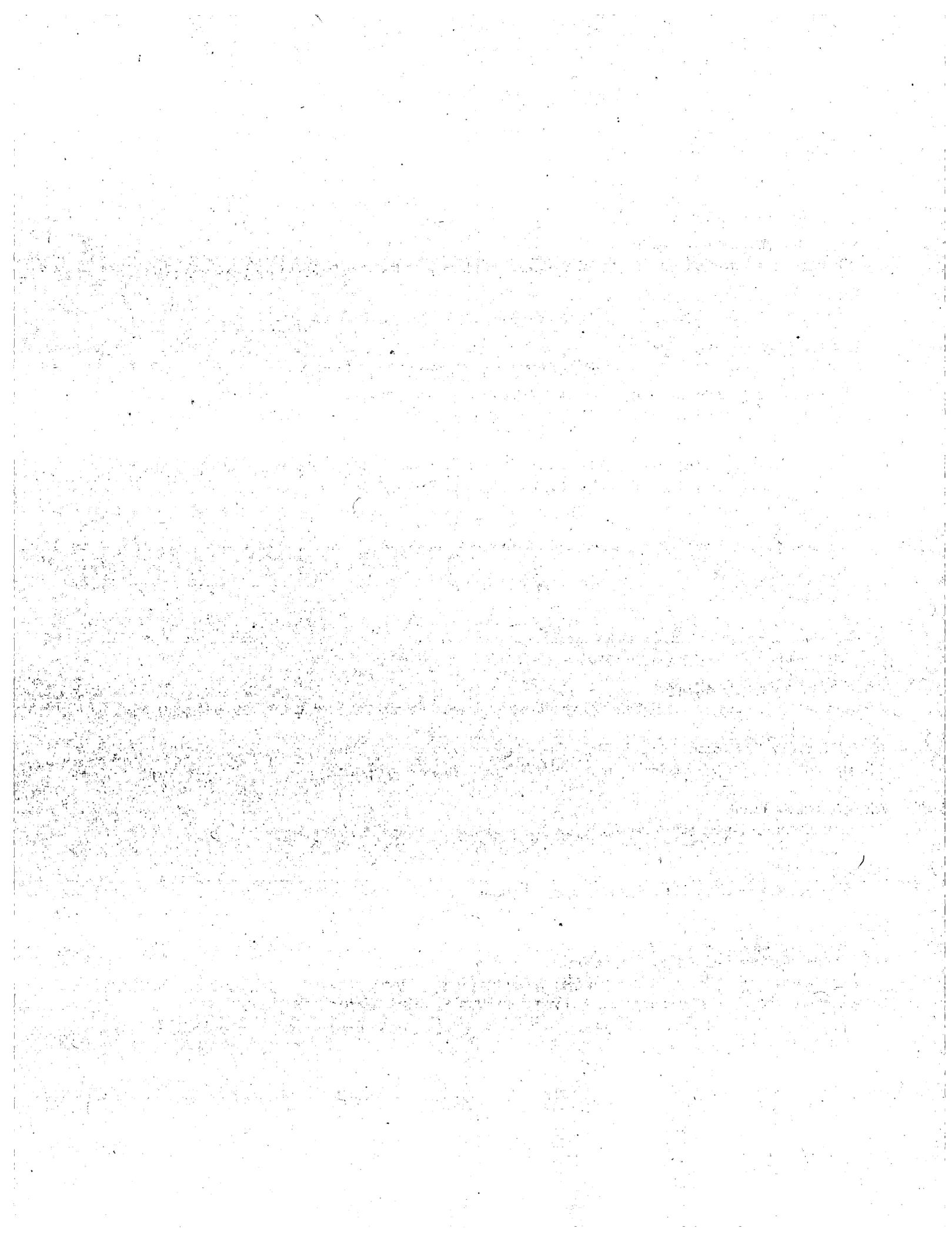
School Lunch Program

To account for the activity of the School lunch operations.

Thomas Varney School Fund

Annie Akers Bremon 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, 2007

	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
ASSETS								
Cash and cash equivalents	\$ -	-	50	-	500	41,372	-	41,922
Investments	-	-	-	-	-	-	133,747	133,747
Receivables:								
Accounts receivable	833	33,233	1,485	3,246	7,407	-	-	46,204
Due from State of Maine	-	81,399	-	-	38,704	-	-	120,103
Interfund loans receivable	1,943,848	81,342	146,885	54,777	-	-	-	2,226,852
Inventory	-	-	-	-	23,772	-	-	23,772
Total assets	\$ 1,944,681	195,974	148,420	58,023	70,383	41,372	133,747	2,592,600
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	-	4,720	3,662	965	537	-	-	9,884
Accrued wages and related liabilities	-	70,828	3,836	56,665	-	-	-	131,329
Interfund loans payable	14,401	-	-	-	45,402	-	-	59,803
Total liabilities	14,401	75,548	7,498	57,630	45,939	-	-	201,016
Fund balances:								
Reserved for inventory	-	-	-	-	23,772	-	-	23,772
Unreserved:								
Undesignated	1,930,280	120,426	140,922	393	672	41,372	133,747	2,367,812
Total fund balances	1,930,280	120,426	140,922	393	24,444	41,372	133,747	2,391,584
Total liabilities and fund balances	\$ 1,944,681	195,974	148,420	58,023	70,383	41,372	133,747	2,592,600

TOWN OF WINDHAM, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2007

	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	\$ 287,135	-	-	-	-	-	-	287,135
Intergovernmental revenues:								
Federal subsidies	-	891,999	29,255	-	206,477	-	-	1,127,731
State subsidies	21,200	138,308	95,856	52,371	8,281	-	-	316,016
Total intergovernmental revenues	21,200	1,030,307	125,111	52,371	214,758	-	-	1,443,747
Charges for services:								
Tuition and fees	-	-	51,403	382,619	-	-	-	434,022
Recreation revenues	181,157	-	-	-	-	-	-	181,157
Sale of school lunches	-	-	-	-	798,473	-	-	798,473
Sewer user fees	19,867	-	-	-	-	-	-	19,867
Total charges for services	201,024	-	51,403	382,619	798,473	-	-	1,433,519
Interest and dividends	-	-	-	-	-	1,666	4,720	6,386
Other revenues	400,714	196,781	3,872	-	-	-	-	601,367
Total revenues	910,073	1,227,088	180,386	434,990	1,013,231	1,666	4,720	3,772,154

TOWN OF WINDHAM, MAINE
 Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances, Continued

	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)			
Expenditures:								
Education:								
Adult education	\$ -	-	354,928	-	-	-	-	354,928
Education	-	1,215,902	-	466,100	-	-	-	1,682,002
School lunch	-	-	-	-	1,049,758	-	-	1,049,758
Total education	-	1,215,902	354,928	466,100	1,049,758	-	-	3,086,688
Recreation	128,308	-	-	-	-	-	-	128,308
Capital expenditures	679,536	-	-	-	-	-	-	679,536
Sewer assessments	108,852	-	-	-	-	-	-	108,852
Scholarships	-	-	-	-	-	-	4,900	4,900
Total expenditures	916,696	1,215,902	354,928	466,100	1,049,758	-	4,900	4,008,284
Excess (deficiency) of revenues over (under) expenditures	(6,623)	11,186	(174,542)	(31,110)	(36,527)	1,666	(180)	(236,130)
Other financing sources:								
Transfer from other funds	340,451	22,207	176,134	-	36,527	-	-	575,319
Total other financing sources	340,451	22,207	176,134	-	36,527	-	-	575,319
Net change in fund balances	333,828	33,393	1,592	(31,110)	-	1,666	(180)	339,189
Fund balances, beginning of year	1,596,452	87,033	139,330	31,503	24,444	39,706	133,927	2,052,395
Fund balances, end of year	\$ 1,930,280	120,426	140,922	393	24,444	41,372	133,747	2,391,584

NONMAJOR GOVERNMENTAL FUNDS

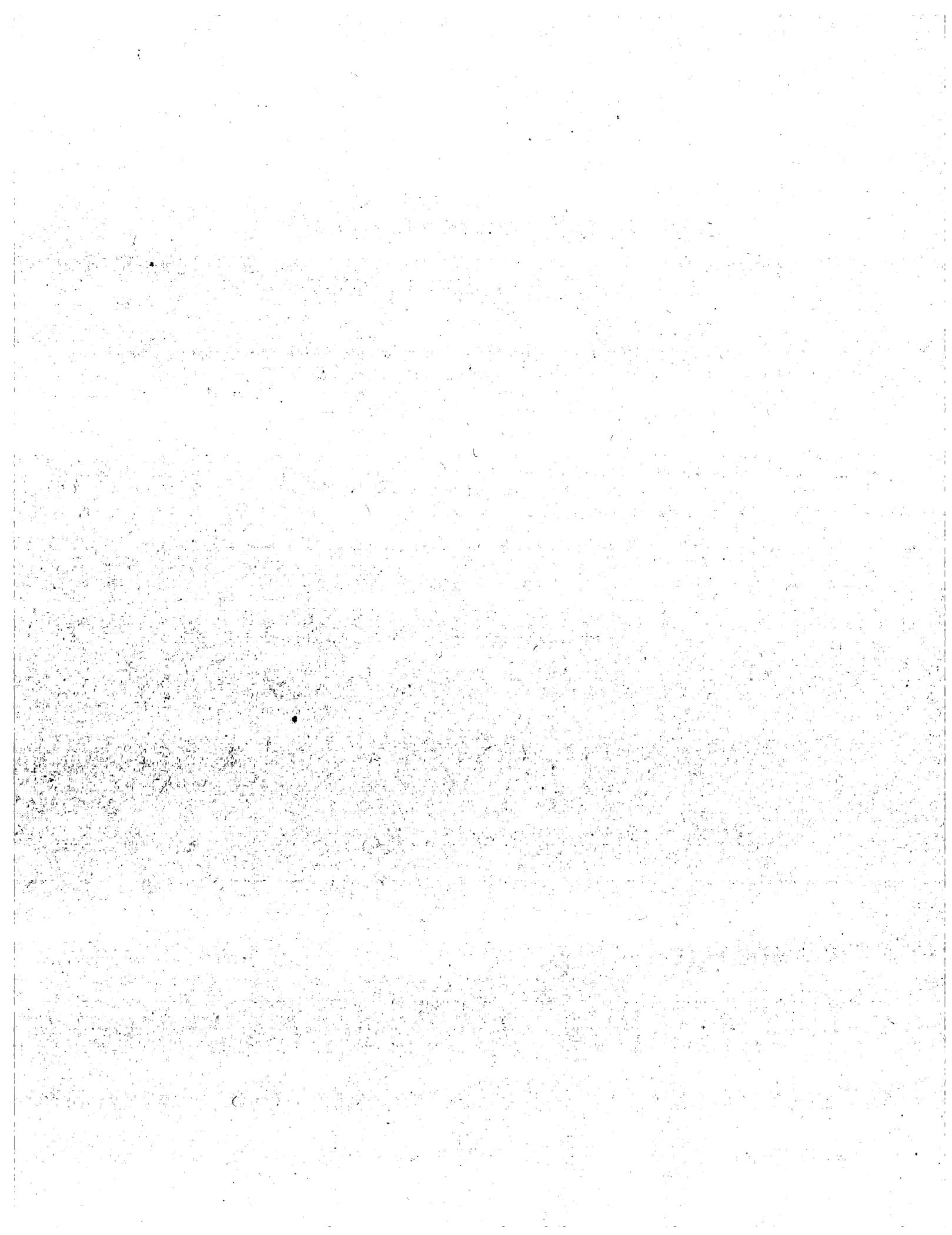
CAPITAL PROJECT FUNDS

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, 2007

		School Capital Projects
ASSETS		
Interfund loans receivable	\$	965,771
Total assets	\$	965,771
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable		-
Total liabilities		-
Fund balance:		
Unreserved:		
Undesignated		965,771
Total fund balance		965,771
Total liabilities and fund balance	\$	965,771

TOWN OF WINDHAM, MAINE
Nonmajor Capital Project Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2007

	School Capital Projects
Revenues:	
Other revenues	\$ -
Total revenues	-
Expenditures:	
Construction costs	189,617
Total expenditures	189,617
Deficiency of revenues under expenditures	(189,617)
Other financing sources:	
Transfers from other funds	763,444
Total other financing sources	763,444
Net change in fund balance	573,827
Fund balance, beginning of year	391,944
Fund balance, end of year	\$ 965,771

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

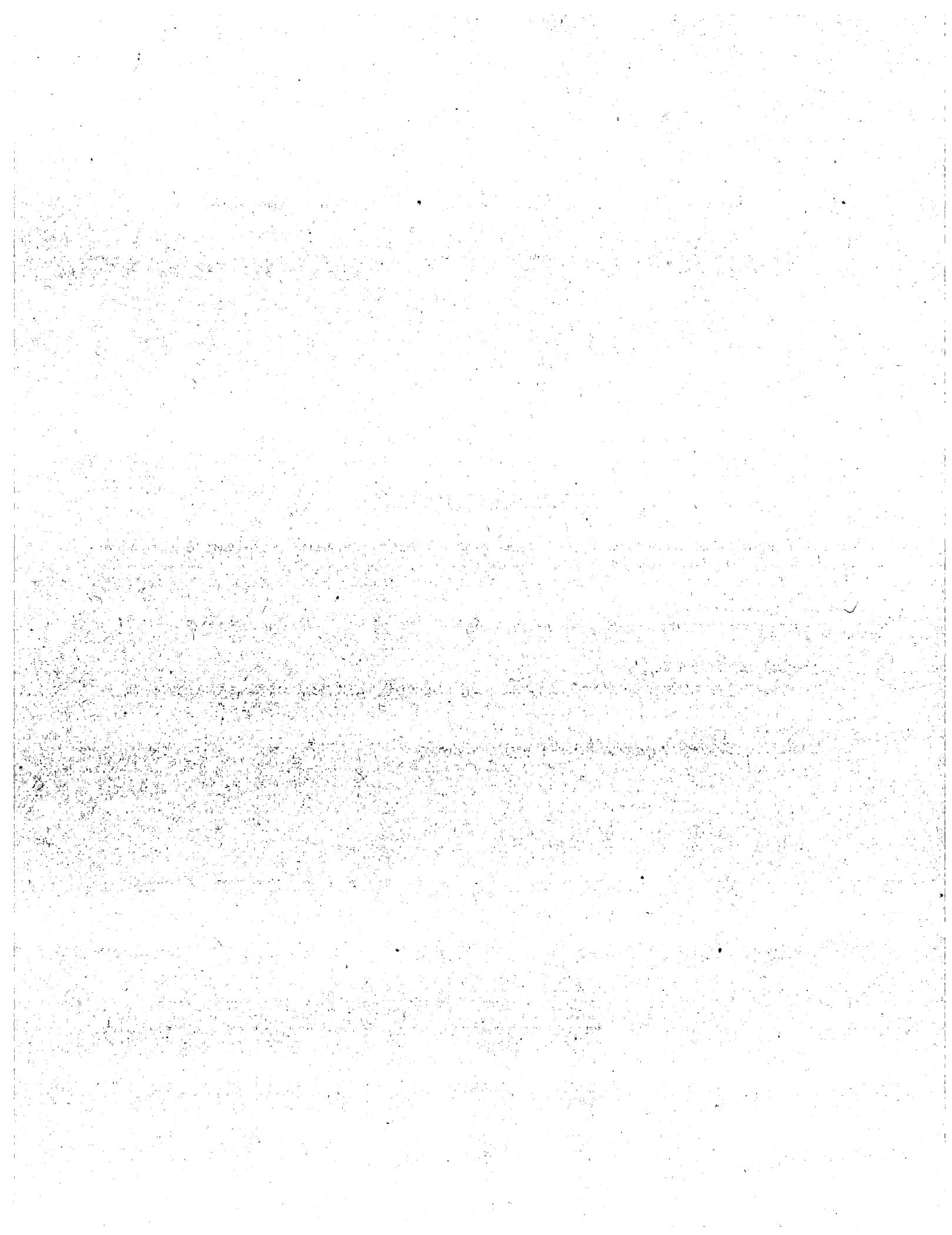
Funds restricted for the acquisition of a Town cemetery.

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, 2007

	Cemetery Acquisition Fund	Perpetual Care Trust Funds	Library Trust Fund	Total
ASSETS				
Cash and cash equivalents	\$ 134,911	45,898	6,361	187,170
Total assets	\$ 134,911	45,898	6,361	187,170
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund loans payable	-	-	-	-
Total liabilities	-	-	-	-
Fund balances:				
Reserved for nonexpendable trust principal	-	41,074	800	41,874
Undesignated	134,911	4,824	5,561	145,296
Total fund balances	134,911	45,898	6,361	187,170
Total liabilities and fund balances	\$ 134,911	45,898	6,361	187,170

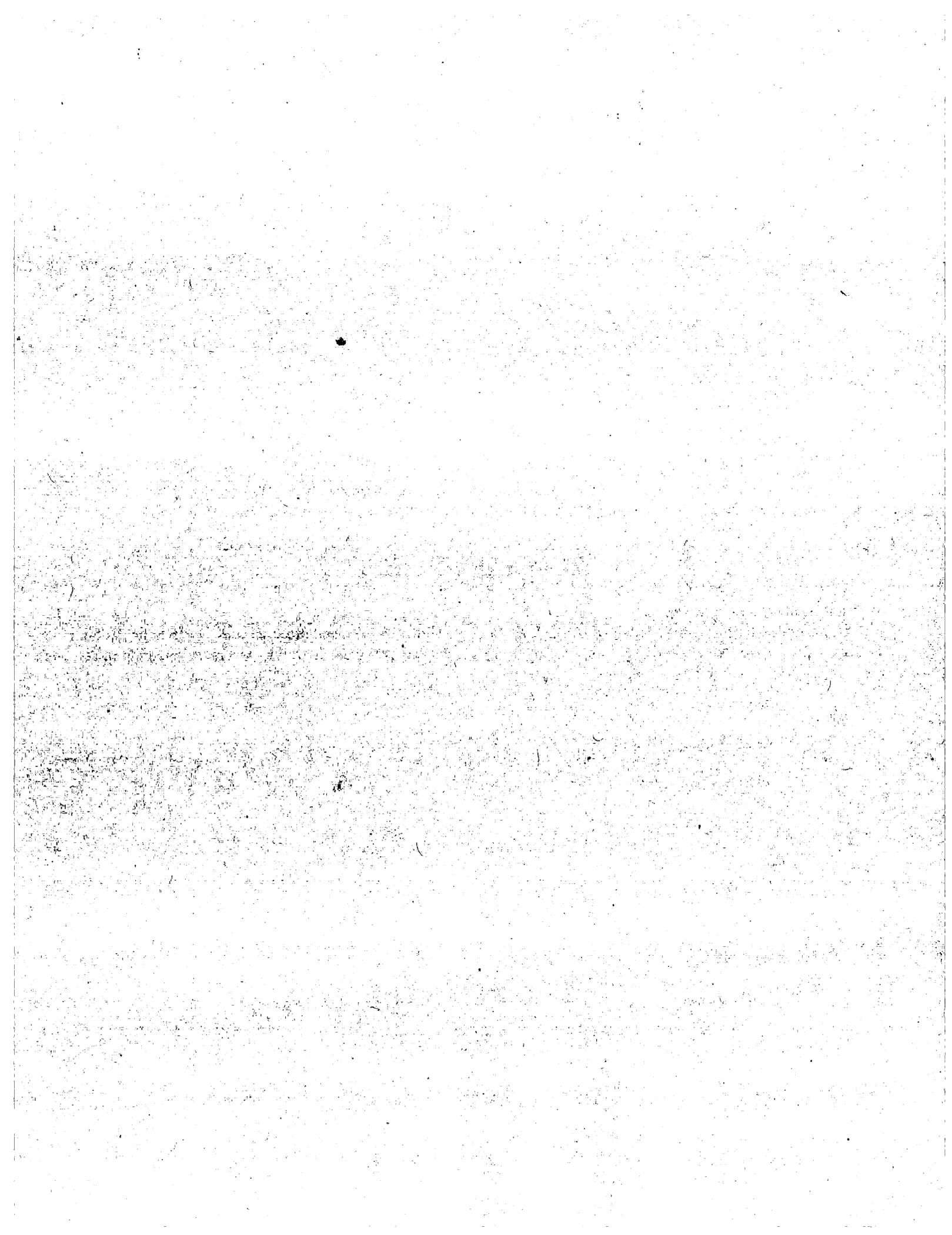
TOWN OF WINDHAM, MAINE
Permanent Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2007

	Cemetery Acquisition Fund	Perpetual Care Trust Funds	Library Trust Fund	Total
Revenues:				
Interest and dividends	\$ 5,226	1,961	256	7,443
Lot sales	5,100	-	-	5,100
Total revenues	10,326	1,961	256	12,543
Expenditures:				
Scholarships	-	-	-	-
Total expenditures	-	-	-	-
Other financing uses:				
Operating transfers	-	(2,800)	-	(2,800)
Total other financing uses	-	(2,800)	-	(2,800)
Net change in fund balances	10,326	(839)	256	9,743
Fund balances, beginning of year	124,585	46,737	6,105	177,427
Fund balances, end of year	\$ 134,911	45,898	6,361	187,170

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, 2007

	School Student Activity			Totals
	High School	Middle School	Other Schools	
ASSETS				
Cash	\$ 190,972	26,476	36,674	254,122
Total assets	\$ 190,972	26,476	36,674	254,122
LIABILITIES				
Due to student groups	190,972	26,476	36,674	254,122
Total liabilities	\$ 190,972	26,476	36,674	254,122

TOWN OF WINDHAM, MAINE
Fiduciary Funds - Agency Funds
Statement of Changes in Assets and Liabilities
June 30, 2007

	Balance			Balance
	July 1, 2006	Additions	Deductions	June 30, 2007
ASSETS				
Cash				
High School	\$ 143,791	435,288	388,107	190,972
Middle School	34,857	105,465	113,846	26,476
Other Schools	34,556	131,674	129,556	36,674
Total assets	213,204	672,427	631,509	254,122
LIABILITIES				
Funds held for student activities				
High School	143,791	435,288	388,107	190,972
Middle School	34,857	105,465	113,846	26,476
Other Schools	34,556	131,674	129,556	36,674
Total liabilities	\$ 213,204	672,427	631,509	254,122

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

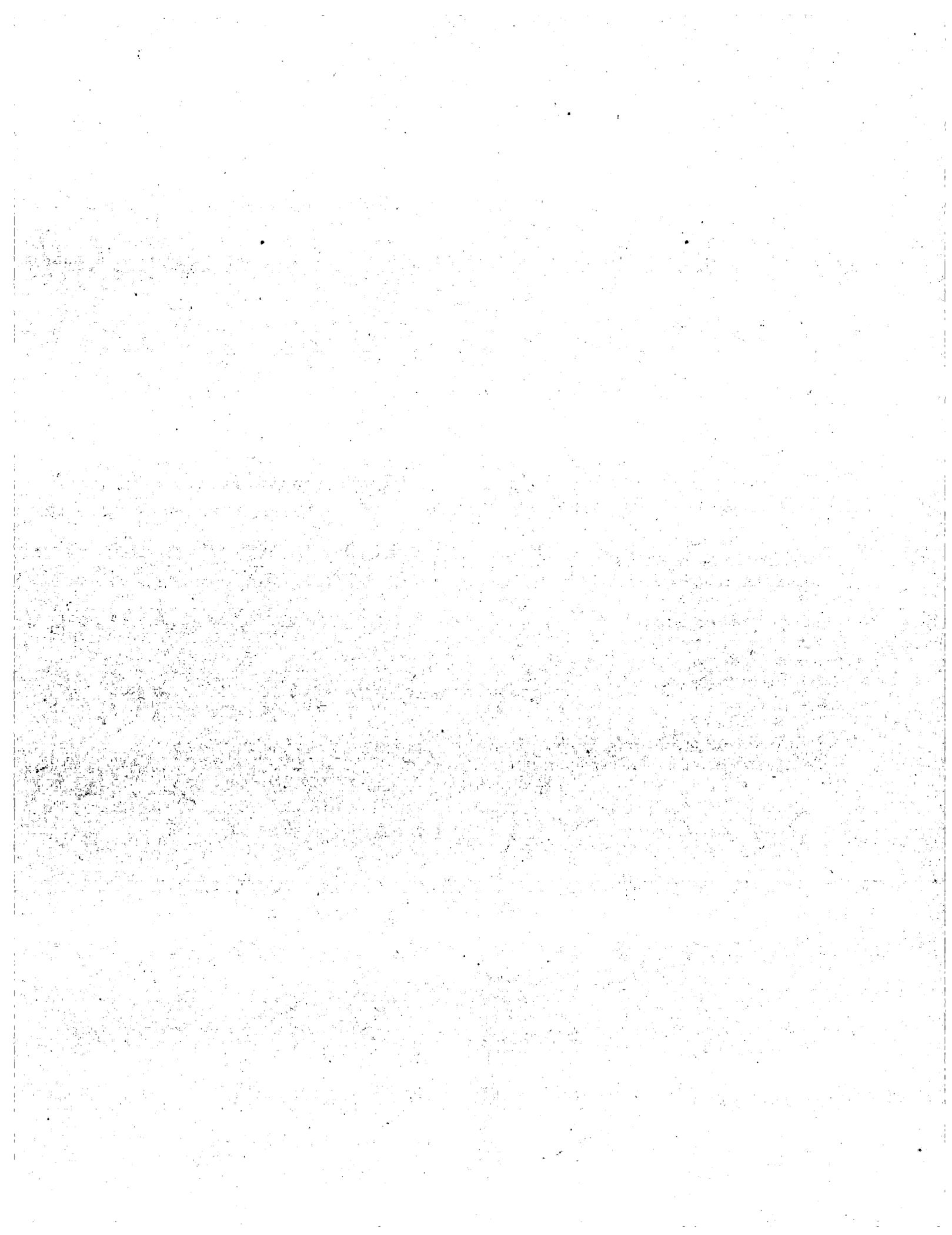
School Capital Project Funds

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, 2007
 (with comparative actual amounts for the year ended June 30, 2006)

		Little		Recreation Program	CCSWCD	Development District North		Pipeline Development		Roosevelt Promenade		Homeland Security		CDBG Agricultural		Highland Lake Youth Conservation Corp		Totals		
		Equipment Replacement	Falls Sewer Operations			T.I.F.	T.I.F.	T.I.F.	T.I.F.	T.I.F.	T.I.F.	T.I.F.	T.I.F.	T.I.F.	T.I.F.	T.I.F.	T.I.F.	T.I.F.	T.I.F.	2007
Revenues:																				
Property tax revenues	\$	-	-	-	-	-	-	77,135	-	-	210,000	-	-	-	-	-	-	-	287,135	117,836
State/Federal grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21,200	286,513
Sewer user fees		-	19,867	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19,867	19,280
Recreation		-	-	181,157	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	181,157
Interest		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,852
Equipment lease proceeds		315,244	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous		-	-	-	32,957	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues		315,244	19,867	181,157	32,957	-	77,135	210,000	52,513	-	52,513	-	21,200	-	85,470	-	910,073	3,300	614,676	
Expenditures:																				
Sewer assessments		-	108,852	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	108,852	86,297
Recreation		-	-	128,308	-	-	-	-	-	-	-	-	-	-	-	-	-	-	128,308	162,819
Capital expenditures		511,376	-	-	43,606	9,850	-	45,736	52,513	-	-	-	16,455	-	679,536	-	-	-	933,277	933,277
Total expenditures		511,376	108,852	128,308	43,606	9,850	-	45,736	52,513	-	45,736	-	16,455	-	916,696	-	1,182,393	-	-	
Other financing sources (uses):																				
Transfers in/(out)		269,626	-	-	-	-	-	-	(269,626)	-	-	-	-	-	-	-	-	-	-	-
Transfers (to) from General Fund		510,000	108,852	-	(2,342)	(113,564)	(125,632)	(36,674)	-	(189)	-	-	-	-	340,451	-	-	-	909,301	909,301
Total other financing sources (uses)		779,626	108,852	-	(2,342)	(113,564)	(125,632)	(36,674)	(269,626)	(189)	-	-	-	-	340,451	-	340,451	-	909,301	
Net change in fund balances		583,494	19,867	52,849	(12,991)	(123,414)	(48,497)	127,590	(269,626)	(189)	-	4,745	333,828	341,584	1,254,868	1,596,452	1,930,280	1,596,452	1,930,280	
Fund balances (deficit), beginning of year		(77,858)	117,021	270,418	(1,410)	518,509	485,573	-	269,626	189	-	14,384	1,596,452	1,254,868	1,930,280	1,596,452	1,930,280	1,596,452	1,930,280	
Fund balances (deficit), end of year		\$ 505,636	\$ 136,888	\$ 323,267	\$ (14,401)	\$ 395,095	\$ 437,076	\$ 127,590	\$ -	\$ -	\$ -	\$ 19,129	\$ 1,596,452	\$ 1,254,868	\$ 1,930,280	\$ 1,596,452	\$ 1,930,280	\$ 1,596,452	\$ 1,930,280	

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, 2007
(with comparative actual amounts for the year ended June 30, 2006)

	2007		Variance positive (negative)	2006 Actual
	Adjusted Budget	Actual		
Revenues:				
State subsidies	\$ 10,806,780	10,866,633	59,853	9,491,246
State reimbursement - debt service	2,599,785	2,599,785	-	2,634,845
State agency client and other special education funds	400,210	455,889	55,679	423,784
Tuition and fees	953,931	1,020,412	66,481	791,165
Rental income	5,780	30,723	24,943	21,436
Medicaid reimbursements	280,000	353,493	73,493	341,134
Other revenues	80,220	87,141	6,921	126,343
Total revenues	15,126,706	15,414,076	287,370	13,829,953
Expenditures:				
Instruction	13,806,542	13,809,466	(2,924)	13,900,640
Student support	1,512,534	1,512,534	-	1,525,323
Staff support	1,239,380	1,239,380	-	1,184,149
General administration	1,523,340	1,549,093	(25,753)	1,227,513
School administration	1,340,995	1,312,318	28,677	1,089,217
Operation and maintenance	3,364,604	3,364,604	-	2,807,747
Student transportation	1,614,918	1,614,918	-	1,381,917
Debt service	3,505,444	3,505,444	-	3,550,908
Total expenditures	27,907,757	27,907,757	-	26,667,414
Other financing sources (uses):				
Budgeted utilization of surplus	674,469	-	(674,469)	-
Transfers to other funds				
Transfer to capital project - central office project	(363,444)	(363,444)	-	-
Transfer to capital project - other local projects	(400,000)	(400,000)	-	(300,000)
Transfer to Workers' Compensation Reserve	(22,234)	(22,207)	27	-
Transfer to school lunch fund	(36,500)	(36,527)	(27)	(15,632)
General Fund transfer - property taxes	12,928,760	12,928,760	-	12,928,760
Total other financing sources	12,781,051	12,106,582	(674,469)	12,613,128
Net change in fund balance	-	(387,099)	(387,099)	(224,333)
Fund balance, beginning of year		801,675		1,026,008
Fund balance, end of year	\$	414,576		801,675

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, 2007

	June 30, 2006	Federal subsidies	State subsidies	Other revenues	Total revenues	Expenditures	June 30, 2007
Federal Programs:							
Local Entitlement	\$ 35,251	522,369	-	-	522,369	540,836	16,784
Local Entitlement Preschool Grant	190	4,631	-	-	4,631	4,110	711
Teamwork for Kids	271	-	-	-	-	271	-
Title IVA Reconnecting Youth (Drug Free)	-	10,575	-	-	10,575	10,132	443
Title I, Part A	-	192,271	-	-	192,271	192,271	-
Title V/Reap	710	9,856	-	-	9,856	8,755	1,811
Title II - Teacher Quality	1,256	81,537	-	-	81,537	82,194	599
Title II - Technology	428	2,946	-	-	2,946	2,845	529
SMARRT	-	67,814	-	-	67,814	67,814	-
State Programs:							
Distinguished Educator	-	-	64,876	-	64,876	64,414	462
Learning Results	804	-	25,736	-	25,736	25,907	633
School Health	-	-	2,000	-	2,000	1,569	431
Maine Arts Commission	-	-	6,397	-	6,397	1,204	5,193
Maine Emergency Management	-	-	500	-	500	-	500
Innovate State Grant	-	-	500	-	500	500	-
J Jag Grant - Maine Dept. of Corrections	-	-	38,299	-	38,299	38,299	-
Local Programs:							
Title III	2,942	-	-	2,850	2,850	2,934	2,858
HR Block contribution	521	-	-	-	-	-	521
State Farm Insurance grant	500	-	-	500	500	-	1,000
PTA Grants	4,084	-	-	4,851	4,851	6,566	2,369
Primary School Media Fund	3,116	-	-	4,040	4,040	3,170	3,986
Administrative Certification	3,309	-	-	1,000	1,000	3,553	756
National Semiconducator Grant	1,538	-	-	200	200	735	1,003
Direct Billings, Special Education	21,540	-	-	124,593	124,593	98,223	47,910
Maine Community Foundation	4,322	-	-	-	-	-	4,322
Wellness	1	-	-	105	105	101	5
Wal-Mart Grant	500	-	-	-	-	-	500
Maine Youth Voices	2,106	-	-	967	967	3,073	-
Windham Ski Team	-	-	-	8,342	8,342	8,342	-
Windham Football Boosters	2,166	-	-	6,131	6,131	8,297	-
Windham Swim Team	-	-	-	6,223	6,223	6,223	-
Windham Lacrosse Team	-	-	-	13,879	13,879	13,879	-
Lowe's Foundation	-	-	-	4,900	4,900	3,910	990
Milken Family Foundation	-	-	-	5,100	5,100	4,895	205
Manchester Walking Path	-	-	-	10,000	10,000	10,000	-
Workers' Compensation Reserve	-	-	-	22,207	22,207	-	22,207
Cumberland County Superintendents Association	1,478	-	-	3,100	3,100	880	3,698
Total	\$ 87,033	891,999	138,308	218,988	1,249,295	1,215,902	120,426

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, 2007 and 2006

	2007			2006
	Adjusted Budget	Actual	Variance positive (negative)	
Revenues:				
State subsidies	\$ 91,656	91,656	-	79,215
Tuition and fees	53,438	51,403	(2,035)	45,091
Federal - Carl Perkins	9,408	9,350	(58)	12,631
Entrepreneur program	4,500	3,565	(935)	4,791
Federal - ABE	19,905	19,905	-	18,677
MELMAC grant	4,000	4,200	200	4,000
Other	3,500	307	(3,193)	248
Total revenues	186,407	180,386	(6,021)	164,653
Expenditures:				
Current:				
General adult education	209,722	200,731	8,991	191,323
Adult enrichment education	23,537	30,084	(6,547)	-
Workforce training and retraining	22,747	15,381	7,366	7,010
High school completion	22,650	18,199	4,451	18,104
Literacy	42,572	49,125	(6,553)	41,715
Entrepreneur program	4,500	5,351	(851)	4,681
Adult basic education	23,405	21,410	1,995	45,438
Carl Perkins - SMCC	2,030	1,834	196	4,825
Carl Perkins - WRVC	7,378	7,197	181	7,368
MELMAC grant	5,555	5,616	(61)	2,445
Total expenditures	364,096	354,928	9,168	322,909
Other financing sources:				
Budgeted utilization of surplus	1,555	-	(1,555)	-
Transfers from General Fund	176,134	176,134	-	169,527
Net change in fund balance	-	1,592	1,592	11,271
Fund balance, beginning of year		139,330		128,059
Fund balance, end of year	\$	140,922		139,330

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, 2007 and 2006

	2007	2006
Revenues:		
State agency client subsidies	\$ 52,371	75,697
Tuitions/transportation charges	382,619	232,445
Other	-	500
Total revenues	434,990	308,642
Expenditures:		
Instruction	203,973	202,840
Student support	-	705
Operations and maintenance of plant and equipment	11,565	18,183
General administration	92,992	1,205
Technology program	2,792	1,163
Student transportation	154,778	53,302
Total expenditures	466,100	277,398
Net change in fund balance	(31,110)	31,244
Fund balance, beginning of year	31,503	259
Fund balance, end of year	\$ 393	31,503

TOWN OF WINDHAM, MAINE
School Lunch Program
Schedules of Revenues, Expenditures, and Changes in Fund Balance
For the years ended June 30, 2007 and 2006

	2007	2006
Revenues:		
Sales	\$ 798,473	669,341
U.S. Department of Agriculture:		
Food and milk subsidy	193,038	184,609
Contributed commodities	21,720	22,551
Total revenues	1,013,231	876,501
Expenditures:		
Food	555,401	476,776
Payroll - staff	435,536	369,706
Supplies and other expenses	58,821	45,651
Total expenditures	1,049,758	892,133
Deficiency of revenues under expenditures	(36,527)	(15,632)
Transfers from other funds:		
Transfer from school operations fund	36,527	15,632
Net change in fund balance	-	-
Fund balance, beginning of year	24,444	24,444
Fund balance, end of year	\$ 24,444	24,444

TOWN OF WINDHAM, MAINE
School Capital Project Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2007
(with comparative totals for year ended June 30, 2006)

	High School Construction (State)	High School Construction (Local)	Other Locally Funded School Projects	Central Office Project	Totals
	2007	2007	2006	2006	2006
Revenues:					
Other revenues	\$ -	-	-	-	1,266
Total revenues					1,266
Expenditures:					
Construction costs					
Total expenditures	-	-	189,617	-	189,617
Excess (deficiency) of revenues over (under) expenditures					1,266
Other financing sources:					
Transfer from school operations fund	-	-	400,000	363,444	300,000
Transfer between capital project funds	(498)	(768)	1,266	-	-
Total other financing sources	(498)	(768)	401,266	363,444	300,000
Net change in fund balances	(498)	(768)	211,649	363,444	301,266
Fund balances, beginning of year	498	768	390,678	-	90,678
Fund balances, end of year	\$ -	-	602,327	363,444	391,944

TOWN OF WINDHAM, MAINE
High School Student Activity Funds
Schedule of Cash Receipts, Disbursements, and Changes in Balances
For the year ended June 30, 2007

	June 30, 2006	Cash receipts	Cash disbursements	June 30, 2007
Checking Account				
Art Club	\$ 181	3,462	3,643	-
Athletic Association	522	8,060	7,424	1,158
Baseball	1,695	1,879	3,042	532
Boys Soccer	954	2,389	3,043	300
Boys Tennis	1,292	5,084	5,293	1,083
Boys Basketball	2,318	27,872	26,056	4,134
Boys Lacrosse	500	6,277	5,784	993
Band	41	29,087	29,128	-
Business	1,035	-	-	1,035
BUSSIM	726	33,201	33,448	479
Caps and Gowns	-	6,968	6,968	-
Chamber Singers	3,399	21,826	25,011	214
Cheerleaders	423	1,574	1,286	711
Civil rights team	352	1,136	315	1,173
Class of 1997	1,256	-	-	1,256
Class of 1998	2,303	-	-	2,303
Class of 2000	1,024	-	-	1,024
Class of 2001	806	-	-	806
Class of 2004	7,376	-	-	7,376
Class of 2006	2,625	6	1,717	914
Class of 2007	7,854	8,155	12,589	3,420
Class of 2008	529	12,898	5,030	8,397
Class of 2009	191	3,909	2,935	1,165
Class of 2010	-	549	218	331
Class of '77 scholarship	100	-	-	100
Coffee account	11	-	-	11
Co-op student	42	-	1	41
Cross-Country	633	1,496	1,576	553
Diane Webber Mem. Scholarship	-	1,500	1,500	-
Eagle Eyes	15	-	-	15
Eagle Pride	341	-	341	-
English Club	1,614	5,392	5,409	1,597
Entrepreneur recycling	-	840	50	790
Exemplar	-	50	50	-
Football	-	4,174	2,110	2,064
Foreign language	214	838	803	249
Field Hockey	474	1,300	1,678	96
French Club	1,612	7,262	7,078	1,796
Gate receipts	-	18,177	18,176	1
General Fund	20	21,718	19,623	2,115
Girls Basketball	281	15,364	12,537	3,108
Girls Lacrosse	-	16,236	15,243	993
Girls tennis	716	1,207	1,319	604
Girls Soccer	4,600	4,221	5,672	3,149
Golf	1,944	2,857	1,447	3,354
Gordan Scholarship	2,345	675	500	2,520
GSA	-	475	450	25
Health	235	-	-	235
Hodgdon Memorial Scholarship	2,000	-	1,000	1,000
Indoor Track	847	1,905	1,932	820
Incentive Scholarship Fund	351	-	-	351
Instrument rental	215	-	-	215
Interact/Youthland	1,592	1,199	1,835	956
Key Club	630	3,749	2,629	1,750
Key Replacements	5	-	-	5
Latin Club	-	142	142	-
Leo Club	122	-	67	55
Library	173	469	127	515
Life Skills	-	200	-	200
Lost books	3,756	5,960	4,227	5,489
Maine Studies	100	1,510	1,560	50
Math Club	338	-	7	331
MS Swim Team	637	20,426	13,219	7,844
Mu Alpha Theta	16	-	-	16
National Honor Society	1,321	1,502	765	2,058
Subtotals	64,702	315,176	296,003	83,875

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

	June 30, 2006	Cash receipts	Cash disbursements	June 30, 2007
Orchestra	\$ 306	-	-	306
Outdoor track	1,106	2,478	3,394	190
Outing Club	-	993	30	963
Parking	551	2,890	2,698	743
PE fundraising	-	179	-	179
Photography	-	975	-	975
Rock Wall	254	-	254	-
Scholarship Fund	2,102	5,813	3,600	4,315
School Store	193	-	-	193
Science Club	516	3,729	3,628	617
Science Scholarship	671	721	-	1,392
Ski Club	1,412	9,168	9,871	709
Social studies	8	300	14	294
Softball	437	772	445	764
Sound - Auditorium	311	5,400	1,000	4,711
Spanish Club	472	7,620	6,498	1,594
Speech & Debate	55	-	-	55
Sportsmanship foundation	602	-	1	601
Student Outreach	1,347	2,595	3,033	909
Student Council	2,993	8,716	3,844	7,865
Student services	2,246	8,979	9,901	1,324
Student services scholarship	-	379	-	379
Sunshine Club	-	360	281	79
Technology Club	239	-	-	239
Theatre Club	350	1,979	926	1,403
Theatre/musical	6,128	19,186	19,197	6,117
Townsend account	-	409	100	309
United Nation class	746	-	746	-
Video	160	-	160	-
Windham Comm. Scholarship	3,300	4,000	4,300	3,000
Wrestling	-	536	517	19
Yearbook	4,649	16,163	12,432	8,380
Subtotals	31,154	104,340	86,870	48,624
Total checking account	95,856	419,516	382,873	132,499
Savings and CD's				
Co-op Education Scholarship (Savings)	2,367	8	185	2,190
Project Graduation/Molly Call (CD)	1,611	57	49	1,619
Governor Andrew Prize (Savings)	451	1	-	452
Edith Pride Elliot Award (Savings)	303	1	-	304
Merribeth Gaudet Mem. School (Savings)	179	1	-	180
Johanna C. Bell Mem. Music (CD)	-	1,656	-	1,656
Crane Scholarship Fund (CD)	18,151	2,190	3,500	16,841
Paul Folan Scholarship Fund (CD)	4,273	154	-	4,427
Langley Scholarship (CD)	-	4,023	-	4,023
Langley Scholarship (CD)	-	6,373	-	6,373
Townsend Scholarship (CD)	-	504	-	504
Student Council (CD)	8,643	355	-	8,998
WHS Scho. (Manchester) - (CD)	11,957	449	1,500	10,906
Total savings and CD's	47,935	15,772	5,234	58,473
Activity fund totals	\$ 143,791	435,288	388,107	190,972

TOWN OF WINDHAM, MAINE
Middle School Student Activity Funds
Schedule of Cash Receipts, Disbursements, and Changes in Balances
For the year ended June 30, 2007

	June 30, 2006	Cash receipts	Cash disbursements	June 30, 2007
Art Department	\$ 877	-	-	877
Bates Team	1,156	9,403	10,290	269
Bentley Team	1,152	2,012	2,195	969
Bowdoin Team	191	-	191	-
Brown Team	454	3,760	3,902	312
Civil Rights	249	-	-	249
Coffee Fund	200	1,841	1,698	343
Colby Team	219	2,717	2,936	-
DARE	170	-	-	170
Dartmouth Team	2,025	1,852	1,509	2,368
Emerson (SAIL)	1,343	189	520	1,012
Emerson (School Store)	200	-	-	200
General Fund	1,100	11,108	7,312	4,896
Grants	349	500	220	629
Harvard Team	501	3,111	3,331	281
Helping hands	726	1,171	1,291	606
Industrial arts	75	400	400	75
Ithaca	29	2,536	2,562	3
Library	1,081	3,288	3,073	1,296
Life skills	542	8	192	358
Maine	342	2,283	2,263	362
Middle school athletics	500	-	-	500
MIT	9	-	9	-
Music Department	415	15,009	13,812	1,612
Norwich Team	393	3,682	3,437	638
Odyssey of the Mind	-	6,014	5,183	831
Physical Education	41	491	518	14
Recycling	2,299	1,359	204	3,454
Sharing Closet	364	-	-	364
St. Joe's	10	-	10	-
Student activity	246	3,954	3,163	1,037
Student Council	5,772	8,287	13,951	108
Swim Team	7,624	10	7,635	(1)
Technology	1,077	1,849	2,206	720
U.N.E.	10	3,872	3,531	351
U.S.M.	10	1,300	1,310	-
Unity	95	324	371	48
Yale	1,372	2,712	3,672	412
Yearbook	1,639	10,423	10,949	1,113
Total	\$ 34,857	105,465	113,846	26,476

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, 2007

	June 30, 2006	Cash receipts	Cash disbursements	June 30, 2007
Manchester	\$ 20,538	63,782	63,713	20,607
Primary	4,816	35,413	33,977	6,252
Primary - Administrators	1,611	1,080	1,521	1,170
Primary - Main E Vent	1,026	-	-	1,026
Real School	6,565	31,399	30,345	7,619
Total	\$ 34,556	131,674	129,556	36,674

