

TOWN OF KENNEBUNKPORT, MAINE
Annual Financial Report
For the Fiscal Year Ended June 30, 2010

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Annual Financial Report
For the Year Ended June 30, 2010

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Independent Auditor's Report

Board of Selectmen
Town of Kennebunkport, Maine

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Kennebunkport, Maine, as of and for the year ended June 30, 2010, 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 of Kennebunkport, Maine'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 business-type activities, each major fund, and the aggregate remaining fund information of the Town of Kennebunkport, Maine, as of June 30, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof 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 our report dated November 23, 2010, on our consideration of the Town of Kennebunkport, 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 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.

Board of Selectmen
Town of Kennebunkport, Maine

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Kennebunkport, Maine's financial statements as a whole. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



November 23, 2010
South Portland, Maine

TOWN OF KENNEBUNKPORT, MAINE
Management's Discussion and Analysis
June 30, 2010

As management of the Town of Kennebunkport, Maine, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in the basic financial statements and the accompanying notes to those financial statements.

Financial Highlights

- The Town's total net assets decreased by \$40,341 to \$24,552,614 (Statement 2).
- Net capital assets decreased by \$630,467 (pages 30 and 31).
- General revenues accounted for \$12,707,714 in revenue, or 86% of all revenues. Program specific revenues consisting of charges for services and grants and contributions accounted for \$2,221,576 in revenue, or 14% of \$14,929,290 in total revenues (Statement 2).
- At the end of the current fiscal year, the unreserved fund balance for the general fund was \$4,361,528, of which \$154,534 has been internally designated for specific purposes. (See notes to the financial statements and Statement 3.)

Overview of the Financial Statements

Below is a brief discussion of the basic financial statements, including the relationships of the statements to each other and the significant differences in the information they provide. The Town's basic financial statements are comprised of three components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements

This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements include two main basic financial statements in accordance with Statement No. 34 of the Governmental Accounting Standards Board (GASB). The first is the *Statement of Net Assets*, and the second is the *Statement of Activities*. These two statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business. Both report information about the Town as a whole and about its activities during the fiscal year using the accrual basis of accounting used by most private-sector companies.

- **Governmental Activities** - Most of the Town's basic services are reported here, including public safety, public works, health and sanitation, culture and recreation, and general government. Property taxes and excise taxes finance most of these activities.
- **Business-type Activities** - The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's Sewer Department, the Cape Porpoise Pier and the Dock Square Parking Lot are reported here.

TOWN OF KENNEBUNKPORT, MAINE
Management's Discussion and Analysis, Continued

The *Statement of Net Assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Infrastructure (roads, bridges, etc.) are Town assets if constructed and owned by the Town or maintained by the Town. Increase or decrease in Net Assets may serve as useful indicator of whether the financial position of the Town is improving or deteriorating. Other factors also need to be considered as well, such as changes in the Town's property tax base and the condition of the Town's infrastructure.

The *Statement of Activities* presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This statement shows the net cost of departmental services (i.e., the cost of departmental services less the revenues generated by those departments), that are funded by tax revenues, State aid, and other unrestricted revenues.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Within the basic financial statements, fund financial statements focus on the Town's funds, rather than the Town as a whole.

Governmental funds - *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The General Fund is the Town's only major fund within the governmental funds.

Since the Government-wide focus includes the long-term view and the Fund focus presents a shorter-term (yearly budget) view, we are required by GASB Statement No. 34 to present reconciliation between the two following each Governmental Fund statement.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

TOWN OF KENNEBUNKPORT, MAINE
Management's Discussion and Analysis, Continued

Financial Analysis of the Town as a Whole

The Statement of Net Assets provides the perspective of the Town as a whole.

The Town's net assets at fiscal year-end are \$24,552,614. This includes current assets (primarily cash, investments and taxes receivable), the cost (less accumulated depreciation) of all buildings, equipment and land owned by the Town (valued at historical cost, or an estimate thereof), less current and long-term debt. Changes in net assets from year-to-year may be observed to analyze changing financial positions of the Town as a whole. The following table is presented in thousands (Statement 1).

	Governmental Activities		Business-type Activities		Primary Government Total	
	2010	2009	2010	2009	2010	2009
Current assets	\$ 6,366	6,627	3,717	3,601	10,083	10,228
Capital assets:						
Land	2,314	2,422	950	942	3,264	3,364
Art works & historical treasures	45	45	-	-	45	45
Construction in progress	53	28	2	-	55	28
Buildings and improvements	2,414	2,399	6,830	6,812	9,244	9,211
Land improvements	204	204	29	29	233	233
Furniture & fixtures	47	47	-	-	47	47
Equipment & vehicles	4,472	4,428	2,680	2,686	7,152	7,114
Infrastructure	4,981	4,799	7,706	7,706	12,687	12,505
Less: accumulated depreciation	(5,667)	(5,264)	(9,002)	(8,595)	(14,669)	(13,859)
Total assets	\$ 15,229	15,735	12,912	13,181	28,141	28,916
Current liabilities	754	825	333	403	1,087	1,228
Long-term liabilities	1,570	1,990	934	1,106	2,504	3,096
Total liabilities	\$ 2,324	2,815	1,267	1,509	3,591	4,324
Net assets:						
Invested in capital assets, net of debt	7,050	7,055	8,090	8,303	15,140	15,358
Restricted	-	1,862	-	-	-	1,862
Unrestricted	5,857	4,003	3,555	3,369	9,412	7,372
Total net assets	\$ 12,907	12,920	11,645	11,672	24,552	24,592

TOWN OF KENNEBUNKPORT, MAINE
Management's Discussion and Analysis, Continued

The largest portion of the Town's net assets reflects investments in capital assets (i.e., buildings, vehicles and land); less any related debt used to acquire those assets that is still outstanding. Currently, the Town only owes debt related to the road reconstruction and salt/sand shed. The Town uses these capital assets to provide services to its citizens; consequently, those assets are not available for future spending. The resources needed to repay this debt must be provided from other sources, primarily tax dollars, since the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net assets may be used to meet the Town's ongoing obligations to its creditors.

The Statement of Activities presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in the statement for some items that will only result in cash flows in future periods such as uncollected taxes and earned but unused compensated absences. The following summarizes the changes in net assets in thousands (Statement 2).

	Governmental Activities		Business-type Activities		Primary Government Total	
	2010	2009	2010	2009	2010	2009
Net assets, beginning as restated	\$ 12,870	13,117	11,722	11,694	24,592	24,811
Revenues:						
Program revenues:						
Charges for services	529	351	1,602	1,556	2,131	1,907
Operating grants & cont.	57	52	-	-	57	52
Capital grants	34	-	-	-	34	-
General revenues:						
Property taxes	11,448	11,592	-	-	11,448	11,592
Excise taxes	811	839	-	-	811	839
Grants and cont. not restricted to specific programs	223	355	-	-	223	355
Unrestricted investment earnings	113	168	54	94	167	262
Miscellaneous	25	263	3	18	28	281
Total revenues	13,240	13,620	1,659	1,668	14,899	15,288
Expenditures:						
Program expenditures:						
General government	1,206	1,110	-	-	1,206	1,110
Public safety	2,026	1,989	-	-	2,026	1,989
Health and welfare	260	210	-	-	260	210
Public works	1,009	1,144	-	-	1,009	1,144
Recreation	397	370	-	-	397	370
Cemeteries	18	14	-	-	18	14
Education	6,619	6,766	-	-	6,619	6,766
County tax	854	860	-	-	854	860
Solid waste	385	391	-	-	385	391
Unclassified	152	41	-	-	152	41
Unallocated depreciation	-	38	-	-	-	38
Outside transfers	-	700	-	-	-	700
Special projects	400	265	-	-	400	265
Interest expense	81	82	-	-	81	82
Cape Porpoise Pier	-	-	277	240	277	240
Dock Square Parking Lot	-	-	50	50	50	50
Sewer	-	-	1,234	1,237	1,234	1,237
Total expenditures	13,407	13,980	1,561	1,527	14,968	15,507
Increase (decrease) in net assets	(167)	(360)	98	141	(69)	(219)
Transfers	175	163	(175)	(163)	-	-
Net assets, end of year	\$ 12,878	12,920	11,645	11,672	24,523	24,592

TOWN OF KENNEBUNKPORT, MAINE
Management's Discussion and Analysis, Continued

The table below presents the total cost, for fiscal years 2010 and 2009, of each of the Town's largest programs: general government, public safety, public works, education and county tax, as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions (Statement 2).

Governmental Activities (in thousands)										
2010					2009					
	Total		Net			Total		Net		
General govt.	\$	1,206	10.3%	1,059	9.2%	\$	1,110	9.4%	963	8.3%
Public safety		2,026	17.3%	1,948	17.0%		1,989	16.8%	1,960	16.8%
Public works		1,009	8.6%	972	8.5%		1,144	9.6%	1,091	9.4%
Education		6,618	56.5%	6,618	57.8%		6,766	57.0%	6,766	58.1%
County tax		853	7.3%	853	7.5%		860	7.2%	860	7.4%
Totals	\$	11,712	100.0%	11,450	100.0%		11,869	100.0%	11,640	100.0%

The Town's Funds

The Town has one major fund – the General Fund. Detailed information regarding this fund can be found on pages 15 and 16 of these financial statements. The changes in the fund balance of these funds are as follows (Statement 3):

Major Fund	Balance June 30, 2010	Balance June 30, 2009	\$ Change	% Change
General Fund	\$ 4,361,528	4,042,115	319,413	7.90%
	\$ 4,361,528	4,042,115	319,413	7.90%

Expenditures

The table below shows the Town's original and adjusted budgets for various departments and functions for the year ended June 30, 2010. The table also shows actual expenses for each department and function as well as the variance between the adjusted budget and the actual expenditures for each category. The Town considers a variance to be significant if it exceeds \$20,000 and 10% of its adjusted budget (Statement 6).

General Fund Department/Function Expenditures	Original Budget	Adjusted Budget	Expenditures	Variance	
				Amount	%
General Government	\$ 1,181,266	1,216,266	1,144,321	71,945	5.92%
Public Safety	1,889,704	1,889,704	1,828,017	61,687	3.26%
Public Works	894,776	894,776	822,578	72,198	8.07%
Health and Welfare	617,207	617,207	583,778	33,429	5.42%
Recreation and Culture	390,176	390,176	380,822	9,354	2.40%
Grants	-	-	18,129	(18,129)	0.00%
Unclassified	7,917,745	7,917,745	7,551,166	366,579	4.63%
Debt service	314,635	314,635	314,002	633	0.20%
Capital improvements and reserves	244,800	325,153	239,899	85,254	26.22%
Total expenditures	\$ 13,450,309	13,565,662	12,882,712	682,950	5.03%

TOWN OF KENNEBUNKPORT, MAINE
Management's Discussion and Analysis, Continued

All of the Department/Function expenditures of the Town came in at or under budget with the exception of the legal budget, EMA and animal control. The only significant variances were in capital improvements and reserves. Capital improvements and reserves include several uncompleted projects that have been carried forward as designated fund balances as listed on page 36 of the financial statements.

Revenues

The table below shows the Town's final budget and actual revenues from various resources for the year ended June 30, 2010. The table also shows the variance between these figures for each category. The Town considers a variance to be significant if it exceeds \$20,000 and 10% of the final budget (Exhibit A-2).

General Fund Revenues	Final Budget	Actual Revenues	Variance	
			Amount	%
Property taxes	\$ 11,561,239	11,423,379	(137,860)	-1.19%
Excise taxes	668,500	811,325	142,825	21.36%
Interest on taxes	29,000	30,014	1,014	3.50%
Licenses, permits, and fees	98,100	120,040	21,940	22.36%
Charges for services	321,950	317,382	(4,568)	-1.42%
Intergovernmental revenues	216,629	305,204	88,575	40.89%
Investment income	60,000	81,716	21,716	36.19%
Other revenues	123,500	121,622	(1,878)	-1.52%
Total revenues	\$ 13,078,918	13,210,682	131,764	1.01%

Excise taxes are difficult to budget as actual collections depend upon a variety of factors unknown at the time the budget is prepared, particularly economic conditions six to eighteen months after budget preparation. The actual amount exceeded expectations.

Licenses, permits and fees came in over budget due to building permits and plumbing permits being higher than anticipated.

Intergovernmental revenues were over budget due to FEMA reimbursements, tree growth, MDOT road assistance and state revenue sharing all exceeding estimates.

The variance in investment income came in over budget due to locking in at a higher interest rate than anticipated.

Charges for services were under budget primarily due to land use penalties and recreation fees not meeting budget.

TOWN OF KENNEBUNKPORT, MAINE
Management's Discussion and Analysis, Continued

Capital Assets

As of June 30, 2010, the Town had approximately \$18,058,882 invested in capital assets consisting of land, buildings and equipment. (As previously noted, the Town is not required under GASB 34 to report infrastructure built or otherwise acquired prior to July 1, 2003.) This amount represents a net decrease (including additions, deletions, and less this year's depreciation) of approximately \$630,467, or 3.4% under last year.

This year's major additions/deletions included:

- Property given to the Conservation Trust in past years
- McCabe property
- Arundel Road & Dyke Road
- Detective's vehicle
- Sewer improvements

All of the above were paid for with general fund resources, except that the sewer improvements were paid for with sewer user fees and the McCabe property was purchased with Capital funds.

The Town's fiscal year 2011 budget, as approved at the annual Town Meeting held on June 8th and 12th, includes approximately \$458,544 for various capital improvements, including a police cruiser, town-wide phone system, highway vehicle reserve funding, sidewalk construction, Silas Perkins Park upgrades and fire apparatus reserve.

Debt

The Town of Kennebunkport had \$2,897,114 in bonds outstanding at fiscal year-end, compared to \$3,303,922 last year. Additionally the Town had \$24,005 in capital leases outstanding at fiscal year-end for the purchase of a copy machines (pages 31 and 32). State law limits the Town's debt in the aggregate to 15% of its stated assessed valuation. The Town's outstanding debt at June 30, 2010 was within this statutory limit.

Economic Factors and Next Year's Budget

The fiscal 2011 budget has been prepared and already approved at the June 8th and 12th annual Town Meeting. The municipal portion of the budget increased by approximately \$491,266 from last year. This was due to increases in County tax, capital improvements, and anticipated legal expenses related to the Goose Rocks Beach law suit.

This financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need financial information, contact the Town Manager, PO Box 566, Kennebunkport, Maine 04046.

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BASIC FINANCIAL STATEMENTS

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TOWN OF KENNEBUNKPORT, MAINE
Statement of Net Assets
June 30, 2010

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 286,570	500	287,070
Investments	5,998,066	3,243,770	9,241,836
Receivables:			
Accounts	84,221	205,897	290,118
Taxes receivable - current year	192,720	-	192,720
Taxes receivable - prior year	1,514	-	1,514
Tax and sewer liens	33,922	8,263	42,185
Tax acquired property	9,387	-	9,387
Internal balances	(249,687)	249,687	-
Inventory	7,202	9,198	16,400
Prepays	4,916	-	4,916
Nondepreciable capital assets	2,412,029	952,528	3,364,557
Depreciable capital assets, net	6,451,208	8,243,117	14,694,325
Total assets	15,232,068	12,912,960	28,145,028
LIABILITIES			
Accounts payable	193,578	69,603	263,181
Accrued wages	77,514	17,941	95,455
Accrued liabilities	4,239	2,500	6,739
Accrued interest	7,660	7,329	14,989
Accrued compensated absences	175,654	22,533	198,187
Taxes paid in advance	53,085	-	53,085
Deferred revenue	-	41,828	41,828
Noncurrent liabilities:			
Due within one year	242,553	171,937	414,490
Due in more than one year	1,570,558	933,902	2,504,460
Total liabilities	2,324,841	1,267,573	3,592,414
NET ASSETS			
Invested in capital assets, net of related debt	7,050,126	8,089,806	15,139,932
Unrestricted	5,857,101	3,555,581	9,412,682
Total net assets	\$ 12,907,227	11,645,387	24,552,614

See accompanying notes to financial statements.

TOWN OF KENNEBUNKPORT, MAINE
Statement of Activities
For the year ended June 30, 2010

Functions/programs	Program revenues			Net (expense) revenue and changes		
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	in net assets	
					Governmental activities	Primary Government Business-type activities
Primary government:						
Governmental activities:						
General government	\$	1,206,052	-	-	(1,059,071)	-
Public safety		2,026,344	37,524	-	(1,948,841)	-
Highways, streets and bridges		1,009,300	2,870	34,027	(972,403)	-
Health & welfare		259,578	835	-	(248,315)	-
Recreation & culture		397,389	1,482	-	(232,965)	-
Cemeteries		18,129	-	-	(18,129)	-
Education		6,618,663	-	-	(6,618,663)	-
County tax		853,785	-	-	(853,785)	-
Solid waste		385,167	-	-	(385,167)	-
Unclassified		152,085	14,390	-	30,655	-
Loss on disposal of assets		470,770	-	-	(470,770)	-
Interest on debt service		81,091	-	-	(81,091)	-
Capital maintenance expenses		(70,408)	-	-	70,408	-
Total governmental activities	13,407,945	528,680	57,101	34,027	(12,788,137)	-
Business-type activities:						
Sewer		1,234,580	-	-	-	(204,931)
Cape Porpoise Pier		277,219	-	-	-	(17,330)
Dock Square Parking Lot		49,887	-	-	-	262,343
Total business-type activities	1,561,686	1,601,768	-	-	-	40,082
Total primary government	\$ 14,969,631	2,130,448	57,101	34,027	(12,788,137)	40,082
						(12,748,055)
General revenues:						
Property taxes, levied for general purposes					11,447,762	-
Interest and costs on taxes					30,014	-
Motor vehicle excise taxes					811,325	-
Grants and contributions not restricted to specific programs:						
Homestead exemption					39,273	-
State Revenue Sharing					124,884	-
State Road Assistance					52,356	-
Veterans reimbursement					2,447	-
General assistance					3,214	-
Snowmobile reimbursement					576	-
Unrestricted investment earnings					113,493	54,123
Miscellaneous revenues					25,287	2,960
Transfers					124,391	(124,391)
Transfer of capital assets					50,210	(50,210)
Total general revenues and transfers					12,825,232	(117,518)
						12,707,714
Change in net assets					37,095	(77,436)
Net assets - beginning, as restated					12,870,132	11,722,823
Net assets - ending					\$ 12,907,227	11,645,387
						24,552,614

See accompanying notes to financial statements.

TOWN OF KENNEBUNKPORT, MAINE
Balance Sheet
Governmental Funds
June 30, 2010

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 282,288	4,282	286,570
Investments	5,276,917	721,149	5,998,066
Receivables:			
Accounts receivable	81,351	2,870	84,221
Taxes receivable - current year	192,720	-	192,720
Taxes receivable - prior year	1,514	-	1,514
Tax and sewer liens	33,922	-	33,922
Tax acquired property	9,387	-	9,387
Prepays	4,916	-	4,916
Inventory	7,202	-	7,202
Interfund loans receivable	-	828,043	828,043
Total assets	\$ 5,890,217	1,556,344	7,446,561
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	159,086	34,492	193,578
Accrued wages	77,514	-	77,514
Taxes paid in advance	53,085	-	53,085
Other liabilities	4,239	-	4,239
Deferred tax revenue	160,023	-	160,023
Interfund loans payable	1,074,742	2,988	1,077,730
Total liabilities	1,528,689	37,480	1,566,169
Fund balances:			
Reserved:			
Inventory	7,202	-	7,202
Unreserved, reported in:			
General fund - designated	154,534	-	154,534
General fund - undesignated	4,199,792	-	4,199,792
Special revenue funds - undesignated	-	101,484	101,484
Capital projects funds - undesignated	-	694,937	694,937
Permanent funds	-	722,443	722,443
Total fund balances	4,361,528	1,518,864	5,880,392
Total liabilities and fund balances	\$ 5,890,217	1,556,344	
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.			8,863,237
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.			160,023
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.			
Bonds payable			(1,791,275)
Capital leases			(21,836)
Accrued interest			(7,660)
Accrued compensated absences			(175,654)
Net assets of governmental activities		\$	12,907,227

TOWN OF KENNEBUNKPORT, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2010

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 12,264,718	-	12,264,718
Intergovernmental	305,204	2,870	308,074
Licenses and permits	120,040	-	120,040
Charges for services	317,382	-	317,382
Investment income	81,716	31,777	113,493
Other	121,622	727	122,349
Total revenues	13,210,682	35,374	13,246,056
Expenditures:			
Current:			
General government	1,144,321	-	1,144,321
Public safety	1,828,017	-	1,828,017
Public works	822,578	8,165	830,743
Health and welfare	198,611	60,320	258,931
Recreation and culture	380,822	5,216	386,038
Grants	18,129	-	18,129
Education	6,618,663	-	6,618,663
County tax	853,785	-	853,785
Solid waste	385,167	-	385,167
Unclassified	78,718	387,678	466,396
Debt service	314,002	-	314,002
Capital improvements and reserves	239,899	-	239,899
Total expenditures	12,882,712	461,379	13,344,091
Excess (deficiency) of revenues over (under) expenditures	327,970	(426,005)	(98,035)
Other financing sources (uses):			
Transfers from other funds	254,500	137,984	392,484
Transfers to other funds	(263,057)	(5,036)	(268,093)
Total other financing sources (uses)	(8,557)	132,948	124,391
Net change in fund balances	319,413	(293,057)	26,356
Fund balances, beginning of year	4,042,115	1,811,921	5,854,036
Fund balances, end of year	\$ 4,361,528	1,518,864	5,880,392

See accompanying notes to financial statements.

TOWN OF KENNEBUNKPORT, 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, 2010

Net change in fund balances - total governmental funds (from Statement 4)	\$	26,356
Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$449,374) and loss on disposal of assets (\$474,566) exceeded capital outlays (\$678,624).		
		(245,316)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
		24,383
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 the governmental funds. This is the change in accrued compensated absences (\$1,239) and accrued interest (\$7,660).		
		(8,899)
Bond and 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 bond and 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 of bond and lease repayments.		
		240,571
Change in net assets of governmental activities (see Statement 2)	\$	37,095

See accompanying notes to financial statements.

TOWN OF KENNEBUNKPORT, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund
For the year ended June 30, 2010

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 12,258,739	12,258,739	12,264,718	5,979
Intergovernmental	216,629	216,629	305,204	88,575
Licenses and permits	98,100	98,100	120,040	21,940
Charges for services	321,950	321,950	317,382	(4,568)
Interest earned	60,000	60,000	81,716	21,716
Other	123,500	123,500	121,622	(1,878)
Total revenues	13,078,918	13,078,918	13,210,682	131,764
Expenditures:				
Current:				
General government	1,181,266	1,216,266	1,144,321	71,945
Public safety	1,889,704	1,889,704	1,828,017	61,687
Public works	894,776	894,776	822,578	72,198
Health and welfare	617,207	617,207	583,778	33,429
Recreation and culture	390,176	390,176	380,822	9,354
Grants	-	-	18,129	(18,129)
Unclassified	7,917,745	7,917,745	7,551,166	366,579
Debt service	314,635	314,635	314,002	633
Capital improvements and reserves	244,800	325,153	239,899	85,254
Total expenditures	13,450,309	13,565,662	12,882,712	682,950
Excess (deficiency) of revenues over (under) expenditures	(371,391)	(486,744)	327,970	814,714
Other financing sources (uses):				
Transfers in	254,500	254,500	254,500	-
Transfers out	(183,109)	(263,109)	(263,057)	52
Utilization of prior year surplus	300,000	335,000	-	(335,000)
Utilization of carryforward balances	-	160,353	-	(160,353)
Total other financing sources (uses)	371,391	486,744	(8,557)	(495,301)
Net change in fund balances	-	-	319,413	319,413
Fund balance, beginning of year			4,042,115	
Fund balance, end of year	\$		4,361,528	

See accompanying notes to financial statements.

TOWN OF KENNEBUNKPORT, MAINE
Statement of Net Assets
Proprietary Funds
June 30, 2010

Business-type Activities - Enterprise Funds				
	Sewer Department	Cape Porpoise Pier	Dock Square Parking Lot	Total
ASSETS				
Current assets:				
Cash	\$ 100	100	300	500
Investments	3,243,770	-	-	3,243,770
Accounts receivable	171,673	34,011	213	205,897
Liens	8,263	-	-	8,263
Inventory	9,198	-	-	9,198
Interfund loans receivable	75,363	49,341	124,983	249,687
Total current assets	3,508,367	83,452	125,496	3,717,315
Noncurrent assets:				
Property, plant, and equipment	16,599,749	1,435,794	162,785	18,198,328
Less accumulated depreciation	(8,499,739)	(461,257)	(41,687)	(9,002,683)
Total noncurrent assets	8,100,010	974,537	121,098	9,195,645
Total assets	11,608,377	1,057,989	246,594	12,912,960
LIABILITIES				
Current liabilities:				
Accounts payable	64,132	5,181	290	69,603
Accrued wages	13,254	2,044	2,643	17,941
Accrued liabilities	-	2,500	-	2,500
Accrued interest	7,329	-	-	7,329
Accrued compensated absences	22,254	279	-	22,533
Deferred revenue	41,828	-	-	41,828
Current portion of long-term bonds	171,937	-	-	171,937
Total current liabilities	320,734	10,004	2,933	333,671
Noncurrent liabilities:				
Long-term portion of bonds	933,902	-	-	933,902
Total liabilities	1,254,636	10,004	2,933	1,267,573
NET ASSETS				
Invested in capital assets, net of related debt	6,994,171	974,537	121,098	8,089,806
Unrestricted	3,359,570	73,448	122,563	3,555,581
Total net assets	\$ 10,353,741	1,047,985	243,661	11,645,387

See accompanying notes to financial statements.

TOWN OF KENNEBUNKPORT, MAINE
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the year ended June 30, 2010

Business-type Activities - Enterprise Funds				
	Sewer Department	Cape Porpoise Pier	Dock Square Parking Lot	Total
Operating revenues:				
Lease income	\$ -	40,000	-	40,000
Fuel sales	-	182,429	-	182,429
Dues	-	37,460	-	37,460
Fees	1,029,649	-	312,230	1,341,879
Other income	2,821	139	-	2,960
Total operating revenues	1,032,470	260,028	312,230	1,604,728
Operating expenses:				
Wages and benefits	541,259	61,939	42,352	645,550
Supplies	84,750	162,058	9,515	256,323
Repairs and maintenance	20,540	5,088	-	25,628
Insurance	22,173	2,730	-	24,903
Utilities	84,585	8,361	1,930	94,876
Contracted services	14,845	5,422	-	20,267
Equipment	8,007	999	-	9,006
Sewer upgrade	21,343	-	-	21,343
Other operating expenses	-	7,200	-	7,200
Loss on disposal of assets	8,512	-	-	8,512
Other expenses	119	(6,373)	(9,345)	(15,599)
Debt service	-	-	-	-
Depreciation	376,401	29,795	5,435	411,631
Total operating expenses	1,182,534	277,219	49,887	1,509,640
Operating income (loss)	(150,064)	(17,191)	262,343	95,088
Nonoperating revenue:				
Interest income	54,123	-	-	54,123
Interest expense	(52,046)	-	-	(52,046)
Total nonoperating revenue	2,077	-	-	2,077
Net income (loss) before transfers	(147,987)	(17,191)	262,343	97,165
Transfers:				
Transfer (to) from other funds in (out)	104,609	-	(229,000)	(124,391)
Total transfers	104,609	-	(229,000)	(124,391)
Income (loss) before capital transfers	(43,378)	(17,191)	33,343	(27,226)
Transfer capital assets	-	(50,210)	-	(50,210)
Change in net assets	(43,378)	(67,401)	33,343	(77,436)
Total net assets, beginning of year, as restated	10,397,119	1,115,386	210,318	11,722,823
Total net assets, end of year	\$ 10,353,741	1,047,985	243,661	11,645,387

See accompanying notes to financial statements.

TOWN OF KENNEBUNKPORT, MAINE
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2010

Business-type Activities - Enterprise Funds				
	Sewer Department	Cape Porpoise Pier	Dock Square Parking Lot	Total
Cash flows from operating activities:				
Receipts from customers and users	\$ 937,262	259,222	312,017	1,508,501
Payments to suppliers	(296,045)	(177,189)	(1,937)	(475,171)
Payments to employees	(516,580)	(61,631)	(42,119)	(620,330)
Net cash provided by operating activities	124,637	20,402	267,961	413,000
Cash flows from non-capital financing activities:				
Transfers (to) from other funds	104,609	-	(229,000)	(124,391)
(Increase) decrease in interfund loans	48,321	(64,238)	(29,616)	(45,533)
Net cash provided by (used in) non-capital financing activities	152,930	(64,238)	(258,616)	(169,924)
Cash flows from capital and related financing activities:				
Purchase of capital assets	(70,183)	(6,374)	(9,345)	(85,902)
Loss on disposal of assets	9,213	50,210	-	59,423
Bond principal payments	(171,880)	-	-	(171,880)
Interest payments	(44,717)	-	-	(44,717)
Net cash provided by (used in) capital and related financing activities	(277,567)	43,836	(9,345)	(243,076)
Cash flows from investing activities:				
Purchase of investments	(54,123)	-	-	(54,123)
Investment income	54,123	-	-	54,123
Net cash provided by investing activities	-	-	-	-
Increase in cash	-	-	-	-
Cash, beginning of year	100	100	300	500
Cash, end of year	\$ 100	100	300	500
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (150,064)	(17,191)	262,343	95,088
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	376,401	29,795	5,435	411,631
Change in operating assets and liabilities:				
(Increase) decrease in accounts receivable	(29,700)	(806)	(213)	(30,719)
(Increase) decrease in liens receivable	632	-	-	632
(Increase) decrease in inventory	(9,198)	7,865	-	(1,333)
Increase (decrease) in accounts payable	(21,973)	431	163	(21,379)
Increase (decrease) in accrued wages	2,425	29	233	2,687
Increase (decrease) in accrued compensated absences	22,254	279	-	22,533
Increase (decrease) in deferred revenue	(66,140)	-	-	(66,140)
Net cash provided by operating activities	\$ 124,637	20,402	267,961	413,000

See accompanying notes to financial statements.

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TOWN OF KENNEBUNKPORT, MAINE
Notes to Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Kennebunkport was incorporated under the laws of the State of Maine. The Town operates under the selectmen-manager form of government and provides the following services: general government services, public safety, public works, health and welfare, education and recreation.

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

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

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. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The 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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF KENNEBUNKPORT, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period for property taxes and one year for all other revenues. 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 fund:

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 Town reports the following major proprietary funds:

Sewer Department Fund accounts for revenues received and expenses incurred in the operation of the sewer department.

Cape Porpoise Pier Fund accounts for revenues received and expenses incurred in the operation of the Pier.

Dock Square Parking Lot Fund accounts for revenues received and expenses incurred in the operation of the parking lot.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule include charges between the Town's sewer fund and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

TOWN OF KENNEBUNKPORT, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's proprietary funds are charges to customers for sales and services; operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Investments - Cash includes amounts in demand deposits, savings accounts and certificates of deposit. State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

Investments are reported at fair value. For the purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

Short-term Interfund Receivables/Payables - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as interfund loans on the balance sheet.

Receivables - All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. This amount is based on billings during the months following the close of the fiscal year.

Inventories - Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are generally recorded as expenditures when consumed rather than when purchased.

Prepaid Items - Payments made to vendors for services that will benefit periods beyond June 30, 2010 are recorded as prepaid items.

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 or business-type 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 \$5,000 and an estimated useful life in excess of one year. 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 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. Interest incurred during the construction phase of capital assets of business-type activities, if material to the basic financial statements, is included as part of the capitalized value of the assets 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 100 years.

TOWN OF KENNEBUNKPORT, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Compensated Absences - Under terms of personnel policies and union contracts, vacation and sick leave is granted in varying amounts according to length of service and is accrued ratably over the year. Regular part-time employees receive vacation and sick leave on a pro-rated basis. Vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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.

Long-term Obligations - In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type 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 charged and amortized over the term of the related debt.

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

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.

Comparative Data/Reclassifications - Comparative data for the prior year have been presented only for certain funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

TOWN OF KENNEBUNKPORT, MAINE
Notes to Financial Statements, Continued

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Budgets are adopted for the General Fund only and are adopted on a basis consistent with generally accepted accounting principles (GAAP). The level of control (level at which expenditures may not exceed budget) is the warrant article level. Generally, all unexpended budgetary accounts lapse at the close of the fiscal year except some on-going projects which may be designated for subsequent year expenditure and some non-lapsing accounts which are carried forward to the next fiscal year.

The budgeted financial statements represented in this report reflect the final budget authorization, including all amendments.

B. 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>
2010 budget as originally adopted	\$ 13,078,918	(13,450,309)	371,391
Subsequent authorizations	-	(35,000)	35,000
Designated carryforward balances	-	(80,353)	80,353
Totals	\$ 13,078,918	(13,565,662)	486,744

CASH 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 does not have a deposit policy for custodial credit risk. As of June 30, 2010, the Town reported deposits of \$287,070 with a bank balance of \$327,684. Of the Town's bank balances of \$327,684, none was exposed to custodial credit risk because all of the bank balance was covered by the F.D.I.C. or by additional insurance purchased on behalf of the Town by the respective banking institutions.

Deposits have been reported as follows:

Reported in governmental funds	\$ 286,570
Reported in business-type activities	500
Total deposits	\$ 287,070

TOWN OF KENNEBUNKPORT, MAINE
Notes to Financial Statements, Continued

CASH AND INVESTMENTS, CONTINUED

B. Investments

At June 30, 2010, the Town had the following investments and maturities:

	<u>Fair value</u>	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>More than 5 years</u>
CD's	\$ 9,241,836	-	9,241,836	-
Total investments	\$ 9,241,836	-	9,241,836	-

Investments have been reported as follows:

Reported in governmental funds	\$ 5,998,066
<u>Reported in business-type activities</u>	<u>3,243,770</u>
Total deposits	\$ 9,241,836

Interest Rate Risk: It is the Town's policy that interest rate risk will be mitigated by structuring the Town's portfolio so that the securities mature to meet the Town's cash demands for ongoing operations, thereby precluding the need to sell securities on the open market prior to their maturity and by investing primarily in shorter-term securities.

Credit Risk: Maine statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and certain corporate stocks and bonds. It is the Town's policy that credit risk will be mitigated by limiting investments to the types of securities authorized by the Town's policy, using financial institutions which have been evaluated and qualified by the Treasurer using key quantitative and qualitative factors as outlined in the Town's investment policy, and diversifying the investment portfolio.

Custodial Credit Risk-Town's Investments: For investments, custodial credit risk 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 the possession of an outside party. Of the Town's \$9,241,836 investment in certificates of deposit, 100% was covered by the F.D.I.C. or collateralized by underlying securities held by the related bank, which were in the Town's name.

TOWN OF KENNEBUNKPORT, MAINE
Notes to Financial Statements, Continued

PROPERTY TAX

Property taxes for the current period were committed on August 27, 2009, on the assessed value listed as of April 1, 2009, for all real and personal property located in the Town. Payment of taxes was due in equal installments on October 9, 2009 and March 10, 2010. Interest at the rate of 9% per annum was charged on any amounts remaining unpaid after this date. Assessed values are periodically established by the Assessor's agent at 100% of assumed market value. The last revaluation was completed for the list of April 1, 2009. The 2009 assessed value of \$1,823,539,280 (including Homestead valuation) was 100% of the estimated market value and 94.8% of the 2010 state valuation of \$1,923,750,000.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$311,552 for the period ended June 30, 2010.

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

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

The following summarizes the periods ended June 30, 2010 and 2009 levies:

	<u>2010</u>	<u>2009</u>
Assessed value	\$ 1,823,539,280	716,064,520
<u>Tax rate (per \$1,000)</u>	<u>6.34</u>	<u>16.15</u>
Commitment (includes Homestead)	11,561,239	11,564,442
<u>Supplemental taxes assessed</u>	<u>13,829</u>	<u>-</u>
	11,575,068	11,564,442
Less:		
Collections and abatements	11,382,348	11,399,437
<u>Receivable at June 30</u>	<u>\$ 192,720</u>	<u>165,005</u>
Collection rate	98.34%	98.57%

TOWN OF KENNEBUNKPORT, MAINE
Notes to Financial Statements, Continued

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 was as follows:

	Balance June 30, <u>2009</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2010</u>
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 28,150	25,000	-	53,150
Art works & historical treasures	45,000	-	-	45,000
Land	2,422,600	302,179	(410,900)	2,313,879
Total capital assets, not being depreciated	2,495,750	327,179	(410,900)	2,412,029
Capital assets, being depreciated:				
Land improvements	204,469	-	-	204,469
Buildings	1,822,406	54,037	-	1,876,443
Buildings improvements	576,608	7,287	(46,203)	537,692
Machinery and equipment	1,851,530	69,843	(18,750)	1,902,623
Furniture and fixtures	47,258	-	-	47,258
Vehicles	2,576,653	38,298	(45,544)	2,569,407
Infrastructure	4,798,823	181,980	-	4,980,803
Total capital assets, being depreciated	11,877,747	351,445	(110,497)	12,118,695
Less accumulated depreciation for:				
Land improvements	99,091	6,353	-	105,444
Buildings	562,884	43,771	-	606,655
Building improvements	138,399	21,492	(8,365)	151,526
Machinery and equipment	1,065,968	121,997	(38,466)	1,149,499
Furniture and fixtures	40,292	2,250	-	42,542
Vehicles	1,267,107	137,270	-	1,404,377
Infrastructure	2,091,203	116,241	-	2,207,444
Total accumulated depreciation	5,264,944	449,374	(46,831)	5,667,487
Total capital assets being depreciated, net	6,612,803	(97,929)	(63,666)	6,451,208
Governmental activities capital assets, net	\$ 9,108,553	229,250	(474,566)	8,863,237

TOWN OF KENNEBUNKPORT, MAINE
Notes to Financial Statements, Continued

CAPITAL ASSETS, CONTINUED

Business-type activities:

Capital assets, not being depreciated:

Construction in progress	\$ -	2,100	-	2,100
Land	942,300	8,128	-	950,428
Total capital assets, not being depreciated	942,300	10,228	-	952,528

Capital assets, being depreciated:

Land improvements	29,600	-	-	29,600
Buildings	4,801,410	-	(50,210)	4,751,200
Building improvements	2,010,813	68,082	-	2,078,895
Machinery and equipment	2,611,023	6,366	(12,160)	2,605,230
Infrastructure	7,706,239	-	-	7,706,239
Vehicles	74,637	-	-	74,637
Total capital assets, being depreciated	17,233,722	74,448	(62,370)	17,245,800
Less accumulated depreciation for:				
Land improvements	29,600	(1,148)	(526)	27,926
Buildings	2,329,050	93,224	-	2,422,274
Building improvements	480,537	77,724	-	558,261
Machinery and equipment	1,867,270	68,819	(3,648)	1,932,441
Infrastructure	3,819,187	169,680	-	3,988,867
Vehicles	69,582	3,332	-	72,914
Total accumulated depreciation	8,595,226	411,631	(4,174)	9,002,683
Total capital assets being depreciated, net	8,638,496	(337,183)	(58,196)	8,243,117

Business-type activities capital assets, net **\$ 9,580,796** **(326,955)** **(58,196)** **9,195,645**

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

Governmental activities:

General government	\$ 60,492
Public safety	198,327
Public works	178,557
Health and welfare	647
Recreation and culture	11,351

Total depreciation expense - governmental activities **\$ 449,374**

Business-type activities:

Sewer Department	\$ 376,401
Cape Porpoise Pier	29,795
Dock Square Parking Lot	5,435

Total depreciation expense - business-type activities **\$ 411,631**

TOWN OF KENNEBUNKPORT, MAINE
Notes to Financial Statements, Continued

INTERFUND LOAN BALANCES

Individual interfund loan receivable and payable balances at the year ended June 30, 2010, were as follows:

	<u>Interfund receivables</u>	<u>Interfund payables</u>
General Fund	\$ -	1,074,742
Proprietary funds:		
Sewer Department	75,363	-
Cape Porpoise Pier	49,341	-
Dock Square Parking Lot	124,983	-
Total proprietary funds	249,687	-
Nonmajor special revenue funds:		
Conservation	12,090	-
Piers, Rivers & Harbors	75,373	-
Landfill Closing	5,255	-
350 th Anniversary	2,155	-
Revaluation	9,104	-
Total nonmajor special revenue funds	103,977	-
Nonmajor capital projects funds:		
General Capital Projects	36,672	-
Road Project	559,685	-
30 North Street	1,232	-
Port Village Fire Station	4,255	-
Town Office	2,222	-
Fire Apparatus	120,000	-
Total nonmajor capital projects funds	724,066	-
Nonmajor permanent funds:		
Macomber Trust	-	2,988
Total nonmajor permanent funds	-	2,988
Total interfund loan receivables and payables	\$ 1,077,730	1,077,730

The purpose of interfund loans is to charge revenues and expenditures to the appropriate fund when that activity is accounted for through the centralized checking account. The balances represent each fund's portion of the centralized checking account.

TOWN OF KENNEBUNKPORT, MAINE
Notes to Financial Statements, Continued

INTERFUND TRANSFERS

Individual fund transfers for the year ended June 30, 2010 were as follows:

	Transfers in	Transfers out
General Fund	\$ 254,500	263,057
Proprietary funds:		
Sewer Department	104,609	-
Dock Square Parking Lot	-	229,000
Total proprietary funds	104,609	229,000
Nonmajor special revenue funds:		
Piers, Rivers & Harbors	13,448	-
Total nonmajor special revenue funds	13,448	-
Nonmajor capital projects funds:		
Fire Apparatus	120,000	-
Total nonmajor capital projects funds	120,000	-
Nonmajor permanent funds:		
Macomber Trust	-	500
Total nonmajor permanent funds	-	500
 Totals	 \$ 492,557	 492,557

These transfers were budgeted transfers to fund certain activities.

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2010 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Governmental activities:					
General obligation bonds	\$ 2,026,203	-	234,928	1,791,275	237,403
Capital leases	27,479	-	5,643	21,836	5,150
Compensated absences (1)	174,415	1,239	-	175,654	-
Governmental activity long-term liabilities	\$ 2,228,097	1,239	240,571	1,988,765	242,553
 Business-type activities:					
Bonds payable	\$ 1,277,719	-	171,880	1,105,839	171,937
Compensated absences (1)	-	22,533	-	22,533	-
Business-type activity long-term liabilities	\$ 1,277,719	22,533	171,880	1,128,372	171,937

(1) Compensated absences are shown as long-term since the amount due within one year cannot be reasonably estimated.

TOWN OF KENNEBUNKPORT, MAINE
Notes to Financial Statements, Continued

LONG-TERM DEBT

Bonds and Notes Payable

Bonds and notes payable and capital leases at June 30, 2010, are comprised of the following:

	<u>Amount issued</u>	<u>Date of issue</u>	<u>Date of maturity</u>	<u>Interest rate</u>	<u>Balance</u>
<u>Governmental activities:</u>					
Bonds and notes payable:					
Road bond	\$ 1,600,000	8/1/08	2019	4.24%	\$ 1,280,000
Salt/Sand Shed bond	796,000	9/28/05	2016	3.7-3.9%	511,275
Total governmental activities bonds and notes payable					1,791,275
<u>Business-type activities:</u>					
Bonds and notes payable:					
Sewer expansion bonds	1,000,000	11/13/03	2024	8.1-9.1%	\$ 730,839
Sewer construction bonds	2,500,000	5/6/92	2013	5.9-6.75%	375,000
Total business-type activities bonds and notes payable					1,105,839
Total governmental activities and business-type activities					\$ 2,897,114

All governmental activities long-term debt service requirements are paid by the General Fund. Business-type debt is paid by the proprietary enterprise fund.

Capital Leases

The Town has entered into lease agreements for copiers. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date.

The annual debt service requirements to amortize bonds and notes payable are as follows:

Governmental Activities

	<u>Bonds and Notes</u>			<u>Capital Leases</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 237,403	69,970	307,373	5,150	852	6,002
2012	240,266	60,112	300,378	5,351	650	6,001
2013	243,436	50,135	293,571	5,559	442	6,001
2014	246,624	40,035	286,659	5,776	225	6,001
2015	249,935	29,809	279,744	-	-	-
2016-2020	573,611	34,850	608,461	-	-	-
Totals	\$ 1,791,275	284,911	2,076,186	21,836	2,169	24,005

TOWN OF KENNEBUNKPORT, MAINE
Notes to Financial Statements, Continued

LONG-TERM DEBT, CONTINUED

Business-type Activities

		<u>Bonds and Notes</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 171,937	33,546	205,483
2012	172,605	24,425	197,030
2013	173,304	15,272	188,576
2014	49,036	10,304	59,340
2015	49,802	9,521	59,323
2016-2020	261,808	34,508	296,316
2021-2024	227,347	9,289	236,636
Totals	\$ 1,105,839	136,865	1,242,704

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. Additionally, no municipality shall incur debt in the aggregate in excess of 15% of its state assessed valuation. At June 30, 2010, the Town's outstanding debt did not exceed these limits.

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 June 30, 2010</u>	<u>Percentage applicable to the Town</u>	<u>Town's proportionate share of debt</u>
York County	\$ 11,900,000	5.68%	676,305

The Town's proportionate share of the County debt is paid through annual assessments by the respective units.

RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town either carries commercial insurance, participates in public entity risk pools, or is effectively self-insured. Currently, the Town participates in several public entity and self insured risk pools sponsored by the Maine Municipal Association (MMA).

Based on the coverage provided by these pools, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2010.

TOWN OF KENNEBUNKPORT, MAINE
Notes to Financial Statements, Continued

DESIGNATED FUND BALANCE

At June 30, 2010 and 2009 fund balances were designated to future periods as follows:

	<u>2010</u>	<u>2009</u>
General Fund:		
Bridge repairs	\$ 49,542	49,542
Street lights	5,000	5,000
GRB restrooms	-	1,707
Salt shed	21,899	25,789
Pier Road	5,178	5,178
No. St. parking lot	750	750
Fire apparatus	-	80,000
GA donations	18,112	17,804
Ice skating park	8,495	8,831
Backstops	2,057	2,002
Growth planning	10,000	10,000
Legal	-	10,000
Employee separation	18,465	20,000
Downtown projects	2,611	2,611
Dock Square restrooms	378	378
Land acquisition	12,047	14,027
Total General Fund designated fund balance	\$ 154,534	253,619

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (Maine PERS)

Maine PERS - Consolidated Plan

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

Funding Policy - The Town's police department employees are part of the PLDs special plan #2 and are required to contribute 6.5% of their annual covered salary, while all other employees are part of the regular plan and are also required to contribute 6.5% of their annual salary. The Town is required to contribute an actuarially determined rate. The current rate is 11.7% of the special plan #2 members' covered payroll and 5.8% of the regular plan members' covered payroll. The contribution rates of plan members and the Town are established and may be amended by the Maine State legislature. The Town's contributions to the Maine Public Employees Retirement System Consolidated Plan for the years ended June 30, 2010, 2009 and 2008 were \$119,049, \$68,449 and \$66,067, respectively.

TOWN OF KENNEBUNKPORT, MAINE
Notes to Financial Statements, Continued

457 RETIREMENT PLAN

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457, through the International City Management Association (ICMA). The plan, available to all Town employees, permits them 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 automatically placed in trust for the exclusive benefit of participants and their beneficiaries by ICMA. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on plan assets, are not included in the Town's financial statements.

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, 2010:

	Governmental activities	Business-type activities
Capital assets	\$ 14,530,724	18,198,328
Accumulated depreciation	(5,667,487)	(9,002,683)
Bonds payable	(1,791,275)	(1,105,839)
Capital leases	(21,836)	-
Total invested in capital assets, net of related debt	\$ 7,050,126	8,089,806

RESTATEMENT OF FUND BALANCE/NET ASSETS

Net assets in the Cape Porpoise Pier Enterprise Fund and fund balance in the Piers, Rivers & Harbors Special Revenue Fund have been restated as of July 1, 2009 as a result of a transfer between these funds in 2009 for repairs to the pier that should not have been transferred. Net assets and fund balance as of July 1, 2009 have been restated as follows:

	Governmental Activities	Piers, Rivers & Harbors Fund	Cape Porpoise Pier Fund
Net assets/Fund balance as previously reported	\$ 12,920,342	120,166	1,065,176
Restatement - prior year transfer	(50,210)	(50,210)	50,210
Net assets/Fund balance, as restated	\$ 12,870,132	69,956	1,115,386

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GENERAL FUND

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

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TOWN OF KENNEBUNKPORT, MAINE
General Fund
Comparative Balance Sheets
June 30, 2010 and 2009

	2010	2009
ASSETS		
Cash and cash equivalents	\$ 282,288	4,898,017
Investments	5,276,917	718,464
Inventory	7,202	3,630
Receivables:		
Taxes receivable - current year	192,720	165,005
Taxes receivable - prior year	1,514	5,063
Tax liens receivable	33,922	27,544
Tax acquired property	9,387	9,943
Accounts receivable	81,351	65,372
Prepaid expenditures	4,916	6,769
Total assets	\$ 5,890,217	5,899,807
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and payroll withholdings	159,086	221,881
Accrued wages	77,514	72,447
Other liabilities	53,085	51,287
Taxes paid in advance	4,239	10,740
Interfund loans payable	1,074,742	1,365,697
Deferred tax revenue	160,023	135,640
Total liabilities	1,528,689	1,857,692
Fund balance:		
Reserved:		
Inventory	7,202	3,630
Unreserved:		
Designated	154,534	253,619
Undesignated	4,199,792	3,784,866
Total fund balance	4,361,528	4,042,115
Total liabilities and fund balance	\$ 5,890,217	5,899,807

TOWN OF KENNEBUNKPORT, MAINE
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the year ended June 30, 2010

		2010			
	2009	Original	Total		Variance
	Carryforward	budget	available	Actual	positive
	balance				(negative)
Revenues:					
Taxes:					
Property taxes	\$ -	11,561,239	11,561,239	11,561,313	74
Supplemental taxes	-	-	-	13,829	13,829
Change in deferred property tax revenue	-	-	-	(24,383)	(24,383)
Abatements and write-offs	-	-	-	(127,380)	(127,380)
Excise taxes	-	668,500	668,500	811,325	142,825
Interest and costs on taxes	-	29,000	29,000	30,014	1,014
Total taxes	-	12,258,739	12,258,739	12,264,718	5,979
Intergovernmental:					
State Revenue Sharing	-	110,000	110,000	124,884	14,884
Homestead reimbursement	-	39,273	39,273	39,273	-
State road assistance	-	52,356	52,356	52,356	-
Snowmobile reimbursement	-	-	-	576	576
Veterans reimbursement	-	1,500	1,500	2,447	947
General assistance	-	7,000	7,000	3,214	(3,786)
Police grants	-	-	-	37,524	37,524
FEMA grants	-	-	-	34,027	34,027
Wellness grant	-	1,500	1,500	835	(665)
Recreation grant	-	-	-	1,482	1,482
Rachel Carson	-	5,000	5,000	4,794	(206)
Harbor Plan	-	-	-	5,000	5,000
Other grants	-	-	-	(5,000)	(5,000)
Miscellaneous	-	-	-	3,792	3,792
Total intergovernmental	-	216,629	216,629	305,204	88,575
Licenses and permits:					
Town Clerk fees	-	6,000	6,000	6,038	38
Plumbing fees	-	6,000	6,000	7,244	1,244
Building permits	-	75,000	75,000	96,998	21,998
Liquor license	-	2,400	2,400	2,600	200
Victualers license	-	2,700	2,700	2,900	200
Shellfish license	-	6,000	6,000	4,260	(1,740)
Total licenses and permits	-	98,100	98,100	120,040	21,940

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

		2010			Variance positive (negative)	
2009 Carryforward balance		Original Budget	Total available	Actual		
Revenues, continued:						
Charges for services:						
Dogs fees	\$	-	2,500	2,500	3,030	530
Agent fees		-	11,500	11,500	11,437	(63)
Land use ordinance		-	4,300	4,300	250	(4,050)
Planning board / appeals board		-	8,800	8,800	10,024	1,224
Passport fees		-	6,000	6,000	2,200	(3,800)
Parking tickets		-	26,000	26,000	35,114	9,114
Police other		-	2,600	2,600	4,815	2,215
Goose Rocks		-	80,000	80,000	86,104	6,104
Nurses fees		-	5,000	5,000	4,285	(715)
Parks and recreation revenue		-	175,000	175,000	160,073	(14,927)
Fire other		-	250	250	50	(200)
Total charges for services		-	321,950	321,950	317,382	(4,568)
Investment income		-	60,000	60,000	81,716	21,716
Total investment income		-	60,000	60,000	81,716	21,716
Other revenues:						
Donations		-	-	-	9,596	9,596
MSR credit		-	94,000	94,000	72,246	(21,754)
Recreation		-	3,000	3,000	2,869	(131)
Conservation		-	10,000	10,000	10,000	-
Health Council		-	-	-	6,143	6,143
Miscellaneous		-	16,500	16,500	20,768	4,268
Total other revenues		-	123,500	123,500	121,622	(1,878)
Total revenues		-	13,078,918	13,078,918	13,210,682	131,764

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

		2009	2010		Variance	
		Carryforward balance	Original budget	Total available	Actual positive (negative)	
Expenditures:						
Current:						
General government:						
Administration	\$	-	646,689	646,689	624,757	21,932
Assessing		-	71,396	71,396	59,315	12,081
Code enforcement		-	133,365	133,365	125,139	8,226
Planning		-	82,164	82,164	74,415	7,749
Zoning Board		-	550	550	266	284
Conservation		-	700	700	407	293
Growth planning		-	6,950	6,950	2,468	4,482
Legal fees		35,000	85,000	120,000	123,860	(3,860)
Insurance		-	134,555	134,555	116,610	17,945
Community Development		-	19,897	19,897	17,084	2,813
Total general government		35,000	1,181,266	1,216,266	1,144,321	71,945
Public safety:						
Police department		-	1,100,453	1,100,453	1,077,745	22,708
Communications		-	326,836	326,836	326,536	300
Fire department		-	322,240	322,240	303,110	19,130
KEMS		-	91,875	91,875	91,875	-
EMA		-	750	750	957	(207)
Animal control		-	12,789	12,789	13,141	(352)
Harbor master		-	14,761	14,761	14,653	108
KEMS contingency		-	20,000	20,000	-	20,000
Total public safety		-	1,889,704	1,889,704	1,828,017	61,687
Public works:						
Highway department		-	604,751	604,751	550,077	54,674
Mechanic		-	93,607	93,607	86,165	7,442
Utilities		-	153,185	153,185	150,641	2,544
Conservation		-	28,538	28,538	23,407	5,131
Town forest		-	250	250	-	250
Cemetery		-	14,445	14,445	12,288	2,157
Total public works		-	894,776	894,776	822,578	72,198

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

		2010			Variance
	2009	Original	Total	Actual	positive
	Carryforward	budget	available		(negative)
	balance				
Expenditures, continued					
Current, continued:					
Health and welfare:					
Solid waste	\$ -	416,648	416,648	385,167	31,481
Health	-	139,588	139,588	134,026	5,562
Welfare	-	14,200	14,200	7,100	7,100
Social services	-	18,194	18,194	18,194	-
Shellfish cons	-	3,077	3,077	2,926	151
HB-H2O Quality	-	3,500	3,500	1,046	2,454
Public restrooms	-	22,000	22,000	20,117	1,883
Health council	-	-	-	6,170	(6,170)
General assistance donation	-	-	-	9,032	(9,032)
Total health and welfare	-	617,207	617,207	583,778	33,429
Recreation and culture:					
Recreation	-	278,301	278,301	268,362	9,939
Graves library	-	98,000	98,000	98,000	-
Cape Porpoise	-	11,175	11,175	11,175	-
Parsons Way	-	2,700	2,700	2,785	(85)
Parks & Recreation donations	-	-	-	500	(500)
Total recreation and culture	-	390,176	390,176	380,822	9,354
Grants:					
Police	-	-	-	16,647	(16,647)
Recreation	-	-	-	1,482	(1,482)
Total grants	-	-	-	18,129	(18,129)
Debt service:					
Principal	-	234,928	234,928	234,928	-
Interest	-	79,707	79,707	79,074	633
Total debt service	-	314,635	314,635	314,002	633
Unclassified:					
Circuit breaker	-	80,000	80,000	25,223	54,777
Contingency	-	40,000	40,000	40,000	-
Miscellaneous agencies	-	13,745	13,745	13,495	250
County tax	-	853,785	853,785	853,785	-
Education	-	6,618,663	6,618,663	6,618,663	-
Overlay/abatements	-	311,552	311,552	-	311,552
Total unclassified	-	7,917,745	7,917,745	7,551,166	366,579

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

		2010			
	2009 Carryforward balance	Original budget	Total available	Actual	Variance positive (negative)
Expenditures, continued:					
Capital improvements and reserves:					
Special projects:					
Salt shed	\$ 25,789	-	25,789	3,890	21,899
Land acquisition	14,027	-	14,027	1,979	12,048
Capital outlay:					
Administration	-	11,000	11,000	3,460	7,540
Police	-	30,000	30,000	26,620	3,380
Fire	-	67,300	67,300	58,998	8,302
Highway	-	18,000	18,000	14,494	3,506
Road improvement	-	103,500	103,500	100,108	3,392
Sidewalk con	-	5,000	5,000	5,000	-
Recreation	-	10,000	10,000	9,298	702
Designated:					
Ice skating	8,830	-	8,830	335	8,495
GRB restroom	1,707	-	1,707	1,707	-
Legal	10,000	-	10,000	10,000	-
Employee separation	20,000	-	20,000	1,535	18,465
Town building	-	-	-	2,475	(2,475)
Total capital improvements and reserves	80,353	244,800	325,153	239,899	85,254
Total expenditures	115,353	13,450,309	13,565,662	12,882,712	682,950
Excess (deficiency) of revenues over					
(under) expenditures	(115,353)	(371,391)	(486,744)	327,970	814,714

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

		2010			
	2009 Carryforward balance	Original budget	Total available	Actual	Variance positive (negative)
Other financing sources (uses):	\$				
Transfers out:					
Fire apparatus	(80,000)	(40,000)	(120,000)	(120,000)	-
Piers	-	(13,500)	(13,500)	(13,448)	(52)
Sewer debt (principal & interest)	-	(129,609)	(129,609)	(129,609)	-
Transfers in:					
Dock	-	200,000	200,000	200,000	-
Dock Square Restrooms	-	22,000	22,000	22,000	-
Dock Square Shoreline	-	7,000	7,000	7,000	-
Sewer	-	25,000	25,000	25,000	-
Macomber	-	500	500	500	-
Utilization of undesignated fund balance	35,000	300,000	335,000	-	(335,000)
Utilization of designated fund balance	160,353	-	160,353	-	(160,353)
Total other financing sources (uses)	115,353	371,391	486,744	(8,557)	(495,405)
Net change in fund balances	-	-	-	319,413	319,309
Fund balance, beginning of year				4,042,115	
Fund balance, end of year	\$			4,361,528	

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ALL OTHER GOVERNMENTAL FUNDS

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TOWN OF KENNEBUNKPORT, MAINE
All Other Governmental Funds
Combining Balance Sheet
June 30, 2010

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	-	4,282	4,282
Investments	-	-	721,149	721,149
Accounts receivable	2,870	-	-	2,870
Interfund loans receivable	103,977	724,066	-	828,043
Total assets	\$ 106,847	724,066	725,431	1,556,344
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	5,363	29,129	-	34,492
Interfund loans payable	-	-	2,988	2,988
Total liabilities	5,363	29,129	2,988	37,480
Fund balances:				
Reserved for:				
Nonexpendable trust principal	-	-	-	-
Unreserved, undesignated	101,484	694,937	722,443	1,518,864
Total fund balance	101,484	694,937	722,443	1,518,864
Total liabilities and fund balances	\$ 106,847	724,066	725,431	1,556,344

TOWN OF KENNEBUNKPORT, MAINE
All Other Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2010

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
Revenues:				
Intergovernmental	\$ 2,870	-	-	2,870
Other	727	-	-	727
Investment income	-	10,866	20,911	31,777
Total revenues	3,597	10,866	20,911	35,374
Expenditures:				
Current:				
Government wharf	8,165	-	-	8,165
Services	5,216	-	-	5,216
Revaluation	60,320	-	-	60,320
Other	1,639	368,966	17,073	387,678
Total expenditures	75,340	368,966	17,073	461,379
Excess (deficiency) of revenues Over (under) expenditures	(71,743)	(358,100)	3,838	(426,005)
Other financing sources:				
Transfer from other funds	13,448	124,536	-	137,984
Transfer to other funds	-	(4,536)	(500)	(5,036)
Total other financing sources	13,448	120,000	(500)	132,948
Net change in fund balances	(58,295)	(238,100)	3,338	(293,057)
Fund balances, beginning of year, as restated	159,779	933,037	719,105	1,811,921
Fund balances, end of year	\$ 101,484	694,937	722,443	1,518,864

NONMAJOR SPECIAL REVENUE FUNDS

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TOWN OF KENNEBUNKPORT, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2010

	Conservation	Piers, Rivers & Harbors	Landfill Closing	350th Anniversary	Revaluation	Totals
ASSETS						
Cash and cash equivalents	\$ -	-	-	-	-	-
Accounts receivable	-	2,870	-	-	-	2,870
Interfund loans receivable	12,090	75,373	5,255	2,155	9,104	103,977
Total assets	\$ 12,090	78,243	5,255	2,155	9,104	106,847
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	-	134	5,216	13	-	5,363
Total liabilities	-	134	5,216	13	-	5,363
Fund balances:						
Undesignated	12,090	78,109	39	2,142	9,104	101,484
Total fund balances	12,090	78,109	39	2,142	9,104	101,484
Total liabilities and fund balances	\$ 12,090	78,243	5,255	2,155	9,104	106,847

TOWN OF KENNEBUNKPORT, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2010

	Conservation	Piers, Rivers & Harbors	Landfill Closing	350th Anniversary	Revaluation	Totals
Revenues:						
Intergovernmental	\$ -	2,870	-	-	-	2,870
Other	-	-	-	727	-	727
Investment income	-	-	-	-	-	-
Total revenues	-	2,870	-	727	-	3,597
Expenditures:						
Current:						
Government wharf	-	8,165	-	-	-	8,165
Services	-	-	5,216	-	-	5,216
Revaluation	-	-	-	-	60,320	60,320
Other	1,639	-	-	-	-	1,639
Total expenditures	1,639	8,165	5,216	-	60,320	75,340
Excess (deficiency) of revenues over (under) expenditures	(1,639)	(5,295)	(5,216)	727	(60,320)	(71,743)
Other financing sources (uses):						
Transfer from other funds	-	13,448	-	-	-	13,448
Transfer to other funds	-	-	-	-	-	-
Total other financing sources (uses)	-	13,448	-	-	-	13,448
Net change in fund balances	(1,639)	8,153	(5,216)	727	(60,320)	(58,295)
Fund balances, beginning of year, as restated	13,729	69,956	5,255	1,415	69,424	159,779
Fund balances, end of year	\$ 12,090	78,109	39	2,142	9,104	101,484

NONMAJOR CAPITAL PROJECTS FUNDS

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TOWN OF KENNEBUNKPORT, MAINE
Nonmajor Capital Projects Funds
Combining Balance Sheet
June 30, 2010

	General Capital Projects	Road Project	30 North Street	Port Village Fire Station	Town Office	Cape Pier Bldg Renovation	Fire Apparatus	Totals
ASSETS								
Interfund loans receivable	\$ 36,672	559,685	1,232	4,255	2,222	-	120,000	724,066
Total assets	\$ 36,672	559,685	1,232	4,255	2,222	-	120,000	724,066
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	-	29,129	-	-	-	-	-	29,129
Interfund loans payable	-	-	-	-	-	-	-	-
Total liabilities	-	29,129	-	-	-	-	-	29,129
Fund balances:								
Undesignated	36,672	530,556	1,232	4,255	2,222	-	120,000	694,937
Total fund balances	36,672	530,556	1,232	4,255	2,222	-	120,000	694,937
Total liabilities and fund balances	\$ 36,672	559,685	1,232	4,255	2,222	-	120,000	724,066

TOWN OF KENNEBUNKPORT, MAINE
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2010

	General	Road	30 North	Port Village	Town	Cape Pier Bldg	Fire	Totals
	Capital Projects	Project	Street	Fire Station	Office	Renovation	Apparatus	
Revenues:								
Interest income	\$ -	10,866	-	-	-	-	-	10,866
Total revenues	-	10,866	-	-	-	-	-	10,866
Expenditures:								
Current:								
Other	298,558	70,408	-	-	-	-	-	368,966
Total expenditures	298,558	70,408	-	-	-	-	-	368,966
Excess (deficiency) of revenues over (under) expenditures	(298,558)	(59,542)	-	-	-	-	-	(358,100)
Other financing sources (uses):								
Transfer from other funds	-	-	-	-	-	4,536	120,000	124,536
Transfer to other funds	(4,536)	-	-	-	-	-	-	(4,536)
Total other financing sources (uses)	(4,536)	-	-	-	-	4,536	120,000	120,000
Net change in fund balances	(303,094)	(59,542)	-	-	-	4,536	120,000	(238,100)
Fund balances, beginning of year	339,766	590,098	1,232	4,255	2,222	(4,536)	-	933,037
Fund balances, end of year	\$ 36,672	530,556	1,232	4,255	2,222	-	120,000	694,937

NONMAJOR PERMANENT FUNDS

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TOWN OF KENNEBUNKPORT, MAINE
Nonmajor Permanent Funds
Combining Balance Sheet
June 30, 2010

		Kittredge Family Fire Equip. Fund	Macomber Trust	Totals
ASSETS				
Cash and cash equivalents	\$	4,282	-	4,282
Investments		703,119	18,030	721,149
Interfund loans receivable		-	-	-
Total assets	\$	707,401	18,030	725,431
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable		-	-	-
Interfund loans payable		-	2,988	2,988
Total liabilities		-	2,988	2,988
Fund balances:				
Nonexpendable trust principal		-	-	-
Unreserved:				
Undesignated		707,401	15,042	722,443
Total fund balances		707,401	15,042	722,443
Total liabilities and fund balances	\$	707,401	18,030	725,431

TOWN OF KENNEBUNKPORT, MAINE
Nonmajor Permanent Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2010

		Kittredge Family Fire Equip. Fund	Macomber Trust	Totals
Revenues:				
Investment income	\$	20,610	301	20,911
Total revenues		20,610	301	20,911
Expenditures:				
Village Fire Company		5,666	-	5,666
Goose Rocks		3,777	-	3,777
Wildwood Fire		2,518	-	2,518
Cape Porpoise		3,777	-	3,777
Other		-	1,335	1,335
Total expenditures		15,738	1,335	17,073
Excess (deficiency) of revenues over (under) expenditures		4,872	(1,034)	3,838
Other financing sources (uses):				
Transfer to other funds		-	(500)	(500)
Total other financing sources (uses)		-	(500)	(500)
Net change in fund balances		4,872	(1,534)	3,338
Fund balances, beginning of year		702,529	16,576	719,105
Fund balances, end of year	\$	707,401	15,042	722,443