

**Town of Kennebunkport  
Board of Selectmen's Meeting  
February 14, 2013  
Village Fire Station, 32 North St.—7 PM**

Minutes of the Selectmen Meeting of February 14, 2013

**Selectmen attending:** Sheila Matthews-Bull, Allen A. Daggett, and D. Michael Weston

**Selectman absent:** Stuart E. Barwise

**Others:** Pat Briggs, Greg Chabot, Ed Hutchins, David James, Maureen King, Jennifer Lord, Arlene McMurray, Larry S. Mead, David Powell

**1. Call to Order.**

Chair Matthews-Bull called the meeting to order at 7 PM.

**2. Approve the January 24, 2013, selectmen meeting minutes.**

**Motion** by Selectman Daggett, seconded by Selectman Weston, to approve the January 24, 2013, selectmen meeting minutes. **Vote:** 3-0.

**3. Public Forum (This is an opportunity for anyone who wants to address the Board of Selectmen with any issue that is not on the agenda).**

Ed Hutchins announced his candidacy for Selectman and presented his background. He is a lifelong resident of Kennebunkport, has a B.A. degree from a college in Plymouth, and is currently a lobsterman.

**4. Consider a renewal liquor license application for Coastal Breezes, L.L.C. d.b.a. Kennebunkport Inn, one Dock Square.**

**Motion** by Selectman Daggett, seconded by Selectman Weston, to approve the renewal liquor license application for Coastal Breezes, L.L.C. d.b.a. Kennebunkport Inn, one Dock Square. **Vote:** 3-0.

**5. Consider a special amusement permit renewal application for Coastal Breezes, L.L.C., d.b.a. Kennebunkport Inn, one Dock Square.**

**Motion** by Selectman Daggett, seconded by Selectman Weston, to approve the special amusement permit renewal application for Coastal Breezes, L.L.C., d.b.a. Kennebunkport Inn, one Dock Square. **Vote:** 3-0

**6. Consider a liquor license renewal application for Sheila W. Matthews-Bull, d.b.a. Rhumb Line Resort, 41 Turbats Creek Road.**

Chair Matthews-Bull tabled this item since there was not a quorum to vote on it.

**7. Consider a special amusement permit renewal application for Sheila W. Mathews-Bull, d.b.a. Rhumb Line Resort, 41 Turbats Creek Road.**

Chair Matthews-Bull tabled this item since there was not a quorum to vote on it.

**8. Receive the Auditors Report for fiscal year 2012.**

Greg Chabot, auditor from Runyon, Kirsteen, and Ouelette (RKO), said Town staff was extremely well prepared and the audit went very smoothly. He mentioned that Treasurer Jen Lord is working toward the Comprehensive Annual Financial Report (CAFR) for next year, which is a more extensive financial report beyond the requirements of issuing an annual financial statement. This report goes through a rigorous grading process performed by the Government Financial Officers Association. If accounting standards are met, the recipient receives a Certificate of Achievement Award for Excellence in Financial Reporting, the highest award given in municipal government financial reporting. He thinks that she will get the CAFR next year and commended her for trying. He said it will put the Town in a distinguished class with only 12 -15 other communities.

Mr. Chabot said his responsibilities are to issue an opinion on the Town's financial statements and to review the Town's internal controls over financial reporting and submit a report. He reported no significant weaknesses in the Town's internal controls; however, he had four minor comments such as:

**Credit Card Usage**—The person that makes the credit card transaction should not be the same person who approves it.

**Allowance for Doubtful Accounts**—The Town should record an allowance for accounts receivable balances that cannot be collected.

**Disaster Recovery Plan**—The Town uses back up tapes for financial files but should store the daily tapes at an off-site location. Also, the Town does not have a documented disaster recovery plan.

**Personnel Policy**—The Town's personal policy should be updated. It's most recent update was in 1988.

Mr. Chabot gave a Powerpoint presentation of the audit report, pointed out noteworthy items in the fiscal year 2012 financial statement, and answered questions from the Board (See Exhibit A.) Overall, the Town is financially sound.

Town Manager Larry Mead thanked Treasurer Jen Lord for a job well done. He said the full audit is available on the Town's website.

Mr. Mead requested that item 11 be tabled until the next meeting when he has more information.

**9. Consider annual request from the DEP to locate the ozone monitoring station on town-owned property located off of Ocean Avenue.**

**Motion** by Selectman Daggett, seconded by Selectman Weston, to approve the ozone monitoring station on town-owned property located off of Ocean Avenue.

**Vote:** 3-0.

**10. Consider the following abatement:**

Property Owner	Location	Map	Blk	Lot(s)	2013 Tax Abatement
Arthur Holdsworth III and Susan Applegate	11 Belvidere Ave.	35	21	13	Denied

**Motion** by Selectman Daggett, seconded by Selectman Weston, to deny the tax abatement for Arthur Holdsworth III and Susan Applegate per Assessors' Agent Donna Moore Hays' recommendation. **Vote:** 3-0.

**11. Update on the Kennebunkport property tax relief program.**

This item was tabled.

**12. Continue discussion on RSU #21 cost sharing changes and on March 26, 2013, election Warrant Articles:**

**a. Changes in RSU #21 cost sharing.**

A lengthy discussion on cost sharing continued from the previous meeting. Participating in the discussion were Selectmen, Town Manager Larry Mead, David James, Pat Briggs, and Maureen King. Some of the highlights of the discussion are:

- Since the proposed changes in cost sharing is so confusing, the Town should prepare an easy to understand table of the impact of the proposed cost sharing formula on the towns and mail it to taxpayers.
- Information is already available on the Town's and School Board's websites.
- The School Board had a public cost sharing formula hearing on Monday,

February 11, and only 10 people attended. The meeting can be viewed online at the RSU #21's website.

- Kennebunkport's taxes will go up if the cost sharing formula passes, and young families will not be able to afford to live in Kennebunkport.
- Looking at the numbers even with the increase in taxes, Kennebunkport's tax rate is well below most in the state.
- The School Board views the formula as a regional issue.
- Kennebunkport taxpayers are paying more than their fair share. Would like Kennebunkport to pay per student.
- Eighty percent of the EPS does not change, so 15% is the new debt.
- Recommends voting against the proposed cost sharing formula.
- Taxation is based throughout history on ability to pay.
- It would be helpful to see a comparison of a home of similar style and size in each community and see what the value is in each town and what each one pays, and what percentage in each town's budget goes to schools. If more information is provided, the public can make a better decision.

Mr. Mead explained that the current mil rate for Kennebunkport going to schools is \$3.63 per thousand. If the new cost sharing formula passes, Kennebunkport's mil rate increases by 35 cents to \$3.98 per thousand. If capital costs pass, it will increase Kennebunkport's mil rate to \$1.76 per thousand or \$5.39 per thousand.

Mr. Mead was a member of the RSU Planning Committee which re-examined the cost sharing formula due to a dispute in the language over the debt between Kennebunk and Kennebunkport. He presented its history by highlighting information from the 2008 School Board Meeting Minutes. He said the cost sharing proposal is wrong and should not be approved.

**b. Proposal to study withdrawal of Kennebunkport from RSU #21.**

Maureen King warned if the Town votes to approve the \$30,000 for a withdrawal committee, they only have 90 days to appoint a committee and get everything done. She said it will be difficult to appoint a committee because most people she knows are against it.

Selectman Weston said it is wrong to break up the RSU. He said if they withdraw, Kennebunkport will be stuck with a \$9.8 million debt. He also does not

like parts of the proposed cost sharing formula.

Ed Hutchins said he disagrees with Mr. James who said taxes are based on people's ability to pay them. He said property taxes are not based on ability to pay. He also disagrees with Kennebunk and Arundel for wanting to redistribute the wealth. Regarding the withdrawal, he thinks they should keep their options open.

Chair Matthews-Bull explained that she was on the Budget Board and they worked very hard to keep the budget flat. She commented that in order to keep the mil rate down, municipal workers were not given raises for one year. She said it is not fair to compare Kennebunkport's mil rate with other towns. She stated this issue will continue to be discussed at future meetings and encouraged people to join in the discussion.

Selectman Daggett added that he still wants a mailing sent out to residents to explain the impact.

**13. Set public hearing date to take public comments on ballot items for the March 26, 2013, Special Town Meeting.**

**Motion** by Selectman Daggett, seconded by Selectman Weston, to set public hearing date for March 14 to take public comments on ballot items for the March 26, 2013, Special Town Meeting. **Vote:** 3-0

**14. Other business.**

Mr. Mead announced there will be a candidates forum on Tuesday, March 12, at the Village Fire Station for the three candidates running for selectman. The forum will be televised on cable channels 2/16.

Mr. Mead said the Town issued an apology for the past due notices that went out to taxpayers. The notices were meant to be reminder and not past due notices.

**15. Consider the February 14, 2013, Treasurer's Warrant.**

**Motion** by Selectman Weston, seconded by Selectman Daggett, to approve the February 14, 2013, Treasurer's Warrant. **Vote:** 3-0.

**16. Adjournment.**

**Motion** by Selectman Weston, seconded by Selectman Daggett, to adjourn. **Vote:** 3-0.

The meeting adjourned at 8:38 PM.

Submitted by Arlene McMurray, Administrative Assistant

# Town of Kennebunkport

## FINANCIAL OVERVIEW

Presented by:  
Greg Chabot

*RUNYON KERSTEEN OUELLETTE*

Recently, the Town of Kennebunkport completed the financial audit process. We are pleased to report that the Town's financial statements received an unqualified opinion, which means the financial statements are fairly stated in all material respects. The remainder of this publication is dedicated to providing you with the financial results for fiscal year 2012. We hope you find this information useful and understandable. Finally, we wish to express our appreciation to all those who were so helpful to us during the audit process. It truly is a pleasure working with your staff.

### INSIDE

1. General Fund Assets
2. General Fund Liabilities
3. General Fund Equity
4. General Fund Revenues
5. General Fund Expenditures
7. General Fund - Fund Balance Analysis
8. General Fund Revenues 2011-2012
9. General Fund Expenditures 2011-2012

### About this presentation

This presentation is intended as a tool to assist the Board of Selectmen and management in understanding its financial operating results. The information contained in this publication should be read in conjunction with the audited financial statements and related disclosures and should not be used for any other purposes without the expressed consent of *RUNYON KERSTEEN OUELLETTE*.

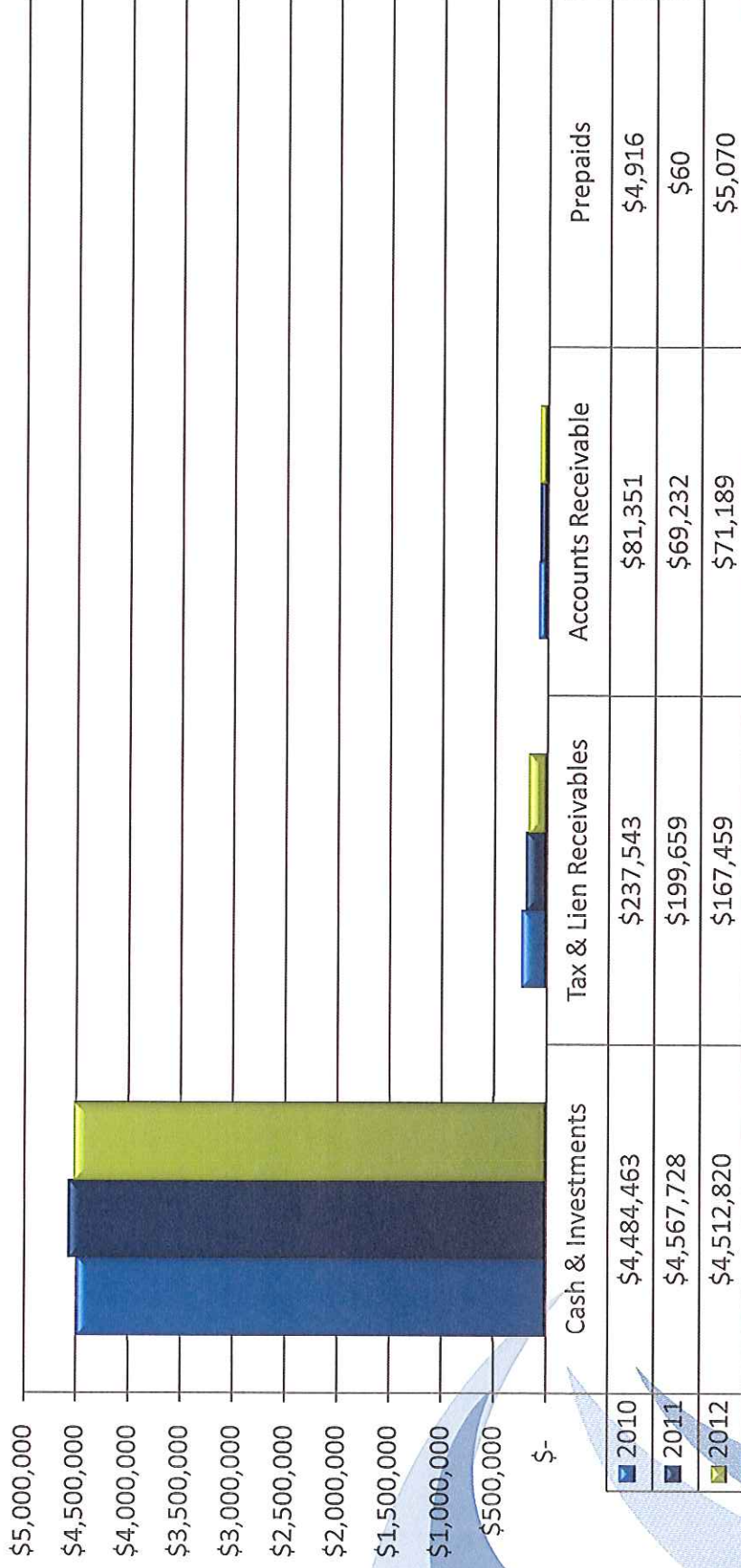
Please contact us at 207-773-2986 or 1-800-486-1784  
20 Long Creek Drive, South Portland, ME 04106





# Town of Kennebunkport

## GENERAL FUND ASSETS

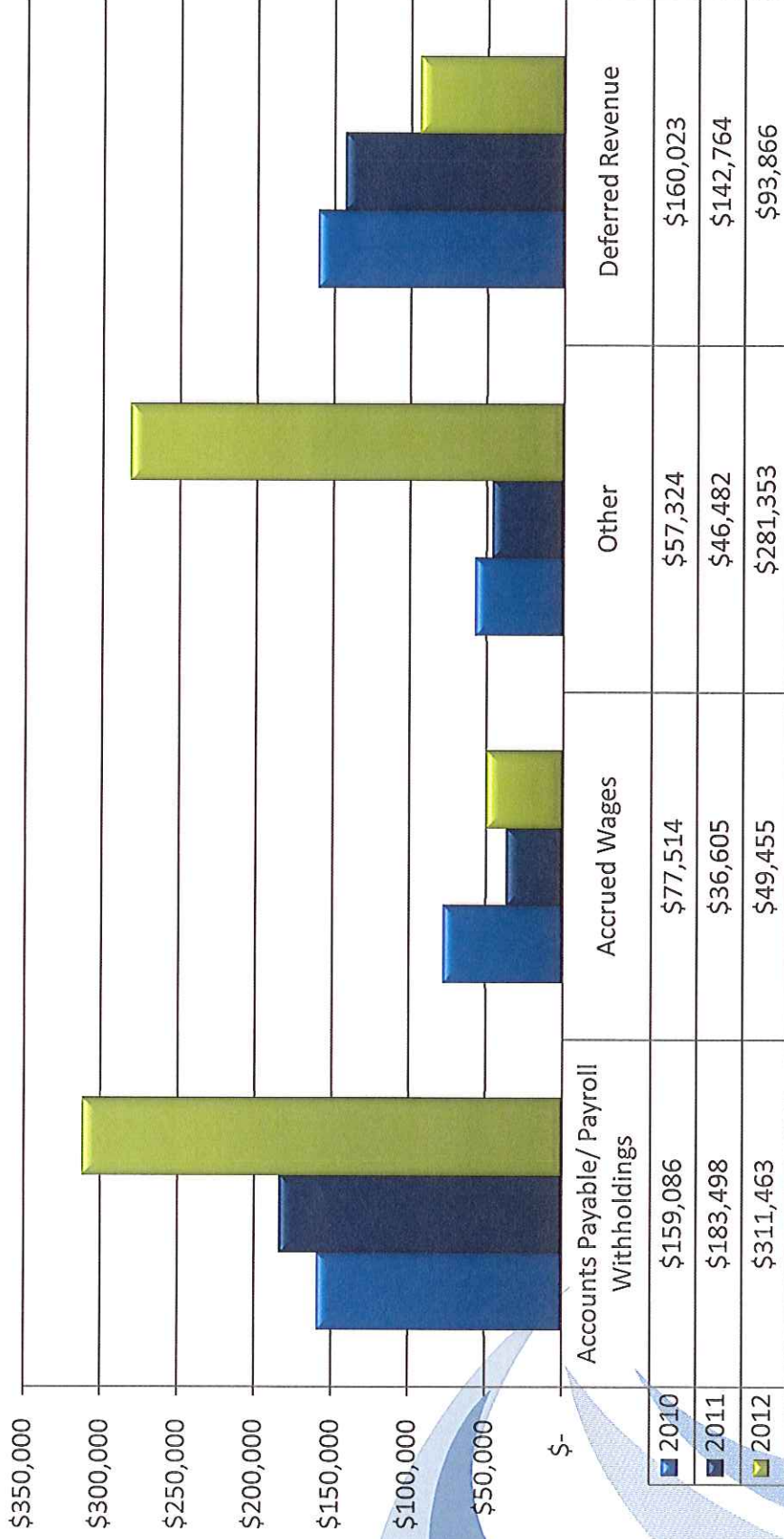


### Observations:

- Cash and investments has not changed significantly since 2010. Cash and investments are shown net of interfund loans which represents other funds share of the pooled cash account.
- Outstanding taxes and liens decreased by \$63,635. The collection rate remained about the same.

# Town of Kennebunkport

## GENERAL FUND LIABILITIES



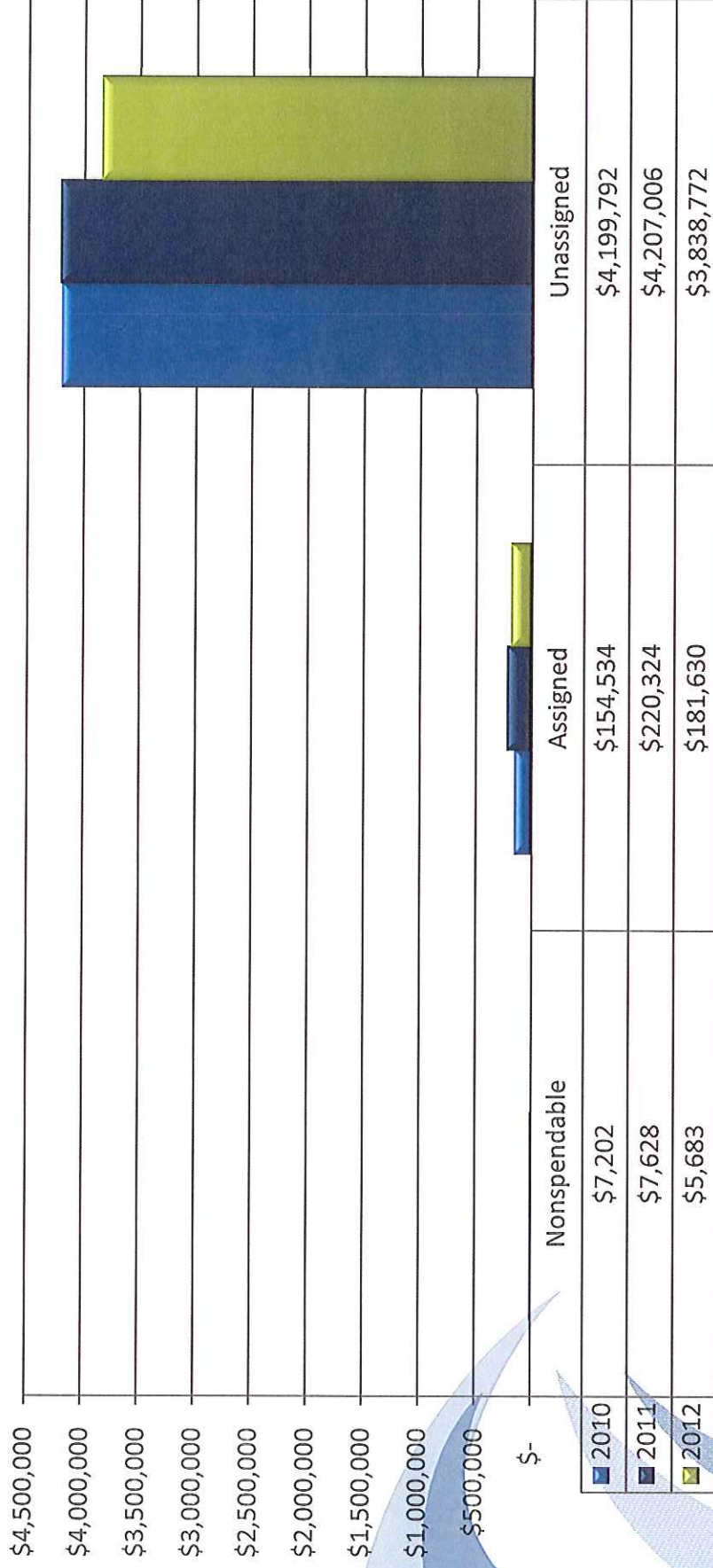
### Observations:

- The increase in accounts payable was primarily the result of legal invoices relate to the Goose Rocks issue.
- Deferred revenue represents taxes still unpaid 60 days after the end of the year. These amounts are not recognized as revenues in the current year.



# Town of Kennebunkport

## GENERAL FUND EQUITY



### Observations:

- Assigned fund balance changes annually based on the status of projects and appropriations. Detail of the Town's assigned fund balances can be seen on page 37 of the financial statements.
- The Town implemented GASB 54 in 2011 which is the new standard on fund balance.

# Town of Kennebunkport

## GENERAL FUND REVENUES

	Budget	Actual	Variance
Taxes	\$ 12,377,646	\$ 12,465,866	\$ 88,220
Intergovernmental Revenues	269,913	283,481	13,568
Licenses & Permits	125,300	151,761	26,461
Charges for Services	335,200	348,761	13,561
Interest Earned	40,000	45,866	5,866
Other Revenues	185,050	183,489	(1,561)
<b>Total Revenues</b>	<b>13,333,109</b>	<b>13,479,224</b>	<b>146,115</b>
Transfers In	279,800	318,596	38,796
Utilizations of Prior Year Surplus	825,000	-	(825,000)
Utilizations of Carryforward Balances	24,800	-	(24,800)
<b>Total Revenue and Other Sources</b>	<b>\$ 14,462,709</b>	<b>\$ 13,797,820</b>	<b>\$ (664,889)</b>

### Observations:

- Property tax revenues were over budget due to the change in deferred tax revenue (\$48,898).
- Excise taxes exceeded budget by 40,686 partially offset by positive variances in supplemental taxes (\$10,729) and excise taxes (\$8,834).
- Intergovernmental revenues were over budget due primarily to an unbudgeted FEMA grant.
- Licenses and permits were over budget in building permits (\$22,064) and plumbing fees (\$5,759).
- Charges for services were over budget in Goose Rocks (\$22,203) and Tree Growth Penalty withdrawal (\$16,340) offset by Parks and Recreation revenue under budget (22,907).



# Town of Kennebunkport

## GENERAL FUND EXPENDITURES

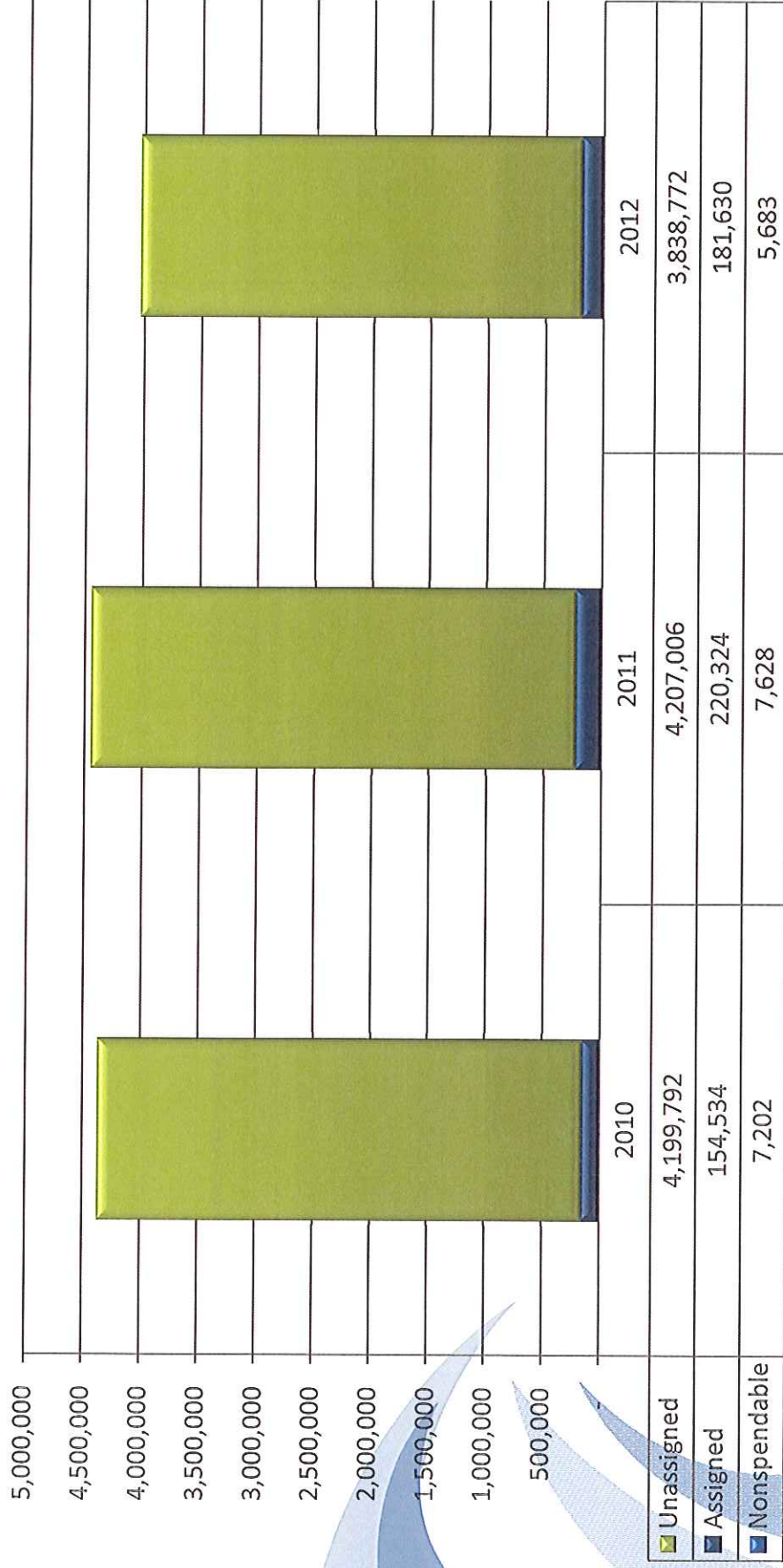
	Budget	Actual	Variance
General Government	\$ 1,532,886	\$ 1,426,088	\$ 106,798
Public Safety	2,154,934	2,071,128	83,806
Public Works	953,041	891,669	61,372
Health & Welfare	676,235	678,251	(2,016)
Recreation & Culture	424,545	422,446	2,099
Grants	1,300	1,300	-
Unclassified (County/Education/Overlay)	7,222,679	7,163,766	58,913
Debt Service	296,374	299,769	(3,395)
Capital Improvements	531,250	389,102	142,148
Transfers Out	669,465	863,174	(193,709)
<b>Total Expenditures &amp; Transfers</b>	<b>\$ 14,462,709</b>	<b>\$ 14,206,693</b>	<b>\$ 256,016</b>

### Observations:

- General Government was under budget in legal fees (\$54,128) and administration (25,866) and smaller positive variances in all other categories.
- Public Safety was under budget in Police (\$52,440) and Fire (\$23,942) as well as communications (\$6,767).
- Public Works was under budget in Highway department (37,494) and all other categories by smaller amounts.
- Health and welfare was over budget due to the expenditures of donations which are not budgeted.
- Unclassified was under budget due to overlay exceeding abatements by \$25,738 and contingency by \$32,255.
- Of the positive expenditure variance of \$256,016, \$181,630 has been assigned for subsequent year expenditures.

# Town of Kennebunkport

## FUND BALANCE ANALYSIS FY 2010-2012



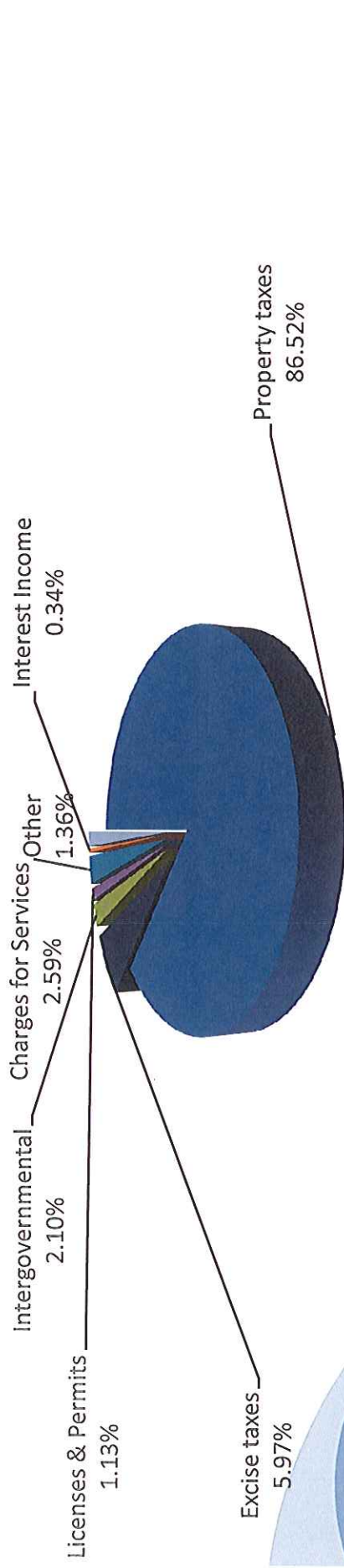
### Observations:

- Unassigned is currently at 27.45% of budget compared with 30.63% in 2011 and 30.37% in 2010 after a planned reduction of \$850,000. The Town's Government Finance Officer's Association recommends a minimum of two months expenditures or \$16,677%.

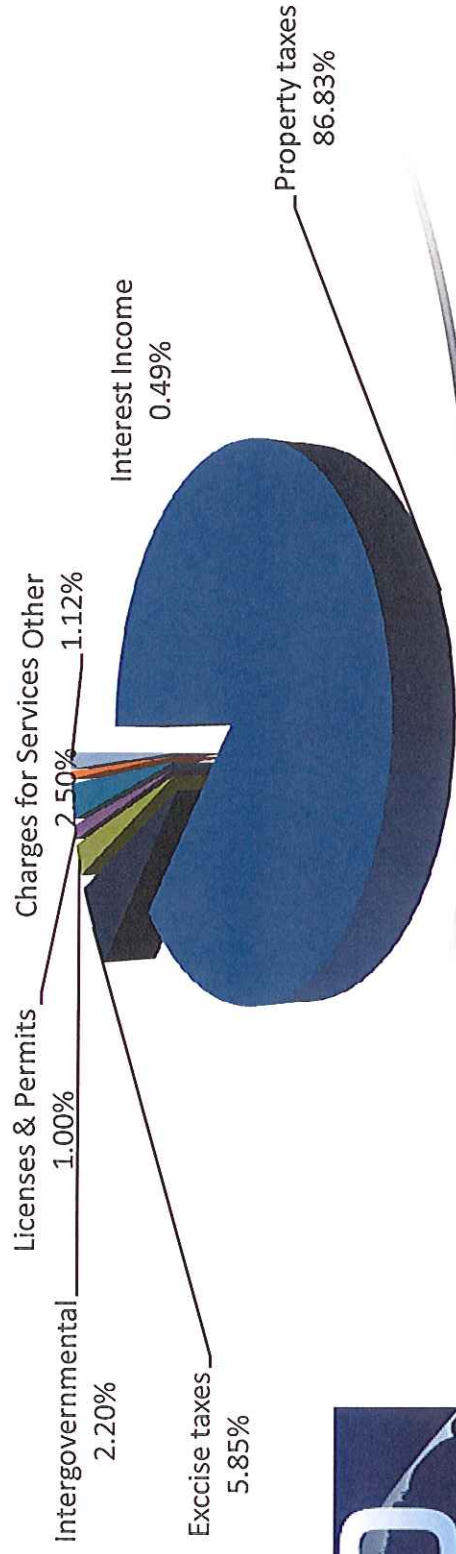


# Town of Kennebunkport

## 2012 GENERAL FUND REVENUES



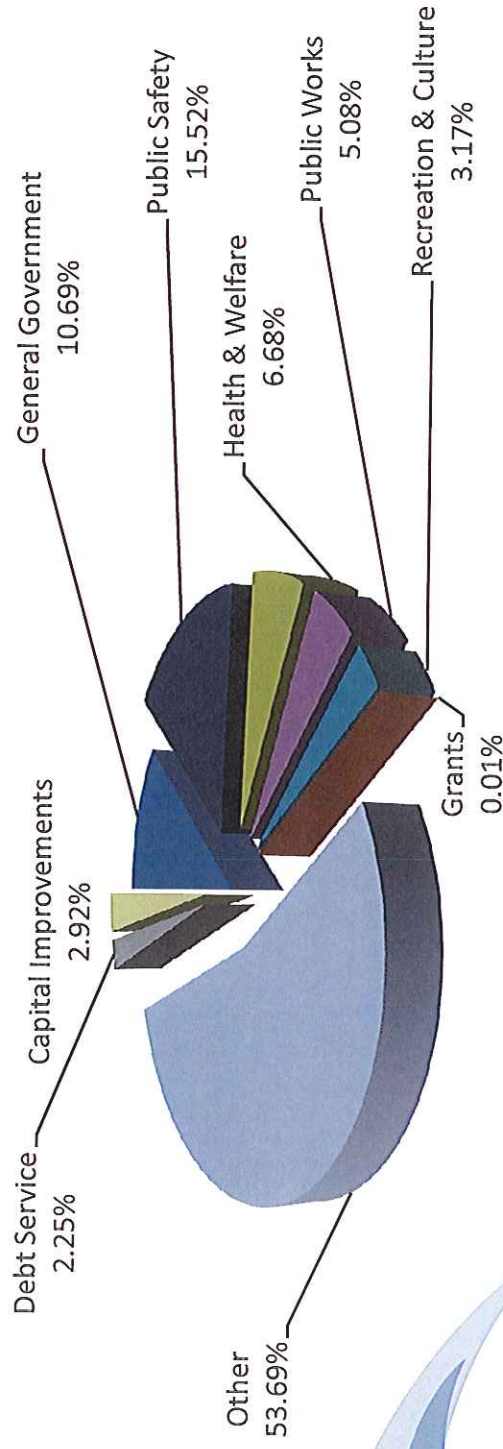
## 2011 GENERAL FUND REVENUES





# Town of Kennebunkport

## 2012 GENERAL FUND EXPENDITURES



## 2011 GENERAL FUND EXPENDITURES

