

TOWN OF KENNEBUNKPORT, MAINE



S-Brook/Maine Street Drainage Project - FY 2014

Comprehensive Annual Financial Report

***For Fiscal Year Ending
June 30, 2014***

TOWN OF KENNEBUNKPORT, MAINE
Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2014

Prepared by:
The Administration and Finance Department

TOWN OF KENNEBUNKPORT, MAINE
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014

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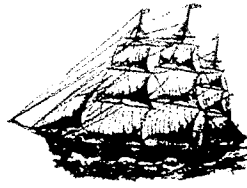
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Comprehensive Annual Financial Report
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INTRODUCTORY SECTION

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TOWN OF KENNEBUNKPORT, MAINE

- INCORPORATED 1653 -

MAINE'S FINEST RESORT

October 23, 2014

To the Board of Selectmen and Citizens of the Town of Kennebunkport:

State of Maine statutes require that every general purpose local government issue annually a financial report audited in accordance with auditing standards generally accepted in the United States of America. This report is published to fulfill that requirement for the fiscal year ended June 30, 2014.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Runyon Kersteen Ouellette, Certified Public Accountants, have issued an unmodified ("clean") opinion on the Town of Kennebunkport's financial statements for the year ended June 30, 2014. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The Town was incorporated in 1653 as Cape Porpus, reincorporated in 1717 as Arundel and then changed its name February 19, 1821 to its current name – Town of Kennebunkport. The Town is located in the southeastern part of the state and is located 25 miles south of Portland. It currently occupies 22.0 square miles and has a year round population of 3,474. The Town of Kennebunkport continues to be a key area within the state for summer tourism. The Town of Kennebunkport is empowered to levy a property tax on real and personal property located within its boundaries.

The Town of Kennebunkport operates under the Town Manager – Board of Selectmen form of government. Policy-making and legislative authority are vested in the governing Board consisting of the chairman and four other members, all of whom are elected at large. Board members serve three years each, with staggering terms. The Board of Selectmen appoints the Town Manager. The Town Manager is responsible for carrying out the policies and ordinances of the Board of Selectmen, for overseeing the day-to-day operations of the Town, and for appointing the heads of the Town's departments, some with Board of Selectmen confirmation.

The Town of Kennebunkport provides a full range of services, including police and fire protection, solid waste collection, the construction and maintenance of roads, health and welfare, recreation, general administration, sewer treatment plant, pier and parking lot.

The Town is required to adopt an annual budget for the fiscal year beginning on July 1. This annual budget serves as the foundation for the Town of Kennebunkport's financial planning and control. Budgets are prepared by fund, function and department. Department heads present their proposed budgets to the Town Manager and Treasurer in December. The Board of Selectmen and Budget Board review the proposed budgets in March and April, and make recommendation for the annual Town Meeting in June. Registered voters of the Town adopt the annual budget in June.

Local Economy

The Town of Kennebunkport is a residential coastal town, whose local economy is somewhat seasonal and tourism based, peaking in the summer. The local economy also includes an active fishing industry and agriculture.

Unemployment had been relatively stable until the effect of the recession was felt in 2009. During the last decade, the unemployment rate has seen a low of 3.6% in 2006 and a high of 7.7% in 2009. The Town of Kennebunkport, York County's unemployment rate as of June 2014 was 5.6% compared to 6.1% nationally.

Median household incomes within the Town of Kennebunkport, York County are \$56,656, which is higher than the state as a whole. According to the 2010 census, the median family income for the county was \$55,008 while the state was \$47,898. The Town's population was 3,474 as of 2010 census. The median price of a single family home in the Town of Kennebunkport is \$559,000.

Long-term Financial Planning and Major Initiatives

As part of its Comprehensive Plan, the Town envisions preserving Kennebunkport as a residential town, with a significant seasonal population, an active fishing industry, and a strong tourism economy. To achieve this, it is proposed to establish standards for new commercial growth and improve communications with the public. The Town will pursue policies that support measured commercial and residential growth.

The Town also wishes to preserve the distinct character of Kennebunkport and its districts. This would be accomplished by maintaining neighborhoods, water dependent activities, preserve Goose Rocks Beach for public use, provide seasonal toilet facilities for the public, preserve waterfront views, protect the conservation property in Town including the lighthouse, and managing the spirit and atmosphere of community.

Managing and supporting the Town's largest economic factor by developing parking and traffic policies and ensuring the safety and enjoyment of residents and visitors.

The Town will support the fishing industry by continuing to support Government Wharf and the Cape Porpoise Pier.

The Town has begun to provide pedestrian and bicycle expansion on our roads while maintaining our winding tree lined roads. This process will continue as long as taxpayers provide the funding.

Currently, the Town is part of Regional School Unit (RSU) #21, which is comprised of the Towns of Kennebunkport, Kennebunk and Arundel.

Acknowledgements

We wish to thank all government departments for their assistance in providing the data necessary to prepare this report.

Respectfully submitted,

Jennifer L. Lord, Treasurer

Laurie A. Smith, Town Manager

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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

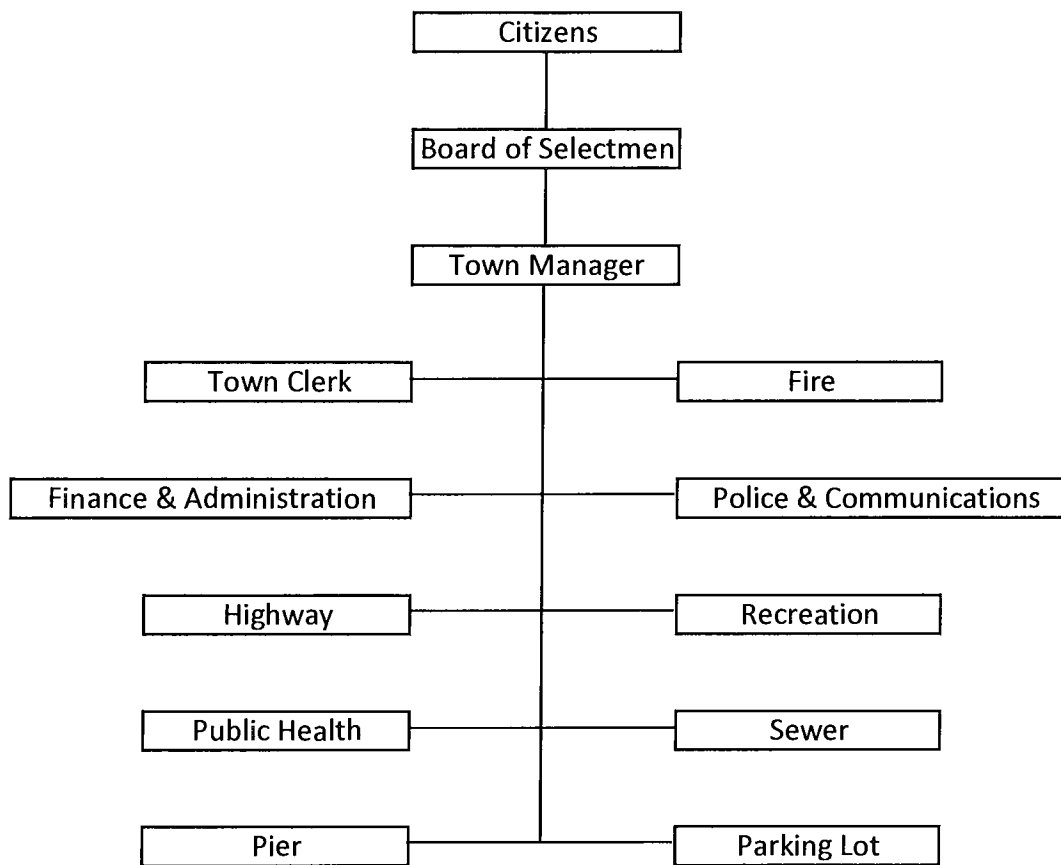
**Town of Kennebunkport
Maine**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

TOWN OF KENNEBUNKPORT, MAINE
Organizational Chart



TOWN OF KENNEBUNKPORT, MAINE
List of Elected and Appointed Officials
June 30, 2014

Elected Officials

Chairman, Board of Selectmen
Vice-Chair, Board of Selectmen
Board of Selectmen
Board of Selectmen
Board of Selectmen

Allen A. Daggett, Vice-chair
Sheila W. Matthews-Bull
Stuart E. Barwise, Chair
Patrick A. Briggs
Edward W. Hutchins II

Appointed Officials

Town Manager
Town Clerk
Treasurer
Fire Chief & Sewer Superintendent
Police Chief
Highway Superintendent
Town Nurse & General Assistance Director
Recreation Director
Cape Porpoise Pier Manager

Laurie A. Smith
April R. Dufoe
Jennifer L. Lord
Allan K. Moir
Craig A. Sanford
Michael W. Claus
Judith A. Barrett
Carol G. Cook
Lee F. McCurdy

FINANCIAL SECTION

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Independent Auditor's Report

Board of Selectmen
Town of Kennebunkport, Maine

Report on the Financial Statements

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, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether from fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness on the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Town of Kennebunkport, Maine
Board of Selectmen

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Kennebunkport, Maine's basic financial statements. The introductory section, the combining and individual fund financial statements, and the statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

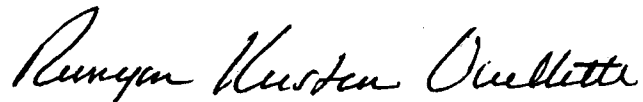
The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to basic 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 combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Town of Kennebunkport, Maine
Board of Selectmen

The introductory and statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2014, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Kennebunkport, Maine's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Remya Hurston Ouellette". The signature is written in a cursive style with a large initial 'R'.

October 23, 2014
South Portland, Maine

TOWN OF KENNEBUNKPORT, MAINE
Management's Discussion and Analysis
June 30, 2014

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, 2014. 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 experienced an improvement in overall financial position in fiscal year 2014.
- The Town's total net position increased by \$1,861,574 to \$27,777,923 (Statement 2).
- Net capital assets increased by \$1,185,771 (pages 38 and 39).
- General revenues accounted for \$15,928,857 in revenue, or 88% of all revenues. Program specific revenues consisting of charges for services and grants and contributions accounted for \$2,227,996 in revenue, or 12% of \$18,156,853 in total revenues (statement 2).
- At the end of the current fiscal year, the fund balance for the general fund was \$4,676,477, of which \$15,209 was nonspendable, \$674,381 was committed, \$79,408 was assigned and \$3,907,479 was unassigned. (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 Position*, 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, recreation and culture, 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 Position* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Infrastructure (roads, bridges, etc.) are Town assets if constructed and owned by the Town or maintained by the Town. The increase or decrease in Net Position may serve as a 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 position changed during the most recent fiscal year. All changes in net position 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 reconciliations 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 Position provides the perspective of the Town as a whole.

The Town's net position at fiscal year-end is \$27,777,923. 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 liabilities. Changes in net position 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	
	2014	2013	2014	2013	2014	2013
Current assets	\$ 6,806	6,689	1,985	1,903	8,791	8,592
Capital assets:						
Land	2,715	2,324	950	950	3,665	3,274
Construction in progress	430	418	10	10	440	428
Buildings and improvements	2,519	2,518	8,170	8,170	10,689	10,688
Land improvements	239	239	30	30	269	269
Furniture & fixtures	47	47	-	-	47	47
Equipment & vehicles	4,734	4,295	3,195	3,194	7,929	7,489
Infrastructure	7,001	5,970	7,798	7,798	14,799	13,768
Less: accumulated depreciation	(6,426)	(6,180)	(10,531)	(10,088)	(16,957)	(16,268)
Total assets	\$ 18,065	16,320	11,607	11,967	29,672	28,287
Current liabilities	261	844	61	138	322	982
Long-term liabilities	1,006	854	566	536	1,572	1,390
Total liabilities	\$ 1,267	1,698	627	674	1,894	2,372
Net position:						
Net investment in capital assets	10,407	8,526	9,086	9,479	19,493	18,005
Restricted	1,122	63	-	-	1,122	63
Unrestricted	5,269	6,034	1,894	1,814	7,163	7,848
Total net position	\$ 16,798	14,623	10,980	11,293	27,778	25,916

The largest portion of the Town's net position 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, salt/sand shed and sewer upgrades. 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 position may be used to meet the Town's ongoing obligations to its creditors.

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

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position 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 position in thousands (Statement 2). Details on the overall general fund operational results can be found following the expenditure and revenue tables on pages 16 and 17. The business-type activities details can be found on page 28.

	Governmental Activities		Business-type Activities		Primary Government Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 397	691	1,698	1,697	2,095	2,388
Operating grants and contributions	133	141	-	-	133	141
Capital grants and contributions	-	21	-	-	-	21
General revenues:						
Property taxes	14,035	12,722	-	-	14,035	12,722
Motor vehicle excise taxes	846	804	-	-	846	804
Licenses and permits	227	-	-	-	227	-
Grants and contributions	262	126	-	-	262	126
Unrestricted investment earnings	30	46	3	7	33	53
Contributions	375	-	-	-	375	-
Miscellaneous	142	158	8	7	150	165
Total revenues	16,447	14,709	1,709	1,711	18,156	16,420
Expenditures:						
Program expenditures:						
General government	978	1,519	-	-	978	1,519
Public safety	2,427	2,034	-	-	2,427	2,034
Public works	1,139	1,340	-	-	1,139	1,340
Health and welfare	667	233	-	-	667	233
Recreation and culture	492	417	-	-	492	417
Education	7,522	6,678	-	-	7,522	6,678
County tax	1,099	976	-	-	1,099	976
Unclassified	174	446	-	-	174	446
Interest on debt service	32	42	-	-	32	42
Cape Porpoise Pier	-	-	337	364	337	364
Dock Square Parking Lot	-	-	77	61	77	61
Sewer	-	-	1,350	1,309	1,350	1,309
Total expenditures	14,530	13,685	1,764	1,734	16,294	15,419
Increase (decrease) in net position	1,917	1,024	(55)	(23)	1,862	1,001
Transfers (out)	258	143	(258)	(143)	-	-
Net position, beginning of year	14,623	13,456	11,293	11,459	25,916	24,915
Net position, end of year	\$ 16,798	14,623	10,980	11,293	27,778	25,916

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

The table below presents the total cost, for fiscal years 2014 and 2013, of each of the Town's largest programs: general government, public safety, 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)									
2014					2013				
	Total		Net		Total		Net		
General govt.	\$	978	8.1%	944	8.0%	1,336	12.3%	1,367	12.5%
Public safety		2,427	20.2%	2,298	19.4%	1,908	17.5%	1,929	17.6%
Education		7,522	62.5%	7,521	63.4%	6,678	61.3%	6,677	61.0%
County tax		1,099	9.1%	1,098	9.3%	976	9.0%	975	8.9%
Totals	\$	12,026	100.0%	11,861	100.0%	10,898	100.0%	10,948	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 23 and 24 of these financial statements. More funding has been designated for the committed and the nonspendable fund balances and therefore unassigned decreased. The changes in the fund balance of these funds are as follows (Statement 3):

Major Fund	Balance June 30, 2014	Balance June 30, 2013	\$ Change	% Change
General Fund	\$ 4,676,477	4,412,056	264,421	5.99%
	\$ 4,676,477	4,412,056	264,421	5.99%

Expenditures

The table below shows the Town's original and adjusted budgets for various departments and functions for the year ended June 30, 2014. The table also shows actual expenditures 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	\$ 1,491,403	1,491,403	1,302,809	188,594	12.65%
Public Safety	2,313,373	2,313,373	2,143,803	169,570	7.33%
Public Works	1,020,741	1,020,741	957,941	62,800	6.15%
Health and Welfare	671,090	671,090	667,157	3,933	0.59%
Recreation and Culture	568,171	568,171	457,826	110,345	19.42%
Unclassified	558,437	558,437	173,381	385,056	68.95%
County Tax	1,098,632	1,098,632	1,098,632	-	0.00%
Education	7,521,509	7,521,509	7,521,509	-	0.00%
Debt service	286,095	286,095	286,095	-	0.00%
Capital improvements and reserves	1,092,200	1,182,913	1,379,648	(196,735)	-16.63%
Total expenditures	\$ 16,621,651	16,712,364	15,988,801	723,563	4.33%

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

All of the Department expenditures of the Town came in at or under budget (at the warrant article level) with the exception of the Special enforcement (\$191), Highway department (\$10,552), Health and Welfare other services (\$910) and General assistance donations (\$31,828). Additional variances were all attributed to capital improvements and reserves. Capital improvements and reserves include several uncompleted projects that have been carried forward as committed fund balances as listed on page 44 and 45 of the financial statements.

The bad debt expense variance was not budgeted.

Revenues

The table below shows the Town's final budget and actual revenues from various resources for the year ended June 30, 2014. 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	\$ 14,008,498	13,963,502	(44,996)	-0.32%
Excise taxes	763,500	846,486	82,986	10.87%
Interest on taxes	24,000	26,398	2,398	9.99%
Licenses and permits	176,660	226,870	50,210	28.42%
Charges for services	325,700	385,694	59,994	18.42%
Intergovernmental revenue	224,746	226,923	2,177	0.97%
Investment income	40,000	24,335	(15,665)	-39.16%
Other revenues	256,791	238,666	(18,125)	-7.06%
Total revenues	\$ 15,819,895	15,938,874	118,979	0.75%

Property taxes variance is due to the unavailable revenue adjustment.

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

Charges for services were over budget primarily due to Goose Rocks Beach parking permits, and parking violations coming in higher than anticipated.

Intergovernmental revenues were over budget due to miscellaneous grants, tree growth, and RSU COPS share all exceeding estimates.

Investment income came in lower than expected due to lower interest rates.

Other revenues came in lower due to the use of the Maine PERS credit.

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

Capital Assets

As of June 30, 2014, the Town had \$20,882,329 invested in capital assets, net of accumulated depreciation, 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 increase (including additions, deletions, and less this year's depreciation) of approximately \$1,185,771, or 5.68% over last year. For additional information, see the Capital Assets section in the notes, pages 38 and 39.

This year's major additions/deletions included:

- Land purchase
- Road repairs, extension and construction
- New vehicles for the fire and police departments.
- New equipment for the highway and sewer departments.

All of the above were paid for with General Fund resources, except that the sewer equipment was paid for with sewer user fees and using existing fund balance.

The Town's fiscal year 2015 budget, as approved at the annual Town Meeting held on June 10th and 14th, includes approximately \$1,247,341 for various capital improvements, including one police vehicle, a new plow truck for the highway department, road and sidewalk improvement/construction, S Brook drainage-part 2 and fire apparatus reserve funding.

Debt

The Town of Kennebunkport had \$1,359,738 in bonds outstanding at fiscal year-end, compared to \$1,655,396 last year. Additionally, the Town had \$30,475 in capital leases outstanding at fiscal year-end for the purchase of copy machines (page 42). 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, 2014 was within this statutory limit. For additional information, see the Long-Term Debt section in the notes, pages 42 and 43.

Economic Factors and Next Year's Budget

The fiscal 2015 budget has been prepared and already approved at the June 10th and 14th annual town meeting. The municipal portion of the budget decreased by approximately \$34,122 from last year. This was due to decreases in overall operating costs, legal fees, Goose Rocks Beach advisory committee and the completion of the S-Brook project.

Requests for Information

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 or Treasurer, PO Box 566, Kennebunkport, Maine 04046.

BASIC FINANCIAL STATEMENTS

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TOWN OF KENNEBUNKPORT, MAINE
Statement of Net Position
June 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,467,248	2,000	2,469,248
Investments	4,354,002	1,313,187	5,667,189
Receivables:			
Accounts, net of allowance	150,766	185,833	336,599
Due from other governments	37,667	-	37,667
Taxes receivable - current year	191,480	-	191,480
Taxes receivable - prior year	2,833	-	2,833
Tax and sewer liens	49,534	11,484	61,018
Internal balances	(462,756)	462,756	-
Inventory	10,139	10,178	20,317
Prepays	5,070	-	5,070
Nondepreciable capital assets	3,145,461	960,453	4,105,914
Depreciable capital assets, net	8,114,461	8,661,954	16,776,415
Total assets	18,065,905	11,607,845	29,673,750
LIABILITIES			
Accounts payable and payroll withholdings	135,703	38,930	174,633
Accrued wages	71,219	17,894	89,113
Other liabilities	51,639	2,500	54,139
Accrued interest	3,331	2,521	5,852
Noncurrent liabilities:			
Due within one year	352,023	76,642	428,665
Due in more than one year	653,990	489,435	1,143,425
Total liabilities	1,267,905	627,922	1,895,827
NET POSITION			
Net investment in capital assets	10,406,901	9,086,215	19,493,116
Restricted for:			
General capital projects	36,672	-	36,672
Permanent funds	21,980	-	21,980
Nonexpendable principal of permanent funds	1,063,206	-	1,063,206
Unrestricted	5,269,241	1,893,708	7,162,949
Total net position	\$ 16,798,000	10,979,923	27,777,923

See accompanying notes to basic financial statements.

TOWN OF KENNEBUNKPORT, MAINE
Statement of Activities
For the year ended June 30, 2014

For the year ended June 30, 2024							
Functions/programs	Expenses	Program revenues			Net (expense) revenue and changes in net position		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total
					Governmental activities	Business-type activities	
Primary government:							
Governmental activities:							
General government	\$ 978,110	33,841	-	-	(944,269)	-	(944,269)
Public safety	2,426,584	56,941	71,541	-	(2,298,102)	-	(2,298,102)
Public works	1,139,185	-	45,568	-	(1,093,617)	-	(1,093,617)
Health and welfare	666,919	3,984	2,134	-	(660,801)	-	(660,801)
Recreation and culture	492,139	178,322	-	-	(313,817)	-	(313,817)
Education	7,521,509	-	-	-	(7,521,509)	-	(7,521,509)
County tax	1,098,632	-	-	-	(1,098,632)	-	(1,098,632)
Unclassified	174,881	124,210	14,071	-	(36,600)	-	(36,600)
Interest on debt service	32,594	-	-	-	(32,594)	-	(32,594)
Total governmental activities	14,530,553	397,298	133,314	-	(13,999,941)	-	(13,999,941)
Business-type activities:							
Sewer	1,350,407	1,035,261	-	-	-	(315,146)	(315,146)
Cape Porpoise Pier	336,978	314,235	-	-	-	(22,743)	(22,743)
Dock Square Parking Lot	77,341	347,888	-	-	-	270,547	270,547
Total business-type activities	1,764,726	1,697,384	-	-	-	(67,342)	(67,342)
Total primary government	\$ 16,295,279	2,094,682	133,314	-	(13,999,941)	(67,342)	(14,067,283)
General revenues:							
Property taxes, levied for general purposes					14,008,501	-	14,008,501
Interest and costs on taxes					26,398	-	26,398
Motor vehicle excise taxes					846,486	-	846,486
Licenses and permits					226,870	-	226,870
Grants and contributions not restricted to specific programs:							
Homestead exemption					32,869	-	32,869
State Revenue Sharing					58,061	-	58,061
Maine PERS					168,732	-	168,732
Veterans reimbursement					2,269	-	2,269
Snowmobile reimbursement					410	-	410
Unrestricted investment earnings					30,426	2,778	33,204
Contributions					375,120	-	375,120
Miscellaneous revenues					182,571	8,622	191,193
Loss on sale of assets					(41,256)	-	(41,256)
Transfers					257,956	(257,956)	-
Total general revenues and transfers					16,175,413	(246,556)	15,928,857
Change in net position					2,175,472	(313,898)	1,861,574
Net position - beginning					14,622,528	11,293,821	25,916,349
Net position - ending					\$ 16,798,000	10,979,923	27,777,923

See accompanying notes to basic financial statements.

TOWN OF KENNEBUNKPORT, MAINE
Balance Sheet
Governmental Funds
June 30, 2014

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 2,447,408	19,840	2,467,248
Investments	3,658,765	695,237	4,354,002
Receivables:			
Accounts, net of allowance	42,745	108,021	150,766
Due from other governments	37,667	-	37,667
Taxes receivable - current year	191,480	-	191,480
Taxes receivable - prior year	2,833	-	2,833
Tax liens receivable	49,534	-	49,534
Prepays	5,070	-	5,070
Inventory	10,139	-	10,139
Interfund loans receivable	-	959,900	959,900
Total assets	\$ 6,445,641	1,782,998	8,228,639
LIABILITIES			
Accounts payable and payroll withholdings	129,505	6,198	135,703
Accrued wages	71,219	-	71,219
Other liabilities	51,639	-	51,639
Interfund loans payable	1,369,102	53,554	1,422,656
Total liabilities	1,621,465	59,752	1,681,217
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues - property taxes	147,699	-	147,699
Total deferred inflows of resources	147,699	-	147,699
FUND BALANCES			
Nonspendable	15,209	1,063,206	1,078,415
Restricted	-	58,652	58,652
Committed	674,381	330,953	1,005,334
Assigned	79,408	270,435	349,843
Unassigned	3,907,479	-	3,907,479
Total fund balances	4,676,477	1,723,246	6,399,723
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,445,641	1,782,998	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	11,259,922
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable revenue in the funds.	147,699
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	(823,546)
Capital leases	(30,475)
Accrued interest	(3,331)
Accrued compensated absences	(151,992)

Net position of governmental activities **\$ 16,798,000**

TOWN OF KENNEBUNKPORT, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2014

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 14,836,386	-	14,836,386
Intergovernmental	226,923	-	226,923
Licenses and permits	226,870	-	226,870
Charges for services	385,694	-	385,694
Investment income	24,335	6,091	30,426
Contributions	-	375,120	375,120
Other	238,666	124,241	362,907
Total revenues	15,938,874	505,452	16,444,326
Expenditures:			
Current:			
General government	1,303,593	-	1,303,593
Public safety	2,172,603	-	2,172,603
Public works	960,209	-	960,209
Health and welfare	665,382	-	665,382
Recreation and culture	458,071	4,381	462,452
Education	7,521,509	-	7,521,509
County tax	1,098,632	-	1,098,632
Unclassified	174,881	410,306	585,187
Debt service	286,095	-	286,095
Capital improvements and reserves	1,383,985	-	1,383,985
Total expenditures	16,024,960	414,687	16,439,647
Excess (deficiency) of revenues over (under) expenditures	(86,086)	90,765	4,679
Other financing sources (uses):			
Transfers from other funds	616,551	230,000	846,551
Transfers to other funds	(266,044)	(322,551)	(588,595)
Total other financing sources (uses)	350,507	(92,551)	257,956
Net change in fund balances	264,421	(1,786)	262,635
Fund balances, beginning of year	4,412,056	1,725,032	6,137,088
Fund balances, end of year	\$ 4,676,477	1,723,246	6,399,723

See accompanying notes to basic 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, 2014

Net change in fund balances - total governmental funds (from Statement 4)	\$ 262,635
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Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlays (\$2,097,102) exceeded the loss on disposal of capital assets (\$41,256) and depreciation (\$427,928).

1,627,918

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

44,999

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 amount by which the change in accrued compensated absences (\$13,581) exceeded the change in accrued interest (\$1,101).

(12,480)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Repayment of bonds and capital leases

252,400

Change in net position of governmental activities (see Statement 2)

\$ 2,175,472

See accompanying notes to basic 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, 2014

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 14,795,998	14,795,998	14,836,386	40,388
Intergovernmental	224,746	224,746	226,923	2,177
Licenses and permits	176,660	176,660	226,870	50,210
Charges for services	325,700	325,700	385,694	59,994
Interest earned	40,000	40,000	24,335	(15,665)
Other	256,791	256,791	238,666	(18,125)
Total revenues	15,819,895	15,819,895	15,938,874	118,979
Expenditures:				
Current:				
General government	1,491,403	1,491,403	1,302,809	188,594
Public safety	2,313,373	2,313,373	2,143,803	169,570
Public works	1,020,741	1,020,741	957,941	62,800
Health and welfare	671,090	671,090	667,157	3,933
Recreation and culture	568,171	568,171	457,826	110,345
Unclassified	558,437	558,437	173,381	385,056
County tax	1,098,632	1,098,632	1,098,632	-
Education	7,521,509	7,521,509	7,521,509	-
Debt service	286,095	286,095	286,095	-
Capital improvements and reserves	1,092,200	1,182,913	1,379,648	(196,735)
Total expenditures	16,621,651	16,712,364	15,988,801	723,563
Excess (deficiency) of revenues over (under) expenditures	(801,756)	(892,469)	(49,927)	842,542
Other financing sources (uses):				
Transfers from other funds	317,800	317,800	616,551	298,751
Transfers to other funds	(216,044)	(216,044)	(266,044)	(50,000)
Utilization of unassigned fund balance	700,000	700,000	-	(700,000)
Utilization of assigned fund balance	-	90,713	-	(90,713)
Total other financing sources (uses)	801,756	892,469	350,507	(541,962)
Net change in fund balance - budgetary basis	-	-	300,580	300,580
Reconciliation in fund balance - budgetary basis				
Change in encumbrance balance			(36,159)	
Total reconciliation in fund balance - budgetary basis			(36,159)	
Net change in fund balance - GAAP basis			264,421	
Fund balance, beginning of year			4,412,056	
Fund balance, end of year	\$		4,676,477	

See accompanying notes to basic financial statements.

TOWN OF KENNEBUNKPORT, MAINE

Statement of Net Position

Proprietary Funds

June 30, 2014

Business-type Activities - Enterprise Funds				
	Sewer Department	Cape Porpoise Pier	Dock Square Parking Lot	Total
ASSETS				
Current assets:				
Cash	\$ 100	100	1,800	2,000
Investments	1,313,187	-	-	1,313,187
Receivable (net allowance for uncollectibles)	145,275	38,011	2,547	185,833
Sewer liens	11,484	-	-	11,484
Inventory	-	10,178	-	10,178
Interfund loans receivable	222,271	35,951	204,534	462,756
Total current assets	1,692,317	84,240	208,881	1,985,438
Noncurrent assets:				
Property, plant, and equipment	18,556,146	1,432,493	165,750	20,154,389
Less accumulated depreciation	(9,917,168)	(557,584)	(57,230)	(10,531,982)
Total noncurrent assets	8,638,978	874,909	108,520	9,622,407
Total assets	10,331,295	959,149	317,401	11,607,845
LIABILITIES				
Current liabilities:				
Accounts payable and payroll withholdings	27,555	11,069	306	38,930
Accrued wages	12,672	3,077	2,145	17,894
Other liabilities	-	2,500	-	2,500
Accrued interest	2,521	-	-	2,521
Noncurrent liabilities, current portion	52,793	571	-	53,364
Total current liabilities	95,541	17,217	2,451	115,209
Noncurrent liabilities, long-term portion	512,713	-	-	512,713
Total liabilities	608,254	17,217	2,451	627,922
NET POSITION				
Net investment in capital assets	8,102,786	874,909	108,520	9,086,215
Unrestricted	1,620,255	67,023	206,430	1,893,708
Total net position	\$ 9,723,041	941,932	314,950	10,979,923

See accompanying notes to basic financial statements.

TOWN OF KENNEBUNKPORT, MAINE
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the year ended June 30, 2014

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	-	231,145	-	231,145
Dues	-	43,090	-	43,090
Fees	1,035,261	-	347,888	1,383,149
Other income	8,122	-	500	8,622
Total operating revenues	1,043,383	314,235	348,388	1,706,006
Operating expenses:				
Wages and benefits	590,711	72,539	47,480	710,730
Supplies	85,968	215,666	12,089	313,723
Repairs and maintenance	20,653	8,520	-	29,173
Insurance	23,628	2,602	10,235	36,465
Utilities	96,189	10,382	2,997	109,568
Contracted services	20,230	3,143	-	23,373
Equipment	48,422	3,007	-	51,429
Other operating expenses	1,191	1,792	276	3,259
Depreciation	452,379	19,327	4,264	475,970
Total operating expenses	1,339,371	336,978	77,341	1,753,690
Operating income (loss)	(295,988)	(22,743)	271,047	(47,684)
Nonoperating revenue (expenses):				
Interest income	2,778	-	-	2,778
Interest expense	(11,036)	-	-	(11,036)
Total nonoperating revenue (expenses)	(8,258)	-	-	(8,258)
Net income (loss) before transfers	(304,246)	(22,743)	271,047	(55,942)
Transfers:				
Transfer (to) from other funds	24,044	-	(282,000)	(257,956)
Total transfers	24,044	-	(282,000)	(257,956)
Net income (loss)	(280,202)	(22,743)	(10,953)	(313,898)
Total net position, beginning of year	10,003,243	964,675	325,903	11,293,821
Total net position, end of year	\$ 9,723,041	941,932	314,950	10,979,923

See accompanying notes to basic financial statements.

TOWN OF KENNEBUNKPORT, MAINE
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2014

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	\$ 1,039,590	318,713	360,991	1,719,294
Payments to suppliers	(385,452)	(247,524)	(30,438)	(663,414)
Payments to employees	(584,285)	(71,189)	(47,053)	(702,527)
Net cash provided by (used in) operating activities	69,853	-	283,500	353,353
Cash flows from non-capital financing activities:				
Transfers (to) from other funds	24,044	-	(282,000)	(257,956)
Net cash provided by (used in) non-capital financing activities	24,044	-	(282,000)	(257,956)
Cash flows from capital and related financing activities:				
Purchase of capital assets	(33,825)	-	-	(33,825)
Bond principal payments	(49,036)	-	-	(49,036)
Interest payments	(11,036)	-	-	(11,036)
Net cash provided by (used in) capital and related financing activities	(93,897)	-	-	(93,897)
Cash flows from investing activities:				
Sale of investments	(2,778)	-	-	(2,778)
Investment income	2,778	-	-	2,778
Net cash provided by (used in) investing activities	-	-	-	-
Increase (decrease) in cash	-	-	1,500	1,500
Cash, beginning of year	100	100	300	500
Cash, end of year	\$ 100	100	1,800	2,000
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (295,988)	(22,743)	271,047	(47,684)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	452,379	19,327	4,264	475,970
Change in operating assets and liabilities:				
(Increase) decrease in accounts receivable	(1,838)	4,478	12,603	15,243
(Increase) decrease in liens receivable	(1,955)	-	-	(1,955)
(Increase) decrease in inventory	-	(604)	-	(604)
(Increase) decrease in interfund receivables	(87,836)	(1,776)	(1,156)	(90,768)
Increase (decrease) in accounts payable	(1,140)	(32)	(3,685)	(4,857)
Increase (decrease) in accrued wages	3,406	1,226	427	5,059
Increase (decrease) in accrued interest	(195)	-	-	(195)
Increase (decrease) in accrued compensated absences	3,020	124	-	3,144
Net cash provided by (used in) operating activities	\$ 69,853	-	283,500	353,353

See accompanying notes to basic financial statements.

TOWN OF KENNEBUNKPORT, MAINE
Notes to Basic 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:

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position 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 and proprietary funds. 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 funds. 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 Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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 department 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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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 and U.S. agencies, repurchase agreements and certain corporate stocks and bonds.

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, 2014 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 \$10,000 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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Property, plant, and equipment of the primary government is depreciated using the straight-line method over the assets' estimated useful lives as shown in following table by asset type:

<u>Useful Life</u>	<u>Asset Type</u>
3-15 years	Vehicles, equipment, and furniture
20-30 years	Heavy firefighting vehicles
40-100 years	Buildings and infrastructure

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 vacation only is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Governmental Fund Fund Balance - Is reported in five classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which those funds can be spent. The five classifications of fund balance for the Governmental Funds are as follows:

- *Nonspendable* – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.
- *Restricted* – resources with constraints placed on the use of resources which are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or; b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – resources which are subject to limitations the government imposes on itself at its highest level of decision making authority, and that remain binding unless removed in the same manner.
- *Assigned* – resources that are constrained by the government's intent to be used for a specific purposes, but are neither restricted nor committed.
- *Unassigned* – resources which have not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

Generally, all unexpended budgetary accounts lapse at the close of the fiscal year except some on-going projects which may be assigned for subsequent year expenditures and some non-lapsing accounts, which are carried forward to the next fiscal year.

The responsibility for committing fund balance amounts rests with the voters and likewise would be required to modify or rescind those commitments. The Town Manager has been given the authority to assign fund balance amounts at the end of the fiscal year. The Town does not have a formal fund balance policy.

When both restricted and unrestricted resources are available for use, it is the Town's intent to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned and unassigned resources are available for use, it is the Town's intent to use committed or assigned resources first, and then unassigned resources as they are needed.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 position. Bond premiums and discounts, 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.

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.

Deferred inflows of resources - In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises under a modified accrual basis of accounting that qualifies for reporting in this category, unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Encumbrances - Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. For reporting under accounting principles generally accepted in the United States of America, encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

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

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Budgets are adopted for the General Fund only and are adopted using the budgetary basis of accounting, which includes encumbrances as expenditures. 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 assigned 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>
2014 budget as originally adopted	\$ 15,819,895	(16,621,651)	801,756
<u>Designated carryforward balances</u>	<u>-</u>	<u>(90,713)</u>	<u>90,713</u>
Totals	\$ 15,819,895	(16,712,364)	892,469

C. Excess of Expenditures over Appropriations

The following expenditures (at the warrant article level) were over appropriations:

	<u>Budget</u>	<u>Actual</u>	<u>Overage</u>
Within departments:			
Special enforcement	\$ 32,135	32,326	(191)
Highway department	704,796	715,348	(10,552)
Health and welfare – other services	30,805	31,715	(910)
General assistance donations	-	31,828	(31,828)
Capital:			
Road improvement	600,000	600,767	(767)
Highway vehicle	112,000	148,470	(36,470)
Sidewalk construction	50,000	73,998	(23,998)
Special project – S-Brook	100,000	385,977	(285,977)

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

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, 2014, the Town reported deposits of \$2,469,248 with a bank balance of \$2,699,054. Of the Town's bank balances of \$2,699,054, 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	\$ 2,467,248
Reported in proprietary funds	2,000
Total deposits	\$ 2,469,248

B. Investments

At June 30, 2014, the Town had the following investments and maturities:

	Fair value	Less than 1 year	1-5 years	More than 5 years
Certificates of deposits	\$ 5,667,189	-	5,667,189	-
Total investments	\$ 5,667,189	-	5,667,189	-

Investments have been reported as follows:

Reported in governmental funds	\$ 4,354,002
Reported in proprietary funds	1,313,187
Total investments	\$ 5,667,189

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.

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

CASH AND INVESTMENTS, CONTINUED

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 \$5,667,189 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.

PROPERTY TAX

Property taxes for the current period were committed on July 25, 2013, on the assessed value listed as of April 1, 2013, for all real and personal property located in the Town. Payment of taxes was due in equal installments on September 10, 2013 and March 10, 2014. Interest at the rate of 7% 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 2013 assessed value of \$1,860,358,340 was 100% of the estimated market value and 101.52% of the 2014 state valuation of \$1,832,450,000.

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 \$73,372 for the period ended June 30, 2014.

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 unavailable revenues.

The following summarizes the periods ended June 30, 2014 and 2013 levies:

	<u>2014</u>	<u>2013</u>
Assessed value	\$ 1,860,358,340	1,843,733,310
Tax rate (per \$1,000)	7.53	6.90
Commitment (includes Homestead)	14,008,498	12,721,759
Supplemental taxes assessed	-	569
	14,008,498	12,722,328
Less:		
Collections and abatements	13,817,018	12,576,283
Receivable at June 30	\$ 191,480	146,045
Collection rate	98.63%	98.85%

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

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance June 30, <u>2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2014</u>
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 417,785	12,495	-	430,280
Land	2,324,481	390,700	-	2,715,181
Total capital assets, not being depreciated	2,742,266	403,195	-	3,145,461
Capital assets, being depreciated:				
Land improvements	239,492	-	-	239,492
Buildings	1,876,443	-	-	1,876,443
Buildings improvements	642,512	-	-	642,512
Machinery and equipment	1,599,019	252,107	(205,987)	1,645,139
Furniture and fixtures	47,258	-	-	47,258
Vehicles	2,695,655	410,072	(17,256)	3,088,471
Infrastructure	5,969,564	1,031,728	-	7,001,292
Total capital assets, being depreciated	13,069,943	1,693,907	(223,243)	14,540,607
Less accumulated depreciation for:				
Land improvements	125,907	7,463	-	133,370
Buildings	731,557	42,192	-	773,749
Building improvements	222,030	26,017	-	248,047
Machinery and equipment	1,109,639	69,293	(164,731)	1,014,201
Furniture and fixtures	47,085	43	-	47,128
Vehicles	1,450,869	156,491	(17,256)	1,590,104
Infrastructure	2,493,118	126,429	-	2,619,547
Total accumulated depreciation	6,180,205	427,928	(181,987)	6,426,146
Total capital assets being depreciated, net	6,889,738	1,265,979	(41,256)	8,114,461
Governmental activities capital assets, net	\$ 9,632,004	1,669,174	(41,256)	11,259,922

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

CAPITAL ASSETS, CONTINUED

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
Business-type activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 10,025	-	-	10,025
Land	950,428	-	-	950,428
Total capital assets, not being depreciated	960,453	-	-	960,453
Capital assets, being depreciated:				
Land improvements	29,600	-	-	29,600
Buildings	4,936,200	-	-	4,936,200
Building improvements	3,234,174	-	-	3,234,174
Machinery and equipment	3,081,592	37,926	(6,000)	3,113,518
Infrastructure	7,798,239	-	-	7,798,239
Vehicles	112,653	-	(30,448)	82,205
Total capital assets, being depreciated	19,192,458	37,926	(36,448)	19,193,936
Less accumulated depreciation for:				
Land improvements	29,600	-	-	29,600
Buildings	2,708,883	97,849	-	2,806,732
Building improvements	829,283	93,474	-	922,757
Machinery and equipment	1,953,494	116,102	(5,877)	2,063,719
Infrastructure	4,491,421	168,436	-	4,659,857
Vehicles	75,676	4,089	(30,448)	49,317
Total accumulated depreciation	10,088,357	479,950	(36,325)	10,531,982
Total capital assets being depreciated, net	9,104,101	(442,024)	(123)	8,661,954
Business-type activities capital assets, net	\$ 10,064,554	(442,024)	(123)	9,622,407

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

Governmental activities:

General government	\$ 64,038
Public safety	160,702
Public works	190,942
Health and welfare	43
Recreation and culture	12,203

Total depreciation expense - governmental activities **\$ 427,928**

Business-type activities:

Sewer Department	\$ 456,358
Cape Porpoise Pier	19,327
Dock Square Parking Lot	4,265

Total depreciation expense - business-type activities **\$ 479,950**

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

INTERFUND LOAN BALANCES

Individual interfund loan receivable and payable balances at the year ended June 30, 2014 were as follows:

	Interfund loans <u>receivable</u>	Interfund loans <u>payable</u>
General Fund	\$ -	1,369,102
Proprietary funds:		
Sewer Department	222,271	-
Cape Porpoise Pier	35,951	-
Dock Square Parking Lot	204,534	-
Total proprietary funds	462,756	-
Nonmajor special revenue funds:		
Piers, Rivers & Harbors	261,837	-
350 th Anniversary	856	-
Revaluation	6,104	-
DEA Drug Forfeiture	106	-
Maine Drug Forfeiture	1,010	-
Total nonmajor special revenue funds	269,913	-
Nonmajor capital projects funds:		
General Capital Projects	36,672	-
Port Village Fire Station	522	-
Fire Apparatus	169,046	-
Highway Vehicles	4,132	-
Garage Roof	14,875	-
S Brook Drainage	-	48,963
Communications Building	89,740	-
Total nonmajor capital projects funds	314,987	48,963
Nonmajor permanent funds:		
Macomber Trust	-	4,591
Picavet Trust	375,000	-
Total nonmajor permanent funds	375,000	4,591
Total interfund loan receivables and payables	\$1,422,656	1,422,656

The purpose of interfund loans is to charge revenues and expenditures/expenses 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 Basic Financial Statements, Continued

INTERFUND TRANSFERS

Individual fund transfers for the year ended June 30, 2014 were as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ 616,551	266,044
Proprietary funds:		
Sewer Department	24,044	-
Dock Square Parking Lot	-	282,000
Total proprietary funds	24,044	282,000
Nonmajor special revenue funds:		
Piers, Rivers & Harbors	50,000	-
Total nonmajor special revenue funds	50,000	-
Nonmajor capital projects funds:		
Fire Apparatus	130,000	-
S Brook Drainage	-	285,031
Communications Building	50,000	-
Highway Vehicles	-	36,720
Total nonmajor capital projects funds	180,000	321,751
Nonmajor permanent funds:		
Macomber Trust	-	800
Total nonmajor permanent funds	-	800
Totals	\$ 870,595	870,595

Transfers are utilized to fund certain activities. Most are authorized as part of the General Fund budget process.

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2014 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
General obligation bonds	\$ 1,070,170	-	246,624	823,546	249,935
Capital leases	36,251	-	5,776	30,475	5,777
Compensated absences	138,411	115,488	101,907	151,992	96,311
Governmental activity long-term liabilities	\$ 1,244,832	115,488	354,307	1,006,013	352,023
Business-type activities:					
General obligations bonds	\$ 585,226	-	49,034	536,192	49,802
Compensated absences	26,741	99,455	96,311	29,885	26,840
Business-type activity long-term liabilities	\$ 611,967	99,455	145,345	566,077	76,642

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

LONG-TERM DEBT

Bonds payable and capital leases at June 30, 2014, are comprised of the following:

Bonds Payable

	<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 payable:					
Road bond	\$ 1,600,000	8/1/08	2018	4.24%	640,000
Salt/Sand Shed bond	796,000	9/28/05	2016	3.7-3.9%	183,546
Total governmental activities bonds payable					823,546
<u>Business-type activities:</u>					
Bonds payable:					
Sewer expansion bonds	\$ 1,000,000	11/13/03	2024	2.25%	536,192
Total business-type activities bonds payable					536,192
<u>Total governmental activities and business-type activities</u>					<u>\$ 1,359,738</u>

All governmental activities long-term debt service requirements are paid by the General Fund. Business-type debt is paid by the sewer 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. Gross amounts of equipment recorded under capital leases equal \$57,954.

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

Governmental Activities

	<u>Bonds</u>			<u>Capital Leases</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 249,935	29,243	279,178	\$ 5,777	817	6,594
2016	253,611	18,974	272,585	5,932	662	6,594
2017	160,000	10,459	170,459	6,091	503	6,594
2018	160,000	3,674	163,674	6,254	340	6,594
2019	-	-	-	6,421	172	6,594
Totals	\$ 823,546	62,350	885,896	\$ 30,475	2,494	32,969

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

LONG-TERM DEBT, CONTINUED

Business-type Activities

	<u>Principal</u>	<u>Bonds Interest</u>	<u>Total</u>
2015	\$ 49,802	9,924	59,726
2016	50,603	9,105	59,708
2017	51,443	8,222	59,665
2018	52,321	7,322	59,643
2019	53,240	6,219	59,459
2020-2024	278,783	17,199	295,982
<u>Totals</u>	<u>\$ 536,192</u>	<u>57,991</u>	<u>594,183</u>

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, 2014, the Town's outstanding debt did not exceed these limits.

Operating Leases

The Town leases buildings to provide facilities for the Fire Department. Total costs for the leases were \$39,462 for the year ended June 30, 2014. The future minimum lease payments for these leases are as follows:

<u>Year ending June 30,</u>	<u>Goose Rocks Beach Fire Co</u>	<u>Atlantic Volunteer Engine Co</u>	<u>Total</u>
2015	\$ 22,403	18,674	41,077
2016	23,075	19,234	42,309
<u>Total</u>	<u>\$ 45,478</u>	<u>37,908</u>	<u>83,386</u>

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, 2014</u>	<u>Percentage applicable to the Town</u>	<u>Town's proportionate share of debt</u>
York County	\$ 7,900,000	6.38%	504,020
RSU #21	15,676,172	38.05%	<u>5,966,087</u>
			6,470,107

The Town's proportionate share of the County and RSU #21 debt is paid through annual assessments by the respective units.

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

RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town either carries commercial insurance, 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, 2014. There have been no significant reductions in commercial insurance coverage from the prior year and no settlements have exceeded commercial insurance coverage in any of the past three years.

FUND BALANCE

The General Fund unassigned fund balance total of \$3,907,479 represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund.

As of June 30, 2014, other fund balance components consisted of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund:				
Reserved for inventory	\$ 10,139	-	-	-
Prepaid expenditures	5,070	-	-	-
Carryforward balances	-	-	674,381	-
Encumbrances	-	-	-	79,408
Total general fund	15,209	-	674,381	79,408
Other Governmental Funds:				
Special Revenue Funds:				
Piers, Rivers & Harbors	-	-	-	261,837
350 th Anniversary	-	-	-	856
Revaluation	-	-	-	6,104
DEA Drug Forfeiture	-	-	-	106
Maine DEA Drug Forfeiture	-	-	-	1,010
Capital Projects Funds:				
General Capital Projects	-	36,672	-	-
Port Village Fire	-	-	-	522
Fire Apparatus	-	-	169,046	-
Highway Vehicles	-	-	4,132	-
Garage Roof	-	-	14,875	-
S-Brook Drainage	-	-	53,160	-
Communications Building	-	-	89,740	-
Permanent Funds:				
Principal	1,063,206	-	-	-
Unexpended income:				
Kittredge Family Fire Equipment Fund	-	11,363	-	-
Macomber Trust	-	10,617	-	-
Total other governmental funds	1,063,206	58,652	330,953	270,435
Grand Totals	\$ 1,078,415	58,652	1,005,334	349,843

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

FUND BALANCE, CONTINUED

At June 30, 2014 and 2013, fund balances were committed to future periods as follows:

	<u>2014</u>	<u>2013</u>
General Fund:		
Bridge repairs	\$ 49,542	49,542
Street lights	5,000	5,000
Silas Perkins Park	364	3,154
Salt shed	21,899	21,899
Pier Road	1,518	1,518
Fire equipment	-	10,000
GA donations	23,556	9,498
Employee separation	26,006	11,006
Downtown projects	173	2,611
Cemetery	300	300
Voting equipment	8,666	10,000
Local Circuit Breaker Program	28,861	8,861
Recreation - capital	43,195	24,513
Parsons Way bench	2,622	2,622
Police donations	200	200
Sidewalk improvement	-	23,998
Communications	-	2,703
GA – heating account	6,432	13,831
Sip Sip No Condo	-	493
Coastal Healthy Communities grant	-	1,500
Legal	132,621	22,621
Admin- Employee retention	25,000	-
Fire building maintenance	20,000	-
School St land	266,633	-
Land acquisition	11,793	12,047
Total General Fund committed fund balance	\$674,381	237,917

Encumbrances at year end were \$79,408 for the General Fund, \$3,062 for the Special Revenue Fund – Revaluation, \$945 for the Capital Projects Fund – S Brook Drainage and \$23,945 for the Enterprise Fund – Sewer.

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.

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

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (Maine PERS), CONTINUED

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 12.8% of the special plan #2 members' covered payroll and 6.5% 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, 2014, (7.5%, less the credit for the monthly IUUAL credit = 6.5% of covered wages) 2013, and 2012 were \$168,732, \$154,847, and \$125,409, respectively, equal to the required contributions for each year.

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 POSITION

Net position represents the difference between assets and liabilities. Net investment in capital assets 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 position is 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 investment in capital assets was calculated as follows at June 30, 2014:

	<u>Governmental activities</u>	<u>Business-type activities</u>
Capital assets	\$ 17,686,068	20,154,389
Accumulated depreciation	(6,426,146)	(10,531,982)
Bonds payable	(823,546)	(536,192)
Capital leases	(30,475)	-
<u>Total net investment in capital assets</u>	<u>\$ 10,406,901</u>	<u>9,086,215</u>

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, 2014 and 2013

	2014	2013
ASSETS		
Cash and cash equivalents	\$ 2,447,408	1,920,244
Investments	3,658,765	4,154,556
Inventory	10,139	6,075
Receivables:		
Accounts, net of allowance	42,745	45,132
Due from other governments	37,667	31,496
Taxes receivable - current year	191,480	146,045
Taxes receivable - prior year	2,833	2,422
Tax liens receivable	49,534	30,180
Prepays	5,070	5,233
Total assets	\$ 6,445,641	6,341,383
LIABILITIES		
Accounts payable and payroll withholdings	129,505	114,880
Accrued wages	71,219	55,034
Other liabilities	51,639	276,963
Interfund loans payable	1,369,102	1,379,750
Total liabilities	1,621,465	1,826,627
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	147,699	102,700
Total deferred inflows of resources	147,699	102,700
FUND BALANCES		
Nonspendable	15,209	11,308
Committed	674,381	237,917
Assigned	79,408	112,290
Unassigned	3,907,479	4,050,541
Total fund balances	4,676,477	4,412,056
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,445,641	6,341,383

TOWN OF KENNEBUNKPORT, MAINE
General Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the year ended June 30, 2014

	2013 Carryforward balance	2014			Variance positive (negative)
		Original budget	Total available	Actual	
Revenues:					
Taxes:					
Property taxes	\$ -	14,008,498	14,008,498	14,008,501	3
Change in unavailable revenue	-	-	-	(44,999)	(44,999)
Excise taxes	-	763,500	763,500	846,486	82,986
Interest and costs on taxes	-	24,000	24,000	26,398	2,398
Total taxes	-	14,795,998	14,795,998	14,836,386	40,388
Intergovernmental:					
State Revenue Sharing	-	60,000	60,000	58,061	(1,939)
Homestead reimbursement	-	32,707	32,707	32,707	-
State road assistance	-	52,356	52,356	45,568	(6,788)
Tree growth	-	-	-	6,010	6,010
Snowmobile reimbursement	-	-	-	410	410
Veterans reimbursement	-	2,000	2,000	2,269	269
General assistance	-	3,000	3,000	1,059	(1,941)
BETE reimbursement	-	138	138	162	24
Wellness grant	-	1,360	1,360	1,075	(285)
Rachel Carson	-	4,000	4,000	3,992	(8)
COPS grant	-	38,185	38,185	35,816	(2,369)
RSU COPS share	-	31,000	31,000	35,725	4,725
Miscellaneous	-	-	-	4,069	4,069
Total intergovernmental	-	224,746	224,746	226,923	2,177
Licenses and permits:					
Town clerk fees	-	7,000	7,000	9,677	2,677
Plumbing fees	-	10,000	10,000	20,117	10,117
Building permits	-	149,060	149,060	189,596	40,536
Liquor license	-	2,800	2,800	3,600	800
Victualers license	-	3,000	3,000	3,250	250
Shellfish license	-	4,800	4,800	630	(4,170)
Total licenses and permits	-	176,660	176,660	226,870	50,210

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

	2013 Carryforward balance	2014		Variance positive (negative)
		Original Budget	Total available	
Revenues, continued:				
Charges for services:				
Dogs fees	\$ -	3,350	3,350	4,104 754
Agent fees	-	11,500	11,500	11,253 (247)
Land use ordinance	-	300	300	75 (225)
Planning board/appeals board	-	10,800	10,800	17,609 6,809
Passport fees	-	2,250	2,250	800 (1,450)
Parking tickets	-	30,000	30,000	43,617 13,617
Police other	-	5,000	5,000	13,324 8,324
Goose Rocks	-	90,000	90,000	114,210 24,210
Nurses fees	-	2,500	2,500	3,967 1,467
Parks and recreation revenue	-	170,000	170,000	176,718 6,718
Dump/metal	-	-	-	17 17
Total charges for services	-	325,700	325,700	385,694 59,994
Investment income	-	40,000	40,000	24,335 (15,665)
Other revenues:				
Donations	-	-	-	38,488 38,488
Maine PERS credit	-	227,291	227,291	168,732 (58,559)
Recreation	-	2,000	2,000	1,604 (396)
Conservation	-	10,000	10,000	10,000 -
Miscellaneous	-	17,500	17,500	19,842 2,342
Total other revenues	-	256,791	256,791	238,666 (18,125)
Total revenues	-	15,819,895	15,819,895	15,938,874 118,979

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

	2013 Carryforward balance	2014			Variance positive (negative)
		Original budget	Total available	Actual	
Expenditures:					
Current:					
General government:					
Administration	\$ -	768,938	768,938	743,424	25,514
Assessing	-	95,458	95,458	88,517	6,941
Code enforcement	-	176,869	176,869	159,016	17,853
Planning	-	44,667	44,667	44,667	-
Boards and committees	-	1,750	1,750	1,653	97
Growth planning	-	6,450	6,450	3,546	2,904
Legal fees	-	235,000	235,000	122,531	112,469
Insurance	-	138,284	138,284	118,733	19,551
Community development	-	23,987	23,987	20,722	3,265
Total general government	-	1,491,403	1,491,403	1,302,809	188,594
Public safety:					
Police department	-	1,377,553	1,377,553	1,286,289	91,264
Communications	-	400,602	400,602	367,036	33,566
Fire department	-	377,333	377,333	333,036	44,297
KEMS	-	125,000	125,000	125,000	-
EMA	-	750	750	116	634
Special enforcement	-	32,135	32,135	32,326	(191)
Total public safety	-	2,313,373	2,313,373	2,143,803	169,570
Public works:					
Highway department	-	704,796	704,796	715,348	(10,552)
Mechanic	-	107,145	107,145	47,877	59,268
Utilities	-	162,296	162,296	161,231	1,065
Conservation	-	32,538	32,538	23,006	9,532
Cemetery	-	13,966	13,966	10,479	3,487
Total public works	-	1,020,741	1,020,741	957,941	62,800

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

	2013 Carryforward balance	2014			Variance positive (negative)
		Original budget	Total available	Actual	
Expenditures, continued					
Current, continued:					
Health and welfare:					
Solid waste	\$ -	445,415	445,415	425,034	20,381
Health & welfare	-	164,770	164,770	152,224	12,546
Welfare	-	6,200	6,200	2,456	3,744
Social services	-	23,900	23,900	23,900	-
Other services	-	30,805	30,805	31,715	(910)
General assistance donations	-	-	-	31,828	(31,828)
Total health and welfare	-	671,090	671,090	667,157	3,933
Recreation and culture:					
Recreation	-	314,996	314,996	305,744	9,252
Graves library	-	113,000	113,000	113,000	-
Cape Porpoise	-	11,175	11,175	11,175	-
Parsons Way	-	3,000	3,000	2,890	110
Goose Rocks Beach Committee	-	126,000	126,000	25,017	100,983
Total recreation and culture	-	568,171	568,171	457,826	110,345
Debt service:					
Principal	-	246,624	246,624	246,624	-
Interest	-	39,471	39,471	39,471	-
Total debt service	-	286,095	286,095	286,095	-
Unclassified:					
Circuit breaker	-	20,000	20,000	-	20,000
Contingency	-	55,000	55,000	19,447	35,553
Miscellaneous agencies	-	10,065	10,065	5,952	4,113
Land purchase	-	400,000	400,000	133,367	266,633
Overlay/abatements	-	73,372	73,372	14,615	58,757
Total unclassified	-	558,437	558,437	173,381	385,056
County tax	-	1,098,632	1,098,632	1,098,632	-
Education	-	7,521,509	7,521,509	7,521,509	-

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

		2014				
	2013				Variance	
	Carryforward	Original	Total	Actual	positive	
	balance	budget	available		(negative)	
Expenditures, continued:						
Capital improvements and reserves:						
Capital outlay:						
Administration	\$ -	27,000	27,000	27,000	-	
Police	-	40,500	40,500	39,840	660	
Communications	-	50,000	50,000	-	50,000	
Fire	-	72,700	72,700	61,073	11,627	
Road improvement	-	600,000	600,000	600,767	(767)	
Highway vehicles	-	112,000	112,000	148,470	(36,470)	
Sidewalk construction	-	50,000	50,000	73,998	(23,998)	
Recreation	-	25,000	25,000	5,580	19,420	
Special project-S Brook	-	100,000	100,000	385,977	(285,977)	
CEO/Planning	-	15,000	15,000	15,000	-	
Committed:						
Downtown projects	2,611	-	2,611	2,438	173	
Land acquisition	12,047	-	12,047	254	11,793	
Fire equipment	10,000	-	10,000	10,000	-	
Communications	2,703	-	2,703	2,703	-	
Coastal Healthy Communities	1,500	-	1,500	1,500	-	
Recreation capital	24,513	-	24,513	737	23,776	
Sidewalk improvement	23,998	-	23,998	-	23,998	
Silas Perkins	3,341	-	3,341	2,977	364	
Voting equipment	10,000	-	10,000	1,334	8,666	
Total capital improvements and reserves	90,713	1,092,200	1,182,913	1,379,648	(196,735)	
Total expenditures	90,713	16,621,651	16,712,364	15,988,801	723,563	
Excess (deficiency) of revenues over						
(under) expenditures	(90,713)	(801,756)	(892,469)	(49,927)	842,542	

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

		2013	2014			Variance
		Carryforward balance	Original budget	Total available	Actual	positive (negative)
Other financing sources (uses):						
Transfers to other funds:						
Fire apparatus	\$	-	(130,000)	(130,000)	(130,000)	-
Communications building		-	-	-	(50,000)	(50,000)
Piers		-	(50,000)	(50,000)	(50,000)	-
Sewer debt (principal & interest)		-	(36,044)	(36,044)	(36,044)	-
Transfers from other funds:						
Dock Square parking lot		-	210,000	210,000	200,000	(10,000)
Dock Square restrooms		-	22,000	22,000	22,000	-
Dock Square loader		-	60,000	60,000	60,000	-
Sewer		-	25,000	25,000	12,000	(13,000)
Macomber		-	800	800	800	-
S Brook drainage		-	-	-	285,031	285,031
Highway vehicle		-	-	-	36,720	36,720
Utilization of unassigned fund balance		-	700,000	700,000	-	(700,000)
Utilization of committed fund balance		90,713	-	90,713	-	(90,713)
Total other financing sources (uses)		90,713	801,756	892,469	350,507	(541,962)
Net change in fund balance - budgetary basis		-	-	-	300,580	300,580
Reconciliation in fund balance - budgetary basis:						
Change in encumbrance balance					(36,159)	
Net change in fund balance - GAAP basis					264,421	
Fund balance, beginning of year					4,412,056	
Fund balance, end of year	\$				4,676,477	

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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, 2014

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	-	19,840	19,840
Investments	-	-	695,237	695,237
Accounts receivable	-	108,021	-	108,021
Interfund loans receivable	269,913	314,987	375,000	959,900
Total assets	\$ 269,913	423,008	1,090,077	1,782,998
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	-	5,898	300	6,198
Interfund loans payable	-	48,963	4,591	53,554
Total liabilities	-	54,861	4,891	59,752
Fund balances:				
Nonspendable	-	-	1,063,206	1,063,206
Restricted	-	36,672	21,980	58,652
Committed	-	330,953	-	330,953
Assigned	269,913	522	-	270,435
Total fund balances	269,913	368,147	1,085,186	1,723,246
Total liabilities and fund balances	\$ 269,913	423,008	1,090,077	1,782,998

TOWN OF KENNEBUNKPORT, MAINE
All Other Governmental Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2014

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
Revenues:				
Contributions	\$ -	-	375,120	375,120
Other	260	117,843	6,138	124,241
Investment income	-	-	6,091	6,091
Total revenues	260	117,843	387,349	505,452
Expenditures:				
Current:				
Services	4,381	-	-	4,381
Other	-	394,138	16,168	410,306
Total expenditures	4,381	394,138	16,168	414,687
Excess (deficiency) of revenues over (under) expenditures	(4,121)	(276,295)	371,181	90,765
Other financing sources (uses):				
Transfer from other funds	50,000	180,000	-	230,000
Transfer to other funds	-	(321,751)	(800)	(322,551)
Total other financing sources (uses)	50,000	(141,751)	(800)	(92,551)
Net change in fund balances	45,879	(418,046)	370,381	(1,786)
Fund balances, beginning of year	224,034	786,193	714,805	1,725,032
Fund balances, end of year	\$ 269,913	368,147	1,085,186	1,723,246

NONMAJOR SPECIAL REVENUE FUNDS

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TOWN OF KENNEBUNKPORT, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2014

	Piers, Rivers & Harbors	350th Anniversary	Revaluation	DEA Drug Forfeiture	Maine Drug Forfeiture	Totals
ASSETS						
Interfund loans receivable	\$ 261,837	856	6,104	106	1,010	269,913
Total assets	\$ 261,837	856	6,104	106	1,010	269,913
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-
Fund balances:						
Assigned	261,837	856	6,104	106	1,010	269,913
Total fund balances	261,837	856	6,104	106	1,010	269,913
Total liabilities and fund balances	\$ 261,837	856	6,104	106	1,010	269,913

TOWN OF KENNEBUNKPORT, MAINE
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2014

	Piers, Rivers & Harbors	350th Anniversary	Revaluation	DEA Drug Forfeiture	Maine Drug Forfeiture	Totals
Revenues:						
Other	\$ -	200	-	-	60	260
Total revenues	-	200	-	-	60	260
Expenditures:						
Current:						
Services	992	2,999	-	390	-	4,381
Total expenditures	992	2,999	-	390	-	4,381
Excess (deficiency) of revenues over (under) expenditures	(992)	(2,799)	-	(390)	60	(4,121)
Other financing sources (uses):						
Transfer from other funds	50,000	-	-	-	-	50,000
Total other financing sources (uses)	50,000	-	-	-	-	50,000
Net change in fund balances	49,008	(2,799)	-	(390)	60	45,879
Fund balances, beginning of year	212,829	3,655	6,104	496	950	224,034
Fund balances, end of year	\$ 261,837	856	6,104	106	1,010	269,913

NONMAJOR CAPITAL PROJECTS FUNDS

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TOWN OF KENNEBUNKPORT, MAINE
Nonmajor Capital Projects Funds
Combining Balance Sheet
June 30, 2014

		General Capital Projects	Port Village Fire Station	Fire Apparatus	Highway Vehicles	Garage Roof	S Brook Drainage	Communications Building	Totals
ASSETS									
Accounts receivable	\$	-	-	-	-	-	108,021	-	108,021
Interfund loans receivable		36,672	522	169,046	4,132	14,875	-	89,740	314,987
Total assets	\$	36,672	522	169,046	4,132	14,875	108,021	89,740	423,008
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable		-	-	-	-	-	5,898	-	5,898
Interfund loans payable		-	-	-	-	-	48,963	-	48,963
Total liabilities		-	-	-	-	-	54,861	-	54,861
Fund balances:									
Restricted		36,672	-	-	-	-	-	-	36,672
Committed		-	-	169,046	4,132	14,875	53,160	89,740	330,953
Assigned		-	522	-	-	-	-	-	522
Total fund balances		36,672	522	169,046	4,132	14,875	53,160	89,740	368,147
Total liabilities and fund balances	\$	36,672	522	169,046	4,132	14,875	108,021	89,740	423,008

TOWN OF KENNEBUNKPORT, MAINE
Nonmajor Capital Projects Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2014

	General Capital Projects	Port Village Fire Station	Fire Apparatus	Highway Vehicle	Garage Roof	S Brook Drainage	Communications Building	Totals
Revenues:								
Miscellaneous	\$ -	-	-	-	-	117,843	-	117,843
Total revenues	-	-	-	-	-	117,843	-	117,843
Expenditures:								
Capital outlay	-	730	380,954	-	12,454	-	-	394,138
Total expenditures	-	730	380,954	-	12,454	-	-	394,138
Excess (deficiency) of revenues over (under) expenditures	-	(730)	(380,954)	-	(12,454)	117,843	-	(276,295)
Other financing sources (uses):								
Transfer from other funds	-	-	130,000	-	-	-	50,000	180,000
Transfer to other funds	-	-	-	(36,720)	-	(285,031)	-	(321,751)
Total other financing sources (uses)	-	-	130,000	(36,720)	-	(285,031)	50,000	(141,751)
Net change in fund balances	-	(730)	(250,954)	(36,720)	(12,454)	(167,188)	50,000	(418,046)
Fund balances, beginning of year	36,672	1,252	420,000	40,852	27,329	220,348	39,740	786,193
Fund balances, end of year	\$ 36,672	522	169,046	4,132	14,875	53,160	89,740	368,147

NONMAJOR PERMANENT FUNDS

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TOWN OF KENNEBUNKPORT, MAINE
Nonmajor Permanent Funds
Combining Balance Sheet
June 30, 2014

	Kittredge Family Fire Equip. Fund	Macomber Trust	Picavet Trust	Totals
ASSETS				
Cash and cash equivalents	\$ 4,332	15,508	-	19,840
Investments	695,237	-	-	695,237
Interfund loans receivable	-	-	375,000	375,000
Total assets	\$ 699,569	15,508	375,000	1,090,077
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	-	300	-	300
Interfund loans payable	-	4,591	-	4,591
Total liabilities	-	4,891	-	4,891
Fund balances:				
Nonspendable	688,206	-	375,000	1,063,206
Restricted	11,363	10,617	-	21,980
Total fund balances	699,569	10,617	375,000	1,085,186
Total liabilities and fund balances	\$ 699,569	15,508	375,000	1,090,077

TOWN OF KENNEBUNKPORT, MAINE
Nonmajor Permanent Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2014

	Kittredge Family Fire Equip. Fund	Macomber Trust	Picavet Trust	Totals
Revenues:				
Investment income	\$ 6,058	33	-	6,091
Contributions	-	120	375,000	375,120
Other	-	6,138	-	6,138
Total revenues	6,058	6,291	375,000	387,349
Expenditures:				
Village Fire Company	3,637	-	-	3,637
Goose Rocks	2,425	-	-	2,425
Wildwood Fire	1,617	-	-	1,617
Cape Porpoise	2,425	-	-	2,425
Other	-	6,064	-	6,064
Total expenditures	10,104	6,064	-	16,168
Excess (deficiency) of revenues over (under) expenditures	(4,046)	227	375,000	371,181
Other financing sources (uses):				
Transfer to other funds	-	(800)	-	(800)
Total other financing sources (uses)	-	(800)	-	(800)
Net change in fund balances	(4,046)	(573)	375,000	370,381
Fund balances, beginning of year	703,615	11,190	-	714,805
Fund balances, end of year	\$ 699,569	10,617	375,000	1,085,186

STATISTICAL SECTION

This part of the Town of Kennebunkport's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	77-82
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	83-86
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.	87-90
Demographic and Economic Information These schedule contain information to help the reader understand the environment within which the government's financial activities take place.	91-92
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report related to the services the government provides and the activities its performs.	93-95

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Table 1

TOWN OF KENNEBUNKPORT, MAINE
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental activities										
Net investment in capital assets	\$ 10,406,901	\$ 8,525,583	\$ 7,635,751	\$ 7,201,659	\$ 7,050,126	\$ 7,054,872	\$ 7,222,584	\$ 8,637,838	\$ 8,414,196	\$ 6,558,600
Restricted	1,121,858	63,271	-	-	-	1,862,131	2,366,569	1,983,872	2,025,510	1,741,104
Unrestricted	5,269,241	6,033,674	5,820,492	5,950,155	5,857,101	4,003,339	3,511,995	3,830,108	3,660,968	3,560,238
Total governmental activities net position	\$ 16,798,000	\$ 14,622,528	\$ 13,456,243	\$ 13,151,814	\$ 12,907,227	\$ 12,920,342	\$ 13,101,148	\$ 14,451,818	\$ 14,100,674	\$ 11,859,942
Business-type activities										
Net investment in capital assets	\$ 9,086,215	\$ 9,479,328	\$ 9,735,337	\$ 9,739,191	\$ 8,089,806	\$ 8,303,078	\$ 8,336,157	\$ 8,232,673	\$ 8,428,634	\$ 8,396,479
Restricted	-	-	-	-	-	-	-	15,000	-	-
Unrestricted	1,893,708	1,814,493	1,724,121	1,858,758	3,555,581	3,369,535	3,389,399	3,301,650	3,126,443	2,289,157
Total business-type activities net position	\$ 10,979,923	\$ 11,293,821	\$ 11,459,458	\$ 11,597,949	\$ 11,645,387	\$ 11,672,613	\$ 11,725,556	\$ 11,549,323	\$ 11,555,077	\$ 10,685,636
Primary Government										
Net investment in capital assets	\$ 19,493,116	\$ 18,004,911	\$ 17,371,088	\$ 16,940,850	\$ 15,139,932	\$ 15,357,950	\$ 15,558,741	\$ 16,870,511	\$ 16,842,830	\$ 14,955,079
Restricted	1,121,858	63,271	-	-	-	1,862,131	2,366,569	1,998,872	2,025,510	1,741,104
Unrestricted	7,162,949	7,848,167	7,544,613	7,808,913	9,412,682	7,372,874	6,901,394	7,131,758	6,787,411	5,849,395
Total primary government net position	\$ 27,777,923	\$ 25,916,349	\$ 24,915,701	\$ 24,749,763	\$ 24,552,614	\$ 24,592,955	\$ 24,826,704	\$ 26,001,141	\$ 25,655,751	\$ 22,545,578

Table 2

TOWN OF KENNEBUNKPORT, MAINE
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses										
Governmental Activities:										
General government	\$ 978,110	\$ 1,519,159	\$ 1,472,065	\$ 1,444,313	\$ 1,206,052	\$ 1,110,339	\$ 1,169,086	\$ 859,138	\$ 1,063,712	\$ 1,015,187
Public safety	2,426,584	2,033,767	2,197,301	2,164,400	2,026,344	1,989,426	1,812,920	1,670,564	1,615,419	1,529,902
Public works	1,139,185	234,112	451,582	1,038,587	1,027,429	1,144,346	357,981	858,086	(206,146)	675,737
Health and welfare	666,919	664,135	663,494	625,338	644,745	601,034	574,822	574,896	519,187	540,729
Recreation and culture	492,139	417,031	433,953	442,834	397,389	370,438	372,782	332,066	311,713	326,859
Grants (a)	-	2,000	1,300	41,464	-	-	-	-	-	-
Education	7,521,509	6,677,507	6,107,804	6,260,773	6,618,663	6,766,103	6,944,899	7,225,123	7,593,771	8,282,868
County tax	1,098,632	975,744	1,015,041	975,559	853,785	860,180	808,784	749,856	759,218	729,252
Outside agencies (b)	-	-	-	-	-	14,845	14,806	5,970	5,850	6,100
Unclassified	174,881	435,612	447,213	90,131	152,085	40,426	22,754	35,847	31,703	10,000
Unallocated depreciation (c)	-	-	-	-	-	38,044	35,115	29,925	29,099	287,357
Loss on disposal of assets	-	9,261	108,006	10,661	470,770	-	-	-	-	-
Interest on debt service	32,594	42,842	53,092	6,134	81,091	81,716	26,648	30,910	18,094	14,094
Capital maintenance expenses	-	675,434	367,945	44,853	(70,408)	699,958	746,622	411,228	96,455	147,210
Special projects	-	-	-	-	-	265,351	99,160	312,247	76,126	162,837
Total Governmental Activities	14,530,553	13,686,604	13,318,796	13,145,047	13,407,945	13,982,206	12,986,379	13,095,856	11,914,201	13,728,132
Business-type Activities:										
Sewer	1,350,407	1,308,439	1,241,477	1,201,108	1,234,580	1,237,022	1,173,956	1,173,234	1,025,906	967,428
Cape Porpoise Pier	336,978	363,784	395,556	324,965	277,219	240,403	327,405	263,973	262,116	219,258
Dock Square Parking Lot	77,341	61,426	74,254	61,348	49,887	49,767	52,835	45,054	44,710	351,598
Total Business-type Activities	1,764,726	1,733,649	1,711,287	1,587,421	1,561,686	1,527,192	1,554,196	1,482,261	1,332,732	1,538,284
Total Expenses	\$ 16,295,279	\$ 15,420,253	\$ 15,030,083	\$ 14,732,468	\$ 14,969,631	\$ 15,509,398	\$ 14,540,575	\$ 14,578,117	\$ 13,246,933	\$ 15,266,416
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	\$ 33,841	\$ 182,336	\$ 197,129	\$ 168,138	\$ 146,981	\$ 147,265	\$ 164,883	\$ 276,306	\$ 186,293	\$ 188,462
Public safety	56,941	54,812	32,412	43,063	39,979	28,925	28,692	37,659	99,802	35,501
Public works	-	-	-	-	-	-	-	100	-	-
Health and welfare	3,984	3,466	1,663	7,224	10,428	5,945	8,751	7,595	-	-
Recreation and culture	178,322	171,270	163,595	163,854	162,942	160,092	159,596	134,567	123,613	127,567
Solid Waste	-	56	22	6	-	-	-	-	-	-
Unclassified	124,210	279,491	242,612	199,355	168,350	9,247	10,500	59,194	-	-
Operating grants and contributions	133,314	140,758	143,663	138,557	112,671	52,356	52,356	52,356	60,283	187,059
Capital grants and contributions	-	21,098	14,421	15,745	34,027	-	-	-	-	101,650
Total Governmental Activities	530,612	853,287	795,517	735,942	675,378	403,830	424,778	567,777	469,991	640,239
Business-type Activities:										
Charges for services:										
Sewer	1,035,261	1,025,064	1,010,152	958,187	1,029,649	952,409	959,204	1,045,943	1,578,555	841,428
Cape Porpoise Pier	314,235	329,444	364,236	306,390	259,889	301,274	282,311	235,926	247,164	-
Dock Square Parking Lot	347,888	342,873	326,100	320,297	312,230	302,620	291,981	277,382	281,009	291,332
Total Business-type Activities	1,697,384	1,697,381	1,700,488	1,584,874	1,601,768	1,556,303	1,533,496	1,559,251	2,106,728	1,132,760
Total Program Revenues	\$ 2,227,996	\$ 2,550,668	\$ 2,496,005	\$ 2,320,816	\$ 2,277,146	\$ 1,960,133	\$ 1,958,274	\$ 2,127,028	\$ 2,576,719	\$ 1,772,999

(a) Prior to 2011, grants were classified within the corresponding function

(b) In 2010 and beyond the Outside Agencies are combined with Unclassified

(c) In 2010 and beyond, Unallocated depreciation is allocated by function

Table 2, Continued

TOWN OF KENNEBUNKPORT, MAINE
Changes in Net Position (continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Net (Expense)/Revenue:										
Governmental Activities	\$ (13,999,941)	\$ (12,833,317)	\$ (12,523,279)	\$ (12,409,105)	\$ (12,732,567)	\$ (13,578,376)	\$ (12,561,601)	\$ (12,528,079)	\$ (11,444,209)	\$ (13,087,893)
Business-type Activities	(67,342)	(36,268)	(10,799)	(2,547)	40,082	29,111	(20,700)	76,990	773,996	(405,524)
Total Net Expense	\$ (14,067,283)	\$ (12,869,585)	\$ (12,534,078)	\$ (12,411,652)	\$ (12,692,485)	\$ (13,549,265)	\$ (12,582,301)	\$ (12,451,089)	\$ (10,670,213)	\$ (13,493,417)
General Revenues										
Governmental activities:										
Property taxes, general purposes	\$ 14,008,501	\$ 12,722,329	\$ 11,584,210	\$ 11,516,613	\$ 11,447,762	\$ 11,592,045	\$ 11,357,674	\$ 11,174,635	\$ 11,281,162	\$ 11,794,294
Interest and costs on taxes (d)	26,398	25,491	28,572	34,827	30,014	-	-	-	-	-
Motor vehicle excise tax	846,486	803,924	804,186	779,097	811,325	838,937	846,462	901,323	875,074	864,628
Licenses and permits	226,870	-	-	-	-	-	-	-	-	-
Grants and contr. not restricted (b)						355,120	233,085	223,791	268,112	287,635
Homestead exemption	32,869	31,109	29,282	30,285	39,273	-	-	-	-	-
State Revenue Sharing	58,061	92,272	104,511	107,786	124,884	-	-	-	-	-
Maine PERS	168,732	-	-	-	-	-	-	-	-	-
Veterans reimbursement	2,269	2,167	2,300	2,082	2,447	-	-	-	-	-
Snowmobile reimbursement	410	298	549	536	576	-	-	-	-	-
Unrestricted investment earnings	30,426	46,214	60,800	80,260	113,493	167,926	233,373	273,078	190,722	81,081
Miscellaneous (e)	557,691	132,701	53,763	34,743	25,287	263,557	395,803	229,510	190,461	144,074
Gain/Loss on sale of assets	(41,256)	-	-	-	-	-	-	-	-	-
Special item (a)	-	-	-	-	50,210	-	-	-	796,000	-
Transfers in/out	257,956	143,097	159,535	124,462	124,391	163,701	28,648	76,886	83,409	117,836
Total general revenues, transfers and special items	16,175,413	13,999,602	12,827,708	12,710,691	12,769,662	13,381,286	13,095,045	12,879,223	13,684,940	13,289,548
Business-type Activities:										
Unrestricted investment earnings	2,778	7,228	12,419	37,152	54,123	94,068	150,256	165,068	130,872	66,047
Miscellaneous	8,622	6,500	19,425	11,043	2,960	18,266	8,916	44,280	24,329	208,274
Special item	-	-	-	-	(50,210)	-	54,249	15,736	23,653	-
Transfers in/out	(257,956)	(143,097)	(159,535)	(124,462)	(124,391)	(163,701)	(28,648)	(76,886)	(83,409)	96,329
Total Business-type Activities	(246,556)	(129,369)	(127,691)	(76,267)	(117,518)	(51,367)	184,773	148,198	95,445	370,650
Total primary government	\$ 15,928,857	\$ 13,870,233	\$ 12,700,017	\$ 12,634,424	\$ 12,652,144	\$ 13,329,919	\$ 13,279,818	\$ 13,027,421	\$ 13,780,385	\$ 13,660,198
Change in Net Position										
Governmental Activities	\$ 2,175,472	\$ 1,166,285	\$ 304,429	\$ 301,586	\$ 37,095	\$ (197,090)	\$ 533,444	\$ 351,144	\$ 2,240,731	\$ 201,655
Business-type Activities	(313,898)	(165,637)	(138,490)	(78,814)	(77,436)	(22,256)	164,073	225,188	869,441	(34,874)
Total Change in Net Position	1,861,574	1,000,648	165,939	222,772	(40,341)	(219,346)	697,517	576,332	3,110,172	166,781
Restatement of Net Position										
Governmental Activities (c)	-	-	-	-	-	-	(1,871,953)	-	-	-
Business-type Activities	-	-	-	-	-	-	-	(230,942)	-	-
Total adjusted Net Position	\$ -	\$ 1,000,648	\$ 165,939	\$ 222,772	\$ (40,341)	\$ (219,346)	\$ (1,174,436)	\$ 345,390	\$ 3,110,172	\$ 166,781

(a) 2010 - transfers of capital assets and In 2006 BAN

(b) Prior to 2010, the grants and contributions not restricted were all combined

(c) to reflect prior year adjustment for accumulated depreciation on fixed assets

(d) Prior to 2010, interest and costs on taxes were combined with the Property taxes, levied for general purposes

(e) includes a new permanent fund in FY 14

Table 3

TOWN OF KENNEBUNKPORT, MAINE Fund Balances of Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting)										
	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund										
Nonspendable	\$ 15,209	\$ 11,308	\$ 10,753	\$ 7,628	\$ 7,202	\$ 3,630	\$ 8,207	\$ 7,076	\$ -	\$ -
Committed	674,381	237,917	181,630	220,324	154,534	253,619	204,659	188,532	303,453	130,686
Assigned	79,408	112,290	-	-	-	-	-	-	-	-
Unassigned	3,907,479	4,050,541	3,833,702	4,207,006	4,199,792	3,784,866	3,569,698	3,976,083	3,689,477	3,564,823
Total general fund	<u>\$ 4,676,477</u>	<u>\$ 4,412,056</u>	<u>\$ 4,026,085</u>	<u>\$ 4,434,958</u>	<u>\$ 4,361,528</u>	<u>\$ 4,042,115</u>	<u>\$ 3,782,564</u>	<u>\$ 4,171,691</u>	<u>\$ 3,992,930</u>	<u>\$ 3,695,509</u>
All other governmental funds										
Nonspendable	\$ 1,063,206	\$ 688,206	\$ 688,206	\$ 688,206	\$ 688,206	\$ 688,206	\$ 688,206	\$ 688,206	\$ 688,206	\$ 688,206
Restricted	58,652	63,271	105,117	427,075	601,465	960,763	1,067,201	949,866	884,318	831,180
Committed	330,953	748,269	887,747	260,000	120,000	-	-	-	-	-
Assigned	270,435	225,286	178,414	168,215	109,193	213,162	401,967	37,931	149,533	91,032
Total all other governments	<u>\$ 1,723,246</u>	<u>\$ 1,725,032</u>	<u>\$ 1,859,484</u>	<u>\$ 1,543,496</u>	<u>\$ 1,518,864</u>	<u>\$ 1,862,131</u>	<u>\$ 2,157,374</u>	<u>\$ 1,676,003</u>	<u>\$ 1,722,057</u>	<u>\$ 1,610,418</u>

Beginning with the year ended June 30, 2011, the Town reported governmental fund balances in accordance with the categories defined in GASB Statement No. 54. Prior years have been restated to reflect the GASB 54 categorization.

TOWN OF KENNEBUNKPORT, MAINE
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues										
Taxes	\$ 14,836,386	\$ 13,542,910	\$ 12,465,866	\$ 12,347,796	\$ 12,264,718	\$ 12,396,494	\$ 12,234,108	\$ 12,079,534	\$ 12,168,047	\$ 12,740,340
Intergovernmental	226,923	287,702	294,726	294,991	308,074	407,476	285,441	276,147	328,395	450,474
Licenses and permits (a)	226,870	152,683	151,761	133,588	120,040	-	-	-	-	-
Charges for services	385,694	368,756	348,761	333,283	317,382	351,474	372,422	515,421	409,708	449,801
Investment income (b)	30,426	46,214	60,800	80,260	113,493	135,887	199,380	240,486	167,127	-
Other (d)	738,027	302,693	190,674	149,512	122,349	295,595	429,796	262,102	214,056	252,754
Total Revenues	16,444,326	14,700,958	13,512,588	13,339,430	13,246,056	13,586,926	13,521,147	13,373,690	13,287,333	13,893,369
Expenditures										
Current:										
General government	\$ 1,303,593	\$ 1,488,566	\$ 1,426,088	\$ 1,412,743	\$ 1,144,321	\$ 1,171,511	\$ 1,139,016	\$ 1,084,555	\$ 1,048,528	\$ 1,032,900
Public safety	2,172,603	2,038,277	2,071,128	1,966,710	1,828,017	1,889,403	1,765,485	1,706,098	1,601,869	1,549,555
Public works	960,209	951,950	891,669	897,794	830,743	832,232	817,655	756,379	707,250	711,066
Health and welfare	665,382	662,648	678,251	635,347	644,098	600,387	573,965	574,896	519,187	552,159
Recreation and culture	462,452	422,310	437,643	427,285	386,038	382,568	367,772	333,176	317,113	326,859
Grants	-	2,000	1,300	41,464	18,129	22,363	-	-	14,292	-
Education	7,521,509	6,677,507	6,107,804	6,260,773	6,618,663	6,766,103	6,944,899	7,225,123	7,593,771	8,282,868
County tax	1,098,632	975,744	1,015,041	975,559	853,785	860,180	808,784	749,856	759,218	729,252
Unclassified	585,187	435,612	447,213	65,202	466,396	39,788	37,560	41,817	82,418	16,100
Debt service										
Principal	246,624	243,436	240,266	237,403	234,928	232,442	95,850	91,584	23,362	25,304
Interest	39,471	49,527	59,503	69,326	79,074	81,716	26,648	30,910	18,094	14,094
Capital Improvement and reserves	1,383,985	675,434	389,102	376,225	239,899	1,807,668	879,917	723,475	1,072,581	1,217,159
Total Expenditures	16,439,647	14,623,011	13,765,008	13,365,831	13,344,091	14,686,361	13,457,551	13,317,869	13,757,683	14,457,316
Excess (Deficiency) of Revenues over Expenditures	4,679	77,947	(252,420)	(26,401)	(98,035)	(1,099,435)	63,596	55,821	(470,350)	(563,947)

Table 4, Continued

TOWN OF KENNEBUNKPORT, MAINE
Changes in Fund Balance of Governmental Funds (continued)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Other Financing Sources (Uses)										
Capital lease proceeds	\$ -	\$ 30,475	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers in	846,551	735,163	1,062,305	439,500	392,484	303,719	700,973	260,000	332,000	313,402
Transfers out	(588,595)	(592,066)	(902,770)	(315,038)	(268,093)	(839,976)	(672,325)	(183,114)	(248,591)	(195,566)
Total Other Financing Sources (Uses)	257,956	173,572	159,535	124,462	124,391	(536,257)	28,648	76,886	83,409	117,836
Net Change in fund balances	262,635	251,519	(92,885)	98,061	26,356	(1,635,692)	92,244	132,707	(386,941)	(446,111)
Special item (c)	-	-	-	-	-	1,600,000	-	-	796,000	-
Net change in fund balances	\$ 262,635	\$ 251,519	\$ (92,885)	\$ 98,061	\$ 26,356	\$ (35,692)	\$ 92,244	\$ 132,707	\$ 409,059	\$ (446,111)
Debt service as a percentage of noncapital expenditures	1.94%	2.10%	2.24%	2.36%	2.40%	2.44%	0.97%	0.97%	0.33%	0.30%

(a) Prior to fiscal year 2010, Licenses and permits were classified with Other revenues

(b) Prior to fiscal year 2006, Investment income was classified with Other revenues

(c) 2009 & 2006 proceeds from bond - 2004 sale of Town building

(d) Includes a new permanent fund in FY 14

Table 5

TOWN OF KENNEBUNKPORT, MAINE
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	Direct			Overlapping		Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total Direct Rate	County Tax Rate	School Tax Rate	
2014	2.74	0.15	2.89	0.59	4.05	7.53
2013	2.48	0.21	2.69	0.55	3.66	6.90
2012	2.16	0.25	2.41	0.57	3.36	6.34
2011	1.71	0.25	1.97	0.57	3.80	6.34
2010 (a)	2.03	0.25	2.28	0.44	3.61	6.34
2009	4.85	0.65	5.49	1.13	9.53	16.15
2008	4.68	0.48	5.17	1.13	9.85	16.15
2007	4.23	0.49	4.71	0.98	10.56	16.25
2006	4.03	0.34	4.37	1.18	11.26	16.80
2005	3.92	0.36	4.28	1.07	12.49	17.84

(a) Town-wide revaluation for Fiscal Year 2010

Table 6

TOWN OF KENNEBUNKPORT, MAINE
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30	Real Property		Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value (a)	Total Direct Tax Rate	State Equalized Value (b)	Assessed Value as a Percentage of Equalized Value
	Residential	Commercial						
2014	\$ 1,791,793,555	\$ 126,202,045	\$ 5,214,340	\$ 62,851,600	\$ 1,860,358,340	2.89	\$ 1,832,450,000	101.52%
2013	1,776,999,755	123,920,345	5,169,910	62,356,700	1,843,733,310	2.69	1,810,500,000	101.84%
2012	1,771,835,555	123,920,345	3,438,640	72,042,100	1,827,152,440	2.41	1,801,850,000	101.40%
2011	1,763,008,055	121,777,445	3,622,630	71,058,400	1,817,349,730	1.97	1,938,250,000	93.76%
2010 (c)	1,775,525,555	120,581,445	1,527,080	73,841,600	1,823,792,480	2.28	1,923,750,000	94.80%
2009	625,779,955	122,976,645	1,095,160	33,787,240	716,064,520	5.49	1,784,950,000	40.12%
2008	660,231,600	75,863,600	1,691,570	34,062,000	703,724,770	5.17	1,828,650,000	38.48%
2007	644,687,880	76,726,200	1,119,680	34,977,771	687,555,989	4.71	1,677,500,000	40.99%
2006	628,256,900	76,915,700	1,308,100	34,561,790	671,918,910	4.37	1,510,450,000	44.48%
2005	611,832,100	77,966,900	1,376,760	28,959,210	662,216,550	4.28	1,371,800,000	48.27%

(a) Kennebunkport Assessing Office

(b) State of Maine, Revenue Services

(c) Town-wide revaluation for Fiscal Year 2010

Table 7

TOWN OF KENNEBUNKPORT, MAINE
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years		Total Collections to Date	
		Amount	Percentage			Amount	Percentage
2014	\$ 14,008,498	\$ 13,817,018	98.63%	-	\$	13,817,018	98.63%
2013	12,722,328	12,704,661	99.86%	5,118		12,709,779	99.90%
2012	11,584,146	11,450,793	98.85%	127,467		11,578,260	99.95%
2011	11,519,481	11,377,220	98.77%	138,718		11,515,938	99.97%
2010	11,561,239	11,391,855	98.53%	167,584		11,559,439	99.98%
2009	11,576,136	11,394,540	98.43%	181,192		11,575,732	100.00%
2008	11,364,611	11,221,077	98.74%	143,525		11,364,602	100.00%
2007	11,164,968	11,079,393	99.23%	85,575		11,164,968	100.00%
2006	11,292,973	11,015,520	97.54%	276,986		11,292,506	100.00%
2005	11,875,712	11,657,320	98.16%	218,372		11,875,692	100.00%

Table 8

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

Taxpayer	2014			2005		
	Taxable	Rank	% of Total	Taxable	Rank	% of Total
	Assessed Value		Assessed Value	Assessed Value		Assessed Value
Boughton Hotel Corp	\$ 11,896,300	1	0.64%	\$ 7,023,800	1	1.06%
Walkers Point Family Limited Partnership	11,472,400	2	0.62%	2,294,200	5	0.35%
O'Neill, Timothy J	9,949,500	3	0.53%	3,617,100	3	0.55%
Hios Hospitality LLC	8,434,300	4	0.45%			
Seaside Hotel Associates	7,727,600	5	0.42%	5,243,800	2	0.79%
Maiuccoro, Cathiann	7,034,000	6	0.38%			
Goose Rocks Beach Holdings LLC	6,584,000	7	0.35%			
Fishing Pole Lane LLC	6,367,400	8	0.34%			
Hetz, Edwin David & Elizabeth JC Trustees	5,589,200	9	0.30%			
Katz, Joanne R	5,161,700	10	0.28%			
Shmalo, Raymond Trustee				2,672,600	4	0.40%
M3300790 Canada Inc - Molson, Eric				2,005,600	7	0.30%
Old Cape Realty				1,994,400	8	0.30%
Rhumb Line Motor Lodge Inn				1,883,350	10	0.28%
J Y F Inc				1,903,400	9	0.29%
Sotir Etal Trustee				2,169,800	6	0.33%
	<u>\$ 80,216,400</u>		<u>4.31%</u>	<u>\$ 30,808,050</u>		<u>4.65%</u>

Source: Kennebunkport Assessor's Office

Table 9

TOWN OF KENNEBUNKPORT, MAINE
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Capital Leases	Sewer Bonds	Total Outstanding Debt	Percentage of Personal Income (1)	Population (2)	Debt per Capita
	Governmental Activities		Business-type Activities				
2014	\$ 823,546	\$ 30,475	\$ 536,192	\$ 1,390,213	1.06%	3,510	396
2013	1,070,170	36,251	585,226	1,691,647	1.33%	3,474	487
2012	1,313,606	11,335	758,530	2,083,471	1.64%	3,474	600
2011	1,553,872	16,686	933,902	2,504,460	1.83%	3,493	717
2010	1,791,275	21,836	1,105,839	2,918,950	2.09%	3,474	840
2009	2,026,203	27,479	1,277,719	3,331,401	2.48%	3,988	835
2008	658,645	11,995	1,447,824	2,118,464	1.40%	3,977	533
2007	728,595	40,670	1,682,829	2,452,094	1.60%	3,981	616
2006	796,000	68,910	1,917,277	2,782,187	1.87%	3,986	698
2005	-	78,367	2,151,192	2,229,559	1.57%	4,000	557

(1) Personal income is disclosed in the Demographics and Economic Statistics table

(2) United States Census Bureau

TOWN OF KENNEBUNKPORT, MAINE
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Obligation Bonds (1)	Percentage of Estimated Actual Taxable Value of Property (2)	Per Capita (3)
2014	\$ 1,359,738	0.07%	0.91%
2013	1,655,396	0.09%	1.30%
2012	2,072,136	0.12%	1.63%
2011	2,487,774	0.13%	1.81%
2010	2,897,114	0.15%	2.08%
2009	3,303,922	0.19%	2.46%
2008	2,106,469	0.12%	1.39%
2007	2,411,424	0.14%	1.57%
2006	2,713,277	0.18%	1.83%
2005	2,151,192	0.16%	1.52%

(1) This is the general bonded debt of both governmental and business-type activities.

(2) See the Schedule of Assessed Value and the Estimated Actual Value of Taxable Property for property value

(3) Population data can be found in the Schedule of Demographic and Economic Statistics

TOWN OF KENNEBUNKPORT, MAINE
Direct and Overlapping Governmental Activities Debt
As of June 30, 2014

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Amount Applicable to Primary Government
York County	\$ 7,900,000	6.38%	\$ 504,020
RSU #21	15,676,172	38.06%	5,966,087
Subtotal, overlapping debt			6,470,107
Town of Kennebunkport direct debt			1,359,738
Total direct and overlapping debt			\$ 7,829,845

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the Town of Kennebunkport. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

TOWN OF KENNEBUNKPORT, MAINE
Legal Debt Margin Information
June 30, 2014

Debt Limit by Category	Maximum Percent Allowable	Maximum Amount Allowable	Principal Amount Outstanding	Legal Debt Margin
Type of Debt				
School	10.00%	\$ 181,050,000	\$ -	\$ -
Sewer	7.50%	137,433,750	536,192	136,897,558
Municipal	7.50%	137,433,750	823,546	136,610,204
Total Maximum Debt	15.00%		<u>\$ 1,359,738</u>	

Legal Debt Margin Calculation for Fiscal Year 2013

State Valuation	\$ 1,832,450,000
Debt Limit - 15% of State Valuation	274,867,500
Less outstanding debt applicable to debt limit	<u>1,359,738</u>
Legal debt Margin	<u>\$ 273,507,762</u>

Last Ten Fiscal Years

Year	Constitutional Debt Limit	Outstanding Indebtness June 30	Percentage of Net Debt Contracting Margin Available
2014	\$ 274,867,500	\$ 1,655,396	99.40%
2013	271,575,000	1,691,647	99.38%
2012	270,277,500	2,083,471	99.23%
2011	290,737,500	2,504,460	99.14%
2010	288,562,500	2,918,950	98.99%
2009	267,742,500	3,331,401	98.76%
2008	274,297,500	2,118,464	99.23%
2007	251,625,000	2,452,094	99.03%
2006	226,567,500	2,782,187	98.77%
2005	205,770,000	2,229,559	98.92%

Table 13

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

Fiscal Year	Population (1)	Median Age (1a)	York County		Personal Income (amounts expressed in thousands)	Public School Enrollment (3)	York County Unemployment Rate (4)
			Per Capita Personal Income (2)				
2014	3,510	52.2	\$ 42,137	\$	147,900,870	409	5.60%
2013	3,474	52.3	36,526		126,891,324	433	5.90%
2012	3,474	41.9	39,481		137,156,994	425	6.10%
2011	3,474	41.9	40,124		139,390,776	433	6.40%
2010	3,474	41.9	38,700		134,443,800	446	7.20%
2009	3,988	49.8	37,955		151,364,540	459	7.70%
2008	3,977	49.8	38,565		153,373,005	474	4.40%
2007	3,981	49.8	37,337		148,638,597	479	3.70%
2006	3,986	49.8	35,615		141,961,390	524	3.60%
2005	4,000	49.8	33,442		133,768,000	500	3.80%

Table 14

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

Employer	2014			2005		
	Employees	Rank	% of Total Town Employment (1)	Employees	Rank	% of Total Town Employment (1)
Nonantum Resort	169	1	9.30%	155	2	8.53%
Town of Kennebunkport	152	2	8.36%	177	1	9.74%
Colony Hotel	138	3	7.59%	118	3	6.49%
The Boathouse	129	4	7.10%			
Hidden Pond	112	5	6.16%			
Alisson's Restaurant	65	6	3.58%			
Arundel Wharf Restaurant	60	7	3.30%	52	4	2.86%
Tides Beach Club	58	8	3.19%			
Kennebunkport Inn	57	9	3.14%	35	6	1.93%
Bradbury Brothers Market	50	10	2.75%	35	7	1.93%
Consolidated School/RSU 21				42	5	2.31%
Nunan's Lobster Hut				25	8	1.38%
Pier 77 Restaurant				20	9	1.10%
Rhumblin Motor Lodge				20	10	1.10%
	<u>990</u>		<u>54.46%</u>	<u>679</u>		<u>37.35%</u>

(1) State of Maine, Department of Labor 1,818 base

TOWN OF KENNEBUNKPORT, MAINE
Full-time Equivalent Town Government Employees by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General government	10	10	10	10	10	11	11	11	11	11
Public safety:										
Police officers	13	13	13	13	13	13	13	13	13	13
Dispatchers	4	4	4	4	4	4	4	4	4	4
Firefighters and officers	1	1	1	1	1	1	1	1	1	1
Health and welfare	1	1	1	1	1	1	1	1	1	1
Public works:										
Highways	6	6	6	6	6	6	6	6	6	6
Maintenance	1	1	1	1	1	1	1	1	1	1
Recreation	3	3	3	3	3	3	2	2	2	2
Cape Porpoise Pier	1	1	1	1	1	1	1	1	1	1
Sewer	8	8	8	8	8	8	8	8	8	7
Total	48	48	48	48	48	49	48	48	48	47

Table 16

TOWN OF KENNEBUNKPORT, MAINE
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Government:										
Building permits issued	317	424	367	331	343	453	547	505	644	526
Police:										
Parking tickets	1,243	1,081	719	901	1,075	1,044	1,094	1,250	1,231	1,167
Traffic stops	1,469	2,296	2,763	2,249	2,802	2,356	1,941	2,504	2,600	1,185
Burglary/theft	57	60	69	80	68	64	78	69	61	33
Arrests/summons/warnings	2,033	3,148	3,623	2,970	3,628	3,142	2,620	3,445	3,396	1,567
Fire:										
Number of calls answered	167	147	159	156	177	190	294	225	196	199
Highways and streets:										
Street resurfacing (miles)	4.2	1.80	1.30	0.00	0.00	5.99	1.42	7.24	0.70	5.11
Sewer:										
Yearly sewerage treatment (in thousands of gallons)	113,875	110,748	111,810	124,206	146,939	140,869	119,540	133,713	136,609	114,349
Bio-solids (in thousands of gallons)	1,319	1,229	1,177	1,632	1,247	1,529	1,293	1,261	1,645	1,389
Compost (in yards)	1,348	1,550	1,618	1,833	1,200	1,200	1,423	1,391	1,525	1,650

Table 17

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

Function	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Government:										
Buildings	1	1	1	1	1	1	1	1	1	1
Public safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Stations	4	4	4	4	4	4	4	4	4	4
Emergency units	12	12	12	12	12	12	12	12	12	12
Highway:										
Buildings	3	3	3	3	3	3	3	3	3	3
Streets (miles)	52	52	52	52	52	52	52	52	52	52
Street lights	280	280	280	280	280	280	279	279	279	279
Municipal parking lot	1	1	1	1	1	1	1	1	1	1
Recreation:										
Parks	4	4	4	4	4	4	4	4	4	4
Sewer:										
Sewer pipe (miles)	20.41	20.41	20.41	20.41	20.41	20.41	20.41	20.41	20.41	20.41
Maximum daily treatment capacity (thousands of gallons)	700	700	700	700	700	700	700	700	700	700
Piers	2	2	2	2	2	2	2	2	2	2

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