

# TOWN OF KENNEBUNKPORT, MAINE



## **Comprehensive Annual Financial Report**

*For Fiscal Year Ending  
June 30, 2017*

**TOWN OF KENNEBUNKPORT, MAINE**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended**  
**June 30, 2017**

Prepared by:  
The Administration and Finance Department

**TOWN OF KENNEBUNKPORT, MAINE**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2017**

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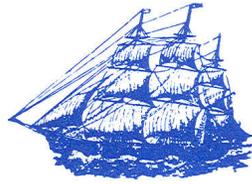
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**For the Year Ended June 30, 2017**

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# ***INTRODUCTORY SECTION***



# TOWN OF KENNEBUNKPORT, MAINE

– INCORPORATED 1653 –

MAINE'S FINEST RESORT

November 20, 2017

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, 2017.

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, 2017. 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 3,535. 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 effects of the recession were felt in 2009. During the last decade, the unemployment rate has seen a low of 3.2% in 2016 and a high of 7.7% in 2009. York County's unemployment rate as of June 2017 was 3.7% compared to 4.4% nationally.

Median household incomes within the Town of Kennebunkport, York County are \$82,424, which is higher than the state as a whole. According to the Maine State Housing Authority, the median family income for the County was \$60,271 while the State was \$50,990. The Town's population was 3,535 as of 2010-14 census American fact finder estimate. The median price of a single family home in the Town of Kennebunkport is \$446,950.

### ***Long-term financial planning and major initiatives***

The Town has contracted with H.M. Payson to manage its trust accounts and maximize the return on investment.

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. As the affordability of housing is stifling the available year round population the Town has undertaken a housing assessment study to develop strategies to combat this issue.

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. In fiscal year 2018, the Town will replace Government Wharf and develop plans for the future of Cape Porpoise Pier.

The Board of Selectmen have adopted a five-year capital plan to maintain and invest wisely in equipment and infrastructure while stabilizing the impact on the tax rate. In 2018, the Town plans to begin construction on a Recreation Community Building to replace its current home.

The Town has begun to provide pedestrian and bicycle expansion on our roads while maintaining our winding tree lined roads. This process will continue in 2018 with the Mills Road project in partnership with Maine DOT.

The Board of Selectmen have adopted a fund balance policy to ensure a stable financial foundation while also reserving excess funds for future capital needs.

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,

*Laurie A. Smith*

Laurie A. Smith, Town Manager

*Jennifer L. Lord*

Jennifer L. Lord, Treasurer



Government Finance Officers Association

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

Presented to

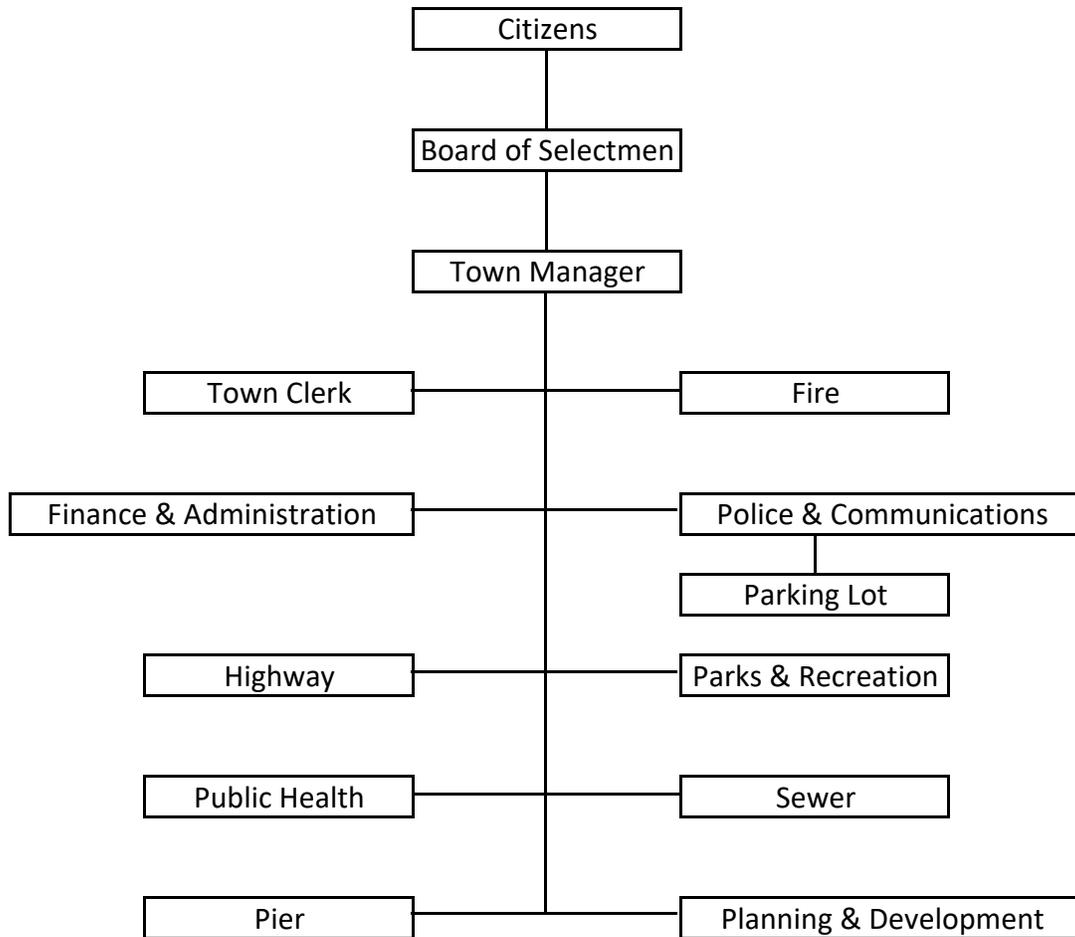
**Town of Kennebuckport  
Maine**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

**TOWN OF KENNEBUNKPORT, MAINE**  
**Organizational Chart**



**TOWN OF KENNEBUNKPORT, MAINE**  
**List of Elected and Appointed Officials**  
**June 30, 2017**

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Elected Officials

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

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

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  
Tracey L. O’Roak  
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, 2017, 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 due to 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 of 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, 2017, 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, the schedule of Town's proportionate share of the net pension liability, and the schedule of Town contributions, 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.

Town of Kennebunkport, Maine  
Board of Selectmen

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.

The introductory and statistical sections have 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 November 20, 2017, 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.



November 20, 2017  
South Portland, Maine

**TOWN OF KENNEBUNKPORT, MAINE**  
**Management's Discussion and Analysis**  
**June 30, 2017**

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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, 2017. 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 increase in overall financial position in fiscal year 2017.
- The Town's total net position increased by \$643,508 to \$28,516,490 (Statement 2).
- Net capital assets increased by \$1,317,063 (pages 41 and 42).
- General revenues accounted for \$17,245,604 in revenue, or 86% of all revenues. Program specific revenues consisting of charges for services and grants and contributions accounted for \$2,827,562 in revenue, or 14% of \$20,073,166 in total revenues (statement 2).
- At the end of the current fiscal year, the fund balance for the general fund was \$4,116,622, of which \$6,333 was nonspendable, \$479,475 was committed, \$439,685 was assigned, and \$3,191,129 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 welfare, 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, Dock Square Parking Lot and the Government Wharf are reported here.

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

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The *Statement of Net Position* presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between these items 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 financial 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 \$28,516,490. This includes current assets (primarily cash, investments and taxes receivable), the cost (less accumulated depreciation) of all buildings, equipment and land owned by the Town (valued at historical cost, or an estimate thereof), less current and long-term debt. Changes in net 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).

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Primary Government Total</b>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current assets	\$ 7,638	7,921	2,115	2,077	9,753	9,998
Capital assets:						
Land	2,715	2,715	950	950	3,665	3,665
Construction in progress	1,477	563	80	19	1,557	582
Buildings and improvements	2,996	2,572	8,173	2,169	11,169	4,741
Land improvements	293	271	30	30	323	301
Furniture & fixtures	47	47	-	-	47	47
Equipment & vehicles	5,083	4,922	3,312	3,271	8,395	8,193
Infrastructure	8,547	8,010	7,809	7,809	16,356	15,819
Less: accumulated depreciation	(7,499)	(7,079)	(11,882)	(11,456)	(19,381)	(18,535)
<b>Total assets</b>	<b>21,297</b>	<b>19,942</b>	<b>10,587</b>	<b>4,869</b>	<b>31,884</b>	<b>24,811</b>
Deferred outflows of resources related to pensions	1,099	350	153	47	1,252	397
<b>Total deferred outflows of resources</b>	<b>1,099</b>	<b>350</b>	<b>153</b>	<b>47</b>	<b>1,252</b>	<b>397</b>
Current liabilities	572	320	112	25	684	345
Long-term liabilities	3,093	2,012	693	667	3,786	2,679
<b>Total liabilities</b>	<b>3,665</b>	<b>2,332</b>	<b>805</b>	<b>692</b>	<b>4,470</b>	<b>3,024</b>
Deferred inflows of resources related to pensions	131	274	19	37	150	311
<b>Total deferred inflows of resources</b>	<b>131</b>	<b>274</b>	<b>19</b>	<b>37</b>	<b>150</b>	<b>311</b>
Net investment in capital assets	13,087	11,683	8,087	8,356	21,174	20,039
Restricted	1,239	1,153	-	-	1,239	1,153
Unrestricted	4,274	4,850	1,829	1,831	6,103	6,681
<b>Total net position</b>	<b>\$ 18,600</b>	<b>17,686</b>	<b>9,916</b>	<b>10,187</b>	<b>28,516</b>	<b>27,873</b>

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 owes debt related to road reconstruction, police station addition, 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 18 and 19. The business-type activities details can be found starting on page 29.

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Primary Government Total</b>	
	2017	2016	2017	2016	2017	2016
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 752	728	1,770	1,667	2,522	2,395
Operating grants & cont.	119	112	-	-	119	112
Capital grants	187	-	-	-	187	-
General revenues:						
Property taxes	15,833	14,591	-	-	15,833	14,591
Excise taxes	960	948	-	-	960	948
Grants & cont.	109	97	-	-	109	97
Unrestricted investment earnings	233	21	17	12	250	33
Miscellaneous	92	131	-	2	92	133
<b>Total revenues</b>	<b>18,285</b>	<b>16,628</b>	<b>1,787</b>	<b>1,681</b>	<b>20,072</b>	<b>18,309</b>
<b>Expenses:</b>						
Program expenses:						
General government	1,748	1,762	-	-	1,748	1,762
Public safety	2,539	2,434	-	-	2,539	2,434
Highways, streets & bridges	1,390	1,316	-	-	1,390	1,316
Health and welfare	685	688	-	-	685	688
Recreation & culture	627	689	-	-	627	689
Education	9,055	8,016	-	-	9,055	8,016
County tax	1,163	1,115	-	-	1,163	1,115
Interest on debt service	18	11	-	-	18	11
Capital maintenance expense	442	132	-	-	442	132
Sewer	-	-	1,471	1,474	1,471	1,474
Cape Porpoise Pier	-	-	237	251	237	251
Dock Square Parking Lot	-	-	53	76	53	76
Government Wharf	-	-	-	-	-	-
<b>Total expenditures</b>	<b>17,667</b>	<b>16,163</b>	<b>1,761</b>	<b>1,801</b>	<b>19,428</b>	<b>17,964</b>
Increase (decrease) in net position	618	465	26	(120)	644	345
Transfers in(out)	296	219	(296)	(219)	-	-
<b>Net position, beg. of year</b>	<b>17,686</b>	<b>17,002</b>	<b>10,186</b>	<b>10,525</b>	<b>27,872</b>	<b>27,527</b>
<b>Net position, end of year</b>	<b>\$ 18,600</b>	<b>17,686</b>	<b>9,916</b>	<b>10,186</b>	<b>28,516</b>	<b>27,872</b>

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

The table below presents the total cost, for fiscal years 2017 and 2016, of each of the Town's largest programs: general government, public safety, public works, education and county tax, as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions (Statement 2).

		<b>Governmental Activities</b>							
		(in thousands)							
		<b>2017</b>				<b>2016</b>			
		Total	Net		Total	Net			
General govt.	\$	1,748	11.0%	1,381	9.1%	1,762	12.0%	1,305	9.3%
Public safety		2,539	16.0%	2,422	16.0%	2,433	16.6%	2,313	16.5%
Public works		1,390	8.7%	1,161	7.6%	1,316	9.0%	1,274	9.1%
Education		9,055	57.0%	9,055	59.6%	8,015	54.7%	8,015	57.2%
County tax		1,163	7.3%	1,163	7.7%	1,115	7.6%	1,115	8.0%
<b>Totals</b>	<b>\$</b>	<b>15,895</b>	<b>100.0%</b>	<b>15,182</b>	<b>100.0%</b>	<b>14,641</b>	<b>100.0%</b>	<b>14,022</b>	<b>100.0%</b>

**The Town's Funds**

The Town has one major fund – the General Fund. Detailed information regarding this fund can be found on pages 25 and 26 of these financial statements. Less funding has been assigned for encumbrances and therefore unassigned increased. The changes in the fund balance of these funds are as follows (Statement 3):

<b>Major Fund</b>	<b>Balance</b>	<b>Balance</b>	<b>\$ Change</b>	<b>% Change</b>
	<b>June 30, 2017</b>	<b>June 30, 2016</b>		
General Fund	\$ 4,116,622	4,135,778	(19,156)	-0.46%
	<b>\$ 4,116,622</b>	<b>4,135,778</b>	<b>(19,156)</b>	<b>-0.46%</b>

Expenditures

The table below shows the Town's original and adjusted budgets for various departments and functions for the year ended June 30, 2017. 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).

<b>General Fund</b>	<b>Original</b>	<b>Adjusted</b>	<b>Variance</b>		
<b>Department/Function Expenditures</b>	<b>Budget</b>	<b>Budget</b>	<b>Expenditures</b>	<b>Amount</b>	<b>%</b>
General Government	\$ 1,672,433	1,672,433	1,495,149	177,284	10.60%
Public Safety	2,419,135	2,419,135	2,314,500	104,635	4.33%
Public Works	1,122,293	1,122,293	1,104,669	17,624	1.57%
Health and Welfare	713,951	713,951	691,556	22,395	3.14%
Recreation and Culture	531,408	531,408	525,273	6,135	1.15%
County Tax	1,163,270	1,163,270	1,163,270	-	0.00%
Education	9,055,448	9,055,448	9,055,448	-	0.00%
Debt Service	220,019	220,019	215,650	4,369	1.99%
Capital Improvements and Reserves	1,169,100	2,084,926	1,996,985	87,941	4.22%
<b>Total expenditures</b>	<b>\$ 18,067,057</b>	<b>18,982,883</b>	<b>18,562,500</b>	<b>420,383</b>	<b>2.21%</b>

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

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All of the Department/Function expenditures of the Town came in at or under budget. Capital improvements and reserves include several completed projects that had funds carried forward as assigned fund balances.

Revenues

The table below shows the Town's final budget and actual revenues from various resources for the year ended June 30, 2017. 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).

<b>General Fund Revenues</b>	<b>Final Budget</b>	<b>Actual Revenues</b>	<b>Variance</b>	
			<b>Amount</b>	<b>%</b>
Property taxes	\$ 15,833,533	15,838,872	5,339	0.03%
Excise taxes	864,100	959,646	95,546	11.06%
Interest on taxes	24,000	33,735	9,735	40.56%
Licenses, permits, and fees	255,263	305,928	50,665	19.85%
Charges for services	385,100	439,299	54,199	14.07%
Intergovernmental revenue	321,810	415,264	93,454	29.04%
Investment income	40,000	82,193	42,193	105.48%
Other revenues	28,250	64,775	36,525	129.29%
<b>Total revenues</b>	<b>\$ 17,752,056</b>	<b>18,139,712</b>	<b>387,656</b>	<b>2.18%</b>

Property taxes are shown as adjusted for the deferred tax revenue activity.

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.

Interest on taxes varies from year to year depending on when payments for taxes are made.

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

Intergovernmental revenues were over budget due to MDOT grants becoming available in fiscal year 2017.

Charges for services were over budget primarily due to Goose Rocks Beach parking permits, recreation fees and planning/appeals board fees coming in higher than anticipated.

Investment income came in higher than expected due to higher interest rates on negotiated accounts.

Other revenues came in higher due to the generous general assistance donations.

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

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**Capital Assets**

As of June 30, 2017, the Town had \$22,130,899 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 \$1,317,063, or 1.063% over last year. For additional information, see the Capital Assets section in the notes, pages 41 and 42.

This year's major additions/deletions included:

- Road repairs, extension, and construction.
- Construction of the public safety addition.
- New vehicles for the fire, police, and sewer 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 net position.

The Town's fiscal year 2018 budget, as approved at the annual Town Meeting held on June 13<sup>th</sup> and 17<sup>th</sup>, includes approximately \$1,428,350 for various capital improvements, including one police vehicle, a new backhoe for the highway department, road and sidewalk improvement/construction, and fire apparatus reserve funding.

**Debt**

The Town of Kennebunkport had \$944,344 in bonds outstanding at fiscal year-end, compared to \$755,786 last year. Additionally, the Town had \$12,677 in capital leases outstanding at fiscal year-end for the purchase of copy machines (page 45). 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, 2017 was within this statutory limit. For additional information, see the Long-Term Debt section in the notes, pages 44 through 46.

**Economic Factors and Next Year's Budget**

The fiscal 2018 budget has been prepared and already approved at the June 13<sup>th</sup> and 17<sup>th</sup> annual town meeting. The municipal portion of the budget increased by approximately \$405,495 from last year. This was due to increases in overall operating costs, and additional funding for capital improvements.

Southern Maine and the Town of Kennebunkport witnessed signs of a rebounding economy, namely through the amount of building and development activity. There was an increase in building permits issued from 448 in 2016 to 479 in 2017; the construction valuation for 2016 was \$35,244,639, an increase of \$5,667,701 over 2015's total of \$29,576,937. York County also experienced a slight increase in the unemployment rate from 3.2% in 2016 to 3.7% in 2017.

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**

**TOWN OF KENNEBUNKPORT, MAINE**  
**Statement of Net Position**  
**June 30, 2017**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,093,731	1,364,319	7,458,050
Investments	1,719,519	-	1,719,519
Receivables:			
Accounts, net of allowance of \$8,263	30,629	185,517	216,146
Due from other governments	88,739	-	88,739
Taxes receivable - current year	177,130	-	177,130
Taxes receivable - prior year	3,815	-	3,815
Tax and sewer liens	60,848	15,472	76,320
Internal balances	(543,295)	543,295	-
Inventory	4,599	7,072	11,671
Prepays	1,734	-	1,734
Nondepreciable capital assets	4,192,373	1,030,316	5,222,689
Depreciable capital assets, net	9,467,182	7,441,028	16,908,210
Total assets	21,297,004	10,587,019	31,884,023
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	1,098,518	153,215	1,251,733
Total deferred outflows of resources	1,098,518	153,215	1,251,733
<b>LIABILITIES</b>			
Accounts payable and payroll withholdings	148,542	11,611	160,153
Accrued wages	63,294	12,389	75,683
Other liabilities	140,891	5,096	145,987
Accrued interest	7,550	1,881	9,431
Noncurrent liabilities:			
Due within one year	211,419	81,430	292,849
Due in more than one year	3,092,889	692,747	3,785,636
Total liabilities	3,664,585	805,154	4,469,739
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions	130,698	18,829	149,527
Total deferred inflows of resources	130,698	18,829	149,527
<b>NET POSITION</b>			
Net investment in capital assets	13,086,878	8,087,000	21,173,878
Restricted for:			
General capital projects	6,988	-	6,988
Permanent funds	90,405	-	90,405
Nonexpendable principal of permanent funds	1,142,297	-	1,142,297
Unrestricted	4,273,671	1,829,251	6,102,922
<b>Total net position</b>	<b>\$ 18,600,239</b>	<b>9,916,251</b>	<b>28,516,490</b>

*See accompanying notes to basic financial statements.*

**TOWN OF KENNEBUNKPORT, MAINE**  
**Statement of Activities**  
**For the year ended June 30, 2017**

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	\$ 1,748,339	366,497	-	-	(1,381,842)	-	(1,381,842)
Public safety	2,539,210	51,198	65,596	-	(2,422,416)	-	(2,422,416)
Public works	1,390,551	-	42,196	186,591	(1,161,764)	-	(1,161,764)
Health and welfare	684,693	1,674	556	-	(682,463)	-	(682,463)
Recreation and culture	626,902	332,653	10,803	-	(283,446)	-	(283,446)
Education	9,055,448	-	-	-	(9,055,448)	-	(9,055,448)
County tax	1,163,270	-	-	-	(1,163,270)	-	(1,163,270)
Capital improvements	442,138	-	-	-	(442,138)	-	(442,138)
Interest on debt service	17,971	-	-	-	(17,971)	-	(17,971)
Total governmental activities	17,668,522	752,022	119,151	186,591	(16,610,758)	-	(16,610,758)
Business-type activities:							
Sewer	1,471,031	1,122,019	-	-	-	(349,012)	(349,012)
Cape Porpoise Pier	236,776	220,690	-	-	-	(16,086)	(16,086)
Dock Square Parking Lot	52,976	418,523	-	-	-	365,547	365,547
Government Wharf	353	8,566	-	-	-	8,213	8,213
Total business-type activities	1,761,136	1,769,798	-	-	-	8,662	8,662
<b>Total primary government</b>	<b>\$ 19,429,658</b>	<b>2,521,820</b>	<b>119,151</b>	<b>186,591</b>	<b>(16,610,758)</b>	<b>8,662</b>	<b>(16,602,096)</b>
General revenues:							
Property taxes, levied for general purposes					15,833,533	-	15,833,533
Interest and costs on taxes					33,735	-	33,735
Motor vehicle excise taxes					959,646	-	959,646
Grants and contributions not restricted to specific programs:							
Homestead and BETE exemption					48,330	-	48,330
State Revenue Sharing					58,534	-	58,534
Other State aid					2,658	-	2,658
Unrestricted investment earnings					233,341	17,584	250,925
Miscellaneous revenues					58,243	-	58,243
Transfers					296,701	(296,701)	-
Total general revenues and transfers					17,524,721	(279,117)	17,245,604
Change in net position					913,963	(270,455)	643,508
Net position - beginning					17,686,276	10,186,706	27,872,982
<b>Net position - ending</b>					<b>\$ 18,600,239</b>	<b>9,916,251</b>	<b>28,516,490</b>

*See accompanying notes to basic financial statements.*

**TOWN OF KENNEBUNKPORT, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2017**

	General	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,093,319	412	6,093,731
Investments	499,682	1,219,837	1,719,519
Receivables:			
Accounts, net of allowance of \$5,440	30,629	-	30,629
Due from other governments	88,739	-	88,739
Taxes receivable - current year	177,130	-	177,130
Taxes receivable - prior year	3,815	-	3,815
Tax liens receivable	60,848	-	60,848
Prepays	1,734	-	1,734
Inventory	4,599	-	4,599
Interfund loans receivable	-	1,784,024	1,784,024
<b>Total assets</b>	<b>\$ 6,960,495</b>	<b>3,004,273</b>	<b>9,964,768</b>
<b>LIABILITIES</b>			
Accounts payable and payroll withholdings	148,542	-	148,542
Accrued wages	63,294	-	63,294
Other liabilities	140,891	-	140,891
Interfund loans payable	2,327,319	-	2,327,319
<b>Total liabilities</b>	<b>2,680,046</b>	<b>-</b>	<b>2,680,046</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues - property taxes	163,827	-	163,827
<b>Total deferred inflows of resources</b>	<b>163,827</b>	<b>-</b>	<b>163,827</b>
<b>FUND BALANCES</b>			
Nonspendable	6,333	1,142,297	1,148,630
Restricted	-	97,393	97,393
Committed	479,475	1,764,583	2,244,058
Assigned	439,685	-	439,685
Unassigned	3,191,129	-	3,191,129
<b>Total fund balances</b>	<b>4,116,622</b>	<b>3,004,273</b>	<b>7,120,895</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 6,960,495</b>	<b>3,004,273</b>	
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.			13,659,555
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable revenue in the funds.			163,827
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			(560,000)
Capital leases			(12,677)
Net pension liability, including related deferred inflows and outflows of resources			(1,536,157)
Accrued interest			(7,550)
Accrued compensated absences			(227,654)
<b>Net position of governmental activities</b>			<b>\$ 18,600,239</b>

*See accompanying notes to basic financial statements.*

**TOWN OF KENNEBUNKPORT, MAINE**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2017**

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 16,832,253	-	16,832,253
Intergovernmental	415,264	-	415,264
Licenses and permits	305,928	-	305,928
Charges for services	439,299	-	439,299
Investment income	82,193	151,148	233,341
Other revenues	64,775	263	65,038
Total revenues	18,139,712	151,411	18,291,123
Expenditures:			
Current:			
General government	1,511,520	-	1,511,520
Public safety	2,342,362	15,153	2,357,515
Public works	1,118,410	-	1,118,410
Health and welfare	691,556	1,852	693,408
Recreation and culture	524,910	88,692	613,602
Education	9,055,448	-	9,055,448
County tax	1,163,270	-	1,163,270
Debt service	170,459	-	170,459
Capital improvements	2,152,979	461,757	2,614,736
Total expenditures	18,730,914	567,454	19,298,368
Excess (deficiency) of revenues over (under) expenditures	(591,202)	(416,043)	(1,007,245)
Other financing sources (uses):			
Transfers from other funds	401,757	356,964	758,721
Transfers to other funds	(229,711)	(232,309)	(462,020)
Loan proceeds	400,000	-	400,000
Total other financing sources (uses)	572,046	124,655	696,701
Net change in fund balances	(19,156)	(291,388)	(310,544)
Fund balances, beginning of year	4,135,778	3,295,661	7,431,439
<b>Fund balances, end of year</b>	<b>\$ 4,116,622</b>	<b>3,004,273</b>	<b>7,120,895</b>

*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, 2017**

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Net change in fund balances - total governmental funds (from Statement 4) \$ (310,544)

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 (\$2,172,598) exceeded the book value of disposed capital assets (\$28,393) and depreciation (\$506,409).	1,637,796
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(5,339)
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 the net pension liability with related deferred inflows and outflows (\$175,627) and the change in accrued interest (\$7,512) exceeded the change in accrued compensated absences (\$9,099).	(174,040)
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 is amount by which loan proceeds (\$400,000) exceeded loan and capital lease repayments (\$166,090).	(233,910)

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**Change in net position of governmental activities (see Statement 2) \$ 913,963**

*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, 2017**

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 16,721,633	16,721,633	16,832,253	110,620
Intergovernmental	321,810	321,810	415,264	93,454
Licenses and permits	255,263	255,263	305,928	50,665
Charges for services	385,100	385,100	439,299	54,199
Interest earned	40,000	40,000	82,193	42,193
Other revenue	28,250	28,250	64,775	36,525
Total revenues	17,752,056	17,752,056	18,139,712	387,656
<b>Expenditures:</b>				
Current:				
General government	1,672,433	1,672,433	1,495,149	177,284
Public safety	2,419,135	2,419,135	2,314,500	104,635
Public works	1,122,293	1,122,293	1,104,669	17,624
Health and welfare	713,951	713,951	691,556	22,395
Recreation and culture	531,408	531,408	525,273	6,135
Education	9,055,448	9,055,448	9,055,448	-
County tax	1,163,270	1,163,270	1,163,270	-
Debt service	220,019	220,019	215,650	4,369
Capital improvements	1,169,100	2,084,926	1,996,985	87,941
Total expenditures	18,067,057	18,982,883	18,562,500	420,383
Excess (deficiency) of revenues over (under) expenditures	(315,001)	(1,230,827)	(422,788)	808,039
<b>Other financing sources (uses):</b>				
Transfers from other funds	333,300	401,757	401,757	-
Transfers to other funds	(293,299)	(229,711)	(229,711)	-
Loan proceeds	-	400,000	400,000	-
Utilization of unassigned fund balance	275,000	275,000	-	(275,000)
Utilization of assigned fund balance	-	383,781	-	(383,781)
Total other financing sources (uses)	315,001	1,230,827	572,046	(658,781)
Net change in fund balance - budgetary basis	-	-	149,258	149,258
<b>Reconciliation to GAAP basis:</b>				
Change in encumbrance balance			(168,414)	
Total reconciliation to GAAP basis			(168,414)	
Net change in fund balance - GAAP basis			(19,156)	
Fund balance, beginning of year			4,135,778	
<b>Fund balance, end of year</b>	<b>\$</b>		<b>4,116,622</b>	

*See accompanying notes to basic financial statements.*

**TOWN OF KENNEBUNKPORT, MAINE**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2017**

<b>Business-type Activities - Enterprise Funds</b>					
	<b>Sewer Department</b>	<b>Cape Porpoise Pier</b>	<b>Dock Square Parking Lot</b>	<b>Government Wharf</b>	<b>Total</b>
<b>ASSETS</b>					
Current assets:					
Cash	\$ 1,347,019	100	17,200	-	1,364,319
Accounts receivable, net of allowance of \$2,823	138,737	44,319	2,461	-	185,517
Sewer liens	15,472	-	-	-	15,472
Inventory	-	7,072	-	-	7,072
Interfund loans receivable	262,323	4,384	268,375	8,213	543,295
Total current assets	1,763,551	55,875	288,036	8,213	2,115,675
Noncurrent assets:					
Property, plant, and equipment	18,645,335	1,464,686	244,186	-	20,354,207
Less accumulated depreciation	(11,192,471)	(612,765)	(77,627)	-	(11,882,863)
Total noncurrent assets	7,452,864	851,921	166,559	-	8,471,344
Total assets	9,216,415	907,796	454,595	8,213	10,587,019
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows of resources related to pensions	153,215	-	-	-	153,215
Total deferred outflows of resources	153,215	-	-	-	153,215
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable and payroll withholdings	5,574	6,037	-	-	11,611
Accrued wages	11,050	726	613	-	12,389
Other liabilities	2,596	2,500	-	-	5,096
Accrued interest	1,881	-	-	-	1,881
Accrued compensated absences	28,898	211	-	-	29,109
Noncurrent liabilities, current portion	52,321	-	-	-	52,321
Total current liabilities	102,320	9,474	613	-	112,407
Noncurrent liabilities, long-term portion	692,747	-	-	-	692,747
Total liabilities	795,067	9,474	613	-	805,154
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows of resources related to pensions	18,829	-	-	-	18,829
Total deferred inflows of resources	18,829	-	-	-	18,829
<b>NET POSITION</b>					
Net investment in capital assets	7,068,520	851,921	166,559	-	8,087,000
Unrestricted	1,487,214	46,401	287,423	8,213	1,829,251
<b>Total net position</b>	<b>\$ 8,555,734</b>	<b>898,322</b>	<b>453,982</b>	<b>8,213</b>	<b>9,916,251</b>

*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, 2017**

<b>Business-type Activities - Enterprise Funds</b>					
	<b>Sewer Department</b>	<b>Cape Porpoise Pier</b>	<b>Dock Square Parking Lot</b>	<b>Government Wharf</b>	<b>Total</b>
<b>Operating revenues:</b>					
Lease income	\$ -	40,000	-	-	40,000
Fuel sales	-	129,317	-	-	129,317
Dues	-	43,931	-	3,775	47,706
Fees	1,079,747	7,290	411,353	-	1,498,390
Other income	42,272	152	7,170	4,791	54,385
<b>Total operating revenues</b>	<b>1,122,019</b>	<b>220,690</b>	<b>418,523</b>	<b>8,566</b>	<b>1,769,798</b>
<b>Operating expenses:</b>					
Wages and benefits	738,643	70,636	15,641	-	824,920
Supplies	86,778	121,776	18,050	105	226,709
Repairs and maintenance	21,796	4,334	180	94	26,404
Insurance	31,236	3,821	-	-	35,057
Utilities	99,809	8,620	6,828	154	115,411
Contracted services	25,000	3,844	21	-	28,865
Equipment	25,326	3,957	-	-	29,283
Other operating expenses	1,210	3,696	-	-	4,906
Depreciation	433,235	16,092	12,256	-	461,583
<b>Total operating expenses</b>	<b>1,463,033</b>	<b>236,776</b>	<b>52,976</b>	<b>353</b>	<b>1,753,138</b>
<b>Operating income (loss)</b>	<b>(341,014)</b>	<b>(16,086)</b>	<b>365,547</b>	<b>8,213</b>	<b>16,660</b>
<b>Nonoperating revenue (expenses):</b>					
Interest income	17,584	-	-	-	17,584
Interest expense	(7,998)	-	-	-	(7,998)
<b>Total nonoperating revenue (expenses)</b>	<b>9,586</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,586</b>
<b>Net income (loss) before transfers</b>	<b>(331,428)</b>	<b>(16,086)</b>	<b>365,547</b>	<b>8,213</b>	<b>26,246</b>
<b>Transfers:</b>					
Transfer (to) from other funds	10,799	-	(307,500)	-	(296,701)
<b>Total transfers</b>	<b>10,799</b>	<b>-</b>	<b>(307,500)</b>	<b>-</b>	<b>(296,701)</b>
<b>Change in net position</b>	<b>(320,629)</b>	<b>(16,086)</b>	<b>58,047</b>	<b>8,213</b>	<b>(270,455)</b>
<b>Net position, beginning of year</b>	<b>8,876,363</b>	<b>914,408</b>	<b>395,935</b>	<b>-</b>	<b>10,186,706</b>
<b>Net position, end of year</b>	<b>\$ 8,555,734</b>	<b>898,322</b>	<b>453,982</b>	<b>8,213</b>	<b>9,916,251</b>

*See accompanying notes to basic financial statements.*

**TOWN OF KENNEBUNKPORT, MAINE**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2017**

<b>Business-type Activities - Enterprise Funds</b>					
	<b>Sewer Department</b>	<b>Cape Porpoise Pier</b>	<b>Dock Square Parking Lot</b>	<b>Government Wharf</b>	<b>Total</b>
Cash flows from operating activities:					
Receipts from customers and users	\$ 1,104,115	213,732	418,292	8,566	1,744,705
Payments to suppliers	(291,774)	(145,461)	(26,419)	(353)	(464,007)
Payments to employees	(700,657)	(72,056)	(15,146)		(787,859)
Net cash provided by (used in) operating activities	111,684	(3,785)	376,727	8,213	492,839
Cash flows from non-capital financing activities:					
(Increase) decrease in interfund loans receivable	55,634	24,585	(76,827)	(8,213)	(4,821)
Transfers (to) from other funds	10,799	-	(307,500)	-	(296,701)
Net cash provided by (used in) non-capital financing activities	66,433	24,585	(384,327)	(8,213)	(301,522)
Cash flows from capital and related financing activities:					
Purchase of capital assets	(120,048)	(20,800)	-	-	(140,848)
Bond principal payments	(51,442)	-	-	-	(51,442)
Interest payments	(8,221)	-	-	-	(8,221)
Net cash used in capital and related financing activities	(179,711)	(20,800)	-	-	(200,511)
Cash flows from investing activities:					
Investment income	17,584	-	-	-	17,584
Net cash provided by investing activities	17,584	-	-	-	17,584
Increase (decrease) in cash	15,990	-	(7,600)	-	8,390
Cash, beginning of year	1,331,029	100	24,800	-	1,355,929
<b>Cash, end of year</b>	<b>\$ 1,347,019</b>	<b>100</b>	<b>17,200</b>	<b>-</b>	<b>1,364,319</b>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (341,014)	(16,086)	365,547	8,213	16,660
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	433,235	16,092	12,256	-	461,583
Change in operating assets and liabilities:					
(Increase) decrease in accounts receivable	(17,298)	(6,958)	(231)	-	(24,487)
(Increase) decrease in sewer liens	(606)	-	-	-	(606)
(Increase) decrease in inventory	-	(270)	-	-	(270)
Increase (decrease) in accounts payable	993	4,857	(1,340)	-	4,510
Increase (decrease) in accrued wages	3,040	(487)	495	-	3,048
Increase (decrease) in other liabilities	(1,612)	-	-	-	(1,612)
Increase (decrease) in net pension liability with related deferred outflows and deferred inflows of resources	43,396	-	-	-	43,396
Increase (decrease) in accrued compensated absences	(8,450)	(933)	-	-	(9,383)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 111,684</b>	<b>(3,785)</b>	<b>376,727</b>	<b>8,213</b>	<b>492,839</b>

*See accompanying notes to basic financial statements.*

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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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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:

**The Reporting Entity**

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

**Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net 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.

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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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**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.

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 earned and expenses incurred in the operation of the sewer department.

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

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

*Government Wharf Fund* accounts for revenues earned and expenses incurred in the operation of the Government Wharf.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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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.

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 and savings accounts. 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 a percentage of amounts older than one 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. The costs of business fund-type inventories are generally recorded as assets when purchased and expensed when consumed.

**Prepaid Items** - Payments made to vendors for services that will benefit periods beyond June 30, 2017 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 acquisition value at the date of donation.

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if material to the basic financial statements, is included as part of the capitalized value of the assets constructed.

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

<u>Useful Life</u>	<u>Asset Type</u>
3-15 years	Land improvements
30-50 years	Buildings
5-50 years	Building improvements
5-50 years	Machinery and equipment
5-10 years	Furniture and fixtures
10-40 years	Vehicles
10-50 years	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. The passage of an ordinance is used to commit fund balance.
- *Assigned* – resources that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
- *Unassigned* – resources which have not been assigned to other funds and that have 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 upon approval of the voters.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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The responsibility for committing fund balance amounts rests with the voters and likewise would be required to modify or rescind those commitments at its annual or a special town meeting. The Town Manager has been given the authority to assign fund balance amounts at the end of the fiscal year.

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.

It is the policy of the Town of Kennebunkport to maintain unassigned fund balance in the general fund at two months of general fund expenditures (or 16%) measured on a GAAP basis. In the event that the unassigned fund balance drops below this level, the Town will develop a plan, implemented through the annual budgetary process, to bring the balance to the target level over a period of five (5) years or less. As of June 30, 2017, the Town was in compliance with its policy.

**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** - Interfund services provided and used 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.

**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 assign 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 assignments 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**

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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**Deferred Inflows and Outflows of Resources** - In addition to assets and liabilities, the statement of net position and balance sheet will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time. The governmental funds only report a deferred inflow of resources, unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The governmental activities have deferred outflows and inflows that relate to the net pension liability, which include the Town's contributions subsequent to the measurement date, which are recognized as a reduction of the net pension liability in the subsequent year. They also include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between Town contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. They also include the net difference between projected and actual earnings on pension plan investments, which is deferred and amortized over a five-year period.

**Pensions** - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Maine Public Employees Retirement System Consolidated Plan for Participating Local Districts (PLD Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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**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:

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

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STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, CONTINUED

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	<u>Revenues</u>	<u>Expenditures</u>	<u>Other financing sources (uses)</u>
2017 budget as originally adopted	\$ 17,752,056	(18,067,057)	315,001
Loan for capital project	-	(400,000)	400,000
Use of capital reserves	-	(132,045)	132,045
Designated carryforward balances	-	(383,781)	383,781
<b>Totals</b>	<b>\$ 17,752,056</b>	<b>(18,982,883)</b>	<b>1,230,827</b>

**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:			
Insurance	\$ 137,600	148,938	(11,338)
Mechanic	93,588	94,340	(752)
Capital Outlay - Recreation	30,000	45,403	(15,403)
General assistance – donations	-	6,670	(6,670)

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DEPOSITS AND INVESTMENTS

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**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 policy regarding custodial credit risk. As of June 30, 2017, the Town reported deposits of \$7,458,050 with a bank balance of \$7,659,486. Of the Town’s bank balances of \$7,659,486, 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	\$ 6,093,731
Reported in proprietary funds	1,364,319
<b>Total deposits</b>	<b>\$ 7,458,050</b>

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

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**DEPOSITS AND INVESTMENTS, CONTINUED**

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**B. Investments**

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

At June 30, 2017, the Town had the following investments:

	<u>Fair</u> <u>value</u>	<u>N/A</u>	<u>Less than</u> <u>1 year</u>	<u>Fair value</u> <u>hierarchy</u>	<u>S&amp;P credit</u> <u>rating</u>
Cash and equivalents	\$ 69,116	69,116	-	N/A	N/A
Corporate bonds	250,330	-	250,330	Level 1	A
Corporate bonds	83,910	-	83,910	Level 1	B
Equities	816,481	816,481	-	Level 1	N/A
Certificates of deposits	499,682	-	499,682	N/A	N/A
<b>Total investments</b>	<b>\$ 1,719,519</b>	<b>885,597</b>	<b>833,922</b>		

Investments have been reported in the governmental funds.

*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:* It is the Town's policy that credit risk will be mitigated by limiting investments to the types of securities authorized by the Town's policy, using financial institutions which have been evaluated and qualified by the Treasurer using key quantitative and qualitative factors as outlined in the Town's investment policy, and diversifying the investment portfolio.

*Custodial Credit Risk-Town's Investments:* For investments, custodial credit risk is the risk that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Town's \$499,682 investment in certificates of deposit, none was exposed to custodial credit risk because all of the certificates of deposit were covered by the F.D.I.C. or by additional insurance purchased on behalf of the Town by the respective banking institutions.

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

**PROPERTY TAX**

Property taxes for the current period were committed on July 28, 2016, on the assessed value listed as of April 1, 2016, for all real and personal property located in the Town. Payment of taxes was due in equal installments on September 12, 2016 and March 10, 2017. 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 2016 assessed value of \$1,912,262,450 was 100% of the estimated market value and 94.74% of the 2017 state valuation of \$2,018,400,000.

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 \$87,512 for the period ended June 30, 2017.

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, 2017 and 2016 levies:

	<u>2017</u>	<u>2016</u>
Assessed value	\$ 1,912,262,450	1,893,882,970
Tax rate (per \$1,000)	8.28	7.70
Commitment	15,833,533	14,582,899
Supplemental taxes assessed	-	7,457
	15,833,533	14,590,356
Less:		
Collections and abatements	15,656,403	14,409,972
<b>Receivable at June 30</b>	<b>\$ 177,130</b>	<b>180,384</b>
Collection rate	98.88%	98.76%

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

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**CAPITAL ASSETS**

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Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance June 30, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2017</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ 563,114	1,477,192	563,114	1,477,192
Land	2,715,181	-	-	2,715,181
<b>Total capital assets, not being depreciated</b>	<b>3,278,295</b>	<b>1,477,192</b>	<b>563,114</b>	<b>4,192,373</b>
Capital assets, being depreciated:				
Land improvements	271,188	21,734	-	292,922
Buildings	1,876,444	-	-	1,876,444
Buildings improvements	695,975	423,075	-	1,119,050
Machinery and equipment	1,626,037	153,255	43,239	1,736,053
Furniture and fixtures	47,258	-	-	47,258
Vehicles	3,295,535	123,856	72,246	3,347,145
Infrastructure	8,010,736	536,600	-	8,547,336
<b>Total capital assets, being depreciated</b>	<b>15,823,173</b>	<b>1,258,520</b>	<b>115,485</b>	<b>16,966,208</b>
Less accumulated depreciation for:				
Land improvements	150,279	9,889	-	160,168
Buildings	858,134	42,192	-	900,326
Building improvements	300,995	45,063	-	346,058
Machinery and equipment	1,131,630	68,117	43,239	1,156,508
Furniture and fixtures	47,214	44	-	47,258
Vehicles	1,677,802	166,972	43,853	1,800,921
Infrastructure	2,913,655	174,132	-	3,087,787
<b>Total accumulated depreciation</b>	<b>7,079,709</b>	<b>506,409</b>	<b>87,092</b>	<b>7,499,026</b>
<b>Total capital assets being depreciated, net</b>	<b>8,743,464</b>	<b>752,111</b>	<b>28,393</b>	<b>9,467,182</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 12,021,759</b>	<b>2,229,303</b>	<b>591,507</b>	<b>13,659,555</b>

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

Governmental activities:	
General government	\$ 70,194
Public safety	143,055
Public works	278,532
Health and welfare	43
Recreation and culture	14,585
<b>Total depreciation expense - governmental activities</b>	<b>\$ 506,409</b>

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

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**CAPITAL ASSETS, CONTINUED**

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	Balance June 30, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2017</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ 19,214	74,988	14,314	79,888
Land	950,428	-	-	950,428
<u>    Total capital assets, not being depreciated</u>	<u>969,642</u>	<u>74,988</u>	<u>14,314</u>	<u>1,030,316</u>
Capital assets, being depreciated:				
Land improvements	29,600	-	-	29,600
Buildings	4,936,200	-	-	4,936,200
Building improvements	3,232,319	4,292	-	3,236,611
Machinery and equipment	3,188,919	30,825	8,700	3,211,044
Infrastructure	7,809,631	-	-	7,809,631
Vehicles	82,205	45,059	26,459	100,805
<u>    Total capital assets, being depreciated</u>	<u>19,278,874</u>	<u>80,176</u>	<u>35,159</u>	<u>19,323,891</u>
Less accumulated depreciation for:				
Land improvements	29,600	-	-	29,600
Buildings	3,002,430	97,851	-	3,100,281
Building improvements	1,107,315	85,552	-	1,192,867
Machinery and equipment	2,262,433	103,149	8,700	2,356,882
Infrastructure	4,997,167	168,624	-	5,165,791
Vehicles	57,494	6,407	26,459	37,442
<u>    Total accumulated depreciation</u>	<u>11,456,439</u>	<u>461,583</u>	<u>35,159</u>	<u>11,882,863</u>
<u>Total capital assets being depreciated, net</u>	<u>7,822,435</u>	<u>(381,407)</u>	<u>-</u>	<u>7,441,028</u>
<b><u>Business-type activities capital assets, net</u></b>	<b><u>\$ 8,792,077</u></b>	<b><u>(306,419)</u></b>	<b><u>14,314</u></b>	<b><u>8,471,344</u></b>

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

Business-type activities:	
Sewer Department	\$ 433,235
Cape Porpoise Pier	16,092
<u>Dock Square Parking Lot</u>	<u>12,256</u>
<b><u>Total depreciation expense - business-type activities</u></b>	<b><u>\$ 461,583</u></b>

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**INTERFUND LOAN BALANCES**

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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**

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**INTERFUND LOAN BALANCES, CONTINUED**

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Individual interfund loan receivable and payable balances at the year ended June 30, 2017 were as follows:

	<u>Interfund loans receivable</u>	<u>Interfund loans payable</u>
<b>General Fund</b>	\$ -	2,327,319
<b>Proprietary funds:</b>		
Sewer Department	262,323	-
Cape Porpoise Pier	4,384	-
Dock Square Parking Lot	268,375	-
Government Wharf	8,213	-
<b>Total proprietary funds</b>	<b>543,295</b>	<b>-</b>
<b>Nonmajor special revenue funds:</b>		
Piers, Rivers & Harbors	464,912	-
350 <sup>th</sup> Anniversary	1,155	-
Revaluation	3,041	-
DEA Drug Forfeiture	106	-
Maine Drug Forfeiture	412	-
<b>Total nonmajor special revenue funds</b>	<b>469,626</b>	<b>-</b>
<b>Nonmajor capital projects funds:</b>		
General Capital Projects	6,988	-
Fire Apparatus	93,332	-
Highway Vehicles	12,969	-
Garage Roof	13,263	-
S Brook Drainage	3,900	-
Communications Building	11,561	-
Fire Equipment	84,193	-
Sidewalk	264,942	-
Road Improvement	123,904	-
General Capital Improvements	686,893	-
<b>Total nonmajor capital projects funds</b>	<b>1,301,945</b>	<b>-</b>
<b>Nonmajor permanent funds:</b>		
Kittredge Family Fire Equipment	4,302	-
Macomber Trust	2,211	-
Picavet Trust	5,940	-
<b>Total nonmajor permanent funds</b>	<b>12,453</b>	<b>-</b>
<b>Total interfund loans receivable and payable</b>	<b>\$ 2,327,319</b>	<b>2,327,319</b>

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

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**INTERFUND TRANSFERS**

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Individual fund transfers for the year ended June 30, 2017 were as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
<b>General Fund</b>	\$ 401,757	229,711
<b>Proprietary funds:</b>		
Sewer Department	35,799	25,000
Dock Square Parking Lot	-	307,500
<b>Total proprietary funds</b>	<b>35,799</b>	<b>332,500</b>
<b>Nonmajor special revenue funds:</b>		
Piers, Rivers & Harbors	151,841	-
Dredge	-	51,842
<b>Total nonmajor special revenue funds</b>	<b>151,841</b>	<b>51,842</b>
<b>Nonmajor capital projects funds:</b>		
Highway Vehicle	-	66,307
Fire Apparatus	130,000	-
Communications Building	-	11,144
Town Office Building	-	2,149
Fire Equipment	49,451	-
Sidewalks	77,514	-
Road Improvement	-	151,909
<b>Total nonmajor capital projects funds</b>	<b>256,965</b>	<b>231,509</b>
<b>Nonmajor permanent funds:</b>		
Macomber Trust	-	800
<b>Total nonmajor permanent funds</b>	<b>-</b>	<b>800</b>
<b>Totals</b>	<b>\$ 846,362</b>	<b>846,362</b>

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

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**CHANGES IN LONG-TERM LIABILITIES**

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Long-term liability activity for the year ended June 30, 2017 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
<b>Governmental activities:</b>					
General obligation bonds	\$ 320,000	400,000	160,000	560,000	196,066
Net pension liability	1,436,448	1,067,529	-	2,503,977	-
Capital leases	18,767	-	6,090	12,677	6,254
Compensated absences	236,753	337,032	346,131	227,654	9,099
<b>Governmental activity long-term liabilities</b>	<b>\$ 2,011,968</b>	<b>1,804,561</b>	<b>512,221</b>	<b>3,304,308</b>	<b>211,419</b>

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

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**CHANGES IN LONG-TERM LIABILITIES, CONTINUED**

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	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
<b>Business-type activities:</b>					
General obligations bonds	\$ 435,786	-	51,442	384,344	52,321
Net pension liability	193,150	167,574	-	360,724	-
Compensated absences	38,492	60,770	70,153	29,109	29,109
<b>Business-type activity long-term liabilities</b>	<b>\$ 667,428</b>	<b>228,344</b>	<b>121,595</b>	<b>774,177</b>	<b>81,430</b>

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**LONG-TERM DEBT**

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Bonds payable and capital leases at June 30, 2017 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>					
Road bond	\$ 1,600,000	8/1/08	2018	4.24%	160,000
Police Station addition	400,000	9/2/16	2027	2.25%	400,000
Total governmental activities bonds payable					560,000
<u>Business-type activities:</u>					
Sewer expansion bonds	1,000,000	11/13/03	2024	2.25%	384,344
Total business-type activities bonds payable					384,344
<b>Total governmental activities and business-type activities bonds payable</b>					<b>\$ 944,344</b>

All governmental activities long-term debt service requirements are paid by the General Fund. Business-type debt service is paid by the sewer department 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 \$30,475, with accumulated depreciation of \$27,428.

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

**LONG-TERM DEBT, CONTINUED**

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>
2018	\$ 196,066	12,799	208,865	6,254	340	6,594
2019	36,889	8,302	45,191	6,423	171	6,594
2020	37,730	7,461	45,191	-	-	-
2021	38,573	6,618	45,191	-	-	-
2022	39,471	5,720	45,191	-	-	-
2023-2027	211,271	14,684	225,955	-	-	-
<b>Totals</b>	<b>\$ 560,000</b>	<b>55,584</b>	<b>615,584</b>	<b>12,677</b>	<b>511</b>	<b>13,188</b>

**Business-type Activities**

	<u>Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 52,321	7,322	59,643
2019	53,240	6,219	59,459
2020	54,202	5,201	59,403
2021	55,208	4,003	59,211
2022	55,983	3,252	59,235
2023-2024	113,390	4,743	118,133
<b>Totals</b>	<b>\$ 384,344</b>	<b>30,740</b>	<b>415,084</b>

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, 2017, 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 \$41,825 for the year ended June 30, 2017. The future minimum lease payments for these leases are as follows:

<u>Year ending</u> <u>June 30,</u>	<u>Goose Rocks</u> <u>Beach Fire Co</u>
2018	\$ 23,103
2019	23,796
<b>Total</b>	<b>\$ 46,899</b>

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

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**OVERLAPPING DEBT**

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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, 2017</u>	<u>Percentage applicable to the Town</u>	<u>Town's proportionate share of debt</u>
York County	\$ 4,900,000	6.59%	322,910
Regional School Unit #21	64,659,619	40.78%	26,370,671

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

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**RISK MANAGEMENT**

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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, 2017. 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.

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**NET POSITION**

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Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. 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, 2017:

	<u>Governmental activities</u>	<u>Business-type activities</u>
Capital assets	\$ 21,158,581	20,354,207
Accumulated depreciation	(7,499,026)	(11,882,863)
Bonds payable	(560,000)	(384,344)
Capital leases	(12,677)	-
<b><u>Net investment in capital assets</u></b>	<b><u>\$ 13,086,878</u></b>	<b><u>8,087,000</u></b>

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

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**FUND BALANCE**

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The General Fund unassigned fund balance total of \$3,191,129 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, 2017, other fund balance components consisted of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
<b>General Fund:</b>				
Reserved for inventory	\$ 4,599	-	-	-
Prepaid expenditures	1,734	-	-	-
Carryforward balances	-	-	479,475	-
Subsequent year's expenditures	-	-	-	250,000
Encumbrances	-	-	-	189,685
Total general fund	6,633	-	479,475	439,685
<b>Other Governmental Funds:</b>				
<b>Special Revenue Funds:</b>				
Piers, Rivers & Harbors	-	-	464,912	-
350 <sup>th</sup> Anniversary	-	-	1,155	-
Revaluation	-	-	3,041	-
DEA Drug Forfeiture	-	-	106	-
Maine Drug Forfeiture	-	-	412	-
<b>Capital Projects Funds:</b>				
General Capital Projects	-	6,988	-	-
Fire Apparatus	-	-	93,332	-
Highway Vehicles	-	-	12,969	-
Garage Roof	-	-	13,263	-
S-Brook Drainage	-	-	3,900	-
Communications Building	-	-	11,561	-
Fire Equipment	-	-	84,193	-
Sidewalks	-	-	264,942	-
Road Improvement	-	-	123,904	-
General Capital Improvements	-	-	686,893	-
<b>Permanent Funds:</b>				
Principal	1,142,297	-	-	-
<b>Unexpended income:</b>				
Kittredge Family Fire Equip. Fund	-	45,633	-	-
Macomber Trust	-	2,307	-	-
Picavet Trust	-	42,465	-	-
Total other governmental funds	1,142,297	97,393	1,764,583	-
<b>Grand totals</b>	<b>\$ 1,148,930</b>	<b>97,393</b>	<b>2,244,058</b>	<b>439,685</b>

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

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**FUND BALANCE, CONTINUED**

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At June 30, 2017 and 2016, fund balances were committed to future periods as follows:

	<u>2017</u>	<u>2016</u>
General Fund:		
Street lights	\$ 5,000	5,000
Police OT	7,491	-
Communications Building	609	-
FEMA Maps	55,000	-
EMA	725	-
Nurse health insurance	15,000	-
Public Works speed signs	5,000	-
Police vehicle	4,750	-
Salt shed	10,020	12,736
General Assistance donations	89,263	78,636
Employee separation	62,208	50,008
Cemetery	300	300
Voting equipment	7,332	7,332
Local Circuit Breaker Program	21,427	23,927
Recreation - capital	23,343	38,871
Parsons Way bench	9,629	6,071
Police donations	2,985	2,070
Legal	-	267,589
Goose Rocks Beach Advisory Committee	99,837	95,344
Police	-	5,000
Administration	25,784	29,578
Community development	21,979	8,493
Land acquisition	11,793	11,793
	<u>\$ 479,475</u>	<u>642,748</u>

Encumbrances at year end were \$189,685 for the General Fund, \$50,213 for the Enterprise Fund – Sewer Department.

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**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM**

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***General Information about the Pension Plan***

**Plan Description** - Employees of the Town are provided with pensions through the Maine Public Employees Retirement System Consolidated Plan for Local Participating Districts (PLD Plan), a cost-sharing multiple-employer defined benefit pension plan, administered by the Maine Public Employees Retirement System (MPERS). Benefit terms are established in Maine statute; in the case of the PLD Plan, an advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the Maine State Legislature to amend the terms. MPERS issues a publicly available financial report that can be obtained at [www.maineper.org](http://www.maineper.org).

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

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**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED**

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**Benefits Provided** - The PLD Plan provides defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e. eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age is 60 (65 for new members to the PLD Plan on or after July 1, 2014). The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. MPERS also provides disability and death benefits, which are established by contract under applicable statutory provisions.

**Contributions** - Employee contribution rates are defined by law or Board rule and depend on the terms of the plan under which an employee is covered. Employer contributions are determined by actuarial valuations. Employees are required to contribute 8.0% of their annual pay. The Town's contractually required contribution rate for the year ended June 30, 2017, was 9.5% for the AC plan and 14.2% for the 1C plan of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$245,117 for governmental activities and \$30,273 for business type activities for the year ended June 30, 2017.

***Pension Liabilities, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions***

At June 30, 2017, the Town reported a liability of \$2,503,977 for governmental activities and \$360,724 for business-type activities for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating local districts, actuarially determined. At June 30, 2016, the Town's proportion of the plan's net pension liability was 0.5392%.

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

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**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED**

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For the year ended June 30, 2017, the Town recognized a pension expense of \$420,744 for governmental activities and \$73,669 for business type activities. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	130,698	-	18,829
Changes in assumptions	268,432	-	38,671	-
Net difference between projected and actual earnings on pension plan investments	540,204	-	77,822	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	44,765	-	6,449	-
Town contributions subsequent to the measurement date	245,117	-	30,273	-
<b>Total</b>	<b>\$ 1,098,518</b>	<b>130,698</b>	<b>153,215</b>	<b>18,829</b>

An amount of \$245,117 is reported as deferred outflows of resources in the governmental activities and \$30,273 is reported as deferred outflows of resources in the business type activities related to pensions resulting from Town contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (credit) as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2018	\$ 125,798	18,122
2019	122,577	17,659
2020	330,012	47,542
2021	144,316	20,790

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

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**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED**

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**Actuarial Assumptions** - The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary Increases	2.75% to 9.0% per year
Investment return	6.875% per annum, compounded annually
Cost of living benefit increases	2.20% per annum

Mortality rates were based on the RP2014 Total Dataset Healthy Annuity Mortality Table, for males and females.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US equities	20%	5.7%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real estate	10%	5.2%
Infrastructure	10%	5.3%
Hard assets	5%	5.0%
Fixed income	25%	2.9%
<b><u>Total</u></b>	<b><u>100%</u></b>	

**Discount Rate** - The discount rate used to measure the total pension liability was 6.875%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

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**Sensitivity of the Town’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate -**

The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 6.875%, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.875%) or 1 percentage-point higher (7.875%) than the current rate:

	1% Decrease <u>(5.875%)</u>	Current Discount Rate <u>(6.875%)</u>	1% Increase <u>(7.875%)</u>
Town’s proportionate share of the net pension liability	\$ 4,754,888	2,864,701	1,085,158

**Pension Plan Fiduciary Net Position** - Detailed information about the pension plan’s fiduciary net position is available in the separately issued MPERS financial report.

**Payables to the Pension Plan** - None as of June 30, 2017.

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457 RETIREMENT PLAN

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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.

**TOWN OF KENNEBUNKPORT, MAINE**  
**Required Supplementary Information**

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**Schedule of Town's Proportionate Share of the Net Pension Liability**  
**Maine Public Employees Retirement System Consolidated Plan**

Last 10 Fiscal Years\*

	<u>2017</u> **	<u>2016</u> **	<u>2015</u> **
Town's proportion of the net pension liability	0.5392%	0.5108%	0.5028%
Town's proportionate share of the net pension liability	\$ 2,864,701	1,629,598	773,711
Town's covered payroll	2,451,768	2,349,396	2,234,398
Town's proportion share of the net pension liability as a percentage of its covered payroll	116.85%	69.36%	34.63%
Plan fiduciary net position as a percentage of of the total pension liability	81.61%	88.27%	94.10%

\* Only three years of information available

\*\* The amounts presented for each fiscal year were determined as of the prior fiscal year.

**TOWN OF KENNEBUNKPORT, MAINE**  
**Required Supplementary Information, Continued**

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**Schedule of Town Contributions**  
**Maine Public Employees Retirement System Consolidated Plan**

Last 10 Fiscal Years\*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 275,390	252,997	208,757	168,733
Contributions in relation to the contractually required contribution	<u>(275,390)</u>	<u>(252,997)</u>	<u>(208,757)</u>	<u>(168,733)</u>
<b><u>Contribution deficiency (excess)</u></b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Town's covered payroll	2,530,699	2,451,768	2,349,396	2,234,398
Contributions as a percentage of covered payroll	10.88%	10.32%	8.89%	7.55%

*\*Only four years of information was available.*

**TOWN OF KENNEBUNKPORT, MAINE**  
**Notes to Required Supplementary Information**

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**Changes of Benefit Terms - None**

**Changes of Assumptions** - The following are changes in actuarial assumptions used in the most recent valuation:

	<u>2017</u>	<u>2016</u>
Discount rate	6.875%	7.125%
Inflation rate	2.75%	3.5%
Salary increases	2.75% to 9.0%	3.5% to 9.5%
Cost of living increase	2.20%	2.55%
Long-term expected real rate of return on assets:		
US equities	5.7%	5.2%
Real estate	5.2%	3.7%
Infrastructure	5.3%	4.0%
Hard assets	5.0%	4.8%
Fixed income	2.9%	0.7%

In addition, mortality rates were previously based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA, which, in the most recent valuation, changed to mortality rates that were based on the RP2014 Total Data Set Healthy Annuity Mortality Table.

## **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.

**TOWN OF KENNEBUNKPORT, MAINE**  
**General Fund**  
**Comparative Balance Sheets**  
**June 30, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 6,093,319	3,857,162
Investments	499,682	3,189,670
Receivables:		
Accounts, net of allowance of \$5,440 and \$25,512, respectively	30,629	47,972
Due from other governments	88,739	12,948
Taxes receivable - current year	177,130	180,384
Taxes receivable - prior year	3,815	3,764
Tax liens receivable	60,848	72,307
Prepays	1,734	979
Inventory	4,599	3,438
<b>Total assets</b>	<b>\$ 6,960,495</b>	<b>7,368,624</b>
<b>LIABILITIES</b>		
Accounts payable and payroll withholdings	148,542	125,787
Accrued wages	63,294	63,583
Other liabilities	140,891	123,765
Interfund loans payable	2,327,319	2,750,545
<b>Total liabilities</b>	<b>2,680,046</b>	<b>3,063,680</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	163,827	169,166
<b>Total deferred inflows of resources</b>	<b>163,827</b>	<b>169,166</b>
<b>FUND BALANCES</b>		
Nonspendable	6,333	4,417
Committed	479,475	642,748
Assigned	439,685	633,099
Unassigned	3,191,129	2,855,514
<b>Total fund balances</b>	<b>4,116,622</b>	<b>4,135,778</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 6,960,495</b>	<b>7,368,624</b>

**TOWN OF KENNEBUNKPORT, MAINE**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual**  
**For the year ended June 30, 2017**  
**(with comparative actual amounts for the year ended June 30, 2016)**

	2017		Variance positive (negative)	2016 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 15,833,533	15,833,533	-	14,590,834
Change in unavailable revenue	-	5,339	5,339	(30,480)
Excise taxes	864,100	959,646	95,546	948,096
Interest and costs on taxes	24,000	33,735	9,735	29,498
Total taxes	16,721,633	16,832,253	110,620	15,537,948
Intergovernmental:				
State Revenue Sharing	52,300	58,534	6,234	63,533
Homestead reimbursement	47,258	47,258	-	30,000
State road assistance	41,000	42,196	1,196	42,392
Tree growth	6,000	6,348	348	6,746
Snowmobile reimbursement	-	357	357	576
Veterans reimbursement	2,000	2,301	301	2,235
General assistance	1,500	556	(944)	-
BETE reimbursement	1,052	1,072	20	635
MDOT grants	110,000	186,591	76,591	-
Rachel Carson	3,700	4,455	755	3,928
RSU COPS share	57,000	62,528	5,528	57,915
Miscellaneous	-	3,068	3,068	1,367
Total intergovernmental	321,810	415,264	93,454	209,327
Licenses and permits:				
Town clerk fees	9,600	9,438	(162)	9,898
Plumbing fees	22,032	27,010	4,978	20,425
Building permits	215,231	261,605	46,374	247,643
Liquor license	4,200	3,875	(325)	4,025
Victualers license	3,200	3,100	(100)	3,050
Shellfish license	1,000	900	(100)	1,190
Total licenses and permits	255,263	305,928	50,665	286,231

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

	2017		Variance positive (negative)	2016 Actual
	Budget	Actual		
Revenues, continued:				
Charges for services:				
Dogs fees	\$ 4,600	3,752	(848)	4,311
Agent fees	11,000	11,335	335	11,324
Land use ordinance	-	-	-	7,968
Planning board/appeals board	15,000	35,482	20,482	17,211
Parking tickets	35,000	37,421	2,421	50,528
Police other	12,500	13,777	1,277	11,055
Goose Rocks	100,000	117,321	17,321	120,069
Nurses fees	2,000	1,674	(326)	4,559
Parks and recreation revenue	205,000	213,940	8,940	202,729
Miscellaneous	-	4,597	4,597	522
Total charges for services	385,100	439,299	54,199	430,276
Interest earned	40,000	82,193	42,193	57,378
Total interest earned	40,000	82,193	42,193	57,378
Other revenue:				
Donations	-	27,211	27,211	32,532
Maine PERS credit	-	-	-	14,506
Recreation	750	1,392	642	1,709
Sale of Town assets	5,000	6,780	1,780	8,000
Conservation	10,000	10,000	-	10,000
Miscellaneous	12,500	19,392	6,892	44,072
Total other revenue	28,250	64,775	36,525	110,819
Total revenues	17,752,056	18,139,712	387,656	16,631,979

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

	2017		Variance positive (negative)	2016 Actual
	Budget	Actual		
Expenditures:				
Current:				
General government:				
Administration	\$ 900,482	888,265	12,217	817,420
Planning and development	384,240	366,691	17,549	309,743
Boards and committees	1,650	703	947	1,092
Growth planning	3,150	-	3,150	1,223
Legal fees	67,000	51,963	15,037	83,000
Insurance	137,600	148,938	(11,338)	128,029
Community development	25,799	17,903	7,896	18,178
Contingency	65,000	7,800	57,200	22,878
Overlay/abatements	87,512	12,886	74,626	21,142
Total general government	1,672,433	1,495,149	177,284	1,402,705
Public safety:				
Police department	1,433,668	1,402,148	31,520	1,373,612
Communications	445,657	427,369	18,288	422,621
Fire department	379,626	325,747	53,879	324,431
KEMS	125,000	125,000	-	108,000
EMA	750	25	725	750
Special enforcement	34,434	34,211	223	32,703
Total public safety	2,419,135	2,314,500	104,635	2,262,117
Public works:				
Highway department	804,707	793,299	11,408	757,048
Mechanic	93,588	94,340	(752)	109,326
Utilities	176,150	172,577	3,573	170,897
Shade tree	33,554	32,425	1,129	33,672
Cemetery	14,294	12,028	2,266	11,879
Total public works	1,122,293	1,104,669	17,624	1,082,822

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

	<b>2017</b>		<b>Variance positive (negative)</b>	<b>2016 Actual</b>
	<b>Budget</b>	<b>Actual</b>		
Expenditures, continued				
Current, continued:				
Health and welfare:				
Solid waste	\$ 461,535	445,064	16,471	444,363
Health	188,007	187,676	331	169,198
Welfare	3,235	1,385	1,850	150
Social services	24,800	24,300	500	23,200
Other services	36,374	26,461	9,913	30,244
General assistance donations	-	6,670	(6,670)	6,586
Total health and welfare	713,951	691,556	22,395	673,741
Recreation and culture:				
Recreation	357,583	357,542	41	339,872
Graves library	120,000	120,000	-	120,000
Cape Porpoise	12,675	12,675	-	12,675
Parsons Way	3,500	3,500	-	2,890
Miscellaneous agencies	7,650	6,050	1,600	7,281
Goose Rocks Beach Committee	30,000	25,506	4,494	39,743
Total recreation and culture	531,408	525,273	6,135	522,461
Education	9,055,448	9,055,448	-	8,015,486
County tax	1,163,270	1,163,270	-	1,115,331
Debt service:				
Principal	200,000	200,000	-	253,611
Interest	20,019	15,650	4,369	18,975
Total debt service	220,019	215,650	4,369	272,586

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

	2017		Variance positive (negative)	2016 Actual
	Budget	Actual		
Expenditures, continued:				
Capital improvements and reserves:				
Capital outlay:				
Administration	\$ 7,150	7,150	-	54,585
Police	54,500	49,750	4,750	29,250
Communications	461,144	461,144	-	267,035
Fire	31,049	31,049	-	53,155
Road improvement	709,509	709,509	-	521,465
Highway	200,307	200,307	-	164,993
Sidewalk construction	82,486	82,486	-	13,582
S Brook	-	-	-	6,503
CEO/Planning	22,500	22,500	-	-
Community Development	85,000	71,514	13,486	-
Special Projects	17,500	17,500	-	-
Recreation	30,000	45,403	(15,403)	1,074
Committed:				
Downtown projects	-	-	-	172
School Street land	-	-	-	136,633
Bridges	-	-	-	49,541
Fire building	-	-	-	20,000
Local Circuit Breaker	23,927	2,500	21,427	2,441
Employee separation	-	-	-	15,997
Legal	267,598	267,598	-	-
Parsons Way Bench	6,071	441	5,630	804
Salt shed	12,736	2,715	10,021	6,890
Police	5,000	5,000	-	-
Recreation capital	38,871	2,625	36,246	875
Administration	29,578	17,794	11,784	5,573
Total capital improvements and reserves	2,084,926	1,996,985	87,941	1,350,568
Total expenditures	18,982,883	18,562,500	420,383	16,697,817
Excess (deficiency) of revenues over (under) expenditures	(1,230,827)	(422,788)	808,039	(65,838)

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

	2017		Variance positive (negative)	2016 Actual
	Budget	Actual		
Other financing sources (uses):				
Transfers from (to) other funds:				
Fire apparatus	\$ (130,000)	(130,000)	-	(115,000)
Fire equipment	(49,451)	(49,451)	-	(10,500)
Communications Building	11,144	11,144	-	-
Road improvement	151,909	151,909	-	(118,535)
Sidewalk	(77,514)	(77,514)	-	(61,417)
Piers, rivers & harbors	(100,000)	(100,000)	-	(100,000)
General capital improvements	-	-	-	(686,893)
Sewer debt (principal & interest)	(35,799)	(35,799)	-	(35,827)
Town office building	2,150	2,150	-	9,858
Communications building	-	-	-	167,035
Highway vehicle	66,307	66,307	-	29,994
S Brook drainage	-	-	-	6,503
Dock Square parking lot	200,000	200,000	-	200,000
Dock Square restrooms	30,000	30,000	-	30,000
Dock Square equipment	77,500	77,500	-	-
Sewer	25,000	25,000	-	25,000
Macomber	800	800	-	800
Loan proceeds	400,000	400,000	-	-
Utilization of unassigned fund balance	275,000	-	(275,000)	-
Utilization of committed fund balance	383,781	-	(383,781)	-
Total other financing sources (uses)	1,230,827	572,046	(658,781)	(658,982)
Net change in fund balance - budgetary basis	-	149,258	149,258	(724,820)
Reconciliation to GAAP basis:				
Change in encumbrance balance		(168,414)		289,175
Net change in fund balance - GAAP basis		(19,156)		(435,645)
Fund balance, beginning of year		4,135,778		4,571,423
<b>Fund balance, end of year</b>	<b>\$</b>	<b>4,116,622</b>		<b>4,135,778</b>

**ALL OTHER GOVERNMENTAL FUNDS**

**TOWN OF KENNEBUNKPORT, MAINE**  
**All Other Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2017**

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	-	412	412
Investments	-	-	1,219,837	1,219,837
Interfund loans receivable	469,626	1,301,945	12,453	1,784,024
<b>Total assets</b>	<b>\$ 469,626</b>	<b>1,301,945</b>	<b>1,232,702</b>	<b>3,004,273</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Interfund loans payable	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances:				
Nonspendable	-	-	1,142,297	1,142,297
Restricted	-	6,988	90,405	97,393
Committed	469,626	1,294,957	-	1,764,583
<b>Total fund balances</b>	<b>469,626</b>	<b>1,301,945</b>	<b>1,232,702</b>	<b>3,004,273</b>
<b>Total liabilities and fund balances</b>	<b>\$ 469,626</b>	<b>1,301,945</b>	<b>1,232,702</b>	<b>3,004,273</b>

**TOWN OF KENNEBUNKPORT, MAINE**  
**All Other Governmental Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the year ended June 30, 2017**

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
Revenues:				
Other revenues	\$ 263	-	-	263
Investment income	-	-	151,148	151,148
<b>Total revenues</b>	<b>263</b>	<b>-</b>	<b>151,148</b>	<b>151,411</b>
Expenditures:				
Current:				
Public safety	598	-	14,555	15,153
Health and welfare	-	-	1,852	1,852
Recreation and culture	88,692	-	-	88,692
Capital improvements	-	461,757	-	461,757
<b>Total expenditures</b>	<b>89,290</b>	<b>461,757</b>	<b>16,407</b>	<b>567,454</b>
Excess (deficiency) of revenues over (under) expenditures	(89,027)	(461,757)	134,741	(416,043)
Other financing sources (uses):				
Transfer from other funds	99,999	256,965	-	356,964
Transfer to other funds	-	(231,509)	(800)	(232,309)
<b>Total other financing sources (uses)</b>	<b>99,999</b>	<b>25,456</b>	<b>(800)</b>	<b>124,655</b>
Net change in fund balances	10,972	(436,301)	133,941	(291,388)
Fund balances, beginning of year	458,654	1,738,246	1,098,761	3,295,661
<b>Fund balances, end of year</b>	<b>\$ 469,626</b>	<b>1,301,945</b>	<b>1,232,702</b>	<b>3,004,273</b>

## **NONMAJOR SPECIAL REVENUE FUNDS**

**TOWN OF KENNEBUNKPORT, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet**  
**June 30, 2017**

		Piers, Rivers & Harbors	350th Anniversary	Revaluation	DEA Drug Forfeiture	Maine Drug Forfeiture	Dredge	Totals
<b>ASSETS</b>								
Interfund loans receivable	\$	464,912	1,155	3,041	106	412	-	469,626
<b>Total assets</b>	<b>\$</b>	<b>464,912</b>	<b>1,155</b>	<b>3,041</b>	<b>106</b>	<b>412</b>	<b>-</b>	<b>469,626</b>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable		-	-	-	-	-	-	-
Total liabilities		-	-	-	-	-	-	-
Fund balances:								
Committed		464,912	1,155	3,041	106	412	-	469,626
Total fund balances		464,912	1,155	3,041	106	412	-	469,626
<b>Total liabilities and fund balances</b>	<b>\$</b>	<b>464,912</b>	<b>1,155</b>	<b>3,041</b>	<b>106</b>	<b>412</b>	<b>-</b>	<b>469,626</b>

**TOWN OF KENNEBUNKPORT, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the year ended June 30, 2017**

	Piers, Rivers & Harbors	350th Anniversary	Revaluation	DEA Drug Forfeiture	Maine Drug Forfeiture	Dredge	Totals
Revenues:							
Other revenues	\$ -	263	-	-	-	-	263
Total revenues	-	263	-	-	-	-	263
Expenditures:							
Current:							
Public safety	-	-	-	-	598	-	598
Recreation and culture	88,692	-	-	-	-	-	88,692
Total expenditures	88,692	-	-	-	598	-	89,290
Excess (deficiency) of revenues over (under) expenditures	(88,692)	263	-	-	(598)	-	(89,027)
Other financing sources:							
Transfer (to) from other funds	151,841	-	-	-	-	(51,842)	99,999
Total other financing sources	151,841	-	-	-	-	(51,842)	99,999
Net change in fund balances	63,149	263	-	-	(598)	(51,842)	10,972
Fund balances, beginning of year	401,763	892	3,041	106	1,010	51,842	458,654
<b>Fund balances, end of year</b>	<b>\$ 464,912</b>	<b>1,155</b>	<b>3,041</b>	<b>106</b>	<b>412</b>	<b>-</b>	<b>469,626</b>

## **NONMAJOR CAPITAL PROJECTS FUNDS**

**TOWN OF KENNEBUNKPORT, MAINE**  
**Nonmajor Capital Projects Funds**  
**Combining Balance Sheet**  
**June 30, 2017**

	General Capital Projects	Port Village Fire Station	Fire Apparatus	Highway Vehicles	Garage Roof	S Brook Drainage	Communications Building	Town Office Building	Fire Equipment	Sidewalks	Road Improvement	Gen Capital Improvements	Totals
<b>ASSETS</b>													
Interfund loans receivable	6,988	-	93,332	12,969	13,263	3,900	11,561	-	84,193	264,942	123,904	686,893	1,301,945
<b>Total assets</b>	<b>\$ 6,988</b>	<b>-</b>	<b>93,332</b>	<b>12,969</b>	<b>13,263</b>	<b>3,900</b>	<b>11,561</b>	<b>-</b>	<b>84,193</b>	<b>264,942</b>	<b>123,904</b>	<b>686,893</b>	<b>1,301,945</b>
<b>LIABILITIES AND FUND BALANCES</b>													
Liabilities:													
Accounts payable	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances:													
Restricted	6,988	-	-	-	-	-	-	-	-	-	-	-	6,988
Committed	-	-	93,332	12,969	13,263	3,900	11,561	-	84,193	264,942	123,904	686,893	1,294,957
<b>Total fund balances</b>	<b>6,988</b>	<b>-</b>	<b>93,332</b>	<b>12,969</b>	<b>13,263</b>	<b>3,900</b>	<b>11,561</b>	<b>-</b>	<b>84,193</b>	<b>264,942</b>	<b>123,904</b>	<b>686,893</b>	<b>1,301,945</b>
<b>Total liabilities and fund balances</b>	<b>\$ 6,988</b>	<b>-</b>	<b>93,332</b>	<b>12,969</b>	<b>13,263</b>	<b>3,900</b>	<b>11,561</b>	<b>-</b>	<b>84,193</b>	<b>264,942</b>	<b>123,904</b>	<b>686,893</b>	<b>1,301,945</b>

**TOWN OF KENNEBUNKPORT, MAINE**  
**Nonmajor Capital Projects Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the year ended June 30, 2017**

	General Capital Projects	Port Village Fire Station	Fire Apparatus	Highway Vehicle	Garage Roof	S Brook Drainage	Communications Building	Town Office Building	Fire Equipment	Sidewalks	Road Improvement	Gen Capital Improvements	Totals
<b>Revenues:</b>													
Other revenues	\$ -	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Expenditures:</b>													
Capital outlay	-	522	450,714	-	-	3,242	-	-	7,279	-	-	-	461,757
<b>Total expenditures</b>	-	522	450,714	-	-	3,242	-	-	7,279	-	-	-	461,757
Deficiency of revenues under expenditures	-	(522)	(450,714)	-	-	(3,242)	-	-	(7,279)	-	-	-	(461,757)
<b>Other financing sources (uses):</b>													
Transfer from other funds	-	-	130,000	-	-	-	-	-	49,451	77,514	-	-	256,965
Transfer to other funds	-	-	-	(66,307)	-	-	(11,144)	(2,149)	-	-	(151,909)	-	(231,509)
<b>Total other financing sources (uses)</b>	-	-	130,000	(66,307)	-	-	(11,144)	(2,149)	49,451	77,514	(151,909)	-	25,456
<b>Net change in fund balances</b>	-	(522)	(320,714)	(66,307)	-	(3,242)	(11,144)	(2,149)	42,172	77,514	(151,909)	-	(436,301)
<b>Fund balances, beginning of year</b>	6,988	522	414,046	79,276	13,263	7,142	22,705	2,149	42,021	187,428	275,813	686,893	1,738,246
<b>Fund balances, end of year</b>	\$ 6,988	-	93,332	12,969	13,263	3,900	11,561	-	84,193	264,942	123,904	686,893	1,301,945

## **NONMAJOR PERMANENT FUNDS**

**TOWN OF KENNEBUNKPORT, MAINE**  
**Nonmajor Permanent Funds**  
**Combining Balance Sheet**  
**June 30, 2017**

	Kittredge Family Fire Equip. Fund	Macomber Trust	Picavet Trust	Totals
<b>ASSETS</b>				
Cash and cash equivalents	\$ 316	96	-	412
Investments	729,221	-	490,616	1,219,837
Interfund loans receivable	4,302	2,211	5,940	12,453
<b>Total assets</b>	<b>\$ 733,839</b>	<b>2,307</b>	<b>496,556</b>	<b>1,232,702</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Interfund loans payable	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances:				
Nonspendable	688,206	-	454,091	1,142,297
Restricted	45,633	2,307	42,465	90,405
<b>Total fund balances</b>	<b>733,839</b>	<b>2,307</b>	<b>496,556</b>	<b>1,232,702</b>
<b>Total liabilities and fund balances</b>	<b>\$ 733,839</b>	<b>2,307</b>	<b>496,556</b>	<b>1,232,702</b>

**TOWN OF KENNEBUNKPORT, MAINE**  
**Nonmajor Permanent Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the year ended June 30, 2017**

	Kittredge Family Fire Equip. Fund	Macomber Trust	Picavet Trust	Totals
Revenues:				
Investment income	\$ 90,478	516	60,154	151,148
Total revenues	90,478	516	60,154	151,148
Expenditures:				
Public safety	14,555	-	-	14,555
Health and welfare	-	875	977	1,852
Total expenditures	14,555	875	977	16,407
Excess (deficiency) of revenues over (under) expenditures	75,923	(359)	59,177	134,741
Other financing uses:				
Transfer to other funds	-	(800)	-	(800)
Total other financing uses	-	(800)	-	(800)
Net change in fund balances	75,923	(1,159)	59,177	133,941
Fund balances, beginning of year	657,916	3,466	437,379	1,098,761
<b>Fund balances, end of year</b>	<b>\$ 733,839</b>	<b>2,307</b>	<b>496,556</b>	<b>1,232,702</b>

# ***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.

<b>Contents</b>	<b>Page</b>
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.	85-90
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	91-94
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.	95-98
Demographic and Economic Information These schedule contain information to help the reader understand the environment within which the government's financial activities take place.	99-100
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.	101-103

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental activities										
Net investment in capital assets	\$ 13,086,878	\$ 11,682,992	\$ 10,895,837	\$ 10,406,901	\$ 8,525,583	\$ 7,635,751	\$ 7,201,659	\$ 7,050,126	\$ 7,054,872	\$ 7,222,584
Restricted	1,239,690	1,152,751	1,184,831	1,121,858	63,271	-	-	-	1,862,131	2,366,569
Unrestricted	4,273,671	4,850,533	5,014,676	5,269,241	6,033,674	5,820,492	5,950,155	5,857,101	4,003,339	3,511,995
Total governmental activities net position	<u>\$ 18,600,239</u>	<u>\$ 17,686,276</u>	<u>\$ 17,095,344</u>	<u>\$ 16,798,000</u>	<u>\$ 14,622,528</u>	<u>\$ 13,456,243</u>	<u>\$ 13,151,814</u>	<u>\$ 12,907,227</u>	<u>\$ 12,920,342</u>	<u>\$ 13,101,148</u>
Business-type activities										
Net investment in capital assets	\$ 8,087,000	\$ 8,356,291	\$ 8,770,498	\$ 9,086,215	\$ 9,479,328	\$ 9,735,337	\$ 9,739,191	\$ 8,089,806	\$ 8,303,078	\$ 8,336,157
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	4,273,671	1,830,415	1,754,079	1,893,708	1,814,493	1,724,121	1,858,758	3,555,581	3,369,535	3,389,399
Total business-type activities net position	<u>\$ 12,360,671</u>	<u>\$ 10,186,706</u>	<u>\$ 10,524,577</u>	<u>\$ 10,979,923</u>	<u>\$ 11,293,821</u>	<u>\$ 11,459,458</u>	<u>\$ 11,597,949</u>	<u>\$ 11,645,387</u>	<u>\$ 11,672,613</u>	<u>\$ 11,725,556</u>
Primary Government										
Net investment in capital assets	\$ 21,173,878	\$ 20,039,283	\$ 19,666,335	\$ 19,493,116	\$ 18,004,911	\$ 17,371,088	\$ 16,940,850	\$ 15,139,932	\$ 15,357,950	\$ 15,558,741
Restricted	1,239,690	1,152,751	1,184,831	1,121,858	63,271	-	-	-	1,862,131	2,366,569
Unrestricted	8,547,342	6,680,948	6,768,755	7,162,949	7,848,167	7,544,613	7,808,913	9,412,682	7,372,874	6,901,394
Total primary government net position	<u>\$ 30,960,910</u>	<u>\$ 27,872,982</u>	<u>\$ 27,619,921</u>	<u>\$ 27,777,923</u>	<u>\$ 25,916,349</u>	<u>\$ 24,915,701</u>	<u>\$ 24,749,763</u>	<u>\$ 24,552,614</u>	<u>\$ 24,592,955</u>	<u>\$ 24,826,704</u>

Table 2

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Expenses</b>										
<b>Governmental Activities:</b>										
General government	\$ 1,748,339	\$ 1,762,313	\$ 1,325,180	\$ 978,110	\$ 1,519,159	\$ 1,472,065	\$ 1,444,313	\$ 1,206,052	\$ 1,110,339	\$ 1,169,086
Public safety	2,539,210	2,433,783	2,254,694	2,426,584	2,033,767	2,197,301	2,164,400	2,026,344	1,989,426	1,812,920
Public works	1,390,551	1,316,170	1,203,491	1,139,185	234,112	451,582	1,038,587	1,027,429	1,144,346	357,981
Health and welfare	684,693	687,784	651,857	666,919	664,135	663,494	625,338	644,745	601,034	574,822
Recreation and culture	626,902	689,678	513,427	492,139	417,031	433,953	442,834	397,389	370,438	372,782
Grants (a)	-	-	-	-	2,000	1,300	41,464	-	-	-
Education	9,055,448	8,015,486	7,837,533	7,521,509	6,677,507	6,107,804	6,260,773	6,618,663	6,766,103	6,944,899
County tax	1,163,270	1,115,331	1,124,614	1,098,632	975,744	1,015,041	975,559	853,785	860,180	808,784
Outside agencies (b)	-	-	-	-	-	-	-	-	14,845	14,806
Unclassified	-	-	-	174,881	435,612	447,213	90,131	152,085	40,426	22,754
Unallocated depreciation (c)	-	-	-	-	-	-	-	-	38,044	35,115
Loss on disposal of assets	-	-	-	-	9,261	108,006	10,661	470,770	-	-
Interest on debt service	17,971	10,873	22,346	32,594	42,842	53,092	6,134	81,091	81,716	26,648
Capital maintenance expenses	442,138	132,456	143,621	-	675,434	367,945	44,853	(70,408)	699,958	746,622
Special projects	-	-	-	-	-	-	-	-	265,351	99,160
<b>Total Governmental Activities</b>	<b>17,668,522</b>	<b>16,163,874</b>	<b>15,076,763</b>	<b>14,530,553</b>	<b>13,686,604</b>	<b>13,318,796</b>	<b>13,145,047</b>	<b>13,407,945</b>	<b>13,982,206</b>	<b>12,986,379</b>
<b>Business-type Activities:</b>										
Sewer	1,471,031	1,473,643	1,372,338	1,350,407	1,308,439	1,241,477	1,201,108	1,234,580	1,237,022	1,173,956
Cape Porpoise Pier	236,776	251,075	296,655	336,978	363,784	395,556	324,965	277,219	240,403	327,405
Dock Square Parking Lot	52,976	76,908	60,580	77,341	61,426	74,254	61,348	49,887	49,767	52,835
Government Wharf	353	-	-	-	-	-	-	-	-	-
<b>Total Business-type Activities</b>	<b>1,761,136</b>	<b>1,801,626</b>	<b>1,729,573</b>	<b>1,764,726</b>	<b>1,733,649</b>	<b>1,711,287</b>	<b>1,587,421</b>	<b>1,561,686</b>	<b>1,527,192</b>	<b>1,554,196</b>
<b>Total Expenses</b>	<b>\$ 19,429,658</b>	<b>\$ 17,965,500</b>	<b>\$ 16,806,336</b>	<b>\$ 16,295,279</b>	<b>\$ 15,420,253</b>	<b>\$ 15,030,083</b>	<b>\$ 14,732,468</b>	<b>\$ 14,969,631</b>	<b>\$ 15,509,398</b>	<b>\$ 14,540,575</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
<b>Charges for services:</b>										
General government	\$ 366,497	\$ 457,114	\$ 365,872	\$ 33,841	\$ 182,336	\$ 197,129	\$ 168,138	\$ 146,981	\$ 147,265	\$ 164,883
Public safety	51,198	61,583	57,101	56,941	54,812	32,412	43,063	39,979	28,925	28,692
Public works	-	-	-	-	-	-	-	-	-	-
Health and welfare	1,674	4,559	1,759	3,984	3,466	1,663	7,224	10,428	5,945	8,751
Recreation and culture	332,653	204,438	191,035	178,322	171,270	163,595	163,854	162,942	160,092	159,596
Solid Waste	-	-	-	-	56	22	6	-	-	-
Unclassified	-	-	-	124,210	279,491	242,612	199,355	168,350	9,247	10,500
Operating grants and contributions	119,151	112,348	301,159	133,314	140,758	143,663	138,557	112,671	52,356	52,356
Capital grants and contributions	186,591	-	16,529	-	21,098	14,421	15,745	34,027	-	-
<b>Total Governmental Activities</b>	<b>1,057,764</b>	<b>840,042</b>	<b>933,455</b>	<b>530,612</b>	<b>853,287</b>	<b>795,517</b>	<b>735,942</b>	<b>675,378</b>	<b>403,830</b>	<b>424,778</b>
<b>Business-type Activities:</b>										
<b>Charges for services:</b>										
Sewer	1,122,019	1,082,146	1,031,914	1,035,261	1,025,064	1,010,152	958,187	1,029,649	952,409	959,204
Cape Porpoise Pier	220,690	230,312	289,053	314,235	329,444	364,236	306,390	259,889	301,274	282,311
Dock Square Parking Lot	418,523	354,795	337,738	347,888	342,873	326,100	320,297	312,230	302,620	291,981
Government Wharf	8,566	-	-	-	-	-	-	-	-	-
<b>Total Business-type Activities</b>	<b>1,769,798</b>	<b>1,667,253</b>	<b>1,658,705</b>	<b>1,697,384</b>	<b>1,697,381</b>	<b>1,700,488</b>	<b>1,584,874</b>	<b>1,601,768</b>	<b>1,556,303</b>	<b>1,533,496</b>
<b>Total Program Revenues</b>	<b>\$ 2,827,562</b>	<b>\$ 2,507,295</b>	<b>\$ 2,592,160</b>	<b>\$ 2,227,996</b>	<b>\$ 2,550,668</b>	<b>\$ 2,496,005</b>	<b>\$ 2,320,816</b>	<b>\$ 2,277,146</b>	<b>\$ 1,960,133</b>	<b>\$ 1,958,274</b>

- (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

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Net (Expense)/Revenue:										
Governmental Activities	\$ (16,610,758)	\$ (15,323,832)	\$ (14,143,308)	\$ (13,999,941)	\$ (12,833,317)	\$ (12,523,279)	\$ (12,409,105)	\$ (12,732,567)	\$ (13,578,376)	\$ (12,561,601)
Business-type Activities	8,662	(134,373)	(70,868)	(67,342)	(36,268)	(10,799)	(2,547)	40,082	29,111	(20,700)
<b>Total Net Expense</b>	<b>\$ (16,602,096)</b>	<b>\$ (15,458,205)</b>	<b>\$ (14,214,176)</b>	<b>\$ (14,067,283)</b>	<b>\$ (12,869,585)</b>	<b>\$ (12,534,078)</b>	<b>\$ (12,411,652)</b>	<b>\$ (12,692,485)</b>	<b>\$ (13,549,265)</b>	<b>\$ (12,582,301)</b>
<b>General Revenues</b>										
Governmental activities:										
Property taxes, general purposes	\$ 15,833,533	\$ 14,590,834	\$ 14,296,357	\$ 14,008,501	\$ 12,722,329	\$ 11,584,210	\$ 11,516,613	\$ 11,447,762	\$ 11,592,045	\$ 11,357,674
Interest and costs on taxes (d)	33,735	29,498	29,728	26,398	25,491	28,572	34,827	30,014	-	-
Motor vehicle excise tax	959,646	948,096	895,501	846,486	803,924	804,186	779,097	811,325	838,937	846,462
Licenses and permits	-	-	-	226,870	-	-	-	-	-	-
Grants and contr. not restricted (b)	-	-	-	-	-	-	-	-	355,120	233,085
Homestead and BETE exemption	48,330	30,635	30,531	32,869	31,109	29,282	30,285	39,273	-	-
State Revenue Sharing	58,534	63,533	56,615	58,061	92,272	104,511	107,786	124,884	-	-
Maine PERS	-	-	208,785	168,732	-	-	-	-	-	-
Other State aid	2,658	2,811	2,641	2,679	2,465	2,849	2,618	3,023	-	-
Unrestricted investment earnings	233,341	20,931	34,339	30,426	46,214	60,800	80,260	113,493	167,926	233,373
Miscellaneous (e)	58,243	102,303	76,521	557,691	132,701	53,763	34,743	25,287	263,557	395,803
Gain/Loss on sale of assets	-	-	(88,975)	(41,256)	-	-	-	-	-	-
Special Item (a)	-	-	-	-	-	-	-	50,210	-	-
Transfers in/out	296,701	219,173	220,165	257,956	143,097	159,535	124,462	124,391	163,701	28,648
<b>Total general revenues, transfers and special items</b>	<b>17,524,721</b>	<b>16,007,814</b>	<b>15,762,208</b>	<b>16,175,413</b>	<b>13,999,602</b>	<b>12,827,708</b>	<b>12,710,691</b>	<b>12,769,662</b>	<b>13,381,286</b>	<b>13,095,045</b>
Business-type Activities:										
Unrestricted investment earnings	17,584	11,840	9,750	2,778	7,228	12,419	37,152	54,123	94,068	150,256
Miscellaneous	-	3,835	19,702	8,622	6,500	19,425	11,043	2,960	18,266	8,916
Special Item	-	-	-	-	-	-	-	(50,210)	-	54,249
Gain/Loss on sale of assets	-	-	(9,960)	-	-	-	-	-	-	-
Transfers in/out	(296,701)	(219,173)	(220,165)	(257,956)	(143,097)	(159,535)	(124,462)	(124,391)	(163,701)	(28,648)
<b>Total Business-type Activities</b>	<b>(279,117)</b>	<b>(203,498)</b>	<b>(200,673)</b>	<b>(246,556)</b>	<b>(129,369)</b>	<b>(127,691)</b>	<b>(76,267)</b>	<b>(117,518)</b>	<b>(51,367)</b>	<b>184,773</b>
<b>Total primary government</b>	<b>\$ 17,245,604</b>	<b>\$ 15,804,316</b>	<b>\$ 15,561,535</b>	<b>\$ 15,928,857</b>	<b>\$ 13,870,233</b>	<b>\$ 12,700,017</b>	<b>\$ 12,634,424</b>	<b>\$ 12,652,144</b>	<b>\$ 13,329,919</b>	<b>\$ 13,279,818</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ 913,963	\$ 683,982	\$ 1,618,900	\$ 2,175,472	\$ 1,166,285	\$ 304,429	\$ 301,586	\$ 37,095	\$ (197,090)	\$ 533,444
Business-type Activities	(270,455)	(337,871)	(271,541)	(313,898)	(165,637)	(138,490)	(78,814)	(77,436)	(22,256)	164,073
<b>Total Change in Net Position</b>	<b>643,508</b>	<b>346,111</b>	<b>1,347,359</b>	<b>1,861,574</b>	<b>1,000,648</b>	<b>165,939</b>	<b>222,772</b>	<b>(40,341)</b>	<b>(219,346)</b>	<b>697,517</b>
<b>Restatement of Net Position</b>										
Governmental Activities (c)	-	(93,050)	-	(1,321,556)	-	-	-	-	-	(1,871,953)
Business-type Activities (f)	-	-	-	(183,805)	-	-	-	-	-	-
<b>Total adjusted Net Position</b>	<b>\$ 643,508</b>	<b>\$ (93,050)</b>	<b>\$ -</b>	<b>\$ 356,213</b>	<b>\$ 1,000,648</b>	<b>\$ 165,939</b>	<b>\$ 222,772</b>	<b>\$ (40,341)</b>	<b>\$ (219,346)</b>	<b>\$ (1,174,436)</b>

(a) 2010 - transfers of capital assets

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

(c) to reflect prior year adjustment for accumulated depreciation on capital assets in 2008, the net pension liability in 2014, and removal of receivable in 2016

(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

(f) to reflect the net pension liability in 2014

**TOWN OF KENNEBUNKPORT, MAINE**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund										
Nonspendable	\$ 6,333	\$ 4,417	\$ 10,122	\$ 15,209	\$ 11,308	\$ 10,753	\$ 7,628	\$ 7,202	\$ 3,630	\$ 8,207
Committed	479,475	642,748	1,439,949	674,381	237,917	181,630	220,324	154,534	253,619	204,659
Assigned	439,685	633,099	368,924	79,408	112,290	-	-	-	-	-
Unassigned	3,191,129	2,855,514	2,845,478	3,907,479	4,050,541	3,833,702	4,207,006	4,199,792	3,784,866	3,569,698
Total general fund	<u>\$ 4,116,622</u>	<u>\$ 4,135,778</u>	<u>\$ 4,664,473</u>	<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>
All other governmental funds										
Nonspendable	\$ 1,142,297	\$ 1,142,297	\$ 1,142,297	\$ 1,063,206	\$ 688,206	\$ 688,206	\$ 688,206	\$ 688,206	\$ 688,206	\$ 688,206
Restricted	97,393	10,454	42,534	58,652	63,271	105,117	427,075	601,465	960,763	1,067,201
Committed	1,764,583	1,730,736	951,781	330,953	748,269	887,747	260,000	120,000	-	-
Assigned	-	459,176	501,962	270,435	225,286	178,414	168,215	109,193	213,162	401,967
Unassigned	-	(47,002)	(3,009)	-	-	-	-	-	-	-
Total all other governments	<u>\$ 3,004,273</u>	<u>\$ 3,295,661</u>	<u>\$ 2,635,565</u>	<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>

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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Revenues</b>										
Taxes	\$ 16,832,253	\$ 15,537,948	\$ 15,230,599	\$ 14,836,386	\$ 13,542,910	\$ 12,465,866	\$ 12,347,796	\$ 12,264,718	\$ 12,396,494	\$ 12,234,108
Intergovernmental	415,264	209,327	321,750	226,923	287,702	294,726	294,991	308,074	407,476	285,441
Licenses and permits (a)	305,928	286,231	208,239	226,870	152,683	151,761	133,588	120,040	-	-
Charges for services	439,299	430,276	396,588	385,694	368,756	348,761	333,283	317,382	351,474	372,422
Investment income	233,341	20,931	34,339	30,426	46,214	60,800	80,260	113,493	135,887	199,380
Contributions	-	1,311	85,725	-	-	-	-	-	-	-
Other (c)	65,038	112,179	296,246	738,027	302,693	190,674	149,512	122,349	295,595	429,796
<b>Total Revenues</b>	<b>18,291,123</b>	<b>16,598,203</b>	<b>16,573,486</b>	<b>16,444,326</b>	<b>14,700,958</b>	<b>13,512,588</b>	<b>13,339,430</b>	<b>13,246,056</b>	<b>13,586,926</b>	<b>13,521,147</b>
<b>Expenditures</b>										
Current:										
General government	\$ 1,511,520	\$ 1,397,914	\$ 1,326,809	\$ 1,303,593	\$ 1,488,566	\$ 1,426,088	\$ 1,412,743	\$ 1,144,321	\$ 1,171,511	\$ 1,139,016
Public safety	2,357,515	2,211,535	2,214,215	2,172,603	2,038,277	2,071,128	1,966,710	1,828,017	1,889,403	1,765,485
Public works	1,118,410	1,062,325	1,023,042	960,209	951,950	891,669	897,794	830,743	832,232	817,655
Health and welfare	693,408	685,613	664,613	665,382	662,648	678,251	635,347	644,098	600,387	573,965
Recreation and culture	613,602	667,190	512,002	462,452	422,310	437,643	427,285	386,038	382,568	367,772
Grants	-	-	-	-	2,000	1,300	41,464	18,129	22,363	-
Education	9,055,448	8,015,486	7,837,533	7,521,509	6,677,507	6,107,804	6,260,773	6,618,663	6,766,103	6,944,899
County tax	1,163,270	1,115,331	1,124,614	1,098,632	975,744	1,015,041	975,559	853,785	860,180	808,784
Unclassified	-	-	-	585,187	435,612	447,213	65,202	466,396	39,788	37,560
Debt service										
Principal	160,000	253,611	249,935	246,624	243,436	240,266	237,403	234,928	232,442	95,850
Interest	10,459	18,975	29,245	39,471	49,527	59,503	69,326	79,074	81,716	26,648
Capital improvement and reserves	2,614,736	1,164,945	911,328	1,383,985	675,434	389,102	376,225	239,899	1,807,668	879,917
<b>Total Expenditures</b>	<b>19,298,368</b>	<b>16,592,925</b>	<b>15,893,336</b>	<b>16,439,647</b>	<b>14,623,011</b>	<b>13,765,008</b>	<b>13,365,831</b>	<b>13,344,091</b>	<b>14,686,361</b>	<b>13,457,551</b>
Excess (Deficiency) of Revenues over Expenditures	(1,007,245)	5,278	680,150	4,679	77,947	(252,420)	(26,401)	(98,035)	(1,099,435)	63,596

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Other Financing Sources (Uses)</b>										
Capital lease proceeds	\$ -	\$ -	\$ -	\$ -	\$ 30,475	\$ -	\$ -	\$ -	\$ -	\$ -
Loan proceeds	400,000	-	-	-	-	-	-	-	-	-
Transfers in	758,721	1,348,145	1,168,755	846,551	735,163	1,062,305	439,500	392,484	303,719	700,973
Transfers out	(462,020)	(1,128,972)	(948,590)	(588,595)	(592,066)	(902,770)	(315,038)	(268,093)	(839,976)	(672,325)
Total Other Financing Sources (Uses)	696,701	219,173	220,165	257,956	173,572	159,535	124,462	124,391	(536,257)	28,648
Net change in fund balances	(310,544)	224,451	900,315	262,635	251,519	(92,885)	98,061	26,356	(1,635,692)	92,244
Special item (b)	-	-	-	-	-	-	-	-	1,600,000	-
Net change in fund balances	\$ (310,544)	\$ 224,451	\$ 900,315	\$ 262,635	\$ 251,519	\$ (92,885)	\$ 98,061	\$ 26,356	\$ (35,692)	\$ 92,244
Debt service as a percentage of noncapital expenditures	1.00%	1.77%	1.85%	1.90%	2.10%	2.24%	2.36%	2.40%	2.44%	0.97%

(a) Prior to fiscal year 2010, licenses and permits were classified with other revenues

(b) 2009 proceeds from bond

(c) 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	
2017	2.80	0.13	2.93	0.61	4.74	8.28
2016	3.45	0.13	3.58	0.50	3.62	7.70
2015	2.68	0.17	2.85	0.60	4.18	7.63
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

(a) Town-wide revaluation for Fiscal Year 2010

**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						
2017	\$ 1,858,129,655	\$ 120,018,545	\$ 10,124,550	\$ 76,010,300	\$ 1,912,262,450	2.93	\$ 2,018,400,000	94.74%
2016 (d)	1,834,159,895	120,671,645	10,788,630	71,737,200	1,893,882,970	3.58	1,938,350,000	97.71%
2015	1,750,049,655	127,226,145	5,307,530	72,039,700	1,873,703,330	2.85	1,831,600,000	102.30%
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%

- (a) Kennebunkport Assessing Office
- (b) State of Maine, Revenue Services
- (c) Town-wide revaluation for Fiscal Year 2010
- (d) Personal Property was reevaluated by the incoming assessor's assistant

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
2017	\$ 15,833,533	\$ 15,656,403	98.88%	\$ -	\$ 15,656,403	98.88%
2016	14,590,356	14,409,972	98.76%	123,376	14,533,348	99.61%
2015	14,296,356	14,130,137	98.84%	161,838	14,291,975	99.97%
2014	14,008,498	13,817,018	98.63%	189,985	14,007,003	99.99%
2013	12,722,328	12,704,661	99.86%	17,251	12,721,912	100.00%
2012	11,584,146	11,450,793	98.85%	132,941	11,583,734	100.00%
2011	11,519,481	11,377,220	98.77%	141,843	11,519,063	100.00%
2010	11,561,239	11,391,855	98.53%	169,166	11,561,021	100.00%
2009	11,576,136	11,394,540	98.43%	181,278	11,575,818	100.00%
2008	11,364,611	11,221,077	98.74%	143,534	11,364,611	100.00%

Table 8

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

Taxpayer	2017			2008		
	Taxable Assessed	Rank	% of Total Taxable Assessed	Taxable Assessed	Rank	% of Total Taxable Assessed
	Value		Value	Value		Value
Boughton Hotel Corp	\$ 11,743,700	1	0.61%	\$ 7,023,800	1	1.00%
Walkers Point Family Limited Partnership	11,601,900	2	0.61%	2,382,600	6	0.34%
O'Neill, Timothy J	9,949,500	3	0.52%	3,617,100	5	0.51%
Hios Hospitality LLC	8,434,300	4	0.44%	5,031,900	3	0.72%
Seaside Hotel Associates	7,781,000	5	0.41%	5,243,800	2	0.75%
Fishing Pole Lane LLC	6,471,700	6	0.34%			
Central Maine Power	6,010,700	7	0.31%			
Maiuccoro, Cathiann	5,949,500	8	0.31%			
Hetz, Edwin David & Elizabeth JC Trustees	5,594,300	9	0.29%			
Mccabe, Philip J Trustee	5,553,500	10	0.29%			
Goose Rocks Beach Holdings LLC				3,733,200	4	0.53%
Shmalo, Raymond Trustee				2,107,400	7	0.30%
M3300790 Canada Inc - Molson, Eric				2,005,600	8	0.28%
J Y F Inc				1,903,400	9	0.27%
Rhumb Line Motor Lodge Inn				1,878,820	10	0.27%
	<u>\$ 79,090,100</u>		<u>4.14%</u>	<u>\$ 34,927,620</u>		<u>4.96%</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					
2017	\$ 560,000	\$ 12,677	\$ 384,344	\$ 957,021	0.61%	3,535	271		
2016	320,000	18,767	435,786	774,553	0.51%	3,510	221		
2015	573,611	24,698	486,389	1,084,698	0.73%	3,510	309		
2014	823,546	30,475	536,192	1,390,213	0.94%	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	1.52%	3,474	600		
2011	1,553,872	16,686	933,902	2,504,460	1.80%	3,474	717		
2010	1,791,275	21,836	1,105,839	2,918,950	2.17%	3,474	840		
2009	2,026,203	27,479	1,277,719	3,331,401	2.20%	3,988	835		
2008	658,645	11,995	1,447,824	2,118,464	1.38%	3,977	533		

(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**

<u>Fiscal Year Ended June 30,</u>	<u>General Obligation Bonds (1)</u>	<u>Percentage of Estimated Actual Taxable Value of Property (2)</u>	<u>Per Capita (3)</u>
2017	\$ 944,344	0.05%	267
2016	755,786	0.04%	215
2015	1,060,000	0.06%	302
2014	1,359,738	0.07%	387
2013	1,655,396	0.09%	477
2012	2,072,136	0.11%	596
2011	2,487,774	0.14%	716
2010	2,897,114	0.16%	834
2009	3,303,922	0.46%	828
2008	2,106,469	0.30%	530

(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, 2017**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Amount Applicable to Primary Government</b>
York County	\$ 4,900,000	6.59%	\$ 322,910
RSU #21	64,659,619	40.78%	<u>26,370,671</u>
Subtotal, overlapping debt			26,693,581
Town of Kennebunkport direct debt	572,677	100.00%	<u>572,677</u>
Total direct and overlapping debt			<u><u>\$ 27,266,258</u></u>

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, 2017**

Debt Limit by Category Type of Debt	Maximum Percent Allowable	Maximum Amount Allowable	Principal Amount Outstanding	Legal Debt Margin
School	10.00%	\$ 201,840,000	\$ -	-
Sewer	7.50%	151,380,000	384,344	150,995,656
Municipal	7.50%	151,380,000	560,000	150,820,000
Total Maximum Debt	15.00%		<u>\$ 944,344</u>	

**Legal Debt Margin Calculation for Fiscal Year 2017**

State Valuation	\$ 2,018,400,000
Debt Limit - 15% of State Valuation	302,760,000
Less outstanding debt applicable to debt limit	<u>944,344</u>
Legal debt Margin	<u>\$ 301,815,656</u>

**Last Ten Fiscal Years**

Year	Constitutional Debt Limit	Outstanding Indebtedness June 30	Percentage of Net Debt Contracting Margin Available
2017	\$ 302,760,000	\$ 944,344	99.69%
2016	290,752,500	774,553	99.73%
2015	274,740,000	1,084,698	99.61%
2014	274,867,500	1,390,213	99.49%
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%

Table 13

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

Fiscal Year	Population (1)	Median Age (1a)	York County Per Capita Personal Income (2)	Personal Income (amounts expressed in thousands)	Public School Enrollment (3)	York County Unemployment Rate (4)
2017	3,535	53.2	\$ 44,614	157,709,150	385	3.70%
2016	3,510	49.8	42,939	150,715,890	425	3.20%
2015	3,510	52.2	42,595	149,508,450	419	3.90%
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%

(1) US Census Bureau 2000 (1a) and 2010 census

(2) Bureau of Economic Analysis

(3) RSU #21 Reports & Maine Department of Education

(4) Maine Department of Labor

Table 14

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

Employer	2017			2008		
	Employees	Rank	% of Total Town Employment (1)	Employees	Rank	% of Total Town Employment (1)
Town of Kennebunkport	171	1	9.13%	150	1	7.99%
Nonantum Resort	155	2	8.28%	138	2	7.35%
Colony Hotel	138	3	7.37%	120	3	6.39%
The Boathouse	127	4	6.78%			
Hidden Pond	122	5	6.51%	65	4	3.46%
Alisson's Restaurant	65	6	3.47%	55	5	2.93%
Pier 77	65	7	3.47%	40	10	2.13%
Arundel Wharf Restaurant	60	8	3.20%	55	6	2.93%
Tides Beach Club	58	9	3.10%			
Wayfarer Restaurant	55	10	2.94%	50	8	2.66%
Cape Arundel Inn/Old Fort Inn				52	7	2.77%
Hurricane Restaurant				46	9	2.45%
	845		45.11%	621		33.08%

(1) State of Maine, Department of Labor 1,873 base for 2017

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

Function	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General government	11	11	10	10	10	10	10	10	11	11
Public safety:										
Police officers	12	12	12	12	12	12	12	12	12	12
Administration	1	1	1	1	1	1	1	1	1	1
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	3	3	3	2
Cape Porpoise Pier	1	1	1	1	1	1	1	1	1	1
Sewer	8	8	8	8	8	8	8	8	8	8
<b>Total</b>	<b>49</b>	<b>49</b>	<b>48</b>	<b>48</b>	<b>48</b>	<b>48</b>	<b>48</b>	<b>48</b>	<b>49</b>	<b>48</b>

Table 16

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

Function	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government:										
Building permits issued	479	448	373	317	424	367	331	343	453	547
Police:										
Parking tickets	1,050	1,400	1,287	1,243	1,081	719	901	1,075	1,044	1,094
Traffic stops	1,101	1,926	1,643	1,469	2,296	2,763	2,249	2,802	2,356	1,941
Burglary/theft	31	31	73	57	60	69	80	68	64	78
Arrests/summons/warnings	1,475	2,575	2,268	2,033	3,148	3,623	2,970	3,628	3,142	2,620
Fire:										
Number of calls answered	193	205	218	167	147	159	156	177	190	294
Highways and streets:										
Street resurfacing (miles)	5.10	3.00	2.80	4.20	1.80	1.30	-	-	5.99	1.42
Sewer:										
Yearly sewerage treatment (in thousands of gallons)	120,110	120,110	117,212	113,875	110,748	111,810	124,206	146,939	140,869	119,540
Bio-solids (in thousands gallons)	1,423	1,741	1,401	1,319	1,229	1,177	1,632	1,247	1,529	1,293
Compost (in yards)	1,350	1,978	1,236	1,348	1,550	1,618	1,833	1,200	1,200	1,423

Table 17

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

Function	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
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
Emergency units	10	12	12	14	13	11	10	7	6	6
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	280	280	280	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