

TOWN OF KENNEBUNKPORT, MAINE



Comprehensive Annual Financial Report

*For Fiscal Year Ending
June 30, 2019*

TOWN OF KENNEBUNKPORT, MAINE
Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2019

Prepared by:
The Administration and Finance Department

TOWN OF KENNEBUNKPORT, MAINE
Comprehensive Annual Financial Report
For the Year Ended June 30, 2019

Table of Contents

	<u>Page Number</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1-3
Certificate of Achievement	5
Organizational Chart	7
List of Elected and Appointed Officials	8
FINANCIAL SECTION	
Independent Auditor's Report	11-13
Management's Discussion and Analysis	14-20
	<u>Statements</u>
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	1 23
Statement of Activities	2 24
Fund Financial Statements:	
Balance Sheet - Governmental Funds	3 25
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	4 26
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5 27
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	6 28
Statement of Net Position - Proprietary Funds	7 29
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	8 30
Statement of Cash Flows - Proprietary Funds	9 31
Notes to Basic Financial Statements	32-56
Required Supplementary Information:	
Schedule of Town's Proportionate Share of the Net Pension Liability	57
Schedule of Town Contributions	58
Schedule of Changes in the Town's Total OPEB Liability and Related Ratios	59
Notes to Required Supplementary Information	60
	<u>Exhibits</u>
Combining and Individual Fund Financial Statements:	
General Fund:	
Comparative Balance Sheets	A-1 63
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	A-2 64-69

TOWN OF KENNEBUNKPORT, MAINE
Comprehensive Annual Financial Report
For the Year Ended June 30, 2019

Table of Contents, Continued

	<u>Exhibits</u>	<u>Page Number</u>
All Other Governmental Funds:		
Combining Balance Sheet	B-1	73
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	B-2	74
Nonmajor Special Revenue Funds:		
Combining Balance Sheet	C-1	77
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	C-2	78
Nonmajor Capital Projects Funds:		
Combining Balance Sheet	D-1	81-82
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	D-2	83-84
Nonmajor Permanent Funds:		
Combining Balance Sheet	E-1	87
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	E-2	88

Table

STATISTICAL SECTION

Financial Trends:

Net Position by Component	1	91
Changes in Net Position	2	92-93
Fund Balances of Governmental Funds	3	94
Changes in Fund Balances of Governmental Funds	4	95-96

Revenue Capacity:

Property Tax Rates – Direct and Overlapping Governments	5	97
Assessed Value and Estimated Actual Value of Taxable Property	6	98
Property Tax Levies and Collections	7	99
Principal Property Taxpayers	8	100

Debt Capacity:

Ratios of Outstanding Debt by Type	9	101
Ratios of General Bonded Debt Outstanding	10	102
Direct and Overlapping Governmental Activities Debt	11	103
Legal Debt Margin Information	12	104

Demographic and Economic Information:

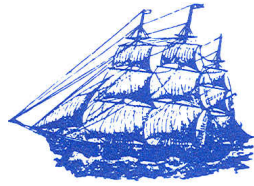
Demographic and Economic Statistics	13	105
Principal Employers	14	106

Operating Information:

Full-Time Equivalent Town Government Employees by Function	15	107
Operating Indicators by Function	16	108
Capital Asset Statistics by Function	17	109

INTRODUCTORY SECTION

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TOWN OF KENNEBUNKPORT, MAINE

– INCORPORATED 1653 –

MAINE'S FINEST RESORT

December 4, 2019

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, 2019.

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, 2019. 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 3,548. 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 January. The Board of Selectmen and Budget Board review the proposed budgets in March and April and make recommendation for the annual Town Meeting in June. Registered voters of the Town adopt the annual budget in June.

Local economy

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

Unemployment had been relatively stable until the effect of the last recession was felt in 2010. During the last decade, the unemployment rate has seen a low of 2.4% in 2018 & 2019 and a high of 7.2% in 2010. York County's unemployment rate as of June 2019 was 2.4% compared to 3.7% nationally.

Median household incomes within the Town of Kennebunkport, York County are \$83,672, which is higher than the state as a whole. According to the 2019 City Data, the median family income for the County was \$62,618 while the State was \$56,277. The Town's population was 3,548 as of 2019 census American community survey. The median price of a single-family home in the Town of Kennebunkport is \$598,000.

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 is establishing a housing trust to undertake affordable housing projects.

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 2019, the Town finished the Parks and Recreation Building and the plans for capital investments in the Cape Porpoise Pier were started.

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 2019, the Town finished construction on a Recreation Community Building to replace its current home.

The Town has continued to provide pedestrian and bicycle expansion on our roads while maintaining our winding tree lined roads.

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.

Awards and acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Kennebunkport for its comprehensive annual financial report for the year ended June 30, 2018. The certificate recognizes that Kennebunkport published an easily readable and efficiently organized comprehensive annual financial report that satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe this year's comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the Government Finance Officers Association to determine its eligibility for a certificate.

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

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Government Finance Officers Association

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

Presented to

**Town of Kennebunkport
Maine**

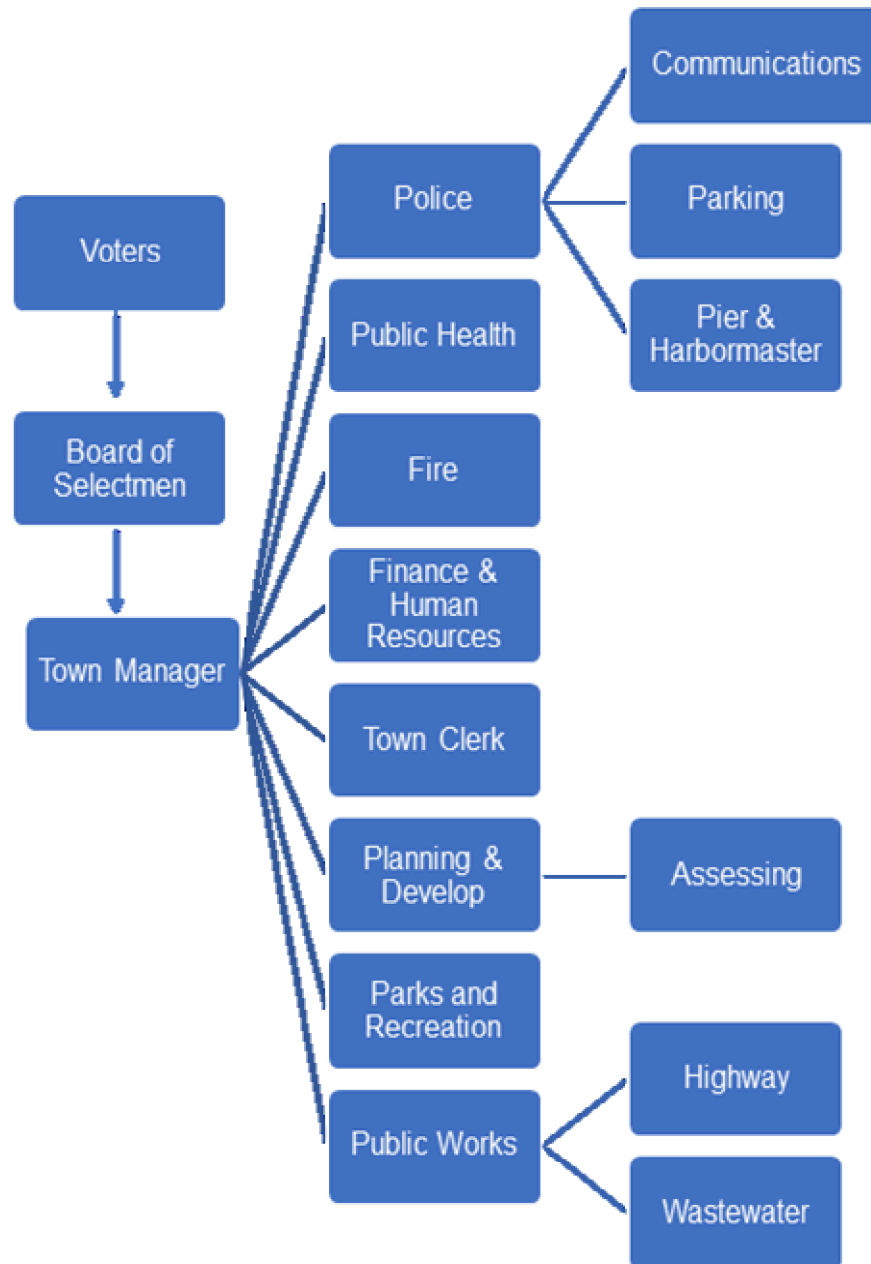
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

TOWN OF KENNEBUNKPORT
Organizational Chart



TOWN OF KENNEBUNKPORT, MAINE
List of Elected and Appointed Officials
June 30, 2019

Elected Officials

Board of Selectmen	Stuart Barwise
Board of Selectmen	Patrick A. Briggs
Board of Selectmen	Allen Daggett, Vice-chairman
Board of Selectmen	Sheila W. Matthews-Bull
Board of Selectmen	Edward W. Hutchins II, Chairman

Appointed Officials

Town Manager	Laurie A. Smith
Town Clerk	Tracey L. O’Roak
Treasurer	Jennifer L. Lord
Fire Chief	John Everett
Police Chief	Craig A. Sanford
Public Works Director	Michael W. Claus
Town Nurse & General Assistance Director	Alison Z. Kenneway
Recreation Director	Carol G. Cook
Cape Porpoise Pier Manager	Lee F. McCurdy/Christopher Mayo

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, 2019, 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, 2019, 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, and the schedules pertaining to the net pension and total OPEB liabilities, 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, combining and individual fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Town of Kennebunkport, Maine
Board of Selectmen

The introductory and statistical 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 December 4, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Kennebunkport, Maine's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Remya Kristen Ouellette". The signature is written in a cursive, flowing style.

December 4, 2019
South Portland, Maine

TOWN OF KENNEBUNKPORT, MAINE
Management's Discussion and Analysis
June 30, 2019

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, 2019. 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 2019.
- The Town's total net position increased by \$782,125 to \$30,384,654 (Statement 2).
- Net capital assets increased by \$10,282,640 (pages 41 and 42).
- General revenues accounted for \$18,768,897 in revenue, or 84.2% of all revenues. Program specific revenues consisting of charges for services and grants and contributions accounted for \$3,521,720 in revenue, or 15.8% of \$22,290,617 in total revenues (statement 2).
- At the end of the current fiscal year, the fund balance for the general fund was \$4,930,025 of which \$5,802 was nonspendable, \$587,350 was committed, \$234,190 was assigned, and \$4,102,683 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

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 and the Village Parcel Fund are the Town's major funds 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 \$30,384,654. 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 liabilities 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).

	Governmental Activities		Business-type Activities		Primary Government Total	
	2019	2018	2019	2018	2019	2018
Current assets	\$ 9,279	8,453	2,490	2,359	11,769	10,812
Capital assets:						
Land	12,738	2,715	950	950	13,688	3,665
Construction in progress	134	2,157	383	1,139	517	3,296
Buildings and improvements	4,489	3,607	7,958	8,173	12,447	11,780
Land improvements	288	302	30	30	318	332
Furniture & fixtures	20	47	-	-	20	47
Equipment & vehicles	5,021	5,638	2,507	3,323	7,528	8,961
Infrastructure	10,520	8,622	8,091	7,892	18,611	16,514
Less: accumulated depreciation	(7,255)	(7,877)	(11,199)	(12,326)	(18,454)	(20,203)
Total assets	35,234	23,664	11,210	11,540	46,444	35,204
Deferred outflows of resources						
related to pensions	503	474	50	48	553	522
related to OPEB	51	88	-	-	51	88
Total deferred outflows of resources	554	562	50	48	604	610
Current liabilities	448	1,014	1,491	1,242	1,939	2,256
Long-term liabilities	13,876	3,289	455	501	14,331	3,790
Total liabilities	14,324	4,303	1,946	1,743	16,270	6,046
Deferred inflows of resources						
related to pensions	348	149	39	17	387	166
related to OPEB	7	-	-	-	7	-
Total deferred inflows of resources	355	149	39	17	394	166
Net investment in capital assets	14,853	14,392	6,975	7,905	21,828	22,297
Restricted	1,402	1,346	-	-	1,402	1,346
Unrestricted	4,854	4,036	2,300	1,923	7,154	5,959
Total net position	\$ 21,109	19,774	9,275	9,828	30,384	29,602

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, sewer upgrades, land purchase, and seawall 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.

	Governmental Activities		Business-type Activities		Primary Government Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 808	\$ 703	1,888	1,875	2,696	2,578
Operating grants & cont.	239	204	-	-	239	204
Capital grants	586	233	-	-	586	233
General revenues:						
Property taxes	17,164	16,993	-	-	17,164	16,993
Excise taxes	1,068	1,030	-	-	1,068	1,030
Grants & cont.	156	134	-	-	156	134
Unrestricted investment earnings	305	272	35	26	340	298
Miscellaneous	38	13	-	-	38	13
Total revenues	20,364	19,582	1,923	1,901	22,287	21,483
Expenses:						
Program expenses:						
General government	1,495	1,795	-	-	1,495	1,795
Public safety	2,919	2,611	-	-	2,919	2,611
Public works	1,719	1,438	-	-	1,719	1,438
Health and welfare	704	666	-	-	704	666
Recreation and culture	638	564	-	-	638	564
Education	10,220	9,940	-	-	10,220	9,940
County tax	1,135	1,204	-	-	1,135	1,204
Interest on debt service	390	12	-	-	390	12
Capital improvements	43	156	-	-	43	156
Sewer	-	-	1,756	1,457	1,756	1,457
Cape Porpoise Pier	-	-	352	242	352	242
Dock Square Parking Lot	-	-	121	69	121	69
Government Wharf	-	-	13	2	13	2
Total expenses	19,263	18,386	2,242	1,770	21,505	20,156
Increase (decrease) in net position	1,101	1,196	(319)	131	782	1,327
Transfers in (out)	234	219	(234)	(219)	-	-
Net position, beg. of year	19,774	18,359	9,828	9,916	29,602	28,275
Net position, end of year	\$ 21,109	19,774	9,275	9,828	30,384	29,602

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

The table below presents the total cost, for fiscal years 2019 and 2018, of each of the Town's largest programs: general government, public safety, public works, education and county tax, as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions (Statement 2).

Governmental Activities
(in thousands)

	2019					2018				
	Total		Net			Total		Net		
General govt.	\$	1,495	7.8%	1,143	6.5%	\$	1,795	9.8%	1,500	8.7%
Public safety		2,919	15.2%	2,746	15.6%		2,611	14.2%	2,492	14.4%
Public works		1,719	8.9%	1,057	6.0%		1,438	7.8%	1,267	7.3%
Education		10,220	53.0%	10,220	58.0%		9,939	54.1%	9,939	57.6%
County tax		1,135	5.9%	1,135	6.4%		1,203	6.5%	1,203	7.0%
Totals	\$	17,488	90.8%	16,301	92.4%		16,986	92.4%	16,401	95.1%

The Town's Funds

The Town has two major funds – the General Fund and the Village Parcel. Detailed information regarding these funds 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):

Major Fund	Balance June 30, 2019	Balance June 30, 2018	\$ Change	% Change
General Fund	\$ 4,930,025	\$ 4,440,025	\$ 490,000	11.04%
Village Parcel	92,757	-	92,757	100.00%
	\$ 5,022,782	\$ 4,440,025	\$ 582,757	13.13%

Expenditures

The table below shows the Town's original and adjusted budgets for various departments and functions for the year ended June 30, 2019. The table also shows actual expenditures for each department and function as well as the variance between the adjusted budget and the actual expenditures for each category. The Town considers a variance to be significant if it exceeds \$20,000 and 10% of its adjusted budget (Statement 6).

General Fund Department/Function Expenditures	Original Budget	Adjusted Budget	Expenditures	Variance	
				Amount	%
General Government	\$ 1,938,372	2,028,158	1,787,410	240,748	11.87%
Public Safety	2,646,114	2,752,389	2,611,488	140,901	5.12%
Public Works	1,189,143	1,235,591	1,229,881	5,710	0.46%
Health and Welfare	700,450	809,129	702,508	106,621	13.18%
Recreation and Culture	482,384	589,209	469,214	119,995	20.37%
County Tax	1,135,299	1,135,299	1,135,299	-	0.00%
Education	10,220,198	10,220,198	10,220,198	-	0.00%
Debt Service	105,422	159,802	98,178	61,624	38.56%
Capital Improvements and Reserves	-	151,001	25,025	125,976	83.43%
Total expenditures	\$ 18,417,382	19,080,776	18,279,201	801,575	4.20%

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

All of the Department/Function expenditures of the Town came in at or under budget. 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, 2019. The table also shows the variance between these figures for each category. The Town considers a variance to be significant if it exceeds \$20,000 and 10% of the final budget (Exhibit A-2).

General Fund Revenues	Final Budget	Actual Revenues	Variance	
			Amount	%
Property taxes	\$ 17,192,722	17,191,376	(1,346)	-0.01%
Excise taxes	954,500	1,068,682	114,182	11.96%
Interest on taxes	26,000	37,149	11,149	42.88%
Licenses, permits, and fees	265,600	316,027	50,427	18.99%
Charges for services	200,700	251,093	50,393	25.11%
Intergovernmental revenue	538,195	932,558	394,363	73.28%
Investment income	70,000	193,784	123,784	176.83%
Other revenues	37,500	70,424	32,924	87.80%
Total revenues	\$ 19,285,217	20,061,093	775,876	4.02%

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.

Intergovernmental revenues were over budget due to MDOT grants becoming available in fiscal year 2019.

Charges for services were over budget primarily due to Goose Rocks Beach parking permits and parking violations 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 and sale of town backhoe.

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

Capital Assets

As of June 30, 2019, the Town had \$34,675,607 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 \$10,282,640, or 42.1% 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:

- Ongoing sewer upgrades, including replacing 2 pump stations.
- Purchase of Village Parcel.
- Road repairs, extension, and construction.
- New parks and recreation building.
- 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 Village Parcel and sewer upgrades were bonded.

The Town's fiscal year 2020 budget, as approved at the annual Town Meeting held on June 11th and 15th, includes approximately \$1,301,100 for various capital improvements, including comprehensive plan update, market revaluation, one police vehicle, a new truck for the highway department, road and sidewalk improvement/construction, and fire apparatus reserve funding.

Debt

The Town of Kennebunkport had \$11,765,826 in bonds outstanding at fiscal year-end, compared to \$1,145,957 last year (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, 2019 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 2020 budget has been prepared and already approved at the June 11th and 15th annual town meeting. The municipal portion of the budget increased by approximately \$748,943 from last year. This was due to increases in overall operating costs, and additional funding for capital improvements.

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

BASIC FINANCIAL STATEMENTS

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TOWN OF KENNEBUNKPORT, MAINE
Statement of Net Position
June 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 8,194,565	1,424,771	9,619,336
Investments	1,494,427	-	1,494,427
Receivables:			
Accounts, net of allowance of \$6,053	120,802	205,279	326,081
Due from other governments	76,978	-	76,978
Taxes receivable - current year	178,454	-	178,454
Taxes receivable - prior year	1,600	-	1,600
Tax and sewer liens	50,665	9,903	60,568
Internal balances	(844,055)	844,055	-
Inventory	4,742	5,828	10,570
Prepays	1,060	-	1,060
Nondepreciable capital assets	12,872,372	1,333,838	14,206,210
Depreciable capital assets, net	13,082,709	7,386,688	20,469,397
Total assets	35,234,319	11,210,362	46,444,681
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	502,744	50,159	552,903
Deferred outflows of resources related to OPEB	51,284	-	51,284
Total deferred outflows of resources	554,028	50,159	604,187
LIABILITIES			
Accounts payable and payroll withholdings	191,318	7,204	198,522
Accrued wages	74,999	12,921	87,920
Other liabilities	105,587	2,500	108,087
Accrued interest	76,118	1,358	77,476
Bond anticipation notes	-	1,467,047	1,467,047
Noncurrent liabilities:			
Due within one year	346,347	87,954	434,301
Due in more than one year	13,529,783	367,192	13,896,975
Total liabilities	14,324,152	1,946,176	16,270,328
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	347,631	38,969	386,600
Deferred inflows of resources related to OPEB	7,286	-	7,286
Total deferred inflows of resources	354,917	38,969	393,886
NET POSITION			
Net investment in capital assets	14,852,860	6,974,698	21,827,558
Restricted for:			
Permanent funds	259,613	-	259,613
Nonexpendable principal of permanent funds	1,142,297	-	1,142,297
Unrestricted	4,854,508	2,300,678	7,155,186
Total net position	\$ 21,109,278	9,275,376	30,384,654

See accompanying notes to basic financial statements.

TOWN OF KENNEBUNKPORT, MAINE
Statement of Activities
For the year ended June 30, 2019

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	\$ 1,495,374	351,684	-	-	(1,143,690)	-	(1,143,690)
Public safety	2,919,616	71,231	101,649	-	(2,746,736)	-	(2,746,736)
Public works	1,719,726	-	90,451	571,498	(1,057,777)	-	(1,057,777)
Health and welfare	704,033	1,170	23,520	-	(679,343)	-	(679,343)
Recreation and culture	637,784	383,685	23,207	15,000	(215,892)	-	(215,892)
Education	10,220,198	-	-	-	(10,220,198)	-	(10,220,198)
County tax	1,135,299	-	-	-	(1,135,299)	-	(1,135,299)
Capital improvements	43,750	-	-	-	(43,750)	-	(43,750)
Interest on debt service	390,213	-	-	-	(390,213)	-	(390,213)
Total governmental activities	19,265,993	807,770	238,827	586,498	(17,632,898)	-	(17,632,898)
Business-type activities:							
Sewer	1,755,587	1,211,254	-	-	-	(544,333)	(544,333)
Cape Porpoise Pier	352,250	276,910	-	-	-	(75,340)	(75,340)
Dock Square Parking Lot	121,587	395,738	-	-	-	274,151	274,151
Government Wharf	13,075	4,723	-	-	-	(8,352)	(8,352)
Total business-type activities	2,242,499	1,888,625	-	-	-	(353,874)	(353,874)
Total primary government	\$ 21,508,492	2,696,395	238,827	586,498	(17,632,898)	(353,874)	(17,986,772)
General revenues:							
Property taxes, levied for general purposes					17,126,942	-	17,126,942
Interest and costs on taxes					37,149	-	37,149
Motor vehicle excise taxes					1,068,682	-	1,068,682
Grants and contributions not restricted to specific programs:							
Homestead and BETE exemption					88,782	-	88,782
State Revenue Sharing					65,462	-	65,462
Other State aid					2,661	-	2,661
Unrestricted investment earnings					305,682	35,437	341,119
Miscellaneous revenues					38,100	-	38,100
Transfers					234,465	(234,465)	-
Total general revenues and transfers					18,967,925	(199,028)	18,768,897
Change in net position					1,335,027	(552,902)	782,125
Net position - beginning					19,774,251	9,828,278	29,602,529
Net position - ending					\$ 21,109,278	9,275,376	30,384,654

See accompanying notes to basic financial statements.

TOWN OF KENNEBUNKPORT, MAINE
Balance Sheet
Governmental Funds
June 30, 2019

	General	Village Parcel	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 8,047,802	-	146,763	8,194,565
Investments	250,548	-	1,243,879	1,494,427
Receivables:				
Accounts, net of allowance of \$4,845	41,226	-	79,576	120,802
Due from other governments	76,978	-	-	76,978
Taxes receivable - current year	178,454	-	-	178,454
Taxes receivable - prior year	1,600	-	-	1,600
Tax liens receivable	50,665	-	-	50,665
Prepays	1,060	-	-	1,060
Inventory	4,742	-	-	4,742
Interfund loans receivable	-	118,020	2,284,588	2,402,608
Total assets	\$ 8,653,075	118,020	3,754,806	12,525,901
LIABILITIES				
Accounts payable and payroll withholdings	161,497	25,263	4,558	191,318
Accrued wages	69,562	-	5,437	74,999
Other liabilities	105,587	-	-	105,587
Interfund loans payable	3,246,663	-	-	3,246,663
Total liabilities	3,583,309	25,263	9,995	3,618,567
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	139,741	-	-	139,741
Total deferred inflows of resources	139,741	-	-	139,741
FUND BALANCES				
Nonspendable	5,802	-	1,142,297	1,148,099
Restricted	-	-	259,613	259,613
Committed	587,350	92,757	2,342,901	3,023,008
Assigned	234,190	-	-	234,190
Unassigned	4,102,683	-	-	4,102,683
Total fund balances	4,930,025	92,757	3,744,811	8,767,593
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,653,075	118,020	3,754,806	
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.				25,955,081
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable revenue in the funds.				139,741
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				(11,487,045)
Premium on bonds				(546,406)
Net pension liability, including related deferred inflows and outflows of resources				(1,117,034)
Total OPEB liability, including related deferred inflows and outflows of resources				(302,679)
Accrued interest				(76,118)
Accrued compensated absences				(223,855)
Net position of governmental activities				\$ 21,109,278

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, 2019

	General	Village Parcel	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 18,297,207	-	-	18,297,207
Intergovernmental	932,558	-	15,000	947,558
Licenses and permits	316,027	-	-	316,027
Charges for services	251,093	-	230,838	481,931
Investment income (loss)	193,784	-	111,898	305,682
Other revenues	70,424	-	12,160	82,584
Total revenues	20,061,093	-	369,896	20,430,989
Expenditures:				
Current:				
General government	1,817,410	-	-	1,817,410
Public safety	2,630,796	-	29,365	2,660,161
Public works	1,229,881	-	-	1,229,881
Health and welfare	702,508	-	-	702,508
Recreation and culture	469,214	-	128,790	598,004
Education	10,220,198	-	-	10,220,198
County tax	1,135,299	-	-	1,135,299
Debt service	98,178	305,084	-	403,262
Capital improvements and other	30,385	10,000,000	1,741,642	11,772,027
Total expenditures	18,333,869	10,305,084	1,899,797	30,538,750
Excess (deficiency) of revenues over (under) expenditures	1,727,224	(10,305,084)	(1,529,901)	(10,107,761)
Other financing sources (uses):				
Issuance of debt	-	9,800,000	955,000	10,755,000
Premium on issuance of debt	-	497,841	48,565	546,406
Transfers from other funds	440,611	100,000	1,392,300	1,932,911
Transfers to other funds	(1,677,835)	-	(20,611)	(1,698,446)
Total other financing sources (uses)	(1,237,224)	10,397,841	2,375,254	11,535,871
Net change in fund balances	490,000	92,757	845,353	1,428,110
Fund balances, beginning of year	4,440,025	-	2,899,458	7,339,483
Fund balances, end of year	\$ 4,930,025	92,757	3,744,811	8,767,593

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, 2019

Net change in fund balances - total governmental funds (from Statement 4) \$ 1,428,110

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 (\$11,728,277) exceeded the book value of disposed capital assets (\$404,104) and depreciation (\$580,936). 10,743,237

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (64,434)

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 (\$535,150) and accrued compensated absences (\$2,194) exceeded the change in the total OPEB liability with related deferred inflows and outflows (\$27,295) and accrued interest (\$68,840). 441,209

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 bond and premium proceeds (\$11,301,406) exceeded bond and capital lease repayments (\$88,311). (11,213,095)

Change in net position of governmental activities (see Statement 2) \$ 1,335,027

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, 2019

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 18,173,222	18,173,222	18,297,207	123,985
Intergovernmental	538,195	538,195	932,558	394,363
Licenses and permits	265,600	265,600	316,027	50,427
Charges for services	200,700	200,700	251,093	50,393
Interest earned	70,000	70,000	193,784	123,784
Other revenue	37,500	37,500	70,424	32,924
Total revenues	19,285,217	19,285,217	20,061,093	775,876
Expenditures:				
Current:				
General government	1,938,372	2,028,158	1,787,410	240,748
Public safety	2,646,114	2,752,389	2,611,488	140,901
Public works	1,189,143	1,235,591	1,229,881	5,710
Health and welfare	700,450	809,129	702,508	106,621
Recreation and culture	482,384	589,209	469,214	119,995
Education	10,220,198	10,220,198	10,220,198	-
County tax	1,135,299	1,135,299	1,135,299	-
Debt service	105,422	159,802	98,178	61,624
Capital improvements and other	-	151,001	25,025	125,976
Total expenditures	18,417,382	19,080,776	18,279,201	801,575
Excess (deficiency) of revenues over (under) expenditures	867,835	204,441	1,781,892	1,577,451
Other financing sources (uses):				
Transfers from other funds	435,800	435,800	440,611	4,811
Transfers to other funds	(1,528,635)	(1,628,635)	(1,677,835)	(49,200)
Utilization of unassigned fund balance	225,000	325,000	-	(325,000)
Utilization of committed fund balance	-	663,394	-	(663,394)
Total other financing sources (uses)	(867,835)	(204,441)	(1,237,224)	(1,032,783)
Net change in fund balance - budgetary basis	-	-	544,668	544,668
Reconciliation to GAAP basis:				
Change in encumbrance balance			(54,668)	
Total reconciliation to GAAP basis			(54,668)	
Net change in fund balance - GAAP basis			490,000	
Fund balance, beginning of year			4,440,025	
Fund balance, end of year	\$		4,930,025	

See accompanying notes to basic financial statements.

TOWN OF KENNEBUNKPORT, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2019

Business-type Activities - Enterprise Funds					
	Sewer Department	Cape Porpoise Pier	Dock Square Parking Lot	Government Wharf	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,407,122	100	17,549	-	1,424,771
Accounts receivable, net of allowance of \$1,208	156,416	39,800	9,063	-	205,279
Sewer liens	9,903	-	-	-	9,903
Inventory	-	5,828	-	-	5,828
Interfund loans receivable	448,331	-	430,990	3,552	882,873
Total current assets	2,021,772	45,728	457,602	3,552	2,528,654
Noncurrent assets:					
Property, plant, and equipment	18,330,826	1,419,342	169,846	-	19,920,014
Less accumulated depreciation	(10,542,260)	(583,503)	(73,725)	-	(11,199,488)
Total noncurrent assets	7,788,566	835,839	96,121	-	8,720,526
Total assets	9,810,338	881,567	553,723	3,552	11,249,180
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources related to pensions	44,719	5,440	-	-	50,159
Total deferred outflows of resources	44,719	5,440	-	-	50,159
LIABILITIES					
Current liabilities:					
Accounts payable and payroll withholdings	3,551	1,275	2,378	-	7,204
Accrued wages	9,573	2,421	927	-	12,921
Other liabilities	-	2,500	-	-	2,500
Accrued interest	1,358	-	-	-	1,358
Interfund loans payable	-	38,818	-	-	38,818
Bond anticipations notes	1,467,047	-	-	-	1,467,047
Accrued compensated absences	32,076	1,677	-	-	33,753
Noncurrent liabilities, current portion	54,201	-	-	-	54,201
Total current liabilities	1,567,806	46,691	3,305	-	1,617,802
Noncurrent liabilities, long-term portion	351,725	15,467	-	-	367,192
Total liabilities	1,919,531	62,158	3,305	-	1,984,994
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources related to pensions	34,743	4,226	-	-	38,969
Total deferred inflows of resources	34,743	4,226	-	-	38,969
NET POSITION					
Net investment in capital assets	6,042,738	835,839	96,121	-	6,974,698
Unrestricted	1,858,045	(15,216)	454,297	3,552	2,300,678
Total net position	\$ 7,900,783	820,623	550,418	3,552	9,275,376

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, 2019

Business-type Activities - Enterprise Funds					
	Sewer Department	Cape Porpoise Pier	Dock Square Parking Lot	Government Wharf	Total
Operating revenues:					
Fees	\$ 1,177,849	6,315	395,156	-	1,579,320
Lease income	-	40,000	-	-	40,000
Fuel sales	-	179,551	-	-	179,551
Dues	-	50,736	-	4,723	55,459
Other income	33,405	308	582	-	34,295
Total operating revenues	1,211,254	276,910	395,738	4,723	1,888,625
Operating expenses:					
Wages and benefits	670,058	99,444	31,099	-	800,601
Utilities	109,188	7,372	15,659	4,374	136,593
Contracted services	30,206	4,110	3,278	-	37,594
Insurance	37,292	4,020	-	357	41,669
Supplies and equipment	100,589	163,945	11,280	-	275,814
Repairs and maintenance	28,104	10,762	2,047	8,344	49,257
Miscellaneous	-	17,635	43	-	17,678
Capital related expenses	31,893	13,127	-	-	45,020
Depreciation	444,970	17,253	11,803	-	474,026
Total operating expenses	1,452,300	337,668	75,209	13,075	1,878,252
Operating income (loss)	(241,046)	(60,758)	320,529	(8,352)	10,373
Nonoperating revenue (expenses):					
Interest income	35,437	-	-	-	35,437
Gain (loss) on disposal of capital assets	(297,361)	(14,582)	(46,378)	-	(358,321)
Interest expense	(5,926)	-	-	-	(5,926)
Total nonoperating revenue (expenses)	(267,850)	(14,582)	(46,378)	-	(328,810)
Net income (loss) before transfers	(508,896)	(75,340)	274,151	(8,352)	(318,437)
Transfers:					
Transfer (to) from other funds	75,535	-	(310,000)	-	(234,465)
Total transfers	75,535	-	(310,000)	-	(234,465)
Change in net position	(433,361)	(75,340)	(35,849)	(8,352)	(552,902)
Total net position, beginning of year	8,334,144	895,963	586,267	11,904	9,828,278
Total net position, end of year	\$ 7,900,783	820,623	550,418	3,552	9,275,376

See accompanying notes to basic financial statements.

TOWN OF KENNEBUNKPORT, MAINE
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2019

Business-type Activities - Enterprise Funds					
	Sewer Department	Cape Porpoise Pier	Dock Square Parking Lot	Government Wharf	Total
Cash flows from operating activities:					
Receipts from customers and users	\$ 1,421,451	283,272	393,469	4,723	2,102,915
Payments to suppliers	(341,567)	(227,465)	(31,192)	(13,075)	(613,299)
Payments to employees	(734,765)	(83,133)	(31,395)	-	(849,293)
Net cash provided by (used in) operating activities	345,119	(27,326)	330,882	(8,352)	640,323
Cash flows from non-capital financing activities:					
(Increase) decrease in interfund loans receivable	(335,383)	36,306	(20,933)	8,352	(311,658)
Transfers (to) from other funds	75,535	-	(310,000)	-	(234,465)
Net cash provided by (used in) non-capital financing activities	(259,848)	36,306	(330,933)	8,352	(546,123)
Cash flows from capital and related financing activities:					
Purchase of capital assets	(549,431)	(8,980)	-	-	(558,411)
Proceeds from issuance of bond anticipation notes	523,539	-	-	-	523,539
Bond principal payments	(53,242)	-	-	-	(53,242)
Interest payments	(6,216)	-	-	-	(6,216)
Net cash provided by (used in) capital and related financing activities	(85,350)	(8,980)	-	-	(94,330)
Cash flows from investing activities:					
Investment income	35,437	-	-	-	35,437
Net cash provided by investing activities	35,437	-	-	-	35,437
Increase (decrease) in cash	35,358	-	(51)	-	35,307
Cash and cash equivalents, beginning of year	1,371,764	100	17,600	-	1,389,464
Cash and cash equivalents, end of year	\$ 1,407,122	100	17,549	-	1,424,771
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (241,046)	(60,758)	320,529	(8,352)	10,373
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	444,970	17,253	11,803	-	474,026
Change in operating assets and liabilities:					
(Increase) decrease in accounts receivable	210,631	6,362	(2,269)	-	214,724
(Increase) decrease in sewer liens	(434)	-	-	-	(434)
(Increase) decrease in inventory	-	1,890	-	-	1,890
Increase (decrease) in accounts payable	(4,295)	(8,384)	1,115	-	(11,564)
Increase (decrease) in accrued wages	1,132	631	(296)	-	1,467
Increase (decrease) in other liabilities	-	-	-	-	-
Increase (decrease) in net pension liability with related deferred outflows and deferred inflows of resources	(73,729)	14,253	-	-	(59,476)
Increase (decrease) in accrued compensated absences	7,890	1,427	-	-	9,317
Net cash provided by (used in) operating activities	\$ 345,119	(27,326)	330,882	(8,352)	640,323

See accompanying notes to basic financial statements.

TOWN OF KENNEBUNKPORT, MAINE
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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 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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 *Village Parcel Fund* accounts for the purchase of property that was funded with the issuance of debt.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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, 2019 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 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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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, 2019, 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, deferred outflows of resources, liabilities, and deferred inflows of resources 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 has 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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 and OPEB liabilities, 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.

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, CONTINUED

B. Revised Budget

The revised budget presented for the General Fund in the Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Statement 6), includes various adjustments as follows:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other financing sources (uses)</u>
2019 budget as originally adopted	\$ 19,285,217	18,417,382	(867,835)
Assigned carryforward balances	-	663,394	663,394
Totals	\$ 19,285,217	19,080,776	(204,441)

DEPOSITS AND INVESTMENTS

A. Deposits

Custodial Credit Risk-Town Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a policy regarding custodial credit risk. As of June 30, 2019, the Town reported deposits of \$9,619,336 with a bank balance of \$9,744,500. Of the Town's bank balances of \$9,744,500, 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	\$ 8,194,565
Reported in proprietary funds	<u>1,424,771</u>
Total deposits	<u>\$ 9,619,336</u>

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.

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

DEPOSITS AND INVESTMENTS, CONTINUED

B. Investments

At June 30, 2019, the Town had the following investments:

	<u>Fair value</u>	<u>N/A</u>	<u>Less than 1 year</u>	<u>Fair value hierarchy</u>	<u>Credit rating</u>
Exchange traded funds	\$ 260,381	260,381	-	Level 1	A-
Mutual funds	20,676	20,676	-	Level 1	A
Equities	962,822	962,822	-	Level 1	N/A
Certificates of deposits	250,548	-	250,548	N/A	N/A
Total investments	\$ 1,494,427	1,243,879	250,548		

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 \$250,548 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 26, 2018, on the assessed value listed as of April 1, 2018, for all real and personal property located in the Town. Payment of taxes was due in equal installments on September 11, 2018 and March 12, 2019. Interest at the rate of 8% 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 2019 assessed value of \$1,962,639,480 was 97% of the estimated market value and 89.27% of the 2019 state valuation of \$2,198,500,000.

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 \$76,297 for the period ended June 30, 2019.

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, 2019 and 2018 levies:

	<u>2019</u>	<u>2018</u>
Assessed value	\$ 1,962,639,480	1,934,467,170
Tax rate (per \$1,000)	8.76	8.73
Commitment	17,192,722	16,887,898
Supplemental taxes assessed	-	72,964
	17,192,722	16,960,862
Less:		
Collections and abatements	17,014,268	16,737,017
Receivable at June 30	\$ 178,454	223,845
Collection rate	98.96%	98.68%

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

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance June 30, <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2019</u>
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 2,156,859	72,139	2,095,133	133,865
Land	2,715,181	10,063,526	40,200	12,738,507
<u>Total capital assets, not being depreciated</u>	<u>4,872,040</u>	<u>10,135,665</u>	<u>2,135,333</u>	<u>12,872,372</u>
Capital assets, being depreciated:				
Land improvements	302,173	-	14,203	287,970
Buildings	2,477,178	998,480	41,533	3,434,125
Buildings improvements	1,130,113	-	75,417	1,054,696
Machinery and equipment	1,971,223	145,146	788,433	1,327,936
Furniture and fixtures	47,258	-	27,635	19,623
Vehicles	3,667,065	82,075	56,433	3,692,707
Infrastructure	8,621,938	2,462,044	563,273	10,520,709
<u>Total capital assets, being depreciated</u>	<u>18,216,948</u>	<u>3,687,745</u>	<u>1,566,927</u>	<u>20,337,766</u>
Less accumulated depreciation for:				
Land improvements	151,508	10,100	12,445	149,163
Buildings	957,537	72,539	27,649	1,002,427
Building improvements	392,466	45,769	39,004	399,231
Machinery and equipment	1,220,761	71,615	679,004	613,372
Furniture and fixtures	47,258	-	27,635	19,623
Vehicles	1,839,460	172,493	34,678	1,977,275
Infrastructure	3,268,154	208,420	382,608	3,093,966
<u>Total accumulated depreciation</u>	<u>7,877,144</u>	<u>580,936</u>	<u>1,203,023</u>	<u>7,255,057</u>
<u>Total capital assets being depreciated, net</u>	<u>10,339,804</u>	<u>3,106,809</u>	<u>363,904</u>	<u>13,082,709</u>
<u>Governmental activities capital assets, net</u>	<u>\$ 15,211,844</u>	<u>13,242,474</u>	<u>2,499,237</u>	<u>25,955,081</u>

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

Governmental activities:	
General government	\$ 74,230
Public safety	166,004
Public works	312,329
Recreation and culture	28,373
<u>Total depreciation expense - governmental activities</u>	<u>\$ 580,936</u>

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

CAPITAL ASSETS, CONTINUED

	Balance June 30, <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2019</u>
Business-type activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 1,139,185	362,775	1,118,550	383,410
Land	950,428	-	-	950,428
Total capital assets, not being depreciated	2,089,613	362,775	1,118,550	1,333,838
Capital assets, being depreciated:				
Land improvements	29,600	-	-	29,600
Buildings	4,936,200	-	-	4,936,200
Building improvements	3,236,611	-	214,136	3,022,475
Machinery and equipment	3,211,044	11,975	825,241	2,397,778
Infrastructure	7,892,531	1,115,555	916,964	8,091,122
Vehicles	111,871	-	2,870	109,001
Total capital assets, being depreciated	19,417,857	1,127,530	1,959,211	18,586,176
Less accumulated depreciation for:				
Land improvements	29,600	-	-	29,600
Buildings	3,198,128	97,849	-	3,295,977
Building improvements	1,278,338	84,371	101,135	1,261,574
Machinery and equipment	2,453,178	96,733	800,865	1,749,046
Infrastructure	5,334,812	184,173	696,015	4,822,970
Vehicles	32,291	10,900	2,870	40,321
Total accumulated depreciation	12,326,347	474,026	1,600,885	11,199,488
Total capital assets being depreciated, net	7,091,510	653,504	358,326	7,386,688
Business-type activities capital assets, net	\$ 9,181,123	1,016,279	1,476,876	8,720,526

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

Business-type activities:	
Sewer Department	\$ 444,970
Cape Porpoise Pier	17,253
Dock Square Parking Lot	11,803
Total depreciation expense - business-type activities	\$ 474,026

INTERFUND LOAN BALANCES AND TRANSFERS

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

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

INTERFUND LOAN BALANCES AND TRANSFERS

Individual interfund loan receivable and payable balances at the year ended June 30, 2019 were as follows:

	<u>Interfund loans receivable</u>	<u>Interfund loans payable</u>
General Fund	\$ -	3,246,663
Village Parcel	118,020	-
Proprietary Funds:		
Sewer Department	448,331	-
Cape Porpoise Pier	-	38,818
Dock Square Parking Lot	430,990	-
Government Wharf	3,552	-
Total proprietary funds	882,873	38,818
All Other Governmental Funds:		
Special revenue funds	124,264	-
Capital projects funds	2,149,056	-
Permanent funds	11,268	-
Total all other governmental funds	2,284,588	-
Total interfund loans receivable and payable	\$ 3,285,481	3,285,481

Individual fund transfers for the year ended June 30, 2019 were as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ 440,611	1,677,835
Village Parcel	100,000	-
Proprietary Funds:		
Sewer Department	75,535	-
Dock Square Parking Lot	-	310,000
Total proprietary funds	75,535	310,000
All Other Governmental Funds:		
Special revenue funds	50,000	-
Capital projects funds	1,342,300	-
Permanent funds	-	20,611
Total all other governmental funds	1,392,300	20,611
Total interfund loans receivable and payable	\$ 2,008,446	2,008,446

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

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

SHORT-TERM DEBT

The Town issued two clean water state revolving fund bond anticipation notes for interim financing until long-term bonds are issued. The bond anticipation notes were for \$1,700,000 and \$300,000 with an interest rate of 1.00% and are due on January 4, 2020. The Town also issued a \$9,500,000 bond anticipation note with an interest rate of 3.3% and due on October 11, 2019 for the purchase of land. Bond anticipation note activity for the year ended June 30, 2019 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>
Bond anticipation notes:				
Land purchase	\$ -	9,500,000	9,500,000	-
Clean water (sewer)	832,860	425,597	-	1,258,457
Clean water (sewer)	110,648	97,942	-	208,590
Bond anticipation note	\$ 943,508	10,023,539	9,500,000	1,467,047

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2019 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
General obligation bonds	\$ 813,934	10,755,000	81,889	11,487,045	82,730
Premium on bonds	-	546,406	-	546,406	83,690
Capital leases	6,422	-	6,422	-	-
Net pension liability	1,977,368	-	705,221	1,272,147	-
Total OPEB liability	363,256	-	16,579	346,677	-
Compensated absences	226,049	298,932	301,126	223,855	179,927
Governmental activity long-term liabilities	\$ 3,387,029	11,600,338	1,111,237	13,876,130	346,347
Business-type activities:					
General obligations bonds	\$ 332,023	-	53,242	278,781	54,201
Net pension liability	222,284	-	79,672	142,612	-
Compensated absences	24,436	52,823	43,506	33,753	33,753
Business-type activity long-term liabilities	\$ 578,743	52,823	176,420	455,146	87,954

All governmental activities long-term liability requirements are paid by the General Fund. Business-type long-term liabilities paid by the Sewer Department and Cape Porpoise Funds.

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

LONG-TERM DEBT

Bonds payable and capital leases at June 30, 2019 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>					
Recreation building	\$ 450,000	6/20/18	2028	3.27%	327,045
Police station addition	400,000	9/2/16	2027	2.25%	405,000
Seawall and village parcel	2,255,000	5/1/19	2040	3.00-5.00%	2,255,000
Village parcel	8,500,000	5/1/19	2025	3.25-4.88%	8,500,000
Total governmental activities bonds payable					11,487,045
<u>Business-type activities:</u>					
Sewer expansion bonds	1,000,000	11/13/03	2024	2.25%	278,781
Total business-type activities bonds payable					278,781
Total governmental and business-type activities bonds payable					\$ 11,765,826

The Town has authorized, but not issued, long-term borrowing of \$2,000,000 for sewer upgrades.

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

Bonds Payable

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 82,730	373,194	455,924	54,201	5,200	59,401
2021	548,573	392,813	941,386	55,207	4,003	59,210
2022	559,471	369,869	929,340	55,984	3,251	59,235
2023	565,371	346,648	912,019	56,470	2,674	59,144
2024	576,293	323,131	899,424	56,919	2,069	58,988
2025-2029	8,439,607	356,234	8,795,841	-	-	-
2030-2034	325,000	83,525	408,525	-	-	-
2035-2039	325,000	34,125	359,125	-	-	-
2040	65,000	975	65,975	-	-	-
Totals	\$ 11,487,045	2,280,514	13,767,559	278,781	17,197	295,978

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

LONG-TERM DEBT, CONTINUED

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, 2019, 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 \$23,826 for the year ended June 30, 2019. 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>
2020	\$ 25,080
2021	25,832
<u>Total</u>	<u>\$ 50,912</u>

OVERLAPPING DEBT

The Town's proportionate share of debt of all local government units which provide services within the Town's boundaries, and which must be borne by properties in the Town, is summarized as follows:

<u>Units</u>	<u>Net debt</u> <u>outstanding</u> <u>June 30, 2019</u>	<u>Percentage</u> <u>applicable</u> <u>to the Town</u>	<u>Town's</u> <u>proportionate</u> <u>share of debt</u>
York County	\$ 2,900,000	6.71%	194,584
Regional School Unit #21	55,559,059	41.07%	22,817,657

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

RISK MANAGEMENT

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

Based on the coverage provided by these pools, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities, which should be recorded at June 30, 2019. 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.

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

NET POSITION

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Town's net investment in capital assets was calculated as follows at June 30, 2019:

	<u>Governmental activities</u>	<u>Business-type activities</u>
Capital assets	\$ 33,210,138	19,920,014
Accumulated depreciation	(7,255,057)	(11,199,488)
Bonds payable	(11,487,045)	(278,781)
Premium on bonds	(546,406)	-
Bond anticipation notes	-	(1,467,047)
Unspent proceeds	931,230	-
Total net investment in capital assets	\$ 14,852,860	6,974,698

FUND BALANCE

The General Fund unassigned fund balance total of \$4,102,683 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, 2019, other fund balance components consisted of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund:				
Inventory	\$ 5,802	-	-	-
Carryforward balances	-	-	587,350	-
Subsequent year's expenditures	-	-	-	200,000
Encumbrances	-	-	-	34,190
Total general fund	5,802	-	587,350	234,190
Village Parcel	-	-	92,757	-

Other Governmental Funds:

 Special Revenue Funds:

Piers, Rivers, & Harbors	-	-	35,338	-
350 th Anniversary	-	-	595	-
Reserve Open Space	-	-	119,205	-
Revaluation	-	-	3,041	-
Drug Forfeiture	-	-	518	-
Recreation and Special Events	-	-	25,838	-
Scholarships	-	-	9,310	-

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

FUND BALANCE, CONTINUED

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
Capital Projects Funds:				
Ocean Ave Seawall	\$ -	-	996,230	-
Fire PPE	-	-	20,864	-
Fire Radios	-	-	25,786	-
Fire Vehicle	-	-	71,999	-
Fire Equipment	-	-	46,470	-
Sidewalks	-	-	58,744	-
General Capital Projects	-	-	6,988	-
Fire Port Village	-	-	14,500	-
Town Office	-	-	3,922	-
Highway Vehicles	-	-	41,746	-
Police Vehicle	-	-	3,117	-
Administrative Projects	-	-	15,000	-
Fire Apparatus	-	-	348,642	-
Garage Roof	-	-	2,910	-
S-Brook Drainage	-	-	3,900	-
Road Improvement	-	-	32,199	-
General Capital Improvements	-	-	386,093	-
Recreation Capital	-	-	69,946	-
Permanent Funds:				
Principal	1,142,297	-	-	-
Unexpended income:				
Kittredge Trust	-	135,044	-	-
Macomber Trust	-	707	-	-
Picavet Trust	-	123,862	-	-
Total other governmental funds	1,142,297	259,613	2,342,901	-
Grand totals	\$ 1,148,099	259,613	3,023,008	234,190

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

FUND BALANCE, CONTINUED

At June 30, 2019 and 2018, fund balances were committed to future periods as follows:

	<u>2019</u>	<u>2018</u>
General Fund:		
Communications	\$ 9,364	-
Conservation commission	-	3,000
Solid waste	-	6,600
Police	23,386	48,950
Public works	12,600	30,587
Fire	8,430	7,515
Planning	4,764	10,000
Contingency	75,000	45,000
Legal – Goose Rocks Beach	29,707	83,408
Recreation	8,016	-
FEMA maps	100	100
EMA	3,725	2,225
Public works speed signs	5,000	5,000
General assistance donations	11,391	4,427
General assistance fuel	91,954	88,371
General assistance food	8,121	4,881
Nurse general donation	7,256	5,500
Employee separation	64,937	82,208
Cemetery	300	300
Voting equipment	-	5,325
Local circuit breaker program	17,283	19,402
Parsons Way bench	9,729	9,629
Police donations	1,174	2,516
Goose Rocks Beach Advisory Committee	110,969	101,070
Garden area	1,000	-
Administration	6,785	21,021
Debt recreation	9,188	9,188
Debt police	45,192	45,192
Community development	21,979	21,979
Total General Fund committed fund balance	\$ 587,350	663,394

Encumbrances at year end were \$34,190 for the General Fund.

Committed fund balance in the General Fund for 2018 was increased by \$69,380 to include \$15,000 of administration, \$9,188 of debt recreation, and \$45,192 of debt police.

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

NET PENSION LIABILITY

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.mainepepers.org.

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, 2019, was 10.0% for the AC plan and 16.3% 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 \$299,701 for governmental activities and \$27,397 for business type activities for the year ended June 30, 2019.

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

At June 30, 2019, the Town reported a liability of \$1,272,147 for governmental activities and \$142,612 for business type activities for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the Town's proportion of the plan's net pension liability was 0.5169%.

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

NET PENSION LIABILITY, CONTINUED

For the year ended June 30, 2019, the Town recognized a pension gain of \$235,449 for governmental activities and a pension gain of \$32,079 for business type activities. At June 30, 2019, 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	\$ -	9,990	-	1,119
Changes in assumptions	203,043	-	22,762	-
Net difference between projected and actual earnings on pension plan investments	-	307,174	-	34,435
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	30,467	-	3,415
Town contributions subsequent to the measurement date	299,701	-	27,397	-
Total	\$ 502,744	347,631	50,159	38,969

An amount of \$299,701 is reported as deferred outflows of resources in the governmental activities and \$27,397 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, 2019. 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>
2020	\$ 161,114	18,062
2021	(17,343)	(1,944)
2022	(208,985)	(23,409)
2023	(79,374)	(8,916)

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

NET PENSION LIABILITY, CONTINUED

Actuarial Assumptions - The total pension liability in the June 30, 2018 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	6.75% per annum, compounded annually
Cost of living benefit increases	1.91% per annum

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period June 30, 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public Equities	30.0%	6.0%
U.S. Government	7.5%	2.3%
Private Equity	15.0%	7.6%
Real Estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural Resources	5.0%	5.0%
Traditional Credit	7.5%	3.0%
Alternative Credit	5.0%	4.2%
Diversifiers	10.0%	5.9%

Discount Rate - The discount rate used to measure the total pension liability was 6.75%. 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

NET PENSION LIABILITY, CONTINUED

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 6.75%, 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 (5.75%) or 1 percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Town's proportionate share of the net pension liability	\$ 3,334,399	1,414,759	(379,578)

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, 2019.

457 RETIREMENT PLAN

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457, through the International City Management Association (ICMA). The plan, available to all Town employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Assets of the plan are automatically placed in trust for the exclusive benefit of participants and their beneficiaries by ICMA. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on plan assets, are not included in the Town's financial statements. The Town's contributions to the plan for the year ended June 30, 2019 were \$85,919.

OTHER POSTEMPLOYMENT BENEFITS

General Information about the OPEB Plans

Plan Description - The Town sponsors a post-retirement benefit plan providing health insurance to retiring employees. The plan is a single-employer defined benefit OPEB plan administered by the Maine Municipal Employees Health Trust (MMEHT). The Board of Selectmen have the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

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

OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

Benefits Provided - MMEHT provides healthcare and life insurance benefits for retirees and their dependents. Town employees over the age of 55 with 5 years of continuous service are allowed to participate in the plan. Retirees that are designated in a plan pay 100% of the single coverage premium and 100% of the family coverage premium. For those Town employees eligible for Medicare (post-65 Retiree Plan), the plan is offered in conjunction with Medicare Parts A and B and the Companion Plan B.

Employees Covered by Benefit Terms – At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employee entitled to but not yet receiving benefits	-
Active employees	<u>36</u>
Total	<u>40</u>

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The Town's total OPEB liability of \$346,677 was measured as of January 1, 2019, and was determined by an actuarial valuation as of January 1, 2018.

Changes in the Total OPEB Liability

Balance at June 30, 2018	\$ 363,256
Changes for the year:	
Service cost	15,238
Interest	12,840
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(34,099)
Benefit payments	<u>(10,558)</u>
Net changes	<u>(16,579)</u>
Balance at June 30, 2019	<u>\$ 346,677</u>

Change in assumptions reflects a change in the discount rate from 3.44% to 4.10% and also a change in valuation method from Projected Unit Credit funding to the Entry Age Normal funding method.

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

OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

For the year ended June 30, 2019, The Town recognized OPEB expense of \$27,295. At June 30, 2019, The Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 51,284	-
Changes of assumption or other inputs	-	7,286
Total	\$ 51,284	7,286

Deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2020	\$ 9,775
2021	9,775
2022	9,775
2023	9,775
2024	9,771
Thereafter	(4,873)

Actuarial Assumptions - The total OPEB liability in the January 1, 2018 actuarial valuation for the Health Plan was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00% per year
Salary increases	2.75% per year
Discount rate	4.10% per annum
Healthcare cost trend rates	8.27% for 2018, decreasing to 4.00% for 2032
Retirees' share of the benefit related costs	100% of projected health insurance premiums

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

The actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study for the period June 30, 2012 through June 30, 2015.

Discount Rate - The rate used to measure the total OPEB liability was 4.10% per annum. Since the plan is pay as you go and is not funded, the discount rate will be based on a 20-year tax-exempt general obligation municipal bond index. The rate is assumed to be an index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher, for pay as you go plans.

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

OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the Town's total OPEB liability calculated using the discount rate of 4.10%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (3.10%) or 1 percentage-point higher (5.10%) than the current rate:

	1% Decrease (3.10%)	Discount Rate (4.10%)	1% Increase (5.10%)
Total OPEB liability	\$ 400,188	346,677	302,747

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the Town's total OPEB liability calculated using the healthcare cost trend rates, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 299,184	346,677	405,301

TOWN OF KENNEBUNKPORT, MAINE
Required Supplementary Information

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

Last 10 Fiscal Years*

	<u>2019</u> **	<u>2018</u> **	<u>2017</u> **	<u>2016</u> **	<u>2015</u> **
Town's proportion of the net pension liability	0.5169%	0.5372%	0.5392%	0.5108%	0.5028%
Town's proportionate share of the net pension liability	\$ 1,414,759	2,199,652	2,864,701	1,629,598	773,711
Town's covered payroll	2,517,366	2,530,699	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	56.20%	86.92%	116.84%	69.36%	34.63%
Plan fiduciary net position as a percentage of of the total pension liability	91.14%	86.43%	81.61%	88.27%	94.10%

* Only five 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

Schedule of Town Contributions
Maine Public Employees Retirement System Consolidated Plan

Last 10 Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 327,098	287,653	275,390	252,997	208,757	168,733
Contributions in relation to the contractually required contribution	(327,098)	(287,653)	(275,390)	(252,997)	(208,757)	(168,733)
Contribution deficiency (excess)	\$ -	-	-	-	-	-
Town's covered payroll	2,717,875	2,517,366	2,530,699	2,451,768	2,349,396	2,234,398
Contributions as a percentage of covered payroll	12.04%	11.43%	10.88%	10.32%	8.89%	7.55%

**Only six years of information was available.*

TOWN OF KENNEBUNKPORT, MAINE
Required Supplementary Information, Continued

Schedule of Changes in the Town's Total OPEB Liability and Related Ratios
Last 10 Fiscal Years*

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service cost	\$ 15,238	13,077
Interest	12,840	9,543
Changes of benefit terms	-	-
Differences between expected and actual experience	-	71,798
Changes of assumptions or other inputs	(34,099)	30,720
Benefit payments	(10,558)	(2,493)
Net change in total OPEB Liability	<u>(16,579)</u>	<u>122,645</u>
 Total OPEB liability - beginning	 363,256	 240,611
Total OPEB liability - ending	\$ <u>346,677</u>	<u>363,256</u>
 Covered-employee payroll	 \$ 2,130,553	 2,130,553
Total OPEB liability as a percentage of covered- employee payroll	16.3%	17.05%

* Only two years of information available.

TOWN OF KENNEBUNKPORT, MAINE
Notes to Required Supplementary Information

Net Pension Liability

Changes of Benefit Terms - None

Changes of Assumptions - The PLD Plan changed the discount rate of 6.875% and the cost of living increase of 2.20% in the 2017 valuation to 6.75% and 1.91%, respectively in the 2018 valuation.

The PLD Plan changed the discount rate of 7.125%, inflation rate of 3.5%, and the cost of living increase of 2.55% in the 2015 valuation to 6.875%, 2.75%, and 2.20%, respectively in the 2016 valuation. The PLD Plan changed the salary increases in the 2015 valuation of 3.5% - 13.5% to 2.75% - 9.0% in the 2016 valuation. In addition, mortality rates were previously based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA, which, in the 2016 valuation, was changed to mortality rates that were based on the RP2014 Total Data Set Healthy Annuity Mortality Table.

The PLD Plan changed the discount rate from 7.25% in the 2014 valuation to 7.125% in the 2015 valuation. The PLD Plan also changed the cost of living benefits increase from 3.12% in the 2014 valuation to 2.55% in the 2015 valuation.

Total OPEB Liability

Changes of Benefit Terms - None

Changes of Assumptions - Changes of assumptions and other inputs reflects the changes in the discount rate each period. The following are the discount rates used in each period:

<u>Fiscal Year</u>	<u>Discount Rate</u>
2019	4.10%
2018	3.44%
2017	3.78%

Additionally, the valuation method was changed from the Projected Unit Credit funding method in 2017 to the Entry Age Normal funding method in 2018.

GENERAL FUND

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

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TOWN OF KENNEBUNKPORT, MAINE
General Fund
Comparative Balance Sheets
June 30, 2019 and 2018

	2019	2018
ASSETS		
Cash and cash equivalents	\$ 8,047,802	6,717,550
Investments	250,548	252,901
Receivables:		
Accounts, net of allowance of \$4,845 and \$4,738, respectively	41,226	77,021
Due from other governments	76,978	205,943
Taxes receivable - current year	178,454	223,845
Taxes receivable - prior year	1,600	369
Tax liens receivable	50,665	54,891
Prepays	1,060	-
Inventory	4,742	5,212
Total assets	\$ 8,653,075	7,537,732
LIABILITIES		
Accounts payable and payroll withholdings	161,497	188,228
Accrued wages	69,562	70,735
Other liabilities	105,587	511,825
Interfund loans payable	3,246,663	2,122,744
Total liabilities	3,583,309	2,893,532
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	139,741	204,175
Total deferred inflows of resources	139,741	204,175
FUND BALANCES		
Nonspendable	5,802	5,212
Committed	587,350	663,394
Assigned	234,190	313,858
Unassigned	4,102,683	3,457,561
Total fund balances	4,930,025	4,440,025
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,653,075	7,537,732

TOWN OF KENNEBUNKPORT, MAINE
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the year ended June 30, 2019
(with comparative actual amounts for the year ended June 30, 2018)

	2019		Variance	2018
	Budget	Actual	positive (negative)	Actual
Revenues:				
Taxes:				
Property taxes	\$ 17,192,722	17,126,942	(65,780)	16,960,864
Change in unavailable revenue	-	64,434	64,434	(40,347)
Excise taxes	954,500	1,068,682	114,182	1,030,267
Interest and costs on taxes	26,000	37,149	11,149	32,282
Total taxes	18,173,222	18,297,207	123,985	17,983,066
Intergovernmental:				
State Revenue Sharing	55,000	65,462	10,462	59,832
Homestead reimbursement	82,635	82,635	-	67,745
State road assistance	42,000	42,256	256	42,628
Tree growth	6,000	6,894	894	6,891
Snowmobile reimbursement	-	443	443	503
Veterans reimbursement	2,200	2,218	18	4,703
General assistance	1,000	1,008	8	511
Police grant	-	4,269	4,269	-
BETE reimbursement	6,107	6,147	40	860
MDOT grants	277,625	571,498	293,873	113,409
Rachel Carson	3,700	4,153	453	3,624
RSU COPS share	61,928	97,355	35,427	59,370
FEMA	-	48,195	48,195	14,061
Miscellaneous	-	25	25	150
Total intergovernmental	538,195	932,558	394,363	374,287
Licenses and permits:				
Town clerk fees	9,500	9,205	(295)	9,455
Plumbing fees	18,000	23,170	5,170	16,365
Building permits	230,000	271,777	41,777	217,334
Liquor license	4,000	4,925	925	4,650
Victualers license	3,200	6,050	2,850	3,100
Shellfish license	900	900	-	900
Total licenses and permits	265,600	316,027	50,427	251,804

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

	2019		Variance positive (negative)	2018 Actual
	Budget	Actual		
Revenues, continued:				
Charges for services:				
Dogs fees	\$ 4,200	3,906	(294)	4,161
Agent fees	11,000	10,713	(287)	10,969
Planning board/appeals board	16,000	11,038	(4,962)	18,175
Parking tickets	45,000	58,597	13,597	48,502
Police other	12,500	12,634	134	10,605
Goose Rocks	110,000	152,747	42,747	137,849
Nurses fees	2,000	1,170	(830)	178
Parks and recreation revenue	-	-	-	209,378
Miscellaneous	-	288	288	18
Total charges for services	200,700	251,093	50,393	439,835
Interest earned	70,000	193,784	123,784	136,355
Total interest earned	70,000	193,784	123,784	136,355
Other revenue:				
Donations	-	22,512	22,512	28,593
Recreation	-	100	100	976
Sale of Town assets	15,000	34,652	19,652	725
Conservation	10,000	10,000	-	10,000
Miscellaneous	12,500	3,160	(9,340)	12,741
Total other revenue	37,500	70,424	32,924	53,035
Total revenues	19,285,217	20,061,093	775,876	19,238,382

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

		2019					2018 Actual
	2018 Carryforward	Original Budget	Budget Adjustments	Total Available	Actual	Variance positive (negative)	
Expenditures:							
Current:							
General government:							
Administration	\$ -	924,725	13,870	938,595	938,842	(247)	914,762
Planning and development	10,000	406,758	5,140	421,898	399,480	22,418	368,869
Boards and committees	-	3,185	-	3,185	1,367	1,818	-
Growth planning	-	10,000	-	10,000	11,735	(1,735)	1,766
Legal fees	83,408	68,000	-	151,408	113,247	38,161	83,592
Insurance	-	268,966	-	268,966	245,716	23,250	160,600
Community development	21,979	28,547	194	50,720	26,796	23,924	23,010
Contingency	45,000	151,894	(89,805)	107,089	49,004	58,085	43,424
Overlay/abate ments	-	76,297	-	76,297	1,223	75,074	10,161
Total general government	160,387	1,938,372	(70,601)	2,028,158	1,787,410	240,748	1,606,184
Public safety:							
Police department	48,950	1,564,850	34,550	1,648,350	1,592,891	55,459	1,421,326
Communications	-	504,279	9,154	513,433	476,638	36,795	481,968
Fire department	7,515	389,472	2,628	399,615	354,319	45,296	315,831
KEMS	-	150,000	-	150,000	150,000	-	125,000
EMA	2,225	1,500	-	3,725	-	3,725	-
Special enforcement	3,000	36,013	(1,747)	37,266	37,640	(374)	33,634
Total public safety	61,690	2,646,114	44,585	2,752,389	2,611,488	140,901	2,377,759
Public works:							
Highway department	30,587	846,357	11,833	888,777	905,418	(16,641)	805,971
Mechanic	-	99,411	2,252	101,663	91,957	9,706	95,890
Utilities	-	182,510	-	182,510	175,847	6,663	174,470
Shade tree	-	42,071	17	42,088	43,406	(1,318)	38,571
Cemetery	-	18,794	1,759	20,553	13,253	7,300	13,130
Total public works	30,587	1,189,143	15,861	1,235,591	1,229,881	5,710	1,128,032

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

		2019				Variance positive (negative)	2018 Actual
		2018 Carryforward	Original Budget	Budget Adjustments	Total Available	Actual	
Expenditures, continued							
Current, continued:							
Health and welfare:							
Solid waste	\$	6,600	457,895	-	464,495	464,056	443,877
Health		-	180,375	4,327	184,702	175,247	157,092
Welfare		-	3,335	-	3,335	990	819
Social services		-	22,400	-	22,400	22,400	22,400
Other services		-	36,445	73	36,518	33,361	29,223
General assistance donations		97,679	-	-	97,679	6,454	11,727
Total health and welfare		104,279	700,450	4,400	809,129	702,508	665,138
Recreation and culture:							
Recreation		-	259,744	5,755	265,499	257,483	360,360
Graves library		-	150,000	-	150,000	150,000	126,000
Cape Porpoise		-	13,950	-	13,950	13,950	12,675
Parsons Way		-	3,900	-	3,900	2,890	2,890
Miscellaneous agencies		-	10,790	-	10,790	10,790	7,747
Goose Rocks Beach Committee		101,070	44,000	-	145,070	34,101	38,767
Total recreation and culture		101,070	482,384	5,755	589,209	469,214	548,439
Education		-	10,220,198	-	10,220,198	10,220,198	9,939,712
County tax		-	1,135,299	-	1,135,299	1,135,299	1,203,809
Debt service:							
Principal		43,567	81,889	-	125,456	81,889	160,000
Interest		10,813	23,533	-	34,346	16,289	3,675
Total debt service		54,380	105,422	-	159,802	98,178	163,675

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

	2018 Carryforward	2019			Actual	Variance positive (negative)	2018 Actual
		Original Budget	Budget Adjustments	Total Available			
Expenditures, continued:							
Capital improvements and reserves:							
Capital outlay:							
Administration	\$ -	-	-	-	-	-	37,695
Highway	-	-	-	-	-	-	113,753
Committed:							
Administration	21,021	-	-	21,021	14,236	6,785	19,764
Cemetery	300	-	-	300	-	300	-
Communications building	-	-	-	-	-	-	609
Employee separation	82,208	-	-	82,208	-	82,208	-
FEMA maps	100	-	-	100	-	100	55,000
Land acquisition	-	-	-	-	-	-	11,793
Local Circuit Breaker	19,402	-	-	19,402	2,119	17,283	2,025
Nurse insurance	5,500	-	-	5,500	734	4,766	15,000
Parsons Way bench	9,629	-	-	9,629	-	9,629	-
Police donations	2,516	-	-	2,516	2,611	(95)	819
Police OT	-	-	-	-	-	-	7,491
Police vehicle	-	-	-	-	-	-	4,750
Public works speed signs	5,000	-	-	5,000	-	5,000	-
Salt shed	-	-	-	-	-	-	10,021
Street lights	-	-	-	-	-	-	5,000
Voting equipment	5,325	-	-	5,325	5,325	-	2,006
Total capital improvements and reserves	151,001	-	-	151,001	25,025	125,976	285,726
Total expenditures	663,394	18,417,382	-	19,080,776	18,279,201	801,575	17,918,474
Excess (deficiency) of revenues over (under) expenditures	(663,394)	867,835	-	204,441	1,781,892	1,577,451	1,319,908

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

		2019						
		2018	Original	Budget	Total		Variance	2018
		Carryforward	Budget	Adjustments	Available	Actual	positive (negative)	Actual
Other financing sources (uses):								
Transfers from (to) other funds:								
Administration	\$	-	(20,000)	-	(20,000)	(20,000)	-	-
Police		-	(37,000)	-	(37,000)	(37,000)	-	(29,500)
Fire building		-	(14,500)	-	(14,500)	(14,500)	-	-
Fire apparatus		-	(130,000)	-	(130,000)	(130,000)	-	(130,000)
Fire equipment		-	(31,600)	-	(31,600)	(31,600)	-	(22,000)
Fire radios		-	-	-	-	-	-	(10,500)
Fire PPE		-	(10,000)	-	(10,000)	(10,000)	-	(17,000)
Fire vehicles		-	-	-	-	-	-	(30,000)
Road improvement		-	(717,000)	-	(717,000)	(717,000)	-	(505,300)
Sidewalk		-	(93,000)	-	(93,000)	(93,000)	-	(86,050)
Recreation capital		-	-	-	-	-	-	(23,343)
Recreation building		-	-	-	-	-	-	(250,000)
Piers, rivers, and harbors		-	(130,000)	-	(130,000)	(130,000)	-	(150,000)
Special projects		-	(65,000)	-	(65,000)	(65,000)	-	-
Sewer debt service		-	(105,535)	-	(105,535)	(105,535)	-	(35,785)
Town office building		-	-	-	-	-	-	(12,000)
Highway vehicle		-	(175,000)	-	(175,000)	(175,000)	-	-
Capital projects		-	-	(100,000)	(100,000)	(149,200)	(49,200)	-
Dock Square parking lot		-	200,000	-	200,000	200,000	-	200,000
Dock Square restrooms		-	30,000	-	30,000	30,000	-	30,000
Dock Square equipment		-	80,000	-	80,000	80,000	-	-
Special revenues		-	80,000	-	80,000	80,000	-	-
Capital projects		-	-	-	-	-	-	150,000
Sewer		-	30,000	-	30,000	30,000	-	25,000
Picavet		-	15,000	-	15,000	19,811	4,811	-
Macomber		-	800	-	800	800	-	800
Utilization of unassigned fund balance		-	225,000	100,000	325,000	-	(325,000)	-
Utilization of committed fund balance		663,394	-	-	663,394	-	(663,394)	-
Total other financing sources (uses)		663,394	(867,835)	-	(204,441)	(1,237,224)	(1,032,783)	(895,678)
Net change in fund balance - budgetary basis		-	-	-	-	544,668	544,668	424,230
Reconciliation to GAAP basis:								
Change in encumbrance balance						(54,668)		(100,827)
Net change in fund balance - GAAP basis						490,000		323,403
Fund balance, beginning of year						4,440,025		4,116,622
Fund balance, end of year	\$					4,930,025		4,440,025

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ALL OTHER GOVERNMENTAL FUNDS

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TOWN OF KENNEBUNKPORT, MAINE
All Other Governmental Funds
Combining Balance Sheet
June 30, 2019

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	-	146,763	146,763
Investments	-	-	1,243,879	1,243,879
Accounts receivable	79,576	-	-	79,576
Interfund loans receivable	124,264	2,149,056	11,268	2,284,588
Total assets	\$ 203,840	2,149,056	1,401,910	3,754,806
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	4,558	-	-	4,558
Accrued wages	5,437	-	-	5,437
Total liabilities	9,995	-	-	9,995
Fund balances:				
Nonspendable	-	-	1,142,297	1,142,297
Restricted	-	-	259,613	259,613
Committed	193,845	2,149,056	-	2,342,901
Total fund balances	193,845	2,149,056	1,401,910	3,744,811
Total liabilities and fund balances	\$ 203,840	2,149,056	1,401,910	3,754,806

TOWN OF KENNEBUNKPORT, MAINE
All Other Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2019

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
Revenues:				
Intergovernmental	\$ 15,000	-	-	15,000
Charges for services	230,838	-	-	230,838
Other revenues	12,160	-	-	12,160
Investment income (loss)	-	-	111,898	111,898
Total revenues	257,998	-	111,898	369,896
Expenditures:				
Current:				
Public safety	-	-	29,365	29,365
Recreation and culture	128,790	-	-	128,790
Capital improvements	63,818	1,677,824	-	1,741,642
Total expenditures	192,608	1,677,824	29,365	1,899,797
Excess (deficiency) of revenues over (under) expenditures	65,390	(1,677,824)	82,533	(1,529,901)
Other financing sources (uses):				
Issuance of debt	-	955,000	-	955,000
Premium on issuance of debt	-	48,565	-	48,565
Transfer from other funds	50,000	1,342,300	-	1,392,300
Transfer to other funds	-	-	(20,611)	(20,611)
Total other financing sources (uses)	50,000	2,345,865	(20,611)	2,375,254
Net change in fund balances	115,390	668,041	61,922	845,353
Fund balances, beginning of year	78,455	1,481,015	1,339,988	2,899,458
Fund balances, end of year	\$ 193,845	2,149,056	1,401,910	3,744,811

NONMAJOR SPECIAL REVENUE FUNDS

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TOWN OF KENNEBUNKPORT, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2019

	Piers, Rivers & Harbors	350th Anniversary	Reserve Open Space	Revaluation	DEA Drug Forfeiture	Maine Drug Forfeiture	Recreation	Special Events	Scholarships	Totals
ASSETS										
Accounts receivable	\$ -	-	74,503	-	-	-	5,073	-	-	79,576
Interfund loans receivable	35,338	607	44,702	3,041	106	412	28,537	2,211	9,310	124,264
Total assets	\$ 35,338	607	119,205	3,041	106	412	33,610	2,211	9,310	203,840
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	-	12	-	-	-	-	4,546	-	-	4,558
Accrued wages	-	-	-	-	-	-	5,437	-	-	5,437
Total liabilities	-	12	-	-	-	-	9,983	-	-	9,995
Fund balances:										
Committed	35,338	595	119,205	3,041	106	412	23,627	2,211	9,310	193,845
Total fund balances	35,338	595	119,205	3,041	106	412	23,627	2,211	9,310	193,845
Total liabilities and fund balances	\$ 35,338	607	119,205	3,041	106	412	33,610	2,211	9,310	203,840

TOWN OF KENNEBUNKPORT, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2019

	Piers, Rivers & Harbors	350th Anniversary	Reserve Open Space	Revaluation	DEA Drug Forfeiture	Maine Drug Forfeiture	Recreation	Special Events	Scholarships	Totals
Revenues:										
Intergovernmental	\$ 15,000	-	-	-	-	-	-	-	-	15,000
Charges for services	-	-	-	-	-	-	230,838	-	-	230,838
Other revenues	-	450	-	-	-	-	-	2,400	9,310	12,160
Total revenues	15,000	450	-	-	-	-	230,838	2,400	9,310	257,998
Expenditures:										
Current:										
Recreation and culture	-	1,390	-	-	-	-	127,211	189	-	128,790
Capital improvements	63,818	-	-	-	-	-	-	-	-	63,818
Total expenditures	63,818	1,390	-	-	-	-	127,211	189	-	192,608
Excess (deficiency) of revenues over (under) expenditures	(48,818)	(940)	-	-	-	-	103,627	2,211	9,310	65,390
Other financing sources (uses):										
Transfer (to) from other funds	130,000	-	-	-	-	-	(80,000)	-	-	50,000
Total other financing sources (uses)	130,000	-	-	-	-	-	(80,000)	-	-	50,000
Net change in fund balances	81,182	(940)		-	-	-	23,627	2,211	9,310	115,390
Fund balances (deficit), beginning of year	(45,844)	1,535	119,205	3,041	106	412	-	-	-	78,455
Fund balances, end of year	\$ 35,338	595	119,205	3,041	106	412	23,627	2,211	9,310	193,845

NONMAJOR CAPITAL PROJECTS FUNDS

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TOWN OF KENNEBUNKPORT, MAINE
Nonmajor Capital Projects Funds
Combining Balance Sheet
June 30, 2019

	Ocean Ave Seawall	Fire PPE	Fire Radios	Fire Vehicle	Fire Equipment	Sidewalks	General Cap. Projects	Fire Port Village	Town Office	Highway Vehicles
ASSETS										
Interfund loans receivable	\$ 996,230	20,864	25,786	71,999	46,470	58,744	6,988	14,500	3,922	41,746
Total assets	\$ 996,230	20,864	25,786	71,999	46,470	58,744	6,988	14,500	3,922	41,746
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-	-	-
Fund balances:										
Committed	996,230	20,864	25,786	71,999	46,470	58,744	6,988	14,500	3,922	41,746
Total fund balances	996,230	20,864	25,786	71,999	46,470	58,744	6,988	14,500	3,922	41,746
Total liabilities and fund balances	\$ 996,230	20,864	25,786	71,999	46,470	58,744	6,988	14,500	3,922	41,746

TOWN OF KENNEBUNKPORT, MAINE
Nonmajor Capital Projects Funds
Combining Balance Sheet
June 30, 2019

	Police Vehicle	Admin. Projects	Fire Apparatus	Garage Roof	S Brook Drainage	Road Improvement	Comm. Building	Gen Capital Improvement	Recreation Capital	Totals
ASSETS										
Interfund loans receivable	\$ 3,117	15,000	348,642	2,910	3,900	32,199	-	386,093	69,946	2,149,056
Total assets	\$ 3,117	15,000	348,642	2,910	3,900	32,199	-	386,093	69,946	2,149,056
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-	-	-
Fund balances:										
Committed	3,117	15,000	348,642	2,910	3,900	32,199	-	386,093	69,946	2,149,056
Total fund balances	3,117	15,000	348,642	2,910	3,900	32,199	-	386,093	69,946	2,149,056
Total liabilities and fund balances	\$ 3,117	15,000	348,642	2,910	3,900	32,199	-	386,093	69,946	2,149,056

TOWN OF KENNEBUNKPORT, MAINE
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2019

	Ocean Ave Seawall	Fire PPE	Fire Radios	Fire Vehicle	Fire Equipment	Sidewalks	General Cap. Projects	Fire Port Village	Town Office	Highway Vehicles
Revenues:										
Other revenues	\$ -	-	-	-	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-	-	-	-	-
Expenditures:										
Capital improvements	72,335	15,380	8,935	-	7,801	321,356	-	-	5,083	146,223
Total expenditures	72,335	15,380	8,935	-	7,801	321,356	-	-	5,083	146,223
Excess (deficiency) of revenues over (under) expenditures	(72,335)	(15,380)	(8,935)	-	(7,801)	(321,356)	-	-	(5,083)	(146,223)
Other financing sources (uses):										
Issuance of debt	955,000	-	-	-	-	-	-	-	-	-
Premium on issuance of debt	48,565	-	-	-	-	-	-	-	-	-
Transfer from other funds	65,000	10,000	-	-	31,600	93,000	-	14,500	-	175,000
Total other financing sources (uses)	1,068,565	10,000	-	-	31,600	93,000	-	14,500	-	175,000
Net change in fund balances	996,230	(5,380)	(8,935)	-	23,799	(228,356)	-	14,500	(5,083)	28,777
Fund balances (deficit), beginning of year	-	26,244	34,721	71,999	22,671	287,100	6,988	-	9,005	12,969
Fund balances, end of year	\$ 996,230	20,864	25,786	71,999	46,470	58,744	6,988	14,500	3,922	41,746

TOWN OF KENNEBUNKPORT, MAINE
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2019

	Police Vehicle	Admin. Projects	Fire Apparatus	Garage Roof	S Brook Drainage	Road Improvement	Comm. Building	Gen Capital Improvement	Recreation Capital	Totals
Revenues:										
Other revenues	\$ -	-	-	-	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-	-	-	-	-
Expenditures:										
Capital improvements	39,180	5,000	-	10,353	-	476,598	9,497	-	560,083	1,677,824
Total expenditures	39,180	5,000	-	10,353	-	476,598	9,497	-	560,083	1,677,824
Excess (deficiency) of revenues over (under) expenditures	(39,180)	(5,000)	-	(10,353)	-	(476,598)	(9,497)	-	(560,083)	(1,677,824)
Other financing sources (uses):										
Issuance of debt	-	-	-	-	-	-	-	-	-	955,000
Premium on issuance of debt	-	-	-	-	-	-	-	-	-	48,565
Transfer from other funds	37,000	20,000	130,000	-	-	717,000	-	49,200	-	1,342,300
Total other financing sources (uses)	37,000	20,000	130,000	-	-	717,000	-	49,200	-	2,345,865
Net change in fund balances	(2,180)	15,000	130,000	(10,353)	-	240,402	(9,497)	49,200	(560,083)	668,041
Fund balances (deficit), beginning of year	5,297	-	218,642	13,263	3,900	(208,203)	9,497	336,893	630,029	1,481,015
Fund balances, end of year	\$ 3,117	15,000	348,642	2,910	3,900	32,199	-	386,093	69,946	2,149,056

NONMAJOR PERMANENT FUNDS

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TOWN OF KENNEBUNKPORT, MAINE
Nonmajor Permanent Funds
Combining Balance Sheet
June 30, 2019

	Kittredge Family Fire Equip. Fund	Macomber Trust	Picavet Trust	Totals
ASSETS				
Cash and cash equivalents	\$ 84,740	-	62,023	146,763
Investments	733,889	-	509,990	1,243,879
Interfund loans receivable	4,621	707	5,940	11,268
Total assets	\$ 823,250	707	577,953	1,401,910
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	-	-	-	-
Total liabilities	-	-	-	-
Fund balances:				
Nonspendable	688,206	-	454,091	1,142,297
Restricted	135,044	707	123,862	259,613
Total fund balances	823,250	707	577,953	1,401,910
Total liabilities and fund balances	\$ 823,250	707	577,953	1,401,910

TOWN OF KENNEBUNKPORT, MAINE
Nonmajor Permanent Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2019

	Kittredge Family Fire Equip. Fund	Macomber Trust	Picavet Trust	Totals
Revenues:				
Investment income (loss)	\$ 65,432	-	46,466	111,898
Total revenues	65,432	-	46,466	111,898
Expenditures:				
Public safety	29,365	-	-	29,365
Total expenditures	29,365	-	-	29,365
Excess (deficiency) of revenues over (under) expenditures	36,067	-	46,466	82,533
Other financing uses:				
Transfer to other funds	-	(800)	(19,811)	(20,611)
Total other financing uses	-	(800)	(19,811)	(20,611)
Net change in fund balances	36,067	(800)	26,655	61,922
Fund balances, beginning of year	787,183	1,507	551,298	1,339,988
Fund balances, end of year	\$ 823,250	707	577,953	1,401,910

STATISTICAL SECTION

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

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	91-96
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	97-100
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.	101-104
Demographic and Economic Information These schedule contain information to help the reader understand the environment within which the government's financial activities take place.	105-106
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.	107-109

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Table 1

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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental activities										
Net investment in capital assets	\$ 14,852,860	\$ 14,391,488	\$ 13,086,878	\$ 11,682,992	\$ 10,895,837	\$ 10,406,901	\$ 8,525,583	\$ 7,635,751	\$ 7,201,659	\$ 7,050,126
Restricted	1,401,910	1,346,976	1,239,690	1,152,751	1,184,831	1,121,858	63,271	-	-	-
Unrestricted	4,854,508	4,035,787	4,273,671	4,850,533	5,014,676	5,269,241	6,033,674	5,820,492	5,950,155	5,857,101
Total governmental activities net position	\$ 21,109,278	\$ 19,774,251	\$ 18,600,239	\$ 17,686,276	\$ 17,095,344	\$ 16,798,000	\$ 14,622,528	\$ 13,456,243	\$ 13,151,814	\$ 12,907,227
Business-type activities										
Net investment in capital assets	\$ 6,974,698	\$ 7,905,592	\$ 8,087,000	\$ 8,356,291	\$ 8,770,498	\$ 9,086,215	\$ 9,479,328	\$ 9,735,337	\$ 9,739,191	\$ 8,089,806
Unrestricted	2,300,678	1,922,686	1,829,251	1,830,415	1,754,079	1,893,708	1,814,493	1,724,121	1,858,758	3,555,581
Total business-type activities net position	\$ 9,275,376	\$ 9,828,278	\$ 9,916,251	\$ 10,186,706	\$ 10,524,577	\$ 10,979,923	\$ 11,293,821	\$ 11,459,458	\$ 11,597,949	\$ 11,645,387
Primary Government										
Net investment in capital assets	\$ 21,827,558	\$ 22,297,080	\$ 21,173,878	\$ 20,039,283	\$ 19,666,335	\$ 19,493,116	\$ 18,004,911	\$ 17,371,088	\$ 16,940,850	\$ 15,139,932
Restricted	1,401,910	1,346,976	1,239,690	1,152,751	1,184,831	1,121,858	63,271	-	-	-
Unrestricted	7,155,186	5,958,473	8,547,342	6,680,948	6,768,755	7,162,949	7,848,167	7,544,613	7,808,913	9,412,682
Total primary government net position	\$ 30,384,654	\$ 29,602,529	\$ 30,960,910	\$ 27,872,982	\$ 27,619,921	\$ 27,777,923	\$ 25,916,349	\$ 24,915,701	\$ 24,749,763	\$ 24,552,614

Table 2

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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Expenses										
Governmental Activities:										
General government	\$ 1,495,374	\$ 1,795,330	\$ 1,748,339	\$ 1,762,313	\$ 1,325,180	\$ 978,110	\$ 1,519,159	\$ 1,472,065	\$ 1,444,313	\$ 1,206,052
Public safety	2,919,616	2,611,173	2,539,210	2,433,783	2,254,694	2,426,584	2,033,767	2,197,301	2,164,400	2,026,344
Public works	1,719,726	1,438,053	1,390,551	1,316,170	1,203,491	1,139,185	234,112	451,582	1,038,587	1,027,429
Health and welfare	704,033	666,341	684,693	687,784	651,857	666,919	664,135	663,494	625,338	644,745
Recreation and culture	637,784	564,046	626,902	689,678	513,427	492,139	417,031	433,953	442,834	397,389
Grants (a)	-	-	-	-	-	-	2,000	1,300	41,464	-
Education	10,220,198	9,939,712	9,055,448	8,015,486	7,837,533	7,521,509	6,677,507	6,107,804	6,260,773	6,618,663
County tax	1,135,299	1,203,809	1,163,270	1,115,331	1,124,614	1,098,632	975,744	1,015,041	975,559	853,785
Unclassified	-	-	-	-	-	174,881	435,612	447,213	90,131	152,085
Loss on disposal of assets	-	-	-	-	-	-	9,261	108,006	10,661	470,770
Interest on debt service	390,213	12,528	17,971	10,873	22,346	32,594	42,842	53,092	6,134	81,091
Capital maintenance expenses	43,750	155,676	442,138	132,456	143,621	-	675,434	367,945	44,853	(70,408)
Special projects	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities	19,265,993	18,386,668	17,668,522	16,163,874	15,076,763	14,530,553	13,686,604	13,318,796	13,145,047	13,407,945
Business-type Activities:										
Sewer	1,755,587	1,456,853	1,471,031	1,473,643	1,372,338	1,350,407	1,308,439	1,241,477	1,201,108	1,234,580
Cape Porpoise Pier	352,250	241,876	236,776	251,075	296,655	336,978	363,784	395,556	324,965	277,219
Dock Square Parking Lot	121,587	69,062	52,976	76,908	60,580	77,341	61,426	74,254	61,348	49,887
Government Wharf	13,075	2,534	353	-	-	-	-	-	-	-
Total Business-type Activities	2,242,499	1,770,325	1,761,136	1,801,626	1,729,573	1,764,726	1,733,649	1,711,287	1,587,421	1,561,686
Total Expenses	\$ 21,508,492	\$ 20,156,993	\$ 19,429,658	\$ 17,965,500	\$ 16,806,336	\$ 16,295,279	\$ 15,420,253	\$ 15,030,083	\$ 14,732,468	\$ 14,969,631
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	\$ 351,684	\$ 295,109	\$ 366,497	\$ 457,114	\$ 365,872	\$ 33,841	\$ 182,336	\$ 197,129	\$ 168,138	\$ 146,981
Public safety	71,231	59,107	51,198	61,583	57,101	56,941	54,812	32,412	43,063	39,979
Health and welfare	1,170	178	1,674	4,559	1,759	3,984	3,466	1,663	7,224	10,428
Recreation and culture	383,685	348,203	332,653	204,438	191,035	178,322	171,270	163,595	163,854	162,942
Solid Waste	-	-	-	-	-	-	56	22	6	-
Unclassified	-	-	-	-	-	124,210	279,491	242,612	199,355	168,350
Operating grants and contributions	238,827	203,954	119,151	112,348	301,159	133,314	140,758	143,663	138,557	112,671
Capital grants and contributions	586,498	232,614	186,591	-	16,529	-	21,098	14,421	15,745	34,027
Total Governmental Activities	1,633,095	1,139,165	1,057,764	840,042	933,455	530,612	853,287	795,517	735,942	675,378
Business-type Activities:										
Charges for services:										
Sewer	1,211,254	1,198,345	1,122,019	1,082,146	1,031,914	1,035,261	1,025,064	1,010,152	958,187	1,029,649
Cape Porpoise Pier	276,910	239,517	220,690	230,312	289,053	314,235	329,444	364,236	306,390	259,889
Dock Square Parking Lot	395,738	431,347	418,523	354,795	337,738	347,888	342,873	326,100	320,297	312,230
Government Wharf	4,723	6,225	8,566	-	-	-	-	-	-	-
Total Business-type Activities	1,888,625	1,875,434	1,769,798	1,667,253	1,658,705	1,697,384	1,697,381	1,700,488	1,584,874	1,601,768
Total Program Revenues	\$ 3,521,720	\$ 3,014,599	\$ 2,827,562	\$ 2,507,295	\$ 2,592,160	\$ 2,227,996	\$ 2,550,668	\$ 2,496,005	\$ 2,320,816	\$ 2,277,146

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

Table 2, Continued

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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net (Expense)/Revenue:										
Governmental Activities	\$ (17,632,898)	\$ (17,247,503)	\$ (16,610,758)	\$ (15,323,832)	\$ (14,143,308)	\$ (13,999,941)	\$ (12,833,317)	\$ (12,523,279)	\$ (12,409,105)	\$ (12,732,567)
Business-type Activities	(353,874)	105,109	8,662	(134,373)	(70,868)	(67,342)	(36,268)	(10,799)	(2,547)	40,082
Total Net Expense	\$ (17,986,772)	\$ (17,142,394)	\$ (16,602,096)	\$ (15,458,205)	\$ (14,214,176)	\$ (14,067,283)	\$ (12,869,585)	\$ (12,534,078)	\$ (12,411,652)	\$ (12,692,485)
General Revenues										
Governmental activities:										
Property taxes, general purposes	\$ 17,126,942	\$ 16,960,865	\$ 15,833,533	\$ 14,590,834	\$ 14,296,357	\$ 14,008,501	\$ 12,722,329	\$ 11,584,210	\$ 11,516,613	\$ 11,447,762
Interest and costs on taxes	37,149	32,282	33,735	29,498	29,728	26,398	25,491	28,572	34,827	30,014
Motor vehicle excise tax	1,068,682	1,030,267	959,646	948,096	895,501	846,486	803,924	804,186	779,097	811,325
Licenses and permits	-	-	-	-	-	226,870	-	-	-	-
Grants and contr. not restricted										
Homestead and BETE exemption	88,782	68,605	48,330	30,635	30,531	32,869	31,109	29,282	30,285	39,273
State Revenue Sharing	65,462	59,832	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	2,661	5,206	2,658	2,811	2,641	2,679	2,465	2,849	2,618	3,023
Unrestricted investment earnings	305,682	272,370	233,341	20,931	34,339	30,426	46,214	60,800	80,260	113,493
Miscellaneous (c)	38,100	13,484	58,243	102,303	76,521	557,691	132,701	53,763	34,743	25,287
Gain/Loss on sale of assets	-	-	-	-	(88,975)	(41,256)	-	-	-	-
Special Item (a)	-	-	-	-	-	-	-	-	-	50,210
Transfers in/out	234,465	219,215	296,701	219,173	220,165	257,956	143,097	159,535	124,462	124,391
Total general revenues, transfers and special items	18,967,925	18,662,126	17,524,721	16,007,814	15,762,208	16,175,413	13,999,602	12,827,708	12,710,691	12,769,662
Business-type Activities:										
Unrestricted investment earnings	35,437	26,133	17,584	11,840	9,750	2,778	7,228	12,419	37,152	54,123
Miscellaneous	-	-	-	3,835	19,702	8,622	6,500	19,425	11,043	2,960
Special Item	-	-	-	-	-	-	-	-	-	(50,210)
Gain/Loss on sale of assets	-	-	-	-	(9,960)	-	-	-	-	-
Transfers in/out	(234,465)	(219,215)	(296,701)	(219,173)	(220,165)	(257,956)	(143,097)	(159,535)	(124,462)	(124,391)
Total Business-type Activities	(199,028)	(193,082)	(279,117)	(203,498)	(200,673)	(246,556)	(129,369)	(127,691)	(76,267)	(117,518)
Total primary government	\$ 18,768,897	\$ 18,469,044	\$ 17,245,604	\$ 15,804,316	\$ 15,561,535	\$ 15,928,857	\$ 13,870,233	\$ 12,700,017	\$ 12,634,424	\$ 12,652,144
Change in Net Position										
Governmental Activities	\$ 1,335,027	\$ 1,414,623	\$ 913,963	\$ 683,982	\$ 1,618,900	\$ 2,175,472	\$ 1,166,285	\$ 304,429	\$ 301,586	\$ 37,095
Business-type Activities	(552,902)	(87,973)	(270,455)	(337,871)	(271,541)	(313,898)	(165,637)	(138,490)	(78,814)	(77,436)
Total Change in Net Position	782,125	1,326,650	643,508	346,111	1,347,359	1,861,574	1,000,648	165,939	222,772	(40,341)
Restatement of Net Position										
Governmental Activities (b)	-	(240,611)	-	(93,050)	-	(1,321,556)	-	-	-	-
Business-type Activities (d)	-	-	-	-	-	(183,805)	-	-	-	-
Total adjusted Net Position	\$ 782,125	\$ 1,086,039	\$ 643,508	\$ 253,061	\$ 1,347,359	\$ 356,213	\$ 1,000,648	\$ 165,939	\$ 222,772	\$ (40,341)

(a) 2010 - transfers of capital assets

(b) To reflect prior year adjustment for the net pension liability in 2014, removal of receivable in 2016, and total OPEB liability in 2018

(c) Includes a new permanent fund in FY 14

(d) To reflect the net pension liability in 2014

Table 3

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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Fund										
Nondisposable	\$ 5,802	\$ 5,212	\$ 6,333	\$ 4,417	\$ 10,122	\$ 15,209	\$ 11,308	\$ 10,753	\$ 7,628	\$ 7,202
Committed	587,350	663,394	479,475	642,748	1,439,949	674,381	237,917	181,630	220,324	154,534
Assigned	234,190	313,858	439,685	633,099	368,924	79,408	112,290	-	-	-
Unassigned	4,102,683	3,457,561	3,191,129	2,855,514	2,845,478	3,907,479	4,050,541	3,833,702	4,207,006	4,199,792
Total general fund	<u>\$ 4,930,025</u>	<u>\$ 4,440,025</u>	<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>
All other governmental funds										
Nondisposable	\$ 1,142,297	\$ 1,142,297	\$ 1,142,297	\$ 1,142,297	\$ 1,142,297	\$ 1,063,206	\$ 688,206	\$ 688,206	\$ 688,206	\$ 688,206
Restricted	259,613	204,679	97,393	10,454	42,534	58,652	63,271	105,117	427,075	601,465
Committed	2,435,658	1,806,529	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
Unassigned	-	(254,047)	-	(47,002)	(3,009)	-	-	-	-	-
Total all other governments	<u>\$ 3,837,568</u>	<u>\$ 2,899,458</u>	<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>

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.

Table 4

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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues										
Taxes	\$ 18,297,207	\$ 17,983,066	\$ 16,832,253	\$ 15,537,948	\$ 15,230,599	\$ 14,836,386	\$ 13,542,910	\$ 12,465,866	\$ 12,347,796	\$ 12,264,718
Intergovernmental	947,558	422,033	415,264	209,327	321,750	226,923	287,702	294,726	294,991	308,074
Licenses and permits	316,027	251,804	305,928	286,231	208,239	226,870	152,683	151,761	133,588	120,040
Charges for services	481,931	439,835	439,299	430,276	396,588	385,694	368,756	348,761	333,283	317,382
Investment income	305,682	272,370	233,341	20,931	34,339	30,426	46,214	60,800	80,260	113,493
Contributions	-	-	-	1,311	85,725	-	-	-	-	-
Other (a)	82,584	172,620	65,038	112,179	296,246	738,027	302,693	190,674	149,512	122,349
Total Revenues	20,430,989	19,541,728	18,291,123	16,598,203	16,573,486	16,444,326	14,700,958	13,512,588	13,339,430	13,246,056
Expenditures										
Current:										
General government	\$ 1,817,410	\$ 1,582,184	\$ 1,511,520	\$ 1,397,914	\$ 1,326,809	\$ 1,303,593	\$ 1,488,566	\$ 1,426,088	\$ 1,412,743	\$ 1,144,321
Public safety	2,660,161	2,423,107	2,357,515	2,211,535	2,214,215	2,172,603	2,038,277	2,071,128	1,966,710	1,828,017
Public works	1,229,881	1,146,456	1,118,410	1,062,325	1,023,042	960,209	951,950	891,669	897,794	830,743
Health and welfare	702,508	665,138	693,408	685,613	664,613	665,382	662,648	678,251	635,347	644,098
Recreation and culture	598,004	548,958	613,602	667,190	512,002	462,452	422,310	437,643	427,285	386,038
Grants	-	-	-	-	-	-	2,000	1,300	41,464	18,129
Education	10,220,198	9,939,712	9,055,448	8,015,486	7,837,533	7,521,509	6,677,507	6,107,804	6,260,773	6,618,663
County tax	1,135,299	1,203,809	1,163,270	1,115,331	1,124,614	1,098,632	975,744	1,015,041	975,559	853,785
Unclassified	-	-	-	-	-	585,187	435,612	447,213	65,202	466,396
Debt service										
Principal	81,889	196,066	160,000	253,611	249,935	246,624	243,436	240,266	237,403	234,928
Interest	321,373	12,800	10,459	18,975	29,245	39,471	49,527	59,503	69,326	79,074
Capital improvements and other	11,772,027	2,274,125	2,614,736	1,164,945	911,328	1,383,985	675,434	389,102	376,225	239,899
Total Expenditures	30,538,750	19,992,355	19,298,368	16,592,925	15,893,336	16,439,647	14,623,011	13,765,008	13,365,831	13,344,091
Excess (Deficiency) of Revenues over Expenditures	(10,107,761)	(450,627)	(1,007,245)	5,278	680,150	4,679	77,947	(252,420)	(26,401)	(98,035)

Table 4, continued

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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Other Financing Sources (Uses)										
Capital lease proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	30,475	\$ -	\$ -	-
Debt issuance and premium	11,301,406	450,000	400,000	-	-	-	-	-	-	-
Transfers in	1,932,911	1,871,493	758,721	1,348,145	1,168,755	846,551	735,163	1,062,305	439,500	392,484
Transfers out	(1,698,446)	(1,652,278)	(462,020)	(1,128,972)	(948,590)	(588,595)	(592,066)	(902,770)	(315,038)	(268,093)
Total Other Financing Sources (Uses)	11,535,871	669,215	696,701	219,173	220,165	257,956	173,572	159,535	124,462	124,391
Net change in fund balances	\$ 1,428,110	\$ 218,588	\$ (310,544)	\$ 224,451	\$ 900,315	\$ 262,635	\$ 251,519	\$ (92,885)	\$ 98,061	\$ 26,356
Debt service as a percentage of noncapital expenditures	2.14%	1.17%	1.00%	1.77%	1.85%	1.90%	2.10%	2.24%	2.36%	2.40%

(a) 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	
2019	2.87	0.11	2.98	0.58	5.20	8.76
2018	2.84	0.13	2.97	0.62	5.14	8.73
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

(a) Town-wide revaluation for Fiscal Year 2010

Table 6

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

Fiscal Year Ended June 30	Real Property		Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value (a)	Total Direct Tax Rate	State Equalized Value (b)	Assessed Value as a Percentage of Equalized Value
	Residential	Commercial						
2019	\$ 1,908,970,855	\$ 125,890,945	\$ 10,021,140	\$ 82,243,460	\$ 1,962,639,480	2.98	\$ 2,198,500,000	89.27%
2018	1,879,425,315	126,952,545	9,565,570	81,476,260	1,934,467,170	2.97	2,127,950,000	90.91%
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	1,810,543,630	2.85	1,831,600,000	98.85%
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%

(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
2019	\$ 17,192,722	\$ 17,014,268	98.96%	\$ -	\$ 17,014,268	98.96%
2018	16,887,898	16,664,052	98.67%	179,536	16,843,588	99.74%
2017	15,833,533	15,656,402	98.88%	172,468	15,828,870	99.97%
2016	14,590,356	14,409,972	98.76%	178,112	14,588,084	99.98%
2015	14,296,356	14,130,137	98.84%	165,705	14,295,842	100.00%
2014	14,008,498	13,817,018	98.63%	190,973	14,007,991	100.00%
2013	12,722,328	12,576,283	98.85%	146,045	12,722,328	100.00%
2012	11,584,146	11,450,793	98.85%	133,353	11,584,146	100.00%
2011	11,519,481	11,377,220	98.77%	142,261	11,519,481	100.00%
2010	11,561,239	11,391,855	98.53%	169,384	11,561,239	100.00%

Table 8

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

Taxpayer	2019			2010		
	Taxable	Rank	% of Total	Taxable	Rank	% of Total
	Assessed Value		Assessed Value	Assessed Value		Assessed Value
Walkers Point Family Limited Partnership	\$13,487,800	1	0.71%	\$ 8,350,100	4	1.17%
Boughton Hotel Corp	12,013,500	2	0.63%	11,878,300	1	1.66%
O'Neill, Timothy J	9,949,500	3	0.52%	9,949,500	2	1.39%
Seaside Hotel Associates	7,942,100	4	0.42%	8,234,900	5	1.15%
Fishing Pole Lane LLC	6,472,500	5	0.34%			
Maiuccoro, Cathiann	5,949,500	6	0.31%	6,092,900	8	0.85%
Central Maine Power	5,902,600	7	0.31%			
Hetz Family Trust	5,594,300	8	0.29%	5,297,000	9	0.74%
Philip J Mccabe Revocable Trust	5,553,500	9	0.29%			
Katz, Joanne	5,161,700	10	0.27%	5,161,700	10	0.72%
Hios Hospitality LLC				9,488,800	3	1.33%
Goose Rocks at Kennebunkport LLC				6,584,000	6	0.92%
Wellesley Group LLC				6,142,100	7	0.86%
	<u>\$ 78,027,000</u>		<u>4.08%</u>	<u>\$ 77,179,300</u>		<u>10.78%</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
	<u>Governmental Activities</u>		<u>Business-type Activities</u>				
2019	\$ 11,487,045	\$ -	\$ 278,781	\$ 11,765,826	6.68%	3,548	3,316
2018	813,934	6,422	332,023	1,152,379	0.70%	3,544	325
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

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

(2) United States Census Bureau

Table 10

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

Fiscal Year Ended June 30,	General Obligation Bonds (1)	Percentage of Estimated Actual Taxable Value of Property (2)	Per Capita (3)
2019	\$ 11,765,826	0.60%	3,316
2018	1,145,957	0.06%	323
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

(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

Table 11

TOWN OF KENNEBUNKPORT, MAINE
Direct and Overlapping Governmental Activities Debt
As of June 30, 2019

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Amount Applicable to Primary Government
York County	\$ 2,900,000	6.71%	\$ 194,584
RSU #21	55,559,059	41.07%	22,817,657
Subtotal, overlapping debt			23,012,241
Town of Kennebunkport direct debt	11,487,045	100.00%	11,487,045
Total direct and overlapping debt			<u>\$ 34,499,286</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.

Table 12

TOWN OF KENNEBUNKPORT, MAINE
Legal Debt Margin Information
June 30, 2019

Debt Limit by Category	Maximum	Maximum	Principal	Legal
Type of Debt	Percent	Amount	Amount	Debt
	Allowable	Allowable	Outstanding	Margin
School	10.00%	\$ 219,850,000	\$ -	\$ -
Sewer	7.50%	164,887,500	278,781	164,608,719
Municipal	7.50%	164,887,500	11,487,045	153,400,455
Total Maximum Debt	15.00%		<u>\$ 11,765,826</u>	

Legal Debt Margin Calculation for Fiscal Year 2019

State Valuation	\$ 2,198,500,000
Debt Limit - 15% of State Valuation	329,775,000
Less outstanding debt applicable to debt limit	<u>11,765,826</u>
Legal debt Margin	<u>\$ 318,009,174</u>

Last Ten Fiscal Years

Year	Constitutional	Outstanding	Percentage of
	Debt Limit	Indebtedness	Net Debt
		June 30	Contracting
			Margin
			Available
2019	\$ 329,775,000	\$ 11,765,826	96.43%
2018	319,192,500	1,145,957	99.64%
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%

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)
2019	3,548	53.1	\$ 49,653	\$ 176,168,844	376	2.40%
2018	3,544	51.9	46,687	165,458,728	370	2.40%
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%

(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	2019			2010		
	Employees	Rank	% of Total Town Employment (1)	Employees	Rank	% of Total Town Employment (1)
Town of Kennebunkport	177	1	9.52%	179	1	10.15%
Nonantum Resort	165	2	8.87%	144	2	8.17%
Colony Hotel	138	3	7.42%	120	3	6.81%
Hidden Pond	121	4	6.51%	65	4	3.69%
The Boathouse	91	5	4.89%			
Alisson's Restaurant	82	6	4.41%	65	5	3.69%
Pier 77	60	7	3.23%	50	9	2.84%
Arundel Wharf Restaurant	60	8	3.23%	60	6	3.40%
Tides Beach Club	54	9	2.90%			
Cape Arundel Inn/Old Fort Inn	49	10	2.63%	52	7	2.95%
Wayfarer Restaurant				50	8	2.84%
Hurricane Restaurant				46	10	2.61%
	997		53.60%	831		47.14%

(1) State of Maine, Department of Labor 1,860 base for 2019

Table 15

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

Function	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General government	12	11	11	11	10	10	10	10	10	10
Public safety:										
Police officers	14	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	3
Cape Porpoise Pier	1	1	1	1	1	1	1	1	1	1
Sewer	6	8	8	8	8	8	8	8	8	8
Total	50	49	49	49	48	48	48	48	48	48

Source: Town's Finance Department

Table 16

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

Function	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Government:										
Building permits issued	405	420	479	448	373	317	424	367	331	343
Police:										
Parking tickets	2,114	1,404	1,050	1,400	1,287	1,243	1,081	719	901	1,075
Traffic stops	1,807	1,106	1,101	1,926	1,643	1,469	2,296	2,763	2,249	2,802
Burglary/theft	55	41	31	31	73	57	60	69	80	68
Arrests/summons/warnings	2,186	1,422	1,475	2,575	2,268	2,033	3,148	3,623	2,970	3,628
Fire:										
Number of calls answered	241	204	193	205	218	167	147	159	156	177
Highways and streets:										
Street resurfacing (miles)	4.32	3.40	5.10	3.00	2.80	4.20	1.80	1.30	-	-
Sewer:										
Yearly sewerage treatment (in thousands of gallons)	132,278	106,350	120,110	120,110	117,212	113,875	110,748	111,810	124,206	146,939
Bio-solids (in thousands gallons)	2,239	2,095	1,423	1,741	1,401	1,319	1,229	1,177	1,632	1,247
Compost (in yards)	1,200	1,211	1,350	1,978	1,236	1,348	1,550	1,618	1,833	1,200

Source: Town Departments

Table 17

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

Function	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
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	8	8	10	12	12	14	13	11	10	7
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	280
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

Source: Town Departments