

TOWN OF KENNEBUNKPORT, MAINE



Photo by Michael Claus, Director of Public Works

Comprehensive Annual Financial Report

*For Fiscal Year Ending
June 30, 2018*

TOWN OF KENNEBUNKPORT, MAINE
Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2018

Prepared by:
The Administration and Finance Department

TOWN OF KENNEBUNKPORT, MAINE
Comprehensive Annual Financial Report
For the Year Ended June 30, 2018

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, 2018

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

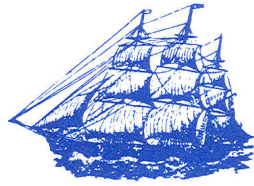
Demographic and Economic Information:

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



TOWN OF KENNEBUNKPORT, MAINE

– INCORPORATED 1653 –

MAINE'S FINEST RESORT

November 9, 2018

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, 2018.

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, 2018. 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 3,544. 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 current recession was felt in 2009. During the last decade, the unemployment rate has seen a low of 2.4% in 2018 and a high of 7.7% in 2009. York County's unemployment rate as of June 2018 was 2.4% compared to 3.3% nationally.

Median household incomes within the Town of Kennebunkport, York County are \$82,596, which is higher than the state as a whole. According to the 2012-16 census American community survey, the median family income for the County was \$59,132 while the State was \$50,826. The Town's population was 3,544 as of 2012-16 census American community survey. The median price of a single family home in the Town of Kennebunkport is \$540,000.

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 2018, the Town replaced Government Wharf and are developing plans for capital investments in the Cape Porpoise Pier.

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

The Town has continued to provide pedestrian and bicycle expansion on our roads while maintaining our winding tree lined roads. This process will continue in 2019 with the final phase of the Mills Road project in partnership with Maine DOT.

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

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

Acknowledgements

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

Respectfully submitted,

Laurie A. Smith

Laurie A. Smith, Town Manager

Jennifer L. Lord

Jennifer L. Lord, Treasurer



Government Finance Officers Association

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

Presented to

**Town of Kennebunkport
Maine**

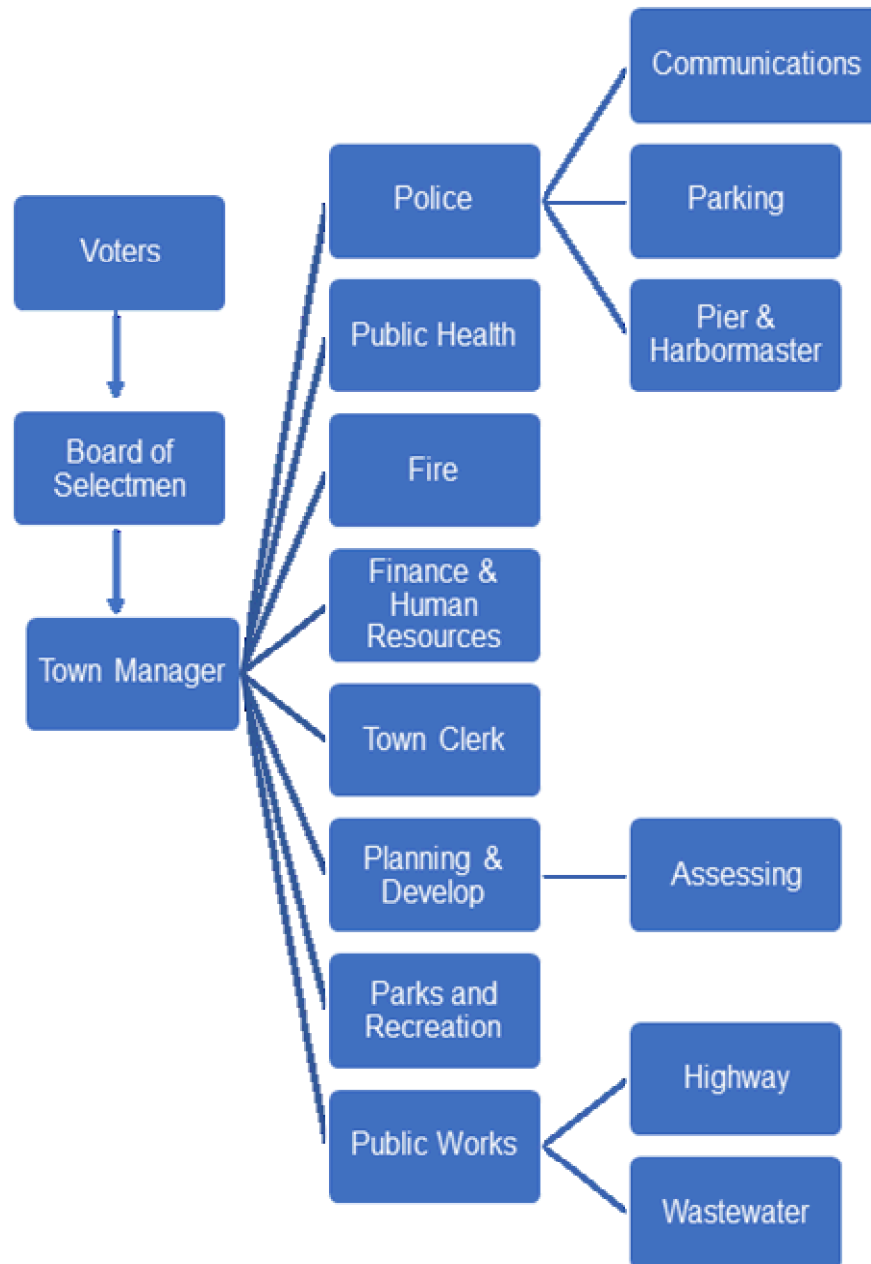
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

TOWN OF KENNEBUNKPORT
Organizational Chart



TOWN OF KENNEBUNKPORT, MAINE
List of Elected and Appointed Officials
June 30, 2018

Elected Officials

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

FINANCIAL SECTION

This page intentionally left blank.

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, 2018, 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, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of Town's proportionate share of the net pension liability, the schedule of Town contributions, and the schedule of changes in the Town's Total OPEB liability and related ratios, 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.

Town of Kennebunkport, Maine
Board of Selectmen

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2018, 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.

November 9, 2018
South Portland, Maine

TOWN OF KENNEBUNKPORT, MAINE
Management's Discussion and Analysis
June 30, 2018

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, 2018. 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 2018.
- The Town's total net position increased by \$1,326,650 to \$29,602,529 (Statement 2).
- Net capital assets increased by \$2,262,068 (pages 41 and 42).
- General revenues accounted for \$18,469,044 in revenue, or 85.9% of all revenues. Program specific revenues consisting of charges for services and grants and contributions accounted for \$3,014,599 in revenue, or 14.1% of \$21,483,643 in total revenues (statement 2).
- At the end of the current fiscal year, the fund balance for the general fund was \$4,440,025 of which \$5,212 was nonspendable, \$594,014 was committed, \$313,858 was assigned, and \$3,526,941 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 is the Town's only major fund within the governmental funds.

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

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

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

Financial Analysis of the Town as a Whole

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

The Town's net position at fiscal year-end is \$29,602,529. This includes current assets (primarily cash, investments and taxes receivable), the cost (less accumulated depreciation) of all buildings, equipment and land owned by the Town (valued at historical cost, or an estimate thereof), less current and long-term debt. Changes in net position from year-to-year may be observed to analyze changing financial positions of the Town as a whole. The following table is presented in thousands (Statement 1). The 2017 column of this table has not been restated for the effects of Governmental Accounting Standards Board (GASB) 75.

	Governmental Activities		Business-type Activities		Primary Government Total	
	2018	2017	2018	2017	2018	2017
Current assets	\$ 8,453	7,638	2,359	2,115	10,812	9,753
Capital assets:						
Land	2,715	2,715	950	950	3,665	3,665
Construction in progress	2,157	1,477	1,139	80	3,296	1,557
Buildings and improvements	3,607	2,996	8,173	8,173	11,780	11,169
Land improvements	302	293	30	30	332	323
Furniture & fixtures	47	47	-	-	47	47
Equipment & vehicles	5,638	5,083	3,323	3,312	8,961	8,395
Infrastructure	8,622	8,547	7,892	7,809	16,514	16,356
Less: accumulated depreciation	(7,877)	(7,499)	(12,326)	(11,882)	(20,203)	(19,381)
Total assets	23,664	21,297	11,540	10,587	35,204	31,884
Deferred outflows of resources						
related to pensions	474	1,099	48	153	522	1,252
related to OPEB	88	-	-	-	88	-
Total deferred outflows of resources	562	1,099	48	153	610	1,252
Current liabilities	1,014	572	1,242	112	2,256	684
Long-term liabilities	3,289	3,093	501	693	3,790	3,786
Total liabilities	4,303	3,665	1,743	805	6,046	4,470
Deferred inflows of resources						
related to pensions	149	131	17	19	166	150
Total deferred inflows of resources	149	131	17	19	166	150
Net investment in capital assets	14,392	13,087	7,905	8,087	22,297	21,174
Restricted	1,346	1,239	-	-	1,346	1,239
Unrestricted	4,036	4,274	1,923	1,829	5,959	6,103
Total net position	\$ 19,774	18,600	9,828	9,916	29,602	28,516

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 recreation building, police station addition, and sewer upgrades. The Town uses these capital assets to provide services to its citizens; consequently, those assets are not available for future spending. The resources needed to repay this debt must be provided from other sources, primarily tax dollars, since the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net position may be used to meet the Town's ongoing obligations to its creditors.

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

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future periods such as uncollected taxes and earned but unused compensated absences. The following summarizes the changes in net position in thousands (Statement 2). The 2017 column of this table has not been restated for the effects of Governmental Accounting Standards Board (GASB) 75. 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	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 703	\$ 752	1,875	1,770	2,578	2,522
Operating grants & cont.	204	119	-	-	204	119
Capital grants	233	187	-	-	233	187
General revenues:						
Property taxes	16,993	15,833	-	-	16,993	15,833
Excise taxes	1,030	960	-	-	1,030	960
Grants & cont.	134	109	-	-	134	109
Unrestricted investment earnings	272	233	26	17	298	250
Miscellaneous	13	92	-	-	13	92
Total revenues	19,582	18,285	1,901	1,787	21,483	20,072
Expenses:						
Program expenses:						
General government	1,795	1,748	-	-	1,795	1,748
Public safety	2,611	2,539	-	-	2,611	2,539
Public works	1,438	1,390	-	-	1,438	1,390
Health and welfare	666	685	-	-	666	685
Recreation & culture	564	627	-	-	564	627
Education	9,940	9,055	-	-	9,940	9,055
County tax	1,204	1,163	-	-	1,204	1,163
Interest on debt service	12	18	-	-	12	18
Capital maintenance expense	156	442	-	-	156	442
Sewer	-	-	1,457	1,471	1,457	1,471
Cape Porpoise Pier	-	-	242	237	242	237
Dock Square Parking Lot	-	-	69	53	69	53
Government Wharf	-	-	2	-	2	-
Total expenses	18,386	17,667	1,770	1,761	20,156	19,428
Excess (deficiency) before transfers	1,196	618	131	26	1,327	644
Transfers in(out)	219	296	(219)	(296)	-	-
Net position, beg. of year, restated	18,359	17,686	9,916	10,186	28,275	27,527
Net position, end of year	\$ 19,774	18,600	9,828	9,916	29,602	28,171

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

The table below presents the total cost, for fiscal years 2018 and 2017, 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)

	2018					2017				
	Total		Net			Total		Net		
General govt.	\$	1,795	10.6%	1,500	9.1%	\$	1,748	11.0%	1,381	9.1%
Public safety		2,611	15.4%	2,492	15.2%		2,539	16.0%	2,422	16.0%
Public works		1,438	8.5%	1,267	7.7%		1,390	8.7%	1,161	7.6%
Education		9,939	58.5%	9,939	60.6%		9,055	57.0%	9,055	59.6%
County tax		1,203	7.1%	1,203	7.3%		1,163	7.3%	1,163	7.7%
Totals	\$	16,986	100.0%	16,401	100.0%		15,895	100.0%	15,182	100.0%

The Town's Funds

The Town has one major fund – the General Fund. Detailed information regarding this fund can be found on pages 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, 2018	Balance June 30, 2017	\$ Change	% Change
General Fund	\$ 4,440,025	\$ 4,116,622	323,403	7.86%
	\$ 4,440,025	4,116,622	323,403	7.86%

Expenditures

The table below shows the Town's original and adjusted budgets for various departments and functions for the year ended June 30, 2018. 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	\$ 1,861,618	1,861,618	1,606,184	255,434	13.72%
Public Safety	2,566,543	2,566,543	2,377,759	188,784	7.36%
Public Works	1,166,100	1,166,100	1,128,032	38,068	3.26%
Health and Welfare	691,322	691,322	665,138	26,184	3.79%
Recreation and Culture	565,847	565,847	548,439	17,408	3.08%
County Tax	1,203,809	1,203,809	1,203,809	-	0.00%
Education	9,939,712	9,939,712	9,939,712	-	0.00%
Debt Service	218,055	218,055	163,675	54,380	24.94%
Capital Improvements and Reserves	186,000	353,191	285,726	67,465	19.10%
Total expenditures	\$ 18,399,006	18,566,197	17,918,474	647,723	3.49%

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, 2018. 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	\$ 16,887,898	16,920,517	32,619	0.19%
Excise taxes	914,100	1,030,267	116,167	12.71%
Interest on taxes	26,000	32,282	6,282	24.16%
Licenses, permits, and fees	279,091	251,804	(27,287)	-9.78%
Charges for services	407,060	439,835	32,775	8.05%
Intergovernmental revenue	398,944	374,287	(24,657)	-6.18%
Investment income	60,000	136,355	76,355	127.26%
Other revenues	48,250	53,035	4,785	9.92%
Total revenues	\$ 19,021,343	19,238,382	217,039	1.14%

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

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

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

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

Intergovernmental revenues were under 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, recreation fees 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.

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

Capital Assets

As of June 30, 2018, the Town had \$24,392,967 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 \$2,262,068, or 10.2% over last year. For additional information, see the Capital Assets section in the notes, pages 41 and 42.

This year's major additions/deletions included:

- Road repairs, extension, and construction.
- Construction of the 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 Town's fiscal year 2019 budget, as approved at the annual Town Meeting held on June 12th and 16th, includes approximately \$1,403,100 for various capital improvements, including one police vehicle, a new trackless machine for the highway department, road and sidewalk improvement/construction, and fire apparatus reserve funding.

Debt

The Town of Kennebunkport had \$1,145,957 in bonds outstanding at fiscal year-end, compared to \$944,344 last year. Additionally, the Town had \$6,422 in capital leases outstanding at fiscal year-end for the purchase of copy machines (page 45). State law limits the Town's debt in the aggregate to 15% of its stated assessed valuation. The Town's outstanding debt at June 30, 2018 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 2019 budget has been prepared and already approved at the June 12th and 16th annual town meeting. The municipal portion of the budget increased by approximately \$54,602 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

TOWN OF KENNEBUNKPORT, MAINE
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 6,717,867	1,389,464	8,107,331
Investments	1,580,823	-	1,580,823
Receivables:			
Accounts, net of allowance of \$7,380	196,226	420,003	616,229
Due from other governments	205,943	-	205,943
Taxes receivable - current year	223,845	-	223,845
Taxes receivable - prior year	369	-	369
Tax and sewer liens	54,891	9,469	64,360
Internal balances	(532,397)	532,397	-
Inventory	5,212	7,718	12,930
Nondepreciable capital assets	4,872,040	2,089,613	6,961,653
Depreciable capital assets, net	10,339,804	7,091,510	17,431,314
Total assets	23,664,623	11,540,174	35,204,797
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	474,556	48,177	522,733
Deferred outflows of resources related to OPEB	87,872	-	87,872
Total deferred outflows of resources	562,428	48,177	610,605
LIABILITIES			
Accounts payable and payroll withholdings	326,561	205,429	531,990
Accrued wages	70,735	11,454	82,189
Other liabilities	511,825	2,500	514,325
Accrued interest	7,278	1,648	8,926
Bond anticipation notes	-	943,508	943,508
Noncurrent liabilities:			
Due within one year	97,410	77,675	175,085
Due in more than one year	3,289,619	501,068	3,790,687
Total liabilities	4,303,428	1,743,282	6,046,710
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	149,372	16,791	166,163
Total deferred inflows of resources	149,372	16,791	166,163
NET POSITION			
Net investment in capital assets	14,391,488	7,905,592	22,297,080
Restricted for:			
General capital projects	6,988	-	6,988
Permanent funds	197,691	-	197,691
Nonexpendable principal of permanent funds	1,142,297	-	1,142,297
Unrestricted	4,035,787	1,922,686	5,958,473
Total net position	\$ 19,774,251	9,828,278	29,602,529

See accompanying notes to basic financial statements.

TOWN OF KENNEBUNKPORT, MAINE
Statement of Activities
For the year ended June 30, 2018

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	\$ 1,795,330	295,109	-	-	(1,500,221)	-	(1,500,221)
Public safety	2,611,173	59,107	59,520	-	(2,492,546)	-	(2,492,546)
Public works	1,438,053	-	56,689	113,409	(1,267,955)	-	(1,267,955)
Health and welfare	666,341	178	29,104	-	(637,059)	-	(637,059)
Recreation and culture	564,046	348,203	58,641	119,205	(37,997)	-	(37,997)
Education	9,939,712	-	-	-	(9,939,712)	-	(9,939,712)
County tax	1,203,809	-	-	-	(1,203,809)	-	(1,203,809)
Capital improvements	155,676	-	-	-	(155,676)	-	(155,676)
Interest on debt service	12,528	-	-	-	(12,528)	-	(12,528)
Total governmental activities	18,386,668	702,597	203,954	232,614	(17,247,503)	-	(17,247,503)
Business-type activities:							
Sewer	1,456,853	1,198,345	-	-	-	(258,508)	(258,508)
Cape Porpoise Pier	241,876	239,517	-	-	-	(2,359)	(2,359)
Dock Square Parking Lot	69,062	431,347	-	-	-	362,285	362,285
Government Wharf	2,534	6,225	-	-	-	3,691	3,691
Total business-type activities	1,770,325	1,875,434	-	-	-	105,109	105,109
Total primary government	\$ 20,156,993	2,578,031	203,954	232,614	(17,247,503)	105,109	(17,142,394)
General revenues:							
Property taxes, levied for general purposes					16,960,865	-	16,960,865
Interest and costs on taxes					32,282	-	32,282
Motor vehicle excise taxes					1,030,267	-	1,030,267
Grants and contributions not restricted to specific programs:							
Homestead and BETE exemption					68,605	-	68,605
State Revenue Sharing					59,832	-	59,832
Other State aid					5,206	-	5,206
Unrestricted investment earnings					272,370	26,133	298,503
Miscellaneous revenues					13,484	-	13,484
Transfers					219,215	(219,215)	-
Total general revenues and transfers					18,662,126	(193,082)	18,469,044
Change in net position					1,414,623	(87,973)	1,326,650
Net position - beginning, as restated					18,359,628	9,916,251	28,275,879
Net position - ending					\$ 19,774,251	9,828,278	29,602,529

See accompanying notes to basic financial statements.

TOWN OF KENNEBUNKPORT, MAINE
Balance Sheet
Governmental Funds
June 30, 2018

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 6,717,550	317	6,717,867
Investments	252,901	1,327,922	1,580,823
Receivables:			
Accounts, net of allowance of \$4,738	77,021	119,205	196,226
Due from other governments	205,943	-	205,943
Taxes receivable - current year	223,845	-	223,845
Taxes receivable - prior year	369	-	369
Tax liens receivable	54,891	-	54,891
Inventory	5,212	-	5,212
Interfund loans receivable	-	1,798,550	1,798,550
Total assets	\$ 7,537,732	3,245,994	10,783,726
LIABILITIES			
Accounts payable and payroll withholdings	188,228	138,333	326,561
Accrued wages	70,735	-	70,735
Other liabilities	511,825	-	511,825
Interfund loans payable	2,122,744	208,203	2,330,947
Total liabilities	2,893,532	346,536	3,240,068
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues - property taxes	204,175	-	204,175
Total deferred inflows of resources	204,175	-	204,175
FUND BALANCES			
Nonspendable	5,212	1,142,297	1,147,509
Restricted	-	204,679	204,679
Committed	594,014	1,806,529	2,400,543
Assigned	313,858	-	313,858
Unassigned	3,526,941	(254,047)	3,272,894
Total fund balances	4,440,025	2,899,458	7,339,483
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,537,732	3,245,994	
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.			15,211,844
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable revenue in the funds.			204,175
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			(813,934)
Capital leases			(6,422)
Net pension liability, including related deferred inflows and outflows of resources			(1,652,184)
Total OPEB liability, including related deferred inflows and outflows of resources			(275,384)
Accrued interest			(7,278)
Accrued compensated absences			(226,049)
Net position of governmental activities			\$ 19,774,251

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, 2018

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 17,983,066	-	17,983,066
Intergovernmental	374,287	47,746	422,033
Licenses and permits	251,804	-	251,804
Charges for services	439,835	-	439,835
Investment income (loss)	136,355	136,015	272,370
Other revenues	53,035	119,585	172,620
Total revenues	19,238,382	303,346	19,541,728
Expenditures:			
Current:			
General government	1,582,184	-	1,582,184
Public safety	2,395,178	27,929	2,423,107
Public works	1,146,456	-	1,146,456
Health and welfare	665,138	-	665,138
Recreation and culture	548,958	-	548,958
Education	9,939,712	-	9,939,712
County tax	1,203,809	-	1,203,809
Debt service	208,866	-	208,866
Capital improvements	329,000	1,945,125	2,274,125
Total expenditures	18,019,301	1,973,054	19,992,355
Excess (deficiency) of revenues over (under) expenditures	1,219,081	(1,669,708)	(450,627)
Other financing sources (uses):			
Transfers from other funds	405,800	1,465,693	1,871,493
Transfers to other funds	(1,301,478)	(350,800)	(1,652,278)
Issuance of debt	-	450,000	450,000
Total other financing sources (uses)	(895,678)	1,564,893	669,215
Net change in fund balances	323,403	(104,815)	218,588
Fund balances, beginning of year	4,116,622	3,004,273	7,120,895
Fund balances, end of year	\$ 4,440,025	2,899,458	7,339,483

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, 2018

Net change in fund balances - total governmental funds (from Statement 4) \$ 218,588

Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Governmental funds report capital outlays as expenditures.

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

This is the amount by which capital outlays (\$2,118,449) exceeded the book value of disposed capital assets (\$24,350) and depreciation (\$541,810). 1,552,289

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 40,348

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 (\$116,027) and the change in the total OPEB liability with related deferred inflows and outflows (\$34,773) exceeded the change in accrued interest (\$272) in accrued compensated absences (\$1,605). (148,923)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is amount by which loan proceeds (\$450,000) exceeded loan and capital lease repayments (\$202,321). (247,679)

Change in net position of governmental activities (see Statement 2) \$ 1,414,623

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, 2018

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 17,827,998	17,827,998	17,983,066	155,068
Intergovernmental	398,944	398,944	374,287	(24,657)
Licenses and permits	279,091	279,091	251,804	(27,287)
Charges for services	407,060	407,060	439,835	32,775
Interest earned	60,000	60,000	136,355	76,355
Other revenue	48,250	48,250	53,035	4,785
Total revenues	19,021,343	19,021,343	19,238,382	217,039
Expenditures:				
Current:				
General government	1,861,618	1,861,618	1,606,184	255,434
Public safety	2,566,543	2,566,543	2,377,759	188,784
Public works	1,166,100	1,166,100	1,128,032	38,068
Health and welfare	691,322	691,322	665,138	26,184
Recreation and culture	565,847	565,847	548,439	17,408
Education	9,939,712	9,939,712	9,939,712	-
County tax	1,203,809	1,203,809	1,203,809	-
Debt service	218,055	218,055	163,675	54,380
Capital improvements	186,000	353,191	285,726	67,465
Total expenditures	18,399,006	18,566,197	17,918,474	647,723
Excess (deficiency) of revenues over (under) expenditures	622,337	455,146	1,319,908	864,762
Other financing sources (uses):				
Transfers from other funds	405,800	405,800	405,800	-
Transfers to other funds	(1,278,137)	(1,301,480)	(1,301,478)	2
Utilization of unassigned fund balance	250,000	250,000	-	(250,000)
Utilization of assigned fund balance	-	190,534	-	(190,534)
Total other financing sources (uses)	(622,337)	(455,146)	(895,678)	(440,532)
Net change in fund balance - budgetary basis	-	-	424,230	424,230
Reconciliation to GAAP basis:				
Change in encumbrance balance			(100,827)	
Total reconciliation to GAAP basis			(100,827)	
Net change in fund balance - GAAP basis			323,403	
Fund balance, beginning of year			4,116,622	
Fund balance, end of year	\$		4,440,025	

See accompanying notes to basic financial statements.

TOWN OF KENNEBUNKPORT, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2018

Business-type Activities - Enterprise Funds					
	Sewer Department	Cape Porpoise Pier	Dock Square Parking Lot	Government Wharf	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,371,764	100	17,600	-	1,389,464
Accounts receivable, net of allowance of \$2,652	367,047	46,162	6,794	-	420,003
Sewer liens	9,469	-	-	-	9,469
Inventory	-	7,718	-	-	7,718
Interfund loans receivable	112,948	-	410,057	11,904	534,909
Total current assets	1,861,228	53,980	434,451	11,904	2,361,563
Noncurrent assets:					
Property, plant, and equipment	19,774,968	1,488,315	244,186	-	21,507,469
Less accumulated depreciation	(11,606,842)	(629,621)	(89,883)	-	(12,326,346)
Total noncurrent assets	8,168,126	858,694	154,303	-	9,181,123
Total assets	10,029,354	912,674	588,754	11,904	11,542,686
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources related to pensions	48,177	-	-	-	48,177
Total deferred outflows of resources	48,177	-	-	-	48,177
LIABILITIES					
Current liabilities:					
Accounts payable and payroll withholdings	194,506	9,659	1,264	-	205,429
Accrued wages	8,441	1,790	1,223	-	11,454
Other liabilities	-	2,500	-	-	2,500
Accrued interest	1,648	-	-	-	1,648
Accrued compensated absences	24,186	250	-	-	24,436
Interfund loans payable	-	2,512	-	-	2,512
Bond anticipations notes	943,508	-	-	-	943,508
Noncurrent liabilities, current portion	53,239	-	-	-	53,239
Total current liabilities	1,225,528	16,711	2,487	-	1,244,726
Noncurrent liabilities, long-term portion	501,068	-	-	-	501,068
Total liabilities	1,726,596	16,711	2,487	-	1,745,794
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources related to pensions	16,791	-	-	-	16,791
Total deferred inflows of resources	16,791	-	-	-	16,791
NET POSITION					
Net investment in capital assets	6,892,595	858,694	154,303	-	7,905,592
Unrestricted	1,441,549	37,269	431,964	11,904	1,922,686
Total net position	\$ 8,334,144	895,963	586,267	11,904	9,828,278

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, 2018

Business-type Activities - Enterprise Funds					
	Sewer Department	Cape Porpoise Pier	Dock Square Parking Lot	Government Wharf	Total
Operating revenues:					
Lease income	\$ -	40,000	-	-	40,000
Fuel sales	-	152,447	-	-	152,447
Dues	-	42,276	-	6,225	48,501
Fees	1,149,795	4,395	430,930	-	1,585,120
Other income	48,550	399	417	-	49,366
Total operating revenues	1,198,345	239,517	431,347	6,225	1,875,434
Operating expenses:					
Wages and benefits	661,420	67,568	23,849	-	752,837
Supplies	97,788	135,248	22,874	-	255,910
Repairs and maintenance	33,999	3,385	556	46	37,986
Insurance	34,648	3,918	-	-	38,566
Utilities	96,282	7,479	8,150	2,488	114,399
Contracted services	62,066	4,832	1,377	-	68,275
Equipment	31,304	38	-	-	31,342
Other operating expenses	3,028	2,552	-	-	5,580
Depreciation	429,230	16,856	12,256	-	458,342
Total operating expenses	1,449,765	241,876	69,062	2,534	1,763,237
Operating income (loss)	(251,420)	(2,359)	362,285	3,691	112,197
Nonoperating revenue (expenses):					
Interest income	26,133	-	-	-	26,133
Interest expense	(7,088)	-	-	-	(7,088)
Total nonoperating revenue (expenses)	19,045	-	-	-	19,045
Net income (loss) before transfers	(232,375)	(2,359)	362,285	3,691	131,242
Transfers:					
Transfer (to) from other funds	10,785	-	(230,000)	-	(219,215)
Total transfers	10,785	-	(230,000)	-	(219,215)
Change in net position	(221,590)	(2,359)	132,285	3,691	(87,973)
Total net position, beginning of year	8,555,734	898,322	453,982	8,213	9,916,251
Total net position, end of year	\$ 8,334,144	895,963	586,267	11,904	9,828,278

See accompanying notes to basic financial statements.

TOWN OF KENNEBUNKPORT, MAINE
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2018

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	\$ 976,038	237,674	427,014	6,225	1,646,951
Payments to suppliers	(359,439)	(154,476)	(31,693)	(2,534)	(548,142)
Payments to employees	(704,181)	(66,465)	(23,239)	-	(793,885)
Net cash provided by (used in) operating activities	(87,582)	16,733	372,082	3,691	304,924
Cash flows from non-capital financing activities:					
(Increase) decrease in interfund loans receivable	149,375	6,896	(141,682)	(3,691)	10,898
Transfers (to) from other funds	10,785	-	(230,000)	-	(219,215)
	160,160	6,896	(371,682)	(3,691)	(208,317)
Cash flows from capital and related financing activities:					
Purchase of capital assets	(957,832)	(23,629)	-	-	(981,461)
Proceeds from issuance of bond anticipation notes	943,508	-	-	-	943,508
Bond principal payments	(52,321)	-	-	-	(52,321)
Interest payments	(7,321)	-	-	-	(7,321)
Net cash provided by (used in) capital and related financing activities	(73,966)	(23,629)	-	-	(97,595)
Cash flows from investing activities:					
Investment income	26,133	-	-	-	26,133
Net cash provided by investing activities	26,133	-	-	-	26,133
Increase (decrease) in cash	24,745	-	400	-	25,145
Cash, beginning of year	1,347,019	100	17,200	-	1,364,319
Cash, end of year	\$ 1,371,764	100	17,600	-	1,389,464
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (251,420)	(2,359)	362,285	3,691	112,197
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	429,230	16,856	12,256	-	458,342
Change in operating assets and liabilities:					
(Increase) decrease in accounts receivable	(228,310)	(1,843)	(4,333)	-	(234,486)
(Increase) decrease in sewer liens	6,003	-	-	-	6,003
(Increase) decrease in inventory	-	(646)	-	-	(646)
Increase (decrease) in accounts payable	2,272	3,622	1,264	-	7,158
Increase (decrease) in accrued wages	(2,609)	1,064	610	-	(935)
Increase (decrease) in other liabilities	(2,596)	-	-	-	(2,596)
Increase (decrease) in net pension liability with related deferred outflows and deferred inflows of resources	(35,440)	-	-	-	(35,440)
Increase (decrease) in accrued compensated absences	(4,712)	39	-	-	(4,673)
Net cash provided by (used in) operating activities	\$ (87,582)	16,733	372,082	3,691	304,924

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 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, 2018 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, 2018, 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.

B. Revised Budget

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

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

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, CONTINUED

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other financing sources (uses)</u>
2018 budget as originally adopted	\$ 19,021,343	(18,399,006)	(622,337)
Assigned carryforward balances	-	(167,191)	167,191
Totals	\$ 19,021,343	(18,566,197)	(455,146)

C. Excess of Expenditures over Appropriations

All expenditures (at the warrant article level) were under appropriations.

D. Deficit Fund Balances

At June 30, 2018, the following funds had deficit balances:

Piers, Rivers, and Harbors	\$ 45,844
Road improvements	208,203

These deficits will be funded with future revenues, bond proceeds, or transfers.

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, 2018, the Town reported deposits of \$8,107,331 with a bank balance of \$8,224,080. Of the Town's bank balances of \$8,224,080, none was exposed to custodial credit risk because all of the bank balance was covered by the F.D.I.C. or by additional insurance purchased on behalf of the Town by the respective banking institutions.

Deposits have been reported as follows:

Reported in governmental funds	\$ 6,717,867
Reported in proprietary funds	1,389,464
Total deposits	\$ 8,107,331

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

DEPOSITS AND INVESTMENTS, CONTINUED

B. Investments

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

At June 30, 2018, the Town had the following investments:

	<u>Fair value</u>	<u>N/A</u>	<u>1 -5 years</u>	<u>Fair value hierarchy</u>	<u>Credit rating</u>
Cash and equivalents	\$ 192,650	192,650	-	N/A	N/A
Exchange traded funds	193,919	193,919	-	Level 1	A
Exchange traded funds	27,290	27,290	-	Level 1	B
Mutual funds	32,508	32,508	-	Level 1	A
Equities	884,636	884,636	-	Level 1	N/A
Certificates of deposits	249,820	-	249,820	N/A	N/A
Total investments	\$ 1,580,823	1,331,003	249,820		

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 \$249,820 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 August 10, 2017, on the assessed value listed as of April 1, 2017, for all real and personal property located in the Town. Payment of taxes was due in equal installments on September 25, 2017 and March 12, 2018. Interest at the rate of 7% per annum was charged on any amounts remaining unpaid after this date. Assessed values are periodically established by the Assessor's agent at 100% of assumed market value. The 2018 assessed value of \$1,934,467,170 was 100% of the estimated market value and 90.9% of the 2018 state valuation of \$2,127,950,000.

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 \$74,001 for the period ended June 30, 2018.

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, 2018 and 2017 levies:

	<u>2018</u>	<u>2017</u>
Assessed value	\$ 1,934,467,170	1,912,262,450
Tax rate (per \$1,000)	8.73	8.28
Commitment	16,887,898	15,833,533
Supplemental taxes assessed	72,964	-
	16,960,862	15,833,533
Less:		
Collections and abatements	16,737,017	15,656,403
Receivable at June 30	\$ 223,845	177,130
Collection rate	98.68%	98.88%

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

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance June 30, <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2018</u>
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 1,477,192	1,784,321	1,104,654	2,156,859
Land	2,715,181	-	-	2,715,181
<u>Total capital assets, not being depreciated</u>	<u>4,192,373</u>	<u>1,784,321</u>	<u>1,104,654</u>	<u>4,872,040</u>
Capital assets, being depreciated:				
Land improvements	292,922	34,751	25,500	302,173
Buildings	1,876,444	600,734	-	2,477,178
Buildings improvements	1,119,050	11,063	-	1,130,113
Machinery and equipment	1,736,053	235,170	-	1,971,223
Furniture and fixtures	47,258	-	-	47,258
Vehicles	3,347,145	482,462	162,542	3,667,065
Infrastructure	8,547,336	74,602	-	8,621,938
<u>Total capital assets, being depreciated</u>	<u>16,966,208</u>	<u>1,438,782</u>	<u>188,042</u>	<u>18,216,948</u>
Less accumulated depreciation for:				
Land improvements	160,168	10,152	18,812	151,508
Buildings	900,326	57,211	-	957,537
Building improvements	346,058	46,408	-	392,466
Machinery and equipment	1,156,508	64,253	-	1,220,761
Furniture and fixtures	47,258	-	-	47,258
Vehicles	1,800,921	183,419	144,880	1,839,460
Infrastructure	3,087,787	180,367	-	3,268,154
<u>Total accumulated depreciation</u>	<u>7,499,026</u>	<u>541,810</u>	<u>163,692</u>	<u>7,877,144</u>
<u>Total capital assets being depreciated, net</u>	<u>9,467,182</u>	<u>896,972</u>	<u>24,350</u>	<u>10,339,804</u>
<u>Governmental activities capital assets, net</u>	<u>\$ 13,659,555</u>	<u>2,681,293</u>	<u>1,129,004</u>	<u>15,211,844</u>

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

Governmental activities:	
General government	\$ 67,481
Public safety	173,589
Public works	285,891
Recreation and culture	14,849
<u>Total depreciation expense - governmental activities</u>	<u>\$ 541,810</u>

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

CAPITAL ASSETS, CONTINUED

	Balance June 30, <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2018</u>
Business-type activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 79,888	1,059,297	-	1,139,185
Land	950,428	-	-	950,428
Total capital assets, not being depreciated	1,030,316	1,059,297	-	2,089,613
Capital assets, being depreciated:				
Land improvements	29,600	-	-	29,600
Buildings	4,936,200	-	-	4,936,200
Building improvements	3,236,611	-	-	3,236,611
Machinery and equipment	3,211,044	-	-	3,211,044
Infrastructure	7,809,631	82,900	-	7,892,531
Vehicles	100,805	25,924	14,858	111,871
Total capital assets, being depreciated	19,323,891	108,824	14,858	19,417,857
Less accumulated depreciation for:				
Land improvements	29,600	-	-	29,600
Buildings	3,100,281	97,847	-	3,198,128
Building improvements	1,192,867	85,471	-	1,278,338
Machinery and equipment	2,356,882	96,296	-	2,453,178
Infrastructure	5,165,791	169,021	-	5,334,812
Vehicles	37,442	9,707	14,858	32,291
Total accumulated depreciation	11,882,863	458,342	14,858	12,326,347
Total capital assets being depreciated, net	7,441,028	(349,518)	-	7,091,510
Business-type activities capital assets, net	\$ 8,471,344	709,779	-	9,181,123

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

Business-type activities:	
Sewer Department	\$ 429,230
Cape Porpoise Pier	16,856
Dock Square Parking Lot	12,256
Total depreciation expense - business-type activities	\$ 458,342

INTERFUND LOAN BALANCES

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, CONTINUED

Individual interfund loan receivable and payable balances at the year ended June 30, 2018 were as follows:

	Interfund loans <u>receivable</u>	Interfund loans <u>payable</u>
General Fund	\$ -	2,122,744
Proprietary funds:		
Sewer Department	112,948	-
Cape Porpoise Pier	-	2,512
Dock Square Parking Lot	410,057	-
Government Wharf	11,904	-
Total proprietary funds	534,909	2,512
Nonmajor special revenue funds:		
Piers, Rivers, and Harbors	1,799	-
350 th Anniversary	1,535	-
Revaluation	3,041	-
DEA Drug Forfeiture	106	-
Maine Drug Forfeiture	412	-
Total nonmajor special revenue funds	6,893	-
Nonmajor capital projects funds:		
General Capital Projects	6,988	-
Fire Apparatus	218,642	-
Highway Vehicles	12,969	-
Garage Roof	13,263	-
S Brook Drainage	3,900	-
Communications Building	9,497	-
Fire Equipment	22,671	-
Fire Radios	34,721	-
Fire PPE	26,244	-
Fire Vehicle	71,999	-
Recreation Building	720,719	-
Sidewalks	287,100	-
Town Office	9,005	-
Police Vehicle	5,297	-
Road Improvement	-	208,203
General Capital Improvements	336,893	-
Total nonmajor capital projects funds	1,779,908	208,203
Nonmajor permanent funds:		
Kittredge Family Fire Equipment	4,302	-
Macomber Trust	1,507	-
Picavet Trust	5,940	-
Total nonmajor permanent funds	11,749	-
Total interfund loans receivable and payable	\$ 2,333,459	2,333,459

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

INTERFUND TRANSFERS

Individual fund transfers for the year ended June 30, 2018 were as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
<u>General Fund</u>	<u>\$ 405,800</u>	<u>1,301,478</u>
Proprietary funds:		
Sewer Department	35,785	25,000
Dock Square Parking Lot	-	230,000
Total proprietary funds	35,785	255,000
Nonmajor special revenue funds:		
Piers, Rivers & Harbors	150,000	-
Total nonmajor special revenue funds	150,000	-
Nonmajor capital projects funds:		
Fire Apparatus	130,000	-
Fire Equipment	22,000	-
Fire Radios	10,500	-
Fire PPE	17,000	-
Fire Vehicle	30,000	-
Recreation Building	473,343	-
Sidewalks	86,050	-
Town Office	12,000	-
Police Vehicle	29,500	-
Road Improvement	505,300	-
General Capital Improvement	-	350,000
Total nonmajor capital projects funds	1,315,693	350,000
Nonmajor permanent funds:		
Macomber Trust	-	800
Total nonmajor permanent funds	-	800
Totals	\$ 1,907,278	1,907,278

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

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, 2019. Bond anticipation note activity in the sewer department for the year ended June 30, 2018 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>
<u>Bond anticipation note</u>	<u>\$ -</u>	<u>943,508</u>	<u>-</u>	<u>943,508</u>

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

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance, restated</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
General obligation bonds	\$ 560,000	450,000	196,066	813,934	81,889
Net pension liability	2,503,977	-	526,609	1,977,368	-
Total OPEB liability	240,611	122,645	-	363,256	-
Capital leases	12,677	-	6,255	6,422	6,422
Compensated absences	227,654	274,569	276,174	226,049	9,099
Governmental activity long-term liabilities	\$ 3,544,919	847,214	1,005,104	3,387,029	97,410
Business-type activities:					
General obligations bonds	\$ 384,344	-	52,321	332,023	53,239
Net pension liability	360,724	-	138,440	222,284	-
Compensated absences	29,109	51,011	55,684	24,436	24,436
Business-type activity long-term liabilities	\$ 774,177	51,011	246,445	578,743	77,675

LONG-TERM DEBT

Bonds payable and capital leases at June 30, 2018 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>
Governmental activities:					
Recreation Building	\$ 450,000	6/20/18	2028	3.27%	450,000
Police Station addition	400,000	9/2/16	2027	2.25%	363,934
Total governmental activities bonds payable					813,934
Business-type activities:					
Sewer expansion bonds	1,000,000	11/13/03	2024	2.25%	332,023
Total business-type activities bonds payable					332,023
Total governmental and business-type activities bonds payable					\$ 1,145,957

The Town has authorized, but not issued, long-term borrowing of \$2,000,000 for sewer upgrades and \$1,000,000 for repairs to the seawall on Ocean Ave.

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

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

LONG-TERM DEBT, CONTINUED

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>
2019	\$ 81,889	9,528	91,417	53,239	6,218	59,457
2020	82,730	20,487	103,217	54,202	5,200	59,402
2021	83,573	18,229	101,802	55,208	4,003	59,211
2022	84,471	15,879	100,350	55,984	3,251	59,235
2023	85,371	13,528	98,899	56,470	2,674	59,144
2024-2028	395,900	31,615	427,515	56,920	2,069	58,989
Totals	\$ 813,934	109,266	923,200	332,023	23,415	355,438

Capital Leases

The Town has entered into lease agreements for copiers. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date. Gross amounts of equipment recorded under capital leases equal \$30,475.

	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 6,422	172	6,594
Totals	\$ 6,422	172	6,594

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, 2018, 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 \$23,405 for the year ended June 30, 2018. 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>
2019	\$ 24,107
Total	\$ 24,107

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

OVERLAPPING DEBT

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

<u>Units</u>	<u>Net debt outstanding June 30, 2018</u>	<u>Percentage applicable to the Town</u>	<u>Town's proportionate share of debt</u>
York County	\$ 3,900,000	6.71%	261,690
Regional School Unit #21	60,109,339	40.91%	24,592,431

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, 2018. 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.

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, 2018:

	<u>Governmental activities</u>	<u>Business-type activities</u>
Capital assets	\$ 23,088,988	21,507,470
Accumulated depreciation	(7,877,144)	(12,326,347)
Bonds payable	(813,934)	(332,023)
Bond anticipation notes	-	(943,508)
Capital leases	(6,422)	-
<u>Total net investment in capital assets</u>	<u>\$ 14,391,488</u>	<u>7,905,592</u>

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

FUND BALANCE

The General Fund unassigned fund balance total of \$3,571,941 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, 2018, other fund balance components consisted of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund:				
Inventory	\$ 5,212	-	-	-
Carryforward balances	-	-	594,014	-
Subsequent year's expenditures	-	-	-	225,000
Encumbrances	-	-	-	88,858
Total general fund	5,212	-	594,014	313,858
Other Governmental Funds:				
Special Revenue Funds:				
350 th Anniversary	-	-	1,535	-
Revaluation	-	-	3,041	-
DEA Drug Forfeiture	-	-	106	-
Maine Drug Forfeiture	-	-	412	-
Reserve Open Space	-	-	119,205	-
Capital Projects Funds:				
General Capital Projects	-	6,988	-	-
Fire Apparatus	-	-	218,642	-
Highway Vehicles	-	-	12,969	-
Garage Roof	-	-	13,263	-
S-Brook Drainage	-	-	3,900	-
Communications Building	-	-	9,497	-
Fire Equipment	-	-	22,671	-
Fire Radios	-	-	34,721	-
Fire PPE	-	-	26,244	-
Fire Vehicle	-	-	71,999	-
Recreation Building	-	-	630,029	-
Sidewalks	-	-	287,100	-
Town Office	-	-	9,005	-
Police Vehicle	-	-	5,297	-
General Capital Improvements	-	-	336,893	-
Permanent Funds:				
Principal	1,142,297	-	-	-
Unexpended income:				
Kittredge Trust	-	98,977	-	-
Macomber Trust	-	1,507	-	-
Picavet Trust	-	97,207	-	-
Total other governmental funds	1,142,297	204,679	1,806,529	-
Grand totals	\$ 1,147,509	204,679	2,400,543	313,858

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

FUND BALANCE, CONTINUED

At June 30, 2018 and 2017, fund balances were committed to future periods as follows:

	<u>2018</u>	<u>2017</u>
General Fund:		
Street lights	\$ -	5,000
Police OT	-	7,491
Communications building	-	609
Conservation commission	3,000	-
Solid waste	6,600	-
Police	48,950	-
Public works	30,587	-
Fire	7,515	-
Planning	10,000	-
Contingency	45,000	-
FEMA maps	100	55,000
EMA	2,225	725
Nurse health insurance	-	15,000
Public works speed signs	5,000	5,000
Police vehicle	-	4,750
Salt shed	-	10,020
General assistance donations	4,427	89,263
General assistance fuel	88,371	-
General assistance food	4,881	-
Nurse general donation	5,500	-
Employee separation	82,208	62,208
Cemetery	300	300
Voting equipment	5,325	7,332
Local circuit breaker program	19,402	21,427
Recreation - capital	-	23,343
Parsons Way bench	9,629	9,629
Police donations	2,516	2,985
Legal	83,408	-
Goose Rocks Beach Advisory Committee	101,070	99,837
Administration	6,021	25,784
Land acquisition	-	11,793
Community development	21,979	21,979
Total General Fund committed fund balance	\$ 594,014	479,475

Encumbrances at year end were \$88,858 for the General Fund.

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

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

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, 2018, was 9.6% for the AC plan and 15.7% 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 \$263,231 for governmental activities and \$24,421 for business type activities - sewer for the year ended June 30, 2018.

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

At June 30, 2018, the Town reported a liability of \$1,977,368 for governmental activities and \$222,284 for business type activities - sewer for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the Town's proportion of the plan's net pension liability was 0.5372%.

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

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

For the year ended June 30, 2018, the Town recognized a pension expense of \$379,258 for governmental activities and a pension gain of \$11,019 for business type activities - sewer. At June 30, 2018, 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	\$ -	94,999	-	10,679
Changes in assumptions	168,262	-	18,915	-
Net difference between projected and actual earnings on pension plan investments	-	54,373	-	6,112
Changes in proportion and differences between Town contributions and proportionate share of contributions	43,063	-	4,841	-
Town contributions subsequent to the measurement date	263,231	-	24,421	-
Total	\$ 474,556	149,372	48,177	16,791

An amount of \$263,231 is reported as deferred outflows of resources in the governmental activities and \$24,421 is reported as deferred outflows of resources in the business type activities – sewer 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>
2019	\$ (14,622)	(1,644)
2020	197,936	22,251
2021	13,266	1,491
2022	(134,627)	(15,133)

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

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

Actuarial Assumptions - The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 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%
US 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 6.875%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease (5.875%)	Current Discount Rate (6.875%)	1% Increase (7.875%)
Town's proportionate share of the net pension liability	\$ 4,413,177	2,199,652	533,210

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, 2018.

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.

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 Town Council has 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, 2018, 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 \$363,256 was measured as of January 1, 2018, and was determined by an actuarial valuation as of that date.

Changes in the Total OPEB Liability

Balance at June 30, 2017	\$ 240,611
Changes for the year:	
Service Cost	13,077
Interest	9,543
Changes of benefit terms	-
Differences between expected and actual experience	71,798
Changes in assumptions or other inputs	30,720
Benefit payments	<u>(2,493)</u>
Net changes	<u>122,645</u>
Balance at June 30, 2018	<u>\$ 363,256</u>

Change in assumptions reflects a change in the discount rate from 3.78% to 3.44% 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, 2018, The Town recognized OPEB expense of \$26,998. At June 30, 2018, 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	\$ 61,541	-
Changes of assumption or other inputs	26,331	-
Total	\$ 87,872	-

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

Year ended June 30:	
2019	\$ 14,646
2020	14,646
2021	14,646
2022	14,646
2023	14,646
Thereafter	14,642

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	3.44% 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 3.44% 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 3.44%, 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 (2.44%) or 1 percentage-point higher (4.44%) than the current rate:

	1% Decrease (2.44%)	Discount Rate (3.44%)	1% Increase (4.44%)
Total OPEB liability	\$ 422,523	363,256	314,907

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 of 8.27%, 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 (7.27%) or 1 percentage-point higher (9.27%) than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 313,815	363,256	424,476

NEW PRONOUNCEMENTS AND RESTATEMENT OF NET POSITION

For the fiscal year ended June 30, 2018, the Town has elected to implement Statement No. 75 of the Governmental Accounting Standards Board – *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. As a result of implementing GASB Statement No. 75, the Town has restated beginning net position in the government-wide statement of net position to account for the addition to the Town's total OPEB liability of \$240,611 which effectively decreased the Town's net position as of July 1, 2017 by \$240,611.

CONSTRUCTION COMMITMENT

The Town has entered into a contracts in connection with the construction of a new parks and recreation building. The following is the construction commitment at June 30, 2018:

	Contract Total	Percentage Complete	Billed to Date	Retainage	Balance Remaining
Parks and recreation building	\$ 708,998	86.81%	207,179	33,097	468,722

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>2018</u> **	<u>2017</u> **	<u>2016</u> **	<u>2015</u> **
Town's proportion of the net pension liability	0.5372%	0.5392%	0.5108%	0.5028%
Town's proportionate share of the net pension liability	\$ 2,199,652	2,864,701	1,629,598	773,711
Town's covered payroll	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	56.92%	116.84%	69.36%	34.63%
Plan fiduciary net position as a percentage of of the total pension liability	86.43%	81.61%	88.27%	94.10%

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

**Only five 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>2018</u>
Total OPEB Liability	
Service Cost	\$ 13,077
Interest	9,543
Changes of benefit terms	-
Differences between expected and actual experience	71,798
Changes of assumptions or other inputs	30,720
Benefit payments	<u>(2,493)</u>
Net change in total OPEB Liability	122,645
 Total OPEB liability - beginning	 <u>240,611</u>
Total OPEB liability - ending	\$ <u><u>363,256</u></u>
 Covered-employee payroll	 \$ 2,130,553
Total OPEB liability as a percentage of covered- employee payroll	 17.05%

* Only one year 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 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>
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.

TOWN OF KENNEBUNKPORT, MAINE
General Fund
Comparative Balance Sheets
June 30, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 6,717,550	6,093,319
Investments	252,901	499,682
Receivables:		
Accounts, net of allowance of \$4,738 and \$5,440, respectively	77,021	30,629
Due from other governments	205,943	88,739
Taxes receivable - current year	223,845	177,130
Taxes receivable - prior year	369	3,815
Tax liens receivable	54,891	60,848
Prepays	-	1,734
Inventory	5,212	4,599
Total assets	\$ 7,537,732	6,960,495
LIABILITIES		
Accounts payable and payroll withholdings	188,228	148,542
Accrued wages	70,735	63,294
Other liabilities	511,825	140,891
Interfund loans payable	2,122,744	2,327,319
Total liabilities	2,893,532	2,680,046
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	204,175	163,827
Total deferred inflows of resources	204,175	163,827
FUND BALANCES		
Nonspendable	5,212	6,333
Committed	594,014	479,475
Assigned	313,858	439,685
Unassigned	3,526,941	3,191,129
Total fund balances	4,440,025	4,116,622
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,537,732	6,960,495

TOWN OF KENNEBUNKPORT, MAINE
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the year ended June 30, 2018
(with comparative actual amounts for the year ended June 30, 2017)

	2018		Variance positive (negative)	2017 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 16,887,898	16,960,864	72,966	15,833,533
Change in unavailable revenue	-	(40,347)	(40,347)	5,339
Excise taxes	914,100	1,030,267	116,167	959,646
Interest and costs on taxes	26,000	32,282	6,282	33,735
Total taxes	17,827,998	17,983,066	155,068	16,832,253
Intergovernmental:				
State Revenue Sharing	55,000	59,832	4,832	58,534
Homestead reimbursement	67,745	67,745	-	47,258
State road assistance	42,000	42,628	628	42,196
Tree growth	5,500	6,891	1,391	6,348
Snowmobile reimbursement	-	503	503	357
Veterans reimbursement	2,200	4,703	2,503	2,301
General assistance	1,500	511	(989)	556
BETE reimbursement	824	860	36	1,072
MDOT grants	160,925	113,409	(47,516)	186,591
Rachel Carson	3,700	3,624	(76)	4,455
RSU COPS share	59,550	59,370	(180)	62,528
FEMA	-	14,061	14,061	-
Miscellaneous	-	150	150	3,068
Total intergovernmental	398,944	374,287	(24,657)	415,264
Licenses and permits:				
Town clerk fees	9,700	9,455	(245)	9,438
Plumbing fees	24,236	16,365	(7,871)	27,010
Building permits	236,755	217,334	(19,421)	261,605
Liquor license	4,200	4,650	450	3,875
Victualers license	3,200	3,100	(100)	3,100
Shellfish license	1,000	900	(100)	900
Total licenses and permits	279,091	251,804	(27,287)	305,928

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

	2018		Variance positive (negative)	2017 Actual
	Budget	Actual		
Revenues, continued:				
Charges for services:				
Dogs fees	\$ 4,400	4,161	(239)	3,752
Agent fees	11,000	10,969	(31)	11,335
Planning board/appeals board	17,160	18,175	1,015	35,482
Parking tickets	45,000	48,502	3,502	37,421
Police other	12,500	10,605	(1,895)	13,777
Goose Rocks	110,000	137,849	27,849	117,321
Nurses fees	2,000	178	(1,822)	1,674
Parks and recreation revenue	205,000	209,378	4,378	213,940
Miscellaneous	-	18	18	4,597
Total charges for services	407,060	439,835	32,775	439,299
Interest earned	60,000	136,355	76,355	82,193
Total interest earned	60,000	136,355	76,355	82,193
Other revenue:				
Donations	-	28,593	28,593	27,211
Recreation	750	976	226	1,392
Sale of Town assets	25,000	725	(24,275)	6,780
Conservation	10,000	10,000	-	10,000
Miscellaneous	12,500	12,741	241	19,392
Total other revenue	48,250	53,035	4,785	64,775
Total revenues	19,021,343	19,238,382	217,039	18,139,712

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

	2018		Variance positive (negative)	2017 Actual
	Budget	Actual		
Expenditures:				
Current:				
General government:				
Administration	\$ 935,713	914,762	20,951	888,265
Planning and development	396,655	368,869	27,786	366,691
Boards and committees	4,850	-	4,850	703
Growth planning	2,000	1,766	234	-
Legal fees	167,000	83,592	83,408	51,963
Insurance	160,600	160,600	-	148,938
Community development	25,799	23,010	2,789	17,903
Contingency	95,000	43,424	51,576	7,800
Overlay/abatements	74,001	10,161	63,840	12,886
Total general government	1,861,618	1,606,184	255,434	1,495,149
Public safety:				
Police department	1,508,114	1,421,326	86,788	1,402,148
Communications	511,117	481,968	29,149	427,369
Fire department	385,211	315,831	69,380	325,747
KEMS	125,000	125,000	-	125,000
EMA	1,500	-	1,500	25
Special enforcement	35,601	33,634	1,967	34,211
Total public safety	2,566,543	2,377,759	188,784	2,314,500
Public works:				
Highway department	840,473	805,971	34,502	793,299
Mechanic	98,132	95,890	2,242	94,340
Utilities	174,470	174,470	-	172,577
Shade tree	38,571	38,571	-	32,425
Cemetery	14,454	13,130	1,324	12,028
Total public works	1,166,100	1,128,032	38,068	1,104,669

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

	2018		Variance positive (negative)	2017 Actual
	Budget	Actual		
Expenditures, continued				
Current, continued:				
Health and welfare:				
Solid waste	\$ 469,797	443,877	25,920	445,064
Health and welfare	159,345	157,092	2,253	187,676
Welfare	3,335	819	2,516	1,385
Social services	22,400	22,400	-	24,300
Other services	36,445	29,223	7,222	26,461
General assistance donations	-	11,727	(11,727)	6,670
Total health and welfare	691,322	665,138	26,184	691,556
Recreation and culture:				
Recreation	375,725	360,360	15,365	357,542
Graves library	126,000	126,000	-	120,000
Cape Porpoise	12,675	12,675	-	12,675
Parsons Way	3,700	2,890	810	3,500
Miscellaneous agencies	7,747	7,747	-	6,050
Goose Rocks Beach Committee	40,000	38,767	1,233	25,506
Total recreation and culture	565,847	548,439	17,408	525,273
Education	9,939,712	9,939,712	-	9,055,448
County tax	1,203,809	1,203,809	-	1,163,270
Debt service:				
Principal	205,192	160,000	45,192	200,000
Interest	12,863	3,675	9,188	15,650
Total debt service	218,055	163,675	54,380	215,650

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

	2018		Variance positive (negative)	2017 Actual
	Budget	Actual		
Expenditures, continued:				
Capital improvements and reserves:				
Capital outlay:				
Administration	\$ 46,000	37,695	8,305	7,150
Police	-	-	-	49,750
Communications	-	-	-	461,144
Fire	-	-	-	31,049
Road improvement	-	-	-	709,509
Highway	140,000	113,753	26,247	200,307
Sidewalk construction	-	-	-	82,486
CEO/planning	-	-	-	22,500
Community Development	-	-	-	71,514
Special Projects	-	-	-	17,500
Recreation	-	-	-	45,403
Committed:				
Voting equipment	7,332	2,006	5,326	-
Street lights	5,000	5,000	-	-
Police OT	7,491	7,491	-	-
Local Circuit Breaker	21,427	2,025	19,402	2,500
Legal	-	-	-	267,598
Communications Building	609	609	-	-
Parson Way Bench	-	-	-	441
Land Acquisition	11,793	11,793	-	-
Salt shed	10,020	10,021	(1)	2,715
FEMA Maps	55,000	55,000	-	-
Police vehicle	4,750	4,750	-	-
Nurse Insurance	15,000	15,000	-	-
Police	-	-	-	5,000
Police donations	2,985	819	2,166	-
Administration	25,784	19,764	6,020	17,794
Total capital improvements and reserves	353,191	285,726	67,465	1,994,360
Total expenditures	18,566,197	17,918,474	647,723	18,559,875
Excess (deficiency) of revenues over (under) expenditures	455,146	1,319,908	864,762	(420,163)

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

	2018		Variance positive (negative)	2017 Actual
	Budget	Actual		
Other financing sources (uses):				
Transfers from (to) other funds:				
Police	\$ (29,500)	(29,500)	-	-
Communications Building	-	-	-	11,144
Fire apparatus	(130,000)	(130,000)	-	(130,000)
Fire equipment	(22,000)	(22,000)	-	(49,451)
Fire Radios	(10,500)	(10,500)	-	-
Fire PPE	(17,000)	(17,000)	-	-
Fire Vehicles	(30,000)	(30,000)	-	-
Road improvement	(505,300)	(505,300)	-	151,909
Sidewalk	(86,050)	(86,050)	-	(77,514)
Recreation capital	(23,343)	(23,343)	-	(2,625)
Recreation Building	(250,000)	(250,000)	-	-
Piers, rivers, and harbors	(150,000)	(150,000)	-	(100,000)
Sewer debt (principal and interest)	(35,787)	(35,785)	2	(35,799)
Town office building	(12,000)	(12,000)	-	2,150
Highway vehicle	-	-	-	66,307
Dock Square parking lot	200,000	200,000	-	200,000
Dock Square restrooms	30,000	30,000	-	30,000
Dock Square equipment	-	-	-	77,500
Capital Projects	150,000	150,000	-	-
Sewer	25,000	25,000	-	25,000
Macomber	800	800	-	800
Loan proceeds	-	-	-	400,000
Utilization of unassigned fund balance	250,000	-	(250,000)	-
Utilization of committed fund balance	190,534	-	(190,534)	-
Total other financing sources (uses)	(455,146)	(895,678)	(440,532)	569,421
Net change in fund balance - budgetary basis	-	424,230	424,230	149,258
Reconciliation to GAAP basis:				
Change in encumbrance balance		(100,827)		(168,414)
Net change in fund balance - GAAP basis		323,403		(19,156)
Fund balance, beginning of year		4,116,622		4,135,778
Fund balance, end of year	\$	4,440,025		4,116,622

ALL OTHER GOVERNMENTAL FUNDS

TOWN OF KENNEBUNKPORT, MAINE
All Other Governmental Funds
Combining Balance Sheet
June 30, 2018

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	-	317	317
Investments	-	-	1,327,922	1,327,922
Accounts receivable	119,205	-	-	119,205
Interfund loans receivable	6,893	1,779,908	11,749	1,798,550
Total assets	\$ 126,098	1,779,908	1,339,988	3,245,994
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	47,643	90,690	-	138,333
Interfund loans payable	-	208,203	-	208,203
Total liabilities	47,643	298,893	-	346,536
Fund balances:				
Nonspendable	-	-	1,142,297	1,142,297
Restricted	-	6,988	197,691	204,679
Committed	124,299	1,682,230	-	1,806,529
Unassigned	(45,844)	(208,203)	-	(254,047)
Total fund balances	78,455	1,481,015	1,339,988	2,899,458
Total liabilities and fund balances	\$ 126,098	1,779,908	1,339,988	3,245,994

TOWN OF KENNEBUNKPORT, MAINE
All Other Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2018

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
Revenues:				
Intergovernmental	\$ 47,746	-	-	47,746
Other revenues	119,585	-	-	119,585
Investment income (loss)	-	-	136,015	136,015
Total revenues	167,331	-	136,015	303,346
Expenditures:				
Current:				
Public safety	-	-	27,929	27,929
Capital improvements	708,502	1,236,623	-	1,945,125
Total expenditures	708,502	1,236,623	27,929	1,973,054
Excess (deficiency) of revenues over (under) expenditures	(541,171)	(1,236,623)	108,086	(1,669,708)
Other financing sources (uses):				
Issuance of debt	-	450,000	-	450,000
Transfer from other funds	150,000	1,315,693	-	1,465,693
Transfer to other funds	-	(350,000)	(800)	(350,800)
Total other financing sources (uses)	150,000	1,415,693	(800)	1,564,893
Net change in fund balances	(391,171)	179,070	107,286	(104,815)
Fund balances, beginning of year	469,626	1,301,945	1,232,702	3,004,273
Fund balances, end of year	\$ 78,455	1,481,015	1,339,988	2,899,458

NONMAJOR SPECIAL REVENUE FUNDS

TOWN OF KENNEBUNKPORT, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2018

		Piers, Rivers & Harbors	350th Anniversary	Revaluation	DEA Drug Forfeiture	Maine Drug Forfeiture	Reserve Open Space	Totals
ASSETS								
Accounts Receivable	\$	-	-	-	-	-	119,205	119,205
Interfund loans receivable		1,799	1,535	3,041	106	412	-	6,893
Total assets	\$	1,799	1,535	3,041	106	412	119,205	126,098
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable		47,643	-	-	-	-	-	47,643
Total liabilities		47,643	-	-	-	-	-	47,643
Fund balances:								
Committed		-	1,535	3,041	106	412	119,205	124,299
Unassigned		(45,844)	-	-	-	-	-	(45,844)
Total fund balances (deficit)		(45,844)	1,535	3,041	106	412	119,205	78,455
Total liabilities and fund balances	\$	1,799	1,535	3,041	106	412	119,205	126,098

TOWN OF KENNEBUNKPORT, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2018

	Piers, Rivers & Harbors	350th Anniversary	Revaluation	DEA Drug Forfeiture	Maine Drug Forfeiture	Reserve Open Space	Totals
Revenues:							
Intergovernmental	\$ 47,746	-	-	-	-		47,746
Other revenues	-	380	-	-	-	119,205	119,585
Total revenues	47,746	380	-	-	-	119,205	167,331
Expenditures:							
Capital outlay	708,502	-	-	-	-	-	708,502
Total expenditures	708,502	-	-	-	-	-	708,502
Excess (deficiency) of revenues over (under) expenditures	(660,756)	380	-	-	-	119,205	(541,171)
Other financing sources:							
Transfer (to) from other funds	150,000	-	-	-	-	-	150,000
Total other financing sources	150,000	-	-	-	-	-	150,000
Net change in fund balances	(510,756)	380	-	-	-	119,205	(391,171)
Fund balances, beginning of year	464,912	1,155	3,041	106	412	-	469,626
Fund balances (deficit), end of year	\$ (45,844)	1,535	3,041	106	412	119,205	78,455

NONMAJOR CAPITAL PROJECTS FUNDS

TOWN OF KENNEBUNKPORT, MAINE
Nonmajor Capital Projects Funds
Combining Balance Sheet
June 30, 2018

	General Capital Projects	Fire Apparatus	Highway Vehicles	Garage Roof	S Brook Drainage	Communications Building	Fire Equipment	Fire Radios	Fire PPE
ASSETS									
Interfund loans receivable	\$ 6,988	218,642	12,969	13,263	3,900	9,497	22,671	34,721	26,244
Total assets	\$ 6,988	218,642	12,969	13,263	3,900	9,497	22,671	34,721	26,244
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	-	-	-	-	-	-	-	-	-
Interfund loans payable	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-	-
Fund balances:									
Restricted	6,988	-	-	-	-	-	-	-	-
Committed	-	218,642	12,969	13,263	3,900	9,497	22,671	34,721	26,244
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances (deficit)	6,988	218,642	12,969	13,263	3,900	9,497	22,671	34,721	26,244
Total liabilities and fund balances	\$ 6,988	218,642	12,969	13,263	3,900	9,497	22,671	34,721	26,244

TOWN OF KENNEBUNKPORT, MAINE
Nonmajor Capital Projects Funds
Combining Balance Sheet
June 30, 2018

	Fire Vehicle	Recreation Building	Sidewalks	Town Office	Police Vehicle	Road Improvement	Gen Capital Improvements	Totals
ASSETS								
Interfund loans receivable	\$ 71,999	720,719	287,100	9,005	5,297	-	336,893	1,779,908
Total assets	\$ 71,999	720,719	287,100	9,005	5,297	-	336,893	1,779,908
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	-	90,690	-	-	-	-	-	90,690
Interfund loans payable	-	-	-	-	-	208,203	-	208,203
Total liabilities	-	90,690	-	-	-	208,203	-	298,893
Fund balances:								
Restricted	-	-	-	-	-	-	-	6,988
Committed	71,999	630,029	287,100	9,005	5,297	-	336,893	1,682,230
Unassigned	-	-	-	-	-	(208,203)	-	(208,203)
Total fund balances (deficit)	71,999	630,029	287,100	9,005	5,297	(208,203)	336,893	1,481,015
Total liabilities and fund balances	\$ 71,999	720,719	287,100	9,005	5,297	-	336,893	1,779,908

TOWN OF KENNEBUNKPORT, MAINE
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2018

	General Capital Projects	Fire Apparatus	Highway Vehicle	Garage Roof	S Brook Drainage	Communications Building	Fire Equipment	Fire Radios	Fire PPE
Revenues:									
Other revenues	\$ -	-	-	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-	-	-	-
Expenditures:									
Capital outlay	-	4,690	-	-	-	2,064	8,058	-	-
Total expenditures	-	4,690	-	-	-	2,064	8,058	-	-
Excess (deficiency) of revenues over (under) expenditures	-	(4,690)	-	-	-	(2,064)	(8,058)	-	-
Other financing sources (uses):									
Issuance of debt	-	-	-	-	-	-	-	-	-
Transfer from other funds	-	130,000	-	-	-	-	22,000	10,500	17,000
Transfer to other funds	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	130,000	-	-	-	-	22,000	10,500	17,000
Net change in fund balances	-	125,310	-	-	-	(2,064)	13,942	10,500	17,000
Fund balances, beginning of year	6,988	93,332	12,969	13,263	3,900	11,561	8,729	24,221	9,244
Fund balances (deficit), end of year	\$ 6,988	218,642	12,969	13,263	3,900	9,497	22,671	34,721	26,244

TOWN OF KENNEBUNKPORT, MAINE
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2018

		Fire Vehicle	Recreation Building	Sidewalks	Town Office	Police Vehicle	Road Improvement	Gen Capital Improvements	Totals
Revenues:									
Other revenues	\$	-	-	-	-	-	-	-	-
Total revenues		-	-	-	-	-	-	-	-
Expenditures:									
Capital outlay			293,314	63,892	2,995	24,203	837,407	-	1,236,623
Total expenditures		-	293,314	63,892	2,995	24,203	837,407	-	1,236,623
Excess (deficiency) of revenues over (under) expenditures		-	(293,314)	(63,892)	(2,995)	(24,203)	(837,407)	-	(1,236,623)
Other financing sources (uses):									
Issuance of debt		-	450,000	-	-	-	-	-	450,000
Transfer from other funds		30,000	473,343	86,050	12,000	29,500	505,300	-	1,315,693
Transfer to other funds		-	-	-	-	-	-	(350,000)	(350,000)
Total other financing sources (uses)		30,000	923,343	86,050	12,000	29,500	505,300	(350,000)	1,415,693
Net change in fund balances		30,000	630,029	22,158	9,005	5,297	(332,107)	(350,000)	179,070
Fund balances, beginning of year		41,999	-	264,942	-	-	123,904	686,893	1,301,945
Fund balances (deficit), end of year	\$	71,999	630,029	287,100	9,005	5,297	(208,203)	336,893	1,481,015

NONMAJOR PERMANENT FUNDS

TOWN OF KENNEBUNKPORT, MAINE
Nonmajor Permanent Funds
Combining Balance Sheet
June 30, 2018

	Kittredge Family Fire Equip. Fund	Macomber Trust	Picavet Trust	Totals
ASSETS				
Cash and cash equivalents	\$ 317	-	-	317
Investments	782,564	-	545,358	1,327,922
Interfund loans receivable	4,302	1,507	5,940	11,749
Total assets	\$ 787,183	1,507	551,298	1,339,988
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	-	-	-	-
Total liabilities	-	-	-	-
Fund balances:				
Nonspendable	688,206	-	454,091	1,142,297
Restricted	98,977	1,507	97,207	197,691
Total fund balances	787,183	1,507	551,298	1,339,988
Total liabilities and fund balances	\$ 787,183	1,507	551,298	1,339,988

TOWN OF KENNEBUNKPORT, MAINE
Nonmajor Permanent Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2018

	Kittredge Family Fire Equip. Fund	Macomber Trust	Picavet Trust	Totals
Revenues:				
Investment income (loss)	\$ 81,273	-	54,742	136,015
Total revenues	81,273	-	54,742	136,015
Expenditures:				
Public safety	27,929	-	-	27,929
Total expenditures	27,929	-	-	27,929
Excess (deficiency) of revenues over (under) expenditures	53,344	-	54,742	108,086
Other financing uses:				
Transfer to other funds	-	(800)	-	(800)
Total other financing uses	-	(800)	-	(800)
Net change in fund balances	53,344	(800)	54,742	107,286
Fund balances, beginning of year	733,839	2,307	496,556	1,232,702
Fund balances, end of year	\$ 787,183	1,507	551,298	1,339,988

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

Table 1

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities										
Net investment in capital assets	\$ 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	\$ 7,054,872
Restricted	1,346,976	1,239,690	1,152,751	1,184,831	1,121,858	63,271	-	-	-	1,862,131
Unrestricted	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	4,003,339
Total governmental activities net position	\$ 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	\$ 12,920,342
Business-type activities										
Net investment in capital assets	\$ 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	\$ 8,303,078
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	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	3,369,535
Total business-type activities net position	\$ 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	\$ 11,672,613
Primary Government										
Net investment in capital assets	\$ 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	\$ 15,357,950
Restricted	1,346,976	1,239,690	1,152,751	1,184,831	1,121,858	63,271	-	-	-	1,862,131
Unrestricted	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	7,372,874
Total primary government net position	\$ 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	\$ 24,592,955

Table 2

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental Activities:										
General government	\$ 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	\$ 1,110,339
Public safety	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	1,989,426
Public works	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	1,144,346
Health and welfare	666,341	684,693	687,784	651,857	666,919	664,135	663,494	625,338	644,745	601,034
Recreation and culture	564,046	626,902	689,678	513,427	492,139	417,031	433,953	442,834	397,389	370,438
Grants (a)	-	-	-	-	-	2,000	1,300	41,464	-	-
Education	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	6,766,103
County tax	1,203,809	1,163,270	1,115,331	1,124,614	1,098,632	975,744	1,015,041	975,559	853,785	860,180
Outside agencies (b)	-	-	-	-	-	-	-	-	-	14,845
Unclassified	-	-	-	-	174,881	435,612	447,213	90,131	152,085	40,426
Unallocated depreciation (c)	-	-	-	-	-	-	-	-	-	38,044
Loss on disposal of assets	-	-	-	-	-	9,261	108,006	10,661	470,770	-
Interest on debt service	12,528	17,971	10,873	22,346	32,594	42,842	53,092	6,134	81,091	81,716
Capital maintenance expenses	155,676	442,138	132,456	143,621	-	675,434	367,945	44,853	(70,408)	699,958
Special projects	-	-	-	-	-	-	-	-	-	265,351
Total Governmental Activities	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	13,982,206
Business-type Activities:										
Sewer	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	1,237,022
Cape Porpoise Pier	241,876	236,776	251,075	296,655	336,978	363,784	395,556	324,965	277,219	240,403
Dock Square Parking Lot	69,062	52,976	76,908	60,580	77,341	61,426	74,254	61,348	49,887	49,767
Government Wharf	2,534	353	-	-	-	-	-	-	-	-
Total Business-type Activities	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	1,527,192
Total Expenses	\$ 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	\$ 15,509,398
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	\$ 295,109	\$ 366,497	\$ 457,114	\$ 365,872	\$ 33,841	\$ 182,336	\$ 197,129	\$ 168,138	\$ 146,981	\$ 147,265
Public safety	59,107	51,198	61,583	57,101	56,941	54,812	32,412	43,063	39,979	28,925
Public works	-	-	-	-	-	-	-	-	-	-
Health and welfare	178	1,674	4,559	1,759	3,984	3,466	1,663	7,224	10,428	5,945
Recreation and culture	348,203	332,653	204,438	191,035	178,322	171,270	163,595	163,854	162,942	160,092
Solid Waste	-	-	-	-	-	56	22	6	-	-
Unclassified	-	-	-	-	124,210	279,491	242,612	199,355	168,350	9,247
Operating grants and contributions	203,954	119,151	112,348	301,159	133,314	140,758	143,663	138,557	112,671	52,356
Capital grants and contributions	232,614	186,591	-	16,529	-	21,098	14,421	15,745	34,027	-
Total Governmental Activities	1,139,165	1,057,764	840,042	933,455	530,612	853,287	795,517	735,942	675,378	403,830
Business-type Activities:										
Charges for services:										
Sewer	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	952,409
Cape Porpoise Pier	239,517	220,690	230,312	289,053	314,235	329,444	364,236	306,390	259,889	301,274
Dock Square Parking Lot	431,347	418,523	354,795	337,738	347,888	342,873	326,100	320,297	312,230	302,620
Government Wharf	6,225	8,566	-	-	-	-	-	-	-	-
Total Business-type Activities	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	1,556,303
Total Program Revenues	\$ 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	\$ 1,960,133

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

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

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

Table 2, Continued

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Net (Expense)/Revenue:										
Governmental Activities	\$ (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)	\$ (13,578,376)
Business-type Activities	105,109	8,662	(134,373)	(70,868)	(67,342)	(36,268)	(10,799)	(2,547)	40,082	29,111
Total Net Expense	\$ (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)	\$ (13,549,265)
General Revenues										
Governmental activities:										
Property taxes, general purposes	\$ 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	\$ 11,592,045
Interest and costs on taxes (d)	32,282	33,735	29,498	29,728	26,398	25,491	28,572	34,827	30,014	-
Motor vehicle excise tax	1,030,267	959,646	948,096	895,501	846,486	803,924	804,186	779,097	811,325	838,937
Licenses and permits	-	-	-	-	226,870	-	-	-	-	-
Grants and contr. not restricted (b)	-	-	-	-	-	-	-	-	-	355,120
Homestead and BETE exemption	68,605	48,330	30,635	30,531	32,869	31,109	29,282	30,285	39,273	-
State Revenue Sharing	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	5,206	2,658	2,811	2,641	2,679	2,465	2,849	2,618	3,023	-
Unrestricted investment earnings	272,370	233,341	20,931	34,339	30,426	46,214	60,800	80,260	113,493	167,926
Miscellaneous (e)	13,484	58,243	102,303	76,521	557,691	132,701	53,763	34,743	25,287	263,557
Gain/Loss on sale of assets	-	-	-	(88,975)	(41,256)	-	-	-	-	-
Special Item (a)	-	-	-	-	-	-	-	-	50,210	-
Transfers in/out	219,215	296,701	219,173	220,165	257,956	143,097	159,535	124,462	124,391	163,701
Total general revenues, transfers and special items	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	13,381,286
Business-type Activities:										
Unrestricted investment earnings	26,133	17,584	11,840	9,750	2,778	7,228	12,419	37,152	54,123	94,068
Miscellaneous	-	-	3,835	19,702	8,622	6,500	19,425	11,043	2,960	18,266
Special Item	-	-	-	-	-	-	-	-	(50,210)	-
Gain/Loss on sale of assets	-	-	-	(9,960)	-	-	-	-	-	-
Transfers in/out	(219,215)	(296,701)	(219,173)	(220,165)	(257,956)	(143,097)	(159,535)	(124,462)	(124,391)	(163,701)
Total Business-type Activities	(193,082)	(279,117)	(203,498)	(200,673)	(246,556)	(129,369)	(127,691)	(76,267)	(117,518)	(51,367)
Total primary government	\$ 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	\$ 13,329,919
Change in Net Position										
Governmental Activities	\$ 1,414,623	\$ 913,963	\$ 683,982	\$ 1,618,900	\$ 2,175,472	\$ 1,166,285	\$ 304,429	\$ 301,586	\$ 37,095	\$ (197,090)
Business-type Activities	(87,973)	(270,455)	(337,871)	(271,541)	(313,898)	(165,637)	(138,490)	(78,814)	(77,436)	(22,256)
Total Change in Net Position	1,326,650	643,508	346,111	1,347,359	1,861,574	1,000,648	165,939	222,772	(40,341)	(219,346)
Restatement of Net Position										
Governmental Activities (c)	(240,611)	-	(93,050)	-	(1,321,556)	-	-	-	-	-
Business-type Activities (f)	-	-	-	-	(183,805)	-	-	-	-	-
Total adjusted Net Position	\$ 1,086,039	\$ 643,508	\$ 253,061	\$ 1,347,359	\$ 356,213	\$ 1,000,648	\$ 165,939	\$ 222,772	\$ (40,341)	\$ (219,346)

(a) 2010 - transfers of capital assets

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

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

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

(e) Includes a new permanent fund in FY 14

(f) to reflect the net pension liability in 2014

Table 3

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund										
Nonspendable	\$ 5,212	\$ 6,333	\$ 4,417	\$ 10,122	\$ 15,209	\$ 11,308	\$ 10,753	\$ 7,628	\$ 7,202	\$ 3,630
Committed	594,014	479,475	642,748	1,439,949	674,381	237,917	181,630	220,324	154,534	253,619
Assigned	313,858	439,685	633,099	368,924	79,408	112,290	-	-	-	-
Unassigned	3,526,941	3,191,129	2,855,514	2,845,478	3,907,479	4,050,541	3,833,702	4,207,006	4,199,792	3,784,866
Total general fund	<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>	<u>\$ 4,042,115</u>
All other governmental funds										
Nonspendable	\$ 1,142,297	\$ 1,142,297	\$ 1,142,297	\$ 1,142,297	\$ 1,063,206	\$ 688,206	\$ 688,206	\$ 688,206	\$ 688,206	\$ 688,206
Restricted	204,679	97,393	10,454	42,534	58,652	63,271	105,117	427,075	601,465	960,763
Committed	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	213,162
Unassigned	(254,047)	-	(47,002)	(3,009)	-	-	-	-	-	-
Total all other governments	<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>	<u>\$ 1,862,131</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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues										
Taxes	\$ 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	\$ 12,396,494
Intergovernmental	422,033	415,264	209,327	321,750	226,923	287,702	294,726	294,991	308,074	407,476
Licenses and permits (a)	251,804	305,928	286,231	208,239	226,870	152,683	151,761	133,588	120,040	-
Charges for services	439,835	439,299	430,276	396,588	385,694	368,756	348,761	333,283	317,382	351,474
Investment income	272,370	233,341	20,931	34,339	30,426	46,214	60,800	80,260	113,493	135,887
Contributions	-	-	1,311	85,725	-	-	-	-	-	-
Other (c)	172,620	65,038	112,179	296,246	738,027	302,693	190,674	149,512	122,349	295,595
Total Revenues	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	13,586,926
Expenditures										
Current:										
General government	\$ 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	\$ 1,171,511
Public safety	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	1,889,403
Public works	1,146,456	1,118,410	1,062,325	1,023,042	960,209	951,950	891,669	897,794	830,743	832,232
Health and welfare	665,138	693,408	685,613	664,613	665,382	662,648	678,251	635,347	644,098	600,387
Recreation and culture	548,958	613,602	667,190	512,002	462,452	422,310	437,643	427,285	386,038	382,568
Grants	-	-	-	-	-	2,000	1,300	41,464	18,129	22,363
Education	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	6,766,103
County tax	1,203,809	1,163,270	1,115,331	1,124,614	1,098,632	975,744	1,015,041	975,559	853,785	860,180
Unclassified	-	-	-	-	585,187	435,612	447,213	65,202	466,396	39,788
Debt service										
Principal	196,066	160,000	253,611	249,935	246,624	243,436	240,266	237,403	234,928	232,442
Interest	12,800	10,459	18,975	29,245	39,471	49,527	59,503	69,326	79,074	81,716
Capital improvement and reserves	2,274,125	2,614,736	1,164,945	911,328	1,383,985	675,434	389,102	376,225	239,899	1,807,668
Total Expenditures	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	14,686,361
Excess (Deficiency) of Revenues over Expenditures	(450,627)	(1,007,245)	5,278	680,150	4,679	77,947	(252,420)	(26,401)	(98,035)	(1,099,435)

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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Other Financing Sources (Uses)										
Capital lease proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,475	\$ -	\$ -	\$ -	\$ -
Loan proceeds	450,000	400,000	-	-	-	-	-	-	-	-
Transfers in	1,871,493	758,721	1,348,145	1,168,755	846,551	735,163	1,062,305	439,500	392,484	303,719
Transfers out	(1,652,278)	(462,020)	(1,128,972)	(948,590)	(588,595)	(592,066)	(902,770)	(315,038)	(268,093)	(839,976)
Total Other Financing Sources (Uses)	669,215	696,701	219,173	220,165	257,956	173,572	159,535	124,462	124,391	(536,257)
Net change in fund balances	218,588	(310,544)	224,451	900,315	262,635	251,519	(92,885)	98,061	26,356	(1,635,692)
Special item (b)	-	-	-	-	-	-	-	-	-	1,600,000
Net change in fund balances	\$ 218,588	\$ (310,544)	\$ 224,451	\$ 900,315	\$ 262,635	\$ 251,519	\$ (92,885)	\$ 98,061	\$ 26,356	\$ (35,692)
Debt service as a percentage of noncapital expenditures	1.17%	1.00%	1.77%	1.85%	1.90%	2.10%	2.24%	2.36%	2.40%	2.44%

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

(b) 2009 proceeds from bond

(c) Includes a new permanent fund in FY 14

Table 5

TOWN OF KENNEBUNKPORT, MAINE Property Tax Rates Direct and Overlapping Governments Last Ten Fiscal Years						
Fiscal Year	Direct			Overlapping		Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total Direct Rate	County Tax Rate	School Tax Rate	
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
2009	4.85	0.65	5.49	1.13	9.53	16.15

(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						
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%
2009	625,779,955	122,976,645	1,095,160	33,787,240	716,064,520	5.49	1,784,950,000	40.12%

(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
2018	\$ 16,887,898	\$ 16,664,052	98.67%	\$ -	\$ 16,664,052	98.67%
2017	15,833,533	15,656,402	98.88%	128,557	15,784,959	99.69%
2016	14,590,356	14,409,972	98.76%	176,036	14,586,008	99.97%
2015	14,296,356	14,130,137	98.84%	164,514	14,294,651	99.99%
2014	14,008,498	13,817,018	98.63%	190,973	14,007,991	100.00%
2013	12,722,328	12,704,661	99.86%	17,667	12,722,328	100.00%
2012	11,584,146	11,450,793	98.85%	133,310	11,584,103	100.00%
2011	11,519,481	11,377,220	98.77%	142,218	11,519,438	100.00%
2010	11,561,239	11,391,855	98.53%	169,341	11,561,196	100.00%
2009	11,576,136	11,394,540	98.43%	181,596	11,576,136	100.00%

Table 8

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

Taxpayer	2018			2009		
	Taxable	Rank	% of Total	Taxable	Rank	% of Total
	Assessed		Assessed	Assessed		Assessed
	Value		Value	Value		Value
Walkers Point Family Limited Partnership	\$13,487,800	1	0.71%	\$ 2,382,600	6	0.33%
Boughton Hotel Corp	11,933,300	2	0.62%	7,023,800	1	0.98%
O'Neill, Timothy J	9,949,500	3	0.52%	3,617,100	4	0.51%
Hios Hospitality LLC	8,434,300	4	0.44%	5,031,900	3	0.70%
Seaside Hotel Associates	7,856,000	5	0.41%	5,243,800	2	0.73%
Fishing Pole Lane LLC	6,471,700	6	0.34%	1,924,900	9	0.27%
Central Maine Power	6,084,500	7	0.32%			
Maiuccoro, Cathiann	5,949,500	8	0.31%			
Hetz Family Trust	5,594,300	9	0.29%			
Philip J McCabe Revocable Trust	5,553,500	10	0.29%			
Goose Rocks at Kennebunkport LLC				3,511,000	5	0.49%
Shmalo, Raymond Trustee				2,107,400	7	0.29%
M3300790 Canada Inc - Molson, Eric				2,005,600	8	0.28%
J Y F Inc				1,903,400	10	0.27%
	<u>\$ 81,314,400</u>		<u>4.25%</u>	<u>\$ 34,751,500</u>		<u>4.85%</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>				
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
2009	2,026,203	27,479	1,277,719	3,331,401	2.20%	3,988	835

(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)
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
2009	3,303,922	0.46%	828

(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, 2018

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Amount Applicable to Primary Government
York County	\$ 3,900,000	6.71%	\$ 261,690
RSU #21	60,109,339	40.91%	24,592,431
Subtotal, overlapping debt			24,854,121
Town of Kennebunkport direct debt	820,356	100.00%	820,356
Total direct and overlapping debt			<u>\$ 25,674,477</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, 2018

Debt Limit by Category	Maximum Percent	Maximum Amount	Principal Amount	Legal Debt
Type of Debt	Allowable	Allowable	Outstanding	Margin
School	10.00%	\$ 212,795,000	\$ -	\$ -
Sewer	7.50%	159,596,250	332,023	159,264,227
Municipal	7.50%	159,596,250	813,934	158,782,316
Total Maximum Debt	15.00%		<u>\$ 1,145,957</u>	

Legal Debt Margin Calculation for Fiscal Year 2018

State Valuation	\$ 2,127,950,000
Debt Limit - 15% of State Valuation	319,192,500
Less outstanding debt applicable to debt limit	<u>1,145,957</u>
Legal debt Margin	<u>\$ 318,046,543</u>

Last Ten Fiscal Years

Year	Constitutional Debt Limit	Outstanding Indebtedness June 30	Percentage of Net Debt Contracting Margin Available
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%
2009	267,742,500	3,331,401	98.76%

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)
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%
2009	3,988	49.8	37,955	151,364,540	459	7.70%

(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	2018			2009		
	Employees	Rank	% of Total Town Employment (1)	Employees	Rank	% of Total Town Employment (1)
Town of Kennebunkport	171	1	9.13%	150	1	7.99%
Nonantum Resort	160	2	8.54%	144	2	7.67%
Colony Hotel	138	3	7.37%	120	3	6.39%
Hidden Pond	109	4	5.82%	65	4	3.46%
The Boathouse	107	5	5.71%			
Alisson's Restaurant	72	6	3.84%	60	5	3.20%
Pier 77	65	7	3.47%	40	10	2.13%
Arundel Wharf Restaurant	60	8	3.20%	60	6	3.20%
Tides Beach Club	59	9	3.15%			
Wayfarer Restaurant	55	10	2.94%	50	8	2.66%
Cape Arundel Inn/Old Fort Inn				52	7	2.77%
Hurricane Restaurant				46	9	2.45%
	996		53.18%	787		41.93%

(1) State of Maine, Department of Labor 1,873 base for 2018

Table 15

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

Function	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General government	11	11	11	10	10	10	10	10	10	11
Public safety:										
Police officers	12	12	12	12	12	12	12	12	12	12
Administration	1	1	1	1	1	1	1	1	1	1
Dispatchers	4	4	4	4	4	4	4	4	4	4
Firefighters and officers	1	1	1	1	1	1	1	1	1	1
Health and welfare	1	1	1	1	1	1	1	1	1	1
Public works:										
Highways	6	6	6	6	6	6	6	6	6	6
Maintenance	1	1	1	1	1	1	1	1	1	1
Recreation	3	3	3	3	3	3	3	3	3	3
Cape Porpoise Pier	1	1	1	1	1	1	1	1	1	1
Sewer	8	8	8	8	8	8	8	8	8	8
Total	49	49	49	48	48	48	48	48	48	49

Source: Town's Finance Department

Table 16

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

Function	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government:										
Building permits issued	420	479	448	373	317	424	367	331	343	453
Police:										
Parking tickets	1,404	1,050	1,400	1,287	1,243	1,081	719	901	1,075	1,044
Traffic stops	1,106	1,101	1,926	1,643	1,469	2,296	2,763	2,249	2,802	2,356
Burglary/theft	41	31	31	73	57	60	69	80	68	64
Arrests/summons/warnings	1,422	1,475	2,575	2,268	2,033	3,148	3,623	2,970	3,628	3,142
Fire:										
Number of calls answered	204	193	205	218	167	147	159	156	177	190
Highways and streets:										
Street resurfacing (miles)	3.40	5.10	3.00	2.80	4.20	1.80	1.30	-	-	5.99
Sewer:										
Yearly sewerage treatment (in thousands of gallons)	106,350	120,110	120,110	117,212	113,875	110,748	111,810	124,206	146,939	140,869
Bio-solids (in thousands gallons)	2,095	1,423	1,741	1,401	1,319	1,229	1,177	1,632	1,247	1,529
Compost (in yards)	1,211	1,350	1,978	1,236	1,348	1,550	1,618	1,833	1,200	1,200

Source: Town Departments

Table 17

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

Function	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
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	10	12	12	14	13	11	10	7	6
Fire:										
Stations	4	4	4	4	4	4	4	4	4	4
Emergency units	12	12	12	12	12	12	12	12	12	12
Highway:										
Buildings	3	3	3	3	3	3	3	3	3	3
Streets (miles)	52	52	52	52	52	52	52	52	52	52
Street lights	280	280	280	280	280	280	280	280	280	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