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TOWN OF KENNEBUNKPORT, MAINE



Comprehensive Annual Financial Report

***For Fiscal Year Ending
June 30, 2020***

TOWN OF KENNEBUNKPORT, MAINE
Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2020

Prepared by:
The Administration and Finance Department

TOWN OF KENNEBUNKPORT, MAINE
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

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Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

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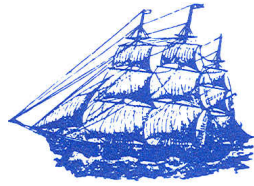
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INTRODUCTORY SECTION



TOWN OF KENNEBUNKPORT, MAINE

– INCORPORATED 1653 –

MAINE'S FINEST RESORT

December 7, 2020

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, 2020.

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, 2020. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the government

The Town was incorporated in 1653 as Cape Porpus, reincorporated in 1717 as Arundel and then changed its name February 19, 1821 to its current name – Town of Kennebunkport. The Town is located in the southeastern part of the state and is located 25 miles south of Portland. It currently occupies 22.0 square miles and has a year-round population of 3,548. The Town of Kennebunkport continues to be a key area within the State for summer tourism. The Town of Kennebunkport is empowered to levy a property tax on real and personal property located within its boundaries.

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

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

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

Local Economy

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

Unemployment had been relatively stable until the effect of the last recession was felt in 2010 and the effects from the COVID 19 pandemic. During the last decade, the unemployment rate has seen a low of 2.4% in 2018 and 2019, and a high of 6.7% in 2020. York County's unemployment rate as of June 2020 was 6.7% compared to 11.1% nationally.

Median household incomes within the Town of Kennebunkport, York County are \$91,353, which is higher than the state as a whole. According to the 2020 Maine Home Town Locator, the median family income for the County was \$67,715 while the State was \$55,425. The Town's population was 3,548 as of 2019 census American community survey. The median price of a single-family home in the Town of Kennebunkport is \$650,910.

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 2020, the Town's plans for capital investments in the Cape Porpoise Pier were continued.

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 2020, the Town started on the Ocean Ave- Seawall reconstruction project.

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

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

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

Awards and acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Kennebunkport for its comprehensive annual financial report for the year ended June 30, 2019. The certificate recognizes that Kennebunkport published an easily readable and efficiently organized comprehensive annual financial report that satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe this year's comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the Government Finance Officers Association to determine its eligibility for a certificate.

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

Respectfully submitted,

Laurie A. Smith

Laurie A. Smith, Town Manager

Jennifer L. Lord

Jennifer L. Lord, Treasurer

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Government Finance Officers Association

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

Presented to

**Town of Kennebunkport
Maine**

**For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended**

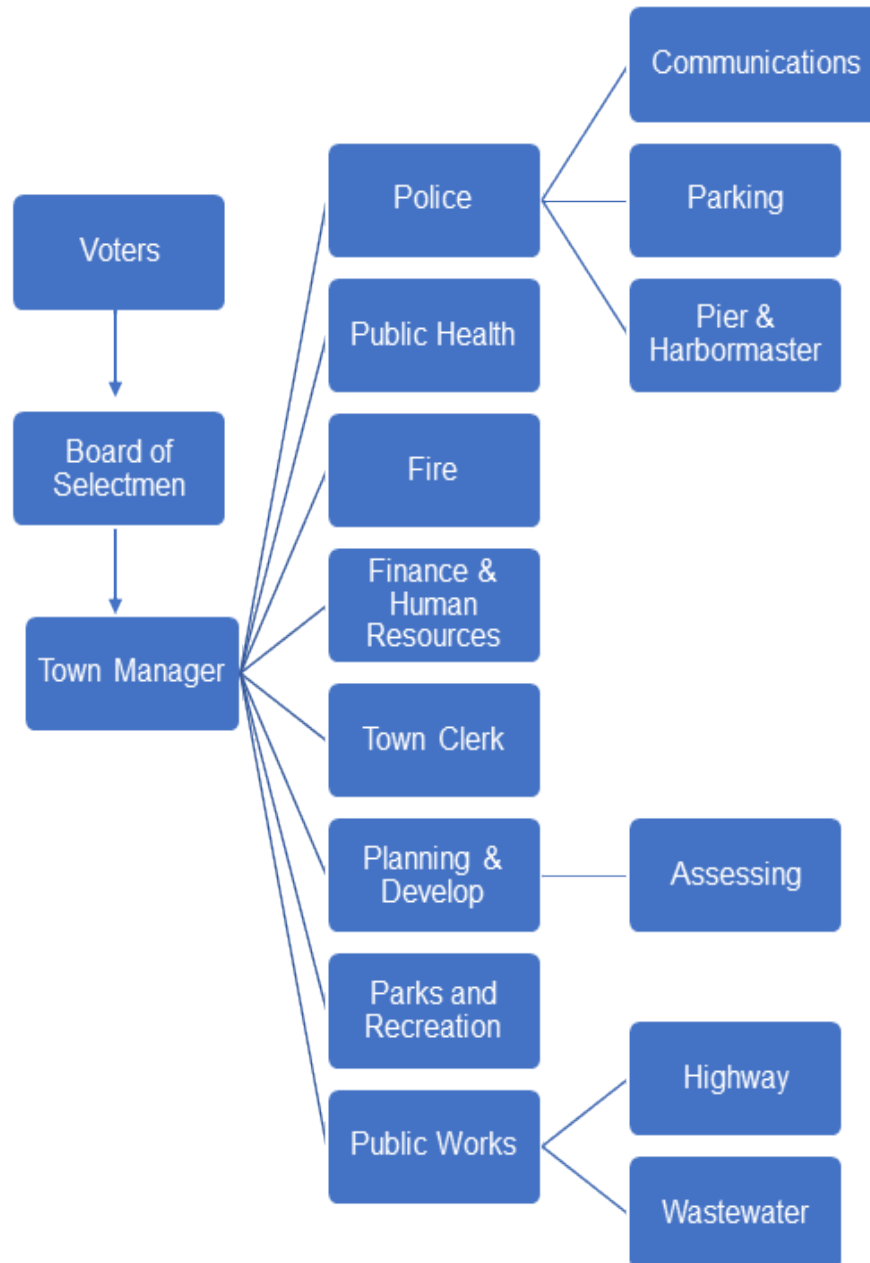
June 30, 2019

Christopher P. Morill

Executive Director/CEO

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TOWN OF KENNEBUNKPORT
Organizational Chart



TOWN OF KENNEBUNKPORT, MAINE
List of Elected and Appointed Officials
June 30, 2020

Elected Officials

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

Appointed Officials

Town Manager	Laurie A. Smith
Town Clerk	Tracey L. O’Roak
Treasurer	Jennifer L. Lord
Fire Chief	John C. 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
Director of Planning & Development	Werner D. Gilliam
Cape Porpoise Pier Manager	Christopher H. Mayo

FINANCIAL SECTION

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Independent Auditor's Report

Board of Selectmen
Town of Kennebunkport, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Kennebunkport, Maine, as of and for the year ended June 30, 2020, 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, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the schedules pertaining to the net pension and total OPEB liabilities, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Town of Kennebunkport, Maine
Board of Selectmen

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2020, 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 effectiveness of the Town of Kennebunkport, Maine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Kennebunkport, Maine's internal control over financial reporting and compliance.

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

December 7, 2020
South Portland, Maine

TOWN OF KENNEBUNKPORT, MAINE
Management's Discussion and Analysis
June 30, 2020

As management of the Town of Kennebunkport, 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, 2020. 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 2020.
- The Town's total net position increased by \$1,133,105 to \$31,517,759 (Statement 2).
- Net capital assets increased by \$944,297 (pages 41 and 42).
- General revenues accounted for \$20,399,403 in revenue, or 86.05% of all revenues. Program-specific revenues consisting of charges for services and grants and contributions accounted for \$3,309,391 in revenue, or 13.95% of \$23,708,794 in total revenues (statement 2).
- At the end of the current fiscal year, the fund balance for the general fund was \$5,191,297 of which \$2,606 was nonspendable, \$636,908 was committed, \$631,480 was assigned, and \$3,920,303 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 \$31,517,759. This includes current assets (primarily cash, investments and taxes receivable), the cost (less accumulated depreciation) of all buildings, equipment and land owned by the Town (valued at historical cost, or an estimate thereof), less current liabilities and long-term debt. Changes in net position from year-to-year may be observed to analyze changing financial positions of the Town as a whole. The following table is presented in thousands (Statement 1).

	Governmental Activities		Business-type Activities		Primary Government Total	
	2020	2019	2020	2019	2020	2019
Current assets	\$ 9,764	9,279	2,492	2,490	12,256	11,769
Capital assets:						
Land	12,738	12,738	950	950	13,688	13,688
Construction in progress	1,531	134	477	383	2,008	517
Buildings and improvements	4,489	4,489	7,958	7,958	12,447	12,447
Land improvements	288	288	30	30	318	318
Furniture & fixtures	20	20	-	-	20	20
Equipment & vehicles	5,111	5,021	2,727	2,507	7,838	7,528
Infrastructure	10,708	10,520	8,091	8,091	18,799	18,611
Less: accumulated depreciation	(7,846)	(7,255)	(11,653)	(11,199)	(19,499)	(18,454)
Total assets	36,803	35,234	11,072	11,210	47,875	46,444
Deferred outflows of resources						
related to pensions	568	503	62	50	630	553
related to OPEB	100	51	-	-	100	51
Total deferred outflows of resources	668	554	62	50	730	604
Current liabilities	1,219	448	1,695	1,491	2,914	1,939
Long-term liabilities	13,418	13,876	346	455	13,764	14,331
Total liabilities	14,637	14,324	2,041	1,946	16,678	16,270
Deferred inflows of resources						
related to pensions	366	348	44	39	410	387
related to OPEB	-	7	-	-	-	7
Total deferred inflows of resources	366	355	44	39	410	394
Net investment in capital assets	15,264	14,853	6,793	6,975	22,057	21,828
Restricted	1,465	1,402	-	-	1,465	1,402
Unrestricted	5,739	4,854	2,256	2,300	7,995	7,154
Total net position	\$ 22,468	21,109	9,049	9,275	31,517	30,384

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

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

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future periods such as uncollected taxes and earned but unused compensated absences. The following summarizes the changes in net position in thousands (Statement 2). Details on the overall general fund operational results can be found following the expenditure and revenue tables on pages 18 and 19. The business-type activities details can be found starting on page 29.

	Governmental Activities		Business-type Activities		Primary Government Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 875	\$ 808	1,867	1,888	2,742	2,696
Operating grants & cont.	301	239	-	-	301	239
Capital grants	265	586	-	-	265	586
General revenues:						
Property taxes	18,789	17,164	-	-	18,789	17,164
Excise taxes	1,098	1,068	-	-	1,098	1,068
Grants & cont.	211	156	-	-	211	156
Unrestricted investment earnings	264	305	24	35	288	340
Miscellaneous	10	38	-	-	10	38
Total revenues	21,813	20,364	1,891	1,923	23,704	22,287
Expenses:						
Program expenses:						
General government	2,147	1,495	-	-	2,147	1,495
Public safety	3,026	2,919	-	-	3,026	2,919
Public works	1,474	1,719	-	-	1,474	1,719
Health and welfare	668	704	-	-	668	704
Recreation and culture	653	638	-	-	653	638
Education	11,249	10,220	-	-	11,249	10,220
County tax	1,143	1,135	-	-	1,143	1,135
Interest on debt service	320	390	-	-	320	390
Capital improvements	23	43	-	-	23	43
Sewer	-	-	1,410	1,756	1,410	1,756
Cape Porpoise Pier	-	-	364	352	364	352
Dock Square Parking Lot	-	-	86	121	86	121
Government Wharf	-	-	8	13	8	13
Total expenses	20,703	19,263	1,868	2,242	22,571	21,505
Increase (decrease) in net position	1,110	1,101	23	(319)	1,133	782
Transfers in (out)	249	234	(249)	(234)	-	-
Net position, beg. of year	21,109	19,774	9,275	9,828	30,384	29,602
Net position, end of year	\$ 22,468	21,109	9,049	9,275	31,517	30,384

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

The table below presents the total cost, for fiscal years 2020 and 2019, 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)

	2020				2019			
	Total		Net		Total		Net	
General govt.	\$ 2,147	10.4%	1,686	8.8%	\$ 1,495	7.8%	1,143	6.5%
Public safety	3,026	14.6%	2,735	14.2%	2,919	15.2%	2,746	15.6%
Public works	1,474	7.1%	1,166	6.1%	1,719	8.9%	1,057	6.0%
Education	11,249	54.3%	11,249	58.4%	10,220	53.0%	10,220	58.0%
County tax	1,143	5.5%	1,143	5.9%	1,135	5.9%	1,135	6.4%
Totals	\$ 19,039	91.9%	17,979	93.3%	17,488	90.8%	16,301	92.4%

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. More funding has been assigned for use of fund balance in the subsequent year and therefore unassigned decreased. The changes in the fund balance of this fund is as follows (Statement 3):

Major Fund	Balance June 30, 2020	Balance June 30, 2019	\$ Change	% Change
General Fund	\$ 5,191,297	\$ 4,930,025	261,272	5.30%

Expenditures

The table below shows the Town's original and adjusted budgets for various departments and functions for the year ended June 30, 2020. 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	\$ 1,988,397	2,089,161	1,856,579	232,582	11.13%
Public Safety	2,948,749	2,989,929	2,824,827	165,102	5.52%
Public Works	1,225,693	1,238,293	1,130,645	107,648	8.69%
Health and Welfare	737,959	737,959	667,300	70,659	9.57%
Recreation and Culture	510,620	510,636	495,158	15,478	3.03%
County Tax	1,143,776	1,143,776	1,143,776	-	0.00%
Education	11,249,250	11,249,250	11,249,250	-	0.00%
Debt Service	592,020	592,020	455,209	136,811	23.11%
Capital Improvements and Reserves	-	424,790	19,841	404,949	95.33%
Total expenditures	\$ 20,396,464	20,975,814	19,842,585	1,133,229	5.40%

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, 2020. 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	\$ 18,745,020	18,698,146	(46,874)	-0.25%
Excise taxes	994,600	1,098,012	103,412	10.40%
Interest on taxes	27,000	44,668	17,668	65.44%
Licenses, permits, and fees	325,750	417,948	92,198	28.30%
Charges for services	265,600	289,740	24,140	9.09%
Intergovernmental revenue	575,936	732,517	156,581	27.19%
Investment income	110,000	167,924	57,924	52.66%
Other revenues	23,500	37,223	13,723	58.40%
Total revenues	\$ 21,067,406	21,486,178	418,772	1.99%

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

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

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

Intergovernmental revenues were over budget due to MDOT grants becoming available in fiscal year 2020.

Charges for services were over budget primarily due to 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, 2020, the Town had \$35,619,904 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 \$944,297, or 27.2% 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:

- Ongoing sewer upgrades.
- Road repairs, extension, and construction.
- New vehicles for the fire and public works departments.
- New equipment for the sewer and Dock Square Parking Lot departments.

All of the above were paid for with General Fund resources, except that the equipment was paid for with corresponding account fees and using existing net position. The sewer upgrades were bonded.

The Town's fiscal year 2021 budget, as approved at the annual Town Meeting held on July 14th and July 18th, includes approximately \$1,196,914 for various capital improvements, including new Public Works fuel depot equipment, one police vehicle, reserves for a new truck for the highway department, road and sidewalk improvement/construction, and fire apparatus reserve, communications reserve, and Cape Porpoise Pier construction funding.

Debt

The Town of Kennebunkport had \$11,628,895 in bonds outstanding at fiscal year-end, compared to \$11,765,826 last year (page 43). 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, 2020 was within this statutory limit. For additional information, see the long-term debt section in the notes, pages 43 through 45.

Economic Factors and Next Year's Budget

The fiscal 2021 budget has been prepared and already approved at the July 14th and 18th annual town meeting. The municipal portion of the budget increased by approximately \$290,798 from last year. This was due to increases in overall operating costs.

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

BASIC FINANCIAL STATEMENTS

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TOWN OF KENNEBUNKPORT, MAINE
Statement of Net Position
June 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 8,451,550	1,433,872	9,885,422
Investments	1,341,074	-	1,341,074
Receivables:			
Accounts, net of allowance of \$6,053	104,731	561,164	665,895
Due from other governments	85,089	-	85,089
Taxes receivable - current year	194,692	-	194,692
Taxes receivable - prior year	2,343	-	2,343
Tax and sewer liens	62,514	9,513	72,027
Internal balances	(480,327)	480,327	-
Inventory	2,392	6,619	9,011
Prepays	214	-	214
Nondepreciable capital assets	14,270,061	1,427,277	15,697,338
Depreciable capital assets, net	12,768,691	7,153,875	19,922,566
Total assets	36,803,024	11,072,647	47,875,671
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	568,683	62,055	630,738
Deferred outflows of resources related to OPEB	99,964	-	99,964
Total deferred outflows of resources	668,647	62,055	730,702
LIABILITIES			
Accounts payable and payroll withholdings	261,839	11,079	272,918
Accrued wages	102,025	18,934	120,959
Other liabilities	104,245	2,500	106,745
Accrued interest	108,020	1,110	109,130
Bond anticipation notes	-	1,563,926	1,563,926
Noncurrent liabilities:			
Due within one year	642,805	97,135	739,940
Due in more than one year	13,418,370	346,475	13,764,845
Total liabilities	14,637,304	2,041,159	16,678,463
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	365,791	44,360	410,151
Total deferred inflows of resources	365,791	44,360	410,151
NET POSITION			
Net investment in capital assets	15,264,478	6,792,646	22,057,124
Restricted for:			
Permanent funds	323,102	-	323,102
Nonexpendable principal of permanent funds	1,142,297	-	1,142,297
Unrestricted	5,738,699	2,256,537	7,995,236
Total net position	\$ 22,468,576	9,049,183	31,517,759

See accompanying notes to basic financial statements.

TOWN OF KENNEBUNKPORT, MAINE
Statement of Activities
For the year ended June 30, 2020

Functions/programs		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			
Expenses									
Primary government:									
Governmental activities:									
General government	\$	2,147,846	461,111	-	-	(1,686,735)	-	(1,686,735)	
Public safety		3,026,372	82,488	208,161	-	(2,735,723)	-	(2,735,723)	
Public works		1,474,116	-	50,035	257,455	(1,166,626)	-	(1,166,626)	
Health and welfare		668,778	27	17,207	-	(651,544)	-	(651,544)	
Recreation and culture		653,422	332,053	26,259	-	(295,110)	-	(295,110)	
Education		11,249,250	-	-	-	(11,249,250)	-	(11,249,250)	
County tax		1,143,776	-	-	-	(1,143,776)	-	(1,143,776)	
Capital improvements		23,257	-	-	8,000	(15,257)	-	(15,257)	
Interest on debt service		320,691	-	-	-	(320,691)	-	(320,691)	
Total governmental activities		20,707,508	875,679	301,662	265,455	(19,264,712)	-	(19,264,712)	
Business-type activities:									
Sewer		1,409,958	1,214,999	-	-	-	(194,959)	(194,959)	
Cape Porpoise Pier		363,710	309,545	-	-	-	(54,165)	(54,165)	
Dock Square Parking Lot		86,569	333,004	-	-	-	246,435	246,435	
Government Wharf		7,944	9,047	-	-	-	1,103	1,103	
Total business-type activities		1,868,181	1,866,595	-	-	-	(1,586)	(1,586)	
Total primary government	\$	22,575,689	2,742,274	301,662	265,455	(19,264,712)	(1,586)	(19,266,298)	
General revenues:									
Property taxes, levied for general purposes						18,745,020	-	18,745,020	
Interest and costs on taxes						44,676	-	44,676	
Motor vehicle excise taxes						1,098,012	-	1,098,012	
Grants and contributions not restricted to specific programs:									
Homestead and BETE exemption						96,140	-	96,140	
State Revenue Sharing						107,002	-	107,002	
Other State aid						8,929	-	8,929	
Unrestricted investment earnings						263,983	24,751	288,734	
Miscellaneous revenues						10,890	-	10,890	
Transfers						249,358	(249,358)	-	
Total general revenues and transfers						20,624,010	(224,607)	20,399,403	
Change in net position						1,359,298	(226,193)	1,133,105	
Net position - beginning						21,109,278	9,275,376	30,384,654	
Net position - ending						\$	22,468,576	9,049,183	31,517,759

See accompanying notes to basic financial statements.

TOWN OF KENNEBUNKPORT, MAINE

Balance Sheet

Governmental Funds

June 30, 2020

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 8,337,786	113,764	8,451,550
Investments	-	1,341,074	1,341,074
Receivables:			
Accounts, net of allowance of \$4,845	69,704	35,027	104,731
Due from other governments	85,089	-	85,089
Taxes receivable - current year	194,692	-	194,692
Taxes receivable - prior year	2,343	-	2,343
Tax liens receivable	62,514	-	62,514
Prepays	214	-	214
Inventory	2,392	-	2,392
Interfund loans receivable	-	2,623,368	2,623,368
Total assets	\$ 8,754,734	4,113,233	12,867,967
LIABILITIES			
Accounts payable and payroll withholdings	101,807	160,032	261,839
Accrued wages	102,025	-	102,025
Other liabilities	104,245	-	104,245
Interfund loans payable	3,068,737	34,958	3,103,695
Total liabilities	3,376,814	194,990	3,571,804
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues - property taxes	186,623	-	186,623
Total deferred inflows of resources	186,623	-	186,623
FUND BALANCES			
Nonspendable	2,606	1,142,297	1,144,903
Restricted	-	323,102	323,102
Committed	636,908	2,455,053	3,091,961
Assigned	631,480	-	631,480
Unassigned	3,920,303	(2,209)	3,918,094
Total fund balances	5,191,297	3,918,243	9,109,540
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,754,734	4,113,233	
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.			27,038,752
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable revenue in the funds.			186,623
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.			
Bonds payable			(11,404,315)
Premium on bonds			(462,716)
Capital leases			(23,768)
Net pension liability, including related deferred inflows and outflows of resources			(1,257,494)
Total OPEB liability, including related deferred inflows and outflows of resources			(330,423)
Accrued interest			(108,020)
Accrued compensated absences			(279,603)
Net position of governmental activities			\$ 22,468,576

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, 2020

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 19,840,826	-	19,840,826
Intergovernmental	732,517	-	732,517
Licenses and permits	417,948	-	417,948
Charges for services	289,740	158,181	447,921
Investment income (loss)	167,924	96,059	263,983
Other revenues	37,223	30,148	67,371
Total revenues	21,486,178	284,388	21,770,566
Expenditures:			
Current:			
General government	1,856,579	18,063	1,874,642
Public safety	2,824,827	31,969	2,856,796
Public works	1,130,645	-	1,130,645
Health and welfare	667,300	-	667,300
Recreation and culture	495,158	121,811	616,969
Education	11,249,250	-	11,249,250
County tax	1,143,776	-	1,143,776
Debt service	455,209	-	455,209
Capital improvements and other	52,758	1,660,839	1,713,597
Total expenditures	19,875,502	1,832,682	21,708,184
Excess (deficiency) of revenues over (under) expenditures	1,610,676	(1,548,294)	62,382
Other financing sources (uses):			
Issuance of debt	30,207	-	30,207
Transfers from other funds	465,707	1,729,676	2,195,383
Transfers to other funds	(1,845,318)	(100,707)	(1,946,025)
Total other financing sources (uses)	(1,349,404)	1,628,969	279,565
Net change in fund balances	261,272	80,675	341,947
Fund balances, beginning of year	4,930,025	3,837,568	8,767,593
Fund balances, end of year	\$ 5,191,297	3,918,243	9,109,540

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, 2020

Net change in fund balances - total governmental funds (from Statement 4)	\$	341,947
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Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$1,690,340) exceeded depreciation expense (\$606,669).		1,083,671
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		46,882
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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 of the change in the net pension liability with related deferred inflows and outflows and outflows (\$140,460), accrued compensated absences (\$55,748), total OPEB liability with related deferred inflows and outflows (\$27,744), and accrued interest (\$31,902).		(255,854)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is amount by which bond and lease repayments (\$89,169) and the amortization of bond premium (\$83,690) exceeded lease proceeds (\$30,207).		142,652
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Change in net position of governmental activities (see Statement 2)	\$	1,359,298
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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, 2020

	Budgeted amounts			Variance with final budget positive (negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 19,766,620	19,766,620	19,840,826	74,206
Intergovernmental	575,936	575,936	732,517	156,581
Licenses and permits	325,750	325,750	417,948	92,198
Charges for services	265,600	265,600	289,740	24,140
Interest earned	110,000	110,000	167,924	57,924
Other revenue	23,500	23,500	37,223	13,723
Total revenues	21,067,406	21,067,406	21,486,178	418,772
Expenditures:				
Current:				
General government	1,988,397	2,089,161	1,856,579	232,582
Public safety	2,948,749	2,989,929	2,824,827	165,102
Public works	1,225,693	1,238,293	1,130,645	107,648
Health and welfare	737,959	737,959	667,300	70,659
Recreation and culture	510,620	510,636	495,158	15,478
Education	11,249,250	11,249,250	11,249,250	-
County tax	1,143,776	1,143,776	1,143,776	-
Debt service	592,020	592,020	455,209	136,811
Capital improvements and other	-	424,790	19,841	404,949
Total expenditures	20,396,464	20,975,814	19,842,585	1,133,229
Excess (deficiency) of revenues over (under) expenditures	670,942	91,592	1,643,593	1,552,001
Other financing sources (uses):				
Transfers from other funds	465,800	465,800	465,707	(93)
Transfers to other funds	(1,336,742)	(1,845,318)	(1,845,318)	-
Utilization of unassigned fund balance	200,000	700,576	-	(700,576)
Utilization of committed fund balance	-	587,350	-	(587,350)
Total other financing sources (uses)	(670,942)	(91,592)	(1,379,611)	(1,288,019)
Net change in fund balance - budgetary basis	-	-	263,982	263,982
Reconciliation to GAAP basis:				
Change in encumbrance balance			(2,710)	
Total reconciliation to GAAP basis			(2,710)	
Net change in fund balance - GAAP basis			261,272	
Fund balance, beginning of year			4,930,025	
Fund balance, end of year	\$		5,191,297	

See accompanying notes to basic financial statements.

TOWN OF KENNEBUNKPORT, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2020

Business-type Activities - Enterprise Funds			
	Sewer Department	Nonmajor Funds	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,431,872	2,000	1,433,872
Accounts receivable, net of allowance of \$1,208	533,678	27,486	561,164
Sewer liens	9,513	-	9,513
Inventory	-	6,619	6,619
Interfund loans receivable	117,452	398,606	516,058
Total current assets	2,092,515	434,711	2,527,226
Noncurrent assets:			
Property, plant, and equipment	18,590,152	1,644,310	20,234,462
Less accumulated depreciation	(10,974,433)	(678,877)	(11,653,310)
Total noncurrent assets	7,615,719	965,433	8,581,152
Total assets	9,708,234	1,400,144	11,108,378
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	48,481	13,574	62,055
Total deferred outflows of resources	48,481	13,574	62,055
LIABILITIES			
Current liabilities:			
Accounts payable and payroll withholdings	3,639	7,440	11,079
Accrued wages	15,203	3,731	18,934
Other liabilities	-	2,500	2,500
Accrued interest	1,110	-	1,110
Interfund loans payable	-	35,731	35,731
Bond anticipations notes	1,563,926	-	1,563,926
Accrued compensated absences	39,022	2,906	41,928
Noncurrent liabilities, current portion	55,207	-	55,207
Total current liabilities	1,678,107	52,308	1,730,415
Noncurrent liabilities, long-term portion	307,735	38,740	346,475
Total liabilities	1,985,842	91,048	2,076,890
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	34,656	9,704	44,360
Total deferred inflows of resources	34,656	9,704	44,360
NET POSITION			
Net investment in capital assets	5,827,213	965,433	6,792,646
Unrestricted	1,909,004	347,533	2,256,537
Total net position	\$ 7,736,217	1,312,966	9,049,183

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, 2020

Business-type Activities - Enterprise Funds			
	Sewer Department	Nonmajor Funds	Total
Operating revenues:			
Fees	\$ 1,170,640	340,366	1,511,006
Lease income	-	40,000	40,000
Fuel sales	-	215,280	215,280
Dues	-	55,322	55,322
Other income	44,359	628	44,987
Total operating revenues	1,214,999	651,596	1,866,595
Operating expenses:			
Wages and benefits	705,046	137,763	842,809
Utilities	99,316	19,033	118,349
Contracted services	29,758	34,175	63,933
Insurance	25,136	2,274	27,410
Supplies and equipment	75,783	201,276	277,059
Repairs and maintenance	26,629	13,714	40,343
Miscellaneous	4,904	10,225	15,129
Capital related expenses	6,260	3,586	9,846
Depreciation	432,174	27,420	459,594
Total operating expenses	1,405,006	449,466	1,854,472
Operating income (loss)	(190,007)	202,130	12,123
Nonoperating revenue (expenses):			
Interest income	24,751	-	24,751
Gain (loss) on disposal of capital assets	-	(8,757)	(8,757)
Interest expense	(4,952)	-	(4,952)
Total nonoperating revenue (expenses)	19,799	(8,757)	11,042
Net income (loss) before transfers	(170,208)	193,373	23,165
Transfers:			
Transfer (to) from other funds	5,642	(255,000)	(249,358)
Total transfers	5,642	(255,000)	(249,358)
Change in net position	(164,566)	(61,627)	(226,193)
Total net position, beginning of year	7,900,783	1,374,593	9,275,376
Total net position, end of year	\$ 7,736,217	1,312,966	9,049,183

See accompanying notes to basic financial statements.

TOWN OF KENNEBUNKPORT, MAINE
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2020

Business-type Activities - Enterprise Funds			
	Sewer Department	Nonmajor Funds	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 838,127	672,973	1,511,100
Payments to suppliers	(267,698)	(281,287)	(548,985)
Payments to employees	(685,102)	(115,534)	(800,636)
Net cash provided by (used in) operating activities	(114,673)	276,152	161,479
Cash flows from non-capital financing activities:			
(Increase) decrease in interfund loans receivable	330,879	32,849	363,728
Transfers (to) from other funds	5,642	(255,000)	(249,358)
Net cash provided by (used in) non-capital financing activities	336,521	(222,151)	114,370
Cash flows from capital and related financing activities:			
Purchase of capital assets	(259,327)	(69,650)	(328,977)
Proceeds from issuance of bond anticipation notes	96,879	-	96,879
Bond principal payments	(54,201)	-	(54,201)
Interest payments	(5,200)	-	(5,200)
Net cash provided by (used in) capital and related financing activities	(221,849)	(69,650)	(291,499)
Cash flows from investing activities:			
Investment income	24,751	-	24,751
Net cash provided by investing activities	24,751	-	24,751
Increase (decrease) in cash	24,750	(15,649)	9,101
Cash and cash equivalents, beginning of year	1,407,122	17,649	1,424,771
Cash and cash equivalents, end of year	\$ 1,431,872	2,000	1,433,872
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (190,007)	202,130	12,123
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	432,174	27,420	459,594
Change in operating assets and liabilities:			
(Increase) decrease in accounts receivable	(377,262)	21,377	(355,885)
(Increase) decrease in sewer liens	390	-	390
(Increase) decrease in inventory	-	(791)	(791)
Increase (decrease) in accounts payable	88	3,787	3,875
Increase (decrease) in accrued wages	5,630	383	6,013
Increase (decrease) in net pension liability with related deferred outflows and deferred inflows of resources	7,368	20,617	27,985
Increase (decrease) in accrued compensated absences	6,946	1,229	8,175
Net cash provided by (used in) operating activities	\$ (114,673)	276,152	161,479

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.

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, 2020 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.

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 Balance – 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, 2020, the Town was in compliance with its policy.

Long-term Obligations - In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, if material to basic financial statements, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

Interfund Transactions - Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly chargeable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

Use of Estimates - Preparation of the Town's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Comparative Data/Reclassifications - Comparative data for the prior year has been presented only for certain funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, CONTINUED

B. Revised Budget

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

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other financing sources (uses)</u>
2020 budget as originally adopted	\$ 21,067,406	20,396,464	(670,942)
Budget adjustments	-	(8,000)	(8,000)
Assigned carryforward balances	-	587,350	587,350
Totals	\$ 21,067,406	20,975,814	(91,592)

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, 2020, the Town reported deposits of \$9,885,422 with a bank balance of \$9,839,520. Of the Town's bank balances of \$9,839,520, 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.

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, 2020, the Town had the following investments:

	<u>Fair value</u>	<u>N/A</u>	<u>Less than 1 year</u>	<u>Fair value hierarchy</u>	<u>Credit rating</u>
Exchange traded funds	\$ 295,634	295,634	-	Level 1	A-
Mutual funds	151,506	151,506	-	Level 1	A-
Equities	893,934	893,934	-	Level 1	N/A
Total investments	\$ 1,341,074	1,341,074	-		

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.

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

DEPOSITS AND INVESTMENTS, CONTINUED

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.

PROPERTY TAX

Property taxes for the current period were committed on July 25, 2019, on the assessed value listed as of April 1, 2019, for all real and personal property located in the Town. Payment of taxes was due in equal installments on September 10, 2019 and March 10, 2020. Interest at the rate of 8% per annum was charged on any amounts remaining unpaid after this date. Assessed values are periodically established by the Assessor's agent at 100% of assumed market value. The 2020 assessed value of \$1,983,600,020 was 97% of the estimated market value and 86% of the 2020 state valuation of \$2,295,400,000.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$77,014 for the period ended June 30, 2020.

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, 2020 and 2019 levies:

	<u>2020</u>	<u>2019</u>
Assessed value	\$ 1,983,600,020	1,962,639,480
Tax rate (per \$1,000)	9.45	8.76
Commitment	18,745,020	17,192,722
Supplemental taxes assessed	-	-
	18,745,020	17,192,722
Less: Collections and abatements	18,550,328	17,014,268
Receivable at June 30	\$ 194,692	178,454
Collection rate	98.96%	98.96%

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

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance June 30, <u>2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2020</u>
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 133,865	1,397,689	-	1,531,554
Land	12,738,507	-	-	12,738,507
<u>Total capital assets, not being depreciated</u>	<u>12,872,372</u>	<u>1,397,689</u>		<u>14,270,061</u>
Capital assets, being depreciated:				
Land improvements	287,970	-	-	287,970
Buildings	3,434,125	-	-	3,434,125
Buildings improvements	1,054,696	-	-	1,054,696
Machinery and equipment	1,327,936	20,458	-	1,348,394
Furniture and fixtures	19,623	-	-	19,623
Vehicles	3,692,707	85,454	15,000	3,763,161
Infrastructure	10,520,709	186,739	-	10,707,448
<u>Total capital assets, being depreciated</u>	<u>20,337,766</u>	<u>292,651</u>	<u>15,000</u>	<u>20,615,417</u>
Less accumulated depreciation for:				
Land improvements	149,163	9,691	-	158,854
Buildings	1,002,427	81,522	-	1,083,949
Building improvements	399,231	43,451	-	442,682
Machinery and equipment	613,372	66,144	-	679,516
Furniture and fixtures	19,623	-	-	19,623
Vehicles	1,977,275	169,916	15,000	2,132,191
Infrastructure	3,093,966	235,945	-	3,329,911
<u>Total accumulated depreciation</u>	<u>7,255,057</u>	<u>606,669</u>	<u>15,000</u>	<u>7,846,726</u>
<u>Total capital assets being depreciated, net</u>	<u>13,082,709</u>	<u>(314,018)</u>	<u>-</u>	<u>12,768,691</u>
<u>Governmental activities capital assets, net</u>	<u>\$ 25,955,081</u>	<u>1,083,671</u>	<u>-</u>	<u>27,038,752</u>

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

Governmental activities:	
General government	\$ 83,547
Public safety	151,523
Public works	336,767
Recreation and culture	34,832
<u>Total depreciation expense - governmental activities</u>	<u>\$ 606,669</u>

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

CAPITAL ASSETS, CONTINUED

	Balance June 30, <u>2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2020</u>
Business-type activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 383,410	93,439	-	476,849
Land	950,428	-	-	950,428
Total capital assets, not being depreciated	1,333,838	93,439	-	1,427,277
Capital assets, being depreciated:				
Land improvements	29,600	-	-	29,600
Buildings	4,936,200	-	-	4,936,200
Building improvements	3,022,475	-	-	3,022,475
Machinery and equipment	2,397,778	235,539	14,530	2,618,787
Infrastructure	8,091,122	-	-	8,091,122
Vehicles	109,001	-	-	109,001
Total capital assets, being depreciated	18,586,176	235,539	14,530	18,807,185
Less accumulated depreciation for:				
Land improvements	29,600	-	-	29,600
Buildings	3,295,977	97,849	-	3,393,826
Building improvements	1,261,574	78,489	-	1,340,063
Machinery and equipment	1,749,046	95,639	5,772	1,838,913
Infrastructure	4,822,970	176,717	-	4,999,687
Vehicles	40,321	10,900	-	51,221
Total accumulated depreciation	11,199,488	459,594	5,772	11,653,310
Total capital assets being depreciated, net	7,386,688	(224,055)	8,758	7,153,875
Business-type activities capital assets, net	\$ 8,720,526	(130,616)	8,758	8,581,152

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

Business-type activities:	
Sewer Department	\$ 432,174
Cape Porpoise Pier	16,149
Dock Square Parking Lot	11,271
Total depreciation expense - business-type activities	\$ 459,594

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

INTERFUND LOAN BALANCES AND TRANSFERS

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

Individual interfund loan receivable and payable balances at the year ended June 30, 2020 were as follows:

	<u>Interfund loans receivable</u>	<u>Interfund loans payable</u>
General Fund	\$ -	3,068,737
Proprietary Funds:		
Sewer Department	117,452	-
Cape Porpoise Pier	-	35,731
Dock Square Parking Lot	394,249	-
Government Wharf	4,357	-
Total proprietary funds	516,058	35,731
All Other Governmental Funds:		
Special revenue funds	431,409	34,958
Capital projects funds	2,181,398	-
Permanent funds	10,561	-
Total all other governmental funds	2,623,368	34,958
Total interfund loans receivable and payable	\$ 3,139,426	3,139,426

Individual fund transfers for the year ended June 30, 2020 were as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ 465,707	1,845,318
Proprietary Funds:		
Sewer Department	35,642	30,000
Dock Square Parking Lot	-	255,000
Total proprietary funds	35,642	285,000
All Other Governmental Funds:		
Special revenue funds	275,000	80,000
Capital projects funds	1,534,676	100,000
Permanent funds	-	707
Total all other governmental funds	1,809,676	180,707
Total interfund transfers	\$ 2,311,025	2,311,025

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

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

SHORT-TERM DEBT

The Town issued two clean water state revolving fund bond anticipation notes for interim financing until long-term bonds are issued. The bond anticipation notes were for \$1,700,000 and \$300,000 with an interest rate of 1.00% and are due on January 4, 2021. Bond anticipation note activity for the year ended June 30, 2020 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>
Bond anticipation notes:				
Clean water (sewer)	\$ 1,258,457	49,827	-	1,308,284
Clean water (sewer)	208,590	47,052	-	255,642
Bond anticipation note	\$ 1,467,047	96,879	-	1,563,926

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2020 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
General obligation bonds	\$ 11,487,045	-	82,730	11,404,315	548,573
Premium on bonds	546,406	-	83,690	462,716	88,631
Capital leases	-	30,207	6,439	23,768	5,601
Net pension liability	1,272,147	188,239	-	1,460,386	-
Total OPEB liability	346,677	83,710	-	430,387	-
Compensated absences	223,855	288,792	233,044	279,603	-
Governmental activity long-term liabilities	\$ 13,876,130	590,948	405,903	14,061,175	642,805
Business-type activities:					
General obligations bonds	\$ 278,781	-	54,201	224,580	55,207
Net pension liability	142,612	34,490	-	177,102	-
Compensated absences	33,753	58,002	49,827	41,928	41,928
Business-type activity long-term liabilities	\$ 455,146	92,492	104,028	443,610	97,135

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

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

LONG-TERM DEBT

Bonds payable and capital leases at June 30, 2020 are comprised of the following:

Bonds Payable

	<u>Amount issued</u>	<u>Date of issue</u>	<u>Date of maturity</u>	<u>Interest rate</u>	<u>Balance</u>
<u>Governmental activities:</u>					
Recreation building	\$ 450,000	6/20/18	2028	3.27%	360,000
Police station addition	400,000	9/2/16	2027	2.25%	289,315
Seawall and village parcel	2,255,000	5/1/19	2040	3.00-5.00%	2,255,000
Village parcel	8,500,000	5/1/19	2025	3.25-4.88%	8,500,000
Total governmental activities bonds payable					11,404,315
<u>Business-type activities:</u>					
Sewer expansion bonds	\$ 1,000,000	11/13/03	2024	2.25%	224,580
Total business-type activities bonds payable					224,580
Total governmental and business-type activities bonds payable					\$ 11,628,895

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

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

	<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>
2021	\$ 548,573	392,813	941,386	55,207	4,003	59,210
2022	559,471	369,869	929,340	55,984	3,251	59,235
2023	565,371	346,648	912,019	56,470	2,674	59,144
2024	576,293	323,131	899,424	56,919	2,069	58,988
2025	7,537,226	187,501	7,724,727	-	-	-
2026-2030	967,381	189,858	1,157,239	-	-	-
2031-2035	325,000	73,125	398,125	-	-	-
2036-2040	325,000	24,375	349,375	-	-	-
Totals	\$ 11,404,315	1,907,320	13,311,635	224,580	11,997	236,577

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, 2020, the Town's outstanding debt did not exceed these limits.

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

LONG-TERM DEBT, CONTINUED

Capital Leases

The following is a schedule, by year, of future minimum capital lease payments together with the present value of the net minimum payments as of June 30, 2020:

2021	\$ 6,540
2022	6,540
2023	6,540
2024	6,540
Total minimum lease payments	26,160
Less: Amount representing interest	(2,392)
<u>Present value of net minimum lease payments</u>	<u>\$ 23,768</u>

OPERATING LEASES

The Town leases buildings to provide facilities for the Fire Department. Total costs for the leases were \$24,350 for the year ended June 30, 2020. The future minimum lease payments for these leases are as follows:

Year ending <u>June 30,</u>	<u>Goose Rocks Beach Fire Co.</u>
<u>2021</u>	<u>\$ 24,910</u>
<u>Total</u>	<u>\$ 24,910</u>

OVERLAPPING DEBT

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

<u>Units</u>	<u>Net debt outstanding June 30, 2020</u>	<u>Percentage applicable to the Town</u>	<u>Town's proportionate share of debt</u>
York County	\$ 1,900,000	6.56%	124,725
Regional School Unit #21	51,008,779	41.09%	20,961,162

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

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

RISK MANAGEMENT

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

Based on the coverage provided by these pools, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities, which should be recorded at June 30, 2020. 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, 2020:

	Governmental activities	Business-type activities
Capital assets	\$ 34,885,478	20,234,462
Accumulated depreciation	(7,846,726)	(11,653,310)
Bonds payable	(11,404,315)	(224,580)
Premium on bonds	(462,716)	-
Bond anticipation notes	-	(1,563,926)
Unspent proceeds	92,757	-
Total net investment in capital assets	\$ 15,264,478	6,792,646

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

FUND BALANCE

The General Fund unassigned fund balance total of \$3,920,303 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, 2020, other fund balance components consisted of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund:				
Inventory and prepaid	\$ 2,606	-	-	-
Carryforward balances	-	-	636,908	-
Subsequent year's expenditures	-	-	-	600,000
Encumbrances	-	-	-	31,480
Total general fund	2,606	-	636,908	631,480

Other Governmental Funds:

 Special Revenue Funds:

Piers, Rivers, & Harbors	-	-	235,338	-
350 th Anniversary	-	-	226	-
Reserve Open Space	-	-	119,205	-
Revaluation	-	-	52,678	-
Drug Forfeiture	-	-	412	-
Recreation and Special Events	-	-	14,059	-
Scholarships	-	-	9,485	-

 Capital Projects Funds:

Ocean Ave Seawall	-	-	63,217	-
Fire PPE	-	-	39,364	-
Fire Radios	-	-	30,786	-
Fire Vehicle	-	-	19,452	-
Fire Equipment	-	-	81,470	-
Sidewalks	-	-	135,043	-
General Capital Projects	-	-	6,988	-
Fire Port Village	-	-	14,500	-
Highway Vehicles	-	-	14,839	-
Police Vehicle	-	-	26,220	-
Administrative Projects	-	-	77,485	-
Fire Apparatus	-	-	478,642	-
Garage Roof	-	-	202	-
S-Brook Drainage	-	-	740	-
Road Improvement	-	-	85,633	-
General Capital Improvements	-	-	786,669	-
Village Parcel	-	-	92,757	-
Recreation Capital	-	-	69,643	-

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

FUND BALANCE, CONTINUED

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
Permanent Funds:				
Principal	\$ 1,142,297	-	-	-
Unexpended income:				
Kittredge Trust	-	160,052	-	-
Picavet Trust	-	163,050	-	-
Total other governmental funds	1,142,297	323,102	2,455,053	-
Grand totals	\$ 1,144,903	323,102	3,091,961	631,480

At June 30, 2020 and 2019, fund balances were committed to future periods as follows:

	<u>2020</u>	<u>2019</u>
General Fund:		
Communications	\$ -	9,364
Police	16,500	23,386
Public works	21,170	12,600
Fire	1,840	8,430
Planning	3,530	4,764
Contingency	40,000	75,000
Legal	68,854	29,707
Solid waste	1,544	-
Shade Tree	13,218	-
Public health	10,614	-
Recreation	7,700	8,016
FEMA maps	-	100
EMA	4,110	3,725
Public works speed signs	5,000	5,000
General assistance donations	15,314	11,391
General assistance fuel	92,848	91,954
General assistance food	11,544	8,121
Nurse general donation	8,277	7,256
Employee separation	84,937	64,937
Cemetery	300	300
Local circuit breaker program	13,867	17,283
Parsons Way bench	9,729	9,729
Police donations	-	1,174
Goose Rocks Beach Advisory Committee	118,010	110,969
Garden area	-	1,000
Administration	11,748	6,785
Debt recreation	9,188	9,188
Debt police	45,192	45,192
Community development	21,874	21,979
Total General Fund committed fund balance	\$ 636,908	587,350

Encumbrances at year end were \$31,480 in the General Fund for various projects.

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

NET PENSION LIABILITY

General Information about the Pension Plan

Plan Description - Employees of the Town are provided with pensions through the Maine Public Employees Retirement System Consolidated Plan for Local Participating Districts (PLD Plan), a cost-sharing multiple-employer defined benefit pension plan, administered by the Maine Public Employees Retirement System (MPERS). Benefit terms are established in Maine statute; in the case of the PLD Plan, an advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the Maine State Legislature to amend the terms. MPERS issues a publicly available financial report that can be obtained at www.maineopers.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 7.35% to 8.3% of their annual pay. The Town's contractually required contribution rate for the year ended June 30, 2020, was 10.0% for the AC plan and 16.2% for the 1C plan of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$308,830 for governmental activities and \$30,541 for business type activities for the year ended June 30, 2020.

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

At June 30, 2020, the Town reported a liability of \$1,460,386 for governmental activities and \$177,102 for business type activities for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019, the Town's proportion of the plan's net pension liability was 0.5357%.

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

NET PENSION LIABILITY, CONTINUED

For the year ended June 30, 2020, the Town recognized a pension expense of \$449,290 for governmental activities and a pension expense of \$58,527 for business type activities. At June 30, 2020, 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	\$ 172,914	-	20,970	-
Changes in assumptions	73,959	-	8,969	-
Net difference between projected and actual earnings on pension plan investments	-	365,791	-	44,360
Changes in proportion and differences between Town contributions and proportionate share of contributions	12,980	-	1,575	-
Town contributions subsequent to the measurement date	308,830	-	30,541	-
Total	\$ 568,683	365,791	62,055	44,360

An amount of \$308,830 is reported as deferred outflows of resources in the governmental activities and \$30,541 is reported as deferred outflows of resources in the business-type activities related to pensions resulting from Town contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. 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>
2021	\$ 52,270	6,339
2022	(145,581)	(17,654)
2023	(12,395)	(1,503)
2024	(232)	(28)

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

NET PENSION LIABILITY, CONTINUED

Actuarial Assumptions - The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	2.75% to 9.0% per year
Investment return	6.75% per annum, compounded annually
Cost of living benefit increases	1.91% per annum

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period June 30, 2012 to June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 are summarized in the following table:

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

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

NET PENSION LIABILITY, CONTINUED

Discount Rate - The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1 percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Town's proportionate share of the net pension liability	\$ 3,730,093	1,637,488	(319,943)

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, 2020.

457 RETIREMENT PLAN

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457, through the International City Management Association (ICMA). The plan, available to all Town employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Assets of the plan are automatically placed in trust for the exclusive benefit of participants and their beneficiaries by ICMA. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on plan assets, are not included in the Town's financial statements. The Town's contributions to the plan for the year ended June 30, 2020 were \$84,305.

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

OTHER POSTEMPLOYMENT BENEFITS

General Information about the OPEB Plans

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

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 January 1, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employee entitled to but not yet receiving benefits	-
Active employees	42
Total	<u>45</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 \$430,387 was measured as of January 1, 2020, and was determined by an actuarial valuation as of that date.

Changes in the Total OPEB Liability

Balance at June 30, 2019	\$ 346,677
Changes for the year:	
Service cost	13,635
Interest	14,550
Changes of benefit terms	(8,627)
Differences between expected and actual experience	(10,207)
Changes in assumptions or other inputs	85,339
Benefit payments	(10,980)
Net changes	<u>83,710</u>
Balance at June 30, 2020	<u>\$ 430,387</u>

Change in assumptions reflects a change in the discount rate from 4.10% to 2.74%. Changes in benefit terms reflect the elimination of the Affordable Care Act's Cadillac tax.

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

OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

For the year ended June 30, 2020, the Town recognized OPEB expense of \$38,724. At June 30, 2020, 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	\$ 32,096	-
Changes of assumption or other inputs	67,868	-
Total	\$ 99,964	-

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

Year ended June 30:	
2021	\$ 19,166
2022	19,166
2023	19,166
2024	19,162
2025	4,518
Thereafter	18,786

Actuarial Assumptions - The total OPEB liability in the January 1, 2020 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	2.00% per year
Salary increases	2.75% per year
Discount rate	2.74% per annum
Healthcare cost trend rates	8.55% for 2020, decreasing to 3.53% for 2040
Retirees' share of the benefit related costs	100% of projected health insurance premiums

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

The actuarial assumptions used in the January 1, 2020 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 2.74% 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 2.74%, 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 (1.74%) or 1 percentage-point higher (3.74%) than the current rate:

	1% Decrease (1.74%)	Discount Rate (2.74%)	1% Increase (3.74%)
Total OPEB liability	\$ 501,114	430,387	372,755

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 371,293	430,387	504,158

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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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	\$	0.5357%	0.5169%	0.5372%	0.5392%	0.5108%	0.5028%
Town's proportionate share of the net pension liability		1,637,488	1,414,759	2,199,652	2,864,701	1,629,598	773,711
Town's covered payroll		2,717,875	2,517,366	2,530,699	2,451,768	2,349,396	2,234,398
Town's proportionate share of the net pension liability as a percentage of its covered payroll		60.25%	56.20%	86.92%	116.84%	69.36%	34.63%
Plan fiduciary net position as a percentage of the total pension liability		90.62%	91.14%	86.43%	81.61%	88.27%	94.10%

* Only six years of information available.

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

Schedule of Town Contributions
Maine Public Employees Retirement System Consolidated Plan
Last 10 Fiscal Years*

		<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$	339,371	327,098	287,653	275,390	252,997	208,757	168,733
Contributions in relation to the contractually required contribution		(339,371)	(327,098)	(287,653)	(275,390)	(252,997)	(208,757)	(168,733)
Contribution deficiency (excess)	\$	-	-	-	-	-	-	-
Town's covered payroll	\$	2,823,852	2,717,875	2,517,366	2,530,699	2,451,768	2,349,396	2,234,398
Contributions as a percentage of covered payroll		12.02%	12.04%	11.43%	10.88%	10.32%	8.89%	7.55%

* Only seven years of information 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>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$	13,635	15,238	13,077
Interest		14,550	12,840	9,543
Changes of benefit terms		(8,627)	-	-
Differences between expected and actual experience		(10,207)	-	71,798
Changes of assumptions or other inputs		85,339	(34,099)	30,720
Benefit payments		(10,980)	(10,558)	(2,493)
Net change in total OPEB Liability		<u>83,710</u>	<u>(16,579)</u>	<u>122,645</u>
Total OPEB liability - beginning		<u>346,677</u>	<u>363,256</u>	<u>240,611</u>
Total OPEB liability - ending	\$	<u>430,387</u>	<u>346,677</u>	<u>363,256</u>
Covered-employee payroll	\$	2,652,321	2,130,553	2,130,553
Total OPEB liability as a percent of covered-employee payroll		16.2%	16.3%	17.0%

**Only three years of information available.*

TOWN OF KENNEBUNKPORT, MAINE
Notes to Required Supplementary Information

Net Pension Liability

Changes of Benefit Terms - None

Changes of Assumptions - The following are changes in actuarial assumptions used in the valuations:

	<u>2018</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Discount rate	6.75%	6.875%	7.125%	7.25%
Inflation rate	2.75%	2.75%	3.50%	3.50%
Salary increases	2.75% - 9.0%	2.75% - 9.0%	3.5% - 13.5%	3.5% - 13.5%
Cost of living increases	1.91%	2.20%	2.55%	3.12%

Mortality rates:

In 2015, mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA. In 2016 and going forward, mortality rates were based on the RP2014 Total Data Set Health Annuitant Mortality Table.

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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Discount rate	2.74%	4.10%	3.44%	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.

** This schedule is intended to show information for ten years, but only the years in which changes occurred have been displayed. Additional years' information will be displayed as it becomes available.*

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GENERAL FUND

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

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TOWN OF KENNEBUNKPORT, MAINE
General Fund
Comparative Balance Sheets
June 30, 2020 and 2019

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 8,337,786	8,047,802
Investments	-	250,548
Receivables:		
Accounts, net of allowance of \$4,845 and \$4,738, respectively	69,704	41,226
Due from other governments	85,089	76,978
Taxes receivable - current year	194,692	178,454
Taxes receivable - prior year	2,343	1,600
Tax liens receivable	62,514	50,665
Prepays	214	1,060
Inventory	2,392	4,742
Total assets	\$ 8,754,734	8,653,075
LIABILITIES		
Accounts payable and payroll withholdings	101,807	161,497
Accrued wages	102,025	69,562
Other liabilities	104,245	105,587
Interfund loans payable	3,068,737	3,246,663
Total liabilities	3,376,814	3,583,309
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	186,623	139,741
Total deferred inflows of resources	186,623	139,741
FUND BALANCES		
Nonspendable	2,606	5,802
Committed	636,908	587,350
Assigned	631,480	234,190
Unassigned	3,920,303	4,102,683
Total fund balances	5,191,297	4,930,025
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,754,734	8,653,075

TOWN OF KENNEBUNKPORT, MAINE
General Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the year ended June 30, 2020

(with comparative actual amounts for the year ended June 30, 2019)

	2020		Variance positive (negative)	2019 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 18,745,020	18,745,020	-	17,126,942
Change in unavailable revenue	-	(46,882)	(46,882)	64,434
Excise taxes	994,600	1,098,012	103,412	1,068,682
Interest and costs on taxes	27,000	44,676	17,676	37,149
Total taxes	19,766,620	19,840,826	74,206	18,297,207
Intergovernmental:				
State Revenue Sharing	55,000	107,002	52,002	65,462
Homestead reimbursement	89,488	89,303	(185)	82,635
State road assistance	42,000	43,376	1,376	42,256
Tree growth	5,340	6,468	1,128	6,894
Snowmobile reimbursement	-	510	510	443
Veterans reimbursement	2,200	2,461	261	2,218
General assistance	1,500	684	(816)	1,008
Compost grant	-	6,659	6,659	4,269
BETE reimbursement	6,795	6,837	42	6,147
MDOT grants	154,150	257,455	103,305	571,498
Rachel Carson	3,550	3,601	51	4,153
RSU COPS share	215,913	208,098	(7,815)	97,355
FEMA	-	-	-	48,195
Miscellaneous	-	63	63	25
Total intergovernmental	575,936	732,517	156,581	932,558
Licenses and permits:				
Town clerk fees	10,450	8,122	(2,328)	9,205
Plumbing fees	18,000	21,770	3,770	23,170
Building permits	285,000	374,546	89,546	271,777
Liquor license	5,350	6,435	1,085	4,925
Victualers license	6,050	6,050	-	6,050
Shellfish license	900	1,025	125	900
Total licenses and permits	325,750	417,948	92,198	316,027

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

	2020		Variance positive (negative)	2019 Actual
	Budget	Actual		
Revenues, continued:				
Charges for services:				
Dogs fees	\$ 4,100	3,044	(1,056)	3,906
Agent fees	11,000	13,615	2,615	10,713
Planning board/appeals board	14,800	16,504	1,704	11,038
Parking tickets	45,000	70,585	25,585	58,597
Police other	10,500	11,903	1,403	12,634
Goose Rocks	180,000	173,872	(6,128)	152,747
Nurses fees	200	27	(173)	1,170
Miscellaneous	-	190	190	288
Total charges for services	265,600	289,740	24,140	251,093
Interest earned	110,000	167,924	57,924	193,784
Total interest earned	110,000	167,924	57,924	193,784
Other revenue:				
Donations	-	16,523	16,523	22,512
Recreation	-	-	-	100
Sale of Town assets	1,000	-	(1,000)	34,652
Conservation	10,000	10,000	-	10,000
Miscellaneous	12,500	10,700	(1,800)	3,160
Total other revenue	23,500	37,223	13,723	70,424
Total revenues	21,067,406	21,486,178	418,772	20,061,093

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

		2020						
		2019	Original	Budget	Total		Variance	2019
		Carryforward	Budget	Adjustments	Available	Actual	positive (negative)	Actual
Expenditures:								
Current:								
General government:								
Administration	\$	-	1,001,725	-	1,001,725	1,000,289	1,436	938,842
Planning and development		4,764	447,171	-	451,935	419,068	32,867	399,480
Boards and committees		-	1,850	-	1,850	967	883	1,367
Growth planning		-	5,000	-	5,000	586	4,414	11,735
Legal fees		21,000	93,000	-	114,000	110,870	3,130	113,247
Insurance		-	268,142	-	268,142	213,082	55,060	245,716
Community development		-	29,495	-	29,495	28,595	900	26,796
Contingency		75,000	65,000	-	140,000	83,122	56,878	49,004
Overlay/abatements		-	77,014	-	77,014	-	77,014	1,223
Total general government		100,764	1,988,397	-	2,089,161	1,856,579	232,582	1,787,410
Public safety:								
Police department		23,386	1,768,839	-	1,792,225	1,738,100	54,125	1,592,891
Communications		9,364	531,938	-	541,302	500,907	40,395	476,638
Fire department		8,430	417,258	-	425,688	359,332	66,356	354,319
KEMS		-	175,000	-	175,000	175,000	-	150,000
EMA		-	1,500	-	1,500	1,115	385	-
Special enforcement		-	54,214	-	54,214	50,373	3,841	37,640
Total public safety		41,180	2,948,749	-	2,989,929	2,824,827	165,102	2,611,488
Public works:								
Highway department		12,600	976,267	-	988,867	920,976	67,891	905,418
Mechanic		-	-	-	-	-	-	91,957
Utilities		-	192,790	-	192,790	187,350	5,440	175,847
Shade tree		-	42,123	-	42,123	11,477	30,646	43,406
Cemetery		-	14,513	-	14,513	10,842	3,671	13,253
Total public works		12,600	1,225,693	-	1,238,293	1,130,645	107,648	1,229,881

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

		2020				Variance positive (negative)	2019 Actual
		2019 Carryforward	Original Budget	Budget Adjustments	Total Available	Actual	
Expenditures, continued							
Current, continued:							
Health and welfare:							
Solid waste	\$	-	488,242	-	488,242	453,313	464,056
Health		-	187,811	-	187,811	160,703	175,247
Welfare		-	3,335	-	3,335	1,224	990
Social services		-	22,400	-	22,400	22,400	22,400
Other services		-	36,171	-	36,171	29,660	33,361
General assistance donations		-	-	-	-	-	6,454
Total health and welfare		-	737,959	-	737,959	667,300	702,508
Recreation and culture:							
Recreation		8,016	283,002	(8,000)	283,018	274,999	257,483
Graves library		-	155,000	-	155,000	155,000	150,000
Cape Porpoise		-	13,950	-	13,950	13,950	13,950
Parsons Way		-	4,000	-	4,000	3,715	2,890
Miscellaneous agencies		-	10,668	-	10,668	10,536	10,790
Goose Rocks Beach Committee		-	44,000	-	44,000	36,958	34,101
Total recreation and culture		8,016	510,620	(8,000)	510,636	495,158	469,214
Education		-	11,249,250	-	11,249,250	11,249,250	10,220,198
County tax		-	1,143,776	-	1,143,776	1,143,776	1,135,299
Debt service:							
Principal		-	182,731	-	182,731	82,695	81,889
Interest		-	409,289	-	409,289	372,514	16,289
Total debt service		-	592,020	-	592,020	455,209	98,178

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

		2020						
		2019	Original	Budget	Total		Variance	2019
		Carryforward	Budget	Adjustments	Available	Actual	positive (negative)	Actual
Expenditures, continued:								
Capital improvements and reserves:								
Committed:								
Administration	\$	6,785	-	-	6,785	6,785	-	14,236
Cemetery		300	-	-	300	-	300	-
Community Development		21,979	-	-	21,979	105	21,874	-
Debt Recreation building		9,188	-	-	9,188	-	9,188	-
Debt Police building		45,192	-	-	45,192	-	45,192	-
EMA		3,725	-	-	3,725	-	3,725	-
Employee separation		64,937	-	-	64,937	-	64,937	-
FEMA maps		100	-	-	100	100	-	-
Garden Area		1,000	-	-	1,000	1,000	-	-
General assistance donations		11,391	-	-	11,391	466	10,925	-
General assistance food		8,121	-	-	8,121	177	7,944	-
General assistance fuel		91,954	-	-	91,954	4,292	87,662	-
Goose Rocks Beach Advisory Committee		110,969	-	-	110,969	-	110,969	-
Legal		8,707	-	-	8,707	-	8,707	-
Local Circuit Breaker		17,283	-	-	17,283	3,416	13,867	2,119
Nurse general donation		7,256	-	-	7,256	2,326	4,930	-
Nurse insurance		-	-	-	-	-	-	734
Parsons Way bench		9,729	-	-	9,729	-	9,729	-
Police donations		1,174	-	-	1,174	1,174	-	2,611
Public works equipment		5,000	-	-	5,000	-	5,000	-
Voting equipment		-	-	-	-	-	-	5,325
Total capital improvements and reserves		424,790	-	-	424,790	19,841	404,949	25,025
Total expenditures		587,350	20,396,464	(8,000)	20,975,814	19,842,585	1,133,229	18,279,201
Excess (deficiency) of revenues over (under) expenditures		(587,350)	670,942	8,000	91,592	1,643,593	1,552,001	1,781,892

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

		2020						
		2019	Original	Budget	Total		Variance	2019
		Carryforward	Budget	Adjustments	Available	Actual	positive (negative)	Actual
Other financing sources (uses):								
Transfers from (to) other funds:								
Administration	\$	-	(130,000)	-	(130,000)	(130,000)	-	(20,000)
Revaluation		-	(67,000)	-	(67,000)	(67,000)	-	-
Police		-	(30,000)	-	(30,000)	(30,000)	-	(37,000)
Fire building		-	-	-	-	-	-	(14,500)
Fire apparatus		-	(130,000)	-	(130,000)	(130,000)	-	(130,000)
Fire equipment		-	(35,000)	-	(35,000)	(35,000)	-	(31,600)
Fire radios		-	(5,000)	-	(5,000)	(5,000)	-	-
Fire PPE		-	(18,500)	-	(18,500)	(18,500)	-	(10,000)
Highway supplies		-	(6,000)	-	(6,000)	(6,000)	-	-
Road improvement		-	(587,600)	-	(587,600)	(587,600)	-	(717,000)
Sidewalk		-	(90,000)	-	(90,000)	(90,000)	-	(93,000)
Recreation capital		-	(2,000)	(8,000)	(10,000)	(10,000)	-	-
Piers, rivers, and harbors		-	(200,000)	-	(200,000)	(200,000)	-	(130,000)
Special projects		-	-	-	-	-	-	(65,000)
Sewer debt service		-	(35,642)	-	(35,642)	(35,642)	-	(105,535)
Highway vehicle		-	-	-	-	-	-	(175,000)
Capital projects		-	-	(500,576)	(500,576)	(500,576)	-	(149,200)
Dock Square parking lot		-	225,000	-	225,000	225,000	-	200,000
Dock Square restrooms		-	30,000	-	30,000	30,000	-	30,000
Dock Square equipment		-	-	-	-	-	-	80,000
Special revenues		-	80,000	-	80,000	80,000	-	80,000
Capital projects		-	100,000	-	100,000	100,000	-	-
Sewer		-	30,000	-	30,000	30,000	-	30,000
Picavet		-	-	-	-	-	-	19,811
Macomber		-	800	-	800	707	(93)	800
Utilization of unassigned fund balance		-	200,000	500,576	700,576	-	(700,576)	-
Utilization of committed fund balance		587,350	-	-	587,350	-	(587,350)	-
Total other financing sources (uses)		587,350	(670,942)	(8,000)	(91,592)	(1,379,611)	(1,288,019)	(1,237,224)
Net change in fund balance - budgetary basis		-	-	-	-	263,982	263,982	544,668
Reconciliation to GAAP basis:								
Change in encumbrance balance						(2,710)		(54,668)
Net change in fund balance - GAAP basis						261,272		490,000
Fund balance, beginning of year						4,930,025		4,440,025
Fund balance, end of year	\$					5,191,297		4,930,025

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ALL OTHER GOVERNMENTAL FUNDS

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TOWN OF KENNEBUNKPORT, MAINE
All Other Governmental Funds
Combining Balance Sheet
June 30, 2020

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	-	113,764	113,764
Investments	-	-	1,341,074	1,341,074
Accounts receivable	35,027	-	-	35,027
Interfund loans receivable	431,409	2,181,398	10,561	2,623,368
Total assets	\$ 466,436	2,181,398	1,465,399	4,113,233
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	2,284	157,748	-	160,032
Interfund loans payable	34,958	-	-	34,958
Total liabilities	37,242	157,748	-	194,990
Fund balances:				
Nonspendable	-	-	1,142,297	1,142,297
Restricted	-	-	323,102	323,102
Committed	431,403	2,023,650	-	2,455,053
Unassigned	(2,209)	-	-	(2,209)
Total fund balances	429,194	2,023,650	1,465,399	3,918,243
Total liabilities and fund balances	\$ 466,436	2,181,398	1,465,399	4,113,233

TOWN OF KENNEBUNKPORT, MAINE
All Other Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2020

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
Revenues:				
Intergovernmental	\$ -	-	-	-
Charges for services	158,181	-	-	158,181
Other revenues	22,148	8,000	-	30,148
Investment income (loss)	-	-	96,059	96,059
Total revenues	180,329	8,000	96,059	284,388
Expenditures:				
Current:				
General government	18,063	-	-	18,063
Public safety	106	-	31,863	31,969
Recreation and culture	121,811	-	-	121,811
Capital improvements	-	1,660,839	-	1,660,839
Total expenditures	139,980	1,660,839	31,863	1,832,682
Excess (deficiency) of revenues over (under) expenditures	40,349	(1,652,839)	64,196	(1,548,294)
Other financing sources (uses):				
Issuance of debt	-	-	-	-
Premium on issuance of debt	-	-	-	-
Transfer from other funds	195,000	1,534,676	-	1,729,676
Transfer to other funds	-	(100,000)	(707)	(100,707)
Total other financing sources (uses)	195,000	1,434,676	(707)	1,628,969
Net change in fund balances	235,349	(218,163)	63,489	80,675
Fund balances, beginning of year	193,845	2,241,813	1,401,910	3,837,568
Fund balances, end of year	\$ 429,194	2,023,650	1,465,399	3,918,243

NONMAJOR SPECIAL REVENUE FUNDS

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TOWN OF KENNEBUNKPORT, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2020

	Piers, Rivers & Harbors	350th Anniversary	Reserve Open Space	Revaluation	DEA Drug Forfeiture	Maine Drug Forfeiture	Recreation	Special Events	Scholarships	Totals
ASSETS										
Accounts receivable	\$ -	-	-	-	-	-	35,027	-	-	35,027
Interfund loans receivable	235,338	232	119,205	52,678	-	412	-	14,059	9,485	431,409
Total assets	\$ 235,338	232	119,205	52,678	-	412	35,027	14,059	9,485	466,436
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	-	6	-	-	-	-	2,278	-	-	2,284
Interfund loans payable	-	-	-	-	-	-	34,958	-	-	34,958
Total liabilities	-	6	-	-	-	-	37,236	-	-	37,242
Fund balances:										
Committed	235,338	226	119,205	52,678	-	412	-	14,059	9,485	431,403
Unassigned	-	-	-	-	-	-	(2,209)	-	-	(2,209)
Total fund balances (deficits)	235,338	226	119,205	52,678	-	412	(2,209)	14,059	9,485	429,194
Total liabilities and fund balances	\$ 235,338	232	119,205	52,678	-	412	35,027	14,059	9,485	466,436

TOWN OF KENNEBUNKPORT, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2020

	Piers, Rivers & Harbors	350th Anniversary	Reserve Open Space	Revaluation	DEA Drug Forfeiture	Maine Drug Forfeiture	Recreation	Special Events	Scholarships	Totals
Revenues:										
Charges for services	\$ -	-	-	-	-	-	158,181	-	-	158,181
Other revenues	-	331	-	-	-	-	1,200	20,442	175	22,148
Total revenues	-	331	-	-	-	-	159,381	20,442	175	180,329
Expenditures:										
Current:										
General government	-	700	-	17,363	-	-	-	-	-	18,063
Public safety	-	-	-	-	106	-	-	-	-	106
Recreation and culture	-	-	-	-	-	-	113,217	8,594	-	121,811
Total expenditures	-	700	-	17,363	106	-	113,217	8,594	-	139,980
Excess (deficiency) of revenues over (under) expenditures	-	(369)	-	(17,363)	(106)	-	46,164	11,848	175	40,349
Other financing sources (uses):										
Transfer (to) from other funds	200,000	-	-	67,000	-	-	(72,000)	-	-	195,000
Total other financing sources (uses)	200,000	-	-	67,000	-	-	(72,000)	-	-	195,000
Net change in fund balances	200,000	(369)		49,637	(106)	-	(25,836)	11,848	175	235,349
Fund balances, beginning of year	35,338	595	119,205	3,041	106	412	23,627	2,211	9,310	193,845
Fund balances (deficits), end of year	\$ 235,338	226	119,205	52,678	-	412	(2,209)	14,059	9,485	429,194

NONMAJOR CAPITAL PROJECTS FUNDS

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TOWN OF KENNEBUNKPORT, MAINE
Nonmajor Capital Projects Funds
Combining Balance Sheet
June 30, 2020

	Ocean Ave Seawall	Fire PPE	Fire Radios	Fire Vehicle	Fire Equipment	Sidewalks	General Cap. Projects	Fire Port Village	Town Office	Highway Vehicles
ASSETS										
Interfund loans receivable	\$ 214,593	39,364	30,786	19,452	81,470	140,936	6,988	14,500	-	14,839
Total assets	\$ 214,593	39,364	30,786	19,452	81,470	140,936	6,988	14,500	-	14,839
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	151,376	-	-	-	-	5,893	-	-	-	-
Total liabilities	151,376	-	-	-	-	5,893	-	-	-	-
Fund balances:										
Committed	63,217	39,364	30,786	19,452	81,470	135,043	6,988	14,500	-	14,839
Total fund balances	63,217	39,364	30,786	19,452	81,470	135,043	6,988	14,500	-	14,839
Total liabilities and fund balances	\$ 214,593	39,364	30,786	19,452	81,470	140,936	6,988	14,500	-	14,839

TOWN OF KENNEBUNKPORT, MAINE
Nonmajor Capital Projects Funds
Combining Balance Sheet
June 30, 2020

	Police Vehicle	Admin. Projects	Fire Apparatus	Garage Roof	S Brook Drainage	Road Improvement	Gen Capital Improvement	Village Parcel	Recreation Capital	Totals
ASSETS										
Interfund loans receivable	\$ 26,220	77,485	478,642	202	740	86,112	786,669	92,757	69,643	2,181,398
Total assets	\$ 26,220	77,485	478,642	202	740	86,112	786,669	92,757	69,643	2,181,398
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	-	-	-	-	-	479	-	-	-	157,748
Total liabilities	-	-	-	-	-	479	-	-	-	157,748
Fund balances:										
Committed	26,220	77,485	478,642	202	740	85,633	786,669	92,757	69,643	2,023,650
Total fund balances	26,220	77,485	478,642	202	740	85,633	786,669	92,757	69,643	2,023,650
Total liabilities and fund balances	\$ 26,220	77,485	478,642	202	740	86,112	786,669	92,757	69,643	2,181,398

TOWN OF KENNEBUNKPORT, MAINE
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2020

	Ocean Ave Seawall	Fire PPE	Fire Radios	Fire Vehicle	Fire Equipment	Sidewalks	General Cap. Projects	Fire Port Village	Town Office	Highway Vehicles
Revenues:										
Other revenues	\$ -	-	-	-	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-	-	-	-	-
Expenditures:										
Capital improvements	933,013	-	-	52,547	-	13,701	-	-	3,922	32,907
Total expenditures	933,013	-	-	52,547	-	13,701	-	-	3,922	32,907
Excess (deficiency) of revenues over (under) expenditures	(933,013)	-	-	(52,547)	-	(13,701)	-	-	(3,922)	(32,907)
Other financing sources (uses):										
Transfer from other funds	-	18,500	5,000	-	35,000	90,000	-	-	-	6,000
Transfer to other funds	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	18,500	5,000	-	35,000	90,000	-	-	-	6,000
Net change in fund balances	(933,013)	18,500	5,000	(52,547)	35,000	76,299	-	-	(3,922)	(26,907)
Fund balances, beginning of year	996,230	20,864	25,786	71,999	46,470	58,744	6,988	14,500	3,922	41,746
Fund balances, end of year	\$ 63,217	39,364	30,786	19,452	81,470	135,043	6,988	14,500	-	14,839

TOWN OF KENNEBUNKPORT, MAINE
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2020

	Police Vehicle	Admin. Projects	Fire Apparatus	Garage Roof	S Brook Drainage	Road Improvement	Gen Capital Improvement	Village Parcel	Recreation Capital	Totals
Revenues:										
Other revenues	\$ -	-	-	-	-	-	-	-	8,000	8,000
Total revenues	-	-	-	-	-	-	-	-	8,000	8,000
Expenditures:										
Capital improvements	6,897	67,515	-	2,708	3,160	534,166	-	-	10,303	1,660,839
Total expenditures	6,897	67,515	-	2,708	3,160	534,166	-	-	10,303	1,660,839
Excess (deficiency) of revenues over (under) expenditures	(6,897)	(67,515)	-	(2,708)	(3,160)	(534,166)	-	-	(2,303)	(1,652,839)
Other financing sources (uses):										
Transfer from other funds	30,000	130,000	130,000	-	-	587,600	500,576	-	2,000	1,534,676
Transfer to other funds	-	-	-	-	-	-	(100,000)	-	-	(100,000)
Total other financing sources (uses)	30,000	130,000	130,000	-	-	587,600	400,576	-	2,000	1,434,676
Net change in fund balances	23,103	62,485	130,000	(2,708)	(3,160)	53,434	400,576	-	(303)	(218,163)
Fund balances, beginning of year	3,117	15,000	348,642	2,910	3,900	32,199	386,093	92,757	69,946	2,241,813
Fund balances, end of year	\$ 26,220	77,485	478,642	202	740	85,633	786,669	92,757	69,643	2,023,650

NONMAJOR PERMANENT FUNDS

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TOWN OF KENNEBUNKPORT, MAINE
Nonmajor Permanent Funds
Combining Balance Sheet
June 30, 2020

	Kittredge Family Fire Equip. Fund	Macomber Trust	Picavet Trust	Totals
ASSETS				
Cash and cash equivalents	\$ 65,970	-	47,794	113,764
Investments	777,667	-	563,407	1,341,074
Interfund loans receivable	4,621	-	5,940	10,561
Total assets	\$ 848,258	-	617,141	1,465,399
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	-	-	-	-
Total liabilities	-	-	-	-
Fund balances:				
Nonspendable	688,206	-	454,091	1,142,297
Restricted	160,052	-	163,050	323,102
Total fund balances	848,258	-	617,141	1,465,399
Total liabilities and fund balances	\$ 848,258	-	617,141	1,465,399

TOWN OF KENNEBUNKPORT, MAINE
Nonmajor Permanent Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2020

	Kittredge Family Fire Equip. Fund	Macomber Trust	Picavet Trust	Totals
Revenues:				
Investment income (loss)	\$ 56,871	-	39,188	96,059
Total revenues	56,871	-	39,188	96,059
Expenditures:				
Public safety	31,863	-	-	31,863
Total expenditures	31,863	-	-	31,863
Excess (deficiency) of revenues over (under) expenditures	25,008	-	39,188	64,196
Other financing sources (uses):				
Transfer to other funds	-	(707)	-	(707)
Total other financing sources (uses)	-	(707)	-	(707)
Net change in fund balances	25,008	(707)	39,188	63,489
Fund balances, beginning of year	823,250	707	577,953	1,401,910
Fund balances, end of year	\$ 848,258	-	617,141	1,465,399

NONMAJOR PROPRIETARY FUNDS

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TOWN OF KENNEBUNKPORT, MAINE
Non-major Proprietary Funds
Combining Statement of Net Position
June 30, 2020

	Cape Porpoise Pier	Dock Square Parking Lot	Government Wharf	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 100	1,900	-	2,000
Accounts receivable, net of allowance of \$1,883	25,250	1,896	340	27,486
Inventory	6,619	-	-	6,619
Interfund loans receivable	-	394,249	4,357	398,606
Total current assets	31,969	398,045	4,697	434,711
Noncurrent assets:				
Property, plant, and equipment	1,419,342	224,968	-	1,644,310
Less accumulated depreciation	(599,652)	(79,225)	-	(678,877)
Total noncurrent assets	819,690	145,743	-	965,433
Total assets	851,659	543,788	4,697	1,400,144
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	13,574	-	-	13,574
Total deferred outflows of resources	13,574	-	-	13,574
LIABILITIES				
Current liabilities:				
Accounts payable and payroll withholdings	6,678	720	42	7,440
Accrued wages	2,516	1,215	-	3,731
Other liabilities	2,500	-	-	2,500
Interfund loans payable	35,731	-	-	35,731
Accrued compensated absences	2,906	-	-	2,906
Total current liabilities	50,331	1,935	42	52,308
Noncurrent liabilities, long-term portion	38,740	-	-	38,740
Total liabilities	89,071	1,935	42	91,048
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	9,704	-	-	9,704
Total deferred inflows of resources	9,704	-	-	9,704
NET POSITION				
Net investment in capital assets	819,690	145,743	-	965,433
Unrestricted	(53,232)	396,110	4,655	347,533
Total net position	\$ 766,458	541,853	4,655	1,312,966

TOWN OF KENNEBUNKPORT, MAINE
Non-major Proprietary Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For the year ended June 30, 2020

Business-type Activities - Enterprise Funds				
	Cape Porpoise Pier	Dock Square Parking Lot	Government Wharf	Total
Operating revenues:				
Fees	\$ 7,380	332,986	-	340,366
Lease income	40,000	-	-	40,000
Fuel sales	215,280	-	-	215,280
Dues	46,275	-	9,047	55,322
Other income	610	18	-	628
Total operating revenues	309,545	333,004	9,047	651,596
Operating expenses:				
Wages and benefits	117,375	20,388	-	137,763
Utilities	8,866	5,953	4,214	19,033
Contracted services	6,601	27,574	-	34,175
Insurance	2,274	-	-	2,274
Supplies and equipment	188,650	12,626	-	201,276
Repairs and maintenance	10,069	-	3,645	13,714
Miscellaneous	10,140	-	85	10,225
Capital related expenses	3,586	-	-	3,586
Depreciation	16,149	11,271	-	27,420
Total operating expenses	363,710	77,812	7,944	449,466
Operating income (loss)	(54,165)	255,192	1,103	202,130
Nonoperating revenue (expenses):				
Gain (loss) on disposal of capital assets	-	(8,757)	-	(8,757)
Total nonoperating revenue (expenses)	-	(8,757)	-	(8,757)
Net income (loss) before transfers	(54,165)	246,435	1,103	193,373
Transfers:				
Transfer (to) from other funds	-	(255,000)	-	(255,000)
Total transfers	-	(255,000)	-	(255,000)
Change in net position	(54,165)	(8,565)	1,103	(61,627)
Total net position, beginning of year	820,623	550,418	3,552	1,374,593
Total net position, end of year	\$ 766,458	541,853	4,655	1,312,966

TOWN OF KENNEBUNKPORT, MAINE
Non-major Proprietary Funds
Combining Statement of Cash Flows
For the year ended June 30, 2020

	Cape Porpoise Pier	Dock Square Parking Lot	Government Wharf	Total
Cash flows from operating activities:				
Receipts from customers and users	\$ 324,095	340,171	8,707	672,973
Payments to suppliers	(225,574)	(47,811)	(7,902)	(281,287)
Payments to employees	(95,434)	(20,100)	-	(115,534)
Net cash provided by (used in) operating activities	3,087	272,260	805	276,152
Cash flows from non-capital financing activities:				
(Increase) decrease in interfund loans receivable	(3,087)	36,741	(805)	32,849
Transfers (to) from other funds	-	(255,000)	-	(255,000)
Net cash provided by (used in) non-capital financing activities	(3,087)	(218,259)	(805)	(222,151)
Cash flows from capital and related financing activities:				
Purchase of capital assets	-	(69,650)	-	(69,650)
Net cash provided by (used in) capital and related financing activities	-	(69,650)	-	(69,650)
Increase (decrease) in cash	-	(15,649)	-	(15,649)
Cash and cash equivalents, beginning of year	100	17,549	-	17,649
Cash and cash equivalents, end of year	\$ 100	1,900	-	2,000
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (54,165)	255,192	1,103	202,130
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	16,149	11,271	-	27,420
Change in operating assets and liabilities:				
(Increase) decrease in accounts receivable	14,550	7,167	(340)	21,377
(Increase) decrease in inventory	(791)	-	-	(791)
Increase (decrease) in accounts payable	5,403	(1,658)	42	3,787
Increase (decrease) in accrued wages	95	288	-	383
Increase (decrease) in net pension liability with related deferred outflows and deferred inflows of resources	20,617	-	-	20,617
Increase (decrease) in accrued compensated absences	1,229	-	-	1,229
Net cash provided by (used in) operating activities	\$ 3,087	272,260	805	276,152

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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.	97-102
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	103-106
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.	107-110
Demographic and Economic Information These schedules contain information to help the reader understand the environment within which the government's financial activities take place.	111-112
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.	113-115

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental activities										
Net investment in capital assets	\$ 15,264,478	\$ 14,852,860	\$ 14,391,488	\$ 13,086,878	\$ 11,682,992	\$ 10,895,837	\$ 10,406,901	\$ 8,525,583	\$ 7,635,751	\$ 7,201,659
Restricted	1,465,399	1,401,910	1,346,976	1,239,690	1,152,751	1,184,831	1,121,858	63,271	-	-
Unrestricted	5,738,699	4,854,508	4,035,787	4,273,671	4,850,533	5,014,676	5,269,241	6,033,674	5,820,492	5,950,155
Total governmental activities net position	<u>\$ 22,468,576</u>	<u>\$ 21,109,278</u>	<u>\$ 19,774,251</u>	<u>\$ 18,600,239</u>	<u>\$ 17,686,276</u>	<u>\$ 17,095,344</u>	<u>\$ 16,798,000</u>	<u>\$ 14,622,528</u>	<u>\$ 13,456,243</u>	<u>\$ 13,151,814</u>
Business-type activities										
Net investment in capital assets	\$ 6,792,646	\$ 6,974,698	\$ 7,905,592	\$ 8,087,000	\$ 8,356,291	\$ 8,770,498	\$ 9,086,215	\$ 9,479,328	\$ 9,735,337	\$ 9,739,191
Unrestricted	2,256,537	2,300,678	1,922,686	1,829,251	1,830,415	1,754,079	1,893,708	1,814,493	1,724,121	1,858,758
Total business-type activities net position	<u>\$ 9,049,183</u>	<u>\$ 9,275,376</u>	<u>\$ 9,828,278</u>	<u>\$ 9,916,251</u>	<u>\$ 10,186,706</u>	<u>\$ 10,524,577</u>	<u>\$ 10,979,923</u>	<u>\$ 11,293,821</u>	<u>\$ 11,459,458</u>	<u>\$ 11,597,949</u>
Primary Government										
Net investment in capital assets	\$ 22,057,124	\$ 21,827,558	\$ 22,297,080	\$ 21,173,878	\$ 20,039,283	\$ 19,666,335	\$ 19,493,116	\$ 18,004,911	\$ 17,371,088	\$ 16,940,850
Restricted	1,465,399	1,401,910	1,346,976	1,239,690	1,152,751	1,184,831	1,121,858	63,271	-	-
Unrestricted	7,995,236	7,155,186	5,958,473	6,102,922	6,680,948	6,768,755	7,162,949	7,848,167	7,544,613	7,808,913
Total primary government net position	<u>\$ 31,517,759</u>	<u>\$ 30,384,654</u>	<u>\$ 29,602,529</u>	<u>\$ 28,516,490</u>	<u>\$ 27,872,982</u>	<u>\$ 27,619,921</u>	<u>\$ 27,777,923</u>	<u>\$ 25,916,349</u>	<u>\$ 24,915,701</u>	<u>\$ 24,749,763</u>

Table 2

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses										
Governmental Activities:										
General government	\$ 2,147,846	\$ 1,495,374	\$ 1,795,330	\$ 1,748,339	\$ 1,762,313	\$ 1,325,180	\$ 978,110	\$ 1,519,159	\$ 1,472,065	\$ 1,444,313
Public safety	3,026,372	2,919,616	2,611,173	2,539,210	2,433,783	2,254,694	2,426,584	2,033,767	2,197,301	2,164,400
Public works	1,474,116	1,719,726	1,438,053	1,390,551	1,316,170	1,203,491	1,139,185	234,112	451,582	1,038,587
Health and welfare	668,778	704,033	666,341	684,693	687,784	651,857	666,919	664,135	663,494	625,338
Recreation and culture	653,422	637,784	564,046	626,902	689,678	513,427	492,139	417,031	433,953	442,834
Grants	-	-	-	-	-	-	-	2,000	1,300	41,464
Education	11,249,250	10,220,198	9,939,712	9,055,448	8,015,486	7,837,533	7,521,509	6,677,507	6,107,804	6,260,773
County tax	1,143,776	1,135,299	1,203,809	1,163,270	1,115,331	1,124,614	1,098,632	975,744	1,015,041	975,559
Unclassified	-	-	-	-	-	-	174,881	435,612	447,213	90,131
Loss on disposal of assets	-	-	-	-	-	-	-	9,261	108,006	10,661
Interest on debt service	320,691	390,213	12,528	17,971	10,873	22,346	32,594	42,842	53,092	6,134
Capital improvements	23,257	43,750	155,676	442,138	132,456	143,621	-	675,434	367,945	44,853
Total Governmental Activities	20,707,508	19,265,993	18,386,668	17,668,522	16,163,874	15,076,763	14,530,553	13,686,604	13,318,796	13,145,047
Business-type Activities:										
Sewer	1,409,958	1,755,587	1,456,853	1,471,031	1,473,643	1,372,338	1,350,407	1,308,439	1,241,477	1,201,108
Cape Porpoise Pier	363,710	352,250	241,876	236,776	251,075	296,655	336,978	363,784	395,556	324,965
Dock Square Parking Lot	86,569	121,587	69,062	52,976	76,908	60,580	77,341	61,426	74,254	61,348
Government Wharf	7,944	13,075	2,534	353	-	-	-	-	-	-
Total Business-type Activities	1,868,181	2,242,499	1,770,325	1,761,136	1,801,626	1,729,573	1,764,726	1,733,649	1,711,287	1,587,421
Total Expenses	\$ 22,575,689	\$ 21,508,492	\$ 20,156,993	\$ 19,429,658	\$ 17,965,500	\$ 16,806,336	\$ 16,295,279	\$ 15,420,253	\$ 15,030,083	\$ 14,732,468
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	\$ 461,111	\$ 351,684	\$ 295,109	\$ 366,497	\$ 457,114	\$ 365,872	\$ 33,841	\$ 182,336	\$ 197,129	\$ 168,138
Public safety	82,488	71,231	59,107	51,198	61,583	57,101	56,941	54,812	32,412	43,063
Health and welfare	27	1,170	178	1,674	4,559	1,759	3,984	3,466	1,663	7,224
Recreation and culture	332,053	383,685	348,203	332,653	204,438	191,035	178,322	171,270	163,595	163,854
Solid Waste	-	-	-	-	-	-	-	56	22	6
Unclassified	-	-	-	-	-	-	124,210	279,491	242,612	199,355
Operating grants and contributions	301,662	238,827	203,954	119,151	112,348	301,159	133,314	140,758	143,663	138,557
Capital grants and contributions	265,455	586,498	232,614	186,591	-	16,529	-	21,098	14,421	15,745
Total Governmental Activities	1,442,796	1,633,095	1,139,165	1,057,764	840,042	933,455	530,612	853,287	795,517	735,942
Business-type Activities:										
Charges for services:										
Sewer	1,214,999	1,211,254	1,198,345	1,122,019	1,082,146	1,031,914	1,035,261	1,025,064	1,010,152	958,187
Cape Porpoise Pier	309,545	276,910	239,517	220,690	230,312	289,053	314,235	329,444	364,236	306,390
Dock Square Parking Lot	333,004	395,738	431,347	418,523	354,795	337,738	347,888	342,873	326,100	320,297
Government Wharf	9,047	4,723	6,225	8,566	-	-	-	-	-	-
Total Business-type Activities	1,866,595	1,888,625	1,875,434	1,769,798	1,667,253	1,658,705	1,697,384	1,697,381	1,700,488	1,584,874
Total Program Revenues	\$ 3,309,391	\$ 3,521,720	\$ 3,014,599	\$ 2,827,562	\$ 2,507,295	\$ 2,592,160	\$ 2,227,996	\$ 2,550,668	\$ 2,496,005	\$ 2,320,816

Table 2, Continued

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Net (Expense)/Revenue:										
Governmental Activities	\$ (19,264,712)	\$ (17,632,898)	\$ (17,247,503)	\$ (16,610,758)	\$ (15,323,832)	\$ (14,143,308)	\$ (13,999,941)	\$ (12,833,317)	\$ (12,523,279)	\$ (12,409,105)
Business-type Activities	(1,586)	(353,874)	105,109	8,662	(134,373)	(70,868)	(67,342)	(36,268)	(10,799)	(2,547)
Total Net Expense	\$ (19,266,298)	\$ (17,986,772)	\$ (17,142,394)	\$ (16,602,096)	\$ (15,458,205)	\$ (14,214,176)	\$ (14,067,283)	\$ (12,869,585)	\$ (12,534,078)	\$ (12,411,652)
General Revenues										
Governmental activities:										
Property taxes, general purposes	\$ 18,745,020	\$ 17,126,942	\$ 16,960,865	\$ 15,833,533	\$ 14,590,834	\$ 14,296,357	\$ 14,008,501	\$ 12,722,329	\$ 11,584,210	\$ 11,516,613
Interest and costs on taxes	44,676	37,149	32,282	33,735	29,498	29,728	26,398	25,491	28,572	34,827
Motor vehicle excise tax	1,098,012	1,068,682	1,030,267	959,646	948,096	895,501	846,486	803,924	804,186	779,097
Licenses and permits	-	-	-	-	-	-	226,870	-	-	-
Grants and contr. not restricted										
Homestead and BETE exemption	96,140	88,782	68,605	48,330	30,635	30,531	32,869	31,109	29,282	30,285
State Revenue Sharing	107,002	65,462	59,832	58,534	63,533	56,615	58,061	92,272	104,511	107,786
Maine PERS	-	-	-	-	-	208,785	168,732	-	-	-
Other State aid	8,929	2,661	5,206	2,658	2,811	2,641	2,679	2,465	2,849	2,618
Unrestricted investment earnings	263,983	305,682	272,370	233,341	20,931	34,339	30,426	46,214	60,800	80,260
Miscellaneous (b)	10,890	38,100	13,484	58,243	102,303	76,521	557,691	132,701	53,763	34,743
Gain/Loss on sale of assets	-	-	-	-	-	(88,975)	(41,256)	-	-	-
Transfers in/out	249,358	234,465	219,215	296,701	219,173	220,165	257,956	143,097	159,535	124,462
Total general revenues, transfers and special items	20,624,010	18,967,925	18,662,126	17,524,721	16,007,814	15,762,208	16,175,413	13,999,602	12,827,708	12,710,691
Business-type Activities:										
Unrestricted investment earnings	24,751	35,437	26,133	17,584	11,840	9,750	2,778	7,228	12,419	37,152
Miscellaneous	-	-	-	-	3,835	19,702	8,622	6,500	19,425	11,043
Gain/Loss on sale of assets	-	-	-	-	-	(9,960)	-	-	-	-
Transfers in/out	(249,358)	(234,465)	(219,215)	(296,701)	(219,173)	(220,165)	(257,956)	(143,097)	(159,535)	(124,462)
Total Business-type Activities	(224,607)	(199,028)	(193,082)	(279,117)	(203,498)	(200,673)	(246,556)	(129,369)	(127,691)	(76,267)
Total primary government	\$ 20,399,403	\$ 18,768,897	\$ 18,469,044	\$ 17,245,604	\$ 15,804,316	\$ 15,561,535	\$ 15,928,857	\$ 13,870,233	\$ 12,700,017	\$ 12,634,424
Change in Net Position										
Governmental Activities	\$ 1,359,298	\$ 1,335,027	\$ 1,414,623	\$ 913,963	\$ 683,982	\$ 1,618,900	\$ 2,175,472	\$ 1,166,285	\$ 304,429	\$ 301,586
Business-type Activities	(226,193)	(552,902)	(87,973)	(270,455)	(337,871)	(271,541)	(313,898)	(165,637)	(138,490)	(78,814)
Total Change in Net Position	1,133,105	782,125	1,326,650	643,508	346,111	1,347,359	1,861,574	1,000,648	165,939	222,772
Restatement of Net Position										
Governmental Activities (a)	-	-	(240,611)	-	(93,050)	-	(1,321,556)	-	-	-
Business-type Activities (c)	-	-	-	-	-	-	(183,805)	-	-	-
Total adjusted Net Position	\$ 1,133,105	\$ 782,125	\$ 1,086,039	\$ 643,508	\$ 253,061	\$ 1,347,359	\$ 356,213	\$ 1,000,648	\$ 165,939	\$ 222,772

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

(b) Includes a new permanent fund in 2014

(c) 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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund										
Nonspendable	\$ 2,606	\$ 5,802	\$ 5,212	\$ 6,333	\$ 4,417	\$ 10,122	\$ 15,209	\$ 11,308	\$ 10,753	\$ 7,628
Committed	636,908	587,350	663,394	479,475	642,748	1,439,949	674,381	237,917	181,630	220,324
Assigned	631,480	234,190	313,858	439,685	633,099	368,924	79,408	112,290	-	-
Unassigned	3,920,303	4,102,683	3,457,561	3,191,129	2,855,514	2,845,478	3,907,479	4,050,541	3,833,702	4,207,006
Total general fund	<u>\$ 5,191,297</u>	<u>\$ 4,930,025</u>	<u>\$ 4,440,025</u>	<u>\$ 4,116,622</u>	<u>\$ 4,135,778</u>	<u>\$ 4,664,473</u>	<u>\$ 4,676,477</u>	<u>\$ 4,412,056</u>	<u>\$ 4,026,085</u>	<u>\$ 4,434,958</u>
All other governmental funds										
Nonspendable	\$ 1,142,297	\$ 1,142,297	\$ 1,142,297	\$ 1,142,297	\$ 1,142,297	\$ 1,142,297	\$ 1,063,206	\$ 688,206	\$ 688,206	\$ 688,206
Restricted	323,102	259,613	204,679	97,393	10,454	42,534	58,652	63,271	105,117	427,075
Committed	2,455,053	2,435,658	1,806,529	1,764,583	1,730,736	951,781	330,953	748,269	887,747	260,000
Assigned	-	-	-	-	459,176	501,962	270,435	225,286	178,414	168,215
Unassigned	(2,209)	-	(254,047)	-	(47,002)	(3,009)	-	-	-	-
Total all other governments	<u>\$ 3,918,243</u>	<u>\$ 3,837,568</u>	<u>\$ 2,899,458</u>	<u>\$ 3,004,273</u>	<u>\$ 3,295,661</u>	<u>\$ 2,635,565</u>	<u>\$ 1,723,246</u>	<u>\$ 1,725,032</u>	<u>\$ 1,859,484</u>	<u>\$ 1,543,496</u>

Table 4

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues										
Taxes	\$ 19,840,826	\$ 18,297,207	\$ 17,983,066	\$ 16,832,253	\$ 15,537,948	\$ 15,230,599	\$ 14,836,386	\$ 13,542,910	\$ 12,465,866	\$ 12,347,796
Intergovernmental	732,517	947,558	422,033	415,264	209,327	321,750	226,923	287,702	294,726	294,991
Licenses and permits	417,948	316,027	251,804	305,928	286,231	208,239	226,870	152,683	151,761	133,588
Charges for services	447,921	481,931	439,835	439,299	430,276	396,588	385,694	368,756	348,761	333,283
Investment income	263,983	305,682	272,370	233,341	20,931	34,339	30,426	46,214	60,800	80,260
Contributions	-	-	-	-	1,311	85,725	-	-	-	-
Other (a)	67,371	82,584	172,620	65,038	112,179	296,246	738,027	302,693	190,674	149,512
Total Revenues	21,770,566	20,430,989	19,541,728	18,291,123	16,598,203	16,573,486	16,444,326	14,700,958	13,512,588	13,339,430
Expenditures										
Current:										
General government	\$ 1,874,642	\$ 1,817,410	\$ 1,582,184	\$ 1,511,520	\$ 1,397,914	\$ 1,326,809	\$ 1,303,593	\$ 1,488,566	\$ 1,426,088	\$ 1,412,743
Public safety	2,856,796	2,660,161	2,423,107	2,357,515	2,211,535	2,214,215	2,172,603	2,038,277	2,071,128	1,966,710
Public works	1,130,645	1,229,881	1,146,456	1,118,410	1,062,325	1,023,042	960,209	951,950	891,669	897,794
Health and welfare	667,300	702,508	665,138	693,408	685,613	664,613	665,382	662,648	678,251	635,347
Recreation and culture	616,969	598,004	548,958	613,602	667,190	512,002	462,452	422,310	437,643	427,285
Grants	-	-	-	-	-	-	-	2,000	1,300	41,464
Education	11,249,250	10,220,198	9,939,712	9,055,448	8,015,486	7,837,533	7,521,509	6,677,507	6,107,804	6,260,773
County tax	1,143,776	1,135,299	1,203,809	1,163,270	1,115,331	1,124,614	1,098,632	975,744	1,015,041	975,559
Unclassified	-	-	-	-	-	-	585,187	435,612	447,213	65,202
Debt service										
Principal	82,695	81,889	196,066	160,000	253,611	249,935	246,624	243,436	240,266	237,403
Interest	372,514	321,373	12,800	10,459	18,975	29,245	39,471	49,527	59,503	69,326
Capital improvements and other	1,713,597	11,772,027	2,274,125	2,614,736	1,164,945	911,328	1,383,985	675,434	389,102	376,225
Total Expenditures	21,708,184	30,538,750	19,992,355	19,298,368	16,592,925	15,893,336	16,439,647	14,623,011	13,765,008	13,365,831
Excess (Deficiency) of Revenues over Expenditures	62,382	(10,107,761)	(450,627)	(1,007,245)	5,278	680,150	4,679	77,947	(252,420)	(26,401)

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Other Financing Sources (Uses)										
Capital lease proceeds	\$ 30,207	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,475	\$ -	\$ -
Debt issuance and premium	-	11,301,406	450,000	400,000	-	-	-	-	-	-
Transfers in	2,195,383	1,932,911	1,871,493	758,721	1,348,145	1,168,755	846,551	735,163	1,062,305	439,500
Transfers out	(1,946,025)	(1,698,446)	(1,652,278)	(462,020)	(1,128,972)	(948,590)	(588,595)	(592,066)	(902,770)	(315,038)
Total Other Financing Sources (Uses)	279,565	11,535,871	669,215	696,701	219,173	220,165	257,956	173,572	159,535	124,462
Net change in fund balances	\$ 341,947	\$ 1,428,110	\$ 218,588	\$ (310,544)	\$ 224,451	\$ 900,315	\$ 262,635	\$ 251,519	\$ (92,885)	\$ 98,061
Debt service as a percentage of noncapital expenditures	2.27%	2.14%	1.17%	1.00%	1.77%	1.85%	1.90%	2.10%	2.24%	2.36%

(a) Includes a new permanent fund in FY 14

Table 5

TOWN OF KENNEBUNKPORT, MAINE Property Tax Rates Direct and Overlapping Governments Last Ten Fiscal Years						
Fiscal Year	Direct			Overlapping		Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total Direct Rate	County Tax Rate	School Tax Rate	
2020	2.88	0.32	3.20	0.58	5.67	9.45
2019	2.87	0.11	2.98	0.58	5.20	8.76
2018	2.84	0.13	2.97	0.62	5.14	8.28
2017	2.80	0.13	2.93	0.61	4.74	7.70
2016	3.45	0.13	3.58	0.50	3.62	7.63
2015	2.68	0.17	2.85	0.60	4.18	7.53
2014	2.74	0.15	2.89	0.59	4.05	6.90
2013	2.48	0.21	2.69	0.55	3.66	6.34
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

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						
2020	\$ 1,912,313,800	\$ 126,928,100	\$ 10,106,220	\$ 65,748,100	\$ 1,983,600,020	3.20	\$ 2,295,400,000	86.42%
2019	1,908,970,855	125,890,945	10,021,140	82,243,460	1,962,639,480	2.98	2,198,500,000	89.27%
2018	1,879,425,315	126,952,545	9,565,570	81,476,260	1,934,467,170	2.97	2,127,950,000	90.91%
2017	1,858,129,655	120,018,545	10,124,550	76,010,300	1,912,262,450	2.93	2,018,400,000	94.74%
2016 (c)	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%

(a) Kennebunkport Assessing Office

(b) State of Maine, Revenue Services

(c) 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
2020	\$ 18,745,020	\$ 18,550,328	98.96%	\$ -	\$ 18,550,328	98.96%
2019	17,192,722	17,014,268	98.96%	119,806	17,134,074	99.66%
2018	16,887,898	16,664,052	98.67%	219,692	16,883,744	99.98%
2017	15,833,533	15,656,402	98.88%	176,457	15,832,859	100.00%
2016	14,590,356	14,409,972	98.76%	179,749	14,589,721	100.00%
2015	14,296,356	14,130,137	98.84%	165,706	14,295,843	100.00%
2014	14,008,498	13,817,018	98.63%	190,973	14,007,991	100.00%
2013	12,722,328	12,576,283	98.85%	146,045	12,722,328	100.00%
2012	11,584,146	11,450,793	98.85%	133,353	11,584,146	100.00%
2011	11,519,481	11,377,220	98.77%	142,261	11,519,481	100.00%

Table 8

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

Taxpayer	2020			2011		
	Taxable	Rank	% of Total	Taxable	Rank	% of Total
	Assessed Value		Assessed Value	Assessed Value		Assessed Value
Walkers Point Family Limited Partnership	\$13,488,500	1	0.68%	\$ 11,456,100	2	0.63%
Boughton Hotel Corp	12,546,100	2	0.63%	11,878,300	1	0.65%
O'Neill, Timothy J	9,949,500	3	0.50%	9,949,500	3	0.55%
Seaside Hotel Associates	8,068,400	4	0.41%	7,976,300	5	0.44%
Fishing Pole Lane LLC	6,474,400	5	0.33%			
Central Maine Power	6,093,800	6	0.31%			
Maiuccoro, Cathiann	5,949,500	7	0.30%	5,833,100	8	0.32%
Hetz Family Trust	5,594,300	8	0.28%	5,589,200	9	0.31%
Philip J McCabe Revocable Trust	5,553,500	9	0.28%			
Katz, Joanne	5,161,700	10	0.26%	5,161,700	10	0.28%
Hios Hospitality LLC				9,488,800	4	0.52%
Goose Rocks at Kennebunkport LLC				6,584,000	6	0.36%
Wellesley Group LLC				6,325,300	7	0.35%
	<u>\$ 78,879,700</u>		<u>3.98%</u>	<u>\$ 80,242,300</u>		<u>4.42%</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	Premium	Capital Leases	Sewer Bonds	Total Outstanding Debt	Percentage of Personal Income (1)	Population (2)	Debt per Capita
	Governmental Activities			Business-type Activities				
2020	\$ 11,404,315	\$ 462,716	\$ 23,768	\$ 224,580	\$ 12,115,379	6.56%	3,548	3,415
2019	11,487,045	546,406	-	278,781	12,312,232	6.99%	3,548	3,470
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	487
2013	1,070,170	-	36,251	585,226	1,691,647	1.33%	3,474	600
2012	1,313,606	-	11,335	758,530	2,083,471	1.52%	3,474	717
2011	1,553,872	-	16,686	933,902	2,504,460	1.80%	3,474	840

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

(2) United States Census Bureau

Table 10

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

Fiscal Year Ended June 30,	General Obligation Bonds (1)	Percentage of Estimated Actual Taxable Value of Property (2)	Per Capita (3)
2020	\$ 12,091,611	0.61%	3,408
2019	12,312,232	0.63%	3,470
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

(1) This is the general bonded debt and premium 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, 2020

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Amount Applicable to Primary Government
York County	\$ 1,900,000	6.56%	\$ 124,725
RSU #21	51,008,779	41.09%	20,961,162
Subtotal, overlapping debt			21,085,887
Town of Kennebunkport direct debt	11,890,799	100.00%	11,890,799
Total direct and overlapping debt			\$ 32,976,686

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, 2020

Debt Limit by Category	Maximum	Maximum	Principal	Legal
Type of Debt	Percent	Amount	Amount	Debt
	Allowable	Allowable	Outstanding	Margin
School	10.00%	\$ 229,540,000	\$ -	\$ -
Sewer	7.50%	172,155,000	224,580	171,930,420
Municipal	7.50%	172,155,000	11,404,315	160,750,685
Total Maximum Debt	15.00%		<u>\$ 11,628,895</u>	

Legal Debt Margin Calculation for Fiscal Year 2020

State Valuation	\$ 2,295,400,000
Debt Limit - 15% of State Valuation	344,310,000
Less outstanding debt applicable to debt limit	<u>11,628,895</u>
Legal debt Margin	<u>\$ 332,681,105</u>

Last Ten Fiscal Years

Year	Constitutional	Outstanding	Percentage of
	Debt Limit	Indebtedness	Net Debt
		June 30	Contracting
			Margin
			Available
2020	\$ 344,310,000	\$ 11,628,895	96.62%
2019	329,775,000	11,765,826	96.43%
2018	319,192,500	1,145,957	99.64%
2017	302,760,000	944,344	99.69%
2016	290,752,500	774,553	99.73%
2015	274,740,000	1,084,698	99.61%
2014	274,867,500	1,390,213	99.49%
2013	271,575,000	1,691,647	99.38%
2012	270,277,500	2,083,471	99.23%
2011	290,737,500	2,504,460	99.14%

Table 13

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

Fiscal Year	Population (1)	Median Age (1)	York County		Personal Income (amounts expressed in thousands)	Public School Enrollment (3)	York County Unemployment Rate (4)	
			Per Capita Personal Income (2)					
2020	3,548	51.7	\$	52,068	\$	184,737,264	368	6.70%
2019	3,548	53.1		49,653		176,168,844	376	2.40%
2018	3,544	51.9		46,687		165,458,728	370	2.40%
2017	3,535	53.2		44,614		157,709,150	385	3.70%
2016	3,510	49.8		42,939		150,715,890	425	3.20%
2015	3,510	52.2		42,595		149,508,450	419	3.90%
2014	3,510	52.2		42,137		147,900,870	409	5.60%
2013	3,474	52.3		36,526		126,891,324	433	5.90%
2012	3,474	41.9		39,481		137,156,994	425	6.10%
2011	3,474	41.9		40,124		139,390,776	433	6.40%

(1) United States Census Bureau

(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	2020			2011		
	Employees	Rank	% of Total Town Employment (1)	Employees	Rank	% of Total Town Employment (1)
Town of Kennebunkport	174	1	9.31%	179	1	10.15%
Alisson's Restaurant	64	2	3.43%	65	5	3.69%
Colony Hotel	61	3	3.27%	120	3	6.81%
Arundel Wharf Restaurant	60	4	3.21%	60	6	3.40%
The Boathouse	43	5	2.30%			
Pier 77	40	6	2.14%	50	9	2.84%
Hidden Pond	37	7	1.98%	65	4	3.69%
Nonantum Resort	24	8	1.28%	144	2	8.17%
Cape Arundel Golf	19	9	1.02%			
Tides Beach Club	10	10	0.54%			
Cape Arundel Inn/Old Fort Inn				52	7	2.95%
Wayfarer Restaurant				50	8	2.84%
Hurricane Restaurant				46	10	2.61%
	532		28.48%	831		47.14%

(1) State of Maine, Department of Labor

Table 15

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

Function	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General government	12	12	11	11	11	10	10	10	10	10
Public safety:										
Police officers	14	14	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	7	6	8	8	8	8	8	8	8	8
Total	51	50	49	49	49	48	48	48	48	48

Source: Town's Finance Department

Table 16

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

Function	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government:										
Building permits issued	401	405	420	479	448	373	317	424	367	331
Police:										
Parking tickets	2,141	2,114	1,404	1,050	1,400	1,287	1,243	1,081	719	901
Traffic stops	1,609	1,807	1,106	1,101	1,926	1,643	1,469	2,296	2,763	2,249
Burglary/theft	22	55	41	31	31	73	57	60	69	80
Arrests/summons/warnings	1,975	2,186	1,422	1,475	2,575	2,268	2,033	3,148	3,623	2,970
Fire:										
Number of calls answered	183	241	204	193	205	218	167	147	159	156
Highways and streets:										
Street resurfacing (miles)	20.00	4.32	3.40	5.10	3.00	2.80	4.20	1.80	1.30	-
Sewer:										
Yearly sewerage treatment (in thousands of gallons)	115,416	132,278	106,350	120,110	120,110	117,212	113,875	110,748	111,810	124,206
Bio-solids (in thousands of gallons)	1,965	2,239	2,095	1,423	1,741	1,401	1,319	1,229	1,177	1,632
Compost (in yards)	900	1,200	1,211	1,350	1,978	1,236	1,348	1,550	1,618	1,833

Source: Town Departments

Table 17

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

Function	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government:										
Buildings	1	1	1	1	1	1	1	1	1	1
Public safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Emergency units	8	8	8	10	12	12	14	13	11	10
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

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