

2016

Audited Financial Statements and Other Financial Information Town of Kennebunkport, Maine June 30, 2016

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TOWN OF KENNEBUNKPORT, MAINE



Comprehensive Annual Financial Report

*For Fiscal Year Ending
June 30, 2016*

TOWN OF KENNEBUNKPORT, MAINE
Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2016

Prepared by:
The Administration and Finance Department

TOWN OF KENNEBUNKPORT, MAINE
Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

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Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

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INTRODUCTORY SECTION

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TOWN OF KENNEBUNKPORT, MAINE

– INCORPORATED 1653 –

MAINE'S FINEST RESORT

November 28, 2016

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, 2016.

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, 2016. 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 3,510. The Town of Kennebunkport continues to be a key area within the state for summer tourism. The Town of Kennebunkport is empowered to levy a property tax on real and personal property located within its boundaries.

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

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

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

Local Economy

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

Unemployment had been relatively stable until the effect of the current recession was felt in 2009. During the last decade, the unemployment rate has seen a low of 3.2% in 2016 and a high of 7.7% in 2009. York County's unemployment rate as of June 2016 was 3.2% compared to 3.8% nationally.

Median household incomes within the Town of Kennebunkport, York County are \$73,221, which is higher than the state as a whole. According to the 2010-14 census American community survey, the median family income for the County was \$56,701 while the State was \$48,804. The Town's population was 3,510 as of 2010-14 census American community survey. The median price of a single family home in the Town of Kennebunkport is \$540,000.

Long-term financial planning and major initiatives

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

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

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

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

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

The 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.

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

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

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

Acknowledgements

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

Respectfully submitted,

Laurie A. Smith

Laurie A. Smith, Town Manager

Jennifer L. Lord

Jennifer L. Lord, Treasurer



Government Finance Officers Association

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

Presented to

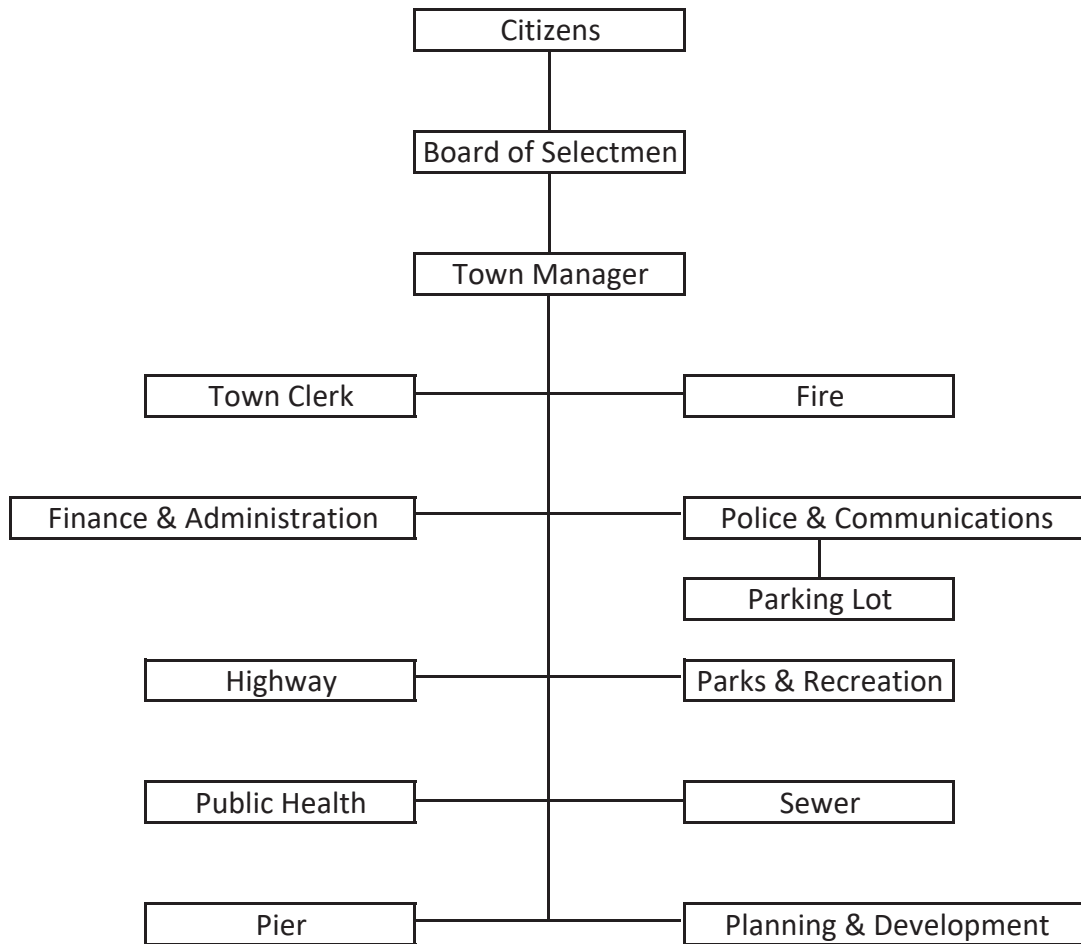
**Town of Kennebunkport
Maine**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

TOWN OF KENNEBUNKPORT, MAINE
Organizational Chart



TOWN OF KENNEBUNKPORT, MAINE
List of Elected and Appointed Officials
June 30, 2016

Elected Officials

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

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

Appointed Officials

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

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

FINANCIAL SECTION

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, 2016, 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, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Town of Kennebunkport, Maine
Board of Selectmen

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2016, on our consideration of the Town of Kennebunkport, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Kennebunkport, Maine's internal control over financial reporting and compliance.



November 28, 2016
South Portland, Maine

TOWN OF KENNEBUNKPORT, MAINE
Management's Discussion and Analysis
June 30, 2016

As management of the Town of Kennebunkport, Maine, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2016. 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 2016.
- The Town's total net position increased by \$346,111 to \$27,872,982 (Statement 2).
- Net capital assets increased by \$62,803 (pages 41 and 42).
- General revenues and transfers accounted for \$16,007,814 in revenue, or 95% of all revenues. Program specific revenues consisting of charges for services and grants and contributions accounted for \$840,042 in revenue, or 5% of \$16,847,856 in total revenues (statement 2).
- At the end of the current fiscal year, the fund balance for the general fund was \$4,135,778, of which \$4,417 was nonspendable, \$642,748 was committed, \$633,099 was assigned, and \$2,855,514 was unassigned. (See notes to the financial statements and Statement 3)

Overview of the Financial Statements

Below is a brief discussion of the basic financial statements, including the relationships of the statements to each other and the significant differences in the information they provide. The Town's basic financial statements are comprised of three components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements

This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements include two main basic financial statements in accordance with Statement No. 34 of the Governmental Accounting Standards Board (GASB). The first is the *Statement of Net Position*, and the second is the *Statement of Activities*. These two statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business. Both report information about the Town as a whole and about its activities during the fiscal year using the accrual basis of accounting used by most private-sector companies.

- **Governmental Activities** - Most of the Town's basic services are reported here, including public safety, public works, health and sanitation, recreation and culture, and general government. Property taxes and excise taxes finance most of these activities.
- **Business-type Activities** - The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's Sewer Department, the Cape Porpoise Pier and the Dock Square Parking Lot are reported here.

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

The *Statement of Net Position* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Infrastructure (roads, bridges, etc.) are Town assets if constructed and owned by the Town or maintained by the Town. The increase or decrease in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. Other factors also need to be considered as well, such as changes in the Town's property tax base and the condition of the Town's infrastructure.

The *Statement of Activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This statement shows the net cost of departmental services (i.e., the cost of departmental services less the revenues generated by those departments), that are funded by tax revenues, State aid, and other unrestricted revenues.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Within the basic financial statements, fund financial statements focus on the Town's funds, rather than the Town as a whole.

Governmental funds - *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The General Fund is the Town's only major fund within the governmental funds.

Since the Government-wide focus includes the long-term view and the Fund focus presents a shorter-term (yearly budget) view, we are required by GASB Statement No. 34 to present reconciliations between the two following each Governmental Fund 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 \$27,872,982. This includes current assets (primarily cash, investments and taxes receivable), the cost (less accumulated depreciation) of all buildings, equipment and land owned by the Town (valued at historical cost, or an estimate thereof), less current and long-term debt. Changes in net position from year-to-year may be observed to analyze changing financial positions of the Town as a whole. The following table is presented in thousands (Statement 1).

	Governmental Activities		Business-type Activities		Primary Government Total	
	2016	2015	2016	2015	2016	2015
Current assets	\$ 7,921	7,709	2,077	1,980	9,998	9,689
Capital assets:						
Land	2,715	2,715	950	950	3,665	3,665
Construction in progress	563	460	19	19	582	479
Buildings and improvements	2,572	2,519	8,169	8,170	10,741	10,689
Land improvements	271	239	30	30	301	269
Furniture & fixtures	47	47	-	-	47	47
Equipment & vehicles	4,922	4,830	3,271	3,257	8,193	8,087
Infrastructure	8,010	7,362	7,809	7,809	15,819	15,171
Less: accumulated depreciation	(7,079)	(6,678)	(11,456)	(10,978)	(18,535)	(17,656)
Total assets	19,942	19,203	10,869	11,237	30,811	30,440
Deferred outflows of resources						
related to pensions	350	247	47	34	397	281
Total deferred outflows of resources	350	247	47	34	397	281
Current liabilities	320	637	25	125	345	762
Long-term liabilities	2,012	1,079	667	533	2,679	1,612
Total liabilities	2,332	1,716	692	658	3,024	2,374
Deferred inflows of resources						
related to pensions	274	638	37	89	311	727
Total deferred inflows of resources	274	638	37	89	311	727
Invested in capital assets, net of debt	11,683	10,896	8,356	8,770	20,039	19,666
Restricted	1,153	1,185	-	-	1,153	1,185
Unrestricted	4,850	5,014	1,831	1,754	6,681	6,768
Total net position	\$ 17,686	17,095	10,187	10,524	27,873	27,619

The largest portion of the Town's net position reflects investments in capital assets (i.e., buildings, infrastructure, vehicles and land); less any related debt used to acquire those assets that is still outstanding. Currently, the Town only owes debt related to road reconstruction and sewer upgrades. The Town uses these capital assets to provide services to its citizens; consequently, those assets are not available for future spending. The resources needed to repay this debt must be provided from other sources, primarily tax dollars, since the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net position may be used to meet the Town's ongoing obligations to its creditors.

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

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

	Governmental Activities		Business-type Activities		Primary Government Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	728	616	1,667	1,658	2,395	2,274
Operating grants & cont.	112	301	-	-	112	301
Capital grants	-	17	-	-	-	17
General revenues:						
Property taxes	14,591	14,326	-	-	14,591	14,326
Excise taxes	948	896	-	-	948	896
Grants & cont.	97	299	-	-	97	299
Unrestricted investment earnings	21	34	12	9	33	43
Miscellaneous revenues	132	77	3	20	135	97
Total revenues	16,629	16,566	1,682	1,687	18,311	18,253
Expenses:						
Program expenses:						
General government	1,762	1,325	-	-	1,762	1,325
Public safety	2,434	2,255	-	-	2,434	2,255
Public works	1,316	1,203	-	-	1,316	1,203
Health and welfare	688	652	-	-	688	652
Recreation and culture	689	514	-	-	689	514
Education	8,016	7,838	-	-	8,016	7,838
County tax	1,115	1,125	-	-	1,115	1,125
Loss on disposal of assets	-	89	-	10	-	99
Interest on debt service	11	22	-	-	11	22
Capital improvements	132	144	-	-	132	144
Cape Porpoise Pier	-	-	251	297	251	297
Dock Square Parking Lot	-	-	76	60	76	60
Sewer	-	-	1,474	1,372	1,474	1,372
Total expenditures	16,163	15,167	1,801	1,739	17,964	16,906
Increase (decrease) in net position	466	1,399	(119)	(52)	347	1,347
Transfers in(out)	219	220	(219)	(220)	-	-
Net position, beg. of year, as restated	17,002	15,476	10,525	10,796	27,527	26,272
Net position, end of year	17,687	17,095	10,187	10,524	27,874	27,619

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

The table below presents the total cost, for fiscal years 2016 and 2015, 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)

	2016				2015			
	Total		Net		Total		Net	
General govt.	\$ 1,762	12.0%	1,305	9.3%	1,325	9.6%	959	7.3%
Public safety	2,433	16.6%	2,313	16.5%	2,255	16.4%	2,099	16.1%
Public works	1,316	9.0%	1,274	9.1%	1,203	8.8%	1,042	8.0%
Education	8,015	54.7%	8,015	57.2%	7,838	57.0%	7,838	60.0%
County tax	1,115	7.6%	1,115	8.0%	1,125	8.2%	1,125	8.6%
Totals	\$ 14,641	100.0%	14,022	100.0%	13,746	100.0%	13,063	100.0%

The Town's Funds

The Town has one major fund – the General Fund. Detailed information regarding this fund can be found on pages 25 and 26 of these financial statements. More funding has been designated for the Capital Fund - fund balances and therefore General Fund – fund balance decreased. The changes in the fund balance of these funds are as follows (Statement 3):

Major Fund	Balance June 30, 2016	Balance June 30, 2015	\$ Change	% Change
General Fund	\$ 4,135,778	4,571,423	(435,645)	-9.53%
	\$ 4,135,778	4,571,423	(435,645)	-9.53%

Expenditures

The table below shows the Town's original and adjusted budgets for various departments and functions for the year ended June 30, 2016. 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	\$ 1,613,777	1,613,777	1,402,705	211,072	13.08%
Public Safety	2,349,755	2,349,755	2,262,117	87,638	3.73%
Public Works	1,088,698	1,088,698	1,082,822	5,876	0.54%
Health and Welfare	692,386	692,386	673,741	18,645	2.69%
Recreation and Culture	518,374	518,374	522,461	(4,087)	-0.79%
County Tax	1,115,331	1,115,331	1,115,331	-	0.00%
Education	8,015,486	8,015,486	8,015,486	-	0.00%
Debt service	272,586	272,586	272,586	-	0.00%
Capital improvements	978,882	1,169,973	1,350,568	(180,595)	-15.44%
Total expenditures	\$ 16,645,275	16,836,366	16,697,817	138,549	0.82%

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 with the exception of the recreation and culture and capital improvements. Both categories 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, 2016. The table also shows the variance between these figures for each category. The Town considers a variance to be significant if it exceeds \$20,000 and 10% of the final budget (Exhibit A-2).

General Fund Revenues	Final Budget	Actual Revenues	Variance	
			Amount	%
Property taxes	\$ 14,582,899	14,560,354	(22,545)	-0.15%
Excise taxes	834,100	948,096	113,996	13.67%
Interest and costs on taxes	24,000	29,498	5,498	22.91%
Licenses and permits	209,920	286,231	76,311	36.35%
Charges for services	350,150	430,276	80,126	22.88%
Intergovernmental	408,350	209,327	(199,023)	-48.74%
Interest earned	35,000	57,378	22,378	63.94%
Other revenue	38,500	110,819	72,319	187.84%
Total revenues	\$ 16,482,919	16,631,979	149,060	0.90%

Property taxes are shown as adjusted for the deferred tax revenue activity (unavailable revenues).

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

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

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

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

Intergovernmental revenues were under budget due to MDOT grants not becoming available until January 2017.

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

Other revenues came in higher due to the generous general assistance donations and a land use violation.

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

Capital Assets

As of June 30, 2016, the Town had \$20,813,836 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 \$62,803, or .003% over last year. For additional information, see the Capital Assets section in the notes, pages 41 and 42.

This year's major additions/deletions included:

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

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

The Town's fiscal year 2017 budget, as approved at the annual Town Meeting held on June 14th and 18th, includes approximately \$1,426,600 for various capital improvements, including two police vehicles, construction for the upgrades at the police station, a new plow truck and sweeper for the highway department, road and sidewalk improvement/construction, a vehicle for code enforcement and fire apparatus reserve funding.

Debt

The Town of Kennebunkport had \$755,786 in bonds outstanding at fiscal year-end, compared to \$1,060,000 last year. Additionally, the Town had \$18,767 in capital leases outstanding at fiscal year-end for the purchase of copy machines (page 45). State law limits the Town's debt in the aggregate to 15% of its stated assessed valuation. The Town's outstanding debt at June 30, 2016 was within this statutory limit. For additional information, see the Long-Term Debt section in the notes, pages 45 and 46.

Economic Factors and Next Year's Budget

The fiscal 2017 budget has been prepared and already approved at the June 14th and 18th annual town meeting. The municipal portion of the budget increased by approximately \$210,023 from last year. This was due to increases in overall operating costs, and additional funding for capital improvements.

Southern Maine and the Town of Kennebunkport witnessed signs of a rebounding economy, namely through the amount of building and development activity. There was an increase in building permits issued from 373 in 2015 to 448 in 2016, the construction valuation for 2015 was \$29,576,937 an increase of \$4,725,504 over 2014's total of \$24,851,433. York County also experienced a decrease in the unemployment rate from 3.9% in 2015 to 3.2% in 2016.

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

BASIC FINANCIAL STATEMENTS

TOWN OF KENNEBUNKPORT, MAINE
Statement of Net Position
June 30, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,857,478	24,936	3,882,414
Investments	4,278,877	1,330,993	5,609,870
Receivables:			
Accounts, net of allowance of \$27,745	48,799	161,030	209,829
Due from other governments	12,948	-	12,948
Taxes receivable - current year	180,384	-	180,384
Taxes receivable - prior year	3,764	-	3,764
Tax and sewer liens	72,307	14,866	87,173
Internal balances	(538,476)	538,476	-
Inventory	3,438	6,802	10,240
Prepays	979	-	979
Nondepreciable capital assets	3,278,295	969,642	4,247,937
Depreciable capital assets, net	8,743,464	7,822,435	16,565,899
Total assets	19,942,257	10,869,180	30,811,437
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	349,954	47,056	397,010
Total deferred outflows of resources	349,954	47,056	397,010
LIABILITIES			
Accounts payable and payroll withholdings	132,545	7,101	139,646
Accrued wages	63,583	9,341	72,924
Other liabilities	123,765	6,708	130,473
Accrued interest	38	2,104	2,142
Noncurrent liabilities:			
Due within one year	331,815	79,705	411,520
Due in more than one year	1,680,153	587,723	2,267,876
Total liabilities	2,331,899	692,682	3,024,581
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	274,036	36,848	310,884
Total deferred inflows of resources	274,036	36,848	310,884
NET POSITION			
Net investment in capital assets	11,682,992	8,356,291	20,039,283
Restricted for:			
General capital projects	6,988	-	6,988
Permanent funds	3,466	-	3,466
Nonexpendable principal of permanent funds	1,142,297	-	1,142,297
Unrestricted	4,850,533	1,830,415	6,680,948
Total net position	\$ 17,686,276	10,186,706	27,872,982

See accompanying notes to basic financial statements.

TOWN OF KENNEBUNKPORT, MAINE
Statement of Activities
For the year ended June 30, 2016

Functions/programs	Expenses	Program revenues			Net (expense) revenue and changes in net position		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total
					Governmental activities	Business-type activities	
Primary government:							
Governmental activities:							
General government	\$ 1,762,313	457,114	-	-	(1,305,199)	-	(1,305,199)
Public safety	2,433,783	61,583	59,282	-	(2,312,918)	-	(2,312,918)
Public works	1,316,170	-	42,392	-	(1,273,778)	-	(1,273,778)
Health and welfare	687,784	4,559	-	-	(683,225)	-	(683,225)
Recreation and culture	689,678	204,438	10,674	-	(474,566)	-	(474,566)
Education	8,015,486	-	-	-	(8,015,486)	-	(8,015,486)
County tax	1,115,331	-	-	-	(1,115,331)	-	(1,115,331)
Capital improvements	132,456	-	-	-	(132,456)	-	(132,456)
Interest on debt service	10,873	-	-	-	(10,873)	-	(10,873)
Total governmental activities	16,163,874	727,694	112,348	-	(15,323,832)	-	(15,323,832)
Business-type activities:							
Sewer	1,473,643	1,082,146	-	-	-	(391,497)	(391,497)
Cape Porpoise Pier	251,075	230,312	-	-	-	(20,763)	(20,763)
Dock Square Parking Lot	76,908	354,795	-	-	-	277,887	277,887
Total business-type activities	1,801,626	1,667,253	-	-	-	(134,373)	(134,373)
Total primary government	\$ 17,965,500	2,394,947	112,348	-	(15,323,832)	(134,373)	(15,458,205)
General revenues:							
Property taxes, levied for general purposes					14,590,834	-	14,590,834
Interest and costs on taxes					29,498	-	29,498
Motor vehicle excise taxes					948,096	-	948,096
Grants and contributions not restricted to specific programs:							
Homestead and BETE exemption					30,635	-	30,635
State Revenue Sharing					63,533	-	63,533
Veterans reimbursement					2,235	-	2,235
Snowmobile reimbursement					576	-	576
Unrestricted investment earnings					20,931	11,840	32,771
Miscellaneous revenues					102,303	3,835	106,138
Transfers					219,173	(219,173)	-
Total general revenues and transfers					16,007,814	(203,498)	15,804,316
Change in net position					683,982	(337,871)	346,111
Net position - beginning, as restated					17,002,294	10,524,577	27,526,871
Net position - ending					\$ 17,686,276	10,186,706	27,872,982

See accompanying notes to basic financial statements.

TOWN OF KENNEBUNKPORT, MAINE
Balance Sheet
Governmental Funds
June 30, 2016

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 3,857,162	316	3,857,478
Investments	3,189,670	1,089,207	4,278,877
Receivables:			
Accounts, net of allowance of \$25,512	47,972	827	48,799
Due from other governments	12,948	-	12,948
Taxes receivable - current year	180,384	-	180,384
Taxes receivable - prior year	3,764	-	3,764
Tax liens receivable	72,307	-	72,307
Prepays	979	-	979
Inventory	3,438	-	3,438
Interfund loans receivable	-	2,214,878	2,214,878
Total assets	\$ 7,368,624	3,305,228	10,673,852
LIABILITIES			
Accounts payable and payroll withholdings	125,787	6,758	132,545
Accrued wages	63,583	-	63,583
Other liabilities	123,765	-	123,765
Interfund loans payable	2,750,545	2,809	2,753,354
Total liabilities	3,063,680	9,567	3,073,247
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues - property taxes	169,166	-	169,166
Total deferred inflows of resources	169,166	-	169,166
FUND BALANCES			
Nonspendable	4,417	1,142,297	1,146,714
Restricted	-	10,454	10,454
Committed	642,748	1,730,736	2,373,484
Assigned	633,099	459,176	1,092,275
Unassigned	2,855,514	(47,002)	2,808,512
Total fund balances	4,135,778	3,295,661	7,431,439
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,368,624	3,305,228	
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.			12,021,759
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable revenue in the funds.			169,166
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			(320,000)
Capital leases			(18,767)
Net pension liability, including related deferred inflows and outflows of resources			(1,360,530)
Accrued interest			(38)
Accrued compensated absences			(236,753)
Net position of governmental activities			\$ 17,686,276

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, 2016

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 15,537,948	-	15,537,948
Intergovernmental	209,327	-	209,327
Licenses and permits	286,231	-	286,231
Charges for services	430,276	-	430,276
Investment income (loss)	57,378	(36,447)	20,931
Contributions	-	1,311	1,311
Other revenues	110,819	1,360	112,179
Total revenues	16,631,979	(33,776)	16,598,203
Expenditures:			
Current:			
General government	1,397,914	-	1,397,914
Public safety	2,203,815	7,720	2,211,535
Public works	1,062,325	-	1,062,325
Health and welfare	679,241	6,372	685,613
Recreation and culture	524,385	142,805	667,190
Education	8,015,486	-	8,015,486
County tax	1,115,331	-	1,115,331
Debt service	272,586	-	272,586
Capital improvements	1,137,559	27,386	1,164,945
Total expenditures	16,408,642	184,283	16,592,925
Excess (deficiency) of revenues over (under) expenditures	223,337	(218,059)	5,278
Other financing sources (uses):			
Transfers from other funds	469,190	878,955	1,348,145
Transfers to other funds	(1,128,172)	(800)	(1,128,972)
Total other financing sources (uses)	(658,982)	878,155	219,173
Net change in fund balances	(435,645)	660,096	224,451
Fund balances, beginning of year, as restated	4,571,423	2,635,565	7,206,988
Fund balances, end of year	\$ 4,135,778	3,295,661	7,431,439

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, 2016

Net change in fund balances - total governmental funds (from Statement 4) \$ 224,451

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 (\$1,032,489) exceeded the book value of disposed capital assets (\$43,076) and depreciation (\$461,800).	527,613
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	30,480
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds. This is the amount by which the change in the net pension liability with related deferred inflows and outflows (\$290,089) and the change in accrued compensated absences (\$70,186) exceeded the change in accrued interest (\$2,171).	(358,104)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:	
Repayment of bonds and capital leases	259,542

Change in net position of governmental activities (see Statement 2) \$ 683,982

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, 2016

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 15,440,999	15,440,999	15,537,948	96,949
Intergovernmental	408,350	408,350	209,327	(199,023)
Licenses and permits	209,920	209,920	286,231	76,311
Charges for services	350,150	350,150	430,276	80,126
Interest earned	35,000	35,000	57,378	22,378
Other revenue	38,500	38,500	110,819	72,319
Total revenues	16,482,919	16,482,919	16,631,979	149,060
Expenditures:				
Current:				
General government	1,613,777	1,613,777	1,402,705	211,072
Public safety	2,349,755	2,349,755	2,262,117	87,638
Public works	1,088,698	1,088,698	1,082,822	5,876
Health and welfare	692,386	692,386	673,741	18,645
Recreation and culture	518,374	518,374	522,461	(4,087)
Education	8,015,486	8,015,486	8,015,486	-
County tax	1,115,331	1,115,331	1,115,331	-
Debt service	272,586	272,586	272,586	-
Capital improvements	978,882	1,169,973	1,350,568	(180,595)
Total expenditures	16,645,275	16,836,366	16,697,817	138,549
Excess (deficiency) of revenues over (under) expenditures	(162,356)	(353,447)	(65,838)	287,609
Other financing sources (uses):				
Transfers from other funds	255,800	255,800	469,190	213,390
Transfers to other funds	(393,444)	(441,279)	(1,128,172)	(686,893)
Utilization of unassigned fund balance	300,000	300,000	-	(300,000)
Utilization of assigned fund balance	-	238,926	-	(238,926)
Total other financing sources (uses)	162,356	353,447	(658,982)	(1,012,429)
Net change in fund balance - budgetary basis	-	-	(724,820)	(724,820)
Reconciliation to GAAP basis:				
Change in encumbrance balance			289,175	
Total reconciliation to GAAP basis			289,175	
Net change in fund balance - GAAP basis			(435,645)	
Fund balance, beginning of year, as restated			4,571,423	
Fund balance, end of year	\$		4,135,778	

See accompanying notes to basic financial statements.

TOWN OF KENNEBUNKPORT, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2016

Business-type Activities - Enterprise Funds				
	Sewer Department	Cape Porpoise Pier	Dock Square Parking Lot	Total
ASSETS				
Current assets:				
Cash	\$ 36	100	24,800	24,936
Investments	1,330,993	-	-	1,330,993
Accounts receivable, net of allowance of \$2,233	121,439	37,361	2,230	161,030
Sewer liens	14,866	-	-	14,866
Inventory	-	6,802	-	6,802
Interfund loans receivable	317,957	28,970	191,549	538,476
Total current assets	1,785,291	73,233	218,579	2,077,103
Noncurrent assets:				
Property, plant, and equipment	18,560,446	1,443,885	244,185	20,248,516
Less accumulated depreciation	(10,794,395)	(596,673)	(65,371)	(11,456,439)
Total noncurrent assets	7,766,051	847,212	178,814	8,792,077
Total assets	9,551,342	920,445	397,393	10,869,180
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	47,056	-	-	47,056
Total deferred outflows of resources	47,056	-	-	47,056
LIABILITIES				
Current liabilities:				
Accounts payable and payroll withholdings	4,581	1,180	1,340	7,101
Accrued wages	8,010	1,213	118	9,341
Other liabilities	4,208	2,500	-	6,708
Accrued interest	2,104	-	-	2,104
Accrued compensated absences	28,262	-	-	28,262
Noncurrent liabilities, current portion	51,443	-	-	51,443
Total current liabilities	98,608	4,893	1,458	104,959
Noncurrent liabilities, long-term portion	586,579	1,144	-	587,723
Total liabilities	685,187	6,037	1,458	692,682
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	36,848	-	-	36,848
Total deferred inflows of resources	36,848	-	-	36,848
NET POSITION				
Net investment in capital assets	7,330,265	847,212	178,814	8,356,291
Unrestricted	1,546,098	67,196	217,121	1,830,415
Total net position	\$ 8,876,363	914,408	395,935	10,186,706

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, 2016

Business-type Activities - Enterprise Funds				
	Sewer Department	Cape Porpoise Pier	Dock Square Parking Lot	Total
Operating revenues:				
Lease income	\$ -	40,000	-	40,000
Fuel sales	-	141,167	-	141,167
Dues	-	41,085	-	41,085
Fees	1,082,146	8,060	354,795	1,445,001
Other income	2,535	150	1,150	3,835
Total operating revenues	1,084,681	230,462	355,945	1,671,088
Operating expenses:				
Wages and benefits	701,960	75,142	11,478	788,580
Supplies	84,105	109,727	22,301	216,133
Repairs and maintenance	17,986	7,443	-	25,429
Insurance	24,842	3,842	6,497	35,181
Utilities	101,897	9,384	6,717	117,998
Contracted services	30,854	4,005	1,000	35,859
Equipment	53,104	18,400	5,433	76,937
Other operating expenses	614	3,520	-	4,134
Depreciation	449,389	19,612	10,871	479,872
Total operating expenses	1,464,751	251,075	64,297	1,780,123
Operating income (loss)	(380,070)	(20,613)	291,648	(109,035)
Nonoperating revenue (expenses):				
Interest income	11,840	-	-	11,840
Gain (loss) on disposal of capital assets	-	-	(12,611)	(12,611)
Interest expense	(8,892)	-	-	(8,892)
Total nonoperating revenue (expenses)	2,948	-	(12,611)	(9,663)
Net income (loss) before transfers	(377,122)	(20,613)	279,037	(118,698)
Transfers:				
Transfer (to) from other funds	10,827	-	(230,000)	(219,173)
Total transfers	10,827	-	(230,000)	(219,173)
Change in net position	(366,295)	(20,613)	49,037	(337,871)
Total net position, beginning of year	9,242,658	935,021	346,898	10,524,577
Total net position, end of year	\$ 8,876,363	914,408	395,935	10,186,706

See accompanying notes to basic financial statements.

TOWN OF KENNEBUNKPORT, MAINE
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2016

Business-type Activities - Enterprise Funds				
	Sewer Department	Cape Porpoise Pier	Dock Square Parking Lot	Total
Cash flows from operating activities:				
Receipts from customers and users	\$ 1,235,898	226,106	355,958	1,817,962
Payments to suppliers	(323,819)	(164,245)	(41,056)	(529,120)
Payments to employees	(663,505)	(75,766)	(13,330)	(752,601)
Net cash provided by (used in) operating activities	248,574	(13,905)	301,572	536,241
Cash flows from non-capital financing activities:				
(Increase) decrease in interfund loans receivable	(201,639)	13,905	(19,099)	(206,833)
Transfers (to) from other funds	10,827	-	(230,000)	(219,173)
Net cash provided by (used in) non-capital financing activities	(190,812)	13,905	(249,099)	(426,006)
Cash flows from capital and related financing activities:				
Purchase of capital assets	-	-	(27,673)	(27,673)
Bond principal payments	(50,603)	-	-	(50,603)
Interest payments	(9,105)	-	-	(9,105)
Net cash provided by (used in) capital and related financing activities	(59,708)	-	(27,673)	(87,381)
Cash flows from investing activities:				
(Purchase) sale of investments	(9,958)	-	-	(9,958)
Investment income	11,840	-	-	11,840
Net cash provided by investing activities	1,882	-	-	1,882
Increase (decrease) in cash	(64)	-	24,800	24,736
Cash, beginning of year	100	100	-	200
Cash, end of year	\$ 36	100	24,800	24,936
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (380,070)	(20,613)	291,648	(109,035)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	449,389	19,612	10,871	479,872
Change in operating assets and liabilities:				
(Increase) decrease in accounts receivable	153,406	(4,356)	13	149,063
(Increase) decrease in sewer liens	(2,189)	-	-	(2,189)
(Increase) decrease in inventory	-	(2,085)	-	(2,085)
Increase (decrease) in accounts payable and payroll withholdings	(12,625)	(5,839)	892	(17,572)
Increase (decrease) in accrued wages	(5,241)	(1,220)	(1,852)	(8,313)
Increase (decrease) in other liabilities	2,208	-	-	2,208
Increase (decrease) in net pension liability with related deferred outflows and deferred inflows of resources	34,063	-	-	34,063
Increase (decrease) in accrued compensated absences	9,633	596	-	10,229
Net cash provided by (used in) operating activities	\$ 248,574	(13,905)	301,572	536,241

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 of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Town has elected not to allocate indirect costs among the programs, functions and segments. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period for property taxes and one year for all other revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as certain compensated absences and claims and judgments, are recorded only when the payment is due.

Those revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the Town and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The Town reports the following major governmental fund:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Town reports the following major proprietary funds:

Sewer Department Fund accounts for revenues earned and expenses incurred in the operation of the sewer department.

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule include charges between the Town's sewer department fund and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's proprietary funds are charges to customers for sales and services; operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Investments - Cash includes amounts in demand deposits 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, 2016 are recorded as prepaid items.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

<u>Useful Life</u>	<u>Asset Type</u>
3-15 years	Land improvements
30-50 years	Buildings
5-50 years	Building improvements
5-50 years	Machinery and equipment
5-10 years	Furniture and fixtures
10-40 years	Vehicles
10-50 years	Infrastructure

Compensated Absences - Under terms of personnel policies and union contracts, vacation and sick leave is granted in varying amounts according to length of service and is accrued ratably over the year. Regular part-time employees receive vacation and sick leave on a pro-rated basis. Vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for vacation only is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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

- *Nonspendable* – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.
- *Restricted* – resources with constraints placed on the use of resources which are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or; b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – resources which are subject to limitations the government imposes on itself at its highest level of decision-making authority, and that remain binding unless removed in the same manner.
- *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.

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. The Town does have a formal fund balance policy.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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, 2016, the Town was in compliance with its policy.

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

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

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

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

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

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

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 liability, which include the Town's contributions subsequent to the measurement date, which are recognized as a reduction of the net pension liability in the subsequent year. They also include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between Town contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. They also include the net difference between projected and actual earnings on pension plan investments, which is deferred and amortized over a five-year period.

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

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>
2016 budget as originally adopted	\$ 16,482,919	(16,645,275)	162,356
Designated carryforward balances	-	(191,091)	191,091
Totals	\$ 16,482,919	(16,836,366)	353,447

C. Excess of Expenditures over Appropriations

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

	<u>Budget</u>	<u>Actual</u>	<u>Overage</u>
Within departments:			
Goose Rocks Beach Committee	\$ 35,000	(39,743)	(4,743)
Capital Outlay Administration	42,500	(54,585)	(12,085)
Capital Outlay Communications	100,000	(267,035)	(167,035)
Capital Outlay Highway	144,000	(164,993)	(20,993)

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, 2016, the Town reported deposits of \$3,882,414 with a bank balance of \$4,179,191. Of the Town's bank balances of \$4,179,191, none was exposed to custodial credit risk because all of the bank balance was covered by the F.D.I.C. or by additional insurance purchased on behalf of the Town by the respective banking institutions.

Deposits have been reported as follows:

Reported in governmental funds	\$ 3,857,478
Reported in proprietary funds	24,936
Total deposits	\$ 3,882,414

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

DEPOSITS AND INVESTMENTS, CONTINUED

B. Investments

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

At June 30, 2016, the Town had the following investments:

	<u>Fair</u> <u>value</u>	<u>N/A</u>	<u>Less than</u> <u>1 year</u>	<u>Fair value</u> <u>hierarchy</u>	<u>S&P</u> <u>rating</u>
Cash and equivalents	\$ 156,559	156,559	-	N/A	N/A
Corporate bonds	117,760	-	117,760	Level 1	A
Corporate bonds	80,970	-	80,970	Level 1	B
Equities	733,920	733,920	-	Level 1	N/A
Certificates of deposits	4,520,661	250,000	4,270,661	N/A	N/A
Total investments	\$ 5,609,870	1,140,479	4,469,391		

Investments have been reported as follows:

Reported in governmental funds	\$ 4,278,877
Reported in proprietary funds	1,330,993
Total investments	\$ 5,609,870

Interest Rate Risk: It is the Town's policy that interest rate risk will be mitigated by structuring the Town's portfolio so that the securities mature to meet the Town's cash demands for ongoing operations, thereby precluding the need to sell securities on the open market prior to their maturity and by investing primarily in shorter-term securities.

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

Custodial Credit Risk-Town's Investments: For investments, custodial credit risk is the risk that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Town's \$4,520,661 investment in certificates of deposit, none was exposed to custodial credit risk because all of the certificates of deposit were covered by the F.D.I.C. or by additional insurance purchased on behalf of the Town by the respective banking institutions.

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

PROPERTY TAX

Property taxes for the current period were committed on July 23, 2015, on the assessed value listed as of April 1, 2015, for all real and personal property located in the Town. Payment of taxes was due in equal installments on September 10, 2015 and March 10, 2016. Interest at the rate of 7% per annum was charged on any amounts remaining unpaid after this date. Assessed values are periodically established by the Assessor's agent at 100% of assumed market value. The last revaluation was completed for the list of April 1, 2009. The 2015 assessed value of \$1,893,882,970 was 100% of the estimated market value and 97.7% of the 2016 state valuation of \$1,938,350,000.

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 \$63,799 for the period ended June 30, 2016.

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, 2016 and 2015 levies:

	<u>2016</u>	<u>2015</u>
Assessed value	\$1,893,882,970	1,873,703,330
Tax rate (per \$1,000)	7.70	7.63
Commitment	14,582,899	14,296,357
Supplemental taxes assessed	7,457	-
	14,590,356	14,296,357
Less:		
Collections and abatements	14,409,972	14,130,137
Receivable at June 30	\$ 180,384	166,220
Collection rate	98.76%	98.84%

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

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance June 30, <u>2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2016</u>
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 459,822	103,292	-	563,114
Land	2,715,181	-	-	2,715,181
Total capital assets, not being depreciated	3,175,003	103,292	-	3,278,295
Capital assets, being depreciated:				
Land improvements	239,492	31,696	-	271,188
Buildings	1,876,443	-	-	1,876,443
Buildings improvements	642,512	53,463	-	695,975
Machinery and equipment	1,655,834	9,483	39,280	1,626,037
Furniture and fixtures	47,258	-	-	47,258
Vehicles	3,174,128	185,692	64,284	3,295,536
Infrastructure	7,361,873	648,863	-	8,010,736
Total capital assets, being depreciated	14,997,540	929,197	103,564	15,823,173
Less accumulated depreciation for:				
Land improvements	141,098	9,181	-	150,279
Buildings	815,941	42,193	-	858,134
Building improvements	273,901	27,094	-	300,995
Machinery and equipment	1,084,763	65,980	19,113	1,131,630
Furniture and fixtures	47,171	43	-	47,214
Vehicles	1,554,032	165,145	41,375	1,677,802
Infrastructure	2,761,491	152,164	-	2,913,655
Total accumulated depreciation	6,678,397	461,800	60,488	7,079,709
Total capital assets being depreciated, net	8,319,143	467,397	43,076	8,743,464
Governmental activities capital assets, net	\$ 11,494,146	570,689	43,076	12,021,759

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

Governmental activities:	
General government	\$ 64,049
Public safety	148,981
Public works	232,750
Health and welfare	43
Recreation and culture	15,977
Total depreciation expense - governmental activities	\$ 461,800

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

CAPITAL ASSETS, CONTINUED

	Balance June 30, <u>2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2016</u>
Business-type activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 19,214	-	-	19,214
Land	950,428	-	-	950,428
<u>Total capital assets, not being depreciated</u>	<u>969,642</u>	<u>-</u>	<u>-</u>	<u>969,642</u>
Capital assets, being depreciated:				
Land improvements	29,600	-	-	29,600
Buildings	4,936,200	-	-	4,936,200
Building improvements	3,234,174	13,145	15,000	3,232,319
Machinery and equipment	3,174,391	14,528	-	3,188,919
Infrastructure	7,809,631	-	-	7,809,631
Vehicles	82,205	-	-	82,205
<u>Total capital assets, being depreciated</u>	<u>19,266,201</u>	<u>27,673</u>	<u>15,000</u>	<u>19,278,874</u>
Less accumulated depreciation for:				
Land improvements	29,600	-	-	29,600
Buildings	2,904,581	97,849	-	3,002,430
Building improvements	1,016,231	93,473	2,389	1,107,315
Machinery and equipment	2,146,693	115,740	-	2,262,433
Infrastructure	4,828,445	168,722	-	4,997,167
Vehicles	53,406	4,088	-	57,494
<u>Total accumulated depreciation</u>	<u>10,978,956</u>	<u>479,872</u>	<u>2,389</u>	<u>11,456,439</u>
<u>Total capital assets being depreciated, net</u>	<u>8,287,245</u>	<u>(452,199)</u>	<u>12,611</u>	<u>7,822,435</u>
<u>Business-type activities capital assets, net</u>	<u>\$ 9,256,887</u>	<u>(452,199)</u>	<u>12,611</u>	<u>8,792,077</u>

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

Business-type activities:	
Sewer Department	\$ 449,389
Cape Porpoise Pier	19,612
<u>Dock Square Parking Lot</u>	<u>10,871</u>
<u>Total depreciation expense - business-type activities</u>	<u>\$ 479,872</u>

INTERFUND LOAN BALANCES

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

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

INTERFUND LOAN BALANCES, CONTINUED

Individual interfund loan receivable and payable balances at the year ended June 30, 2016 were as follows:

	<u>Interfund loans receivable</u>	<u>Interfund loans payable</u>
General Fund	\$ -	2,750,545
Proprietary funds:		
Sewer Department	317,957	-
Cape Porpoise Pier	28,970	-
Dock Square Parking Lot	191,549	-
Total proprietary funds	538,476	-
Nonmajor special revenue funds:		
Piers, Rivers & Harbors	408,521	-
350 th Anniversary	892	-
Revaluation	3,041	-
DEA Drug Forfeiture	106	-
Maine Drug Forfeiture	1,010	-
Dredge	51,842	-
Total nonmajor special revenue funds	465,412	-
Nonmajor capital projects funds:		
General Capital Projects	6,988	-
Port Village Fire Station	522	-
Fire Apparatus	414,046	-
Highway Vehicles	79,276	-
Garage Roof	13,263	-
S Brook Drainage	7,142	-
Communications Building	22,705	-
Town Office Building	2,149	-
Fire Equipment	42,021	-
Sidewalk	187,428	-
Road Improvement	275,813	-
General Capital Improvements	686,893	-
Total nonmajor capital projects funds	1,738,246	-
Nonmajor permanent funds:		
Kittredge Family Fire Equipment Fund	4,302	-
Macomber Trust	-	2,809
Picavet Trust	6,918	-
Total nonmajor permanent funds	11,220	2,809
Total interfund loans receivable and payable	\$ 2,753,354	2,753,354

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

INTERFUND TRANSFERS

Individual fund transfers for the year ended June 30, 2016 were as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
<u>General Fund</u>	<u>\$ 469,190</u>	<u>1,128,172</u>
Proprietary funds:		
Sewer Department	35,827	25,000
Dock Square Parking Lot	-	230,000
<u>Total proprietary funds</u>	<u>35,827</u>	<u>255,000</u>
Nonmajor special revenue funds:		
Piers, Rivers & Harbors	100,000	-
<u>Total nonmajor special revenue funds</u>	<u>100,000</u>	<u>-</u>
Nonmajor capital projects funds:		
Fire Apparatus	115,000	-
Highway Vehicle	-	29,994
S Brook Drainage	-	6,503
Communications Building	-	167,035
Town Office Building	-	9,858
Fire Equipment	10,500	-
Sidewalks	61,417	-
Road Improvement	118,535	-
General Capital Improvements	686,893	-
<u>Total nonmajor capital projects funds</u>	<u>992,345</u>	<u>213,390</u>
Nonmajor permanent funds:		
Macomber Trust	-	800
<u>Total nonmajor permanent funds</u>	<u>-</u>	<u>800</u>
<u>Totals</u>	<u>\$ 1,597,362</u>	<u>1,597,362</u>

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

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2016 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	\$ 573,611	-	253,611	320,000	160,000
Net pension liability	679,241	757,207	-	1,436,448	-
Capital leases	24,698	-	5,931	18,767	6,091
Accrued compensated absences	166,567	296,575	226,389	236,753	165,724
Governmental activity long-term liabilities	\$ 1,444,117	1,053,782	485,931	2,011,968	331,815

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

CHANGES IN LONG-TERM LIABILITIES, CONTINUED

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Business-type activities:					
General obligations bonds	\$ 486,389	-	50,603	435,786	51,443
Net pension liability	94,470	98,680	-	193,150	-
Compensated absences	28,263	56,054	45,825	38,492	28,262
Business-type activity long-term liabilities	\$ 609,122	154,734	96,428	667,428	79,705

LONG-TERM DEBT

Bonds payable and capital leases at June 30, 2016 are comprised of the following:

Bonds Payable

	<u>Amount issued</u>	<u>Date of issue</u>	<u>Date of maturity</u>	<u>Interest rate</u>	<u>Balance</u>
<u>Governmental activities:</u>					
Road bond	\$ 1,600,000	8/1/08	2018	4.24%	320,000
Total governmental activities bonds payable					320,000
<u>Business-type activities:</u>					
Sewer expansion bonds	1,000,000	11/13/03	2024	2.25%	435,786
Total business-type activities bonds payable					435,786
Total governmental activities and business-type activities bonds payable					\$ 755,786

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

Capital Leases

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

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

LONG-TERM DEBT, CONTINUED

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

Governmental Activities

	<u>Bonds</u>			<u>Capital Leases</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 160,000	10,459	170,459	6,091	503	6,594
2018	160,000	3,674	163,674	6,254	340	6,594
2019	-	-	-	6,422	172	6,594
Totals	\$ 320,000	14,133	334,133	18,767	1,015	19,782

Business-type Activities

	<u>Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 51,443	8,221	59,664
2018	52,321	7,322	59,643
2019	53,240	6,219	59,459
2020	54,202	5,201	59,403
2021	55,208	4,003	59,211
2022-2024	169,372	7,994	177,366
Totals	\$ 435,786	38,960	474,746

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, 2016, the Town's outstanding debt did not exceed these limits.

OPERATING LEASES

The Town leases buildings to provide facilities for the Fire Department. Total costs for the leases were \$40,965 for the year ended June 30, 2016. The future minimum lease payments for these leases are as follows:

<u>Year ending</u> <u>June 30,</u>	<u>Goose Rocks</u> <u>Beach Fire Co</u>	<u>Atlantic Volunteer</u> <u>Engine Co</u>	<u>Total</u>
2017	\$ 22,430	18,924	41,354
Total	\$ 22,430	18,924	41,354

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

OVERLAPPING DEBT

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

<u>Units</u>	<u>Net debt outstanding June 30, 2016</u>	<u>Percentage applicable to the Town</u>	<u>Town's proportionate share of debt</u>
York County	\$ 5,900,000	6.29%	371,110
Regional School Unit #21	58,345,147	40.70%	23,755,753

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

RISK MANAGEMENT

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

Based on the coverage provided by these pools, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities, which should be recorded at June 30, 2016. 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, 2016:

	<u>Governmental activities</u>	<u>Business-type activities</u>
Capital assets	\$19,101,468	20,248,516
Accumulated depreciation	(7,079,709)	(11,456,439)
Bonds payable	(320,000)	(435,786)
Capital leases	(18,767)	-
<u>Total net investment in capital assets</u>	<u>\$11,682,992</u>	<u>8,356,291</u>

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

FUND BALANCE

The General Fund unrestricted fund balance has been restated for June 30, 2015. It has been decreased by \$93,050, which represents a Maine Department of Transportation grant for road improvements, that was booked as an accounts receivable and has not been recognized or received yet.

The General Fund unassigned fund balance total of \$2,855,514 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, 2016, other fund balance components consisted of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund:				
Reserved for inventory	\$ 3,438	-	-	-
Prepaid expenditures	979	-	-	-
Carryforward balances	-	-	642,748	-
Subsequent year's expenditures	-	-	-	275,000
Encumbrances	-	-	-	358,099
Total general fund	4,417	-	642,748	633,099
Other Governmental Funds:				
Special Revenue Funds:				
Piers, Rivers & Harbors	-	-	-	401,763
350 th Anniversary	-	-	-	892
Revaluation	-	-	-	3,041
DEA Drug Forfeiture	-	-	-	106
Maine DEA Drug Forfeiture	-	-	-	1,010
Dredge	-	-	-	51,842
Capital Projects Funds:				
General Capital Projects	-	6,988	-	-
Port Village Fire Station	-	-	-	522
Fire Apparatus	-	-	414,046	-
Highway Vehicles	-	-	79,276	-
Garage Roof	-	-	13,263	-
S Brook Drainage	-	-	7,142	-
Communications Building	-	-	22,705	-
Town Office Building	-	-	2,149	-
Fire Equipment	-	-	42,021	-
Sidewalks	-	-	187,428	-
Road Improvement	-	-	275,813	-
General Capital Improvements	-	-	686,893	-
Permanent Funds:				
Principal	1,142,297	-	-	-
Unexpended income:				
Macomber Trust	-	3,466	-	-
Total other governmental funds	1,142,297	10,454	1,730,736	459,176
Grand totals	\$ 1,146,714	10,454	2,373,484	1,092,275

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

FUND BALANCE, CONTINUED

At June 30, 2016 and 2015, fund balances were committed to future periods as follows:

	<u>2016</u>	<u>2015</u>
General Fund:		
Capital reserve account	\$ -	686,893
Bridge repairs	-	49,542
Street lights	5,000	5,000
Salt shed	12,736	19,626
General Assistance donations	78,636	55,510
Employee separation	50,008	46,006
Downtown projects	-	173
Cemetery	300	300
Voting equipment	7,332	7,332
Local Circuit Breaker Program	23,927	26,368
Recreation - capital	38,871	15,820
Parsons Way bench	6,071	4,875
Police donations	2,070	1,250
Legal	267,589	212,589
Goose Rocks Beach Advisory Committee	95,344	100,087
Police	5,000	5,000
Administration	29,578	35,152
Fire building maintenance	-	20,000
School Street land	-	136,633
Community development	8,493	-
Land acquisition	11,793	11,793
	<u>\$ 642,748</u>	<u>1,439,949</u>

Encumbrances at year end were \$358,099 for the General Fund, \$11,135 for the Enterprise Fund - Sewer \$4,377, and Cape Porpoise Pier \$6,758.

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

General Information about the Pension Plan

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

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

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

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 7.5% of their annual pay. The Town's contractually required contribution rate for the year ended June 30, 2016, was 8.9% for the AC plan and 14.0% 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 \$223,010 for governmental activities and \$29,987 for business type activities - sewer for the year ended June 30, 2016.

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

At June 30, 2016, the Town reported a liability of \$1,436,448 for governmental activities and \$193,150 for business type activities - sewer for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, 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, 2015, the Town's proportion of the plan's net pension liability was 0.5108%.

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

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

For the year ended June 30, 2016, the Town recognized a pension expense of \$513,098 for governmental activities and \$64,050 for business type activities - sewer. At June 30, 2016, 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	\$ -	126,489	-	17,008
Changes in assumptions	126,944	-	17,069	-
Net difference between projected and actual earnings on pension plan investments	-	108,525	-	14,593
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	39,022	-	5,247
Town contributions subsequent to the measurement date	223,010	-	29,987	-
Total	\$ 349,954	274,036	47,056	36,848

An amount of \$223,010 is reported as deferred outflows of resources in the governmental activities and \$29,987 is reported as deferred outflows of resources in the business type activities – sewer related to pensions resulting from Town contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. 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>
2017	\$ (85,431)	(11,487)
2018	(85,431)	(11,487)
2019	(87,066)	(11,707)
2020	110,836	14,902

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

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

Actuarial Assumptions - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5%
Salary Increases	3.5% to 9.5% per year
Investment return	7.125% per annum, compounded annually
Cost of living benefit increases	2.55% per annum

Mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2005 to June 30, 2010.

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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US equities	20%	5.2%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real estate	10%	3.7%
Infrastructure	10%	4.0%
Hard assets	5%	4.8%
Fixed income	25%	0.7%
<u>Total</u>	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.125%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

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

The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 7.125%, 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 (6.125%) or 1 percentage-point higher (8.125%) than the current rate:

	1% Decrease <u>(6.125%)</u>	Current Discount Rate <u>(7.125%)</u>	1% Increase <u>(8.125%)</u>
Town’s proportionate share of the net pension liability	\$ 3,246,642	1,629,598	96,540

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, 2016.

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.

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>2016</u> **	<u>2015</u> **
Town's proportion of the net pension liability	0.5108%	0.5028%
Town's proportionate share of the net pension liability	\$ 1,629,598	773,711
Town's covered-employee payroll	2,451,768	2,349,396
Town's proportion share of the net pension liability as a percentage of its covered-employee payroll	66.47%	32.93%
Plan fiduciary net position as a percentage of the total pension liability	88.27%	94.10%

* Only two years of information available

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

TOWN OF KENNEBUNKPORT, MAINE
Required Supplementary Information, Continued

Schedule of Town Contributions
Maine Public Employees Retirement System Consolidated Plan

Last 10 Fiscal Years*

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

**Only three years of information was available.*

TOWN OF KENNEBUNKPORT, MAINE
Notes to Required Supplementary Information

Changes of Benefit Terms - None

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

GENERAL FUND

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

TOWN OF KENNEBUNKPORT, MAINE
General Fund
Comparative Balance Sheets
June 30, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 3,857,162	3,255,727
Investments	3,189,670	3,173,133
Receivables:		
Accounts, net of allowance of \$25,512	47,972	199,634
Due from other governments	12,948	-
Taxes receivable - current year	180,384	166,220
Taxes receivable - prior year	3,764	3,189
Tax liens receivable	72,307	86,522
Prepays	979	5,070
Inventory	3,438	5,052
Total assets	\$ 7,368,624	6,894,547
LIABILITIES		
Accounts payable and payroll withholdings	125,787	128,761
Accrued wages	63,583	83,891
Other liabilities	123,765	57,252
Interfund loans payable	2,750,545	1,821,484
Total liabilities	3,063,680	2,091,388
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	169,166	138,686
Total deferred inflows of resources	169,166	138,686
FUND BALANCES		
Nonspendable	4,417	10,122
Committed	642,748	1,439,949
Assigned	633,099	368,924
Unassigned	2,855,514	2,845,478
Total fund balances	4,135,778	4,664,473
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,368,624	6,894,547

TOWN OF KENNEBUNKPORT, MAINE
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the year ended June 30, 2016
(with comparative actual amounts for the year ended June 30, 2015)

	2016		Variance positive (negative)	2015 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 14,582,899	14,590,834	7,935	14,296,357
Change in unavailable revenue	-	(30,480)	(30,480)	9,013
Excise taxes	834,100	948,096	113,996	895,501
Interest and costs on taxes	24,000	29,498	5,498	29,728
Total taxes	15,440,999	15,537,948	96,949	15,230,599
Intergovernmental:				
State Revenue Sharing	52,300	63,533	11,233	56,615
Homestead reimbursement	30,000	30,000	-	30,406
State road assistance	41,000	42,392	1,392	41,960
Tree growth	6,000	6,746	746	6,189
Snowmobile reimbursement	-	576	576	391
Veterans reimbursement	2,000	2,235	235	2,250
General assistance	1,000	-	(1,000)	1,344
BETE reimbursement	100	635	535	125
MDOT grants	206,950	-	(206,950)	16,529
Rachel Carson	4,000	3,928	(72)	3,736
RSU COPS share	65,000	57,915	(7,085)	59,332
Miscellaneous	-	1,367	1,367	102,873
Total intergovernmental	408,350	209,327	(199,023)	321,750
Licenses and permits:				
Town clerk fees	9,500	9,898	398	9,034
Plumbing fees	13,000	20,425	7,425	18,220
Building permits	180,000	247,643	67,643	172,520
Liquor license	3,475	4,025	550	4,075
Victualers license	3,300	3,050	(250)	3,250
Shellfish license	645	1,190	545	1,140
Total licenses and permits	209,920	286,231	76,311	208,239

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

	2016		Variance positive (negative)	2015 Actual
	Budget	Actual		
Revenues, continued:				
Charges for services:				
Dogs fees	\$ 4,150	4,311	161	4,695
Agent fees	11,500	11,324	(176)	11,256
Land use ordinance	-	7,968	7,968	-
Planning board/appeals board	13,500	17,211	3,711	23,400
Parking tickets	30,000	50,528	20,528	44,429
Police other	10,000	11,055	1,055	12,672
Goose Rocks	100,000	120,069	20,069	108,282
Nurses fees	1,000	4,559	3,559	1,241
Parks and recreation revenue	180,000	202,729	22,729	190,095
Miscellaneous	-	522	522	518
Total charges for services	350,150	430,276	80,126	396,588
Interest earned	35,000	57,378	22,378	34,383
Total interest earned	35,000	57,378	22,378	34,383
Other revenue:				
Donations	-	32,532	32,532	49,754
Maine PERS credit	10,000	14,506	4,506	208,785
Recreation	1,000	1,709	709	940
Sale of Town assets	5,000	8,000	3,000	-
Conservation	10,000	10,000	-	10,000
Miscellaneous	12,500	44,072	31,572	26,159
Total other revenue	38,500	110,819	72,319	295,638
Total revenues	16,482,919	16,631,979	149,060	16,487,197

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

	2016		Variance positive (negative)	2015 Actual
	Budget	Actual		
Expenditures:				
Current:				
General government:				
Administration	\$ 824,366	817,420	6,946	760,111
Planning and development	334,268	309,743	24,525	318,560
Boards and committees	1,730	1,092	638	1,487
Growth planning	3,450	1,223	2,227	2,500
Legal fees	138,000	83,000	55,000	80,033
Insurance	129,908	128,029	1,879	122,612
Contingency	91,585	22,878	68,707	28,270
Overlay/abatements	63,799	21,142	42,657	7,827
Community development	26,671	18,178	8,493	20,326
Total general government	1,613,777	1,402,705	211,072	1,341,726
Public safety:				
Police department	1,400,602	1,373,612	26,990	1,311,707
Communications	425,485	422,621	2,864	392,190
Fire department	379,788	324,431	55,357	342,988
KEMS	108,000	108,000	-	116,500
EMA	750	750	-	25
Special enforcement	35,130	32,703	2,427	32,738
Total public safety	2,349,755	2,262,117	87,638	2,196,148
Public works:				
Highway department	758,664	757,048	1,616	775,146
Mechanic	109,879	109,326	553	51,311
Utilities	172,150	170,897	1,253	162,611
Shade tree	33,788	33,672	116	30,151
Cemetery	14,217	11,879	2,338	12,259
Total public works	1,088,698	1,082,822	5,876	1,031,478

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

	2016		Variance positive (negative)	2015 Actual
	Budget	Actual		
Expenditures, continued				
Current, continued:				
Health and welfare:				
Solid waste	\$ 452,169	444,363	7,806	423,750
Health and welfare	174,477	169,198	5,279	160,479
Welfare	3,200	150	3,050	2,949
Social services	25,700	23,200	2,500	26,200
Other services	36,840	30,244	6,596	31,740
General assistance donations	-	6,586	(6,586)	16,342
Total health and welfare	692,386	673,741	18,645	661,460
Recreation and culture:				
Recreation	339,918	339,872	46	322,245
Graves library	120,000	120,000	-	115,000
Cape Porpoise	12,675	12,675	-	11,175
Parsons Way	3,500	2,890	610	1,780
Miscellaneous agencies	7,281	7,281	-	7,103
Goose Rocks Beach Committee	35,000	39,743	(4,743)	30,896
Total recreation and culture	518,374	522,461	(4,087)	488,199
Education	8,015,486	8,015,486	-	7,837,533
County tax	1,115,331	1,115,331	-	1,124,614
Debt service:				
Principal	253,611	253,611	-	249,935
Interest	18,975	18,975	-	29,245
Total debt service	272,586	272,586	-	279,180

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

	2016		Variance positive (negative)	2015 Actual
	Budget	Actual		
Expenditures, continued:				
Capital improvements and reserves:				
Capital outlay:				
Administration	\$ 42,500	54,585	(12,085)	12,993
Police	29,500	29,250	250	39,500
Communications	100,000	267,035	(167,035)	-
Fire	55,000	53,155	1,845	72,179
Road improvement	521,465	521,465	-	367,572
Highway	144,000	164,993	(20,993)	129,003
Sidewalk construction	13,582	13,582	-	12,189
S Brook	-	6,503	(6,503)	-
Recreation	25,000	1,074	23,926	25,000
Committed:				
Downtown projects	172	172	-	-
School Street land	136,633	136,633	-	130,000
Bridges	49,541	49,541	-	-
Fire building	20,000	20,000	-	-
Local Circuit Breaker	2,441	2,441	-	2,493
Employee separation	15,997	15,997	-	-
Heating account	-	-	-	2,256
Pier Road	-	-	-	1,518
Parsons Way Bench	804	804	-	1,491
Salt shed	6,890	6,890	-	2,273
Recreation capital	875	875	-	27,376
Administration	5,573	5,573	-	9,848
Silas Perkins	-	-	-	364
Voting equipment	-	-	-	1,334
Total capital improvements and reserves	1,169,973	1,350,568	(180,595)	837,389
Total expenditures	16,836,366	16,697,817	138,549	15,797,727
Excess (deficiency) of revenues over (under) expenditures	(353,447)	(65,838)	287,609	689,470

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

	2016		Variance positive (negative)	2015 Actual
	Budget	Actual		
Other financing sources (uses):				
Transfers from (to) other funds:				
Fire apparatus	\$ (115,000)	(115,000)	-	(130,000)
Fire equipment	(10,500)	(10,500)	-	(31,521)
Road improvement	(118,535)	(118,535)	-	(157,278)
Sidewalk	(61,417)	(61,417)	-	(126,011)
Dredge	-	-	-	(200,000)
Piers, rivers & harbors	(100,000)	(100,000)	-	(50,000)
General capital improvements	-	(686,893)	(686,893)	
Sewer debt (principal & interest)	(35,827)	(35,827)	-	(35,835)
Town office building	-	9,858	9,858	(12,007)
Communications building	-	167,035	167,035	(100,000)
Highway vehicle	-	29,994	29,994	(105,138)
S Brook drainage	-	6,503	6,503	-
Dock Square parking lot	200,000	200,000	-	210,000
Dock Square restrooms	30,000	30,000	-	26,000
Sewer	25,000	25,000	-	20,000
Macomber	800	800	-	800
Utilization of unassigned fund balance	300,000	-	(300,000)	-
Utilization of committed fund balance	238,926	-	(238,926)	-
Total other financing sources (uses)	353,447	(658,982)	(1,012,429)	(690,990)
Net change in fund balance - budgetary basis	-	(724,820)	(724,820)	(1,520)
Reconciliation to GAAP basis:				
Change in encumbrance balance		289,175		(10,484)
Net change in fund balance - GAAP basis		(435,645)		(12,004)
Fund balance, beginning of year, as restated		4,571,423		4,676,477
Fund balance, end of year	\$	4,135,778		4,664,473

ALL OTHER GOVERNMENTAL FUNDS

TOWN OF KENNEBUNKPORT, MAINE
All Other Governmental Funds
Combining Balance Sheet
June 30, 2016

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	-	316	316
Investments	-	-	1,089,207	1,089,207
Accounts receivable	-	-	827	827
Interfund loans receivable	465,412	1,738,246	11,220	2,214,878
Total assets	\$ 465,412	1,738,246	1,101,570	3,305,228
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	6,758	-	-	6,758
Interfund loans payable	-	-	2,809	2,809
Total liabilities	6,758	-	2,809	9,567
Fund balances:				
Nonspendable	-	-	1,142,297	1,142,297
Restricted	-	6,988	3,466	10,454
Committed	-	1,730,736	-	1,730,736
Assigned	458,654	522	-	459,176
Unassigned	-	-	(47,002)	(47,002)
Total fund balances	458,654	1,738,246	1,098,761	3,295,661
Total liabilities and fund balances	\$ 465,412	1,738,246	1,101,570	3,305,228

TOWN OF KENNEBUNKPORT, MAINE
All Other Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2016

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
Revenues:				
Contributions	\$ -	-	1,311	1,311
Other revenues	19	1,341	-	1,360
Investment income (loss)	-	-	(36,447)	(36,447)
Total revenues	19	1,341	(35,136)	(33,776)
Expenditures:				
Current:				
Public safety	-	-	7,720	7,720
Health and welfare	-	-	6,372	6,372
Recreation and culture	142,805	-	-	142,805
Capital improvements	-	27,386	-	27,386
Total expenditures	142,805	27,386	14,092	184,283
Excess (deficiency) of revenues over (under) expenditures	(142,786)	(26,045)	(49,228)	(218,059)
Other financing sources (uses):				
Transfer from other funds	100,000	778,955	-	878,955
Transfer to other funds	-	-	(800)	(800)
Total other financing sources (uses)	100,000	778,955	(800)	878,155
Net change in fund balances	(42,786)	752,910	(50,028)	660,096
Fund balances, beginning of year	501,440	985,336	1,148,789	2,635,565
Fund balances, end of year	\$ 458,654	1,738,246	1,098,761	3,295,661

NONMAJOR SPECIAL REVENUE FUNDS

TOWN OF KENNEBUNKPORT, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2016

	Piers, Rivers & Harbors	350th Anniversary	Revaluation	DEA Drug Forfeiture	Maine Drug Forfeiture	Dredge	Totals
ASSETS							
Interfund loans receivable	\$ 408,521	892	3,041	106	1,010	51,842	465,412
Total assets	\$ 408,521	892	3,041	106	1,010	51,842	465,412
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	6,758	-	-	-	-	-	6,758
Total liabilities	6,758	-	-	-	-	-	6,758
Fund balances:							
Assigned	401,763	892	3,041	106	1,010	51,842	458,654
Total fund balances	401,763	892	3,041	106	1,010	51,842	458,654
Total liabilities and fund balances	\$ 408,521	892	3,041	106	1,010	51,842	465,412

TOWN OF KENNEBUNKPORT, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2016

	Piers, Rivers & Harbors	350th Anniversary	Revaluation	DEA Drug Forfeiture	Maine Drug Forfeiture	Dredge	Totals
Revenues:							
Other revenues	\$ -	19	-	-	-	-	19
Total revenues	-	19	-	-	-	-	19
Expenditures:							
Current:							
Recreation and culture	9,767	-	-	-	-	133,038	142,805
Total expenditures	9,767	-	-	-	-	133,038	142,805
Excess (deficiency) of revenues over (under) expenditures	(9,767)	19	-	-	-	(133,038)	(142,786)
Other financing sources:							
Transfer from other funds	100,000	-	-	-	-	-	100,000
Total other financing sources	100,000	-	-	-	-	-	100,000
Net change in fund balances	90,233	19	-	-	-	(133,038)	(42,786)
Fund balances, beginning of year	311,530	873	3,041	106	1,010	184,880	501,440
Fund balances, end of year	\$ 401,763	892	3,041	106	1,010	51,842	458,654

NONMAJOR CAPITAL PROJECTS FUNDS

TOWN OF KENNEBUNKPORT, MAINE
Nonmajor Capital Projects Funds
Combining Balance Sheet
June 30, 2016

	General Capital Projects	Port Village Fire Station	Fire Apparatus	Highway Vehicles	Garage Roof	S Brook Drainage	Communications Building	Town Office Building	Fire Equipment	Sidewalks	Road Improvement	Gen Capital Improvements	Totals
ASSETS													
Interfund loans receivable	6,988	522	414,046	79,276	13,263	7,142	22,705	2,149	42,021	187,428	275,813	686,893	1,738,246
Total assets	\$ 6,988	522	414,046	79,276	13,263	7,142	22,705	2,149	42,021	187,428	275,813	686,893	1,738,246
LIABILITIES AND FUND BALANCES													
Liabilities:													
Accounts payable	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund balances:													
Restricted	6,988	-	-	-	-	-	-	-	-	-	-	-	6,988
Committed	-	-	414,046	79,276	13,263	7,142	22,705	2,149	42,021	187,428	275,813	686,893	1,730,736
Assigned	-	522	-	-	-	-	-	-	-	-	-	-	522
Total fund balances	6,988	522	414,046	79,276	13,263	7,142	22,705	2,149	42,021	187,428	275,813	686,893	1,738,246
Total liabilities and fund balances	\$ 6,988	522	414,046	79,276	13,263	7,142	22,705	2,149	42,021	187,428	275,813	686,893	1,738,246

TOWN OF KENNEBUNKPORT, MAINE
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2016

	General Capital Projects	Port Village Fire Station	Fire Apparatus	Highway Vehicle	Garage Roof	S Brook Drainage	Communications Building	Town Office Building	Fire Equipment	Sidewalks	Road Improvement	Gen Capital Improvements	Totals
Revenues:													
Other revenues	\$ 1,341	-	-	-	-	-	-	-	-	-	-	-	1,341
Total revenues	1,341	-	-	-	-	-	-	-	-	-	-	-	1,341
Expenditures:													
Capital outlay	27,386	-	-	-	-	-	-	-	-	-	-	-	27,386
Total expenditures	27,386	-	-	-	-	-	-	-	-	-	-	-	27,386
Deficiency of revenues under expenditures	(26,045)	-	-	-	-	-	-	-	-	-	-	-	(26,045)
Other financing sources (uses):													
Transfer from (to) other funds	-	-	115,000	(29,994)	-	(6,503)	(167,035)	(9,858)	10,500	61,417	118,535	686,893	778,955
Total other financing sources (uses)	-	-	115,000	(29,994)	-	(6,503)	(167,035)	(9,858)	10,500	61,417	118,535	686,893	778,955
Net change in fund balances	(26,045)	-	115,000	(29,994)	-	(6,503)	(167,035)	(9,858)	10,500	61,417	118,535	686,893	752,910
Fund balances, beginning of year	33,033	522	299,046	109,270	13,263	13,645	189,740	12,007	31,521	126,011	157,278	-	985,336
Fund balances, end of year	\$ 6,988	522	414,046	79,276	13,263	7,142	22,705	2,149	42,021	187,428	275,813	686,893	1,738,246

NONMAJOR PERMANENT FUNDS

TOWN OF KENNEBUNKPORT, MAINE
Nonmajor Permanent Funds
Combining Balance Sheet
June 30, 2016

	Kittredge Family Fire Equip. Fund	Macomber Trust	Picavet Trust	Totals
ASSETS				
Cash and cash equivalents	\$ 316	-	-	316
Investments	653,298	5,448	430,461	1,089,207
Accounts receivable	-	827	-	827
Interfund loans receivable	4,302	-	6,918	11,220
Total assets	\$ 657,916	6,275	437,379	1,101,570
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund loans payable	-	2,809	-	2,809
Total liabilities	-	2,809	-	2,809
Fund balances:				
Nonspendable	688,206	-	454,091	1,142,297
Restricted	-	3,466	-	3,466
Unassigned	(30,290)	-	(16,712)	(47,002)
Total fund balances	657,916	3,466	437,379	1,098,761
Total liabilities and fund balances	\$ 657,916	6,275	437,379	1,101,570

TOWN OF KENNEBUNKPORT, MAINE
Nonmajor Permanent Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2016

	Kittredge Family Fire Equip. Fund	Macomber Trust	Picavet Trust	Totals
Revenues:				
Contributions	\$ -	1,311	-	1,311
Investment income (loss)	(21,497)	(174)	(14,776)	(36,447)
Total revenues	(21,497)	1,137	(14,776)	(35,136)
Expenditures:				
Public safety	7,720	-	-	7,720
Health and welfare	-	6,372	-	6,372
Total expenditures	7,720	6,372	-	14,092
Excess (deficiency) of revenues over (under) expenditures	(29,217)	(5,235)	(14,776)	(49,228)
Other financing uses:				
Transfer to other funds	-	(800)	-	(800)
Total other financing uses	-	(800)	-	(800)
Net change in fund balances	(29,217)	(6,035)	(14,776)	(50,028)
Fund balances, beginning of year	687,133	9,501	452,155	1,148,789
Fund balances, end of year	\$ 657,916	3,466	437,379	1,098,761

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.	85-90
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	91-94
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.	95-98
Demographic and Economic Information These schedule contain information to help the reader understand the environment within which the government's financial activities take place.	99-100
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report related to the services the government provides and the activities its performs.	101-103

Table 1

TOWN OF KENNEBUNKPORT, MAINE										
Net Position by Component										
Last Ten Fiscal Years										
(accrual basis of accounting)										
	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental activities										
Net investment in capital assets	\$ 11,682,992	\$ 10,895,837	\$ 10,406,901	\$ 8,525,583	\$ 7,635,751	\$ 7,201,659	\$ 7,050,126	\$ 7,054,872	\$ 7,222,584	\$ 8,637,838
Restricted	1,152,751	1,184,831	1,121,858	63,271	-	-	-	1,862,131	2,366,569	1,983,872
Unrestricted	4,850,533	5,014,676	5,269,241	6,033,674	5,820,492	5,950,155	5,857,101	4,003,339	3,511,995	3,830,108
Total governmental activities net position	\$ 17,686,276	\$ 17,095,344	\$ 16,798,000	\$ 14,622,528	\$ 13,456,243	\$ 13,151,814	\$ 12,907,227	\$ 12,920,342	\$ 13,101,148	\$ 14,451,818
Business-type activities										
Net investment in capital assets	\$ 8,356,291	\$ 8,770,498	\$ 9,086,215	\$ 9,479,328	\$ 9,735,337	\$ 9,739,191	\$ 8,089,806	\$ 8,303,078	\$ 8,336,157	\$ 8,232,673
Restricted	-	-	-	-	-	-	-	-	-	15,000
Unrestricted	1,830,415	1,754,079	1,893,708	1,814,493	1,724,121	1,858,758	3,555,581	3,369,535	3,389,399	3,301,650
Total business-type activities net position	\$ 10,186,706	\$ 10,524,577	\$ 10,979,923	\$ 11,293,821	\$ 11,459,458	\$ 11,597,949	\$ 11,645,387	\$ 11,672,613	\$ 11,725,556	\$ 11,549,323
Primary Government										
Net investment in capital assets	\$ 20,039,283	\$ 19,666,335	\$ 19,493,116	\$ 18,004,911	\$ 17,371,088	\$ 16,940,850	\$ 15,139,932	\$ 15,357,950	\$ 15,558,741	\$ 16,870,511
Restricted	1,152,751	1,184,831	1,121,858	63,271	-	-	-	1,862,131	2,366,569	1,998,872
Unrestricted	6,680,948	6,768,755	7,162,949	7,848,167	7,544,613	7,808,913	9,412,682	7,372,874	6,901,394	7,131,758
Total primary government net position	\$ 27,872,982	\$ 27,619,921	\$ 27,777,923	\$ 25,916,349	\$ 24,915,701	\$ 24,749,763	\$ 24,552,614	\$ 24,592,955	\$ 24,826,704	\$ 26,001,141

Table 2

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

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses										
Governmental Activities:										
General government	\$ 1,762,313	\$ 1,325,180	\$ 978,110	\$ 1,519,159	\$ 1,472,065	\$ 1,444,313	\$ 1,206,052	\$ 1,110,339	\$ 1,169,086	\$ 859,138
Public safety	2,433,783	2,254,694	2,426,584	2,033,767	2,197,301	2,164,400	2,026,344	1,989,426	1,812,920	1,670,564
Public works	1,316,170	1,203,491	1,139,185	234,112	451,582	1,038,587	1,027,429	1,144,346	357,981	858,086
Health and welfare	687,784	651,857	666,919	664,135	663,494	625,338	644,745	601,034	574,822	574,896
Recreation and culture	689,678	513,427	492,139	417,031	433,953	442,834	397,389	370,438	372,782	332,066
Grants (a)	-	-	-	2,000	1,300	41,464	-	-	-	-
Education	8,015,486	7,837,533	7,521,509	6,677,507	6,107,804	6,260,773	6,618,663	6,766,103	6,944,899	7,225,123
County tax	1,115,331	1,124,614	1,098,632	975,744	1,015,041	975,559	853,785	860,180	808,784	749,856
Outside agencies (b)	-	-	-	-	-	-	-	14,845	14,806	5,970
Unclassified	-	-	174,881	435,612	447,213	90,131	152,085	40,426	22,754	35,847
Unallocated depreciation (c)	-	-	-	-	-	-	-	38,044	35,115	29,925
Loss on disposal of assets	-	-	-	9,261	108,006	10,661	470,770	-	-	-
Interest on debt service	10,873	22,346	32,594	42,842	53,092	6,134	81,091	81,716	26,648	30,910
Capital maintenance expenses	132,456	143,621	-	675,434	367,945	44,853	(70,408)	699,958	746,622	411,228
Special projects	-	-	-	-	-	-	-	265,351	99,160	312,247
Total Governmental Activities	16,163,874	15,076,763	14,530,553	13,686,604	13,318,796	13,145,047	13,407,945	13,982,206	12,986,379	13,095,856
Business-type Activities:										
Sewer	1,473,643	1,372,338	1,350,407	1,308,439	1,241,477	1,201,108	1,234,580	1,237,022	1,173,956	1,173,234
Cape Porpoise Pier	251,075	296,655	336,978	363,784	395,556	324,965	277,219	240,403	327,405	263,973
Dock Square Parking Lot	76,908	60,580	77,341	61,426	74,254	61,348	49,887	49,767	52,835	45,054
Total Business-type Activities	1,801,626	1,729,573	1,764,726	1,733,649	1,711,287	1,587,421	1,561,686	1,527,192	1,554,196	1,482,261
Total Expenses	\$ 17,965,500	\$ 16,806,336	\$ 16,295,279	\$ 15,420,253	\$ 15,030,083	\$ 14,732,468	\$ 14,969,631	\$ 15,509,398	\$ 14,540,575	\$ 14,578,117
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	\$ 457,114	\$ 365,872	\$ 33,841	\$ 182,336	\$ 197,129	\$ 168,138	\$ 146,981	\$ 147,265	\$ 164,883	\$ 276,306
Public safety	61,583	57,101	56,941	54,812	32,412	43,063	39,979	28,925	28,692	37,659
Public works	-	-	-	-	-	-	-	-	-	100
Health and welfare	4,559	1,759	3,984	3,466	1,663	7,224	10,428	5,945	8,751	7,595
Recreation and culture	204,438	191,035	178,322	171,270	163,595	163,854	162,942	160,092	159,596	134,567
Solid Waste	-	-	-	56	22	6	-	-	-	-
Unclassified	-	-	124,210	279,491	242,612	199,355	168,350	9,247	10,500	59,194
Operating grants and contributions	112,348	301,159	133,314	140,758	143,663	138,557	112,671	52,356	52,356	52,356
Capital grants and contributions	-	16,529	-	21,098	14,421	15,745	34,027	-	-	-
Total Governmental Activities	840,042	933,455	530,612	853,287	795,517	735,942	675,378	403,830	424,778	567,777
Business-type Activities:										
Charges for services:										
Sewer	1,082,146	1,031,914	1,035,261	1,025,064	1,010,152	958,187	1,029,649	952,409	959,204	1,045,943
Cape Porpoise Pier	230,312	289,053	314,235	329,444	364,236	306,390	259,889	301,274	282,311	235,926
Dock Square Parking Lot	354,795	337,738	347,888	342,873	326,100	320,297	312,230	302,620	291,981	277,382
Total Business-type Activities	1,667,253	1,658,705	1,697,384	1,697,381	1,700,488	1,584,874	1,601,768	1,556,303	1,533,496	1,559,251
Total Program Revenues	\$ 2,507,295	\$ 2,592,160	\$ 2,227,996	\$ 2,550,668	\$ 2,496,005	\$ 2,320,816	\$ 2,277,146	\$ 1,960,133	\$ 1,958,274	\$ 2,127,028

- (a) Prior to 2011, grants were classified within the corresponding function
(b) In 2010 and beyond the Outside Agencies are combined with Unclassified
(c) In 2010 and beyond, Unallocated depreciation is allocated by function

Table 2, Continued

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

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Net (Expense)/Revenue:										
Governmental Activities	\$ (15,323,832)	\$ (14,143,308)	\$ (13,999,941)	\$ (12,833,317)	\$ (12,523,279)	\$ (12,409,105)	\$ (12,732,567)	\$ (13,578,376)	\$ (12,561,601)	\$ (12,528,079)
Business-type Activities	(134,373)	(70,868)	(67,342)	(36,268)	(10,799)	(2,547)	40,082	29,111	(20,700)	76,990
Total Net Expense	\$ (15,458,205)	\$ (14,214,176)	\$ (14,067,283)	\$ (12,869,585)	\$ (12,534,078)	\$ (12,411,652)	\$ (12,692,485)	\$ (13,549,265)	\$ (12,582,301)	\$ (12,451,089)
General Revenues										
Governmental activities:										
Property taxes, general purposes	\$ 14,590,834	\$ 14,296,357	\$ 14,008,501	\$ 12,722,329	\$ 11,584,210	\$ 11,516,613	\$ 11,447,762	\$ 11,592,045	\$ 11,357,674	\$ 11,174,635
Interest and costs on taxes (d)	29,498	29,728	26,398	25,491	28,572	34,827	30,014	-	-	-
Motor vehicle excise tax	948,096	895,501	846,486	803,924	804,186	779,097	811,325	838,937	846,462	901,323
Licenses and permits	-	-	226,870	-	-	-	-	-	-	-
Grants and contr. not restricted (b)	-	-	-	-	-	-	-	355,120	233,085	223,791
Homestead exemption	30,635	30,531	32,869	31,109	29,282	30,285	39,273	-	-	-
State Revenue Sharing	63,533	56,615	58,061	92,272	104,511	107,786	124,884	-	-	-
Maine PERS	-	208,785	168,732	-	-	-	-	-	-	-
Veterans reimbursement	2,235	2,250	2,269	2,167	2,300	2,082	2,447	-	-	-
Snowmobile reimbursement	576	391	410	298	549	536	576	-	-	-
Unrestricted investment earnings	20,931	34,339	30,426	46,214	60,800	80,260	113,493	167,926	233,373	273,078
Miscellaneous (e)	102,303	76,521	557,691	132,701	53,763	34,743	25,287	263,557	395,803	229,510
Gain/Loss on sale of assets	-	(88,975)	(41,256)	-	-	-	-	-	-	-
Special Item (a)	-	-	-	-	-	-	50,210	-	-	-
Transfers in/out	219,173	220,165	257,956	143,097	159,535	124,462	124,391	163,701	28,648	76,886
Total general revenues, transfers and special items	16,007,814	15,762,208	16,175,413	13,999,602	12,827,708	12,710,691	12,769,662	13,381,286	13,095,045	12,879,223
Business-type Activities:										
Unrestricted investment earnings	11,840	9,750	2,778	7,228	12,419	37,152	54,123	94,068	150,256	165,068
Miscellaneous	3,835	19,702	8,622	6,500	19,425	11,043	2,960	18,266	8,916	44,280
Special Item	-	-	-	-	-	-	(50,210)	-	54,249	15,736
Gain/Loss on sale of assets	-	(9,960)	-	-	-	-	-	-	-	-
Transfers in/out	(219,173)	(220,165)	(257,956)	(143,097)	(159,535)	(124,462)	(124,391)	(163,701)	(28,648)	(76,886)
Total Business-type Activities	(203,498)	(200,673)	(246,556)	(129,369)	(127,691)	(76,267)	(117,518)	(51,367)	184,773	148,198
Total primary government	\$ 15,804,316	\$ 15,561,535	\$ 15,928,857	\$ 13,870,233	\$ 12,700,017	\$ 12,634,424	\$ 12,652,144	\$ 13,329,919	\$ 13,279,818	\$ 13,027,421
Change in Net Position										
Governmental Activities	\$ 683,982	\$ 1,618,900	\$ 2,175,472	\$ 1,166,285	\$ 304,429	\$ 301,586	\$ 37,095	\$ (197,090)	\$ 533,444	\$ 351,144
Business-type Activities	(337,871)	(271,541)	(313,898)	(165,637)	(138,490)	(78,814)	(77,436)	(22,256)	164,073	225,188
Total Change in Net Position	346,111	1,347,359	1,861,574	1,000,648	165,939	222,772	(40,341)	(219,346)	697,517	576,332
Restatement of Net Position										
Governmental Activities (c)	(93,050)	-	(1,321,556)	-	-	-	-	-	(1,871,953)	-
Business-type Activities (f)	-	-	(183,805)	-	-	-	-	-	-	(230,942)
Total adjusted Net Position	\$ (93,050)	\$ -	\$ 356,213	\$ 1,000,648	\$ 165,939	\$ 222,772	\$ (40,341)	\$ (219,346)	\$ (1,174,436)	\$ 345,390

(a) 2010 - transfers of capital assets

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

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

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

(e) Includes a new permanent fund in FY 14

(f) to reflect the net pension liability in 2014 and accumulated depreciation adjustment in 2007 and 2008

Table 3

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

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund										
Nonspendable	\$ 4,417	\$ 10,122	\$ 15,209	\$ 11,308	\$ 10,753	\$ 7,628	\$ 7,202	\$ 3,630	\$ 8,207	\$ 7,076
Committed	642,748	1,439,949	674,381	237,917	181,630	220,324	154,534	253,619	204,659	188,532
Assigned	633,099	368,924	79,408	112,290	-	-	-	-	-	-
Unassigned	2,855,514	2,845,478	3,907,479	4,050,541	3,833,702	4,207,006	4,199,792	3,784,866	3,569,698	3,976,083
Total general fund	<u>\$ 4,135,778</u>	<u>\$ 4,664,473</u>	<u>\$ 4,676,477</u>	<u>\$ 4,412,056</u>	<u>\$ 4,026,085</u>	<u>\$ 4,434,958</u>	<u>\$ 4,361,528</u>	<u>\$ 4,042,115</u>	<u>\$ 3,782,564</u>	<u>\$ 4,171,691</u>
All other governmental funds										
Nonspendable	\$ 1,142,297	\$ 1,142,297	\$ 1,063,206	\$ 688,206	\$ 688,206	\$ 688,206	\$ 688,206	\$ 688,206	\$ 688,206	\$ 688,206
Restricted	10,454	42,534	58,652	63,271	105,117	427,075	601,465	960,763	1,067,201	949,866
Committed	1,730,736	951,781	330,953	748,269	887,747	260,000	120,000	-	-	-
Assigned	459,176	501,962	270,435	225,286	178,414	168,215	109,193	213,162	401,967	37,931
Unassigned	(47,002)	(3,009)	-	-	-	-	-	-	-	-
Total all other governments	<u>\$ 3,295,661</u>	<u>\$ 2,635,565</u>	<u>\$ 1,723,246</u>	<u>\$ 1,725,032</u>	<u>\$ 1,859,484</u>	<u>\$ 1,543,496</u>	<u>\$ 1,518,864</u>	<u>\$ 1,862,131</u>	<u>\$ 2,157,374</u>	<u>\$ 1,676,003</u>

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

Table 4

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

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues										
Taxes	\$ 15,537,948	\$ 15,230,599	\$ 14,836,386	\$ 13,542,910	\$ 12,465,866	\$ 12,347,796	\$ 12,264,718	\$ 12,396,494	\$ 12,234,108	\$ 12,079,534
Intergovernmental	209,327	321,750	226,923	287,702	294,726	294,991	308,074	407,476	285,441	276,147
Licenses and permits (a)	286,231	208,239	226,870	152,683	151,761	133,588	120,040	-	-	-
Charges for services	430,276	396,588	385,694	368,756	348,761	333,283	317,382	351,474	372,422	515,421
Investment income	20,931	34,339	30,426	46,214	60,800	80,260	113,493	135,887	199,380	240,486
Contributions	1,311	85,725	-	-	-	-	-	-	-	-
Other (c)	112,179	296,246	738,027	302,693	190,674	149,512	122,349	295,595	429,796	262,102
Total Revenues	16,598,203	16,573,486	16,444,326	14,700,958	13,512,588	13,339,430	13,246,056	13,586,926	13,521,147	13,373,690
Expenditures										
Current:										
General government	\$ 1,397,914	\$ 1,326,809	\$ 1,303,593	\$ 1,488,566	\$ 1,426,088	\$ 1,412,743	\$ 1,144,321	\$ 1,171,511	\$ 1,139,016	\$ 1,084,555
Public safety	2,211,535	2,214,215	2,172,603	2,038,277	2,071,128	1,966,710	1,828,017	1,889,403	1,765,485	1,706,098
Public works	1,062,325	1,023,042	960,209	951,950	891,669	897,794	830,743	832,232	817,655	756,379
Health and welfare	685,613	664,613	665,382	662,648	678,251	635,347	644,098	600,387	573,965	574,896
Recreation and culture	667,190	512,002	462,452	422,310	437,643	427,285	386,038	382,568	367,772	333,176
Grants	-	-	-	2,000	1,300	41,464	18,129	22,363	-	-
Education	8,015,486	7,837,533	7,521,509	6,677,507	6,107,804	6,260,773	6,618,663	6,766,103	6,944,899	7,225,123
County tax	1,115,331	1,124,614	1,098,632	975,744	1,015,041	975,559	853,785	860,180	808,784	749,856
Unclassified	-	-	585,187	435,612	447,213	65,202	466,396	39,788	37,560	41,817
Debt service										
Principal	253,611	249,935	246,624	243,436	240,266	237,403	234,928	232,442	95,850	91,584
Interest	18,975	29,245	39,471	49,527	59,503	69,326	79,074	81,716	26,648	30,910
Capital improvement and reserves	1,164,945	911,328	1,383,985	675,434	389,102	376,225	239,899	1,807,668	879,917	723,475
Total Expenditures	16,592,925	15,893,336	16,439,647	14,623,011	13,765,008	13,365,831	13,344,091	14,686,361	13,457,551	13,317,869
Excess (deficiency) of revenues over (under) expenditures	5,278	680,150	4,679	77,947	(252,420)	(26,401)	(98,035)	(1,099,435)	63,596	55,821

Table 4, Continued

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

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Other Financing Sources (Uses)										
Capital lease proceeds	\$ -	\$ -	\$ -	\$ 30,475	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers in	1,348,145	1,168,755	846,551	735,163	1,062,305	439,500	392,484	303,719	700,973	260,000
Transfers out	(1,128,972)	(948,590)	(588,595)	(592,066)	(902,770)	(315,038)	(268,093)	(839,976)	(672,325)	(183,114)
Total Other Financing Sources (Uses)	219,173	220,165	257,956	173,572	159,535	124,462	124,391	(536,257)	28,648	76,886
Net change in fund balances	224,451	900,315	262,635	251,519	(92,885)	98,061	26,356	(1,635,692)	92,244	132,707
Special item (b)	-	-	-	-	-	-	-	1,600,000	-	-
Net change in fund balances	\$ 224,451	\$ 900,315	\$ 262,635	\$ 251,519	\$ (92,885)	\$ 98,061	\$ 26,356	\$ (35,692)	\$ 92,244	\$ 132,707
Debt service as a percentage of noncapital expenditures	1.75%	1.85%	1.90%	2.10%	2.24%	2.36%	2.40%	2.44%	0.97%	0.97%

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

(b) 2009 proceeds from bond

(c) Includes a new permanent fund in FY 14

Table 5

TOWN OF KENNEBUNKPORT, MAINE Property Tax Rates Direct and Overlapping Governments Last Ten Fiscal Years						
Fiscal Year	Direct			Overlapping		Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total Direct Rate	County Tax Rate	School Tax Rate	
2016	3.45	0.13	3.58	0.50	3.62	7.70
2015	2.68	0.17	2.85	0.60	4.18	7.63
2014	2.74	0.15	2.89	0.59	4.05	7.53
2013	2.48	0.21	2.69	0.55	3.66	6.90
2012	2.16	0.25	2.41	0.57	3.36	6.34
2011	1.71	0.25	1.97	0.57	3.80	6.34
2010 (a)	2.03	0.25	2.28	0.44	3.61	6.34
2009	4.85	0.65	5.49	1.13	9.53	16.15
2008	4.68	0.48	5.17	1.13	9.85	16.15
2007	4.23	0.49	4.71	0.98	10.56	16.25

(a) Town-wide revaluation for Fiscal Year 2010

Table 6

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

Fiscal Year Ended June 30	Real Property		Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value (a)	Total Direct Tax Rate	State Equalized Value (b)	Assessed Value as a Percentage of Equalized Value
	Residential	Commercial						
2016 (d)	\$ 1,834,159,895	\$ 120,671,645	\$ 10,788,630	\$ 71,737,200	\$ 1,893,882,970	3.58	\$ 1,938,350,000	97.71%
2015	1,750,049,655	127,226,145	5,307,530	72,039,700	1,873,703,330	2.85	1,831,600,000	102.30%
2014	1,791,793,555	126,202,045	5,214,340	62,851,600	1,860,358,340	2.89	1,832,450,000	101.52%
2013	1,776,999,755	123,920,345	5,169,910	62,356,700	1,843,733,310	2.69	1,810,500,000	101.84%
2012	1,771,835,555	123,920,345	3,438,640	72,042,100	1,827,152,440	2.41	1,801,850,000	101.40%
2011	1,763,008,055	121,777,445	3,622,630	71,058,400	1,817,349,730	1.97	1,938,250,000	93.76%
2010 (c)	1,775,525,555	120,581,445	1,527,080	73,841,600	1,823,792,480	2.28	1,923,750,000	94.80%
2009	625,779,955	122,976,645	1,095,160	33,787,240	716,064,520	5.49	1,784,950,000	40.12%
2008	660,231,600	75,863,600	1,691,570	34,062,000	703,724,770	5.17	1,828,650,000	38.48%
2007	644,687,880	76,726,200	1,119,680	34,977,771	687,555,989	4.71	1,677,500,000	40.99%

(a) Kennebunkport Assessing Office

(b) State of Maine, Revenue Services

(c) Town-wide revaluation for Fiscal Year 2010

(d) Personal Property was reevaluated by the incoming assessor's assistant.

Table 7

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

Fiscal Year Ended June 30,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage		Amount	Percentage
2016	\$ 14,590,356	\$ 14,409,972	98.76%	-	14,409,972	98.76%
2015	14,296,357	14,130,137	98.84%	107,052	14,237,189	99.59%
2014	14,008,498	13,817,018	98.63%	182,091	13,999,109	99.93%
2013	12,722,328	12,704,661	99.86%	14,039	12,718,700	99.97%
2012	11,584,146	11,450,793	98.85%	131,844	11,582,637	99.99%
2011	11,519,481	11,377,220	98.77%	140,709	11,517,929	99.99%
2010	11,561,239	11,391,855	98.53%	167,851	11,559,706	99.99%
2009	11,576,136	11,394,540	98.43%	181,192	11,575,732	100.00%
2008	11,364,611	11,221,077	98.74%	143,525	11,364,602	100.00%
2007	11,164,968	11,079,393	99.23%	85,575	11,164,968	100.00%

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

Taxpayer	2016			2007		
	Taxable Assessed	Rank	% of Total Taxable Assessed Value	Taxable Assessed	Rank	% of Total Taxable Assessed Value
	Value		Value	Value		Value
Boughton Hotel Corp	\$ 11,738,700	1	0.62%	\$ 7,023,800	1	1.02%
Walkers Point Family Limited Partnership	11,581,700	2	0.61%	2,382,600	6	0.35%
O'Neill, Timothy J	9,949,500	3	0.53%	3,617,100	4	0.53%
Hios Hospitality LLC	8,434,300	4	0.45%	4,928,000	3	0.72%
Seaside Hotel Associates	7,727,600	5	0.41%	5,243,800	2	0.76%
Goose Rocks Beach Holdings LLC	6,584,000	6	0.35%			
Fishing Pole Lane LLC	6,367,400	7	0.34%			
Maiuccoro, Cathiann	5,949,500	8	0.31%			
Hetz, Edwin David & Elizabeth JC Trustees	5,593,700	9	0.30%			
McCabe, Philip J Trustee	5,553,500	10	0.29%			
Shmalo, Raymond Trustee				2,672,600	5	0.39%
M3300790 Canada Inc - Molson, Eric				2,005,600	8	0.29%
Rhumb Line Motor Lodge Inn				1,878,079	10	0.27%
J Y F Inc				1,903,400	9	0.28%
Sotir Etal Trustee				2,169,800	7	0.32%
	<u>\$ 79,479,900</u>		<u>4.20%</u>	<u>\$ 33,824,779</u>		<u>4.92%</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	Capital	Sewer	Total	Percentage	Population (2)	Debt per Capita
	Obligation Bonds	Leases	Bonds	Outstanding Debt	of Personal Income (1)		
	Governmental Activities		Business-type Activities				
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	1.06%	3,510	396
2013	1,070,170	36,251	585,226	1,691,647	1.33%	3,474	487
2012	1,313,606	11,335	758,530	2,083,471	1.64%	3,474	600
2011	1,553,872	16,686	933,902	2,504,460	1.83%	3,493	717
2010	1,791,275	21,836	1,105,839	2,918,950	2.09%	3,474	840
2009	2,026,203	27,479	1,277,719	3,331,401	2.48%	3,988	835
2008	658,645	11,995	1,447,824	2,118,464	1.40%	3,977	533
2007	728,595	40,670	1,682,829	2,452,094	1.60%	3,981	616

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

(2) United States Census Bureau

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

Fiscal Year Ended June 30,	General Obligation Bonds (1)	Percentage of Estimated Actual Taxable Value of Property (2)	Per Capita (3)
2016	\$ 755,786	0.04%	0.50%
2015	1,060,000	0.06%	0.71%
2014	1,359,738	0.07%	0.91%
2013	1,655,396	0.09%	1.30%
2012	2,072,136	0.12%	1.63%
2011	2,487,774	0.13%	1.81%
2010	2,897,114	0.15%	2.08%
2009	3,303,922	0.19%	2.46%
2008	2,106,469	0.12%	1.39%
2007	2,411,424	0.14%	1.57%

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

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

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

TOWN OF KENNEBUNKPORT, MAINE
Direct and Overlapping Governmental Activities Debt
As of June 30, 2016

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Amount Applicable to Primary Government
York County	\$ 5,900,000	6.29%	\$ 371,110
RSU #21	58,345,147	40.70%	<u>23,755,753</u>
Subtotal, overlapping debt			24,126,863
Town of Kennebunkport direct debt	320,000	100.00%	<u>320,000</u>
Total direct and overlapping debt			<u><u>\$ 24,446,863</u></u>

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

TOWN OF KENNEBUNKPORT, MAINE
Legal Debt Margin Information
June 30, 2016

Debt Limit by Category	Maximum Percent Allowable	Maximum Amount Allowable	Principal Amount Outstanding	Legal Debt Margin
Type of Debt				
School	10.00%	\$ 193,835,000	\$ -	\$ -
Sewer	7.50%	145,376,250	435,786	144,940,464
Municipal	7.50%	145,376,250	320,000	145,056,250
Total Maximum Debt	15.00%		<u>\$ 755,786</u>	

Legal Debt Margin Calculation for Fiscal Year 2016

State Valuation	<u>\$ 1,938,350,000</u>
Debt Limit - 15% of State Valuation	290,752,500
Less outstanding debt applicable to debt limit	<u>755,786</u>
Legal debt Margin	<u>\$ 289,996,714</u>

Last Ten Fiscal Years

Year	Constitutional Debt Limit	Outstanding Indebtedness June 30	Percentage of Net Debt Contracting Margin Available
2016	\$ 290,752,500	\$ 755,786	99.74%
2015	274,740,000	1,084,698	99.61%
2014	274,867,500	1,390,213	99.49%
2013	271,575,000	1,691,647	99.38%
2012	270,277,500	2,083,471	99.23%
2011	290,737,500	2,504,460	99.14%
2010	288,562,500	2,918,950	98.99%
2009	267,742,500	3,331,401	98.76%
2008	274,297,500	2,118,464	99.23%
2007	251,625,000	2,452,094	99.03%

Table 13

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

Fiscal Year	Population (1)	Median Age (1a)	York County		Public School Enrollment (3)	York County Unemployment Rate (4)
			Per Capita Personal Income (2)	Personal Income (amounts expressed in thousands)		
2016	3,510	49.8	\$ 42,939	\$ 150,715,890	425	3.20%
2015	3,510	52.2	42,595	149,508,450	419	3.90%
2014	3,510	52.2	42,137	147,900,870	409	5.60%
2013	3,474	52.3	36,526	126,891,324	433	5.90%
2012	3,474	41.9	39,481	137,156,994	425	6.10%
2011	3,474	41.9	40,124	139,390,776	433	6.40%
2010	3,474	41.9	38,700	134,443,800	446	7.20%
2009	3,988	49.8	37,955	151,364,540	459	7.70%
2008	3,977	49.8	38,565	153,373,005	474	4.40%
2007	3,981	49.8	37,337	148,638,597	479	3.70%

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

(2) Bureau of Economic Analysis

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

(4) Maine Department of Labor

Table 14

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

Employer	2016			2007		
	Employees	Rank	% of Total Town Employment (1)	Employees	Rank	% of Total Town Employment (1)
Nonantum Resort	174	1	9.27%	125	2	6.66%
Town of Kennebunkport	161	2	8.58%	138	1	7.35%
The Boathouse	130	3	6.93%			
Colony Hotel	112	4	5.97%	118	3	6.29%
Hidden Pond	101	5	5.38%	57	6	3.04%
Alisson's Restaurant	65	6	3.46%	60	4	3.20%
Wayfarer Restaurant	65	7	3.46%	50	7	2.66%
Arundel Wharf Restaurant	60	8	3.20%	60	5	3.20%
Tides Beach Club	53	9	2.82%			
Cape Arundel Inn/Old Fort Inn	52	10	2.77%			
Consolidated School RSU 21				44	9	2.34%
Kennebunkport Inn				39	10	2.08%
Hurricane Restaurant				45	8	2.40%
	973		51.84%	736		39.21%

(1) State of Maine, Department of Labor 1,877 base for 2016

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

Function	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General government	11	10	10	10	10	10	10	11	11	11
Public safety:										
Police officers	12	12	12	12	12	12	12	12	12	12
Administration	1	1	1	1	1	1	1	1	1	1
Dispatchers	4	4	4	4	4	4	4	4	4	4
Firefighters and officers	1	1	1	1	1	1	1	1	1	1
Health and welfare	1	1	1	1	1	1	1	1	1	1
Public works:										
Highways	6	6	6	6	6	6	6	6	6	6
Maintenance	1	1	1	1	1	1	1	1	1	1
Recreation	3	3	3	3	3	3	3	3	2	2
Cape Porpoise Pier	1	1	1	1	1	1	1	1	1	1
Sewer	8	8	8	8	8	8	8	8	8	8
Total	49	48	48	48	48	48	48	49	48	48

Table 16

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

Function	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government:										
Building permits issued	448	373	317	424	367	331	343	453	547	505
Police:										
Parking tickets	1,400	1,287	1,243	1,081	719	901	1,075	1,044	1,094	1,250
Traffic stops	1,926	1,643	1,469	2,296	2,763	2,249	2,802	2,356	1,941	2,504
Burglary/theft	31	73	57	60	69	80	68	64	78	69
Arrests/summons/warnings	2,575	2,268	2,033	3,148	3,623	2,970	3,628	3,142	2,620	3,445
Fire:										
Number of calls answered	205	218	167	147	159	156	177	190	294	225
Highways and streets:										
Street resurfacing (miles)	3.00	2.80	4.20	1.80	1.30	-	-	5.99	1.42	7.24
Sewer:										
Yearly sewerage treatment (in thousands of gallons)	120,110	117,212	113,875	110,748	111,810	124,206	146,939	140,869	119,540	133,713
Bio-solids (in thousands gallons)	1,741	1,401	1,319	1,229	1,177	1,632	1,247	1,529	1,293	1,261
Compost (in yards)	1,978	1,236	1,348	1,550	1,618	1,833	1,200	1,200	1,423	1,391

Table 17

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

Function	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
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	17	17	15	13	11	10	7	6	6	1
Fire:										
Stations	4	4	4	4	4	4	4	4	4	4
Emergency units	12	12	12	12	12	12	12	12	12	12
Highway:										
Buildings	3	3	3	3	3	3	3	3	3	3
Streets (miles)	52	52	52	52	52	52	52	52	52	52
Street lights	280	280	280	280	280	280	280	280	279	279
Municipal parking lot	1	1	1	1	1	1	1	1	1	1
Recreation:										
Parks	4	4	4	4	4	4	4	4	4	4
Sewer:										
Sewer pipe (miles)	20.41	20.41	20.41	20.41	20.41	20.41	20.41	20.41	20.41	20.41
Maximum daily treatment capacity (thousands of gallons)	700	700	700	700	700	700	700	700	700	700
Piers	2	2	2	2	2	2	2	2	2	2