

Audited Financial Statements  
and Other Financial Information

**Town of Kennebunk, Maine**

June 30, 2020



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TOWN OF KENNEBUNK, MAINE

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JUNE 30, 2020

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## INDEPENDENT AUDITORS' REPORT

Select Board  
Town of Kennebunk  
Kennebunk, Maine

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Kennebunk, Maine, as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' 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 of 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.

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, business-type activities, each major fund and the aggregate remaining fund information of the Town of Kennebunk, Maine, as of June 30, 2020 and the respective changes in financial position and, where applicable, cash flows thereof 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, budgetary comparison information, pension and OPEB information on pages 4 through 13 and 74 through 81 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 Kennebunk, Maine's basic financial statements. The Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements, capital asset schedules and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The statistical information has 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 June 25, 2021, on our consideration of the Town of Kennebunk, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 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 Kennebunk, Maine's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
June 25, 2021

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

**(UNAUDITED)**

The following management's discussion and analysis of Town of Kennebunk, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2020. Please read it in conjunction with the Town's financial statements.

**Financial Statement Overview**

The Town of Kennebunk's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, pension and OPEB information and other supplementary information which includes combining and other schedules.

**Basic Financial Statements**

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

**Government-Wide Financial Statements**

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regard to the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position - this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities - this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above-mentioned financial statements have separate columns for the two different types of town activities. The types of activities presented for the Town of Kennebunk are:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, public safety, recreation and culture, health and welfare, public works, education, employee benefits, agency request and unclassified.
- *Business-type activities* - These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. These activities for the Town of Kennebunk include Pay-As-You-Throw (PAYT) trash program and electrical inspection program.

### **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 of Kennebunk, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Kennebunk can be divided into two categories: governmental funds and proprietary funds.

*Governmental funds:* Most of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

Because the focus of governmental funds is narrower than that of 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 government's near-term financing decisions. Both the

governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental funds financial statement.

The Town of Kennebunk presents three columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental funds are the general fund and the roads and paving capital fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund is the only fund for which the Town legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

*Proprietary Funds:* The Town of Kennebunk maintains two proprietary funds, the Pay-As-You-Throw trash program and electrical inspection program. These funds are used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

### **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 the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Cash Flows - Proprietary Funds.

### **Required Supplementary Information**

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, a Schedule of Proportionate Share of the Net Pension Liability, a Schedule of Contributions - Pensions, a Schedule of Proportionate Share of the Net OPEB Liability - Group Life, a Schedule of Changes in Net OPEB Liability - Health Plan, a Schedule of Changes in Net OPEB Liability and Related Ratios - Health Plan, a Schedule of Contributions - OPEB - Group Life and Health and Notes to Required Supplementary Information.

### **Other Supplementary Information**

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regard to nonmajor funds, capital asset activity and other detailed budgetary information for the general fund.

### **Government-Wide Financial Analysis**

Our analysis below focuses on the net position and changes in net position of the Town's governmental activities. The Town's total governmental net position increased by \$635,310 from \$27,877,025 to \$28,512,335. The Town's total business-type net position increased by \$120,288 from \$44,674 to a balance of \$164,962.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - decreased for governmental activities to a balance of \$11,920,427 at the end of this year. Unrestricted net position for business-type activities increased to a balance of \$163,284.

**Table 1**  
**Town of Kennebunk, Maine**  
**Net Position**  
**June 30,**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Assets</b>				
Current assets	\$ 18,643,137	\$ 20,524,932	\$ 164,962	\$ 44,674
Noncurrent assets - Capital Assets	25,197,203	23,944,064	-	-
<b>Total assets</b>	<b>43,840,340</b>	<b>44,468,996</b>	<b>164,962</b>	<b>44,674</b>
<b>Deferred outflows of resources</b>				
Deferred outflows related to OPEB	114,988	24,236	-	-
Deferred outflows related to pensions	563,483	459,617	-	-
<b>Total deferred outflows of resources</b>	<b>678,471</b>	<b>483,853</b>	<b>-</b>	<b>-</b>
<b>Liabilities</b>				
Current liabilities	4,595,979	4,331,464	-	-
Noncurrent liabilities	11,015,282	12,079,570	-	-
<b>Total liabilities</b>	<b>15,611,261</b>	<b>16,411,034</b>	<b>-</b>	<b>-</b>
<b>Deferred inflows of resources</b>				
Deferred revenue	11,431	273,774	-	-
Deferred inflows related to OPEB	48,454	57,004	-	-
Deferred inflows related to pensions	335,330	334,012	-	-
<b>Total deferred inflows of resources</b>	<b>395,215</b>	<b>664,790</b>	<b>-</b>	<b>-</b>
<b>Net position</b>				
Net investment in capital assets	14,867,203	11,954,064	-	-
Restricted	1,724,705	2,366,723	1,678	868
Unrestricted	11,920,427	13,556,238	163,284	43,806
<b>Total net position</b>	<b>\$ 28,512,335</b>	<b>\$ 27,877,025</b>	<b>\$ 164,962</b>	<b>\$ 44,674</b>

**Table 2**  
**Town of Kennebunk, Maine**  
**Change in Net Position**  
**For the Years Ended June 30,**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Revenues</b>				
<i>Program Revenues:</i>				
Charges for services	\$ 2,271,276	\$ 2,500,732	\$ 697,836	\$ 578,866
Operating grants and contributions	154,532	150,212	-	-
Capital grants and contributions	200,000	-	-	-
<i>General Revenues:</i>				
Taxes	41,346,005	39,226,810	-	-
Grants and contributions not restricted to specific programs	1,462,809	1,373,462	-	-
Miscellaneous	516,673	584,211	-	-
Total revenues	<u>45,951,295</u>	<u>43,835,427</u>	<u>697,836</u>	<u>578,866</u>
<b>Expenses</b>				
General government	1,613,140	1,808,694	-	-
Public safety	5,299,449	4,998,631	-	-
Recreation and culture	1,499,496	1,547,750	-	-
Health and welfare	381,833	355,096	577,548	568,061
Public works	2,643,297	2,129,203	-	-
Education	27,140,726	25,813,831	-	-
County tax	1,296,886	1,269,959	-	-
Employee benefits	2,735,485	1,878,546	-	-
Agency requests	34,239	41,600	-	-
Interest on long-term debt	407,623	356,937	-	-
Capital outlay	258,514	-	-	-
Unclassified	1,375,906	1,968,712	-	-
Unallocated depreciation (Note 5)	629,391	428,961	-	-
Total expenses	<u>45,315,985</u>	<u>42,597,920</u>	<u>577,548</u>	<u>568,061</u>
Transfers	<u>-</u>	<u>(70,000)</u>	<u>-</u>	<u>70,000</u>
Change in net position	635,310	1,167,507	120,288	80,805
Net position - July 1	<u>27,877,025</u>	<u>26,709,518</u>	<u>44,674</u>	<u>(36,131)</u>
Net position - June 30	<u>\$ 28,512,335</u>	<u>\$ 27,877,025</u>	<u>\$ 164,962</u>	<u>\$ 44,674</u>

## Revenues and Expenses

Revenues for the Town's governmental activities increased by 4.83%, while total expenses increased by 6.38%. The main increase in revenues was in taxes, while the largest increases in expenses were in education and employee benefits.

Proprietary fund revenues increased 20.55%, while total expenses increased 1.67%.

### Financial Analysis of the Town's Fund Statements

*Governmental funds:* The financial reporting focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information may be useful in assessing the Town's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year and the net resources available for spending.

**Table 3**  
**Town of Kennebunk, Maine**  
**Fund Balances - Governmental Funds**  
**June 30,**

	2020	2019	Increase (Decrease)
Major Fund:			
General fund:			
Nonspendable	\$ 410,626	\$ 402,639	\$ 7,987
Committed	1,368,007	1,456,106	(88,099)
Assigned	518,750	369,269	149,481
Unassigned	9,658,636	9,203,706	454,930
Roads and paving capital fund			
Committed	126,924	1,256,550	(1,129,626)
Total Major Funds	\$ 12,082,943	\$ 12,688,270	\$ (605,327)
Nonmajor Funds:			
Special revenue funds:			
Restricted	\$ 1,287,571	\$ 1,939,038	\$ (651,467)
Assigned	152,485	138,636	13,849
Unassigned	-	(20,721)	20,721
Capital projects funds:			
Restricted	388,340	376,227	12,113
Committed	1,526,361	2,227,523	(701,162)
Unassigned	(511,322)	(458,000)	(53,322)
Permanent funds:			
Restricted	48,794	51,458	(2,664)
Total Nonmajor Funds	\$ 2,892,229	\$ 4,254,161	\$ (1,361,932)

The changes to total fund balances for the general fund, roads and paving capital fund and nonmajor funds occurred due to the regular activity of operations.

*Proprietary funds:* The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Pay-As-You-Throw (PAYT) trash program had operating income for the current year of \$119,478. The electrical inspection program had an operating income for the current year of \$810.

### **Budgetary Highlights**

The general fund budget increased by \$1,281,372 for transfers to other funds which was funded by the utilization of committed fund balance.

The general fund actual revenues exceeded the budget by \$573,862. This was a result of all revenue categories being receipted within or in excess of budgeted amounts with the exception of intergovernmental revenues - homestead reimbursement and charges for services.

The general fund actual expenditures were under budget by \$1,231,809. All expenditure categories were within or under budget with the exception of health and welfare.

Please see Schedule 1 on page 74 for more detailed information.

### **Capital Asset and Debt Administration**

#### **Capital Assets**

As of June 30, 2020, the net book value of capital assets recorded by the Town increased by \$1,253,139. This increase was the result of current year capital additions of \$3,819,651 less depreciation expense of \$2,566,512. Refer to Note 5 of Notes to Financial Statements for more detailed information.

**Table 4**  
**Town of Kennebunk, Maine**  
**Capital Assets (Net of Depreciation)**  
**June 30,**

	<b>2020</b>	<b>2019</b>
Land and improvements	\$ 3,578,191	\$ 3,197,686
Buildings and building improvements	2,292,878	2,209,891
Furniture and fixtures	-	5,991
Machinery, equipment and vehicles	3,455,789	3,892,212
Art work and historical treasures	41,000	41,000
Construction in progress	30,765	-
Infrastructure	15,798,580	14,597,284
<b>Total</b>	<b>\$ 25,197,203</b>	<b>\$ 23,944,064</b>

#### **Long-Term Debt Activity**

At June 30, 2020, the Town had \$10,330,000 in bonds outstanding versus \$11,990,000 last year. Refer to Note 6 of Notes to Financial Statements for more detailed information.

#### **Currently Known Facts, Decisions or Conditions**

The outbreak of COVID-19 has been declared a pandemic and led to a national state of emergency in the United States. Refer to Note 1 of Notes to Financial Statements for more detailed information.

At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Town. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the Town.

#### **Economic Factors and Next Year's Budgets and Rates**

The local economy and housing market continued to remain strong during the first nine months of fiscal year 2020. Certain sectors of the Town were impacted by the slow-down caused by the COVID-19 pandemic during the final three months. Overall, the Town's finances remained solid even with a temporary reduction in motor vehicle excise tax revenues, ambulance billing revenues and recreation program revenues.

The Town's FY2021 net municipal budget increased by 5.18% due primarily to wage, salary and employee benefits increases as well as contractual increases. In addition, a reduction in the Town's miscellaneous revenues were projected. The Town's assessment for public education by Regional School Unit No. 21 (RSU 21), of which the Town is one of three member municipalities, increased by 3.32%. For fiscal year 2020, the Town's tax mil rate was \$13.75; for fiscal year 2021, the rate will be \$14.15, a 2.91% increase.

### **Contacting the Town's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers and investors 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 additional financial information, contact the Town Manager or Finance Director at 1 Summer Street, Kennebunk, Maine 04043.

## TOWN OF KENNEBUNK, MAINE

STATEMENT OF NET POSITION  
JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 15,285,653	\$ -	\$ 15,285,653
Investments	1,788,833	-	1,788,833
Accounts receivable (net of allowance for uncollectibles):			
Taxes	928,107	-	928,107
Liens	143,893	-	143,893
Other	169,755	81,232	250,987
Tax acquired property	410,626	-	410,626
Internal balances	(83,730)	83,730	-
Total current assets	<u>18,643,137</u>	<u>164,962</u>	<u>18,808,099</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	2,980,152	-	2,980,152
Depreciable assets, net of accumulated depreciation	22,217,051	-	22,217,051
Total noncurrent assets	<u>25,197,203</u>	<u>-</u>	<u>25,197,203</u>
<b>TOTAL ASSETS</b>	<u>43,840,340</u>	<u>164,962</u>	<u>44,005,302</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to OPEB	114,988	-	114,988
Deferred outflows related to pensions	563,483	-	563,483
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>678,471</u>	<u>-</u>	<u>678,471</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 44,518,811</u>	<u>\$ 164,962</u>	<u>\$ 44,683,773</u>

STATEMENT A (CONTINUED)  
TOWN OF KENNEBUNK, MAINE

STATEMENT OF NET POSITION  
JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 1,663,939	\$ -	\$ 1,663,939
Accrued payroll	605,559	-	605,559
Other liabilities	646,836	-	646,836
Current portion of long-term obligations	1,679,645	-	1,679,645
Total current liabilities	<u>4,595,979</u>	<u>-</u>	<u>4,595,979</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	8,680,000	-	8,680,000
Accrued compensated absences	563,247	-	563,247
Net OPEB liability	487,169	-	487,169
Net pension liability	1,284,866	-	1,284,866
Total noncurrent liabilities	<u>11,015,282</u>	<u>-</u>	<u>11,015,282</u>
<b>TOTAL LIABILITIES</b>	<u>15,611,261</u>	<u>-</u>	<u>15,611,261</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue	11,431	-	11,431
Deferred inflows related to OPEB	48,454	-	48,454
Deferred inflows related to pensions	335,330	-	335,330
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>395,215</u>	<u>-</u>	<u>395,215</u>
<b>NET POSITION</b>			
Net investment in capital assets	14,867,203	-	14,867,203
Restricted:			
Nonmajor special revenue funds	1,287,571	1,678	1,289,249
Nonmajor capital project funds	388,340	-	388,340
Nonmajor permanent funds	48,794	-	48,794
Unrestricted	11,920,427	163,284	12,083,711
<b>TOTAL NET POSITION</b>	<u>28,512,335</u>	<u>164,962</u>	<u>28,677,297</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 44,518,811</u>	<u>\$ 164,962</u>	<u>\$ 44,683,773</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF KENNEBUNK, MAINE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
General government	\$ 1,613,140	\$ 296,295	\$ -	\$ -	\$ (1,316,845)	\$ -	\$ (1,316,845)
Public safety	5,299,449	1,268,962	-	-	(4,030,487)	-	(4,030,487)
Recreation and culture	1,499,496	706,019	-	-	(793,477)	-	(793,477)
Health and welfare	381,833	-	-	-	(381,833)	-	(381,833)
Public works	2,643,297	-	154,532	200,000	(2,288,765)	-	(2,288,765)
Education	27,140,726	-	-	-	(27,140,726)	-	(27,140,726)
County tax	1,296,886	-	-	-	(1,296,886)	-	(1,296,886)
Employee benefits	2,735,485	-	-	-	(2,735,485)	-	(2,735,485)
Agency requests	34,239	-	-	-	(34,239)	-	(34,239)
Interest on long-term debt	407,623	-	-	-	(407,623)	-	(407,623)
Capital outlay	258,514	-	-	-	(258,514)	-	(258,514)
Unclassified	1,375,906	-	-	-	(1,375,906)	-	(1,375,906)
Unallocated depreciation (Note 5)*	629,391	-	-	-	(629,391)	-	(629,391)
<b>Total governmental activities</b>	<b>45,315,985</b>	<b>2,271,276</b>	<b>154,532</b>	<b>200,000</b>	<b>(42,690,177)</b>	<b>-</b>	<b>(42,690,177)</b>
Business-type activities:							
Pay-As-You-Throw Trash Program	521,830	641,308	-	-	-	119,478	119,478
Electrical Inspection Program	55,718	56,528	-	-	-	810	810
<b>Total business-type activities</b>	<b>577,548</b>	<b>697,836</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>120,288</b>	<b>120,288</b>
<b>Total government</b>	<b>\$ 45,893,533</b>	<b>\$ 2,969,112</b>	<b>\$ 154,532</b>	<b>\$ 200,000</b>	<b>(42,690,177)</b>	<b>120,288</b>	<b>(42,569,889)</b>

\* This amount excludes the depreciation that is included in the direct expenses of the various programs.

STATEMENT B (CONTINUED)  
TOWN OF KENNEBUNK, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
Changes in net position:			
Net (expense) revenue	(42,690,177)	120,288	(42,569,889)
General revenues:			
Taxes:			
Property taxes, levied for general purposes	38,718,915	-	38,718,915
Excise taxes	2,627,090	-	2,627,090
Grants and contributions			
not restricted to specific programs	1,462,809	-	1,462,809
Miscellaneous	516,673	-	516,673
Total general revenues and transfers	43,325,487	-	43,325,487
Change in net position	635,310	120,288	755,598
NET POSITION - JULY 1	27,877,025	44,674	27,921,699
NET POSITION - JUNE 30	\$ 28,512,335	\$ 164,962	\$ 28,677,297

See accompanying independent auditors' report and notes to financial statements.

## STATEMENT C

## TOWN OF KENNEBUNK, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2020

	General Fund	Roads and Paving Capital Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 15,273,337	\$ -	\$ 12,316	\$ 15,285,653
Investments	1,746,127	-	42,706	1,788,833
Accounts receivables (net of allowance for uncollectibles):				
Taxes	928,107	-	-	928,107
Liens	143,893	-	-	143,893
Other	169,755	-	-	169,755
Tax acquired property	410,626	-	-	410,626
Due from other funds	517,550	126,924	3,354,757	3,999,231
<b>TOTAL ASSETS</b>	<b>\$ 19,189,395</b>	<b>\$ 126,924</b>	<b>\$ 3,409,779</b>	<b>\$ 22,726,098</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,663,939	\$ -	\$ -	\$ 1,663,939
Accrued payroll	605,559	-	-	605,559
Other liabilities	646,836	-	-	646,836
Due to other funds	3,565,411	-	517,550	4,082,961
<b>TOTAL LIABILITIES</b>	<b>6,481,745</b>	<b>-</b>	<b>517,550</b>	<b>6,999,295</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue	11,431	-	-	11,431
Deferred tax revenue	740,200	-	-	740,200
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>751,631</b>	<b>-</b>	<b>-</b>	<b>751,631</b>
<b>FUND BALANCES</b>				
Nonspendable	410,626	-	-	410,626
Restricted	-	-	1,724,705	1,724,705
Committed	1,368,007	126,924	1,526,361	3,021,292
Assigned	518,750	-	152,485	671,235
Unassigned	9,658,636	-	(511,322)	9,147,314
<b>TOTAL FUND BALANCES</b>	<b>11,956,019</b>	<b>126,924</b>	<b>2,892,229</b>	<b>14,975,172</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 19,189,395</b>	<b>\$ 126,924</b>	<b>\$ 3,409,779</b>	<b>\$ 22,726,098</b>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF KENNEBUNK, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2020

	Total Governmental Funds
Total Fund Balances	\$ 14,975,172
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, net of accumulated depreciation	25,197,203
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	740,200
Deferred outflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	114,988
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	563,483
Long-term obligations shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Bonds payable	(10,330,000)
Accrued compensated absences	(592,892)
Net OPEB liability	(487,169)
Net pension liability	(1,284,866)
Deferred inflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	(48,454)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(335,330)
Net position of governmental activities	\$ 28,512,335

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF KENNEBUNK, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Roads and Paving Capital Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes:				
Property taxes	\$ 38,732,218	\$ -	\$ -	\$ 38,732,218
Excise taxes	2,627,090	-	-	2,627,090
Intergovernmental revenues	1,617,341	200,000	-	1,817,341
Charges for services	2,271,276	-	-	2,271,276
Miscellaneous revenues	451,672	-	65,001	516,673
<b>TOTAL REVENUES</b>	<b>45,699,597</b>	<b>200,000</b>	<b>65,001</b>	<b>45,964,598</b>
<b>EXPENDITURES</b>				
Current:				
General government	2,177,815	-	147,849	2,325,664
Public safety	4,883,250	-	79,211	4,962,461
Public works	1,489,657	27,367	97,701	1,614,725
Education	27,140,726	-	-	27,140,726
County tax	1,296,886	-	-	1,296,886
Recreation and culture	1,430,839	-	-	1,430,839
Health and welfare	381,833	-	-	381,833
Employee benefits	2,438,218	-	-	2,438,218
Agency request	34,239	-	-	34,239
Unclassified	168,580	-	1,207,326	1,375,906
Capital outlay	-	1,634,259	1,228,478	2,862,737
Debt service:				
Principal	-	-	1,660,000	1,660,000
Interest	-	-	407,623	407,623
<b>TOTAL EXPENDITURES</b>	<b>41,442,043</b>	<b>1,661,626</b>	<b>4,828,188</b>	<b>47,931,857</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>4,257,554</b>	<b>(1,461,626)</b>	<b>(4,763,187)</b>	<b>(1,967,259)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	56,500	332,000	4,185,383	4,573,883
Transfers (out)	(3,789,755)	-	(784,128)	(4,573,883)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(3,733,255)</b>	<b>332,000</b>	<b>3,401,255</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>524,299</b>	<b>(1,129,626)</b>	<b>(1,361,932)</b>	<b>(1,967,259)</b>
<b>FUND BALANCES - JULY 1</b>	<b>11,431,720</b>	<b>1,256,550</b>	<b>4,254,161</b>	<b>16,942,431</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 11,956,019</b>	<b>\$ 126,924</b>	<b>\$ 2,892,229</b>	<b>\$ 14,975,172</b>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF KENNEBUNK, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (1,967,259)</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	3,819,651
Depreciation expense	<u>(2,566,512)</u>
	<u>1,253,139</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	<u>1,660,000</u>
Deferred outflows of resources related to OPEB are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	<u>90,752</u>
Deferred outflows of resources related to pensions are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	<u>103,866</u>
Deferred inflows of resources related to OPEB are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	<u>8,550</u>
Deferred inflows of resources related to pensions are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	<u>(1,318)</u>
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 governmental funds:	
Accrued compensated absences	(168,084)
Net OPEB liability	(127,715)
Net pension liability	<u>(203,318)</u>
	<u>(499,117)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Taxes and liens receivable	<u>(13,303)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 635,310</u>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF KENNEBUNK, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
JUNE 30, 2020

	Enterprise Funds		Total
	Pay-As-You- Throw Trash Program	Electrical Inspection Program	
<b>ASSETS</b>			
Accounts receivable (net of allowance for uncollectibles)	\$ 81,232	\$ -	\$ 81,232
Due from other funds	82,052	1,678	83,730
<b>TOTAL ASSETS</b>	<u>\$ 163,284</u>	<u>\$ 1,678</u>	<u>\$ 164,962</u>
<b>LIABILITIES</b>			
Due to other funds	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>			
Restricted	-	1,678	1,678
Unrestricted	163,284	-	163,284
<b>TOTAL NET POSITION</b>	<u>163,284</u>	<u>1,678</u>	<u>164,962</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 163,284</u>	<u>\$ 1,678</u>	<u>\$ 164,962</u>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF KENNEBUNK, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2020

	Enterprise Funds		Total
	Pay-As-You- Throw Trash Program	Electrical Inspection Program	
OPERATING REVENUES			
Charges for services	\$ 641,308	\$ 56,528	\$ 697,836
TOTAL OPERATING REVENUES	<u>641,308</u>	<u>56,528</u>	<u>697,836</u>
OPERATING EXPENSES			
Program supplies	521,830	55,718	577,548
TOTAL OPERATING EXPENSES	<u>521,830</u>	<u>55,718</u>	<u>577,548</u>
OPERATING INCOME (LOSS)	<u>119,478</u>	<u>810</u>	<u>120,288</u>
CHANGE IN NET POSITION	119,478	810	120,288
NET POSITION - JULY 1	<u>43,806</u>	<u>868</u>	<u>44,674</u>
NET POSITION - JUNE 30	<u>\$ 163,284</u>	<u>\$ 1,678</u>	<u>\$ 164,962</u>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF KENNEBUNK, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	Enterprise Funds		
	Pay-As-You- Throw Trash Program	Electrical Inspection Program	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 603,500	\$ 56,528	\$ 660,028
Internal activity - receipts (payments) from/to other funds	(81,670)	(810)	(82,480)
Payments to suppliers	(521,830)	(55,718)	(577,548)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	-	-	-
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-	-
CASH AND CASH EQUIVALENTS - JULY 1	-	-	-
CASH AND CASH EQUIVALENTS - JUNE 30	\$ -	\$ -	\$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 119,478	\$ 810	\$ 120,288
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(37,808)	-	(37,808)
(Increase) decrease in due from other funds	(81,670)	(810)	(82,480)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ -	\$ -	\$ -

See accompanying independent auditors' report and notes to financial statements.

TOWN OF KENNEBUNK, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

The Town of Kennebunk, Maine 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, public safety, recreation and culture, health and welfare, public works, education, employee benefits, agency requests and unclassified.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

**COVID-19 Outbreak**

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization and led to a national state of emergency in the United States. The State of Maine, along with other state and local governments, declared states of emergency and issued multiple public health emergency orders that severely restrict movement and limit businesses and activities to essential functions. These actions and effects of COVID-19 have disrupted economic activity at all levels and impacted the processes and procedures for almost all businesses, including municipal and quasi-municipal entities.

In response to the health crisis created by COVID-19 since early March, the Governor of Maine issued multiple executive orders and declarations to protect the public health in an effort to reduce community spread of the virus and protect citizens. These measures have included, among others, closing or restricting access to certain business and activities, issuing a "stay at home" directive for most citizens, restricting nonessential travel and limiting movement of all persons in Maine to those necessary to obtain or provide essential services or activities. As of the date of this report, the state of emergency was extended to June 30, 2021.

TOWN OF KENNEBUNK, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Impact on and Results of Operations*

On March 17, 2020, Maine LD 2167 was issued and executed by the Governor of Maine. Among other measures, this LD gave guidance concerning municipal budgets and the election process during the state of emergency. The Town postponed the Annual Town Meeting until July 14, 2020. In accordance with Executive Order 39, issued by the Governor of Maine on April 10, 2020, primary elections (and all applicable dates in coordination with it) were suspended from June 9 to July 14, 2020.

In accordance with Executive Order 19, issued by the Governor of Maine on March 24, 2020, Town facilities were temporarily closed to the public and some nonessential services to its inhabitants were suspended from March 17, 2020 to May 18, 2020. The Town furloughed several of its staff temporarily, primarily in the Recreation Department.

*Extended deadlines*

The Town's Select Board extended the second half property tax payment due date from April 3, 2020 to May 1, 2020.

*Unemployment rates*

Staff furloughs were held to a minimum during the last quarter of FY2020. Therefore, the Town's unemployment rates remained low with any increase expenditures paid with available resources.

*Tax and excise tax 60-day deferred revenue extended*

Closures and/or reduced hours of Town facilities have provided limited ability for some taxpayers to remit payments for property and excise taxes that generally would have occurred during the current fiscal year. Executive Order 53, issued by the Governor of Maine on May 12, 2020 (and corrected on May 26 and June 26) allowed municipal officers to extend both tax due dates and interest dates for the fiscal year 2019 property taxes due as well as the option to delay property tax lien filing dates until after the state of emergency has expired. In consideration of the Town's actions in accordance with this Executive Order, the Town determined that revenue recognition for these revenues, as well as certain excise taxes, will be extended for this one fiscal year from the normal 60-day period to a 90-day period from the date of the fiscal year end.

TOWN OF KENNEBUNK, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Impact on Finances*

The Town does not currently anticipate any additional FY 2020 expenditures due to COVID-19 that would not be covered by existing resources including authorized Coronavirus, Aid, Relief and Economic Security (“CARES”) Act funding and applicable Federal and /or State programs.

*Expected Federal/State Support*

The Town may have to take action to meet certain requirements to receive any additional Federal or State funding for budgetary or economic relief related to the challenges presented by COVID-19. However, the Town expects that if those actions are necessary, that the Town would qualify and satisfy the various conditions required to receive applicable Federal or State funds.

*Conclusion*

The ongoing effects of COVID-19, including the financial impact to the Town and its inhabitants, may change significantly as events and circumstances evolve locally, nationally and worldwide. At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Town. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the Town.

**Implementation of New Accounting Standards**

During the year ended June 30, 2020, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 95 “Postponement of the Effective Dates of Certain Authoritative Guidance.” The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later. (The following pronouncements exclude Statements No. 83 and No. 88 which were implemented prior to this Statement).

TOWN OF KENNEBUNK, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The effective dates of certain provisions contained in the following pronouncements are postponed by one year: Statement No. 84, Fiduciary Activities; Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period; Statement No. 90, Majority Equity Interests; Statement No. 91, Conduit Debt Obligations; Statement No. 92, Omnibus 2020; Statement No. 93, Replacement of Interbank Offered Rates; Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting); Implementation Guide No. 2018-1, Implementation Guidance Update-2018; Implementation Guide No. 2019-1, Implementation Guidance Update-2019 and Implementation Guide No. 2019-2, Fiduciary Activities. The effective dates of the following pronouncements are postponed by 18 months: Statement No. 87, Leases and Implementation Guide No. 2019-3, Leases.

Statement No. 97 "Certain Component Unit Criteria (paragraphs 4 & 5)." The primary objectives of paragraphs 4 & 5 in this Statement are to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform. Management has determined the impact of this Statement is not material to the financial statements.

**Government-Wide and Fund Financial Statements**

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds).

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's Pay-As-You-Throw (PAYT) trash program and electrical inspection program are categorized as business-type activities. All other activities of the Town are categorized as governmental.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column and (b) are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts - net investment in capital assets; restricted net position; and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities (general government, public safety, etc.) excluding fiduciary activities. The functions are also supported by general

TOWN OF KENNEBUNK, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The Town does not allocate indirect costs. All costs are charged directly to the corresponding department.

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

**Measurement Focus - Basic Financial Statements and Fund Financial Statements**

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Town:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

**Major Funds**

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

TOWN OF KENNEBUNK, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- b. The Roads and Paving Capital Fund is used to account for the financial resources to be used for the construction and paving of roads. The major sources of revenue include transfers from the general fund, Maine Department of Transportation Municipal Partnership Initiative grants and bond proceeds.

Nonmajor Funds

- c. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- d. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- e. Permanent Funds are used to account for assets held by the Town that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Nonoperating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the Town:

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

TOWN OF KENNEBUNK, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

**Budget**

The Town's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

TOWN OF KENNEBUNK, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Town is called for the purpose of adopting the proposed budget after public notice of the meeting is given.
3. The budget is adopted subsequent to passage by the inhabitants of the Town.

**Deposits and Investments**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. For 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. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposits and other evidence of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

The Town of Kennebunk, Maine has a formal investment policy and also follows the State of Maine Statutes.

**Receivables**

Receivables include amounts due from governmental agencies, ambulance and Pay-As-You-Throw Trash Program receivables. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts for ambulance receivables is estimated to be \$100,260 as of June 30, 2020. Accounts receivable netted with allowances for uncollectible accounts were \$250,987 for the year ended June 30, 2020.

TOWN OF KENNEBUNK, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Tax Acquired Property**

Real property becomes tax acquired when tax liens placed on property and associated costs remain unpaid eighteen months after the filing of the tax lien in accordance with 36 M.R.S.A. § 943. The amount of the taxes and associated costs become assets classified as tax acquired property receivables that are secured by the real property that foreclosed.

After real property becomes tax acquired the Select Board is responsible for the property and any disposition procedures allowed under the direction of the inhabitants of the Town as authorized by the Town Charter (section 3.06, paragraph 19).

**Interfund Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as “internal balances”.

**Transactions Between Funds**

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated fixed assets are valued at their estimated acquisition value on the date received. All retirements

TOWN OF KENNEBUNK, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

have been recorded by eliminating the net carrying values. The antique fire trucks and mural in the police department have been capitalized as art and historical items. These items are categorized as non-depreciable assets as they are considered inexhaustible.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. The Town has not retroactively recorded infrastructure.

Estimated useful lives are as follows:

Buildings	20 - 50 years
Infrastructure	50 - 100 years
Machinery and equipment	3 - 50 years
Vehicles	3 - 25 years

**Long-term Obligations**

The accounting treatment of long-term obligations depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The long-term obligations consist of bonds payable, accrued compensated absences, net OPEB liability and net pension liability.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

**Other Postemployment Benefits (OPEB)**

For purposes of measuring the Town's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the Maine Public Employees Retirement

TOWN OF KENNEBUNK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

System OPEB Plan (the 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, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, management received and relied on an actuarial report provided to them by the Maine Municipal Employees Health Trust (MMEHT), which determined the Town's fiduciary net position as a single employer defined benefit plan based on information provided solely by MMEHT to complete the actuarial report. Additions to/deductions from the MMEHT OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by MMEHT. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

**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 Participating Local District (PLD) Consolidated Plan and additions to/deductions from the PLD Consolidated Plan's fiduciary net position have been determined on the same basis as they are reported by the PLD Consolidated 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.

**Net Position**

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

TOWN OF KENNEBUNK, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Fund Balances**

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

**Nonspendable** – This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

**Restricted** – This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

**Committed** – This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Town meetings are the highest level of decision-making authority of the Town. Commitments may be established, modified, or rescinded only through a Town meeting vote.

**Assigned** – This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is expressed by the Select Board.

**Unassigned** – This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

TOWN OF KENNEBUNK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has two types of this item, deferred outflows related to OPEB and deferred outflows related to pensions. These items are reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred tax revenues, which arises only under a modified accrual basis of accounting, qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Other deferred revenues also qualify for reporting in this category. This item is reported in both the statements of net position and governmental funds balance sheet. Deferred inflows related to OPEB and deferred inflows related to pensions qualify for reporting in this category as well. These items are reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Revenue Recognition - Property Taxes - Modified Accrual Basis**

The Town's property tax for the current year (FY 2020) was levied August 23, 2019 on the assessed value listed as of April 1, 2019, for all real and personal property located in the Town. Taxes were due on in two installments on October 4, 2019 and April 3, 2020. Interest on unpaid taxes commenced on October 5, 2019 and April 4, 2020, at 9% per annum. However, due to the COVID-19 pandemic, the Select Board extended the second due date from April 3, 2020 to May 1, 2020.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as deferred revenues.

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 \$823,598 for the year ended June 30, 2020.

TOWN OF KENNEBUNK, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

**Program Revenues**

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services, or privileges provided; operating or capital grants and contributions, including special assessments).

**Operating/Nonoperating Proprietary Fund Revenues**

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Encumbrance Accounting**

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Town does not utilize encumbrance accounting for its general fund.

**Use of Estimates**

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

TOWN OF KENNEBUNK, MAINE  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS

The Town’s investment policies, which follow state statutes, require that all investments be made considering the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Town funds.

**Deposits:**

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy specifically covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are members of the FDIC as defined in Title 30-A, Section 5706 of the Maine Revised Statutes.

As of June 30, 2020, the Town reported deposits of \$15,285,653 with a bank balance of \$15,073,270. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town’s cash balance. Of the Town’s bank balances, \$530,099 was fully covered by federal depository insurance and was not exposed to custodial credit risk, \$6,228 was collateralized with securities held by the financial institution in the Town’s name and \$14,536,943 was collateralized with irrevocable stand-by letters of credit.

Account Type	Bank Balance
Checking accounts	\$ 1,067,770
Savings accounts	36,327
Money market accounts	13,969,173
	\$ 15,073,270

**Investments:**

Custodial credit risk for investments is 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 possession of an outside party. Currently, the Town does not have a specific policy for custodial credit risk for investments.

TOWN OF KENNEBUNK, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

At June 30, 2020, the Town had investment in certificates of deposits totaling \$1,788,833. \$469,901 was fully covered by federal depository insurance and was not exposed to custodial credit risk, \$300,900 was collateralized with securities held by the financial institution in the Town's name and \$1,018,032 was collateralized with an irrevocable stand-by letter of credit.

Credit risk - Statutes for the State of Maine authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk. Generally, the Town invests excess funds in money market accounts and various insured or fully collateralized certificates of deposit.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2020 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General fund	\$ 517,550	\$ 3,565,411
Roads and paving capital fund	126,924	-
Enterprise funds	83,730	-
Nonmajor special revenue funds	1,440,056	-
Nonmajor capital projects funds	1,914,701	511,322
Nonmajor permanent funds	-	6,228
Totals	\$ 4,082,961	\$ 4,082,961

The result of amounts owed between funds are considered to be in the course of normal operations by the Town. Reconciliation of the amounts owed between funds may or may not be expected to be repaid within one year in their entirety due to the recurring nature of these transactions during operations.

TOWN OF KENNEBUNK, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 4 - INTERFUND TRANSFERS

Interfund balances at June 30, 2020 consisted of the following:

	Transfers From	Transfers To
General fund	\$ 3,789,755	\$ 56,500
Roads and paving capital fund	-	332,000
Nonmajor special revenue funds	295,196	1,477,016
Nonmajor capital projects funds	484,932	2,708,367
Nonmajor permanent funds	4,000	-
Totals	<u>\$ 4,573,883</u>	<u>\$ 4,573,883</u>

Interfund transfers are the results of legally authorized activity and are considered to be in the course of normal operations.

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2020:

	Balance, 7/1/19	Additions	Deletions	Balance, 6/30/20
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 2,478,648	\$ 429,739	\$ -	\$ 2,908,387
Art works and historical treasures	41,000	-	-	41,000
Construction in progress	11,645	19,120	-	30,765
	<u>2,531,293</u>	<u>448,859</u>	<u>-</u>	<u>2,980,152</u>
Depreciated assets:				
Land improvements	1,631,142	33,760	-	1,664,902
Buildings	1,465,055	343,730	-	1,808,785
Building improvements	7,153,796	16,415	-	7,170,211
Furniture and fixtures	255,248	-	-	255,248
Machinery and equipment	5,597,629	119,743	-	5,717,372
Vehicles	8,488,635	286,682	(66,013)	8,709,304
Infrastructure:				
Bridges	153,268	429,678	-	582,946
Drainage system	553,389	-	-	553,389
Roads	22,285,604	2,050,057	-	24,335,661
Sewer lines	392,587	-	-	392,587
Sidewalks	2,429,470	75,726	-	2,505,196
Other	2,668,835	15,001	-	2,683,836
	<u>53,074,658</u>	<u>3,370,792</u>	<u>(66,013)</u>	<u>56,379,437</u>
Less: accumulated depreciation	<u>(31,661,887)</u>	<u>(2,566,512)</u>	<u>66,013</u>	<u>(34,162,386)</u>
	<u>21,412,771</u>	<u>804,280</u>	<u>-</u>	<u>22,217,051</u>
Net capital assets	<u>\$ 23,944,064</u>	<u>\$ 1,253,139</u>	<u>\$ -</u>	<u>\$ 25,197,203</u>

TOWN OF KENNEBUNK, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Current year depreciation

Administration	\$ 100,894
Police	215,711
Fire	285,199
Public works	1,266,660
Recreation and culture	68,657
Town-wide	629,391
Total depreciation expense	\$ 2,566,512

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2020:

	Balance, 07/01/19	Additions	Deletions	Balance, 6/30/20	Current Portion
<u>Governmental activities</u>					
Bonds payable	\$ 11,990,000	\$ -	\$ (1,660,000)	\$ 10,330,000	\$ 1,650,000

The following is a summary of the outstanding bonds payable:

	Governmental Activities
\$6,252,000, 2010 General Obligation bond due in annual installments and semi-annual interest installments through October of 2029. The fixed interest rate ranges from 1.50% to 4.00% per annum. Annual principal installments vary from \$120,000 to \$382,000.	\$ 2,450,000
\$5,244,000, 2013 General Obligation bond due in annual installments and semi-annual interest installments through October of 2028. The fixed interest rate ranges from 2.00% to 4.00% per annum. Annual principal installments vary from \$170,000 to \$659,000.	2,185,000
\$3,049,000, 2016 General Obligation bond due in annual installments and semi-annual interest installments through October of 2030. The fixed interest rate ranges from 2.00% to 5.00% per annum. Annual principal installments vary from \$70,000 to \$330,000.	1,730,000

TOWN OF KENNEBUNK, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 6 - LONG-TERM DEBT (CONTINUED)

\$5,145,000, 2018 General Obligation Bond due in annual installments and semiannual interest installments through October 2022. Interest is charged at a fixed rate from 3.00% to 5.00% per annum. Annual principal installments vary from \$585,000 to \$590,000.

3,965,000  
  
\$ 10,330,000

The following is a summary of outstanding bond principal and interest requirements for the following fiscal years ending June 30:

Year	Governmental Activities		
	Bonds Payable		
	Principal	Interest	Total Debt Service
2021	1,650,000	349,774	\$ 1,999,774
2022	1,610,000	293,621	1,903,621
2023	1,485,000	238,481	1,723,481
2024	1,325,000	186,975	1,511,975
2025	1,120,000	142,082	1,262,082
2026-2030	3,070,000	237,371	3,307,371
2031-2035	70,000	4,163	74,163
	<u>\$ 10,330,000</u>	<u>\$ 1,452,467</u>	<u>\$ 11,782,467</u>

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of changes in other long-term obligations for the year ended June 30, 2020:

	Balance, 07/01/19	Additions	Deletions	Balance, 6/30/20	Current Portion
<u>Governmental activities</u>					
Accrued compensated absences	\$ 424,808	\$ 168,084	\$ -	\$ 592,892	\$ 29,645
Net OPEB liability	359,454	134,530	(6,815)	487,169	-
Net pension liability	1,081,548	494,636	(291,318)	1,284,866	-
	<u>\$ 1,865,810</u>	<u>\$ 797,250</u>	<u>\$ (298,133)</u>	<u>\$ 2,364,927</u>	<u>\$ 29,645</u>

Refer to Notes 8, 16, 20 and 21 for more detailed information regarding other long-term obligations.

TOWN OF KENNEBUNK, MAINE  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2020

NOTE 8 - ACCRUED COMPENSATED ABSENCES

The Town's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term obligations in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2020, the Town's liability for compensated absences is \$592,892.

NOTE 9 - EXPENDITURES OVER APPROPRIATION

At June 30, 2020, the Town had the following overspent appropriations:

Health and Welfare	\$ <u>12,434</u>
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NOTE 10 - NONSPENDABLE FUND BALANCE

At June 30, 2020, the Town had the following nonspendable fund balance:

General fund:	
Tax acquired property	\$ <u>410,626</u>

NOTE 11 - RESTRICTED NET POSITION AND FUND BALANCES

At June 30, 2020, the Town had the following restricted net position and fund balances:

Nonmajor special revenue funds (See Schedule D)	\$ 1,287,571
Nonmajor capital projects funds (See Schedule F)	388,340
Nonmajor permanent funds (See Schedule H)	48,794
	<u>\$ 1,724,705</u>

TOWN OF KENNEBUNK, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 12 - COMMITTED FUND BALANCES

At June 30, 2020, the Town has the following committed fund balances:

General fund:

Matching grant funds	\$ 41,200
Bicentennial celebration committee	5,069
Capital assets/projects	775,900
Debt service during 2021	414,606
2020 bicentennial celebration	50,000
Emergency spending reserve	81,232
Roads and paving capital fund	126,924
Nonmajor capital projects funds (See Schedule F)	1,526,361
	\$ 3,021,292

NOTE 13 - ASSIGNED FUND BALANCES

At June 30, 2020, the Town had the following assigned fund balances:

General fund:

Heating assistance	28,062
Assessors office	3,436
Grants	182,710
Bicentennial committee	22,646
Conservation commission	7,619
Downtown committee	4,242
Energy efficiency advisory committee	1,419
West Kennebunk Village committee	820
Bus revenues	11,997
Committee on aging	3,791
Tree committee	3,650
Community garden	13,517
General government training	9,317
Computer training	7,541
Community development training	12,040
Property tax assistance	15,508
Donations	83,062
Dog park	1,529
Operational contingency	105,844
Nonmajor special revenue funds (See Schedule D)	152,485
	\$ 671,235

TOWN OF KENNEBUNK, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 14 - 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 carries commercial insurance.

The Town is a member of the Maine Municipal Association – Worker Compensation Trust Fund (“Fund”). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund’s membership, obtain lower costs for worker’s compensation coverage and develop a comprehensive loss control program. The Town pays an annual premium to the fund for its worker’s compensation coverage. The Town’s agreement with the Fund provides that the fund will be self-sustaining through member premiums and will provide, through commercial companies’ reinsurance contracts, coverage for claims in excess of \$1,000,000.

The Town is also a member of the Maine Municipal Association – Unemployment Compensation Group Fund (“MMA UC Fund”). The MMA UC Fund was created to assist in meeting members’ obligations under the Employment Security Act in an efficient and cost-effective manner. The Fund is composed of individual municipalities and other public and related non-profit entities that are individually self-insured but administered as a group. Within the Fund, each member has a separate account. As such, the Town makes quarterly payments into their account, based on rates developed by MMA’s consulting actuary. Claims, if any, are paid out of the Town’s own account. The Maine Department of Labor classifies MMA’s UC Fund members as Direct Reimbursement Employers. In other words, the Fund reimburses the Maine DOL on the Town’s behalf only when the Town has unemployment claims from present or former employees.

Occasionally, the Town may have layoffs or resignations or even a part-time employee losing a primary job, that lead to larger claims payments than anticipated. When claims exceed the balance of the Town’s account, the UC Fund continues to pay the Town’s claims with no regard for the negative balance. Repayment of a negative balance is spread out over a period of years to avoid a financial hardship to the Town.

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2020. There were no reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

TOWN OF KENNEBUNK, MAINE  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2020

NOTE 15 - OVERLAPPING DEBT

The Town is contingently liable for its proportionate share of any defaulted debt by entities of which it is a member. At June 30, 2020, the Town's share was approximately:

	Outstanding Debt	Town's Percentage	Total Share
County of York	\$ 1,900,000	7.76%	\$ 147,440
RSU No. 21	51,195,020	50.51%	25,857,990
			\$ 26,005,430

NOTE 16 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

**Plan Description**

Town employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (207) 512-3100.

**Benefits Provided**

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide 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 (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 or 65. 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

TOWN OF KENNEBUNK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions. As of June 30, 2019, there were 307 employers in the plan.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 2.69%.

**Contributions**

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Town's police department employees are part of the PLD's special plan "2C" and are required to contribute 8.0% of their annual salary, while all other employees are part of the PLD's plan "AC" and are required to contribute 8.0% of their annual salary. The Town was required to contribute at the actuarially determined rates of 10.5% for special plan "2C" members' covered payroll and 10.0% for plan "AC" members' covered payroll during the year. The contribution rates of plan members and the Town are established and may be amended by the Maine Public Employee Retirement Systems advisory group. The Town's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2020 was \$290,000.

**Pension Liabilities**

*PLD Consolidated Plan*

At June 30, 2020, the Town reported a liability of \$1,284,866 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2019 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2019, the Town's proportion was 0.42035%, which was an increase of 0.02516% from its proportion measured as of June 30, 2018.

TOWN OF KENNEBUNK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

For the year ended June 30, 2020, the Town recognized total pension revenue of \$203,318. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 152,132	\$ -
Changes of assumptions	65,070	-
Net difference between projected and actual earnings on pension plan investments	-	321,828
Changes in proportion and differences between contributions and proportionate share of contributions	56,281	13,502
Contributions subsequent to the measurement date	290,000	-
Total	\$ 563,483	\$ 335,330

\$290,000 for the PLD plan was reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PLD Plan
Plan year ended June 30:	
2020	\$ 61,790
2021	(120,305)
2022	(3,127)
2023	(204)
2024	-
Thereafter	-

TOWN OF KENNEBUNK, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Actuarial Methods and Assumptions**

The respective collective total pension liability for the plans was determined by an actuarial valuation as of June 30, 2019 using the following methods and assumptions applied to all periods included in the measurement:

*Actuarial Cost Method*

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits and dividing it by the value, also as of the member's entry age, of his or her expected future salary. The normal cost for each employee is the product of his or her pay and his or her normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e., actual decreases or increases in liabilities and/or in assets which differ from the actuarial assumptions, affect the unfunded actuarial accrued liability.

*Asset Valuation Method*

The actuarial valuation employs a technique for determining the actuarial value of assets which reduces the impact of short-term volatility in the market value. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the actuarial assumption for investment return.

*Amortization*

The net pension liability of the PLD Consolidated Plan is amortized on a level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gain or loss for that year.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2019 are as follows:

*Investment Rate of Return* - 6.75% per annum for the year ended June 30, 2019, compounded annually.

TOWN OF KENNEBUNK, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Salary Increases, Merit and Inflation* - 2.75% to 9.00% per year.

*Mortality Rates* - For active members and non-disabled retirees, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.

*Cost of Living Benefit Increases* - 1.91%

The long-term expected rate of return on pension plan assets 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 class of assets. 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 June 30, 2019 are summarized in the following table.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	30.0%	6.0%
US Government	7.5%	2.3%
Private equity	15.0%	7.6%
Real assets:		
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional Credit	7.5%	3.0%
Alternative Credit	5.0%	4.2%
Diversifiers	10.0%	5.9%

TOWN OF KENNEBUNK, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Discount Rate*

The discount rate used to measure the collective total pension liability was 6.75% for 2019. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions 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 to current plan members. 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.

The following table shows how the collective net pension liability(asset) as of June 30, 2019 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.75% for the PLD Consolidated Plan.

	1% Decrease	Discount Rate	1% Increase
PLD Plan: Discount rate	5.75%	6.75%	7.75%
Town's proportionate share of the net pension liability	\$ 2,926,841	\$ 1,284,866	\$ (251,045)

**Changes in Net Pension Liability**

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2019 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2019 with the following exceptions.

*Differences between Expected and Actual Experience*

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resource. For 2019, this was four years; for 2018, this was three years; prior to 2018, this was four years for the PLD Consolidated Plan.

TOWN OF KENNEBUNK, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Differences between Expected and Actual Investment Earnings*

Differences between projected and actual investment earnings were recognized in pension expense using a straight-line amortization method over a closed five-year period. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

*Changes in Assumptions*

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2019 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. Please refer to the *Actuarial Methods and Assumptions* section for information relating to changes of assumptions. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

*Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions*

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

**Pension Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2019 Comprehensive Annual Financial Report available online at [www.mainebers.org](http://www.mainebers.org) or by contacting the System at (207) 512-3100.

TOWN OF KENNEBUNK, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 17 - DEFINED CONTRIBUTION PLAN

INTERNATIONAL CITY MANAGEMENT ASSOCIATION -  
RETIREMENT CORPORATION

**Plan Description**

The Town offers its employees a defined contribution plan created in accordance with Internal Revenue Code Section 401. The plan, available to all full-time Town employees unless the employee is actively participating in the Maine Public Employees Retirement System defined benefit pension plan, permits them to defer a portion of their salary until retirement. The deferred amount and the vested portion of the employer match is not available to the employee until retirement or death, or in case of other life events as allowed by law. The plan is administered by the International City Management Association - Retirement Corporation.

**Funding Policy**

Plan provisions and contribution requirements are established and may be amended by the Select Board. Under the 401 plan, participating members are required to contribute 6.5% of their annual covered salary and the Town is required to match 100% of the employee's contribution. The employee's contribution is tax deferred for federal and state taxes until the withdrawal date. For the year ended June 30, 2020, employee contributions totaled \$100,426 and the Town recognized pension expense of \$100,774.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in Town contributions and earnings on Town contributions after completion of 3 years of creditable service with the Town. Non-vested Town contributions are forfeited upon termination of employment. Such forfeitures may be used to cover a portion of the pension plan's administrative expenses, as well as the Town's matching contribution for the 401 plan.

NOTE 18 - DEFERRED COMPENSATION PLAN

INTERNATIONAL CITY MANAGEMENT ASSOCIATION -  
RETIREMENT CORPORATION

**Plan Description**

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits the employee to defer a portion of salary until future years. There is no employer match by the Town. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency.

TOWN OF KENNEBUNK, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 18 - DEFERRED COMPENSATION PLAN (CONTINUED)

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) to be held in a trust for the exclusive benefit of the participants and their beneficiaries.

It is the opinion of the Town's management that the Town has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

**Funding Policy**

Under the defined contribution plan, employees may elect to participate. Participating members may contribute up to federal statutory limits of their annual covered salary. The employee's contribution is tax deferred for federal and state taxes until the withdrawal date. The employee's contribution vests 100% with the employee when contributed. The employees' contributions for the plan for the years ended June 30, 2020, 2019 and 2018 were: \$155,323, \$107,892 and \$118,448, respectively.

Additionally, the Town participates in the Social Security Retirement Program. The Town's contribution to Social Security was approximately \$482,950, \$446,103 and \$417,974, for the years ended June 30, 2020, 2019, and 2018, respectively.

NOTE 19 - CONTINGENCIES

With regard to litigation, the Town has received two notices: 1) A notice of interruption of prescriptive use claim alleging an improperly created drainage easement for a road previously owned by the State and now owned by the Town. The Town's insurer has been notified of this matter. 2) A notice of claim that alleges the plaintiff was injured in a slip and fall accident while bicycling that resulted from the painting of crosswalks by the Town or its contractors. The plaintiff is seeking damages and reserves the right to make further demands or to amend the demand. This matter has been referred to the Town's insurer. Management believes, however, that settlement amounts due to these claims, if any, will not have a material adverse effect on the Town's financial position.

With regard to any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Town's financial position.

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirement may be

TOWN OF KENNEBUNK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 19 - CONTINGENCIES (CONTINUED)

established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

**Plan Description**

Town employees contribute to the Group Life Insurance Plan for Retired Participating Local District (PLD) (the PLD Consolidated Plan of the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. As of June 30, 2019, there were 239 employers participating in the plan. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (207) 512-3100.

**Benefits Provided**

The Group Life Insurance Plan (the Plan) provides basic group life insurance benefits, during retirement, to retirees who participated in the Plan prior to retirement for a minimum of 10 years (the 10-year participation requirement does not apply to recipients of disability retirement benefits). The level of coverage in retirement is initially set to an amount equal to the retiree's average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount, or \$2,500.

**Contributions**

Life insurance benefits are funded by contributions from members and employers. Premium rates are those determined by the MainePERS's Board of Trustees to be actuarially sufficient to pay anticipated claims. For state employees, the premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage while participants are active members. Premiums for basic life

TOWN OF KENNEBUNK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLAN (CONTINUED)

insurance coverage for retired teachers are paid by the State as the total dollar amount of each year's annual required contribution. PLD employers are required to remit a premium of \$0.46 per \$1,000 of coverage for covered active employees, a portion of which is to provide a level of coverage in retirement. PLD employers with retired PLD employees continue to remit a premium of \$0.46 per \$1,000 of coverage per month during the post-employment retired period. The Town's contribution to the Plan for the year ended June 30, 2019 was \$0.

**Proportionate Net OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2019, the Town reported a liability of \$9,648 for its proportionate share of the net OPEB liabilities for the Plan. The net OPEB liabilities were measured as of June 30, 2019 and the total OPEB liabilities used to calculate the net OPEB liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net OPEB liabilities were based on a projection of the Town's long-term share of contributions to the Plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2019, the Town's proportion was 0.045088%, which was an increase of 0.00955% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the Town recognized net OPEB expense of \$66. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	PLD Life Insurance	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 615	\$ -
Changes of assumptions	803	1,261
Net difference between projected and actual earnings on pension plan investments	-	431
Changes in proportion and differences between contributions and proportionate share of contributions	1,750	1,018
Contributions subsequent to the measurement date	-	-
Total	<u>\$ 3,168</u>	<u>\$ 2,710</u>

TOWN OF KENNEBUNK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLAN (CONTINUED)

\$0 reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>PLD Life Insurance</u>	
Plan year ended June 30:		
2020	\$	(190)
2021	\$	(190)
2022	\$	(100)
2023		522
2024		417
Thereafter		-

**Actuarial Methods and Assumptions**

The collective total OPEB liability for the Plan was determined by an actuarial valuation as of June 30, 2019, using the following methods and assumptions applied to all periods included in the measurement:

*Actuarial Cost Method*

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits and dividing it by the value, also as of the member's entry age, of his or her expected future salary. The normal cost for each employee is the product of his or her pay and his or her normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

TOWN OF KENNEBUNK, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLAN (CONTINUED)

*Asset Valuation Method*

Investments are reported at fair value.

*Amortization*

The net OPEB liability of the Plan is amortized on a level percentage of payroll over a thirty-year period on a closed basis. As of June 30, 2019, there were 11 years remaining for the Plan.

The actuarial assumptions used in the June 30, 2019 and June 30, 2018 actuarial valuations were based on the results of an actuarial experience study conducted for the period of June 30, 2012 to June 30, 2015.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2019 are as follows:

*Investment Rate of Return* - For the PLD Plan, 6.75% per annum, compounded annually.

*Inflation Rate* - 2.75%

*Annual Salary Increases including Inflation* - For the PLD Plan, 2.75% to 9.00% per year.

*Mortality Rates* - For active members and non-disabled retirees of the Plan, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used. These tables are adjusted by percentages ranging from 104% to 120% based on actuarially determined demographic differences.

*Participation Rate for Future Retirees* - 100% of those currently enrolled.

*Conversion Charges* - Apply to the cost of active group life insurance, not retiree group life insurance.

*Form of Benefit Payment* - Lump sum

TOWN OF KENNEBUNK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLAN (CONTINUED)

The long-term expected rate of return on the Plan's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major class of assets. 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 long-term real rates of return for each major asset class included in the target asset allocation as of June 30, 2019 are summarized in the following table. Assets for the defined benefit plan are comingled for investment purposes.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	70.00%	6.00%
Real estate	5.00%	5.20%
Traditional credit	15.00%	3.00%
US Government securities	10.00%	2.30%
Total	100.00%	

*Discount Rate*

The discount rate used to measure the collective total OPEB liability was 4.98% for 2019. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined.

The following table shows how the collective net OPEB liability/(asset) as of June 30, 2019 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 4.98% for the PLD Plan.

	1% Decrease	Discount Rate	1% Increase
PLD Life Insurance: Discount rate	3.98%	4.98%	5.98%
Town's proportionate share of the net OPEB benefits liability	\$ 12,741	\$ 9,648	\$ 7,209

TOWN OF KENNEBUNK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLAN (CONTINUED)

**Changes in Net OPEB Liability**

Each employer's share of the collective net OPEB liability is equal to the collective net OPEB liability multiplied by the employer's proportionate share as of June 30, 2019 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2019 with the following exceptions:

*Differences between Expected and Actual Experience*

The difference between expected and actual experience with regard to economic or demographic factors are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. There were no differences between expected and actual experience as of June 30, 2019.

*Differences between Projected and Actual Investment Earnings on OPEB Plan Investments*

Differences between projected and actual investment earnings are recognized in OPEB expense using a straight-line amortization method over a closed five-year period. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

*Changes in Assumptions*

Differences due to changes in assumptions about future economic or demographic factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used in the June 30, 2019 and June 30, 2018 actuarial valuations were based on the results of an actuarial experience study conducted for the period of June 30, 2012 to June 30, 2015. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period for the PLD Plan was six years for 2019. For the fiscal year ended June 30, 2019, there were no changes in assumptions with the exception of the use of a blended discount rate for the PLD Plan. Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pensions Plans*, requires the use of a blended discount rate for determining

TOWN OF KENNEBUNK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLAN (CONTINUED)

the total OPEB liability when it is projected that plan assets are not sufficient to meet benefit obligations in the future. In years where assets are projected to be sufficient to pay benefits, the Plan's assumed rate of return is used; in years where assets are not projected to be sufficient to pay benefits, the use of a municipal bond rate is required. The result is a single blended discount rate.

*Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions*

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability. There were no differences between employer contributions and proportionate share of contributions as of June 30, 2019.

**OPEB Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2019 Comprehensive Annual Financial Report available online at [www.mainebers.org](http://www.mainebers.org) or by contacting the System at (207) 512-3100.

NOTE 21 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

**Plan Description**

The Town and Town retirees contribute to the Town's OPEB Plan with the Maine Municipal Employees Health Trust (MMEHT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the Town and/or the Town retirees. MMEHT is a fully funded, self-insured trust which provides benefits to municipal and quasi-municipal organizations and county governments and acts as the agent to the Town concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MMEHT as a Multiple Employer Welfare Arrangement by the State of

TOWN OF KENNEBUNK, MAINE  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2020

NOTE 21 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Maine Bureau of Insurance. Benefits and plans are designed and governed by MMEHT participants and are administered by a number of third-party administrators contracted by MMEHT. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. MMEHT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by MMEHT at (800) 852-8300.

**Benefits Provided**

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their surviving spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable Medicare statutes and regulations. The Plan also provides an automatic life insurance benefit of \$2,000 to participants which includes a surviving spouse benefit for the same. The employee must meet the minimum requirement of age 55 with at least 5 years of service at retirement to be eligible for the Plan. The retiree must enroll when first eligible and continue coverage without interruption.

**Employees Covered by Benefit Terms**

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

Active members	64
Retirees and spouses	3
Total	67

**Contributions**

Retiree and spouse premium amounts are funded by the retiree at the rate for the coverage elected by the retiree. Premium rates are those determined by the MMEHT's Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage. Retirees and spouses must contribute 100% of the premium amounts. The sponsoring employer pays the remainder of the premium. Medical benefits are provided for the life of the retiree and surviving spouses.

**Retiree Premium Amounts:**

The following monthly premium amounts were reported on the individual data file. Actual plan election was reflected in expected retiree premium amounts.

TOWN OF KENNEBUNK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 21 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	<u>Pre-Medicare</u>		<u>Single Coverage</u>		<u>Family Coverage</u>
PPO 500		\$	1,008.46	\$	2,262.21
PPO 2500		\$	829.95	\$	1,861.78
Medicare - Eligible Retirees		\$	589.25	\$	1,178.50

**Total OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2020, the Town reported a liability of \$477,521 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2020 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2020, the Town recognized OPEB expense of \$127,649. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>MMEHT</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 9,242	\$ 18,757
Changes of assumptions	99,939	26,987
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	2,639	-
Total	<u>\$ 111,820</u>	<u>\$ 45,744</u>

\$2,639 were reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

TOWN OF KENNEBUNK, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 21 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

**Discount Rate**

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of the valuation date of January 1, 2020. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 2.74% per annum for June 30, 2020 was based upon a measurement date of December 26, 2019. The sensitivity of net OPEB liability to changes in discount rate are as follows:

	1% Decrease	Discount Rate	1% Increase
	1.74%	2.74%	3.74%
Total OPEB liability	\$ 408,840	\$ 352,275	\$ 306,269
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 408,840</u>	<u>\$ 352,275</u>	<u>\$ 306,269</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

**Healthcare Trend**

The healthcare trend is the assumed dollar increase in dollar-related values in the future due to the increase in the cost of health care. The healthcare cost trend rate is the rate of change in per capita health claim costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments. The sensitivity of net OPEB liability to changes in healthcare cost trend rates are as follows:

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 305,403	\$ 352,275	\$ 411,798
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 305,403</u>	<u>\$ 352,275</u>	<u>\$ 411,798</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

TOWN OF KENNEBUNK, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 21 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

**Actuarial Methods and Assumptions**

The total OPEB liability for the Plan was determined by an actuarial valuation as of January 1, 2020, using the following methods and assumptions applied to all periods included in the measurement:

*Actuarial Cost Method*

The Entry Age Normal Actuarial Cost Method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for this Plan. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

For medical and pharmacy, historical claims and census records were assembled and provided through June 30, 2019. Medicare and non-Medicare eligible medical and prescription experience were analyzed. It was assumed that current enrollment distribution of benefit options would remain constant in the future for retirees. The cost was distributed based on the current covered population and the actuary's standard age curves which vary by age, gender and Medicare status. Children costs are converted to a load on the non-Medicare retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

*Amortization*

The total OPEB liability of this Plan is amortized on an open 30-year period. The amortization method is a level dollar amortization method.

*Assumptions*

The actuarial assumptions used in the January 1, 2020 actuarial valuation was based on economic, demographic and claim and expense assumptions that resulted from actuarial studies conducted for the period of December 31, 2017 and December 31, 2018.

Significant actuarial assumptions employed by the actuary for economic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2020, they are as follows:

TOWN OF KENNEBUNK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 21 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Discount Rate - 2.74% per annum for year end 2020 reporting. 4.10% per annum for 2019 year end reporting.

Trend Assumptions:

Medical Trend assumptions were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 2007 and version 2020\_b was used for this valuation. The following assumptions were input into this model:

<u>Variable</u>	<u>Rate</u>
Rate of Inflation	2.00%
Rate of Growth in Real Income/GDP per capital 2029+	1.50%
Extra Trend due to Taste/Technology 2029+	1.20%
Expected Health Share of GDP 2029	20.00%
Health Share of GDP Resistance Point	25.00%
Year for Limiting Cost Growth to GDP Growth	2040

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgements of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group. The rate for the extra trend for taste and technology was set above the baseline of 1.1% (to 1.2%) to move closer to the 30-year average to reflect the future projections from the Centers for Medicare and Medicaid Services Office of the Actuary (CMS OACT). The Medicare Trustee Report and CBO Long-Term Budget Outlook.

The trends selected from 2020 to 2023 were based on plan design, population weighting, renewal projections, and market analysis. For years 2024 to 2028, these are interpolated from 2023 to 2029 (which is the product of the inflation, GDP and extra trend rate assumptions).

Deductibles, Co-payments and Out of Pocket Maximums are assumed to increase at the above trend rates. The ultimate trend rate reflects an assumed nominal per capital GDP growth.

Administrative and claims expense: 3% per annum

Future plan changes - Assumes that the current Plan and cost-sharing structure remain in place for all future years.

TOWN OF KENNEBUNK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 21 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Significant actuarial assumptions employed by the actuary for demographic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2020, they are as follows:

Retirement Rates - Rates vary for plans with no explicit employer subsidy (or payment) versus those plans defining an explicit employer subsidy (or payment). The rates are based on assumptions from the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

Retirement Contribution Increases - Assumed to increase at the same rate as incurred claims.

Family Enrollment Composition - For males, 50% of future retirees under the age of 65 and 50% of current retirees are married and elect spousal coverage while females are at 30% for both. 25% of male and female future retirees over the age of 65 are married and elect spousal coverage.

Age Difference of Spouses - Husbands are assumed to be 3 years older than wives.

Administrative expenses - Included in the per capita claims cost.

Disability Incidence - Disabled lives will be considered active employees and will not be valued separately.

Salary Increase Rate - 2.75% per year assumed using the level percentage of pay entry age method.

Dates of Hire - Needed to be assumed for some employees and will be based on the average age at hire for similar employees.

Rate of Mortality - Based on 104% and 120% of the RP2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP2014 Total Dataset Employee Mortality Table for ages prior to the start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC \_2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in the year 2020. These rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

TOWN OF KENNEBUNK, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 21 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Retiree Continuation Percentage:

Medicare participant retirees - 100% assumed to continue in the plan elected  
Pre-Medicare plan retirees and active participants - 75% assumed to continue coverage once Medicare-eligible  
Pre-Medicare plan spouses and spouses of active participants - 50% assumed to continue coverage once Medicare-eligible

**Changes in Net OPEB Liability**

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2020 with the following exceptions:

*Differences between Expected and Actual Experience*

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The difference between expected and actual experience as of January 1, 2020 was \$10,397.

*Changes in Assumptions*

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used in the June 30, 2017 and June 30, 2016 actuarial valuations were based primarily on those used by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 which were based on the experience study covering the period from June 30, 2012 through June 30, 2015. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

*Differences between Projected and Actual Earnings on OPEB Plan Investments*

Differences between projected and actual investment earnings are recognized in OPEB expense using a straight-line amortization method over a closed five-year period. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

TOWN OF KENNEBUNK, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 21 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

**OPEB Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to this Plan can be found at the Town office at 1 Summer Street, Kennebunk, ME 04043.

NOTE 22 - DEFICIT FUND BALANCES

At June 30, 2020, the Town has the following funds with deficit fund balances:

Deficit Fund Balance:

Public Works Equipment	\$ 446,450
Signs	2,810
Seawalls (FEMA)	33,760
Tree Projects	28,302
	<u>\$ 511,322</u>

NOTE 23 - TAX INCREMENT FINANCING DISTRICTS

The Town of Kennebunk has established three tax increment financing districts (TIFs) in accordance with M.R.S.A. Title 30-A, §5221-§5235 for a variety of economic development purposes, including business retention and expansion and public infrastructure improvement. The TIF districts were formed locally, as the Town defined the districts and chose how much of the new taxes would go to what public and private projects over what period of time, subject to the approval of the Select Board, the voters at various Town Meetings and ultimately by the Commissioner of the Maine Department of Economic and Community Development.

Any portion of the new property taxes generated by a specific project or projects and a specific property or properties within the defined geographic districts can be “captured” and utilized to pay for the Town’s bonded indebtedness associated with a new public infrastructure investment as well as operating expenses incurred for the benefit of economic development in the Town or returned to the developer in the form of a credit enhancement agreement for defined periods of up to 30 years. The Town of Kennebunk accounts for all the activity of the TIF districts including captured taxes and expenditures for approved purposes in separate special revenue TIF funds. The Town has chosen to disclose information about its tax abatement (credit enhancement)

TOWN OF KENNEBUNK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 23 - TAX INCREMENT FINANCING DISTRICTS (CONTINUED)

agreements individually and negotiates property tax abatement agreements on an individual basis. For 2020, there was one agreement in place. The following is a brief description of and total amount of taxes abated for each tax increment financing district:

TIF District	Original Assessed Value	Current Assessed Value at 4/1/2019 for 6/30/2020	Total Captured Assessed Value at 4/1/2019 for 6/30/2020	Property Captured by TIF	New Taxes	Taxes Abated
Route 1 (expires 3/29/2036)	\$36,774,900	\$100,717,333	\$63,942,400	100% Real Property	\$879,208	\$253,671
West Kennebunk	\$25,597,467	\$45,172,267	\$19,574,800	100% Real Property	\$269,154	\$0
West Kennebunk - Utility Corridor	\$14,188,933	\$56,118,041	\$13,836,606	33% Real Property	\$190,253	\$0
Total West Kennebunk (expires 3/29/2036)	<u>\$39,786,400</u>	<u>\$101,290,308</u>	<u>\$33,411,406</u>		<u>\$459,407</u>	<u>\$0</u>
Lower Village (expires 3/30/2040)	\$6,132,800	\$16,198,400	\$10,065,563	100% Real Property	\$138,401	\$0

The Town has not made any commitments as part of the agreements other than to reduce taxes. The Town is not subject to any tax abatement agreements entered into by other governmental entities.

NOTE 24 - COLLATERALIZATION

At June 30, 2020, the Town has an outstanding irrevocable standby letter of credit issued by the Federal Home Loan Bank of Boston serving as collateral for its deposits held at Camden National Bank. This letter of credit, which expires at the close of business on October 9, 2020, authorizes one draw only up to the amount of \$1,100,000. There were no draws for the year ended June 30, 2020.

At June 30, 2020, the Town has an outstanding irrevocable standby letter of credit issued by the Federal Home Loan Bank of Boston serving as collateral for its deposits held at People’s United Bank. This letter of credit, which expires at the close of business on September 22, 2020 authorizes one draw only up to the amount of \$17,500,000. There were no draws for the year ended June 30, 2020.

At June 30, 2020, the Town has a third-party securities pledge issued by the Federal Reserve Bank of Boston serving as collateral for its deposits held at Kennebunk Savings Bank that exceed FDIC insurance limits. Securities pledged by the Kennebunk Savings Bank in the Town’s name total \$300,000 at June 30, 2020. The third-party securities pledge expires at the close of business on July 1, 2021.

TOWN OF KENNEBUNK, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 25 - COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Town's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

## Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pensions
- Schedule of Proportionate Share of the OPEB Liability - Group Life
- Schedule of Changes in Net OPEB Liability - Health Plan
- Schedule of Changes in Net OPEB Liability and Related Ratios - Health Plan
- Schedule of Contributions - OPEB - Group Life and Health
- Notes to Required Supplementary Information

## TOWN OF KENNEBUNK, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 11,431,720	\$ 11,431,720	\$ 11,431,720	\$ -
Resources (Inflows):				
Taxes:				
Property Taxes	38,727,126	38,727,126	38,732,218	5,092
Excise Taxes	2,362,000	2,362,000	2,627,090	265,090
Intergovernmental Revenues:				
State Revenue Sharing	682,980	682,980	719,513	36,533
Homestead Reimbursement	406,828	406,828	397,491	(9,337)
Local Road Assistance	145,000	145,000	154,532	9,532
Other	312,101	312,101	345,805	33,704
Interest Income	100,000	100,000	213,085	113,085
Interest on Taxes/Lien Costs	60,000	60,000	79,482	19,482
Charges for Services	2,294,700	2,294,700	2,271,276	(23,424)
Miscellaneous Revenues	35,000	35,000	159,105	124,105
Transfers from Other Funds	56,500	56,500	56,500	-
Amounts Available for Appropriation	<u>56,613,955</u>	<u>56,613,955</u>	<u>57,187,817</u>	<u>573,862</u>
Charges to Appropriations (Outflows):				
General Government	2,231,549	2,231,549	2,177,815	53,734
Public Safety	4,947,457	4,947,457	4,883,250	64,207
Public Works	1,548,526	1,548,526	1,489,657	58,869
Education	27,140,726	27,140,726	27,140,726	-
County Tax	1,296,886	1,296,886	1,296,886	-
Recreation and Culture	1,623,658	1,623,658	1,430,839	192,819
Health and Welfare	369,399	369,399	381,833	(12,434)
Employee Benefits	2,573,049	2,573,049	2,438,218	134,831
Agency Requests	34,239	34,239	34,239	-
Unclassified	908,363	908,363	168,580	739,783
Transfers to Other Funds	2,508,383	3,789,755	3,789,755	-
Total Charges to Appropriations	<u>45,182,235</u>	<u>46,463,607</u>	<u>45,231,798</u>	<u>1,231,809</u>
Budgetary Fund Balance, June 30	<u>\$ 11,431,720</u>	<u>\$ 10,150,348</u>	<u>\$ 11,956,019</u>	<u>\$ 1,805,671</u>
Utilization of Committed Fund Balance	<u>\$ -</u>	<u>\$ 1,281,372</u>	<u>\$ -</u>	<u>\$ (1,281,372)</u>
	<u>\$ -</u>	<u>\$ 1,281,372</u>	<u>\$ -</u>	<u>\$ (1,281,372)</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF KENNEBUNK, MAINE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
LAST 10 FISCAL YEARS\*

	2020	2019	2018	2017	2016	2015	2014
<u>PLD Plan:</u>							
Proportion of the net pension liability	0.42%	0.40%	0.41%	0.38%	0.42%	0.40%	0.40%
Proportionate share of the net pension liability	\$ 1,284,866	\$ 1,081,548	\$ 1,658,953	\$ 2,035,581	\$ 1,346,371	\$ 615,939	\$ 1,223,496
Covered payroll	\$ 2,475,602	\$ 2,226,462	\$ 2,221,570	\$ 2,033,359	\$ 2,161,447	\$ 1,869,664	\$ 1,768,346
Proportionate share of the net pension liability as a percentage of its covered payroll	51.90%	48.58%	74.67%	100.11%	62.29%	32.94%	69.19%
Plan fiduciary net position as a percentage of the total pension liability	90.62%	91.14%	86.43%	81.61%	88.27%	94.10%	87.50%

\* The amounts presented for each fiscal year were determined as of June 30 and are for those years for which information is available.

See accompanying independent auditors' report and notes to financial statements.

TOWN OF KENNEBUNK, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSIONS  
LAST 10 FISCAL YEARS\*

	2020	2019	2018	2017	2016	2015	2014
<u>PLD Plan:</u>							
Contractually required contribution	\$ 290,000	\$ 255,104	\$ 219,851	\$ 207,672	\$ 179,773	\$ 172,498	\$ 138,759
Contributions in relation to the contractually required contribution	<u>(290,000)</u>	<u>(255,104)</u>	<u>(219,851)</u>	<u>(207,672)</u>	<u>(179,773)</u>	<u>(172,498)</u>	<u>(138,759)</u>
Contribution deficiency (excess)	<u>\$ -</u>						
Covered payroll	\$ 2,789,873	\$ 2,475,602	\$ 2,226,462	\$ 2,221,570	\$ 2,033,359	\$ 2,161,447	\$ 1,869,664
Contributions as a percentage of covered payroll	10.39%	10.30%	9.87%	9.35%	8.84%	7.98%	7.42%

\* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditors' report and notes to financial statements.

TOWN OF KENNEBUNK, MAINE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB  
LIABILITY - GROUP LIFE  
LAST 10 FISCAL YEARS\*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>PLD Life Insurance:</u>				
Proportion of the net OPEB liability	0.05%	0.04%	0.04%	0.04%
Town's proportionate share of the net OPEB liability	\$ 9,648	\$ 7,179	\$ 6,584	\$ 9,804
Total	<u>\$ 9,648</u>	<u>\$ 7,179</u>	<u>\$ 6,584</u>	<u>\$ 9,804</u>
Covered payroll	\$ 2,475,602	\$ 2,226,462	\$ 2,221,570	\$ 2,033,359
Proportionate share of the net OPEB liability as a percentage of its covered payroll	0.39%	0.32%	0.30%	0.48%
Plan fiduciary net position as a percentage of the total OPEB liability	43.18%	43.92%	47.42%	0.00%

\* The amounts presented for each fiscal year were determined as of June 30 and are for those years for which information is available.

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF KENNEBUNK, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY - HEALTH PLAN  
FOR THE YEAR ENDED JUNE 30, 2020

	Increase (Decrease)		
	Net OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at 1/1/19 (Reporting June 30, 2019)	\$ 352,275	\$ -	\$ 352,275
Changes for the year:			
Service cost	22,257	-	22,257
Interest	15,218	-	15,218
Changes of benefits	(9,593)	-	(9,593)
Differences between expected and actual experience	10,397	-	10,397
Changes of assumptions	93,782	-	93,782
Contributions - employer	-	6,815	(6,815)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(6,815)	(6,815)	-
Administrative expense	-	-	-
Net changes	<u>125,246</u>	<u>-</u>	<u>125,246</u>
Balances at 1/1/20 (Reporting June 30, 2020)	<u>\$ 477,521</u>	<u>\$ -</u>	<u>\$ 477,521</u>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF KENNEBUNK, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY  
AND RELATED RATIOS - HEALTH PLAN  
LAST 10 FISCAL YEARS\*

	2020	2019	2018
<u>Total OPEB liability</u>			
Service cost (BOY)	22,257	24,701	20,575
Interest (includes interest on service cost)	15,218	13,022	13,283
Changes of benefit terms	(9,593)	-	-
Differences between expected and actual experience	10,397	-	(30,010)
Changes of assumptions	93,782	(35,983)	26,525
Benefit payments, including refunds of member contributions	(6,815)	(6,553)	(8,150)
Net change in total OPEB liability	\$ 125,246	\$ (4,813)	\$ 22,223
Total OPEB liability - beginning	\$ 352,275	\$ 357,088	\$ 334,865
Total OPEB liability - ending	\$ 477,521	\$ 352,275	\$ 357,088
<u>Plan fiduciary net position</u>			
Contributions - employer	6,815	6,553	8,150
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of member contributions	(6,815)	(6,553)	(8,150)
Administrative expense	-	-	-
Net change in fiduciary net position	-	-	-
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	\$ -	\$ -	\$ -
Net OPEB liability - ending	\$ 477,521	\$ 352,275	\$ 357,088
Plan fiduciary net position as a percentage of the total OPEB liability	-	-	-
Covered payroll	\$ 3,611,337	\$ 2,708,061	\$ 2,708,061
Net OPEB liability as a percentage of covered payroll	13.2%	13.0%	13.2%

See accompanying independent auditors' report and notes to financial statements.

TOWN OF KENNEBUNK, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB - GROUP LIFE AND HEALTH  
LAST 10 FISCAL YEARS\*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>PLD Life Insurance:</u>				
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,789,873	\$ 2,475,602	\$ 2,226,462	\$ 2,221,570
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	
<u>MMEHT:</u>				
Employer contributions	\$ 6,815	\$ 6,553	\$ 8,150	
Benefit payments	<u>(6,815)</u>	<u>(6,553)</u>	<u>(8,150)</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered payroll	\$ 3,611,337	\$ 2,708,061	\$ 2,708,061	
Contributions as a percentage of covered payroll	0.19%	0.24%	0.30%	

\* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditors' report and notes to financial statements.

TOWN OF KENNEBUNK, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2020

**Changes of Assumptions**

**MMEHT:**

There was a change in the discount rate from 4.10% to 2.74% per GASB 75 discount rate selection for the MMEHT Plan. The repeal of the “Cadillac Tax” was reflected in this valuation by removing the previously planned excise tax.

See accompanying independent auditors' report and notes to financial statements.

## Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

TOWN OF KENNEBUNK, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General Government -					
General Government Expenses	\$ 685,236	\$ -	\$ 685,236	\$ 666,984	\$ 18,252
Selectboard	30,013	-	30,013	24,552	5,461
Town Manager	299,680	-	299,680	288,768	10,912
Town Clerk	114,765	-	114,765	118,787	(4,022)
Ballot Clerks	31,000	-	31,000	20,452	10,548
Assessors	211,254	-	211,254	210,002	1,252
Community Development	384,904	-	384,904	390,849	(5,945)
Town Hall	149,196	-	149,196	133,842	15,354
Computer Department	277,124	-	277,124	290,258	(13,134)
Conservation Commission	3,036	-	3,036	2,085	951
Site Plan Review Board	6,650	-	6,650	2,618	4,032
Zoning Board of Appeals	1,200	-	1,200	-	1,200
Board of Assessment Review	1,000	-	1,000	-	1,000
Dog Advisory Committee	200	-	200	162	38
Historic Preservation Committee	4,700	-	4,700	2,900	1,800
Lower Village Committee	2,000	-	2,000	-	2,000
West Kennebunk Village Committee	2,000	-	2,000	3,890	(1,890)
Energy Efficiency Committee	1,600	-	1,600	181	1,419
Affordable Housing Committee	200	-	200	-	200
Dog Park Committee	-	-	-	180	(180)
Community Garden Committee	4,000	-	4,000	8,955	(4,955)
Committee on Aging	2,500	-	2,500	1,183	1,317
Planning Board	19,291	-	19,291	11,167	8,124
	<u>2,231,549</u>	<u>-</u>	<u>2,231,549</u>	<u>2,177,815</u>	<u>53,734</u>

TOWN OF KENNEBUNK, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Public Works -					
Highway	1,548,526	-	1,548,526	1,489,657	58,869
	<u>1,548,526</u>	<u>-</u>	<u>1,548,526</u>	<u>1,489,657</u>	<u>58,869</u>
Education	27,140,726	-	27,140,726	27,140,726	-
County Tax	1,296,886	-	1,296,886	1,296,886	-
Recreation and Culture -					
Life Guards	79,829	-	79,829	74,854	4,975
Parks	45,000	-	45,000	45,578	(578)
Recreation	911,111	-	911,111	722,689	188,422
Kennebunk Free Library	587,718	-	587,718	587,718	-
	<u>1,623,658</u>	<u>-</u>	<u>1,623,658</u>	<u>1,430,839</u>	<u>192,819</u>
Health and Welfare -					
Recycling	313,700	-	313,700	310,657	3,043
Solid Waste	9,000	-	9,000	14,044	(5,044)
Social Services	46,699	-	46,699	57,132	(10,433)
	<u>369,399</u>	<u>-</u>	<u>369,399</u>	<u>381,833</u>	<u>(12,434)</u>
Employee Benefits -					
Health Benefits	1,453,821	-	1,453,821	1,330,869	122,952
FICA	479,401	-	479,401	482,950	(3,549)
Retirement	383,877	-	383,877	412,001	(28,124)
Workers Comp	237,277	-	237,277	212,398	24,879
Unemployment Comp	18,673	-	18,673	-	18,673
	<u>2,573,049</u>	<u>-</u>	<u>2,573,049</u>	<u>2,438,218</u>	<u>134,831</u>

TOWN OF KENNEBUNK, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Agency Requests -					
Day One	500	-	500	500	-
York County Child Abuse Council	4,000	-	4,000	4,000	-
York County Community Action	500	-	500	500	-
Caring Unlimited	3,239	-	3,239	3,239	-
So. Maine Area Agency on Aging	2,000	-	2,000	2,000	-
Sexual Assault Response Services	1,000	-	1,000	1,000	-
Senior Center at Lower Village	2,000	-	2,000	2,000	-
American Red Cross	1,000	-	1,000	1,000	-
Home Health Visiting Nurses	2,500	-	2,500	2,500	-
Community Outreach Services	8,000	-	8,000	8,000	-
Community Harvest	8,000	-	8,000	8,000	-
A Place to Start	1,500	-	1,500	1,500	-
	<u>34,239</u>	<u>-</u>	<u>34,239</u>	<u>34,239</u>	<u>-</u>
Public Safety -					
Police	2,243,863	-	2,243,863	2,202,874	40,989
Communications	324,331	-	324,331	319,022	5,309
Civil Emergency Preparedness	7,875	-	7,875	6,763	1,112
Hydrants and Street Lights	482,325	-	482,325	475,954	6,371
Fire Department	1,889,063	-	1,889,063	1,878,637	10,426
	<u>4,947,457</u>	<u>-</u>	<u>4,947,457</u>	<u>4,883,250</u>	<u>64,207</u>

TOWN OF KENNEBUNK, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Unclassified -					
Historian	500	-	500	-	500
Harbormaster	18,785	-	18,785	18,785	-
Tree Warden	5,000	-	5,000	3,000	2,000
Cemetery maintenance	-	-	-	7,500	(7,500)
Memorial Day	1,000	-	1,000	1,000	-
Facilities	59,480	-	59,480	64,310	(4,830)
Overlay	823,598	-	823,598	73,985	749,613
	<u>908,363</u>	<u>-</u>	<u>908,363</u>	<u>168,580</u>	<u>739,783</u>
Transfers to Other Funds -					
Special Revenue Funds	1,477,016	-	1,477,016	1,477,016	-
Capital Projects Funds	1,031,367	1,281,372	2,312,739	2,312,739	-
	<u>2,508,383</u>	<u>1,281,372</u>	<u>3,789,755</u>	<u>3,789,755</u>	<u>-</u>
Total Departmental Operations	<u>\$ 45,182,235</u>	<u>\$ 1,281,372</u>	<u>\$ 46,463,607</u>	<u>\$ 45,231,798</u>	<u>\$ 1,231,809</u>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF KENNEBUNK, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2020

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ -	\$ 12,316	\$ 12,316
Investments	-	-	42,706	42,706
Due from other funds	1,440,056	1,914,701	-	3,354,757
<b>TOTAL ASSETS</b>	<b><u>\$ 1,440,056</u></b>	<b><u>\$ 1,914,701</u></b>	<b><u>\$ 55,022</u></b>	<b><u>\$ 3,409,779</u></b>
<b>LIABILITIES</b>				
Due to other funds	\$ -	\$ 511,322	\$ 6,228	\$ 517,550
<b>TOTAL LIABILITIES</b>	<b><u>-</u></b>	<b><u>511,322</u></b>	<b><u>6,228</u></b>	<b><u>517,550</u></b>
<b>FUND BALANCES (DEFICITS)</b>				
Nonspendable	-	-	-	-
Restricted	1,287,571	388,340	48,794	1,724,705
Committed	-	1,526,361	-	1,526,361
Assigned	152,485	-	-	152,485
Unassigned	-	(511,322)	-	(511,322)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b><u>1,440,056</u></b>	<b><u>1,403,379</u></b>	<b><u>48,794</u></b>	<b><u>2,892,229</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b><u>\$ 1,440,056</u></b>	<b><u>\$ 1,914,701</u></b>	<b><u>\$ 55,022</u></b>	<b><u>\$ 3,409,779</u></b>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF KENNEBUNK, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Interest income	\$ -	\$ -	\$ 1,347	\$ 1,347
Other	13,849	49,805	-	63,654
TOTAL REVENUES	<u>13,849</u>	<u>49,805</u>	<u>1,347</u>	<u>65,001</u>
EXPENDITURES				
Administration	-	147,849	-	147,849
Public works	-	97,701	-	97,701
Public safety	-	79,211	-	79,211
Debt service:				
Principal	467,859	1,192,141	-	1,660,000
Interest	137,392	270,231	-	407,623
Capital outlay	-	1,228,478	-	1,228,478
Unclassified	1,207,315	-	11	1,207,326
TOTAL EXPENDITURES	<u>1,812,566</u>	<u>3,015,611</u>	<u>11</u>	<u>4,828,188</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,798,717)</u>	<u>(2,965,806)</u>	<u>1,336</u>	<u>(4,763,187)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,477,016	2,708,367	-	4,185,383
Transfers (out)	(295,196)	(484,932)	(4,000)	(784,128)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,181,820</u>	<u>2,223,435</u>	<u>(4,000)</u>	<u>3,401,255</u>
NET CHANGE IN FUND BALANCES	(616,897)	(742,371)	(2,664)	(1,361,932)
FUND BALANCES, JULY 1	<u>2,056,953</u>	<u>2,145,750</u>	<u>51,458</u>	<u>4,254,161</u>
FUND BALANCES, JUNE 30	<u>\$ 1,440,056</u>	<u>\$ 1,403,379</u>	<u>\$ 48,794</u>	<u>\$ 2,892,229</u>

See accompanying independent auditors' report and notes to financial statements.

## Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than fiduciary trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

TOWN OF KENNEBUNK, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2020

	Conservation Land Purchase	Building Revenues	Harbor- master	Route 1 TIF	West Kennebunk TIF	Lower Village TIF	Total
<b>ASSETS</b>							
Due from other funds	\$ 3,430	\$ 20,148	\$ 128,907	\$ 245,274	\$ 1,016,582	\$ 25,715	\$ 1,440,056
<b>TOTAL ASSETS</b>	<u>\$ 3,430</u>	<u>\$ 20,148</u>	<u>\$ 128,907</u>	<u>\$ 245,274</u>	<u>\$ 1,016,582</u>	<u>\$ 25,715</u>	<u>\$ 1,440,056</u>
<b>LIABILITIES</b>							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	245,274	1,016,582	25,715	1,287,571
Committed	-	-	-	-	-	-	-
Assigned	3,430	20,148	128,907	-	-	-	152,485
Unassigned	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>3,430</u>	<u>20,148</u>	<u>128,907</u>	<u>245,274</u>	<u>1,016,582</u>	<u>25,715</u>	<u>1,440,056</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 3,430</u>	<u>\$ 20,148</u>	<u>\$ 128,907</u>	<u>\$ 245,274</u>	<u>\$ 1,016,582</u>	<u>\$ 25,715</u>	<u>\$ 1,440,056</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF KENNEBUNK, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	Conservation Land Purchase	Building Revenues	Harbor- master	Route 1 TIF	West Kennebunk TIF	Lower Village TIF	Total
REVENUES							
Other	\$ -	\$ -	\$ 13,849	\$ -	\$ -	\$ -	\$ 13,849
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>13,849</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,849</u>
EXPENDITURES							
Debt service:							
Principal	-	-	-	369,953	58,987	38,919	467,859
Interest	-	-	-	124,825	2,882	9,685	137,392
Unclassified	-	-	-	1,059,500	116,704	31,111	1,207,315
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,554,278</u>	<u>178,573</u>	<u>79,715</u>	<u>1,812,566</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>13,849</u>	<u>(1,554,278)</u>	<u>(178,573)</u>	<u>(79,715)</u>	<u>(1,798,717)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	879,208	459,407	138,401	1,477,016
Transfers (out)	-	-	-	(270,696)	(12,250)	(12,250)	(295,196)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>608,512</u>	<u>447,157</u>	<u>126,151</u>	<u>1,181,820</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	13,849	(945,766)	268,584	46,436	(616,897)
FUND BALANCES (DEFICITS), JULY 1	<u>3,430</u>	<u>20,148</u>	<u>115,058</u>	<u>1,191,040</u>	<u>747,998</u>	<u>(20,721)</u>	<u>2,056,953</u>
FUND BALANCES (DEFICITS), JUNE 30	<u>\$ 3,430</u>	<u>\$ 20,148</u>	<u>\$ 128,907</u>	<u>\$ 245,274</u>	<u>\$ 1,016,582</u>	<u>\$ 25,715</u>	<u>\$ 1,440,056</u>

See accompanying independent auditors' report and notes to financial statements.

## Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds. The projects also include significant purchases of vehicles and equipment, as well as the servicing of leases and bonds associated with those purchases. Projects are generally segregated by the related Town department managing the project.

TOWN OF KENNEBUNK, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2020

	Fire/Ambulance Projects		Public Safety Facilities	Dorothy Stevens Center	Public Works Equipment	Police Vehicles and Equipment	Signs	10 Park St Facility
	West Kennebunk Fire Station	Dry Hydrants						
ASSETS								
Due from other funds	\$ 67,006	\$ 9,725	\$ 8,154	\$ 5,128	\$ -	\$ 28	\$ -	\$ 41,868
TOTAL ASSETS	<u>\$ 67,006</u>	<u>\$ 9,725</u>	<u>\$ 8,154</u>	<u>\$ 5,128</u>	<u>\$ -</u>	<u>\$ 28</u>	<u>\$ -</u>	<u>\$ 41,868</u>
LIABILITIES								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 446,450	\$ -	\$ 2,810	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>446,450</u>	<u>-</u>	<u>2,810</u>	<u>-</u>
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	67,006	9,725	8,154	5,128	-	28	-	41,868
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(446,450)	-	(2,810)	-
TOTAL FUND BALANCES (DEFICITS)	<u>67,006</u>	<u>9,725</u>	<u>8,154</u>	<u>5,128</u>	<u>(446,450)</u>	<u>28</u>	<u>(2,810)</u>	<u>41,868</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 67,006</u>	<u>\$ 9,725</u>	<u>\$ 8,154</u>	<u>\$ 5,128</u>	<u>\$ -</u>	<u>\$ 28</u>	<u>\$ -</u>	<u>\$ 41,868</u>

TOWN OF KENNEBUNK, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2020

	Town Hall Equipment	Debt Service and Lease/Purchase	Town Projects	Skateboard Park	Park St. and Cousens Sch. Purchase	Ordinance Rewrites and Codification, Comp Plan and Public Safety Building Study	Storage Area at Town Garage	15 Portland Rd
ASSETS								
Due from other funds	\$ 34,448	\$ 666,064	\$ 74,499	\$ 83,278	\$ -	\$ 37,643	\$ 15,231	\$ 50,356
TOTAL ASSETS	<u>\$ 34,448</u>	<u>\$ 666,064</u>	<u>\$ 74,499</u>	<u>\$ 83,278</u>	<u>\$ -</u>	<u>\$ 37,643</u>	<u>\$ 15,231</u>	<u>\$ 50,356</u>
LIABILITIES								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	83,278	-	-	-	-
Committed	34,448	666,064	74,499	-	-	37,643	15,231	50,356
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>34,448</u>	<u>666,064</u>	<u>74,499</u>	<u>83,278</u>	<u>-</u>	<u>37,643</u>	<u>15,231</u>	<u>50,356</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 34,448</u>	<u>\$ 666,064</u>	<u>\$ 74,499</u>	<u>\$ 83,278</u>	<u>\$ -</u>	<u>\$ 37,643</u>	<u>\$ 15,231</u>	<u>\$ 50,356</u>

TOWN OF KENNEBUNK, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2020

	Budget Board	Public Works Projects		West Kennebunk Holand Road Field	Town Garage and Transfer Station	Fire Ambulance Equipment	HVAC Systems and Insulation	Seawalls (FEMA)
		Bicycle Impact	Parking Lots					
<b>ASSETS</b>								
Due from other funds	\$ 111,708	\$ 262,038	\$ 11,616	\$ 20,591	\$ 40,568	\$ 68,807	\$ 42,068	\$ -
<b>TOTAL ASSETS</b>	<b>\$ 111,708</b>	<b>\$ 262,038</b>	<b>\$ 11,616</b>	<b>\$ 20,591</b>	<b>\$ 40,568</b>	<b>\$ 68,807</b>	<b>\$ 42,068</b>	<b>\$ -</b>
<b>LIABILITIES</b>								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,760
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,760</b>
<b>FUND BALANCES (DEFICITS)</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	262,038	-	20,591	-	-	-	-
Committed	111,708	-	11,616	-	40,568	68,807	42,068	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	(33,760)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>111,708</b>	<b>262,038</b>	<b>11,616</b>	<b>20,591</b>	<b>40,568</b>	<b>68,807</b>	<b>42,068</b>	<b>(33,760)</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 111,708</b>	<b>\$ 262,038</b>	<b>\$ 11,616</b>	<b>\$ 20,591</b>	<b>\$ 40,568</b>	<b>\$ 68,807</b>	<b>\$ 42,068</b>	<b>\$ -</b>

TOWN OF KENNEBUNK, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2020

	Town Hall Computer Hardware and Software	Land - Municipal Employee Parking	Parks and Recreation Projects	Capital Reserve/Impr.	Tree Projects	Town Hall Repair	Total
ASSETS							
Due from other funds	\$ 56,475	\$ -	\$ 13,111	\$ 171,858	\$ -	\$ 22,433	\$ 1,914,701
TOTAL ASSETS	<u>\$ 56,475</u>	<u>\$ -</u>	<u>\$ 13,111</u>	<u>\$ 171,858</u>	<u>\$ -</u>	<u>\$ 22,433</u>	<u>\$ 1,914,701</u>
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 28,302	\$ -	\$ 511,322
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,302</u>	<u>-</u>	<u>511,322</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	22,433	388,340
Committed	56,475	-	13,111	171,858	-	-	1,526,361
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(28,302)	-	(511,322)
TOTAL FUND BALANCES (DEFICITS)	<u>56,475</u>	<u>-</u>	<u>13,111</u>	<u>171,858</u>	<u>(28,302)</u>	<u>22,433</u>	<u>1,403,379</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 56,475</u>	<u>\$ -</u>	<u>\$ 13,111</u>	<u>\$ 171,858</u>	<u>\$ -</u>	<u>\$ 22,433</u>	<u>\$ 1,914,701</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF KENNEBUNK, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2020

	Fire/Ambulance Projects		Public Safety Facilities	Dorothy Stevens Center	Public Works Equipment	Police Vehicles and Equipment	Signs	10 Park St Facility
	West Kennebunk Fire Station	Dry Hydrants						
REVENUES								
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-	-	-	-	-	-
EXPENDITURES								
Administration	-	-	-	-	-	-	-	-
Public works	-	-	-	-	24,994	-	-	8,132
Public safety	27,000	244	9,054	-	-	7,334	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	218,968	32,638	-	-
TOTAL EXPENDITURES	27,000	244	9,054	-	243,962	39,972	-	8,132
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(27,000)	(244)	(9,054)	-	(243,962)	(39,972)	-	(8,132)
OTHER FINANCING SOURCES (USES)								
Transfers in	57,000	-	20,000	-	242,000	30,000	-	50,000
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	57,000	-	20,000	-	242,000	30,000	-	50,000
NET CHANGE IN FUND BALANCES	30,000	(244)	10,946	-	(1,962)	(9,972)	-	41,868
FUND BALANCES (DEFICITS), JULY 1	37,006	9,969	(2,792)	5,128	(444,488)	10,000	(2,810)	-
FUND BALANCES (DEFICITS), JUNE 30	\$ 67,006	\$ 9,725	\$ 8,154	\$ 5,128	\$ (446,450)	\$ 28	\$ (2,810)	\$ 41,868

SCHEDULE G (CONTINUED)

TOWN OF KENNEBUNK, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	Town Hall Equipment	Debt Service and Lease/Purchase	Town Projects	Skateboard Park	Park St. and Cousens Sch. Purchase	Ordinance Rewrites and Codification Comp Plan and Public Safety Building Study	Storage Area at Town Garage	15 Portland Rd
REVENUES								
Other	\$ -	\$ 27,932	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>27,932</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES								
Administration	-	-	-	-	-	4,425	-	-
Public works	-	-	-	3,500	-	-	-	1,175
Public safety	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	1,192,141	-	-	-	-	-	-
Interest	-	270,231	-	-	-	-	-	-
Capital outlay	23,534	-	-	-	-	-	-	773,469
TOTAL EXPENDITURES	<u>23,534</u>	<u>1,462,372</u>	<u>-</u>	<u>3,500</u>	<u>-</u>	<u>4,425</u>	<u>-</u>	<u>774,644</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(23,534)</u>	<u>(1,434,440)</u>	<u>-</u>	<u>(3,500)</u>	<u>-</u>	<u>(4,425)</u>	<u>-</u>	<u>(774,644)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	5,000	1,131,367	5,000	-	-	-	-	825,000
Transfers (out)	-	-	-	-	(384,932)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,000</u>	<u>1,131,367</u>	<u>5,000</u>	<u>-</u>	<u>(384,932)</u>	<u>-</u>	<u>-</u>	<u>825,000</u>
NET CHANGE IN FUND BALANCES	(18,534)	(303,073)	5,000	(3,500)	(384,932)	(4,425)	-	50,356
FUND BALANCES (DEFICITS), JULY 1	<u>52,982</u>	<u>969,137</u>	<u>69,499</u>	<u>86,778</u>	<u>384,932</u>	<u>42,068</u>	<u>15,231</u>	<u>-</u>
FUND BALANCES (DEFICITS), JUNE 30	<u>\$ 34,448</u>	<u>\$ 666,064</u>	<u>\$ 74,499</u>	<u>\$ 83,278</u>	<u>\$ -</u>	<u>\$ 37,643</u>	<u>\$ 15,231</u>	<u>\$ 50,356</u>

SCHEDULE G (CONTINUED)

TOWN OF KENNEBUNK, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	Budget Board	Public Works Projects		West Kennebunk Holand Road Field	Town Garage and Transfer Station	Fire Ambulance Equipment	HVAC Systems and Insulation	Seawalls (FEMA)
		Bicycle Impact	Parking Lots					
REVENUES								
Other	\$ -	\$ 21,873	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	-	21,873	-	-	-	-	-	-
EXPENDITURES								
Administration	-	-	-	-	-	-	-	-
Public works	-	-	-	11,845	-	-	-	-
Public safety	-	-	-	-	-	35,579	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	19,120	110,574	-	33,760
TOTAL EXPENDITURES	-	-	-	11,845	19,120	146,153	-	33,760
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	21,873	-	(11,845)	(19,120)	(146,153)	-	(33,760)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	5,000	-	98,000	-	-
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	5,000	-	98,000	-	-
NET CHANGE IN FUND BALANCES	-	21,873	-	(6,845)	(19,120)	(48,153)	-	(33,760)
FUND BALANCES (DEFICITS), JULY 1	111,708	240,165	11,616	27,436	59,688	116,960	42,068	-
FUND BALANCES (DEFICITS), JUNE 30	\$ 111,708	\$ 262,038	\$ 11,616	\$ 20,591	\$ 40,568	\$ 68,807	\$ 42,068	\$ (33,760)

TOWN OF KENNEBUNK, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	Town Hall Computer Hardware and Software	Land - Municipal Employee Parking	Parks and Recreation Projects	Capital Reserve/Impr.	Tree Projects	Town Hall Repair	Total
REVENUES							
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,805
TOTAL REVENUES	-	-	-	-	-	-	49,805
EXPENDITURES							
Administration	128,242	-	-	15,182	-	-	147,849
Public works	-	-	-	17,663	30,392	-	97,701
Public safety	-	-	-	-	-	-	79,211
Debt service:							
Principal	-	-	-	-	-	-	1,192,141
Interest	-	-	-	-	-	-	270,231
Capital outlay	-	-	-	-	-	16,415	1,228,478
TOTAL EXPENDITURES	128,242	-	-	32,845	30,392	16,415	3,015,611
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(128,242)	-	-	(32,845)	(30,392)	(16,415)	(2,965,806)
OTHER FINANCING SOURCES (USES)							
Transfers in	103,000	-	-	100,000	20,000	17,000	2,708,367
Transfers (out)	-	(100,000)	-	-	-	-	(484,932)
TOTAL OTHER FINANCING SOURCES (USES)	103,000	(100,000)	-	100,000	20,000	17,000	2,223,435
NET CHANGE IN FUND BALANCES	(25,242)	(100,000)	-	67,155	(10,392)	585	(742,371)
FUND BALANCES (DEFICITS), JULY 1	81,717	100,000	13,111	104,703	(17,910)	21,848	2,145,750
FUND BALANCES (DEFICITS), JUNE 30	\$ 56,475	\$ -	\$ 13,111	\$ 171,858	\$ (28,302)	\$ 22,433	\$ 1,403,379

See accompanying independent auditors' report and notes to financial statements.

## Permanent Funds

Permanent funds are used to account for assets held by the Town of Kennebunk, Maine that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Town or its citizenry. These funds have been established for various purposes including the provision and/or maintenance of the cemeteries.

TOWN OF KENNEBUNK, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
JUNE 30, 2020

	Littlefield Educational Trust	Cemetery Trust Monument Lot	Centennial Lot	Martha Bragdon Trust	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 2,554	\$ 3,534	\$ 6,228	\$ 12,316
Investments	42,706	-	-	-	42,706
<b>TOTAL ASSETS</b>	<b>\$ 42,706</b>	<b>\$ 2,554</b>	<b>\$ 3,534</b>	<b>\$ 6,228</b>	<b>\$ 55,022</b>
<b>LIABILITIES</b>					
Due to other funds	\$ -	\$ -	\$ -	\$ 6,228	\$ 6,228
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,228</b>	<b>6,228</b>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	42,706	2,554	3,534	-	48,794
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>42,706</b>	<b>2,554</b>	<b>3,534</b>	<b>-</b>	<b>48,794</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 42,706</b>	<b>\$ 2,554</b>	<b>\$ 3,534</b>	<b>\$ 6,228</b>	<b>\$ 55,022</b>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF KENNEBUNK, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR PERMANENT FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	Littlefield Educational Trust	Cemetery Trust		Martha Bragdon Trust	Total
		Monument Lot	Centennial Lot		
REVENUES					
Interest income	\$ 1,333	\$ 1	\$ 2	\$ 11	\$ 1,347
TOTAL REVENUES	<u>1,333</u>	<u>1</u>	<u>2</u>	<u>11</u>	<u>1,347</u>
EXPENDITURES					
Other	-	-	-	11	11
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>11</u>	<u>11</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,333</u>	<u>1</u>	<u>2</u>	<u>-</u>	<u>1,336</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	(4,000)	-	-	-	(4,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(4,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,000)</u>
NET CHANGE IN FUND BALANCES	(2,667)	1	2	-	(2,664)
FUND BALANCES, JULY 1	<u>45,373</u>	<u>2,553</u>	<u>3,532</u>	<u>-</u>	<u>51,458</u>
FUND BALANCES, JUNE 30	<u>\$ 42,706</u>	<u>\$ 2,554</u>	<u>\$ 3,534</u>	<u>\$ -</u>	<u>\$ 48,794</u>

See accompanying independent auditors' report and notes to financial statements.

## General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position.

## TOWN OF KENNEBUNK, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION  
JUNE 30, 2020

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
Administration	\$ 431,830	\$ 1,061,164	\$ 1,146,560	\$ -	\$ 2,639,554
Police	75,100	1,650,222	2,125,268	25,000	3,875,590
Fire	97,900	2,244,199	5,367,252	5,854	7,715,205
Public Works	155,065	396,316	4,851,088	23,729,269	29,131,738
Recreation and Culture	79,100	406,385	924,300	-	1,409,785
Town-wide	2,141,157	4,885,612	267,456	7,293,492	14,587,717
Total General Capital Assets	2,980,152	10,643,898	14,681,924	31,053,615	59,359,589
Less: Accumulated Depreciation	-	(7,681,216)	(11,226,135)	(15,255,035)	(34,162,386)
Net General Capital Assets	\$ 2,980,152	\$ 2,962,682	\$ 3,455,789	\$ 15,798,580	\$ 25,197,203

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF KENNEBUNK, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION  
FOR THE YEAR ENDED JUNE 30, 2020

	General Capital Assets 7/1/19	Additions	Deletions	General Capital Assets 6/30/20
	<u>7/1/19</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/20</u>
Administration	\$ 1,826,136	\$ 813,418	\$ -	\$ 2,639,554
Police	3,842,952	32,638	-	3,875,590
Fire	7,583,921	131,284	-	7,715,205
Public Works	28,959,663	238,088	(66,013)	29,131,738
Recreation and Culture	1,409,785	-	-	1,409,785
Town-wide	<u>11,983,494</u>	<u>2,604,223</u>	<u>-</u>	<u>14,587,717</u>
Total General Capital Assets	55,605,951	3,819,651	(66,013)	59,359,589
Less: Accumulated Depreciation	<u>(31,661,887)</u>	<u>(2,566,512)</u>	<u>66,013</u>	<u>(34,162,386)</u>
Net General Capital Assets	<u>\$ 23,944,064</u>	<u>\$ 1,253,139</u>	<u>\$ -</u>	<u>\$ 25,197,203</u>

See accompanying independent auditors' report and notes to financial statements.



Proven Expertise & Integrity

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Select Board  
Town of Kennebunk  
Kennebunk, Maine

We have audited, in accordance with the 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, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Kennebunk, Maine as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Town of Kennebunk, Maine's basic financial statements and have issued our report thereon dated June 25, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Kennebunk, Maine's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Kennebunk, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Kennebunk, Maine's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Kennebunk Maine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of the Town of Kennebunk, Maine in a separate letter dated June 9, 2021.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RHR Smith & Company*

Buxton, Maine  
June 25, 2021

## Statistical Information

Statistical information includes tables not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Regional School Unit (RSU) 21's Schools
- Enrollment Data of the Municipalities in the RSU
- State Valuation of the Municipalities in the RSU
- Historical Allocation for the RSU's Local Costs
- Building Permits
- Employment
- Fund Balance
- Tax Levy and Collections
- Ten Largest Taxpayers
- Ratio of Net General Bonded Debt to Assessed Value and General Bonded Debt Per Capita
- Debt Service Component of Operating Expenses
- Property Tax Levy Limit

TOWN OF KENNEBUNK, MAINE  
REGIONAL SCHOOL UNIT (RSU) 21'S SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2020

<b>School</b>	<b>Location</b>	<b>Grades</b>
Kennebunk Elementary	Kennebunk	Pre K - 2
Mildred L Day	Arundel	K - 5
Kennebunkport Consolidated	Kennebunkport	K - 5
Sea Road School	Kennebunk	3 - 5
Middle School of the Kennebunks	Kennebunk	6 - 8
Kennebunk High School	Kennebunk	9 - 12

TOWN OF KENNEBUNK, MAINE

ENROLLMENT DATA OF THE MUNICIPALITIES IN THE RSU  
FOR THE YEARS ENDED JUNE 30,

Actual enrollment in RSU21 schools

Oct. 1, <sup>(1)</sup>	Town of Arundel		Town of Kennebunk		Town of Kennebunkport		Total RSU 21
	Students	%	Students	%	Students	%	Students <sup>(2)</sup>
2019	443	18.3%	1,641	67.7%	340	14.0%	2,424
2018	432	17.7%	1,652	67.6%	361	14.8%	2,445
2017	363	15.6%	1,596	68.7%	364	15.7%	2,323
2016	324	14.3%	1,571	69.3%	372	16.4%	2,267
2015	288	12.9%	1,555	69.4%	397	17.7%	2,240
2014	312	13.4%	1,615	69.4%	399	17.2%	2,326
2013	313	13.2%	1,646	69.5%	409	17.3%	2,368
2012	313	13.2%	1,640	69.1%	419	17.7%	2,372
2011	308	13.1%	1,625	68.9%	423	18.0%	2,356
2010	321	13.3%	1,665	69.0%	428	17.7%	2,414
2009	317	12.8%	1,727	69.4%	442	17.8%	2,486
2008	340	13.4%	1,751	69.0%	446	17.6%	2,537

Total pupils residing in RSU21 district attending any school

Fiscal Yr Avg No of Pupils <sup>(1)</sup>	Town of Arundel		Town of Kennebunk		Town of Kennebunkport		Total RSU 21
	Students	%	Students	%	Students	%	Students <sup>(2)</sup>
2020	594.5	22.7%	1,655.5	63.3%	367.0	14.0%	2,617.0
2019	568.0	22.5%	1,582.5	62.8%	369.0	14.6%	2,519.5
2018	561.0	22.3%	1,570.5	62.4%	386.0	15.3%	2,517.5
2017	569.5	22.4%	1,581.0	62.1%	396.5	15.6%	2,547.0
2016	582.0	22.3%	1,628.0	62.3%	401.5	15.4%	2,611.5
2015	589.5	22.3%	1,642.5	62.0%	416.5	15.7%	2,648.5
2014	592.5	22.4%	1,630.5	61.6%	424.5	16.0%	2,647.5
2013	601.5	22.6%	1,635.5	61.4%	426.5	16.0%	2,663.5
2012	606.5	22.2%	1,692.0	62.0%	430.5	15.8%	2,729.0
2011	624.5	22.3%	1,728.5	61.7%	444.0	15.9%	2,797.0
2010	633.0	22.4%	1,749.5	61.8%	449.0	15.9%	2,831.5
2009	NA	NA	1,783.5	79.4%	459.5	20.5%	2,243.0
2008	NA	NA	1,844.0	79.7%	469.0	20.3%	2,313.0

(1) State of Maine Department of Education's October 1 Annual Census and RSU 21 (for Oct. 1, 2019)

(2) For years 2008 and prior, the RSU 21 member municipalities were not consolidated into RSU 21. During those years Kennebunk and Kennebunkport were members of MSAD 71; Arundel was a separate school administrative unit.

(1) State of Maine Department of Education's ED279 Report (ED281 for 2006, 2007 & 2008) Calendar year average counts are two years behind the fiscal year.

(2) For years 2008 and prior, the RSU 21 member municipalities were not consolidated into RSU 21. During those years Kennebunk and Kennebunkport were members of MSAD 71; Arundel was a separate school administrative unit.

## TOWN OF KENNEBUNK, MAINE

STATE VALUATION OF THE MUNICIPALITIES IN THE RSU  
FOR THE YEARS ENDED JUNE 30,

Fiscal Year	Town of Arundel		Town of Kennebunk		Town of Kennebunkport		Total RSU 21 ESV(000) <sup>(1)</sup>
	ESV (000)	%	ESV (000)	%	ESV (000)	%	
2019	\$ 528,500	9.6%	\$ 2,694,150	48.8%	\$ 2,295,400	41.6%	\$ 5,518,050
2019	492,800	9.5%	2,492,800	48.1%	2,198,500	42.4%	5,184,100
2018	466,350	9.4%	2,380,350	47.8%	2,127,950	42.8%	4,974,650
2017	450,400	9.4%	2,316,900	48.4%	2,018,400	42.2%	4,785,700
2016	438,000	9.5%	2,245,800	48.6%	1,938,350	41.9%	4,622,150
2015	420,600	9.5%	2,159,200	49.0%	1,831,600	41.5%	4,411,400
2014	411,950	9.5%	2,085,300	48.2%	1,832,450	42.3%	4,329,700
2013	413,500	9.6%	2,097,550	48.5%	1,810,500	41.9%	4,321,550
2012	415,950	9.6%	2,128,300	49.0%	1,801,850	41.4%	4,346,100
2011	429,150	9.6%	2,126,200	47.3%	1,938,250	43.1%	4,493,600
2010	449,900	9.6%	2,288,950	49.1%	1,923,750	41.3%	4,662,600
2009	433,350	9.5%	2,360,650	51.5%	1,784,950	39.0%	4,578,950

## TOWN OF KENNEBUNK, MAINE

HISTORICAL ALLOCATION FOR THE RSU'S LOCAL COSTS  
FOR THE YEARS ENDED JUNE 30,

Fiscal Year	Town of Arundel		Town of Kennebunk		Town of Kennebunkport		Total RSU 21 Assessments
	Assessment	%	Assessment	%	Assessment	%	
2020	\$ 5,383,201	12.3%	\$ 27,140,726	62.0%	\$ 11,249,250	25.7%	\$ 43,773,177
2019	5,130,549	12.5%	25,813,831	62.7%	10,220,198	24.8%	41,164,578
2018	4,778,572	12.4%	23,965,655	61.9%	9,939,712	25.7%	38,683,939
2017	4,529,366	12.5%	22,708,581	62.5%	9,055,448	25.0%	36,293,395
2016	4,307,675	12.7%	21,698,081	63.7%	8,015,486	23.6%	34,021,242
2015	4,126,255	12.6%	20,829,596	63.5%	7,837,533	23.9%	32,793,384
2014	4,071,486	12.6%	20,660,409	64.1%	7,521,509	23.3%	32,253,404
2013	4,109,823	13.5%	19,544,108	64.5%	6,677,507	22.0%	30,331,438
2012	3,918,960	13.3%	19,503,442	66.0%	6,107,648	20.7%	29,530,050
2011	3,693,011	12.6%	19,252,939	66.0%	6,260,773	21.4%	29,206,723

TOWN OF KENNEBUNK, MAINE  
BUILDING PERMITS  
FOR THE YEARS ENDED JUNE 30,

Fiscal Year	Commercial		Residential		Total	
	Number of Permits	Estimated Value	Number of Permits	Estimated Value	Number of Permits	Estimated Value
2020	159	\$3,717,476	470	\$33,063,705	629	\$ 36,781,181
2019	145	5,150,667	372	20,699,609	517	25,850,276
2018	159	6,545,001	429	29,508,911	588	36,053,912
2017	167	7,423,915	418	20,854,934	585	28,278,849
2016	195	44,410,905	370	23,706,571	565	68,117,476
2015	119	6,632,868	432	21,691,928	551	28,324,796
2014	221	2,612,550	391	18,608,385	612	21,220,935
2013	193	3,296,267	311	22,791,353	504	26,087,620
2012	237	46,144,062	402	24,674,584	639	70,818,646
2011	152	3,861,200	412	17,592,841	564	24,454,041
2010	182	4,144,062	419	18,330,806	601	22,474,868
2009	180	8,732,861	435	23,625,470	615	32,358,331

SOURCE: Town of Kennebunk, Maine, Community Development Office, Code Enforcement

TOWN OF KENNEBUNK, MAINE  
EMPLOYMENT  
FOR THE YEAR ENDED JUNE 30, 2020

Representative Employer	Type of Business	Approximate Number of Employees
RSU 21	School Administrative Unit	695
Corning	Medical Lab Equipment Manufacturer	531
Kennebunk Savings Bank	Bank & Insurance	300
Town of Kennebunk	Town Government	305
Hannaford	Food & Pharmacy	180
Huntington Common	Assisted Living Facility	154
Home Instead Senior Care Services	Home Care Services	150
Kennebunk Ctr for Health & Rehab	Assisted Living Facility & Rehabilitation	126
RiverRidge Center	Brain Injury Rehabilitation Center	122
Southern Maine Health Care/PrimeCare	Health Care	119
HMS Host	Turnpike Service	100
Northeast Coatings	Surface Coatings	97
The Hissong Group	Construction & Property Management	94
Atria	Assisted Living Facility	54
Plixer	Software	50
Animal Welfare Society	Animal Shelter, Adoption & Veterinary Ctr	48
Garrett Pillsbury	Plumbing, Heating and Petroleum Distrib	45
KKW Water District	Water Utility	42
Tom's of Maine	Consumer Products	40
Bergen & Parkinson	Law Firm	39
Downeast Energy	Petroleum Distributor	38

TOWN OF KENNEBUNK, MAINE  
FUND BALANCE  
FOR THE YEARS ENDED JUNE 30,

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Assigned and Unassigned <sup>(1)</sup> General Fund Balance	\$ 7,091,796	\$ 7,138,394	\$ 7,576,962	\$ 8,254,400	\$ 7,857,723	\$ 8,455,629	\$ 8,751,126	\$ 8,927,394	\$ 9,572,975	\$ 10,177,386
Total Revenues (Current Year)	32,338,176	32,371,733	33,365,015	35,121,495	35,361,083	36,944,282	38,644,618	40,606,603	43,781,972	45,699,597
Fund Balance as % Revenues	21.93%	22.05%	22.71%	23.50%	22.22%	22.89%	22.65%	21.99%	21.87%	22.27%
Unassigned <sup>(2)</sup> General Fund Balance	\$ 6,873,273	\$ 7,011,232	\$ 7,444,341	\$ 8,154,810	\$ 7,724,589	\$ 8,245,414	\$ 8,587,397	\$ 8,755,452	\$ 9,203,706	\$ 9,658,636
Budgeted Revenue	31,609,916	32,213,394	32,031,797	34,269,730	34,877,723	36,035,230	37,724,971	39,740,086	42,391,697	45,125,735
Fund Balance as % Budgeted Revenue	21.74%	21.76%	23.24%	23.80%	22.15%	22.88%	22.76%	22.03%	21.71%	21.40%

NOTE: <sup>(1)</sup> The Town implemented GASB 54 in FY 2011. Prior year amounts represent balances previously reported as "Unreserved".

<sup>(2)</sup> The Town implemented GASB 54 in FY 2011. Prior year amounts represent balances previously reported as "Undesignated".

TOWN OF KENNEBUNK, MAINE  
TAX LEVY AND COLLECTIONS  
FOR THE YEARS ENDED JUNE 30,

Fiscal Year	Equalized State Valuation (000)	Assessed Valuation (000)	Tax Rate (000)	Tax Levy (000)	Collections (After Supplements and Abatements)		
					Year End (000)	% of Levy	% of Levy a/o 08/31/20
2020	\$ 2,694,150	\$ 2,816,517	\$ 13.75	\$ 38,727	\$ 37,803	97.6%	99.4%
2019	2,492,800	2,093,668	17.50	36,639	35,962	98.2%	99.8%
2018	2,380,350	2,073,728	16.55	34,320	33,725	98.3%	99.9%
2017	2,316,900	2,061,351	15.90	32,775	32,619	97.9%	99.9%
2016	2,245,800	2,043,619	15.30	31,267	30,567	97.8%	99.9%
2015	2,159,200	2,029,269	14.90	30,236	29,337	97.0%	99.9%
2014	2,085,300	1,991,757	14.95	29,777	29,067	97.6%	99.9%
2013	2,097,550	1,944,205	14.40	27,997	27,257	97.4%	99.9%
2012	2,128,300	1,936,881	14.40	27,891	27,085	97.1%	99.9%
2011	2,126,200	1,922,409	14.30	27,490	26,816	97.6%	99.9%
2010	2,288,950	1,897,950	13.95	26,476	25,781	97.4%	99.9%
2009	2,360,650	1,886,460	13.85	26,135	25,360	97.4%	99.9%

TOWN OF KENNEBUNK, MAINE  
TEN LARGEST TAXPAYERS  
FOR THE YEAR ENDED JUNE 30, 2020

Taxpayer	Business	As of April 1, 2020				
		Real Estate	Personal Property	Assessed Total	Property Tax	% of Levy
Central Maine Power Co	Electric Utility	\$ 53,617,800	\$ 72,800	\$ 53,690,600	\$ 759,722	1.96%
Shape Drive Medical Ctr LLC	Medical Facility	24,923,900		24,923,900	352,673	0.91%
Sunrise Kennebunk Sr Lvg LLC	Ass'td Living Facility	23,807,000		23,807,000	336,869	0.87%
Corning Inc	Lab Equipment Manf	13,660,100	9,975,500	23,635,600	334,444	0.86%
Kennebunk Savings Bank	Bank & Insurance	16,813,700	984,500	17,798,200	251,845	0.65%
VTR Kennebunk LLC	Ass'td Living Facility	10,139,200		10,139,200	143,470	0.37%
WF Legacy Properties LLC	Private Residences	9,286,700		9,286,700	131,407	0.34%
Kennebunk Port Hotel LLC	Hotel	7,824,200	581,200	8,405,400	118,936	0.31%
Maritimes & Northeast Pipeline	Natural Gas Pipeline	7,733,300		7,733,300	109,426	0.28%
HMS Host Family Restaurant	Turnpike Service Ctr	6,237,400	1,159,100	7,396,500	104,660	0.27%
<b>Top Ten Taxpayers</b>			<b>\$ 186,816,400</b>	<b>\$ 2,643,452</b>	<b>6.83%</b>	

## TOWN OF KENNEBUNK, MAINE

RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND GENERAL BONDED DEBT PER CAPITA  
FOR THE YEARS ENDED JUNE 30,

<b>Fiscal Year</b>	<b>Population<sup>(1)</sup></b>	<b>Equalized State Val. (000)</b>	<b>Assessed Valuation (000)</b>	<b>Total Bonds Payable</b>	<b>Debt as % Eq. Val.</b>	<b>Per Capita Debt</b>
2020	10,798	\$ 2,694,150	\$ 2,816,517	\$ 10,330,000	0.38%	\$ 956.66
2019	10,798	2,492,800	2,093,668	11,990,000	0.48%	1,110.39
2018	10,798	2,380,350	2,073,728	13,745,000	0.58%	1,272.92
2017	10,798	2,316,900	2,061,351	10,330,000	0.45%	956.66
2016	10,798	2,245,800	2,043,619	11,609,000	0.52%	1,075.11
2015	10,798	2,159,200	2,029,269	9,535,000	0.44%	883.03
2014	10,798	2,085,300	1,991,757	10,764,000	0.52%	996.85
2013	10,798	2,097,550	1,944,205	6,685,000	0.32%	619.10
2012	10,798	2,128,300	1,936,881	7,445,000	0.35%	689.48
2011	10,798	2,126,200	1,922,409	8,200,000	0.39%	759.40
2010	10,798	2,288,950	1,897,950	8,957,000	0.39%	829.51
2009	10,476	2,360,650	1,886,460	3,075,000	0.13%	293.53

NOTE: <sup>(1)</sup> U.S. Census

## TOWN OF KENNEBUNK, MAINE

DEBT SERVICE COMPONENT OF OPERATING EXPENSES  
FOR THE YEARS ENDED JUNE 30,

	Actual									Budgeted
	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Debt Service from Capital Fund: \$	858,674	\$ 777,486	\$ 1,202,982	\$ 1,069,507	\$ 795,354	\$ 1,096,038	\$ 1,064,182	\$ 1,516,261	\$ 1,462,372	\$ 1,445,783
Debt Service from TIF Funds: <u>223,582</u>	<u>221,362</u>	<u>260,610</u>	<u>484,490</u>	<u>474,809</u>	<u>528,897</u>	<u>514,858</u>	<u>595,676</u>	<u>605,251</u>	<u>586,342</u>	<u>586,342</u>
Total Current Year Debt Service: \$	1,082,256	\$ 998,848	\$ 1,463,592	\$ 1,553,997	\$ 1,270,163	\$ 1,624,934	\$ 1,579,040	\$ 2,111,937	\$ 2,067,623	\$ 2,032,125
Budgeted Operating Expense: \$	31,156,555	\$ 31,405,898	\$ 33,518,096	\$ 34,325,416	\$ 35,110,955	\$ 37,055,782	\$ 38,800,429	\$ 41,678,889	\$ 43,509,666	\$ 44,268,846
Debt Service as % Operating Expense:	3.47%	3.18%	4.37%	4.53%	3.62%	4.39%	4.07%	5.07%	4.75%	4.59%

TOWN OF KENNEBUNK, MAINE  
PROPERTY TAX LEVY LIMIT  
FOR THE YEARS ENDED JUNE 30,

	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
State Personal Income Factor:	1.78%	1.66%	1.43%	1.05%	1.09%	0.86%	2.67%	2.84%	2.61%	2.77%
Local Property Growth Factor (1):	<u>1.32%</u>	<u>3.06%</u>	<u>3.18%</u>	<u>1.15%</u>	<u>2.81%</u>	<u>2.43%</u>	<u>1.07%</u>	<u>2.10%</u>	<u>1.57%</u>	<u>1.55%</u>
Growth Limitation Factor:	3.10%	4.72%	4.61%	2.20%	3.90%	3.29%	3.74%	4.94%	4.18%	4.32%
Property Tax Levy Limit (1):	\$ 6,503,412	\$ 6,923,448	\$ 7,187,787	\$ 7,345,918	\$ 7,859,467	\$ 8,176,845	\$ 8,494,270	\$ 8,964,403	\$ 9,339,115	\$ 9,488,236
Property Tax Levy:	<u>6,065,431</u>	<u>6,050,698</u>	<u>6,120,059</u>	<u>6,313,472</u>	<u>6,584,061</u>	<u>6,870,620</u>	<u>7,163,063</u>	<u>7,319,507</u>	<u>7,720,451</u>	<u>7,988,900</u>
Over/(below) Prop Tax Levy Limit:	\$ (437,981)	\$ (872,750)	\$ (1,067,728)	\$ (1,032,446)	\$ (1,275,406)	\$ (1,306,225)	\$ (1,331,207)	\$ (1,644,896)	\$ (1,618,664)	\$ (1,499,336)

(1) The local property growth factor has been recalculated on the gross method based on new taxable value.