



**MOORS & CABOT**  
INVESTMENTS

*Banking & Advisory Group*

NEW ISSUE

**Moody's: Aa1**  
**S&P: AAA**

In the opinion of Jensen Baird Gardner & Henry, Bond Counsel, ("Bond Counsel") and assuming compliance with certain tax covenants, under existing statutes, regulations and court decisions, interest on the Bonds (as defined below) is excludable from the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, such interest is not an item of tax preference for purposes of calculating the alternative minimum tax under the Code. Bond Counsel is also of the opinion that pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended, the interest paid on the Bonds is exempt from income tax within the State of Maine (the "State") under existing statutes, regulations and judicial decisions. **The Town will not designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.** See "THE BONDS—TAX MATTERS" and "APPENDIX B" herein.

**TOWN OF KENNEBUNK, MAINE**  
**\$10,575,000**  
**2021 GENERAL OBLIGATION BONDS**

**Dated: Date of Delivery**

**Due: October 1, as shown below**

<u>Year of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield or Price</u>	<u>Year of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield or Price</u>
2021	\$1,220,000	5.00%	0.04	2027	\$695,000	5.00%	0.50
2022	1,415,000	5.00	0.05	2028	690,000	5.00	0.60
2023	1,245,000	5.00	0.07	2029	635,000	5.00	0.69
2024	1,210,000	5.00	0.14	2030	535,000	5.00	0.78
2025	965,000	5.00	0.25	2031	290,000	5.00	0.84
2026	875,000	5.00	0.38				

\$800,000<sup>(†)</sup> 2.00% Term Bond due October 1, 2035, @ 104.877

The Town of Kennebunk, Maine 2021 General Obligation Bonds (the "Bonds") will be issued as fully-registered certificates without coupons and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the minimum denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. See "THE BONDS—BOOK-ENTRY-ONLY SYSTEM" herein. Principal and interest on the Bonds will be paid to DTC by U.S. Bank National Association, Boston, Massachusetts, as Paying Agent. Interest on the Bonds will be payable on October 1, 2021 and semi-annually on each April 1 and October 1 thereafter until maturity, or redemption prior to maturity.

The legal opinion of Jensen Baird Gardner & Henry of Portland, Maine, Bond Counsel will be provided to the original purchaser and will indicate that the Bonds are valid general obligations of the Town of Kennebunk, Maine (the "Town") and, unless paid from other sources, are payable as to both principal and interest from ad valorem taxes that are subject to limitation unless certain procedural requirements under Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, are met, in which case such ad valorem taxes may then be levied, without limit as to rate or amount upon all the property within the territorial limits of the Town and taxable by it (see "THE BONDS—SOURCE OF PAYMENTS AND REMEDIES - Limitation on Municipal Property Tax Levy" herein), except to the extent that the Town may enter into an agreement under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality and except to the extent that the Town establishes or has established development districts either as tax increment financing districts or affordable housing development districts pursuant to Title 30-A, Chapter 206 and former (now repealed) Chapter 207 of the Maine Revised Statutes, as amended, the captured tax increment of which may not be available for payment of debt service on the Bonds (see "TOWN FINANCES—TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS" herein). The Town's Treasurer has certified that the Town has no agreements under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share assessed valuation with another municipality. The Town has established certain tax increment financing districts and elected to retain a portion of the tax increment on the captured assessed value of the property in the districts to pay costs of the economic development projects and programs described in the development programs adopted with respect to such districts. Within the limits established by statute, the Town has the right to designate additional development districts pursuant to Title 30-A, Chapter 206 of the Maine Revised Statutes, as amended. Bond Counsel's opinion will indicate that the enforceability of the obligations of the Town, including the Bonds, is subject to and may be limited by bankruptcy, insolvency, moratorium and other laws affecting the rights and remedies of creditors generally, and are subject to general principles of equity. The opinion will be dated and given on and will speak as of the date of original delivery of the Bonds to the original purchasers.

Bonds maturing on and before October 1, 2031 are not subject to redemption prior to their stated dates of maturity. Bonds maturing on and after October 1, 2032 are subject to redemption prior to their stated dates of maturity, at the option of the Town, on and after October 1, 2031 as more fully set forth herein (see "THE BONDS—OPTIONAL REDEMPTION PRIOR TO MATURITY" herein). The Term Bond maturing on October 1, 2035 is subject to mandatory redemption or mature on and after October 1, 2032, as more fully set forth herein (see "THE BONDS—MANDATORY SINKING FUND REDEMPTION" herein).

The Bonds are offered when, as and if issued, subject to the approval of legality by Jensen Baird Gardner & Henry of Portland, Maine, Bond Counsel. It is expected that the Bonds in definitive form will be available for delivery to DTC on or about August 12, 2021.

NOTE: <sup>(†)</sup>The Term Bond is subject to mandatory redemption. See "THE BONDS—MANDATORY REDEMPTION" herein.

No dealer, broker, salesman or other person has been authorized by the Town or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering of the Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Town and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, any party other than the Town. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the condition or affairs of the Town since the date hereof.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED, IF ANY, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES, CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NONE OF THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

The CUSIP numbers set forth in this Official Statement have been assigned by an independent company not affiliated with the Town and are included solely for the convenience of the holders of the Bonds. Neither the Town nor the Underwriter makes any representation with respect to the accuracy of such CUSIP numbers set forth in this Official Statement or undertakes any responsibility for the selection of the CUSIP numbers or their accuracy now or at any time in the future. The Town is not responsible for the selection or uses of the CUSIP numbers and no representation is made as to their correctness on the Bonds or as set forth in this Official Statement. The CUSIP number for a specific maturity of the Bonds is subject to change after the issuance of the Bonds and as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that may be applicable to all or a portion of certain maturities of the Bonds.



**CERTIFICATE  
CONCERNING OFFICIAL STATEMENT**

The information contained herein has been prepared by the Town of Kennebunk, Maine with the assistance of Moors & Cabot, Inc., its Municipal Advisor, from the records of the Town and from various other public documents and sources which are believed to be reliable. There has been no independent investigation of such information by the Municipal Advisor or by Jensen Baird Gardner & Henry, Bond Counsel, and such information is not guaranteed as to accuracy or completeness and is not intended to be a representation by the Municipal Advisor or Bond Counsel.

This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town or its agencies and authorities, since the date hereof.

To the best of the knowledge and belief of the Treasurer of the Town this Official Statement does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements made herein, in the light of the circumstances under which they were made, not misleading, subject to the condition that while information in the Official Statement obtained from sources other than the Town is not guaranteed as to accuracy, completeness or fairness, the Treasurer has no reason to believe that such information is materially inaccurate or misleading. A certificate to this effect, with such if any corrections, changes and additions as may be necessary, will be signed by the Treasurer and furnished at the closing.

This Official Statement is in a form “deemed final” by the Town for purposes of Securities and Exchange Commission’s Rule 15c2-12(b) [17 C.F.R. §240.15c2-12(b)] except for the omission from the Preliminary Official Statement of such information as is permitted by such Rule.

Joel E. Downs  
Treasurer  
Town of Kennebunk, Maine

**OFFICIAL STATEMENT  
TOWN OF KENNEBUNK, MAINE  
\$10,575,000  
2021 GENERAL OBLIGATION BONDS**

This Official Statement is provided for the purpose of presenting certain information relating to the Town of Kennebunk, Maine (the “Town” or “Kennebunk”) in connection with the sale of its 2021 General Obligation Bonds (the “Bonds” or the “2021 Bonds”).

**THE BONDS**

**DESCRIPTION OF THE BONDS**

The Bonds will be issued only as fully-registered bonds without coupons, one certificate per maturity, and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York City, New York (“DTC” or the “Securities Depository”). DTC will act as the securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the minimum denomination of \$5,000 or any integral multiple thereof. The Bonds will be dated on the date of delivery and will bear interest (accrued on the basis of a 360-day year with twelve 30-day months) payable on October 1, 2021, and semi-annually thereafter on April 1 and October 1 of each year until maturity, or redemption prior to maturity. It is expected that the Bonds will be available for delivery at DTC on or about August 12, 2021. The Bonds will mature as follows:

<u>Amount</u>	<u>October 1,</u>	<u>CUSIP</u>	<u>Amount</u>	<u>October 1,</u>	<u>CUSIP</u>
\$1,220,000	2021	489278FH9	\$695,000	2027	489278FP1
1,415,000	2022	489278FJ5	690,000	2028	489278FQ9
1,245,000	2023	489278FK2	635,000	2029	489278FR7
1,210,000	2024	489278FL0	535,000	2030	489278FS5
965,000	2025	489278FM8	290,000	2031	489278FT3
875,000	2026	489278FN6			

\$800,000<sup>(†)</sup> Term Bond due October 1, 2035 (CUSIP: 489278FU0)

Principal of and interest on the Bonds will be payable in Clearing House Funds to DTC, or its nominee, as registered owner of the Bonds by U.S. Bank National Association, Boston, Massachusetts, as paying agent (the “Paying Agent”). Transfer of principal and interest payments to Participants of DTC will be the responsibility of DTC. Transfer of principal and interest payments to Beneficial Owners (as hereinafter defined) will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants. See “THE BONDS - BOOK-ENTRY-ONLY SYSTEM” herein.

**Optional Redemption Prior to Maturity**

Bonds maturing on or before October 1, 2031 are not subject to optional redemption prior to their stated dates of maturity. Bonds maturing on and after October 1, 2032 are subject to redemption prior to their stated dates of maturity, at the option of the Town, on and after October 1, 2031, as a whole or in part at any time, in such order of maturity as the Town, in its discretion, may determine at a price of par (100% of original stated amount of value at maturity), together with interest accrued and unpaid to the redemption date, if any.

NOTE: <sup>(†)</sup>The Term Bond is subject to mandatory redemption. See “THE BONDS - MANDATORY REDEMPTION” herein.

## **Mandatory Redemption**

The Term Bond maturing on October 1, 2035 is also subject to mandatory redemption or mature on and after October 1, 2032 at a price equal to the principal amount to be redeemed, plus accrued interest to the date of redemption thereof, and shall be redeemed on October 1 in the following years and principal amounts:

<b><u>Term Bond due 2035</u></b>	
<b><u>Year</u></b>	<b><u>Amount</u></b>
2032	\$200,000
2033	200,000
2034	200,000
2035 <sup>(†)</sup>	200,000

---

NOTE: <sup>(†)</sup> Year of final maturity.

## **GENERAL PROVISIONS REGARDING REDEMPTION OF THE BONDS**

### **Notice of Redemption**

In the case of every optional redemption of the Bonds, the Town shall cause notice of such redemption to be given to the registered owner of any Bonds designated for redemption in whole or in part, at such address as shall appear upon the registration books kept by the Paying Agent by mailing a copy of the redemption notice by first class mail not less than thirty (30) days prior to the redemption date. Any notice mailed shall be conclusively presumed to have been duly given, whether or not the Bondholder actually receives notice. The failure of the Town to give notice to a Bondholder or any defect in such notice shall not affect the validity of the redemption of any Bond of any other owner.

Each notice of redemption shall specify the date fixed for redemption, the place or places of payment, that payment will be made upon presentation and surrender of the Bonds to be redeemed, that interest, if any, accrued to the date fixed for redemption will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue. If less than all the Bonds outstanding are to be redeemed, the notice of redemption shall specify the numbers of the Bonds or portions thereof (in denominations of \$5,000 or any integral multiple thereof) to be redeemed.

The Town shall notify the Securities Depository (see "THE BONDS - BOOK-ENTRY-ONLY SYSTEM" herein) in the same manner as the Bondholders, with a request that the Securities Depository notify its Participants who in turn notify the beneficial owners of such Bonds. Any failure on the part of the Securities Depository, or failure on the part of a nominee of a Beneficial Owner (having received notice from the Town, a Participant or otherwise) to notify the Beneficial Owner so affected, shall not affect the validity of the redemption of such Bond.

### **Bonds Due and Payable on Redemption Date; Interest Ceases to Accrue**

On any redemption date, the principal amount of each Bond to be redeemed, together with the premium, if any, and accrued interest thereon to such date, shall become due and payable. Funds shall be deposited with the Paying Agent to pay, and the Paying Agent is authorized and directed to apply such funds to the payment of the Bonds called for redemption, together with accrued interest thereon to the redemption date and redemption premium, if any. After such redemption date, notice having been given in the manner described above, then, notwithstanding that any Bonds called for redemption shall not have been surrendered, no further interest shall accrue on any of such Bonds. From and after such date of redemption (such notice having been given), the Bonds to be redeemed shall not be deemed to be outstanding.

## Cancellation

All Bonds which have been redeemed shall be canceled by the Paying Agent and either destroyed by the Paying Agent with counterparts of a certificate of destruction evidencing such destruction furnished by the Paying Agent to the Town or returned to the Town at its request.

## Partial Redemption of Bonds

Bonds or portions of Bonds to be redeemed in part shall be selected when held by a Securities Depository by lot and when not held by a Securities Depository by the Town by lot or in such other manner, as the Town in its discretion may deem appropriate.

## RECORD DATE; PAYMENT

The principal of the Bonds is payable upon surrender thereof at the designated Corporate Trust Office of the Paying Agent. Payment of the interest on the Bonds will be made to the person appearing on the registration books of the Paying Agent as the registered owner thereof at the close of business on the 15th day of the month preceding each interest payment date for the Bonds, and if such day is not a regular business day of the Paying Agent the next day preceding which is a regular business day of the Paying Agent, by check, wire or draft mailed to each registered owner at such person's address as it appears on the registration books, or at another address as is furnished to the Paying Agent in writing by the owner. Interest that is not timely paid or provided for shall cease to be payable to the registered owner as of the regular record date and shall be payable to the registered owner at the close of business on a special record date to be fixed by the Paying Agent.

## AUTHORIZATION AND PURPOSE

The Bonds are being issued pursuant to the approving vote of the voters of the Town at its Town Meetings held on the dates listed below whereby the Town is authorized to issue debt to provide funds to finance the projects in the amounts as follows:

<u>Date of Town Meeting</u>	<u>Amount</u>	
	<u>Authorized</u>	<u>The Bonds</u>
June 13, 2017	\$2,686,000	\$2,686,000
June 12, 2018	2,740,900	2,740,900
June 11, 2019	1,028,000	1,028,000
July 14, 2020	2,787,100	2,287,100
June 8, 2021	<u>1,385,000</u>	<u>1,385,000</u>
<b>New Money</b>	<b>10,627,000</b>	<b>10,127,000</b>
Refunding <sup>(1)</sup>	<u>2,080,000</u>	<u>2,080,000</u>
<b>The Bonds</b>	<b>\$12,707,000</b>	<b>\$12,207,000</b> <sup>(2)</sup>

NOTE: <sup>(1)</sup> The Refunded 2010 Bonds (as defined herein) were issued by an Order passed by the Select Board at its meeting held on November 24, 2009. The refunding of the Refunded 2010 Bonds was approved by Select Board at its meeting held on April 27, 2021, and ratified at its meetings held on May 11, 2021 and June 22, 2021.

<sup>(2)</sup> Par amount of Bonds, plus allocable net Original Issue Premium, in the amount of \$1,632,000, provided Issue Proceeds to finance the Projects.

## The Refunded 2010 Bonds

The Town issued \$6,252,000 2010 General Obligation Bonds, dated February 1, 2010 (the “2010 Bonds”). The Town intends to use a portion of the proceeds of the 2021 Bonds (the “Refunding Bonds” portion) (including an allocable portion of original issue premium, if any) to refund, on a current basis, the maturities listed in the table below of the 2010 Bonds (the “Refunded 2010 Bonds”), currently outstanding in the aggregate principal amount of \$2,080,000 and to pay associated costs of issuance. There is no redemption premium on the Refunded Bonds. The Refunded 2010 Bonds will be refunded on a current basis, following the issue date of the 2021 Bonds (approximately on or about August 16, 2021). The refunding achieved \$180,031.40 present value savings, or 8.6554% and absolute savings of \$216,540.79 debt service for the Town.

<u>Date of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>CUSIP</u>
October 1, 2021	\$370,000	3.15%	489278DF5
October 1, 2022	370,000	3.25	489278DG3
October 1, 2023	370,000	3.375	489278DH1
October 1, 2024	370,000	3.50	489278DJ7
October 1, 2025	120,000	3.75	489278DK4
October 1, 2026	120,000	4.00	489278DL2
October 1, 2027	120,000	4.00	489278DM0
October 1, 2028	120,000	4.00	489278DN8
October 1, 2029	120,000	4.00	489278DP3

## Amortizations of the Bonds, Grouped by Length of Years to Maturity

<u>Oct. 1,</u>	<u>New Money</u>									<u>2010 Refund'g</u>	<u>The Issue</u>
	<u>2 Years</u>	<u>3 years</u>	<u>5 years</u>	<u>6 years</u>	<u>8 years</u>	<u>10 years</u>	<u>11 years</u>	<u>15 years</u>	<u>Total</u>		
2021	\$158,701	\$33,823	\$97,204	\$163,858	\$64,175	\$281,694	\$0	\$55,545	\$855,000	\$365,000	\$1,220,000
2022	143,402	30,473	87,834	187,320	57,361	254,539	107,552	211,519	1,080,000	335,000	1,415,000
2023		29,028	82,816	177,585	54,642	242,472	102,453	216,005	905,000	340,000	1,245,000
2024			82,260	173,848	54,275	239,995	101,765	212,858	865,000	345,000	1,210,000
2025			82,260	173,848	53,426	239,995	101,765	213,706	865,000	100,000	965,000
2026				172,690	53,071	235,870	101,087	212,283	775,000	100,000	875,000
2027					52,427	233,007	99,860	209,706	595,000	100,000	695,000
2028					52,723	234,326	92,057	210,894	590,000	100,000	690,000
2029						233,227	91,953	209,820	535,000	100,000	635,000
2030						233,227	91,953	209,820	535,000		535,000
2031							88,611	201,389	290,000		290,000
2032								200,000	200,000		200,000 <sup>(†)</sup>
2033								200,000	200,000		200,000 <sup>(†)</sup>
2034								200,000	200,000		200,000 <sup>(†)</sup>
2035								200,000	200,000		200,000 <sup>(†)</sup>
<b>Bonds:</b>	302,103	93,324	432,374	1,049,149	442,099	2,428,351	979,055	2,963,544	8,690,000	1,885,000	10,575,000
<b>Bid Premium:</b>	17,897	8,776	54,626	148,051	66,601	387,649	180,945	572,456	1,437,000	195,000	1,632,000
<b>Projects:</b>	<b>\$320,000</b>	<b>\$102,100</b>	<b>\$487,000</b>	<b>\$1,197,200</b>	<b>\$508,700</b>	<b>\$2,816,000</b>	<b>\$1,160,000</b>	<b>\$3,536,000</b>	<b>\$10,127,000</b>	<b>\$2,080,000</b>	<b>\$12,207,000</b>

NOTE: <sup>(†)</sup> The indicated principal payments reflect the mandatory redemption or maturity of the Term Bond issued as part of the Bonds. See “THE BONDS – MANDATORY REDEMPTION” herein.

## The Projects

The following table identifies the various projects (the “Projects”), listed chronologically by Annual Town Meeting (“ATM”) then by Article and Question on the respective Project approved by the voters of the Town.

<u>Project Name</u>	<u>Date</u>	<u>Annual Town Meeting</u>		<u>Financed by the Bonds</u>			
		<u>Article</u>	<u>Question</u>	<u>Total Authorized</u>	<u>Project</u>	<u>Total by ATM</u>	<u>Yrs</u>
Town Garage/Transfer Station - Phase 1	June 13, 2017	7	5	\$2,686,000	\$2,686,000	\$2,686,000	2 - 15
Sidewalk Snow Plows/Blowers Tractors	June 12, 2018	5	3		320,000		1
Leaf Vacuum Trailer		5	3	372,000	52,000	372,000	1-5
Roads - Parsons, Cat Mousam, Sayward		6	4		320,200		1-6
Roads - Fairway, Portage, Canterbury		6	4		231,600		1-6
Seawall - Repair & FEMA Match		6	4		450,000		1-15
Sea Road		6	4	1,290,500	288,700	1,290,500	1-8
Roads - Bourne & Water		7	5		225,100		1-6
Roads - Fieldcrest & Friend		7	5		195,300		1-6
Road - Summer St		7	5		80,000		1-10
Ross Road & Fletcher (less MDOT Grant)		7	5		413,000		1-10
Road - Storer St		7	5	1,078,400	165,000	1,078,400	1-10
Road - Merrifield Dr	June 11, 2019	5	3		878,000		1-10
Road - Barnard Ln		5	3	1,028,000	150,000	1,028,000	1-10
Road & Sidewalk - Factory Pasture Ln	July 14, 2020	5	C		150,000		1-10
Cat Mousam Rd		5	C		50,000		1-10
Traffic Light Preemption System		5	C		175,000		1-10
PD Cars (2)		5	C		102,100		1-3
Pavement Roller & Trailer		5	C		45,000		1-5
Street Light Conversion to LEDs		5	C		400,000		1-15
Townhall Conversion to LEDs		5	C		60,000		1-5
Ambulance		5	C	1,312,100	330,000	1,312,100	1-5
Front Loader		7	E		220,000		1-8
Fire Engine		7	E		600,000		1-10
Water St Sidewalk		7	E		75,000		1-10
Garden St Intersection		7	E	1,475,000	80,000	975,000	1-10
Tandem Axle Plow/Dump Truck	June 8, 2021	5	C		225,000		2-6
Intervale Road & Meadow Lane		5	C		191,174		2-11
Old Falls Road - Shim & Overlay		5	C		433,753		2-11
Westwoods Drive		5	C		63,479		2-11
Ivy Court - Shim & Overlay		5	C		26,127		2-11
Greenfield Drive - Reclamation		5	C		42,463		2-11
Countryfield Circle - Shim & Overlay		5	C		48,430		2-11
Fairway Drive - Overlay		5	C		142,201		2-11
Walker Heights Circle - Level 2		5	C		37,576		2-11
Quedgley Court - Reclaim - Level 2		5	C		37,170		2-11
Greenwood Drive - 1.5" Overlay		5	C		22,662		2-11
Pinewood Road - 2" Overlay		5	C		11,952		2-11
Plummer Lane - 1.5" Overlay		5	C		19,422		2-11
Surf Lane - 2" Overlay		5	C		53,472		2-11
Hickory Lane - 1.5" Overlay		5	C		5,119		2-11
Emmons Road - Cul-de-sac & Paving		5	C	1,385,000	25,000	1,385,000	2-11
<b>Sub-total (New Money)</b>				<b>10,627,000</b>		<b>10,127,000</b>	
FY07-08 Roads	June 12, 2007			1,000,000	255,000		1-4
FY08-09 Roads	June 10, 2008			500,000	128,000		1-4
FY09-10 Roads & Equipment	June 9, 2009			967,000	253,000		1-4
FEMA Match - Seawall & Repairs	June 12, 2007			450,000	120,000		1-4
FEMA Match - Intervale	Nov. 6, 2007			375,000	100,000		1-4
FD Ladder Truck - Rebuild	June 10, 2008			150,000	40,000		1
CDBG Match - Access Roads	Jan. 31, 2009			400,000	104,000		1-4
CDBG Match - Route 1 Sewer	June 9, 2009			400,000	180,000		1-9
Downtown - Drainage	June 9, 2009			650,000	288,000		1-9
Downtown - Improvements	Nov. 3, 2009			1,360,000	612,000		1-9
<b>Sub-total (Refunding 2010 Bonds)</b>					<b>2,080,000</b>	<b>2,080,000</b>	
<b>The Bonds</b>						<b>\$12,207,000</b>	

## **SOURCE OF PAYMENT AND REMEDIES**

### **General**

The Bonds are general obligations of the Town and their payment is not limited to a particular fund or revenue source. Municipalities in the State of Maine (the “State”) have the right to tax their inhabitants to pay municipal indebtedness. The Bonds are payable as to both principal and interest from ad valorem taxes that are subject to limitation unless the Town follows certain procedural requirements under Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, in which case the Town has the power to levy such ad valorem taxes without limit as to rate or amount upon all the taxable property within its territorial limits (see “THE BONDS – SOURCE OF PAYMENT AND REMEDIES – Limitation on Municipal Property Tax Levy” herein), except to the extent that the Town may enter into an agreement under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality, and except to the extent that the Town establishes or has established development districts as tax increment financing districts or affordable housing development districts pursuant to Title 30-A, Chapter 206 and former (now repealed) Chapter 207 of the Maine Revised Statutes, as amended, the captured tax increment of which may not be available for payment of debt service on the Bonds (see “TOWN FINANCES - TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS” herein). The Treasurer of the Town has certified that no tax base sharing agreement now exists. The Town has established certain tax increment financing districts and elected to retain development districts pursuant to Chapter 206 of Title 30-A of the Maine Revised Statutes, as amended, in the future, including the retention of a portion of the tax increment on the captured assessed value of the property in these districts to pay costs of the development project within the districts. Within the limits established by statute, the Town has the right to designate additional development districts pursuant to Chapter 206 of Title 30-A of the Maine Revised Statutes, as amended. There is no statutory provision for a lien on any portion of the tax levy to secure bonds or notes, or judgments thereon, in priority to other claims.

The Town is subject to suit on the Bonds. Title 14, Section 4951 of the Maine Revised Statutes, as amended, provides that executions against a town shall be issued against the personal property of the residents of that town and real estate within its boundaries, whether or not owned by the town. Only town real estate not used for public purposes, however, is subject to such execution. In addition, Title 30-A, Section 5701 of the Maine Revised Statutes, as amended, provides that the personal property of the residents and the real estate within the boundaries of a municipality may be taken to pay any debt due from the municipality. There has been no judicial determination as to whether the statutory remedy of taking property of residents to satisfy debts of or judgments against, a municipality is constitutional under current due process and equal protection standards and Bond Counsel expresses no opinion thereon.

Funds to meet Town expenses, including debt service, are not included in the tax levy to the extent they are expected to be met with other non-tax revenues. Amounts necessary to repay sums borrowed temporarily in anticipation of bonds or grants are similarly excluded because they would normally be expected to be paid from the anticipated bond proceeds or grants. Enforcement of a claim for payment of principal of or interest on bonds or notes would be subject to the applicable provisions of federal bankruptcy laws and to the provisions of statutes, if any, hereafter enacted by the Congress or the State Legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. The Bonds are not guaranteed by the State.

## **Limitation on Municipal Property Tax Levy**

Effective July 1, 2005, the Legislature enacted LD 1, codified in part as Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, which, subject to certain procedural overrides, establishes a limit on municipal property tax levies. This limit is referred to as the “Property Tax Levy Limit”. With certain exceptions, a municipality may not adopt a property tax levy that exceeds its Property Tax Levy Limit from one year to the next by more than a specified growth limitation factor. Therefore, in cases where the amount of the prior year’s Property Tax Levy Limit exceeds the amount of the Town’s actual property tax levy, the Town may carry-forward that difference in establishing its future years’ property tax levy. See “TOWN FINANCES - Property Tax Levy Limit” herein.

The growth limitation factor is the average personal income growth as defined by Title 5, Section 1531 of the Maine Revised Statutes, as amended, plus the property growth factor. The property growth factor is a percentage equivalent to a fraction established by a municipality whose denominator is the total valuation of the municipality, and whose numerator is the amount of increase in the assessed value of any real or personal property in the municipality that becomes subject to taxation for the first time, or taxed as a separate parcel for the first time for the most recent property tax year for which information is available, or that has had an increase in its assessed valuation over the prior year's valuation as a result of improvements to or expansion of the property. For municipalities that qualify as a result of a relatively larger percentage of personal property, personal property can be incorporated into the property growth factor calculation. In addition, a municipality is required to lower its Property Tax Levy Limit in any year by an amount equal to net new funds provided by the State for existing services funded in whole or in part by the property tax levy.

The Town may increase the Property Tax Levy Limit by a majority vote of the entire Town Meeting on a separate article that specifically identifies the intent to exceed the Property Tax Levy Limit. Pursuant to Title 30-A, Section 5721-A(7)(B) of the Maine Revised Statutes, as amended, this action, however, is subject to override by initiative upon a petition signed by at least 10% of the number of voters voting in the last gubernatorial election in the municipality submitted within 30 days of the Town Meeting or referendum vote. The opportunity for the voters to petition for a referendum vote on the council’s decision is not provided if the municipal charter “prohibits a petition and referendum process.

In lieu of increasing the Property Tax Levy Limit, Town Meeting action may vote to exceed the Property Tax Levy Limit for extraordinary circumstances. Exceeding the Property Tax Levy Limit permits the property tax levy to exceed the Property Tax Levy Limit only for the year in which the extraordinary circumstance occurs and does not increase the base for purposes of calculating the Property Tax Levy Limit for future years. Extraordinary circumstances are circumstances outside the control of the Town and include:

- (1) Catastrophic events such as natural disaster, terrorism, fire, war or riot;
- (2) Unfunded or underfunded state or federal mandates;
- (3) Citizens’ initiatives or other referenda;
- (4) Court orders or decrees; or
- (5) Loss of state or federal funding.

Extraordinary circumstances do not include changes in economic conditions, revenue shortfalls, increases in salaries or benefits, new programs or program expansions that go beyond existing program criteria and operation.

The Town does not expect that the Property Tax Levy Limit will have a material adverse effect on the Town’s financial condition or on the ability of the Town to pay the principal of, and premiums, if any, and interest on the Bonds when due.

## **TAX MATTERS**

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Bonds in order that interest on the Bonds be and remain excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use, investment and expenditure of bond proceeds and the requirement that certain earnings be rebated to the federal government. Failure of the Town to comply with such requirements may cause interest on the Bonds to be included in the gross income of the holders thereof for purposes of federal income taxation retroactive to the date of issuance of the Bonds, regardless of when such noncompliance occurs or is ascertained.

The Town will make certain representations with respect to the use of the proceeds of the Bonds and the projects and improvements financed by the Bonds and will covenant (i) to comply with the provisions and procedures of the Code applicable to the Bonds and (ii) not to take any action or permit any action that would cause the interest paid on the Bonds to be included in gross income for purposes of federal income taxation pursuant to Section 103 of the Code.

In the opinion of Bond Counsel, under existing statutes, regulations and court decisions interest on the Bonds is excludable from the gross income of the owners of the Bonds for federal income tax purposes pursuant to Section 103 of the Code. In addition, such interest is not an item of tax preference under the Code. In rendering its opinion, Bond Counsel will rely upon the Town’s representations made with respect to the use of the proceeds of the Bonds, and the projects financed with the Bonds, and the Town’s covenant that it will comply with the Code. See “PROPOSED FORM OF LEGAL OPINION” in APPENDIX B herein.

### **Exemption of Interest on the Bonds from Taxation Within the State of Maine**

In the opinion of Bond Counsel, interest paid on the Bonds is exempt from income taxation within the State pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended. See “PROPOSED FORM OF LEGAL OPINION” in APPENDIX B herein.

### **Designated as Qualified Tax-Exempt Obligations**

The Town will not designate the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

### **Original Issue Discount**

Certain maturities of the Bonds (the “Discount Bonds”) may be sold at an issue price that is less than the stated redemption price of the Discount Bonds at maturity (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates). The difference between the issue price at which each of the Discount Bonds is sold and the stated redemption price at maturity (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) of each of the Discount Bonds constitutes original issue discount (“OID”). Pursuant to Section 1288 of the Code, OID on the Discount Bonds accrues on the basis of economic accrual under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on the Discount Bonds, as applicable. The basis of an initial purchaser of a Discount Bond acquired at the initial public offering price of the Discount Bond will be increased by the amount of such accrued OID for purposes of determining gain or loss on the sale, exchange, or other disposition of such Bond. Bond Counsel is of the opinion that the appropriate portion of the OID properly allocable to the original and each subsequent owner of the Discount Bonds will be treated as interest excludable from

gross income for federal income tax purposes pursuant to Section 103 of the Code to the same extent as stated interest on the Discount Bonds.

Prospective purchasers of the Discount Bonds should consult their tax advisors with respect to the determination for federal income tax purposes of the OID properly accruable with respect to the Discount Bonds and the tax accounting treatment of accrued interest, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

### **Original Issue Premium**

Certain maturities of the Bonds may be sold at a purchase price in excess of the amount payable on such Bonds after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) (the “Premium Bonds”). The excess, if any, of the tax basis of the Premium Bonds to a purchaser (other than a purchaser who holds such Premium Bonds as inventory, stock in trade or for sale to customers in the ordinary course of business) over the amount payable at maturity (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) is amortizable bond premium, which is not deductible from gross income for federal income tax purposes. Amortizable bond premium, as it amortizes, will reduce the owner’s tax cost of the Premium Bonds used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Premium Bonds. Accordingly, an owner of a Premium Bond may have taxable gain from the disposition of the Premium Bond, even though the Premium Bond is sold, or disposed of, for a price equal to the owner’s original cost of acquiring the Premium Bond. Bond premium amortizes over the term of the Premium Bonds under the “constant yield method” described in regulations interpreting Section 1272 of the Code.

Prospective purchasers of the Premium Bonds should consult their tax advisors with respect to the calculation of the amount of bond premium which will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

### **Additional Federal Income Tax Consequences**

Prospective purchasers of the Bonds should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Bonds, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty insurance companies, foreign corporations and certain S corporations. Prospective purchasers of the Bonds should consult their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

The Internal Revenue Service (the “IRS”) has an ongoing program of auditing state and local government obligations, which may include randomly selecting bond issues for audit, to determine whether interest paid to the holders is properly excludable from gross income for federal income tax purposes. It cannot be predicted whether the Bonds will be audited. If an audit is commenced, under current IRS procedures holders of the Bonds may not be permitted to participate in the audit process and the value and liquidity of the Bonds may be adversely affected.

## **Changes in Federal Tax Law**

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax exempt status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Bonds. Prospective purchasers of the Bonds should consult their tax and financial advisors regarding such matters.

## **Opinion of Bond Counsel**

The legal opinion of the firm of Jensen Baird Gardner & Henry, of Portland, Maine (see APPENDIX B) will be furnished to the original purchaser of the Bonds. The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the original purchaser of the Bonds.

## **Extent of Opinion**

Bond Counsel expresses no opinion regarding any tax consequences of holding the Bonds other than its opinion with regard to (a) the exclusion of interest on the Bonds from gross income pursuant to Section 103 of the Code, (b) interest on the Bonds not constituting an item of tax preference pursuant to Section 57 of the Code (c) designation of the Bonds as “Qualified Tax-exempt Obligations” for purposes of Section 265(b)(3) of the Code and (d) the exemption of interest on the Bonds from taxation within the State pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended. Prospective purchasers of the Bonds should consult their tax advisors with respect to all other tax consequences (including but not limited to those described above) of holding the Bonds.

## **BOOK-ENTRY-ONLY SYSTEM**

DTC, New York, NY, will act as securities depository for the Bonds. The Bonds will be issued in fully-registered form registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One-fully registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and each such certificate will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated securities. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly

("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of securities deposited with DTC must be made by or through Direct Participants, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security deposited with DTC ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in securities deposited with DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with it; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of a maturity is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to securities deposited with it unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on securities deposited with DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer of such securities or its paying agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the

responsibility of Direct and Indirect Participants. DTC may discontinue providing its services as depository with respect to securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

## **RATINGS**

The Bonds are rated "Aa1" by Moody's Investors Service ("Moody's") and "AAA" by S&P Global Ratings ("S&P"). The Town has furnished the rating agencies certain information and materials, some of which may not have been included in this Official Statement. The ratings, if obtained, will reflect only the view of Moody's or S&P at the time such rating is assigned and will be subject to revision or withdrawal, which could affect the market price of the Bonds. Moody's or S&P should be contacted directly for its rating on the Bonds and its explanation of such rating. A rating is not a recommendation to buy, sell or hold the Bonds, and such rating should be evaluated independently.

Except as set forth in the Continuing Disclosure Agreement set forth in APPENDIX C and referred to under "THE BONDS – CONTINUING DISCLOSURE" herein, the Town has not undertaken any responsibility either to bring to the attention of the owners of the Bonds any proposed change in, or withdrawal of, any rating of the Bonds or to oppose any such change or withdrawal.

## **CONTINUING DISCLOSURE**

In order to assist the underwriter of the Bonds in complying with the Securities and Exchange Commission's ("SEC") Rule 15c2-12 (the "Rule"), the Town will covenant for the benefit of the owners of the Bonds to provide certain financial information and operating data relating to the Rule by not later than 270 days after the end of each fiscal year (the "Annual Report") and to provide notices of the occurrence of certain enumerated events, if material. Pursuant to the Rule, such filings will be made with the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access System ("EMMA"). The covenants will be contained in a "Continuing Disclosure Agreement" (the "Agreement"), the proposed form of which is provided in APPENDIX C. The Agreement will be executed by the Treasurer of the Town, and incorporated by reference in the Bonds. Except for the discussions below, the Town has never failed to comply in all material respects with any previous undertakings to provide financial information or notices of material events in accordance with the Rule.

### **Prior Small Issuer Exemption under a Limited Continuing Disclosure Obligation**

Section 15(c)(2)-12(d)(2)(i) of the Rule initially promulgated effective July 3, 1995, *exempted issuers with no more than \$10,000,000 in aggregate amount of outstanding municipal securities from being an "obligated person" (i.e., being required to submit annual financial filings, on a timely basis) and, pursuant to Section 15c2-12(d)(2)(ii)(A), be required to provide financial filing(s) only "upon request to any person or at least annually to the State Depository, if any" there being no State Depository in Maine (a "Limited Continuing Disclosure Obligation").*

On December 5, 2008, the SEC adopted amendments to the Rule, effective July 1, 2009 (the “2009 Amendments”). Thus, under the amended Rule: if an issuer (or obligated person) customarily prepares and makes available financial information and operating data, then that issuer (or obligated person) for bonds issued after July 1, 2009 the issuer (or obligated person) must file the information with the MSRB, in the electronic form prescribed by the Municipal Securities Rulemaking Board ( the “MSRB”) through its Electronic Municipal Market Access System (“EMMA”).

### **The Town’s Continuing Disclosure Obligation**

Upon issuance of the Town’s \$6,252,000 2010 General Obligation Bonds, on February 1, 2010, after the effective date of the 2009 Amendments, the Town became obligated to provide certain financial information and operating data relating to the Rule by not later than 270 days after the end of each fiscal year. Until its 2014 Bonds financing, the Town inadvertently continued to consider itself under the Limited Continuing Disclosure obligation and, while voluntary filings were made each year, the filings for the fiscal periods 2010, 2011, 2012 and 2013 were “late filings”. An Event Filing in this regard posted on November 30, 2014. The following list displays various financial filings by the Town:

<b><u>Financial Statements FY ended June 30,</u></b>	<b><u>Date Filed</u></b>	<b><u>Days after Fiscal Period end</u></b>
June 30, 2020	June 28, 2021	>270 <sup>(1)</sup>
June 30, 2019	June 26, 2020	>270 <sup>(1)</sup>
June 30, 2018	March 27, 2019	270
June 30, 2017	March 26, 2018	269
June 30, 2016	March 24, 2017	267

NOTE: <sup>(1)</sup> The Town pursued the completion of its audited financial statements for the fiscal years ended June 30, 2019 and June 30, 2020 expeditiously. However, due to the COVID-19 pandemic, the Town and its auditor suffered staff shortages and was unable to provide the respective fiscal years’ financial information in a timely manner in order for the Town to submit Financial Information and Operating Data, specifically the audited financial statement(s), footnotes and statistical tables appended to the respective year’s financial statements.

The Rule states “...will include audited financial statements, if the Issuer commissions an audit *and it is completed by the required time*. If audited financial statements are not available by the required time, the Issuer will provide audited financial statements when and if such audited financial statements become publicly available....” Under guidance from SEC Counsel, the Town sought to ascertain the intent of the “when and if such audited financial statements become available” and “promptly after public release”. The SEC confirmed that such filings, if filed prior to 270 days, do not come under the requirement “promptly after public release”; rather the deadline is “no later than 270 days” IF the Issuer commissions an audit and it is NOT completed by the required time (i.e., 270 days) then it is to be filed “when and if such audited financial statements become available”. And, such filing will not be deemed to be a “late filing” if made “promptly after public release” (i.e., or within ten (10) Business Days).” The Town received the financial statements on June 17, 2019 and June 25, 2021, respectively; 10 days after public release occurred on July 1, 2019 and July 9, 2021, respectively; the Town submitted it Financial Information and Operating Data on June 26, 2020 and June 28, 2021, respectively, within the 10 day limitation. Additionally, the Town posted Voluntary Disclosure Filings on EMMA on March 25, 2020 and March 25, 2021 as an alert to this situation.

### **Assurances of Future Compliance**

On July 9, 2013, the Town adopted a Post Issuance Compliance Policy, which, in Section 3, formalized that “The Town will comply with any applicable continuing disclosure requirements of [the Rule] ... including ...” the language that comprises Sections 1 and 2 of the Agreement provided in APPENDIX C.

## **STATEMENT REGARDING COVID-19**

The outbreak of COVID-19, a new strain of coronavirus, spread throughout the world, including the State of Maine (the “State”), and had been declared a pandemic by the World Health Organization. On March 15, 2020, the Governor of the State declared a state of emergency and issued a variety of Executive Orders closing non-essential businesses and requiring residents of the State to stay a home or at their residences except for the purpose of engaging in essential activities.

The COVID-19 outbreak had affected the overall economy of the nation as well as the State and its various Governmental Units, including the District. On June 11, 2021, the Governor lifted the state of civil emergency effective June 30, 2021. Also ending is the State’s mask mandate for public schools and child care facilities, although face coverings still will be recommended for those who are unvaccinated for the virus, including those under age 12, who are not yet eligible to receive the vaccine. This announcement effectively ends all governmentally mandated restrictions that have been in place since COVID-19 first reached Maine in March of last year.

## **CUSIP IDENTIFICATION NUMBERS**

It is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds will be paid for by the Town provided, however, that the Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

## **MUNICIPAL ADVISOR**

Moors & Cabot, Inc. is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board and has acted as Municipal Advisor to the Town with respect to the issuance of the Bonds pursuant to MSRB Rule G-23. Moors & Cabot, Inc. does not intend to submit its bid on, or participate in an underwriting syndicate for the public distribution of, the Bonds.

## **UNDERWRITER**

Morgan Stanley & Co. LLC., an underwriter of the Bonds, has entered into a distribution agreement with its affiliate, Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

## **STATUTORY REFERENCES**

All quotations from and summaries and explanations of laws herein do not purport to be complete, and reference is made to said laws for full and complete statements of their provisions.

## **CONDITIONS PRECEDENT TO DELIVERY**

The following, among other things, are conditions precedent to the delivery of the Bonds to the original purchasers thereof.

### **No Litigation**

Upon delivery of the Bonds, the Town shall deliver or cause to be delivered a certificate of the Treasurer, and attested to by the Town Clerk, dated the date of delivery of the Bonds, to the effect that there is no litigation pending or, to the knowledge of such official, threatened, affecting the validity of the Bonds or the power of the Town to levy and collect taxes to pay them, and that neither the corporate existence nor boundaries of the Town, nor the title of any of said officers to their respective offices, is being contested.

### **Approval of Legality**

The legality of the Bonds will be approved by Jensen Baird Gardner & Henry, Bond Counsel Bond Counsel. The approving opinion of such counsel with respect to the Bonds in substantially the form attached to this Official Statement as APPENDIX B will be delivered at the time of original delivery of the Bonds and a copy of the opinion will be provided to the original purchasers. Bond Counsel are not passing upon, and do not assume responsibility for, the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth as their opinion) and make no representations that they have independently verified the same. See also "PROPOSED FORM OF LEGAL OPINION" in APPENDIX B herein.

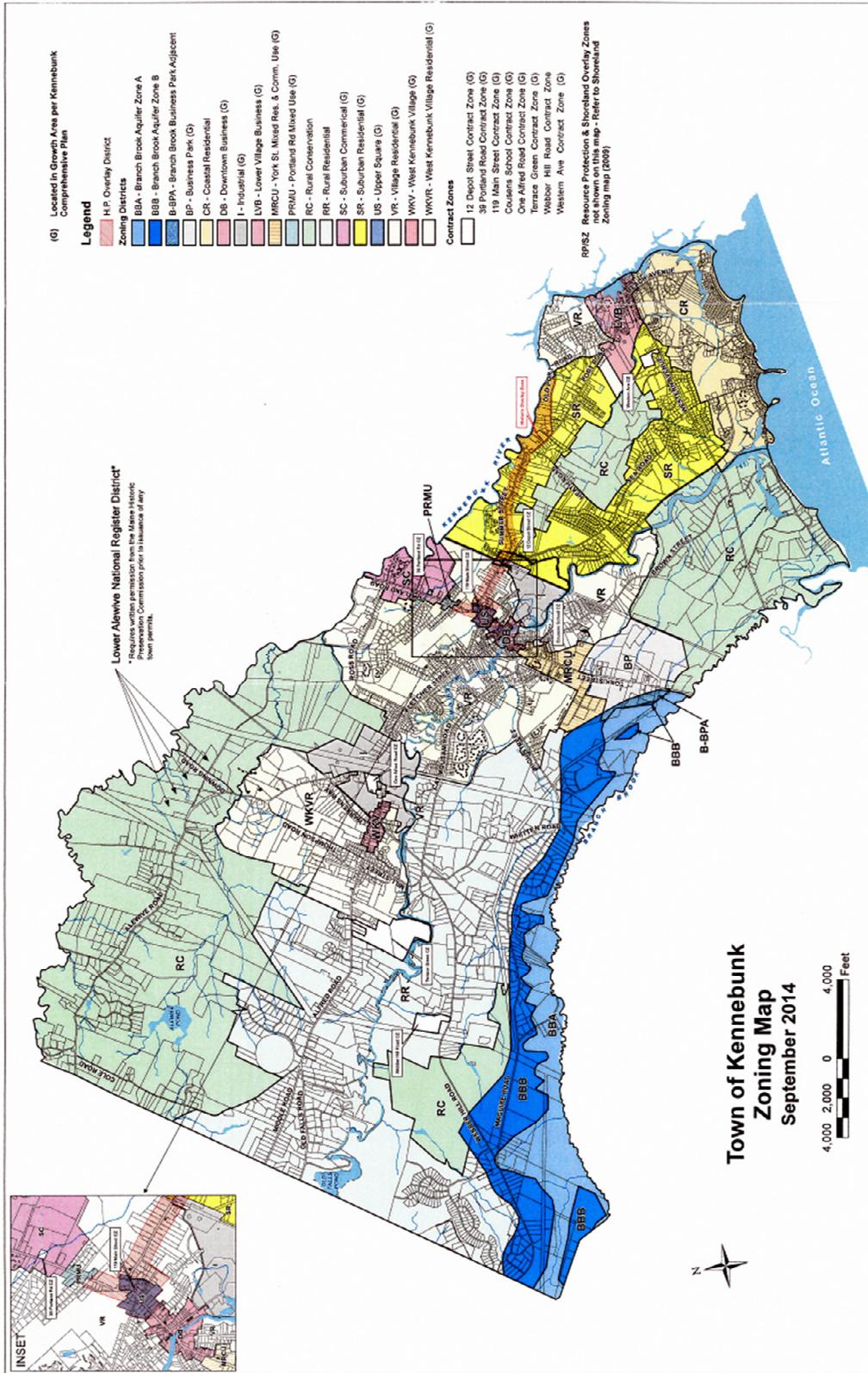
### **Certification of the Bonds**

The Bonds will be certified as to their genuineness by U.S. Bank National Association, Boston, Massachusetts, which certificate will appear on the Bonds.

### **Certificate With Respect to Official Statement**

At the time of the original delivery of, and payment for, the Bonds, the Town will deliver a certificate of the Treasurer to the effect that he has examined this Official Statement and the financial and other data contained therein and that, to the best of his knowledge and belief, both as of its date and as of the date of delivery of the Bonds, the Official Statement does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, subject to the condition that while information in the Official Statement obtained from sources other than the Town is not guaranteed as to accuracy, completeness or fairness, he has no reason to believe that such information is materially inaccurate or misleading.

# ZONING MAP - KENNEBUNK, MAINE



## TOWN OF KENNEBUNK

### GENERAL

The Town of Kennebunk is located on the coast of the State of Maine in the southeastern section of the County of York, the State's southernmost county. The Town is approximately 24 miles southwest of Portland, being Maine's largest city. The Town's north and northeast border is formed by the Kennebunk River, which separates the Town from the towns of Arundel and Kennebunkport, respectively. The southern border is formed by the Branch Brook and is contiguous to the Town of Wells. The towns of Alfred, Lyman and Sanford form Kennebunk's northwest border. The Mousam River flows through the center of Kennebunk. The principal settlements of the Town include: Alewife, Kennebunk, Kennebunk Beach, Kennebunk Landing, the Lower Village and West Kennebunk. Access to Kennebunk is provided by Exit 25 of the Maine Turnpike (U.S. Interstate Route 95), U.S. Route 1 and State Routes 9, 9A, 35 and 99, all of which intersect the Town from various directions. The name Kennebunk is apparently derived from the Indian "the long cut bank", denoting the importance of the cut bank to the Indians, rather than its height or length, as distinguishing it from other beaches.



The area embracing Kennebunk was first settled around 1650, included as part of the Town of Wells. Wells, named from Wells in Somersetshire, England (the county being the home of the explorer Sir Ferdinando Georges from whom the land was conveyed) was incorporated on August 30, 1653 as the third town established in the District of Maine, then being part of the Commonwealth of Massachusetts. In 1717 the name "Kennebunk" was applied to the area between the Kennebunk and Mousam rivers, with the first permanent settlement established in 1718. In 1730 shipbuilding had begun along the Mousam River. Small mills were developed to manufacture shoes, twine and lumber at the Mousam Village around 1736, which shifted the village center inland from the Kennebunk Landing area. Following the Revolutionary War the Kennebunk Village, formerly Mousam Village, emerged as the commercial center of the Town. On June 24, 1820 Kennebunk set off from Wells, incorporating as the Town of Kennebunk.

Today, the Kennebunks (which include the towns of Kennebunk and Kennebunkport) are distinguished by beautiful beaches covered with fine, clean sand, picturesque rocky coastlines and snug harbors. The Town is noted for its magnificent shade trees, its stately business district and many well-tended 18th and 19th century houses. In addition to various light industrial and commercial enterprises, several shops and art galleries allow the Town to enjoy tourism as an important economic resource. The Town is located at the base of a geographic triangle which points are comprised of the Portland metropolitan/Saco-Biddeford area to the north, Portsmouth-Kittery (to Boston) at its south, and the Sanford area to its west. This has led to residential development in the Town due to its accessibility to these three labor markets. Conversely, business based in the Portland and Portsmouth areas have established branch offices in Kennebunk to better penetrate the York County markets.

A suburban coastal community with primarily single family, owner occupied dwellings, the land area of the Town includes large tracts of farm and forest lands, open space and coastal areas, as well as residential developments and is comprised of residential, local business, industrial, commercial and resource protection zones, totaling 35.05 square miles.

## **GOVERNMENT**

There are two basic forms of local government in Maine: the “Direct” form, often referred to as town meeting government, in which the town meeting serves as the legislative body, passing laws, approving the spending of monies; and the “Representational” form, in which an elected council serves as the legislative body. There are several variations of these two forms. Variations of the Direct form are: *Select Board/Town Meeting* form of government, the most common in Maine currently used by 169 municipalities in the state; *Select Board/Town Meeting/Manager* (141 towns); *Council/Town Meeting/Manager* (18 towns) and *Selectmen/Town Meeting/Administrative Assistant* or *Administrator* (80 towns). Variations of the Representational form are: *Council/Mayor/Administrator* (three cities), *Council/Mayor/Manager* (18 cities) and *Council/Manager* (26 towns).

The Town operates under a charter originally adopted on November 6, 1984, revised effective July 1, 2009 and amended, most recently on November 4, 2014 (the “Charter”) and, pursuant to Title 30-A, Chapter 123, Section 2631 of Maine Revised Statutes, as amended, the Town has adopted its form of government through the State’s Statutory Town Manager Plan and operates as a *Town Meeting/Select Board/Manager* form.

Under the Charter and pursuant to Title 30-A, Chapter 121 and Chapter 123, of Maine Revised Statutes, as amended, through a Town Meeting the Town enacts, amends, or repeals rules, ordinances and resolutions relating to the Town’s property and affairs, elects a seven-member Board for three-year staggered terms and quasi-municipal or district officials, votes articles proposed under referendum power and approves the Annual Budget. The Select Board members are the chief executive officers of the Town and the Town Manager is the chief administrator of the Town.

## **MUNICIPAL SERVICES**

The Town provides general governmental services for the territory within its boundaries, including police and fire protection, maintenance of highways, streets and sidewalks, parks, recreation and coastal areas.

Water service is provided by the Kennebunk, Kennebunkport & Wells Water District. Sewer service is provided by the Kennebunk Sewer District. Electric service is provided by the Kennebunk Light & Power District for portions of the Town (Central Maine Power Company, a subsidiary of Avangrid [NYSX: AGR], a distribution utility serves other portions of the Town not served by the Kennebunk Light & Power District). The above districts are each individual, wholly separate, quasi-municipal entities whose operation and obligations are not part of the Town.

Public education is provided for grades Kindergarten (“K”) through 12 through the Town’s affiliation with Regional School Unit 21 (“RSU 21”). See also “TOWN OF KENNEBUNK - PUBLIC EDUCATION” and “INDEBTEDNESS - OVERLAPPING DEBT” sections herein.

### **Public Safety**

The Police Department is staffed by 24 full-time officers, two full-time and one part-time secretarial/clerical staff and approximately 15 part-time employees. The compliment of full-time officers includes a Police Chief, one Deputy Chief, one Lieutenant, four Sergeants, one Detective, three School Resource Officers, one Animal Control Officer and 12 Patrol Officers. The Police Department maintains eight front-line vehicles, all of which are in excellent repair.

The Town is divided into three fire districts, each primarily covered by one of the Town’s four stations. The Central Fire Station is located in the Town Hall in Kennebunk’s Downtown; Washington Hose Company is in the Lower Village; West Kennebunk Fire Company is in West Kennebunk and a sub-station

is located near the Town of Sanford’s line in West Kennebunk. Emergency medical services (“EMS”) are provided under the direction of the Fire Chief, utilizing per-diem on-call, and full-time personnel. The Fire Department is operated by 12 full-time employees: a Fire Chief, one EMS Division Chief, Four Captains, four firefighters/EMTs and two secretarial/clerical employees. Part-time, per-diem and on-call staff includes: three District Chiefs, two Captains, four Lieutenants and approximately 70 firefighters and EMS personnel.

The Fire Department maintains a ladder truck, a tank truck, four engines, five brush trucks, and four utility trucks and cars. EMS provided to the Town generates transport-user fees. EMS currently maintains three active ambulances.

The Town’s communications, dispatch and E-911 services for the Police and Fire Departments are provided by the Sanford Communications Center (“SCC”) operated by the City of Sanford, contiguous the Town. The SCC is a 24/7 operation which provides dispatch services to many communities in York County, as well as for the County Sheriff’s Department. The Town is charged an annual fee by Sanford based on a contractual formula.

**Public Services**

The Highway Department provides for highway maintenance of 120 center-line miles of roads, 33 miles of sidewalks and administers the Town’s solid waste and recycling program. The Parks Department maintains the Town’s parks and beaches. The department is staffed by a Director, 15 full-time employees, one secretarial/clerical full-time employee and five part-time employees.

The Town ceased using its landfill in 1992 and, in 1994, closed the site in conformance with State of Maine Department of Environmental Protection (the “DEP”) procedures. Residents of the Town dispose of their solid waste through curbside pick-up with the refuse taken to a transfer station located in Westbrook, Maine under a 10-year contract, entered into in 2013, with Pine Tree Waste, Inc. and Casella Waste Systems, Inc. [CWST-NASDAQ]. To dispose of its residential solid waste the Town pays a tipping fee to Pine Tree/Casella, adjusted annually based upon a contractual formula; currently the tipping fee is \$75.50/ton of solid waste disposed. The term of the disposal contract is from January 1, 2013 through June 30, 2025.

**Labor Relations**

The Town employs approximately 74 full-time and approximately 230 part-time employees. Town employees not included in the below table are not represented by unions. The contracts for the various bargaining units who are represented by a union are effective and expire as follows:

<u>Union</u> <sup>(1)</sup>	<u>Unit</u>	<u>Date of Contract</u>	<u>Expiration Date</u>
MAP	Police	July 1, 2021	June 30, 2022
Teamsters Local 340	Highway	July 1, 2021	June 30, 2024

Note: <sup>(1)</sup> “MAP” indicates the Maine Association of Police; and “Teamsters” indicates the International Brotherhood of Teamsters, as separate bargaining units.

## KENNEBUNK FREE LIBRARY

The Kennebunk Free Library began in 1881 as a Reading Room in Cobby's Store. On April 29, 1882 it officially opened as the Library with 500 volumes in the Ross-Sargent Block. Bequests from Andrew Walker, Mrs. Hartley Lord and George Parsons enabled the Library to expand. In October of 1888, the Library again moved, to Walker Hall, before moving to its present site on Main Street, in a Georgian Revival structure built by the Parsons family. The Children's Room, a young adult reading room and a Librarian's work room were added in 1958 to comprise a 4,200 square foot building. In 1995 the Library was expanded to a 12,050 square foot facility.

The Library is governed by an all-volunteer 15-member Board of Trustees, selected by the present Board members at their annual meetings, and is operated by a library director, an assistant director/adult services librarian and a youth services librarian. The Library's current collection is approximately 44,000 items (books, videos, audio books, magazines). In 2021, the Library circulated over 100,000 items with over 8,000 users. The Library is a non-profit institution, not a department of the Town. However, the Library receives a major portion of its operating budget from the Town, at the Town's discretion, from year to year, since 1899. The Town budgeted \$599,472, or 72% of the Library's operating revenue for the fiscal year ended June 30, 2021

## PUBLIC EDUCATION

The School Administrative Unit ("SAU") that provides education for the Town's students is Regional School Unit No. 21 ("RSU 21") which became effective on July 1, 2009. The RSU 21's territory comprises the towns of Arundel, Kennebunk, and Kennebunkport (the "Member Municipalities"). RSU 21 serves the educational needs for grades Kindergarten ("K") through 12 for all of the residents of the Member Municipalities. The RSU 21's administrative offices are in Kennebunk. Under the School Consolidation Act of 2007, RSU 21 operates pursuant to Title 20-A, Chapter 103-A of the Maine Revised Statutes, as amended.

RSU 21 was reorganized from the Arundel School Department, a municipal school unit, and the former Maine School Administrative District No. 71 ("MSAD 71"), which comprised the towns of Kennebunk and Kennebunkport. As of October 1, 2006, the Member Municipalities had individual enrollments of 251 in Arundel and 2,363 in MSAD71, each being lower than the 2,500 resident students' threshold directed by the School Consolidation Act of 2007 (the "Act"). The Member Municipalities submitted a *Regional School Unit Reorganization Plan* (the "Reorganization Plan") on October 10, 2008, as amended and supplemented and accepted by the Commissioner of Education on December 1, 2008. By ratification of the Reorganization Plan at referendum elections held in the Member Municipalities on November 4, 2008, school administrative units of the Member Municipalities were reorganized as Regional School Unit No. 21, effective July 1, 2009.

The RSU 21 is governed by a Board of Directors (the "School Board"), which comprises twelve Directors who are elected for three-year staggered terms. The Directors' votes are weighted as follows:

<u>Municipality</u>	<u>Population (2006 Est. Census)</u>	<u>No. of Directors</u>	<u>Votes/Director</u>	<u>No. of Votes</u>
Arundel	4,068	3	69	207
Kennebunk	11,505	6	98	588
Kennebunkport	<u>4,021</u>	<u>3</u>	68	<u>204</u>
	19,594	12		999

**RSU 21's Schools**

<u>School</u>	<u>Location</u>	<u>Grades</u>	<u>Capacity</u>	<u>Enrollment</u>
Kennebunk Elementary	Kennebunk	PK-3	612	358
Mildred L Day	Arundel	K-5	297	189
Kennebunkport Consolidated	Kennebunkport	K-5	225	154
Sea Road School	Kennebunk	3-5	362	331
Middle School of the Kennebunks	Kennebunk	6-8	680	557
Kennebunk High School	Kennebunk	9-12	799	751

NOTE: School Year 2020/2021.

SOURCE: <https://www.maine.gov/doe/data-reporting/reporting/warehouse/enrollment>

**The Member Municipalities Assessments**

<b>FY end</b> <b>June 30,</b>	<b>Arundel</b>		<b>Kennebunk</b>		<b>Kennebunkport</b>		<b>RSU 21</b> <b>Assessment</b>
	<b>Assessment</b>	<b>%</b>	<b>Assessment</b>	<b>%</b>	<b>Assessment</b>	<b>%</b>	
<b>2021</b>	\$5,670,120	12.56%	\$28,222,923	62.50%	\$11,264,353	24.94%	\$45,157,396
<b>2020</b>	5,383,201	12.30	27,140,726	62.00	11,249,250	25.70	43,773,177
<b>N2019</b>	5,130,549	12.46	25,813,831	62.71	10,220,198	24.83	41,164,578
<b>2018</b>	4,778,572	12.35	23,965,655	61.95	9,939,712	25.69	38,683,939
<b>2017</b>	4,529,366	12.48	22,708,581	62.57	9,055,448	24.95	36,293,395
<b>2016</b>	4,307,675	12.66	21,698,081	63.78	8,015,486	23.56	34,021,242
<b>2015</b>	4,126,255	12.58	20,829,596	63.52	7,837,533	23.90	32,793,384

**The RSU 21's Enrollments**

<b>Oct. 1,</b>	<b>Arundel</b>		<b>Kennebunk</b>		<b>Kennebunkport</b>		<b>Total Resident Enrollment</b>	
	<b>Students</b>	<b>%</b>	<b>Students</b>	<b>%</b>	<b>Students</b>	<b>%</b>	<b>Students</b>	<b>%</b>
2020	420	18.13%	1,560	67.33%	337	14.54%	2,317	100.00%
2019	443	18.28%	1,641	67.70%	340	14.03%	2,424	100.00%
2018	432	17.67%	1,652	67.57%	361	14.76%	2,445	100.00%
2017	363	15.63%	1,596	68.70%	364	15.67%	2,323	100.00%
2016	324	14.29%	1,571	69.30%	372	16.41%	2,267	100.00%
2015	288	12.86%	1,555	69.42%	397	17.72%	2,240	100.00%
2014	312	13.41%	1,615	69.43%	399	17.15%	2,326	100.00%
2013	313	13.22%	1,646	69.51%	409	17.27%	2,368	100.00%
2012	313	13.20%	1,640	69.14%	419	17.66%	2,372	100.00%

NOTE: Resident Enrollment attending RSU 21's schools.

**Resident Enrollment** is based on where the students live. They are counts of students who reside in each school district and are educated at public expense. Public school district resident counts include: (1) resident students from the local school unit attending schools in the local school unit, plus (2) resident students from the local unit who are tuitioned to other public school units or private schools and who are paid for with public funds.

**Attending Enrollment** is an attending student count, or a head count of students, based on where the students are educated. Public school district attending counts include: (1) students from the local school district attending schools in the local school district, plus (2) students from outside the school district who are tuitioned from other school districts.

## Enrollment Trends

<u>School Year</u>	<u>RSU 21 Grades</u>			<u>Attending Enrollment</u>
	<u>K-5</u>	<u>6-8</u>	<u>9-12</u>	
2021	1,032	557	751	2,340
2020	1,114	581	755	2,450
2019	1,175	568	711	2,454
2018	1,082	547	715	2,344
2017	1,058	566	671	2,295
2016	1,065	519	677	2,261
2015	1,129	523	692	2,344
2014	1,181	520	682	2,383
2013	1,170	505	698	2,373

SOURCE: State of Maine Department of Education, *Publically Funded Students by Attending District, Grade and Year* (Attending Enrollment).

## Technical Education

Title 20-A, Chapter 313 of the Maine Revised Statutes, as amended, provides for “applied technology education” or a course or program of education which is designed to create or improve job-related skills that are part of a secondary school curriculum. The programs may be offered via an applied technology center (a “Center”) or an applied technology region (a “Region”). A Center (a CTE Center”) is comprised of a single school administrative unit and its obligations are those of the unit. Students of the Town may opt to receive career and technical education at the Sanford Regional Technical Center (“SRTC”) in Sanford, Maine, 30 miles distant; the Biddeford Regional Center of Technology (“BRCT”) in Biddeford, Maine, 10 miles distant; or, the Portland Arts & Technology High School (“PATHS”), on Portland, Maine, approximately 28 miles distant. The law regarding the funding of BRCT and SRTC was changed by Chapter 226 of the Private and Special Laws of Maine (1999) such that CTE Center’s are funded through a CTE allocation paid by the State and paid directly to the CTE Region or an SAU that has a CTE Center. The CTE funding statute still allows CTEs to assess members if their budget needs exceed the State CTE allocation; and to have cost sharing agreements.

## BUILDING PERMITS

<b>Fiscal Year Ended June 30,</b>	<b>Commercial</b>		<b>Residential</b>		<b>Total</b>	
	<b>Number of Permits</b>	<b>Estimated Cost</b>	<b>Number of Permits</b>	<b>Estimated Cost</b>	<b>Number of Permits</b>	<b>Estimated Cost</b>
2021	89	\$7,056,000	417	\$41,945,438	506	\$49,001,438
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

## RETAIL TRADE

### Retail Sales by Product Group and Consumer Sales (\$/000)

	<b>Business/ Operating</b>	<b>Building Supply</b>	<b>Food Store</b>	<b>General Mdse.</b>	<b>Other Retail</b>	<b>Auto/ Trans.</b>	<b>Rest. &amp; Lodging</b>	<b>Group Total</b>	<b>Consumer Sales</b>
2020	7,630.2	29,104.7	31,997.1	6,531.4	16,236.4	5,520.6	47,555.8	144,576.1	136,946.0
2019	8,363.8	27,888.3	31,136.4	6,085.9	18,060.1	5,399.1	70,338.9	167,272.5	158,908.8
2018	7,228.0	27,181.0	30,767.0	6,022.5	17,310.2	4,822.8	66,249.2	159,580.7	152,352.7
2017	8,052.4	24,341.5	29,667.7	5,296.7	16,922.9	6,202.4	60,149.7	150,633.3	142,580.9
2016	9,302.8	21,748.4	27,868.5	4,461.9	16,434.9	5,128.8	58,691.4	143,636.7	134,333.9
2015	8,215.5	19,240.0	21,089.1	4,145.8	15,733.0	4,749.3	53,899.5	127,072.2	118,856.7
2014	8,237.8	19,609.9	19,800.0	4,262.9	15,580.8	3,881.2	49,636.9	121,009.6	112,771.7
2013	7,870.7	20,244.7	18,943.3	3,338.0	15,736.1	2,982.7	48,040.7	117,156.1	109,285.4
2012	6,152.6	17,751.7	18,353.8	3,287.4	15,378.5	3,382.4	44,469.3	108,775.7	102,623.1
2011	5,875.8	15,991.0	16,426.0	3,462.2	14,976.7	2,856.3	42,879.5	102,467.5	96,591.7

SOURCE: State of Maine, Department of Taxation, Sales Tax Section.

## EMPLOYMENT

<b><u>Representative Employer</u></b>	<b><u>Type of Business</u></b>	<b><u>Approximate Employees</u></b>
RSU 21	School Administrative Unit	695
Corning	Medical Lab Equipment Manufacturer	531
Town of Kennebunk	Municipal	305
Kennebunk Savings Bank	Bank & Insurance	300
Hannaford	Food & Pharmacy	180
Huntington Common	Assisted Living Facility	154
Home Instead Care Services	Home Care Services	150
Kennebunk Ctr for Health & Rehab	Assisted Living Facility & Rehabilitation	126
RiverRidge Center	Brain Injury Rehab Center	122
Southern Maine Medical / 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	48
Garrett Pillsbury	Plumbing, Heating & Petroleum Dist.	45
KKW Water District	Water Utility	42
Tom's of Maine	Consumer Products	40
Bergen & Parkinson	Law Firm	39
Downeast Energy	Petroleum Distributor	38

## Commuter Trends

People who work in Kennebunk, and live in:	Number of Workers	% Kennebunk Workforce
Kennebunk	1,664	31.73%
Sanford	454	8.66
Arundel	311	5.93
Biddeford	288	5.49
Wells	277	5.28
Waterboro	272	5.19
Lyman	225	4.29
Saco	207	3.95
Kennebunkport	183	3.49
Old Orchard Beach	106	2.02
South Portland	95	1.81
Shapleigh	95	1.81
Berwick	86	1.64
North Berwick	86	1.64
Portland	82	1.56
Buxton	71	1.35
Dayton	65	1.24
Scarborough	60	1.14
York	49	0.93
Kittery	44	0.84
All other	<u>525</u>	<u>10.01</u>
<b>Total Workforce</b>	<b>5,245</b>	<b>100.00%</b>

People who live in Kennebunk, and work in:	Number of Workers	% Kennebunk Workers
Kennebunk	1,664	32.56%
Portland	546	10.68
Biddeford	384	7.51
Kennebunkport	289	5.65
Sanford	179	3.50
Saco	175	3.42
Wells	165	3.23
Westbrook	122	2.39
Portsmouth NH	122	2.39
South Portland	107	2.09
Kittery	90	1.76
Waterboro	87	1.70
Scarborough	79	1.55
Arundel	75	1.47
York	74	1.45
Bath	62	1.21
Buxton	61	1.19
North Berwick	59	1.15
Lyman	31	0.61
Durham NH	29	0.57
All other	<u>711</u>	<u>13.92</u>
<b>Total Workers</b>	<b>5,111</b>	<b>100.00%</b>

SOURCE: State of Maine, Department of Labor, Labor Market Information Services; U.S. Department of Commerce, Bureau of Census - 2010 data.



## ECONOMIC CHARACTERISTICS

<b>Population</b>	-----% Change Since Prior Census-----			
	<b>Town of Kennebunk</b>	<b>Town</b>	<b>State</b>	<b>USA</b>
1960	4,551	6.5%	6.1%	18.5%
1970	5,646	14.1	2.4	13.4
1980	6,621	17.3	13.4	11.4
1990	8,004	20.9	9.2	9.8
2000	10,476	30.9	9.2	9.8
2010	10,798	3.1	4.2	8.9

<b>Population Characteristics</b>	<b>Town of Kennebunk</b>	<b>York County</b>	<b>State of Maine</b>	<b>USA</b>
Median age (years)	48.2	43.0	42.7	37.2
% school age	16.9%	16.1%	18.2%	20.4%
% working age	57.3%	59.8%	63.4%	62.9%
% 65 and over	21.9%	15.4%	15.9%	13.0%
Persons/household	2.27	2.40	2.32	2.58

<b>Income</b>	<b>Town of Kennebunk</b>	<b>York County</b>	<b>State of Maine</b>	<b>USA</b>
Median family income	\$85,476	\$65,077	\$58,185	\$62,982
% below poverty level	2.4%	8.5%	12.6%	13.8%
Per capita income	\$37,725	\$27,137	\$25,385	\$27,334

<b>Housing</b>	<b>Town of Kennebunk</b>	<b>York County</b>	<b>State of Maine</b>	<b>USA</b>
% owner occupied	93.6%	75.2%	73.1%	66.6%
% Built before 1939	25.8%	23.7%	28.1%	14.1%
% Built since 2000	13.7%	11.5%	8.9%	12.8%
Owner occupied med. value	\$298,300	\$233,300	\$176,200	\$188,400
Median gross rent	\$960	\$814	\$707	\$841
Occupied housing units	4,589	80,299	551,125	-

SOURCE: 2010 Census, U.S. Department of Commerce, Bureau of the Census.

<b>Unemployment</b>	<b>Town of Kennebunk</b>	<b>York County</b>	<b>State of Maine</b>	<b>USA</b>
2020	5.4%	5.4%	5.4%	8.1%
2019	3.0	2.7	3.0	3.7
2018	3.2	3.0	3.4	3.9
2017	3.1	2.9	3.3	4.4
2016	3.5	3.4	3.9	4.9
2015	4.0	3.9	4.4	5.3
2014	5.2	5.3	5.7	6.2
2013	6.5	6.2	6.7	7.4
2012	6.5	6.6	7.3	8.1
2011	6.6	6.8	7.5	8.9

SOURCE: State of Maine, Department of Labor, Division of Economic Analysis and Research.

## TOWN FINANCES

### BUDGETARY PROCESS

Article V of the Charter provides for a Budget Process. The fiscal year (or “budget year”) of the Town begins on the first day of July and ends on the thirtieth day of June of the next year. A seven-member Budget Board, appointed by the Board of Selectman, reviews and recommends to the Town Meeting annual and long-range budget proposals, which articles are included in the warrant issued for the Annual Town Meeting. Not later than 120 days prior to the Annual Town Meeting, the Town Manager submits a proposed budget for the next budget year to the Select Board and to the Budget Board (the “proposed budget”). The Select Board reviews the proposed budget and prepare a final budget for submission to the Annual Town Meeting (the “final budget”). The Budget Board reviews the final budget and makes its recommendations to the Annual Town Meeting. The Select Board hold at least two public informational meetings on the budget the first held no less than 70 days and no more than 90 days before the Annual Town Meeting and the second no less than seven days and no more than 20 days, before the Annual Town Meeting. The Annual Town Meeting, in its vote of each article, approves or declines the items which form the Town’s budget. Pursuant to State law, if the Appropriation Resolve increases the property tax levy from the prior year by more than a specified Growth Limitation factor then the excess of the appropriation must be approved by a majority of the Town Meeting voters. The school budget is subject to referendum by the voters of the RSU through a Budget Validation process. Upon adoption of the budget, a property tax levy is then established and filed with the Town Assessor. Each year the Budget Board appoints one of its members to serve as its formal liaison with the Trustees of the Kennebunk Free Library and a different member as its formal liaison with the Board of RSU 21.

### Budgets for Fiscal Year Ending June 30,

<b>REVENUES:</b>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Property taxes	\$34,320,208	\$36,639,199	\$38,727,126	\$39,845,537	\$41,269,051
Excise taxes	2,187,500	2,212,500	2,362,000	2,362,000	2,487,000
Intergovernmental	1,107,777	1,283,298	1,546,909	1,871,437	1,871,437
Interest	120,000	140,000	160,000	100,000	87,500
Charges for services	1,834,600	2,081,700	2,294,700	1,890,650	2,013,150
Misc.	170,000	35,000	35,000	35,000	45,000
<b>TOTAL REVENUES</b>	<b>39,740,085</b>	<b>42,391,697</b>	<b>45,125,735</b>	<b>46,104,624</b>	<b>47,773,138</b>
<b>EXPENDITURES:</b>					
General government	2,044,200	2,136,275	2,231,549	2,314,770	2,414,426
Public safety	4,402,576	4,575,009	4,947,457	5,166,120	5,425,149
Public works	1,357,698	1,410,450	1,548,526	1,639,673	1,688,508
Education	23,965,655	25,813,831	27,140,726	28,042,500	28,222,923
County Tax	1,382,926	1,269,959	1,296,886	1,350,625	1,406,606
Recreation & culture	1,464,426	1,558,922	1,623,658	1,519,095	1,520,321
Health & welfare	355,666	353,729	369,399	369,279	373,779
Employee benefits	2,090,110	2,374,481	2,573,049	2,672,002	2,863,607
Agency requests	33,100	41,600	34,239	41,600	45,500
Unclassified	517,927	508,878	908,363	805,754	870,324
<b>TOTAL EXPENDITURES</b>	<b>37,614,284</b>	<b>40,043,134</b>	<b>42,673,852</b>	<b>43,921,418</b>	<b>44,831,143</b>
<b>GROSS EXCESS REVENUES</b>	<b>2,125,801</b>	<b>2,348,563</b>	<b>2,451,883</b>	<b>2,183,206</b>	<b>2,941,995</b>
<b>OTHER FINANCING:</b>					
Committed General Fund	996,000	770,100	1,281,372	1,190,506	1,181,800
Transfers in	4,000	56,500	56,500	56,500	56,500
Transfers out	(3,125,801)	(3,175,163)	(3,789,755)	(3,430,212)	(4,180,295)
<b>TOTAL OTHER</b>	<b>(2,125,801)</b>	<b>(2,348,563)</b>	<b>(2,451,883)</b>	<b>(2,183,206)</b>	<b>(2,941,995)</b>
<b>NET EXCESS REVENUES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## CAPITAL IMPROVEMENT PLAN

The Town has a Capital Improvement Program (“CIP”). The CIP includes a list of all capital improvements proposed within the next five succeeding fiscal years as an inventory of possible capital projects, some of which may ultimately be financed through the issuance of indebtedness. The issuance of debt, however, is subject to the prior review and recommendation of the Board of Selectman to the Town Meeting for voter approval. Traditionally, the Town sets aside reserves each year to provide funds which are ultimately used to finance the acquisition of various capital improvements. Other capital improvements are typically financed from appropriations from the Town’s current funds, for the respective fiscal year, or from federal or State grants, to the extent available. No official action has been taken by the Town at this time to authorize bonding for future projects in the CIP. The following displays the next ten years of the Town’s current Capital Improvement Plan:

### Capital Improvement Plan

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total	Average
Police Vehicles	\$101,800	\$134,000	\$137,000	\$51,000	\$102,000	\$153,000	\$137,000	\$194,000	\$51,000	\$104,000	\$1,164,800	\$116,480
Police Facilities & Equipment	47,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	407,000	40,700
Fire Vehicles & Equipment	230,500	630,000	1,250,000	40,000	630,000	60,000	700,000	75,000	75,000	75,000	3,765,500	376,550
EMS Vehicles & Equipment	43,000	50,000	50,000	330,000	50,000	50,000	330,000	50,000	50,000	330,000	1,333,000	133,300
EMA Equipment (generators)	0	0	0	0	0	0	40,000	20,000	0	0	60,000	6,000
Public Services Vehicles & Equip	474,500	490,000	480,000	515,000	138,000	250,000	280,000	305,000	275,000	180,000	3,387,500	338,750
Recreation Vehicles	0	0	0	0	0	0	100,000	100,000	75,000	125,000	400,000	40,000
Recreation Facilities (Waterhouse Ctr & Stevens Ctr)	65,000	100,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	365,000	36,500
Gen Govt Facilities, Equipment	90,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	810,000	81,000
Other Miscellaneous	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	250,000	25,000
Sub-Total Vehicles & Equipment	1,076,800	1,549,000	2,087,000	1,106,000	1,090,000	683,000	1,757,000	914,000	696,000	984,000	11,942,800	1,194,280
Roads & Sidewalks	1,240,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	12,490,000	1,249,000
Public Services Garage & Transfer Station/Recycling Public Safety Facility		13,000,000					TBD				13,000,000	1,300,000
Total	\$2,316,800	\$15,799,000	\$3,337,000	\$2,356,000	\$2,340,000	\$1,933,000	\$3,007,000	\$2,164,000	\$1,946,000	\$2,234,000	\$37,432,800	\$3,743,280

## PROPERTY TAX LEVY LIMIT

As previous discussed, unless the Town follows certain procedural requirements under Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended the Town is limited to an increase in the Town’s property tax levy from one year to the next to an amount not more than its Property Tax Levy Limit (see “THE BONDS - SOURCE OF PAYMENT AND REMEDIES - Limitation on Municipal Property Tax Levy” herein). The Property Tax Limit for subsequent fiscal years is the Property Tax Levy Limit for the preceding year multiplied by the Growth Limitation Factor. Therefore, in cases where the amount of the prior year’s Property Tax Levy Limit exceeds the amount of the Town’s actual property tax levy (“Property Tax Levy”), the Town may carry-forward that difference in establishing its future years’ property tax levy. The following table displays the Town’s limitation on Municipal Property Tax Levy:

Fiscal year:	<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>	<u>2020/2021</u>	<u>2021/2022</u>
State Personal Income Factor:	2.84%	2.91%	2.77%	2.89%	3.30%
Local Property Growth Factor:	<u>2.10%</u>	<u>1.57%</u>	<u>1.55%</u>	<u>1.98%</u>	<u>0.00%</u>
Growth Limitation Factor:	4.94%	4.18%	4.32%	4.87%	3.30%
Property Tax Levy Limit:	\$8,964,403	\$9,339,115	\$9,488,236	\$10,865,025	\$11,165,916
Property Tax Levy:	<u>7,319,507</u>	<u>7,720,451</u>	<u>7,988,900</u>	<u>8,145,528</u>	<u>9,331,775</u>
Over/(below) Prop Tax Levy Limit:	(\$1,644,896)	(\$1,618,664)	(\$1,499,336)	(\$2,719,497)	(\$1,834,141)

## FUND BALANCE POLICY

On July 9, 2013 the Town established, and follows, a formal policy that recognizes the importance of maintaining an appropriate level of unrestricted fund balance in order to comply with Governmental Accounting Standards Board (“GASB”) Statement 54 (“GASB 54”). The purpose of the policy is to establish a target level of fund balance for the General Fund and to establish a process and criteria for the continued evaluation of that target level as conditions warrant. After evaluating the Town’s operating characteristics, property tax base, reliability of non-property tax revenue sources, working capital needs, state and local economic outlooks, emergency and disaster risks, and other contingent issues, the Town establishes goals regarding to the unrestricted fund balances of the General Fund of the Town.

In its policy the Town recognizes the importance of maintaining an appropriate level of Unassigned Fund Balance and has established goals regarding the Unassigned Fund Balance of the General Fund for the Town. The level of fund balance that the Town strives to maintain as unassigned is an amount equal to 16.7% of the Town’s General Fund Budget (i.e., an amount equal to two (2) months) operating expenses from the then current operating budget. Once the Town achieves its goal of an appropriate level of Undesignated Fund Balance, any excess funds may be utilized for other municipal fiscal purposes, including, without limitation, additional capital improvement needs or tax rate stabilization or reduction purposes. The following displays the Town’s respective General Fund Balances for its five most recent audited fiscal years:

	<b><u>Fiscal Year Ended June 30,</u></b>				
	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
Assigned and Unassigned General Fund Balance	\$5,455,629	\$8,751,126	\$8,927,394	\$9,572,975	\$10,177,386
Total Revenues (Current Year)	36,944,282	38,644,618	40,606,603	43,791,972	45,699,597
Fund Balance as % Revenues	22.89%	22.65%	21.99%	21.87%	22.27%
Unassigned General Fund Balance	\$8,245,414	\$8,587,397	\$8,755,452	\$9,203,706	\$9,658,636
Budgeted Revenue	36,035,230	37,728,971	39,740,086	43,391,697	45,125,735
Fund Bal as % Budgeted Revenue	22.88%	22.76%	22.03%	21.71%	21.40%

## INVESTMENT POLICY

The Town established, and follows, a formal Investment Policy since December 30, 2002. Pursuant to its policy and applicable Maine law [Title 30-A, Section 5706 et seq. of the Maine Revised Statutes, as amended (the “Act”)], all investments of the Town must be made with the judgment and care that persons of prudence, discretion and intelligence, under circumstances then prevailing, exercise in the management of their own affairs, not for speculation but for investment considering (i) safety of principal and maintenance of capital, (ii) maintenance of sufficient liquidity to meet all operating and cash requirements with which a fund is charged, that is reasonably expected, and (iii) return of income commensurate with avoidance of unreasonable risk. Under its policy, the Town’s investment practice is to maintain a cash and investment pool that is available for use by all funds and consists of short-term investments. The Town is invested principally in direct obligations of the United States government and its agencies. The Town is not invested in any obligations typically referred to as derivatives, meaning obligations created from, or whose value depends on or is derived from the value of one or more underlying assets or indexes of asset values in which the municipality owns no direct interest.

## FINANCIAL STATEMENTS

Title 30-A, Chapter 223, Subchapter VIII of the Maine Revised Statutes, as amended, and Article III, Section 3.07 of the Charter provide for independent annual audits of the Town's accounts and establishes procedures for such audits. The Town of Kennebunk, in conformance with this statute and its Charter, currently engages the services of RHR Smith & Company ("RHR Smith"), Certified Public Accountants. The Town's fiscal year 2020 Annual Report, audited by RHR Smith, is presented as APPENDIX A to this Official Statement. The Town has not requested the consent of RHR Smith for the incorporation of the Financial Statements included in APPENDIX A, nor has it been received.

## FUNDS

The accounts of the Town are organized and operated on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. The Town has the following fund types:

**Governmental Funds** are used to account for most governmental functions of the Town. Governmental Funds include the following fund types:

**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.

**Special Revenue Funds** account for revenue sources (not including expendable trusts or major capital projects) that are legally restricted to expenditure for specific purposes.

**Capital Projects Fund** is used to account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or non-expendable trust funds.

**Permanent Funds** are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting governments' programs.

**Enterprise Funds** are used to account for those operations that are financed and operated in a manner similar to private business or where the Select Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Fiduciary Funds account for assets held by the Town in a trustee capacity or as an agent on behalf of others. The Town's Fiduciary Funds include the following types:

**Private Purpose Trust Funds** are used to report any trust arrangements under which principal and income benefit individuals, private organizations, and other governments and that are not accounted for in other fiduciary funds.

**Agency Funds** are custodial in nature and do not present results of operations or have a measurement focus. Agency Funds are accounted for using the accrual basis of accounting. The funds are used to account for assets that the Town holds for others in an agency capacity.

**TOWN OF KENNEBUNK**  
**COMPARATIVE BALANCE SHEET**  
**GENERAL FUND**  
**(As of June 30,)**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>					
Cash	\$15,273,337	\$17,374,691	\$18,254,424	\$13,814,702	\$13,730,476
Investments	1,746,127	1,599,357	1,692,744	1,675,202	1,664,799
Accounts receivable:					
Taxes	928,107	676,991	566,461	722,788	717,802
Liens	143,893	139,799	144,532	177,456	196,210
Other	169,755	263,030	240,220	146,677	274,047
Tax acquired property	410,626	402,639	373,453	72,594	295,962
Prepaid	0	0	0	339,338	0
Due from other funds	517,550	506,938	166,566	717,912	218,675
<b>TOTAL ASSETS</b>	<b>19,189,395</b>	<b>20,963,445</b>	<b>21,438,400</b>	<b>17,666,669</b>	<b>17,097,971</b>
<b>LIABILITIES</b>					
Accounts payable	1,663,939	1,376,248	804,401	689,656	421,513
Accrued payroll	605,559	589,775	569,936	414,066	280,469
Other liabilities	646,836	589,201	396,384	496,801	595,508
Due to other funds	3,565,411	5,949,224	8,107,636	4,805,143	5,006,761
<b>TOTAL LIABILITIES</b>	<b>6,481,745</b>	<b>8,504,448</b>	<b>9,878,357</b>	<b>6,405,666</b>	<b>6,304,251</b>
<b>DEFERRED</b>					
Deferred Revenue	11,431	273,774	250,587	252,270	228,519
Deferred Taxes	740,200	753,503	824,093	811,783	839,988
<b>TOTAL DEFERRED</b>	<b>751,631</b>	<b>1,027,277</b>	<b>1,074,680</b>	<b>1,064,053</b>	<b>1,068,507</b>
<b>FUND EQUITY</b>					
Non-spendable	410,626	402,639	373,453	339,338	295,962
Restricted	0	0	0	0	0
Committed	1,368,007	1,456,106	1,184,516	1,106,486	673,349
Assigned	518,750	369,269	171,942	163,729	210,215
Unassigned	9,658,636	9,203,706	8,755,452	8,587,397	8,545,687
<b>TOTAL FUND EQUITY</b>	<b>11,956,019</b>	<b>11,431,720</b>	<b>10,485,363</b>	<b>10,196,950</b>	<b>9,725,213</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$19,189,395</b>	<b>\$20,963,445</b>	<b>\$21,438,400</b>	<b>\$17,666,669</b>	<b>\$17,097,971</b>

Prepared from Audited Financial Statements

**TOWN OF KENNEBUNK**  
**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GENERAL FUND**  
**(For the Years Ended June 30,)**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>REVENUES</b>					
Taxes:					
Property	\$38,732,218	\$36,684,557	\$34,294,231	\$32,720,039	\$31,329,155
Excise taxes	2,627,090	2,612,843	2,548,078	2,482,680	2,311,889
Intergovernmental	1,617,341	1,523,674	1,123,531	1,082,979	973,288
Charges for service	2,271,276	2,500,732	2,146,587	2,094,279	2,067,053
Miscellaneous	451,672	460,166	494,176	264,641	236,170
<b>TOTAL REVENUES</b>	<b>45,699,597</b>	<b>43,781,972</b>	<b>40,606,603</b>	<b>38,644,618</b>	<b>36,917,555</b>
<b>EXPENDITURES</b>					
General government	2,177,815	2,086,680	2,032,505	2,008,444	1,946,233
Public safety	4,883,250	4,610,855	4,314,067	4,106,933	3,939,144
Public works	1,489,657	1,410,214	1,507,536	1,392,079	1,135,193
Education	27,140,726	25,813,831	23,965,655	22,708,581	21,698,081
County tax	1,296,886	1,269,959	1,382,926	1,347,775	1,312,678
Recreation and culture	1,430,839	1,477,673	1,445,043	1,409,622	1,412,686
Health and welfare	381,833	355,096	351,220	336,913	333,348
Employee benefits	2,438,218	2,301,192	2,006,118	1,961,045	1,825,977
Agency request	34,239	41,600	33,100	32,100	30,900
Unclassified	168,580	199,852	183,219	127,357	206,552
<b>TOTAL EXPENDITURES</b>	<b>41,442,043</b>	<b>39,566,952</b>	<b>37,221,389</b>	<b>35,430,849</b>	<b>33,840,792</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>4,257,554</b>	<b>4,215,020</b>	<b>3,385,214</b>	<b>3,213,769</b>	<b>3,076,763</b>
<b>OTHER FINANCING SOURCES:</b>					
Operating transfers	(3,733,255)	(3,268,663)	(3,096,801)	(2,742,032)	(2,984,692)
<b>TOTAL OTHER FINANCING</b>	<b>(3,733,255)</b>	<b>(3,268,663)</b>	<b>(3,096,801)</b>	<b>(2,742,032)</b>	<b>(2,984,692)</b>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>	<b>524,299</b>	<b>946,357</b>	<b>288,413</b>	<b>471,737</b>	<b>92,071</b>
<b>FUND BALANCE, JULY 1</b>	<b>11,431,720</b>	<b>10,485,363</b>	<b>10,196,950</b>	<b>9,725,213</b>	<b>9,633,142</b>
<b>FUND BALANCE, JUNE 30</b>	<b>\$11,956,019</b>	<b>\$11,431,720</b>	<b>\$10,485,363</b>	<b>\$10,196,950</b>	<b>\$9,725,213</b>

Prepared from Audited Financial Statements

## REVENUES FROM THE STATE

The State provides revenue to the Town in a number of areas including aid to the Town in a number of areas including education and road maintenance, reimbursement for general assistance, homestead exemption and BETE and revenue sharing. The amount of revenue in each category is based upon a number of formulas, many of which contain variables that change annually. Further, most categories of State disbursements are governed by laws that may be changed by the State Legislature are subject to appropriation by the State Legislature in its budgetary process.

The State subsidizes most local school administrative units through the Essential Programs and Services (“EPS”) model of calculating and distributing state education aid. EPS utilizes a number of factors that are subject to change each year. In addition, the EPS model itself is subject to change by the Legislature. Furthermore, subsidies for school administrative units are an annual item in the State’s budgetary process and are subject to legislative appropriation in that process. The following table displays revenue received by the Town from the State for the last five audited fiscal periods. Revenues received by the Town from the State in future years could, however, be less than any of the amounts set forth in the following table. The following table displays state aid received by the Town for the last five audited fiscal periods:

Yr. end June 30,	Revenue Sharing	Road Assistance	Reimbursements				Other State	Total
			Homestead Exemption	BETE	Veterans	General Assistance		
2020	\$719,513	\$154,532	\$397,491	\$301,827	\$11,403	\$4,885	\$27,690	\$1,617,341
2019	434,454	150,212	388,309	282,696	11,080	5,718	254,205	1,523,674
2018	404,884	151,536	298,110	233,027	9,879	9,448	25,539	1,123,531
2017	383,951	149,156	220,879	232,355	11,515	11,819	73,304	1,082,979
2016	427,435	149,764	160,112	241,115	11,087	13,334	0	1,002,847

## PROPERTY TAXATION

The principal tax of the Town is the tax on real and personal property. A single tax applies for each fiscal year to the assessed value of the taxable real or personal property. The Town’s Tax Collector receives the tax commitment from the Town Assessor, with assessed values as of April 1 of each year, after which time the tax bills are due in two installments. For fiscal year 2021/2022 the tax due dates are projected to be October 1, 2021 and April 1, 2022. All taxes paid after the due date will be subject to interest, at a rate established by the Select Board in August 2021, pursuant to Title 36, Section 505(4) of the Maine Revised Statutes, as amended. For fiscal year 2020/2021 the interest rate on overdue taxes was 8%.

### Real Estate Taxes

Collection of real estate taxes is ordinarily enforced in the Town by the “tax lien” procedure as provided in the Maine Revised Statutes, as amended, to the collection of delinquent real estate taxes. Real Estate Tax Liens are recorded against the individual property at the County Registry of Deeds. This lien has priority over all mortgages, liens, attachments and encumbrances of any nature, subject to any paramount federal tax lien and subject to bankruptcy and insolvency laws. If the account is not satisfied within 18 months, the property becomes tax acquired and may be disposed of by the Town.

### Business Personal Property Taxes

In 2006 the Maine Legislature enacted LD 2056, codified as Title 36, Chapter 105, Subchapter 4-C of the Maine Revised Statutes, as amended, which exempts from taxation, beginning with the April 1, 2008 tax year, various types of tangible business personal property subject to an allowance for depreciation and some

specialty types of real property improvements. The exemption does not apply to: Office furniture; Lamps and lighting fixtures used to provide general purpose office or worker lighting; Property owned or used by public utilities and persons providing certain television/telecommunications services; Telecommunications personal property subject to the tax imposed by section 457 of Title 36; Gambling machines or devices and associated equipment; Property located at a retail sales facility unless such facility is more than 100,000 square feet in size and owned by a business whose Maine-based operations derive less than 30% of their total annual revenue from sales in the State.

Through the Business Equipment Tax Exemption Program (“BETE”) the State will reimburse municipalities with respect to the lost property taxes associated with this new exemption through one of three formulas, whichever is most beneficial to the municipality, as follows:

1. Basic reimbursement formula - For all municipalities in the first year after the exemption, and for a majority of the municipalities thereafter, the reimbursement would be 100% for the lost property taxes in the first tax year after the exemption takes effect (i.e., FY 2009), 90% in the second year after the exemption takes effect (i.e., FY 2010), 80% in FY 2011, 70% in 2012, 60% in 2013, and 50% in 2014 and every subsequent year. The State Constitution requires a minimum reimbursement of at least 50%.
2. Enhanced formula - Municipalities that have a total property tax base that is made up of at least 5% personal property will be eligible for an alternative reimbursement formula any year in which the alternative reimbursement formula provides a higher level of reimbursement than the basic reimbursement formula. Those municipalities will be eligible to receive the 50% minimum reimbursement plus 50% of their tax base percentage that is made up of personal property. For example, if a town’s tax base is 64% personal property, it would be eligible for a reimbursement rate of 82%, which is a combination of the minimum 50% reimbursement *plus* one-half of that municipality’s 64% “personal property factor”.
3. Municipal Retention TIF Districts – Certain TIF districts that were enacted prior to April 1, 2008 entitle a municipality to receive reimbursement at a rate of up to 100% for exempt business equipment that is TIF exempt business equipment as defined in Title 36, Section 691(1)(G) of the Maine Revised Statutes, as amended. The increased reimbursement percentage is based on the tax increment percentage allocated to the municipality, as provided in Title 36, Section 694(2)(C) of the Maine Revised Statutes, as amended.

For the purposes of identifying the municipality’s valuation for determining the local property tax rate, the value of all property made exempt by this legislation in the municipality must be considered part of that municipality’s local valuation to the extent the municipality is being reimbursed for its lost property taxes by the State other than property located in, and the assessed value of which is retained in, a tax increment financing district.

The value of all property made exempt by this law in the Town will also be considered part of that municipality’s equalized State Valuation to the extent the Town is being reimbursed for its lost property taxes by the state with an additional adjustment for property in a tax increment financing district. The law provides some additional security for the municipal reimbursement system by funding the reimbursements described above directly from State Income Tax receipts before those receipts are deposited into the State’s General Fund, rather than as an annual General Fund appropriation.

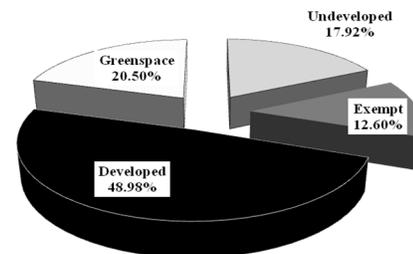
## Tax Levy and Collections

Fiscal Yr. End June 30,	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 06/30/2021
2021	\$2,982,600	\$2,815,938	\$14.15	\$39,846	\$39,846	98.9%	NA
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	32,086	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

## Current Tax Base and Tax Base Growth

The Town's land area is comprised of 35.05 square miles or 22,432 acres. Including approximately 8.82 square miles of water, the Town's consolidated area is 43.87 square miles. The below table and chart displays the composition of land area available for tax base, and the potential for future tax base by the conversion of land from undeveloped to developed.

<u>By Land Area (acres)</u>	<u>Acres</u>	<u>% Total</u>
Undeveloped	4,019	17.92%
Exempt	2,827	12.60
Sub-total	6,846	30.52%
Developed	10,988	48.98%
Greenspace	4,598	20.50
Total Town	22,432	100.00%



## Largest Taxpayers

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	24,923,900		24,923,900	352,673	0.91%
Sunrise Kennebunk Sr Lvg LLC		Ass'td Living	23,807,000		23,807,000	336,869	0.87%
Corning Inc		Lab Eq Manf	13,660,100	9,975,500	23,635,600	334,444	0.86%
Kennebunk Savings Bank		Bank & Insur	16,813,700	984,500	17,798,200	251,845	0.65%
VTR Kennebunk LLC		Ass'td Living	10,139,200		10,139,200	143,470	0.37%
WF Legacy Properties LLC		Residence	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 Pipe	7,733,300		7,733,300	109,426	0.28%
HMS Host Family Restaurant		Turnpike Ser 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>

## CLIMATE CHANGE

The Town of Kennebunk is one of 39 member communities of Southern Maine Planning & Development Commission (“SMPDC”), a regional non-profit organization that works with local communities and governments on planning and economic development initiatives and efforts.

Through the partnership with SMPDC, Kennebunk has participated in the Regional Sustainability and Resilience Program with five other coastal communities to leverage a collaborative approach in order to enhance the effectiveness of local government action. In addition, Kennebunk is a participant in the Coastal Resilience Program with two other coastal communities and is near the end stages of completing a comprehensive assessment, which has used local sea level rise projections, storm surge modeling, municipal geospatial data and population and demographic information to complete a GIS-based socio-economic vulnerability assessment of coastal flood hazards. This assessment is generating valuable information about flooding impacts to coastal property and populations, assessed value of impacted property, associated implications for the municipal tax base, and impacts to the local and regional economy. The findings will be used to inform the development adaptation, mitigation, and resilience strategies that the Town will employ to protect people, property, and natural resources from the impacts of coastal flooding now and into the future.

The Town is a signatory to the U.S. Mayor’s Climate Protection Agreement and as a complement to the coastal resilience work, Town staff, as well as volunteers have encouraged and embraced energy efficient and environmentally friendly approaches as it relates to various efforts in Town. In municipal buildings, custom window inserts have been installed to save on heating and cooling costs, a plastic bag ban and a ban on balloon releases were enacted by town voter approval, municipal vehicles have been replaced with hybrid or electric vehicles, an electric vehicle charging station was recently installed in an oft-visited and known tourist destination in town with funding from Efficiency Maine, and an LED streetlight conversion project is in the beginning stages. The Town has also just completed a sea wall repair project with funding from FEMA to rebuild and repair damage from several severe storms in recent years.



*Maps depicting parcel impacts from sea level rise (L to R: 1.6', 3.9' and 6.1')*



*Seawall repair project, 2021*

## **TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS**

Chapter 206 and former 207 (now repealed) of Title 30-A of the Maine Revised Statutes, as amended, enables a municipality to finance qualified development by borrowing against the future increased property tax receipts attributable to that development. Under the statutory framework, the municipality designates a tax increment financing (“TIF”) district or an affordable housing development district (a “housing district”) for a period of up to 30 years and adopts a development program (the “Development Program”) stating the means and objectives for the development of that district. The municipality may designate, or “capture”, all or a portion of the increase in assessed value resulting from development within the district and dedicates the increased property taxes it receives in future years generated by the “captured” assessed value to payment of the costs of the Development Program, which may include debt service on borrowing to fund such costs. Such districts are subject to statutory limits on their size, including the following limitations: (a) the total area of a single district may not exceed 2% of the total acreage of the municipality, (b) the total area of all TIF districts or housing districts within a municipality each may not exceed 5% of the total acreage of the municipality, and (c) the aggregate original assessed value of all TIF districts and the aggregate original assessed value of all housing districts within the municipality as of the April 1st preceding the date the Commissioner of the Department of Economic and Community Development, with respect to TIF districts, or the Director of the Maine State Housing Authority, with respect to housing districts, approves the designation of any each such district each cannot exceed 5% of the municipality’s total value of taxable property. Excluded from this limit as applicable to TIF districts is any district involving project costs in excess of \$10,000,000, the geographic area of which consists entirely of contiguous property owned by a single taxpayer with an assessed value in excess of 10% of the municipality’s total assessed value. In addition, the foregoing limitations do not apply to approved downtown TIF districts, TIF districts included within Pine Tree Development Zones or TIF districts that consist solely of one or more community wind power generation facilities owned by a community wind power generator that has been certified by the Public Utilities Commission pursuant to Title 35-A, Section 3403, Subsection 3.

The increase in assessed value captured by the municipality is excluded from the municipality’s equalized just value for each year’s State valuation filed with the Secretary of State in accordance with Title 36, Sections 208 and 305 of Maine Revised Statutes, as amended, and is therefore not included in calculating that municipality’s share of State educational aid, State municipal revenue sharing, the county tax or the 15% debt limitation for the municipality pursuant to Title 30-A, Section 5702 of the Maine Revised Statutes, as amended. The Town has designated various tax increment financing districts and may consider proposals for other districts on an ongoing basis. All districts will be evaluated based upon the Town’s comprehensive plan for economic development, which includes tax increment financing as one of its aspects. In no event will the Town’s districts exceed the statutory limitation of total area and aggregate equalized value within all districts, determined as of their date of designation, as set out above.

## **INDEBTEDNESS**

### **LIMITATIONS AND EXCLUSIONS**

In accordance with Title 30-A, Section 5702 of the Maine Revised Statutes, as amended, “No municipality shall incur debt which would cause its total debt outstanding at any time, exclusive of debt incurred for school purposes, for storm or sanitary sewer purposes, for energy facility purposes or for municipal airport purposes to exceed 7½% of its last full state valuation, or any lower percentage or amount that a municipality may set. A municipality may incur debt for school purposes to an amount outstanding at any time not exceeding 10% of its last full state valuation, or any lower percentage or amount that a municipality may set, for storm and sewer purposes to an amount outstanding at any time not exceeding 7½% of its last

full state valuation, or any lower percentage or amount that a municipality may set, and for municipal airport and special district purposes to an amount outstanding at any time not exceeding 3% of its last full state valuation, or any lower percentage or amount that a municipality may set; provided, however, that in no event shall any municipality incur debt which would cause its total debt outstanding at any time to exceed 15% of its last full state valuation, or any lower percentage or amount that a municipality may set.”

Title 30-A, Section 5703 of the Maine Revised Statutes, as amended, provides that the limitations on municipal debt contained in Section 5702 do not apply “... to any funds received in trust by any municipality, any loan which has been funded or refunded, notes issued in anticipation of federal or state aid or revenue sharing money, tax anticipation loans, notes maturing in the current municipal year, indebtedness of entities other than municipalities, indebtedness of any municipality to the Maine School Building Authority, debt issued under Chapter 235 and Title 10, Chapter 110, Subchapter IV, obligations payable from revenues of the current municipal year or from other revenues previously appropriated by or committed to the municipality, and the state reimbursable portion of school debt.”

On January 1, 2021 the Town’s equalized state valuation (“equalized State Valuation”) was \$2,982,600,000. The 15% debt limit is \$447,390,000. As of June 30, 2020 the Town’s long-term debt was \$10,330,000 or 0.35% of the equalized State Valuation. The Town will certify on the date of issue of the Bonds that the Town has not exceeded the foregoing debt limits and that issuance of the Bonds will not cause the Town to exceed such debt limits.

## DEBT SUMMARY

The Town’s general obligation bonds payable at June 30, 2020 (audited) and projected for June 30, 2021 (unaudited) and June 30, 2022 (unaudited) are comprised of the following individual issues:

<u>Year Issued</u>	<u>Purpose</u>	<u>Amount Issued</u>	<u>Date of Final Maturity</u>	<u>Balance on June 30,</u>		
				<u>2020</u>	<u>2021</u>	<u>2022</u>
2010	Various CIP	6,252,000	10/1/2029	\$2,450,000	\$2,080,000	\$0
2013	Various CIP	5,244,000	10/1/2028	2,185,000	1,825,000	1,465,000
2016	Various CIP	3,049,000	10/1/2030	1,730,000	1,400,000	1,110,000
2018	Var. CIP/Ref'd'g	5,145,000	10/1/2032	<u>3,965,000</u>	<u>3,375,000</u>	<u>2,785,000</u>
	<b>Sub-totals</b>			<b>10,330,000</b>	<b>8,680,000</b>	<b>5,360,000</b>
2021	Var. CIP/Ref'd'g	10,575,000	10/1/2035	<u>0</u>	<u>0</u>	<u>10,575,000</u>
	<b>Totals</b>			<b>\$10,330,000</b>	<b>\$8,680,000</b>	<b>\$15,935,000</b>

**DEBT RATIOS**

<b>Fiscal Yr. End</b>	<b>Population</b>	<b>Equalized State Val. (000)</b>	<b>Assessed Valuation (000)</b>	<b>Total Debt</b>	<b>Debt as % Eq. Val.</b>	<b>Per Capita Debt</b>
<b>June 30,</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	2,259,200	2,029,269	9,535,000	0.42	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

**PROJECTED PRINCIPAL PAYMENTS, BY ISSUE**

<b>FY End</b>	<b>2010</b>	<b>2013</b>	<b>2016</b>	<b>2018</b>	<b>Sub-total</b>	<b>2021</b>	<b>Totals</b>
<b>June 30,</b>							
2021	\$370,000	\$360,000	\$330,000	\$590,000		\$0	\$1,650,000
2022	370,000	360,000	290,000	590,000		1,220,000	2,460,000
2023	370,000	300,000	230,000	585,000		1,415,000	2,530,000
2024	370,000	300,000	230,000	425,000		1,245,000	2,200,000
2025	370,000	175,000	150,000	425,000		1,210,000	1,960,000
2026	120,000	175,000	150,000	425,000		965,000	1,715,000
2027	120,000	175,000	70,000	425,000		875,000	1,545,000
2028	120,000	170,000	70,000	375,000		695,000	1,310,000
2029	120,000	170,000	70,000	25,000		690,000	955,000
2030	120,000		70,000	25,000		635,000	730,000
2031			70,000	25,000		535,000	630,000
2032				25,000		290,000	315,000
2033				25,000		200,000	225,000
2034						200,000	200,000
2035						200,000	200,000
2036						200,000	200,000
6/30/2020	2,450,000	2,185,000	1,730,000	3,965,000	10,330,000	10,575,000	18,825,000
paid	(370,000)	(360,000)	(330,000)	(590,000)	(1,650,000)	0	(1,650,000)
6/30/2021	2,080,000	1,825,000	1,400,000	3,375,000	8,680,000	10,575,000	17,175,000
paid	(2,080,000)	(360,000)	(290,000)	(590,000)	(3,320,000)	(1,220,000)	(2,460,000)
6/30/2022	\$0	\$1,465,000	\$1,110,000	\$2,785,000	\$5,360,000	\$9,355,000	\$14,715,000

NOTE: Shaded items will be refunded from a portion of the proceeds of the 2021 Bonds.

**PROJECTED DEBT SERVICE REQUIREMENTS**

Fiscal Yr. End June 30,	Prior Debt				Projected Debt (This Issue)			Projected Total Debt Service
	Principal	Interest	(less Ref'd'd)	Total Debt	Principal	Interest	Total Debt	
2021	\$1,650,000	\$349,774	\$0	\$1,999,774	\$0	\$0	\$0	\$1,999,774
2022	1,610,000	293,621	(436,990)	1,466,631	\$1,220,000	290,577	1,510,577	2,977,208
2023	1,485,000	238,481	(425,150)	1,298,331	1,415,000	408,375	1,823,375	3,121,706
2024	1,325,000	186,975	(412,894)	1,099,081	1,245,000	341,875	1,586,875	2,685,956
2025	1,120,000	142,081	(400,175)	861,906	1,210,000	280,500	1,490,500	2,352,406
2026	870,000	103,856	(141,450)	832,406	965,000	226,125	1,191,125	2,023,531
2027	790,000	70,397	(136,800)	723,597	875,000	180,125	1,055,125	1,778,722
2028	735,000	38,700	(132,000)	641,700	695,000	140,875	835,875	1,477,575
2029	385,000	17,119	(127,200)	274,919	690,000	106,250	796,250	1,071,169
2030	215,000	7,300	(122,400)	99,900	635,000	73,125	708,125	808,025
2031	95,000	2,663	0	97,663	535,000	43,875	578,875	676,538
2032	25,000	1,125	0	26,125	290,000	23,250	313,250	339,375
2033	25,000	375	0	25,375	200,000	14,000	214,000	239,375
2034	0	0	0	0	200,000	10,000	210,000	210,000
2035	0	0	0	0	200,000	6,000	206,000	206,000
2036	0	0	0	0	200,000	2,000	202,000	202,000
	\$10,330,000	\$1,452,467	(\$2,335,059)	\$9,447,408	\$10,575,000	\$2,146,952	\$12,721,952	\$22,169,360

**DEBT SERVICE COMPONENT OF OPERATING EXPENSES**

	Audited			Unaudited	Budgeted
	2018	2019	2020	2021	2022
Total Current Year Debt Service:	\$1,579,040	\$2,111,937	\$2,067,623	\$1,999,774	\$2,528,822
(less TIF Funds):	<u>(514,858)</u>	<u>(595,676)</u>	<u>(605,251)</u>	<u>(531,734)</u>	<u>(818,468)</u>
Tax-backed Debt:	\$1,064,182	\$1,516,261	\$1,462,372	\$1,445,783	\$1,710,354
Budgeted Operating Expense:	38,800,429	41,678,889	43,509,666	44,268,846	45,691,497
Debt Ser as % Oper. Expense:	2.74%	3.64%	3.36%	3.27%	3.74%

**OVERLAPPING DEBT**

**County of York**

The Town is subject to an annual assessment of its proportional share of the County of York’s (the “County”) expenses, including debt repayment, as determined by the percentage of the Town’s equalized State Valuation to the County’s equalized State Valuation. At January 1, 2021 the Town’s equalized State Valuation of \$2,982,600,000 was 7.76% of the County’s equalized State Valuation of \$38,444,400,000. The Town’s share of the County’s debt as of June 30, 2020 is 7.76%, or \$147,406, of the County’s \$1,900,000 long-term debt outstanding as of June 30, 2020. This share of debt represents approximately 0.06% of debt as a percentage of the Town’s 2021 equalized State Valuation; and \$175.96 of the Town’s per capita debt.

**RSU 21**

The Town is responsible for its proportionate share of the former MSAD No. 71’s portion of RSU 21’s long-term debt and its proportionate share of RSU 21’s direct long-term debt. The debt service is included in RSU 21’s annual assessment to the Town. For the fiscal year ending June 30, 2020 the Town was assessed for \$27,140,726 of its portion of RSU 21’s 2019/2020 total municipal assessments of \$43,773,177

(or 62.0%). As of June 30, 2020, RSU 21's total long-term debt outstanding was \$51,195,020 and the Town's share of debt was \$25,857,430, or 50.51% of RSU 21's debt. This represents approximately 0.87% of debt as a percentage of the Town's 2021 equalized State Valuation; and \$2,394.42 per capita debt.

## CONTINGENT DEBT

The Town does not have any obligations for which it is responsible for on a contingent basis.

## TOTAL GENERAL OBLIGATION, OVERLAPPING AND CONTINGENT DEBT

	<u>Direct Debt</u>	<u>Overlapping</u>	<u>Contingent</u>	<u>Total Debt</u>
Town of Kennebunk	\$10,330,000			\$10,330,000
County of York		\$147,406		147,406
RSU 21		25,857,430		25,857,430
<b>Total A/O June 30, 2020</b>	<b>\$10,330,000</b>	<b>\$26,004,836</b>	<b>\$0</b>	<b>\$36,334,836</b>
Debt as % 2021 Eq State Valuation	<b>0.35%</b>	<b>0.87%</b>	<b>0.00%</b>	<b>1.22%</b>
Per Capita Debt	<b>\$956.66</b>	<b>\$2,408.30</b>	<b>\$0.00</b>	<b>\$3,364.96</b>

## FUTURE FINANCING

The Town Manager develops a formal Capital Improvement Program that is submitted to the Town's Select Board (see "TOWN FINANCES - CAPITAL IMPROVEMENT PROGRAM" herein). The CIP includes an inventory of possible capital projects, some of which may ultimately be included in the CIP, and is be an indication of future projects that may be financed through the issuance of debt. Through its Town Meeting's the Town's voters must approve orders issuing debt. Other than the Bonds of this financing the Town has no authorized but un-issued debt that it expects to finance through bond issues over the next year.

## RETIREMENT

### A. DEFINED BENEFIT PENSION PLAN

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 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. MainePERS 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.mainePers.org](http://www.mainePers.org) or by contacting the System at (207) 512-3100.

MainePERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. MainePERS'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 retirement age at retirement. MainePERS 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 MainePERS's Board of Trustees and is currently 2.69%.

The Town reports on the benefits provided and the contributions to the pension plans, associated pension liabilities, pension expense, deferred outflows and deferred inflows of resources related to pensions, as well as the actuarial methodology and assumptions in its Annual Financial Report. Please see “APPENDIX A – TOWN OF KENNEBUNK, MAINE, ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2020 – NOTE 16, pages 47-53”, herein.

## **B. DEFINED CONTRIBUTION PLAN**

The Town offers its employees a defined contribution plan created in accordance with Internal Revenue Code Section 401. The plan, available to the Town Manager, permits them to defer a portion of their salary until retirement. The employer contribution 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 ICMA Retirement Corporation.

Plan provisions and contribution requirements are established and may be amended by the Select Board. The Town's contribution vests 100% with the employee when contributed. For the year ended June 30, 2020, the employees' contributions to the plan totaled \$100,426 and the Town recognized pension expense of \$100,774.

The Town reports on the benefits provided and the contributions to the pension plans, associated pension liabilities, pension expense, deferred outflows and deferred inflows of resources related to pensions, as well as the actuarial methodology and assumptions in its Annual Financial Report. Please see “APPENDIX A – TOWN OF KENNEBUNK, MAINE, ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2020 – NOTE 17, page 54”, herein.

## **C. DEFERRED COMPENSATION PLAN**

The Town offers its employees a deferred compensation plan through the International City Manager's Association Retirement Corporation (“ICMA-RC”) created in accordance with Section 457(k) of the Internal Revenue Code, as amended. The plan, available to all Town employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. In applying the provisions of Governmental Accounting Standards Board Statement (“GASB”) No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the Town has determined that effective July 1, 1997 it is no longer required to record assets and liability of the plan.

The Town reports on the benefits provided and the contributions to the pension plans, associated pension liabilities, pension expense, deferred outflows and deferred inflows of resources related to pensions, as well as the actuarial methodology and assumptions in its Annual Financial Report. Please see “APPENDIX A – TOWN OF KENNEBUNK, MAINE, ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2020 – NOTE 18, pages 54-55”, herein.

## **D. OTHER POST-EMPLOYMENT BENEFITS**

### **Life Insurance**

The Town sponsors post-retirement benefit plans providing group term life insurance to retiring employees. For municipal employees the Town participates in Group Life Insurance Plan for the PLD. The plan is a cost-sharing multiple-employer defined benefit OPEB plan administered by MainePERS. The MainePERS Board of Trustees has the authority to establish and amend the benefit terms and financing requirements for each plan. MainePERS issues a publicly available financial reports that are available at [www.mainebers.org](http://www.mainebers.org).

Under the PLD OPEB Plan, MainePERS 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 level of coverage is initially set to an amount equal to the retirees' 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.

Please see "APPENDIX A – TOWN OF KENNEBUNK, MAINE, ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2020 – NOTE 20, pages 56-62", herein.

### **Health Insurance**

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

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

Eligible retirees are required to pay 100% of health insurance premiums to receive health benefit coverage and therefore, the Town makes no actual contributions.

Please see "APPENDIX A – TOWN OF KENNEBUNK, MAINE, ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2020 – NOTE 21, pages 62-70", herein.

## **ENVIRONMENTAL MATTERS**

Securities and Exchange Commission Regulation 229.103 (the "Regulation") requires that issuers subject to the disclosure requirements of the Securities Exchange Act of 1934 disclose, among other things, any material pending legal proceedings, including without limitation, legal proceedings involving environmental issues. The Regulation states that no information need be given with respect to any proceeding that involves primarily a claim for damages if the amount involved, exclusive of interest and costs, does not exceed ten percent (10%) of the current assets of the issuer, and, if a governmental authority is a party to such proceeding and such proceeding involves potential monetary sanctions, unless the issuer reasonably believes that such proceeding will result in no monetary sanctions, or in monetary sanctions,

exclusive of interest and costs, of less than \$100,000. Although the Town, as an issuer of municipal securities, is not subject to the provisions of the Regulation or the Securities Exchange Act of 1934, the Town is voluntarily making the following disclosure with respect to environmental liabilities:

The Town is not subject to any pending or threatened proceedings or actions involving environmental matters that, if adversely decided, would have a material adverse impact upon the Town's financial condition or ability to pay debt service on the Bonds as and when due.

#### **LITIGATION**

In the opinion of Town officials there is no litigation pending against the Town which, either individually or in the aggregate, would result in judgments that would have a materially adverse effect on the Town's financial position or its ability to meet its debt service obligations.

[This page left intentionally blank.]

**APPENDIX A**

**TOWN OF KENNEBUNK, MAINE  
ANNUAL FINANCIAL STATEMENTS  
AND SUPPORTING SCHEDULES  
FOR  
FISCAL YEAR ENDED JUNE 30, 2020**

**(With Report of Independent Auditors' Thereon)**

[This page left intentionally blank.]

Audited Financial Statements  
and Other Financial Information

**Town of Kennebunk, Maine**

June 30, 2020



*Proven Expertise & Integrity*

[This page left intentionally blank.]

TOWN OF KENNEBUNK, MAINE

CONTENTS

JUNE 30, 2020

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 13
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT- WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	14 - 15
STATEMENT B - STATEMENT OF ACTIVITIES	16 - 17
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	18
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	19
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	20
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	21
STATEMENT G - STATEMENT OF NET POSITION - PROPRIETARY FUNDS	22
STATEMENT H - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS	23
STATEMENT I - STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS	24
NOTES TO FINANCIAL STATEMENTS	25 - 72
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	73

SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	74
SCHEDULE 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	75
SCHEDULE 3 - SCHEDULE OF CONTRIBUTIONS - PENSIONS	76
SCHEDULE 4 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - GROUP LIFE	77
SCHEDULE 5 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY - HEALTH PLAN	78
SCHEDULE 6 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS - HEALTH PLAN	79
SCHEDULE 7 - SCHEDULE OF CONTRIBUTIONS - OPEB - GROUP LIFE AND HEALTH	80
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	81
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	82
SCHEDULE A - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	83 - 86
SCHEDULE B - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	87
SCHEDULE C - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	88
SPECIAL REVENUE FUNDS DESCRIPTION	89
SCHEDULE D - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	90
SCHEDULE E - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	91
CAPITAL PROJECTS FUNDS DESCRIPTION	92
SCHEDULE F - COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS	93 - 96

SCHEDULE G - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS	97 - 100
PERMANENT FUNDS DESCRIPTION	101
SCHEDULE H - COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS	102
SCHEDULE I - COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR PERMANENT FUNDS	103
GENERAL CAPITAL ASSETS DESCRIPTION	104
SCHEDULE J - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	105
SCHEDULE K - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	106

#### FEDERAL COMPLIANCE

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 <i>GOVERNMENT AUDITING STANDARDS</i>	107 - 108
--	-----------

#### STATISTICAL INFORMATION

STATISTICAL INFORMATION DESCRIPTION	109
TABLE 1 - REGIONAL SCHOOL UNIT (RSU) 21'S SCHOOLS	110
TABLE 2 - ENROLLMENT DATA OF THE MUNICIPALITIES IN THE RSU	111
TABLE 3 - STATE VALUATION OF THE MUNICIPALITIES IN THE RSU	112
TABLE 4 - HISTORICAL ALLOCATION FOR THE RSU'S LOCAL COSTS	113
TABLE 5 - BUILDING PERMITS	114
TABLE 6 - EMPLOYMENT	115
TABLE 7 - FUND BALANCE	116
TABLE 8 - TAX LEVY AND COLLECTIONS	117
TABLE 9 - TEN LARGEST TAXPAYERS	118

TABLE 10 - RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND GENERAL BONDED DEBT PER CAPITA	119
TABLE 11 - DEBT SERVICE COMPONENT OF OPERATING EXPENSES	120
TABLE 12 - PROPERTY TAX LEVY LIMIT	121



*Proven Expertise & Integrity*

## 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
Total	<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
<b>Total current liabilities</b>	<b>4,595,979</b>	<b>-</b>	<b>4,595,979</b>
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
<b>Total noncurrent liabilities</b>	<b>11,015,282</b>	<b>-</b>	<b>11,015,282</b>
<b>TOTAL LIABILITIES</b>	<b>15,611,261</b>	<b>-</b>	<b>15,611,261</b>
<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>	<b>395,215</b>	<b>-</b>	<b>395,215</b>
<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>	<b>28,512,335</b>	<b>164,962</b>	<b>28,677,297</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 44,518,811</b>	<b>\$ 164,962</b>	<b>\$ 44,683,773</b>

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
	\$ 10,330,000	\$ 1,452,467	\$ 11,782,467

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	-
	\$ 1,865,810	\$ 797,250	\$ (298,133)	\$ 2,364,927	\$ 29,645

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>
--------------------	------------------

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
	<u>\$ 3,021,292</u>

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
	<u>\$ 671,235</u>

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	-
	<u>563,483</u>	<u>335,330</u>
Total	<u>\$ 563,483</u>	<u>\$ 335,330</u>

\$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	-	-
	\$ 3,168	\$ 2,710

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	<u>3</u>
Total	<u><u>67</u></u>

**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\*

	2020	2019	2018	2017
<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	-	-	-	-
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	(6,815)	(6,553)	(8,150)	
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>	<u>\$ 1,440,056</u>	<u>\$ 1,914,701</u>	<u>\$ 55,022</u>	<u>\$ 3,409,779</u>
<b>LIABILITIES</b>				
Due to other funds	\$ -	\$ 511,322	\$ 6,228	\$ 517,550
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>511,322</u>	<u>6,228</u>	<u>517,550</u>
<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>	<u>1,440,056</u>	<u>1,403,379</u>	<u>48,794</u>	<u>2,892,229</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 1,440,056</u>	<u>\$ 1,914,701</u>	<u>\$ 55,022</u>	<u>\$ 3,409,779</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 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	<u>-</u>	<u>21,873</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES								
Administration	-	-	-	-	-	-	-	-
Public works	-	-	-	11,845	-	-	-	-
Public safety	-	-	-	-	-	35,579	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	19,120	110,574	-	33,760
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,845</u>	<u>19,120</u>	<u>146,153</u>	<u>-</u>	<u>33,760</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>21,873</u>	<u>-</u>	<u>(11,845)</u>	<u>(19,120)</u>	<u>(146,153)</u>	<u>-</u>	<u>(33,760)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	5,000	-	98,000	-	-
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>98,000</u>	<u>-</u>	<u>-</u>
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	<u>\$ 111,708</u>	<u>\$ 262,038</u>	<u>\$ 11,616</u>	<u>\$ 20,591</u>	<u>\$ 40,568</u>	<u>\$ 68,807</u>	<u>\$ 42,068</u>	<u>\$ (33,760)</u>

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.

3 Old Orchard Road, Buxton, Maine 04093  
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609  
[www.rhrsmith.com](http://www.rhrsmith.com)

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>
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.

[This page left intentionally blank.]

**APPENDIX B**

**PROPOSED FORM  
OF  
LEGAL OPINION**

[This page left intentionally blank.]



DAVID J. JONES  
F. BRUCE SLEEPER  
LESLIE E. LOWRY III  
MICHAEL J. QUINLAN  
NATALIE L. BURNS  
SALLY J. DAGGETT  
ROY T. PIERCE  
BRENDAN P. RIELLY  
NICHOLAS J. MORRILL

MARK A. BOWER  
CHARLES M. KATZ-LEAVY  
ALYSSA C. TIBBETTS  
JEFFREY B. HERBERT  
ERICA M. JOHANSON  
TUDOR N. GOLDSMITH  
KATHERINE C. BAILEY  
BENJAMIN T. MCCALL  
SHARRA L. INGLIS

TEN FREE STREET  
P.O. BOX 4510  
PORTLAND, MAINE 04112-4510  
(207) 775-7271 (Phone)  
(207) 775-7935 (Fax)  
[www.jensenbaird.com](http://www.jensenbaird.com)

*Of Counsel*  
JOSEPH G. CARLETON, JR.  
LAWRENCE C. CLOUGH  
KENNETH M. COLE III  
PATRICIA M. DUNN  
FRANK H. FRYE  
R. LEE IVY  
DEBORAH M. MANN  
NICHOLAS S. NADZO  
RICHARD H. SPENCER, JR.

YORK COUNTY  
OFFICE  
11 MAIN STREET, SUITE 4  
KENNEBUNK, MAINE 04043  
(207) 985-4676 (Phone)  
(207) 985-4932 (Fax)

**Upon delivery of the Bonds described herein, Jensen Baird Gardner & Henry, Portland, Maine, Bond Counsel, proposes to issue its opinion in substantially the following form:**

[Date of Delivery]

Town of Kennebunk  
One Summer Street  
Kennebunk, ME. 04043

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Town of Kennebunk, Maine (the “Issuer”) of its \$12,207,000 2021 General Obligation Bonds (the “Bonds”). We have examined the law, and such certified proceedings, certifications and other documents as we have deemed necessary to render this opinion.

The Bonds are dated as of [Date of Delivery], and have been issued in the aggregate principal amount of \$12,207,000 and registered in the name of Cede & Co. Interest on the Bonds is payable on October 1, 2021 and semiannually on each April 1 and October 1 thereafter until maturity or redemption prior to maturity. Bonds maturing on and before October 1, 2031 are not subject to redemption prior to their stated dates of maturity. Bonds maturing on and after October 1, 2032 are subject to redemption prior to their stated dates of maturity, at the option of the Issuer, on or after October 1, 2031, as more fully set forth in the Bonds. The Bonds will be issued in minimum denomination of \$5,000 with one denomination of \$2,000 that will mature on October 1, 2021. The Term Bond maturing on October 1, 2035 is subject to mandatory redemption or mature on and after October 1, 2032.

The Bonds shall bear the Seal of the Issuer or a facsimile thereof, attested by the Town Clerk, and must be signed by the Treasurer of the Issuer and countersigned by the Chair of the Board of Selectmen. We have examined the Bonds, as executed by the Issuer, and we are of the opinion that the form of the Bonds and the form of their execution by the Issuer are regular and proper and that the Bonds have been duly executed by the Issuer.

[Date of Delivery]

Page 2

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of any offering material relating to the Bonds, and we express no opinion relating thereto. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion as of the date hereof that, under existing law:

1. The Bonds are valid and binding general obligations of the Issuer, payable as to both principal and interest from ad valorem taxes, which ad valorem taxes may be levied upon the property located within the territorial limits of the Issuer and legally taxable by it, except to the extent limited by the property tax levy limit provisions of Title 30-A, section 5721-A of the Maine Revised Statutes and except to the extent that the Issuer is now or hereafter becomes a party to any agreement under Subchapter V of Chapter 223 of Title 30-A of the Maine Revised Statutes, as amended, to share any portion of its assessed valuation with another municipality and except to the extent that the Issuer has created or hereafter creates municipal development or tax increment financing districts or affordable housing development districts under Chapter 206 or Chapter 207 (now repealed) of Title 30-A of the Maine Revised Statutes, the captured tax increment of which may not be available for the payment of the Bonds.

2. Interest on the Bonds is exempt, pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended, from State of Maine income taxes imposed on individuals, estates, trusts and corporations. We express no opinion regarding other state tax consequences arising with respect to the Bonds.

3. Interest on the Bonds is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and is not an item of tax preference for purposes of calculating the alternative minimum tax under the Code. The Issuer will not designate the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. The opinions set forth in the preceding sentences are subject to the condition that the Issuer comply with all requirements of the Code, including provisions relating to the use, expenditure and investment of the proceeds of the Bonds and the timely rebate or payment to the U.S. Treasury by the Issuer of certain investment earnings, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Except as expressly stated above, we express no opinion regarding any federal or state tax consequences of acquiring, carrying, owning, or disposing of the Bonds. Bondholders should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds, which may include original issue discount, original issue premium, purchase at a market

[Date of Delivery]

Page 3

discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

Bondholders should be aware that ownership of the Bonds may result in certain other federal income tax consequences to certain taxpayers, including, without limitation, individual recipients of Social Security and Railroad Retirement benefits, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain Subchapter S corporations with excess passive income, and taxpayers who incur or continue indebtedness to purchase or carry the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

Jensen Baird Gardner Henry

[This page left intentionally blank.]

**APPENDIX C**

**PROPOSED FORM  
OF  
CONTINUING DISCLOSURE AGREEMENT**

[This page left intentionally blank.]

**TOWN OF KENNEBUNK, MAINE  
PROPOSED FORM OF  
CONTINUING DISCLOSURE AGREEMENT**

In connection with the issuance by the Town of Kennebunk, Maine (the “Issuer”) of its \$10,575,000 2021 General Obligation Bonds, dated as of August 12, 2021 (the “Bonds”) and with reference to the continuing disclosure requirements of Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended, and officially interpreted from time to time (the “Rule”), the Issuer hereby covenants under this Continuing Disclosure Agreement (the “Agreement”) that it will engage in the undertakings described in Section 1, 2 and 3 herein for the benefit of the beneficial owners of the Bonds, subject to the conditions and limitations specified herein. Under the Agreement, the Issuer is obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the MSRB (defined below). This information will be available from the MSRB via the Electronic Municipal Market Access (“EMMA”) system at [www.emma.msrb.org](http://www.emma.msrb.org). The Issuer reserves the right to incorporate by reference its Official Statement dated July 27, 2021 relating to the Bonds (the “Official Statement”), which will be submitted to the MSRB, as hereinafter defined, at the time of delivery of the Bonds, in any future disclosure provided hereunder.

In addition to the definitions set forth above in the undertaking, which apply to any capitalized term used in this Agreement unless otherwise defined, if used the following capitalized terms shall have the following meanings:

“Annual Financial Information” shall mean the financial information or operating data of the type included in the final Official Statement, provided at least annually by the Issuer pursuant to, and as described in, Section 1 of this Agreement.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Business Day” shall mean a day other than a Saturday or a Sunday or a day on which banks in Maine are authorized or required by law to close.

“Dissemination Agent” shall mean the Issuer or any Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with SEC Rule 15c2-12.

“Holders” shall mean the registered Holders of the Bonds, as recorded in the registration books of the Registrar.

“Municipal Securities Rulemaking Board” or “MSRB” shall mean the Municipal Securities Rulemaking Board, established under the Securities and Exchange Act of 1934, as amended, or any successor thereto, with an address of 1300 I Street NW, Suite 1000, Washington, DC 20005.

“State” shall mean the State of Maine.

1. The Issuer will provide to the MSRB: (a) not later than 270 days after the end of each fiscal year, commencing with the fiscal year ending June 30, 2021, certain updated Annual Financial Information and operating data relating to the Issuer for the preceding fiscal year of the type presented in the Official Statement prepared in connection with the Bonds under the headings “TOWN FINANCES,” “INDEBTEDNESS,” “RETIREMENT” and in APPENDIX A to the Official Statement and such other Annual Financial Information and operating data as may be required to comply with the Rule; and (b) the updated information discussed in clause (a) above will include audited financial statements, if the Issuer commissions an audit and it is completed by the required time. If audited financial statements

are not available by the required time, the Issuer will provide audited financial statements when and if such audited financial statements become available. Such filings, if not completed by the required time in clause (a) above, but if filed when available, will not be deemed to be a “late filing”. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX A to the Official Statement or such other accounting principles as the Issuer may be required to employ from time to time pursuant to State law or regulation.

2. The Issuer will provide in a timely manner, not in excess of ten (10) Business Days, after the occurrence of an event listed in this Section 2 to the MSRB through EMMA (in an electronic format as prescribed by the MSRB) unless otherwise required by the MSRB, notice of the occurrence of any of the following events with respect to the Bonds:
  - (1) Principal and interest payment delinquencies;
  - (2) Non-payment related defaults, if material;
  - (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
  - (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
  - (5) Substitution of credit or liquidity providers, or their failure to perform;
  - (6) Adverse tax opinions, the issuance by the Internal Revenue Service of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
  - (7) Modifications to the rights of Holders of the Bonds, if material;
  - (8) Bond calls, if material, and tender offers;
  - (9) Defeasances;
  - (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
  - (11) Rating changes;
  - (12) Bankruptcy, insolvency, receivership or similar event of the Issuer (Note: For the purposes of the event identified in this subparagraph (12), the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.);
  - (13) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
  - (14) Appointment of a successor or additional trustee or the change of name of a trustee, material;
  - (15) Incurrence of a Financial Obligation of the Issuer or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or obligated person, any of which affect the Holders, if material; and
  - (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any Financial Obligation of the Issuer or obligated person, any of which reflect financial difficulties.

The Issuer from time to time may choose to provide notice of the occurrence of certain other events, in addition to those listed above, but the Issuer does not undertake to commit to provide any such notice of the occurrence of any material event except those listed above.

3. The Issuer will provide in a timely manner to the MSRB notice of a failure to satisfy the requirements of Section 1 herein. The Issuer hereby agrees that all documents and information provided to the MSRB

shall be provided in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

4. The intent of the Issuer's undertaking in this Agreement is to provide on a continuing basis the information described in the Rule. The provisions of the Agreement may be amended by the Issuer without the consent of, or notice to, any Beneficial Owners of the Bonds, (a) to comply with or conform to the provisions of the Rule or any amendments thereto or authoritative interpretations thereof by the Securities and Exchange Commission ("SEC") or its staff (whether required or optional), (b) to add a Dissemination Agent for the information required to be provided by such undertakings and to make any necessary or desirable provisions with respect thereto, (c) to add to the covenants of the Issuer for the benefit of the Beneficial Owners of the Bonds, (d) to modify the contents, presentation and format of the Annual Financial Information from time to time as a result of a change in circumstances that arises from a change in legal requirements, or (e) to otherwise modify the undertakings in a manner consistent with the requirements of the Rule concerning continuing disclosure; provided, however, that in the case of any amendment pursuant to clause (d) or (e), (i) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the offering of the Bonds, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances, and (ii) the amendment does not materially impair the interests of the Beneficial Owners of the Bonds, as determined either by a party unaffiliated with the Issuer (such as bond counsel), or by the vote or consent of Beneficial Owners of a majority in outstanding principal amount of the Bonds affected thereby at or prior to the time of such amendment.

Furthermore, the Issuer's obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment of in full of all of the Bonds or to the extent that the Rule, as in effect from time to time, no longer requires the issuers of municipal securities to provide all or any portion of the information the Issuer has agreed to provide pursuant to the Agreement, the obligation of the Issuer to provide such information also shall cease immediately.

5. The purpose of the Issuer's undertaking is to conform to the requirements of the Rule and, except for creating the right on the part of the Beneficial Owners of the Bonds, from time to time, to specifically enforce the Issuer's obligations hereunder, not to create new contractual or other rights for any Beneficial Owner of the Bonds, any municipal securities broker or dealer, any potential purchaser of the Bonds, the SEC or any other person. The sole remedy in the event of any actual or alleged failure by the Issuer to comply with any provision herein shall be an action for the specific performance of the Issuer's obligations hereunder and not for money damages in any amount. Any failure by the Issuer to comply with any provision of this undertaking shall not constitute an event of default with respect to the Bonds.
6. Except as disclosed in its Official Statement, the Issuer has never failed to comply in all material respects with any previous undertakings to provide Annual Financial Information or notices of material events in accordance with the Rule.

The Issuer's Treasurer, or such official's designee from time to time, shall be the contact person on behalf of the Issuer from whom the foregoing information, data and notices may be obtained. The name, address and telephone number of the initial contact person is: Joel E. Downs, Treasurer, Town of Kennebunk, 1 Summer Street, Kennebunk, ME 04043; Telephone: (207) 985-2102.

TOWN OF KENNEBUNK, MAINE

Dated: \_\_\_\_\_, 2021

By: \_\_\_\_\_  
Its: Treasurer

[This page left intentionally blank.]