

KENNEBUNK, KENNEBUNKPORT AND WELLS WATER DISTRICT

88th Annual Report

January 1, 2009 – December 31, 2009

92 Main Street, P.O. Box 88
Kennebunk, ME 04043
207-985-3385

TRUSTEES AND OFFICERS



From left, Superintendent Norm Labbe, Trustee Jim Burrows (Kennebunkport), Trustee Bob Emmons (Kennebunk), Trustee Tom Oliver (Wells), Treasurer Wayne Brockway Trustee Richard Littlefield (Ogunquit), and Assistant Superintendent Scott Minor

REPORT OF THE KENNEBUNK, KENNEBUNKPORT AND WELLS WATER DISTRICT

The Kennebunk, Kennebunkport and Wells Water District is a quasi-municipal public water utility that was established in 1921 by an act of the Maine State Legislature. The District serves an area that encompasses the Towns of Kennebunk, Kennebunkport, Wells, Ogunquit, Arundel and small portions of Biddeford and York. The area includes a population which varies seasonally from about 30,000 to over 100,000. It is directed by a four-member Board of Trustees, one each elected from the Towns of Kennebunk, Kennebunkport, Wells and Ogunquit.

For the Water District, 2009 was a unique and challenging year, marked primarily by a significant drop in water demand caused by the ongoing national economic downturn combined with a very rainy summer season. The District also saw the resolution of some longstanding litigation and the gradual winding down of the controversial debate that began in 2008 relating to the sale of excess spring water for resale as bottled water. In spite of the economic downturn, the District experienced some growth (74 new accounts), resulting in a customer growth rate of about 0.6%, as compared with the typical 1½ % to 2% growth rate of the past dozen years.

The District is continually evaluating itself; looking for opportunities to improve service and to reduce costs. Through attrition, job-sharing and cross-training between departments an additional full time position was eliminated, saving over \$60,000 in wages and benefits. As a short term method of reducing operating costs, several large water main projects (with high material costs) were postponed and replaced by a series of smaller diameter, lower cost seasonal main replacement projects.

Due primarily to the poor economy and a relatively wet summer, the total annual water production of 881 million gallons was 11% less than that of 2008. The District's recently (2007) developed groundwater sources were once again instrumental in helping the District meet water demands without the need for purchasing water from neighboring utilities, while reducing chemical costs by nearly \$85,000. For the first time ever, the District produced more drinking water from groundwater sources than from its historical surface water source, Branch Brook. Due to the many financial, operational and water quality benefits relating to the use of groundwater, we are currently in the process of developing an additional local, high-quality groundwater supply in the Alewife area of West Kennebunk.

As part of the conclusion of a regulatory proceeding relating to ongoing litigation with a local developer, the District implemented its first revenue-neutral rate schedule redesign on April 1st, 2009. This resulted in a water rate reduction for most "small" annual customers and an increase for many seasonal customers. The rate schedule is available on our website at www.kkw.org.

The District is proud to be one of only two water utilities in Maine to ever receive the SHAPE award from the Maine Department of Labor and Bureau of Labor Standards. This award, whose acronym stands for "Safety and Health Award for Public Sector Employers", is to recognize employers that strive to provide a "safe and healthful" workplace for its employees. The award is only given to exemplary employers after a thorough review and inspection of the employer's Safety and Health policies and Procedures by a Safety Works consultant.

The following is a partial list of distribution projects funded and installed by the District during 2009. These projects typically relate to our goal of optimizing water quality and improving system reliability by replacing outdated and substandard facilities with an eye toward accommodating anticipated growth.

Brown Street, Kennebunk: Replaced 2,666 feet of old 8-inch Transite (concrete) water main with an 8-inch PVC main. (Elimination of leakage prone main and done in conjunction with a Town road rebuilding project.)

Elm Street, Kennebunk: Replaced 250 feet of old 2-inch wrought iron and galvanized water main with a 3-inch HDPE main. (Water quality and potential for leaks.)

Old Alewife Road, Kennebunk: Replaced 876 feet of old 2-inch galvanized water main with an 8-inch PVC main. (Water quality and fire suppression improvement.)

Haverhill Avenue, Kennebunkport: Replaced 640 feet of old 2-inch galvanized summer main with a 3-inch HDPE main. (Elimination of leakage prone main and water quality improvement.).

Route One, Wells: Replaced 1,450 feet of old 10-inch cast iron main with a 20-inch ductile iron main – second phase of a two phase 3,100 foot project. (Fire suppression, transmission and water quality improvement..)

Bourne Avenue, Wells: Replaced 395 feet of seasonal 10-inch main with a 12-inch HDPE main. (In conjunction with MDOT bridge replacement project.)

Dixon Run Road, Ogunquit: Replaced 800 feet of old 2-inch galvanized summer main with a 3-inch HDPE main. (Elimination of leakage prone main and water quality improvement.)

Cedar Lane, Ogunquit: Replaced 1,100 feet of old 2-inch galvanized summer main with a 3-inch HDPE main. (Elimination of leakage prone main, pressure and water quality improvement.)

Chestnut Road and Birch Drive, Ogunquit: Replaced 1,563 feet of old 2-inch galvanized summer main with a 3-inch HDPE main. (Elimination of leakage prone main, pressure and water quality improvement.)

In addition to the above projects, individuals and developers funded numerous water main extensions totaling over 2,000 feet in length.

Drinking water quality remains a top priority. We are pleased to report that in addition to making aesthetic water quality improvements with our unique blending of groundwater and surface water, all State and Federal water quality standards were met during 2009. By maintaining a well-trained staff and continually upgrading our process equipment and control systems, we continually strive to assure the highest degree of reliability in the quality of drinking water for our customers.

The Trustees of the District appreciate the continuing effort and dedication of their employees, as well as the support and cooperation of their customers, area contractors and State and local municipal officials.

Respectfully submitted,

James E. Burrows, President
Thomas P. Oliver, Vice President
Richard H. Littlefield, Trustee
Robert A. Emmons, Trustee

Normand R. Labbe, Superintendent
Scott J. Minor, Assistant Superintendent
Wayne A. Brockway, Treasurer

**KENNEBUNK, KENNEBUNKPORT,
AND WELLS WATER DISTRICT
FINANCIAL REPORT**



DECEMBER 31, 2009 and 2008

**KENNEBUNK, KENNEBUNKPORT, AND WELLS WATER DISTRICT
FINANCIAL REPORT
DECEMBER 31, 2009 and 2008**

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Berry · Talbot · Royer

CERTIFIED PUBLIC ACCOUNTANTS



INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Kennebunk, Kennebunkport, and Wells Water District
Kennebunk, Maine

We have audited the accompanying statements of net assets of Kennebunk, Kennebunkport, and Wells Water District as of December 31, 2009 and 2008, and the related statements of revenues, expenses, and changes in net assets, and the statements of cash flows for the years then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kennebunk, Kennebunkport, and Wells Water District as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplemental information presented in Schedules 1 through 3 is not necessary for a fair presentation of the financial statements, but is presented as additional financial data. This information has been subjected to the same tests and other auditing procedures applied in the audit of the financial statements referred to above and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

A handwritten signature in cursive script that reads "Berry Talbot Royer".

Certified Public Accountants
July 21, 2010

Trustees:
Thomas P. Oliver, President
Robert A. Emmons, Vice President
Richard H. Littlefield
James E. Burrows

Kennebunk, Kennebunkport and Wells Water District

Normand R. Labbe, Superintendent
Scott J. Minor, Assistant Superintendent
Wayne A. Brockway, Treasurer

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Kennebunk, Kennebunkport and Wells Water District Management's Discussion and Analysis Year Ended December 31, 2009

Introduction of the Financial Statements

Overview of Financial Report

The District was established in 1921 as a quasi-municipal water utility district organized by a special act of the Maine State Legislature to provide and maintain a water treatment and distribution system for the inhabitants of the District. The District serves the Towns of Kennebunk, Kennebunkport, Wells, Ogunquit and portions of Arundel, York and Biddeford. The District is governed by a four member Board of Trustees, one elected from each of the Towns of Kennebunk, Kennebunkport, Wells and Ogunquit. The District is regulated by the Maine Public Utilities Commission, hereinafter called the Maine P.U.C.

The District uses a proprietary fund with two board designated funds. The District's fund is financed and operated in a manner similar to private businesses. The two board designated funds are the water supply protection fund and the system development fund.

This Management Discussion and Analysis (MD&A) serves as an introduction to the audited basic financial statements and notes. The MD&A is the District management's analysis of its financial condition and performance. It is presented to give the reader more insight on the District's finances.

The District's basic financial statements include:

- Statement of Net Assets
- Statement of Revenues, Expenses and Changes in Net Assets
- Statement of Cash Flows
- Notes to Financial Statements
- Schedule of Changes in Net Assets
- Schedule of Operating Expenses
- Schedule of Funding Progress (Post-Retirement Medical Plan)

Comparison of Financial Statements for Current and Prior Years

Condensed Statement of Net Assets:

	<u>2009</u>	<u>2008</u>	<u>Difference</u>	
Current Assets	\$ 1,945,666	\$ 1,420,828	\$ 524,838	36.9%
Other Assets	36,522	30,094	6,428	21.4%
Capital Assets	35,951,972	35,223,953	728,019	2.1%
Special Funds	<u>671,700</u>	<u>674,442</u>	<u>(2,742)</u>	(.4)%
Total Assets	38,605,860	37,349,317	1,256,543	3.4%
Current Liabilities	1,006,185	1,059,731	(53,546)	(5.1)%
Long-term Debt	5,525,979	4,812,583	713,396	14.8%
Other Liabilities	<u>1,638,059</u>	<u>1,496,349</u>	<u>141,710</u>	9.5%
Total Liabilities	8,170,223	7,368,663	801,560	10.9%
Invested in Capital assets, Net of Related Debt	\$ 29,806,529	\$ 29,889,510	\$ (82,981)	.3%
Total Unrestricted Net Assets	<u>629,108</u>	<u>91,144</u>	<u>537,964</u>	590.2%
Total Net Assets	<u>\$ 30,435,637</u>	<u>\$ 29,980,654</u>	<u>\$ 454,983</u>	

Current Assets

The increase in current assets by \$524,838 primarily resulted from an increase in cash and cash equivalents that were offset by a decrease in Bond Proceeds Receivable.

The increase of cash and cash equivalents is largely due the remaining proceeds from a 2009 General Obligation Bond issued by the Maine Municipal Bond Bank during the 4th quarter. Accounts receivable increased by \$41,189 primarily due to increased seasonal billings during the Month of December over the prior year.

Other Assets

Other assets increased by \$6,428 in 2009. The increase was mostly due to acquisition costs of \$4,917 of non-utility property. The remainder of the increase was due to new bond issuance costs offset by current year amortization.

Capital Assets

Capital assets grew by \$728,019 in 2009. That increase consisted of:

	<u>Additions</u>	<u>Retirements</u>	<u>Net Change</u>
Utility property	\$ 1,934,169	\$ (119,618)	\$ 1,814,551
Allowance for depreciation	<u>(859,139)</u>	<u>119,570</u>	<u>(739,569)</u>
	<u>\$ 1,075,030</u>	<u>\$ (48)</u>	1,074,982
Change in construction work in progress			<u>(346,963)</u>
			<u>\$ 728,019</u>

The additions to utility property included \$233,177 of contributed capital which included \$152,429 in System Development Charges. Utility Property retirements totaled \$119,617 during 2009.

The decrease in construction work in progress was related to the fact that the Route One, Wells SRF project was in process at year end in 2008. This project was larger than the new production well project which was in progress at year end in 2009.

Special Funds

During 2009 Special Funds decreased by a net amount of \$2,742. This asset category decreased primarily as a result of property acquisitions totaling \$152,468 transferred from the Water Supply Protection Fund as allowed by Maine law.

The Other Post Employment Benefits (or O.P.E.B.) Fund increased by a net amount of \$146,743 primarily due to funding contributions made during the year.

The combined investment income in 2009 for all Special Funds was \$3,015 (as compared to \$12,603 in 2008).

Long-term Debt

Long-term debt increased by a net amount of \$713,396 in 2009. The District financed several capital improvement projects with a 20 year, \$1,250,000 general obligation bond financed through the Maine Municipal Bond Bank. In addition, the District also financed new equipment through capital leases totaling \$121,062. Regular bond principal repayments in 2009 amounted to \$529,363.

Current Liabilities

Current liabilities decreased by a net amount of \$53,546 between 2008 and 2009. The major change for the year was a decrease in accounts payable of \$176,319. The decrease in Accounts Payable was related to the major project on Route 1, Wells which was in process at year end 2008. A combined increase of \$99,115 in the current portion of long-term debt and capital leases helped offset the decrease in Accounts Payable.

Other Liabilities

Customer deposits for construction increased by the amount of \$55,028 while the post retirement benefit accrual increased by \$98,245. Deferred credits, which are interest refunds received from bond refinancing, decreased by \$11,563 due to the current year amortization of the deferred credits. The net total increase in other liabilities was \$141,710.

Condensed Statement of Revenues, Expenses and Changes in Net Assets

	<u>2009</u>	<u>2008</u>	<u>Difference</u>	
Operating Revenue	\$ 5,075,205	\$ 5,337,269	\$ (262,064)	(4.9)%
Depreciation Expense	859,139	845,522	13,617	1.6%
Other Operating Expenses	4,033,018	4,071,871	(38,853)	(1.0)%
Net Non-operating (Income)	<u>(38,758)</u>	<u>(154,408)</u>	<u>115,650</u>	<u>(74.9)%</u>
Total Expenses	<u>4,853,399</u>	<u>4,762,985</u>	<u>90,414</u>	<u>1.9%</u>
Change in Net Assets before Contributions	221,806	574,284	(352,478)	(61.4)%
Contributions	<u>233,177</u>	<u>282,333</u>	<u>(49,156)</u>	<u>(17.4)%</u>
Change in Net Assets	454,983	856,617	(401,634)	(46.9)%
Beginning Net Assets	<u>29,980,654</u>	<u>29,124,037</u>	<u> 856,617</u>	<u> 2.9%</u>
Ending Net Assets	<u>\$ 30,435,637</u>	<u>\$ 29,980,654</u>	<u>\$ 454,983</u>	<u> 1.5%</u>

Operating Revenue

The vast majority (about 99%) of \$5.08 million in 2009 operating revenue comes from two sources: Metered water revenue and public and private fire protection charges.

Metered water revenue (\$4.29 million) - The District's Annual metered customers are billed quarterly. The billing includes a minimum charge (based on the size of their meter) for a minimum amount of cubic feet of water and a charge for each additional hundred cubic feet of water used above the respective minimums. Its Seasonal customers are billed a minimum charge in the spring and billed again in the summer and/or in the fall if consumption exceeds the yearly minimum allowance based upon a separate seasonal rate schedule. Metered water rates are regulated by the State of Maine's Public Utilities Commission. During 2009, metered water revenue decreased by just 6.2% (\$.3 million); due primarily to periods of unusually wet weather, a poor economy and a major rate restructuring which became effective April 1, 2009.

Public and private fire protection (\$.72 million) - This revenue includes charges to local municipalities for hydrants (public fire) and private/non-municipal organizations for ready to use water capacity for both hydrants and sprinkler systems. Fire protection charges are also regulated by the State of Maine's Public Utilities Commission. Public and Private Fire Protection Revenue for 2009 increased by 2.2% from \$.71 million in 2008, which was due primarily to the 2009 rate restructuring. Additional revenue came from new private fire customers during the year as well as new public fire hydrants.

Depreciation Expense

Depreciation expense went from \$845,522 in 2008 to \$859,139 in 2009, an increase of 1.6%. This increase can be attributed to the general growth in capital assets during 2009.

Other Operating Expense

Non-depreciation operating expense decreased from \$4.07 million in 2008 to \$4.03 million in 2009 by 1.0%. The expenses consisted of:

	<u>2009</u>	<u>2008</u>	<u>Difference</u>	
Salaries/wages	\$ 1,687,165	\$ 1,655,632	\$ 31,533	1.9%
Fringe benefits	1,176,554	1,149,282	27,272	2.4%
Purchased water, power & chemicals	382,310	461,706	(79,396)	(17.2)%
Operational & maintenance supplies	300,232	290,595	9,637	3.3%
Legal and audit fees	41,701	64,541	(22,840)	(35.4)%
Contracted services & Equipment Rentals	269,822	223,197	46,625	20.9%
Vehicle maintenance	59,032	51,393	7,639	14.9%
Bad Debt Expense	6,261	-	6,261	N/A
Insurance	93,497	102,533	(9,036)	(8.8)%
Miscellaneous expenses	16,444	20,285	(3,841)	(18.9)%
Regulatory Commission Exp.- Other	-	52,707	(52,707)	(100.0)%
	<u>\$ 4,033,018</u>	<u>\$ 4,071,871</u>	<u>\$ (38,853)</u>	<u>(1.0)%</u>

Expense category explanations:

Salaries/wages - This line item represents the amount of salary and wages that were expensed in these years, not the total salary and wages paid to the employees. Portions of the amount of salaries and wages paid to the employees are capitalized, and therefore shown on the Statement of Net Assets. The pay rates for District employees were approximately 1.5% higher in 2009 than 2008. The employee cost of living raises accounted for the majority of the \$31K increase. The remainder of the increase was due to a slightly lower amount of capitalized labor during 2009.

Employee benefits – Total Employee Benefits increased \$27K in 2009. The District's portion of health insurance costs increased \$24K due primarily to a 5.9% increase in premium costs. The number of employees insured varies but averages 40 employees in a given month.

Purchased water, power & chemicals – The District's decrease in total pumpage during 2009 of 11.7% was the prime cause of the overall reduction of \$79K in these costs. Purchased Power costs decreased by \$44K over 2008 mainly as a result of an 11.7% decrease in electricity consumption. The average cost per Kilowatt hour also decreased from 13.5 cents to 12.8 cents. Filtration Plant Chemical costs were lower by \$36K in 2009, a 20% decrease from 2008, largely due to unit price decreases and reduced pumpage. Purchased water costs were down in 2009 by \$(1K). Both purchased water and chemical usage were down somewhat due to the continued heavy reliance upon the District's ground water sources which produced 50% of the District's total pumpage during 2009 (up from 35% in 2008).

Legal and Audit Fees - Legal Fees decreased (\$24K) over 2008 as a result of less expenses incurred during 2009. Much of the decrease in these expenses were due to the resolution of a complaint first filed during 2005 with the Maine Public Utilities Commission concerning a dispute of the District's Metering Policy and System Development Charge with respect to a large new development of seasonal cottages. A complaint had also been filed by the same party with respect to the District's seasonal minimum charge which was resolved with the rate restructuring which took effect in April, 2009.

Operational and maintenance supplies - This category includes all material & supply expenses related to the operation and maintenance of the Plant, Distribution and Administrative areas and include items such as maintenance and repair parts, lab supplies, tools, office supplies, telephone, waste disposal, safety equipment and training, and miscellaneous expenses. These expenses increased by \$10K or 3% overall from 2008. One of the prime reasons for this increase was from an increase in Distribution System supplies over the previous year.

Contracted services & Equipment Rentals - This category, which includes a large array of services provided to the District by outside vendors, increased by 21% or approx. \$46K during 2009. The largest increase involved standpipe maintenance \$33K from 2008. In addition, contracted services related to Customer Service training for major software upgrades increased by \$17K.

Bad Debt Expense – The District uses a five year averaging formula each year to determine the level of bad debt expense required. In 2009 it was necessary to add an additional \$6K to the reserve based on this formula. During 2008 it was not necessary to add any additional amount to the reserve

Insurance - Insurance costs decreased by \$9K or (8.8) % from 2008. The District was able to lower its insurance expense due to a combination of its competitive bid process and soft market conditions.

Net Non-Operating Income

This item is primarily made up of \$251,329 of interest expense in addition to utility regulatory fees of \$39,483. These expenses were offset by \$261,350 of Tank Rental Revenues and Miscellaneous Non-Utility Income of \$60,858 comprised mostly of revenue received from timber harvesting.

Contributions

Contributions occur when development takes place within the District's service area. The contributions for 2009 and 2008 were:

	<u>2009</u>	<u>2008</u>	<u>Difference</u>	<u>%</u>
Main Extensions	\$ 27,039	\$ -	\$ 27,039	
System Development Charges	152,429	210,072	(57,643)	
Services	40,000	30,000	10,000	
Meters	13,709	26,962	(13,253)	
Miscellaneous	-	15,299	(15,299)	
Totals	<u>\$ 233,177</u>	<u>\$ 282,333</u>	<u>\$ (49,156)</u>	<u>(17.4%)</u>

Overall Financial Position and Results of Operations

To determine the change in the District's financial position in the past year we have focused on two elements: financial ratios and revenue stability.

Financial Ratios:

Two of the key financial ratios for analyzing the District's financial position are the current ratio and the coverage ratio. During 2009, the District's current ratio improved from 1.34 to 1.93 while the coverage ratio declined from 2.29 to 1.77. The increase in the District's current ratio in 2009 occurred largely due to the increase in cash and cash equivalents at year end as a result of the new bond issue. The decrease in the District's coverage ratio in 2009 was a direct result of the decrease in operating revenues.

Current Ratio:

	<u>2009</u>	<u>2008</u>
Current assets	\$ 1,945,666	\$ 1,420,828
Current liabilities	1,006,185	1,059,731

Current Ratio	1.93	1.34
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Coverage Ratio:

	<u>2009</u>	<u>2008</u>
Operating revenue	\$ 5,075,205	\$ 5,337,269
Non-operating Rental Revenue	261,350	253,285
Interest income	9,314	20,405
Miscellaneous income	<u>70,277</u>	<u>168,445</u>
Gross revenues	5,416,146	5,779,404

Operating expenses	4,892,157	4,917,393
Depreciation	<u>(859,139)</u>	<u>(845,522)</u>
Expenses	4,033,018	4,071,871

Net available - debt service	<u>\$ 1,383,128</u>	<u>\$ 1,707,533</u>
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Principal payments	\$ 529,363	\$ 500,458
Interest	<u>251,329</u>	<u>244,762</u>
	<u>\$ 780,692</u>	<u>\$ 745,220</u>

Coverage ratio	1.77	2.29
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Revenue Stability

Most of the District's operating revenue, 99% in both 2009 and 2008, comes from water assessments. These revenue sources are normally quite stable but 2009 saw a 6.1% decline in revenues due to a combination of factors. The poor economy, unusually wet summer weather and a water rate restructuring all contributed to the decline.

Water rates, both metered and fire protection, are regulated by the State of Maine's Public Utilities Commission (PUC). The PUC sets rates that allow the District to maintain operations and pay debt service. The District's last rate increase occurred in 2007. However, on April 1, 2009 the District's metered water rates were restructured on a revenue neutral basis in a way that more greatly rewards conservation. This change was part of an overall settlement of a long standing dispute with a large seasonal cottage complex over the District's system development charge and its seasonal minimum charge.

In addition, the District's metered water customer base is not concentrated. Residential customers, who make up 11,333 of the District's 12,576 water connections (90.1%), provided 59.0% of all operating revenue in 2009 and 60.3% in 2008. Non-residential metered customers represented 25.5% of all operating revenue in 2009 and 25.3% in 2008.

Fire protection (public and private) was 14.3% of all operating revenue for 2009, up 1.0% from 13.3% in 2008.

Operating revenue by type:

	<u>2009</u>	<u>2009 %</u>	<u>2008</u>	<u>2008 %</u>
Metered - residential	\$ 2,993,935	59.0%	\$ 3,218,754	60.3%
Metered - non-residential	1,294,577	25.5%	1,352,374	25.3%
Public fire	607,408	12.0%	606,420	11.4%
Private fire	116,670	2.3%	102,000	1.9%
Other operational revenue	<u>62,615</u>	<u>1.2%</u>	<u>57,721</u>	<u>1.1%</u>
Total operating revenue	<u>\$ 5,075,205</u>	<u>100.0%</u>	<u>\$ 5,337,269</u>	<u>100.0%</u>

Significant Changes to Individual Funds

Operating and Management Fund

Operating revenue decreased by 6.1% in 2009 due to wet summer weather, a poor economy, and a rate restructuring.

Operating expenses (excluding depreciation) were down 1.0% overall from 2008. The major reasons for the drop in expenses were the reductions in purchased water, power and chemicals due to much lower pumpage in 2009.

Water Supply Protection Fund

2009 and 2008 Revenue

	<u>2009</u>	<u>2008</u>	<u>Difference</u>	
Interest Income	<u>\$ 3,006</u>	<u>\$9,287</u>	<u>\$(6,281)</u>	<u>(67.6%)</u>

2009 and 2008 Additions/Withdrawals			
	<u>2009</u>	<u>2008</u>	<u>Difference</u>
Additions to Fund	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u> 0.0%
Withdrawals from Fund	\$ <u>152,468</u>	\$ <u>-</u>	\$ <u>152,468</u> 100.0%

System Development Fund

2009 and 2008 Revenue			
	<u>2009</u>	<u>2008</u>	<u>Difference</u>
Interest Income	\$ <u>9</u>	\$ <u>25</u>	\$ <u>(16)</u> (64.0)%

Other Post Employment Benefits Fund (OPEBF)

2009 and 2008 Fund Balance			
	<u>2009</u>	<u>2008</u>	<u>Difference</u>
Fund Balance	\$ <u>372,694</u>	\$ <u>225,951</u>	\$ <u>146,743</u> 64.9%

Significant Budget Variances

The District is not legally required to adopt budgetary accounting and reporting. However, an annual budget is prepared by management and approved by the Board of Trustees. The budget is prepared for the operating revenues and expenses.

Significant Capital Asset and Long-term Debt Activity

Every year, the Superintendent prepares the capital budget with input from the management staff. He submits this to the Board of Trustees for approval. If a capital expenditure is incurred during the year which is not included in the capital budget, the Superintendent will submit this expenditure to the Board of Trustees for supplemental approval.

Overall, gross utility property increased by \$1.82 million from \$47.20 million to \$49.02 million. The allowance for depreciation grew by \$.74 million and construction work in progress decreased by \$.35 million. Net utility property increased from \$35.22 million in 2008 to \$35.95 million in 2009.

Long Term Debt

During 2009, the District borrowed \$1.25 million in a 20 year serial bond from the Maine Municipal Bond Bank for several capital improvement projects. The District also retired \$.5 million of long term debt. In addition the District entered into capital leases for the purchase of \$.12 million of equipment.

The total bonded debt and capital leases (both the Long-term debt and the current portion) activity for 2009 is detailed below:

	<u>Beginning Balance</u>	<u>Issues</u>	<u>Retires</u>	<u>End Balance</u>
Bonded Debt	\$ <u>5,341,946</u>	\$ <u>1,250,000</u>	\$ <u>(529,363)</u>	\$ <u>6,062,583</u>
Capital Leases	\$ <u>-</u>	\$ <u>121,062</u>	\$ <u>(29,188)</u>	\$ <u>91,874</u>

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Kennebunk, Kennebunkport and Wells Water District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: **Wayne A. Brockway, Treasurer KK&W Water District, P.O. Box 88, Kennebunk, ME 04043.**

**KENNEBUNK, KENNEBUNKPORT, AND WELLS WATER DISTRICT
DECEMBER 31, 2009 and 2008**

BASIC FINANCIAL STATEMENTS

Exhibit A

**KENNEBUNK, KENNEBUNKPORT, AND WELLS WATER DISTRICT
STATEMENTS OF NET ASSETS
DECEMBER 31,**

ASSETS	<u>2009</u>	<u>2008</u>
Current Assets:		
Cash and Cash Equivalents	\$ 1,396,193	\$ 431,314
Accounts Receivable - Trade, Net	265,271	224,082
Accounts Receivable - Other	1,926	1,839
Bond Proceeds Receivable	-	470,577
Materials and Supplies Inventory	201,699	204,504
Prepaid Expenses	80,577	88,512
Total Current Assets	<u>1,945,666</u>	<u>1,420,828</u>
Other Special Funds:		
Water Supply Protection Fund	297,964	447,458
System Development Fund	1,042	1,033
Other Post Employment Benefits Fund (OPEBF)	372,694	225,951
Total Other Special Funds	<u>671,700</u>	<u>674,442</u>
Utility Plant and Equipment, in Service	49,017,237	47,202,686
Less: Accumulated Depreciation	(13,285,400)	(12,545,831)
Net Utility Plant, in Service	<u>35,731,837</u>	<u>34,656,855</u>
Construction, Work in Progress	220,135	567,098
Net Utility Plant and Equipment	<u>35,951,972</u>	<u>35,223,953</u>
Other Property:		
Non-Utility Property	27,508	22,591
Deferred Charges:		
Unamortized Bond Issue Costs	9,014	7,503
TOTAL ASSETS	<u>38,605,860</u>	<u>37,349,317</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	95,192	271,511
Other Accrued Liabilities	282,515	258,857
Current Portion of Capital Leases	35,452	-
Current Portion of Long-Term Debt	593,026	529,363
Total Current Liabilities	<u>1,006,185</u>	<u>1,059,731</u>
Long-Term Debt:		
Long-Term Portion of Capital Leases	56,422	-
Long-Term Debt	5,469,557	4,812,583
Total Long-Term Debt	<u>5,525,979</u>	<u>4,812,583</u>
Deferred Credits		
Customer Advances for Construction	395,794	340,766
Deferred Bond Interest	47,748	59,311
Total Deferred Credits	<u>443,542</u>	<u>400,077</u>
Post Retirement Benefits	1,194,517	1,096,272
TOTAL LIABILITIES	<u>8,170,223</u>	<u>7,368,663</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	29,806,529	29,889,510
Unrestricted	629,108	91,144
TOTAL NET ASSETS	<u>\$ 30,435,637</u>	<u>\$ 29,980,654</u>

The Accompanying Notes are an Integral Part of These Statements.

Exhibit B

**KENNEBUNK, KENNEBUNKPORT, AND WELLS WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31,**

	<u>2009</u>	<u>2008</u>
OPERATING REVENUES		
Metered-Residential	\$ 2,993,935	\$ 3,218,754
Metered-Commercial	1,294,577	1,352,374
Public Fire Protection	607,408	606,420
Private Fire Protection	116,670	102,000
Local Municipalities	50,215	49,155
Miscellaneous Service Revenues	12,400	8,566
Total Operating Revenues	<u>5,075,205</u>	<u>5,337,269</u>
OPERATING EXPENSES		
Operation and Maintenance (Schedule 2)	4,033,018	4,071,871
Depreciation	859,139	845,522
Total Operating Expenses	<u>4,892,157</u>	<u>4,917,393</u>
OPERATING INCOME	183,048	419,876
NON-OPERATING INCOME		
Rental Revenues	261,350	253,285
Interest Income	9,314	20,405
Merchandise and Jobbing Income	9,371	3,089
Miscellaneous Non-Utility Income	60,858	532
Gain on Disposal of Utility Plant	48	164,824
Total Non-Operating Income	<u>340,941</u>	<u>442,135</u>
NON-OPERATING EXPENSES		
Interest Expense	251,329	244,762
Taxes Other than Income	39,483	40,691
Amortization of Bond Issue Costs	754	699
Miscellaneous Non-Utility Expense	10,617	1,575
Total Non-Operating Expenses	<u>302,183</u>	<u>287,727</u>
CHANGE IN NET ASSETS BEFORE CONTRIBUTIONS	221,806	574,284
CONTRIBUTIONS		
Mains, Services, Meters, and Hydrants	<u>233,177</u>	<u>282,333</u>
CHANGE IN NET ASSETS	454,983	856,617
NET ASSETS - AT BEGINNING OF YEAR	<u>29,980,654</u>	<u>29,124,037</u>
NET ASSETS - AT END OF YEAR	<u>\$ 30,435,637</u>	<u>\$ 29,980,654</u>

The Accompanying Notes are an Integral Part of These Statements.

Exhibit C

**KENNEBUNK, KENNEBUNKPORT, AND WELLS WATER DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31,**

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 5,102,006	\$ 5,366,271
Cash Payments to Suppliers and Contractors	(1,384,982)	(1,085,004)
Cash Payments to Employee Services	<u>(2,745,298)</u>	<u>(2,769,590)</u>
Net Cash Provided by Operating Activities	971,726	1,511,677
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Long -Term Borrowings	1,250,000	286,773
Decrease in Bond Proceeds Receivable	470,577	-
Repayment of Long -Term Debt	(558,550)	(557,340)
Transfer of Funds from (to) the Water Supply Protection Fund	152,468	(227,200)
Transfer of Funds from (to) the Other Post Employment Benefits	(146,743)	(132,780)
Gain on Sale of Fixed Assets	48	164,824
Interest Paid	(257,176)	(259,630)
Acquisitions and Construction of Operating Property	(1,466,143)	(1,967,888)
Payment of Bond Issue Costs	(2,265)	(1,099)
Contributions in Aid of Construction Received	288,205	374,728
Net Cash Used by Capital and Related Financing Activities	<u>(269,579)</u>	<u>(2,319,612)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Rent Income	261,350	253,285
Interest Income Received	9,314	20,405
Reinvested Investment Income	(3,015)	(9,311)
Acquisition of Non-Utility Property	(4,917)	-
Net Cash Provided by Investing Activities	<u>262,732</u>	<u>264,379</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	964,879	(543,556)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>431,314</u>	<u>974,870</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,396,193</u>	<u>\$ 431,314</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 183,048	\$ 419,876
Jobbing Income	9,371	3,089
Miscellaneous Non-Utility Income	60,906	589
Taxes Other than Income	(39,483)	(40,691)
Miscellaneous Non-Utility Expense	(10,617)	(1,575)
Adjustments not affecting cash:		
Depreciation	859,139	845,522
Changes in Assets and Liabilities:		
(Increase) Decrease in:		
Accounts Receivable	(41,276)	22,763
Inventory	2,805	5,910
Prepaid Expense	7,935	(893)
(Decrease) Increase in:		
Accounts Payable	(176,319)	164,338
Other Accrued Liabilities	17,972	37,886
Post Retirement Benefits	98,245	54,863
Net Cash Provided by Operating Activities	<u>\$ 971,726</u>	<u>\$ 1,511,677</u>
SUPPLEMENTAL DISCLOSURE INFORMATION		
Equipment Purchased Through Non-cash Transactions	<u>\$ 121,062</u>	<u>\$ -</u>

The Accompanying Notes are an Integral Part of These Statements.

KENNEBUNK, KENNEBUNKPORT, AND WELLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

The summary of significant accounting policies of Kennebunk, Kennebunkport, and Wells Water District, hereinafter called the "District", are presented to assist in understanding the representations of the District's management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of Business

The District was established in 1921 as a quasi-municipal corporation organized by a special act of the Maine State Legislature to provide and maintain a water treatment and distribution system for the inhabitants of the District. The District serves the Towns of Kennebunk, Kennebunkport, Wells, Ogunquit and portions of Biddeford, Arundel and York. The District is governed by a four member Board of Trustees, one elected from each of the Towns of Kennebunk, Kennebunkport, Ogunquit and Wells. The District is regulated by the Maine Public Utilities Commission, hereinafter called the "Maine P.U.C.". The District extends credit to its customers that consist of residential, commercial, and governmental entities at regular terms without collateral.

Basis of Accounting

The financial statements of the District have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units utilizing an enterprise fund to account for its operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the periodic determination of revenues earned, expenses incurred, and net income is desired for purposes of facilitating management control and accountability. The District complies with Governmental Accounting Standards Board (GASB) relating to Governmental Entities that use Proprietary Fund Accounting, and related to basic financial statements and management discussion and analysis report. For enterprise funds, GASB provides the District the option of electing to apply FASB pronouncements issued after November 30, 1989. The District has elected not to apply those pronouncements.

KENNEBUNK, KENNEBUNKPORT, AND WELLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's proprietary funds are the net charges to customers for water usage. Operating expenses include expenses on source and pumping operations and maintenance, water treatment, transportation and distribution operations and maintenance, customer account, administrative and general, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating income and expenses. Rental revenues from various wireless cellular companies are treated as non-operating income.

Cash and Cash Equivalents

For purposes of the statement of cash flows the District considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Maine statutes authorize investments in obligations of the U. S. Treasury and U. S. Agencies, and repurchase agreements. The District invests its funds in an effort to ensure preservation of capital, remain sufficiently liquid, and attain a reasonable market rate of return. Investments are reported at cost.

Allowance for Bad Debts

The District uses the allowance method to account for uncollectible accounts receivables. The allowance for doubtful accounts is based on prior years' experience and management's analysis of possible bad debts.

Inventory

Materials and supplies inventories are valued at the lower of cost or market using the weighted average cost method.

Unamortized Bond Issue Costs

Costs incurred to issue long-term bonds together with discounts allowed at the time of purchase are amortized on a straight-line basis over the term of the bond issue. Amortization expenses for 2009 and 2008 were \$754 and \$699, respectively.

**KENNEBUNK, KENNEBUNKPORT, AND WELLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008**

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (Continued)

Utility Plant

Utility plant is stated at cost and depreciation is calculated on the straight-line method at rates established by the Maine P.U.C. Useful lives pursuant to Chapter 680 of the Maine P.U.C. range from 5 to 100 years. Utility property retirements are charged in total to the accumulated depreciation account when they occur.

Capitalization Policy

Expenditures that materially increase values, change capacities, or extend useful lives are capitalized. The amounts charged to utility plant accounts represent all reasonable and necessary costs, including labor, materials, overhead, equipment charges, and interest costs incurred during the construction period. Routine maintenance and repairs are expended as incurred.

Contributions in Aid of Construction

Pursuant to GASB, contributions in aid are reported as income.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - DEPOSITS

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the bank's failure, the District will not be able to recover the value of its deposits and investments that are in the possession of an outside party.

Deposits

As of December 31, 2009, \$1,221,732 of the District's bank balance of \$2,143,433 was subject to custodial credit risk as follows:

Collateralized with securities held by the pledging bank in the District's name	<u>\$ 1,221,732</u>
--	---------------------

**KENNEBUNK, KENNEBUNKPORT, AND WELLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008**

NOTE 3 - ACCOUNTS RECEIVABLE - TRADE

The amount for accounts receivable is shown as net of the allowance for bad debts as follows at December 31,:

	<u>2009</u>	<u>2008</u>
Accounts Receivable	\$ 273,414	\$ 231,891
Less: Allowance for Bad Debts	<u>(8,143)</u>	<u>(7,809)</u>
	<u>\$ 265,271</u>	<u>\$ 224,082</u>

NOTE 4 - OTHER SPECIAL FUNDS

The Board of Trustee's has internally restricted funds for future capital projects. These internally restricted funds were invested in certificate of deposits. These special fund balances as of December 31, 2009 and 2008 are as follows:

Water Supply Protection Fund

Pursuant to *Sec. 1.35-A M.R.S.A. Sec. 6113* of State of Maine law, a consumer-owned water utility may establish a water supply protection fund to which a sum may be credited annually from surplus funds. The balance of the fund as of December 31, 2009 and 2008 was \$297,964 and \$447,458, respectively. Please refer to *Note 9* for further discussion of this fund.

System Development Fund

In accordance with the Maine P.U.C. regulations, the District is authorized to impose a charge to customers who expand their water capacity. All funds collected must be segregated and maintained in a separate interest bearing account and the revenue dedicated as required by law. The District submits to the Maine P.U.C. a financial activity report annually. The balance of the fund as of December 31, 2009 and 2008 was \$1,042 and \$1,033, respectively.

Other Post-Retirement Employment Benefits Fund (OPEBF)

The District provides certain health care and sick time benefits for retired employees (*See Note 9*). The cash balance at December 31, 2009 and 2008 was \$372,694 and \$225,951 respectively.

KENNEBUNK, KENNEBUNKPORT, AND WELLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008

NOTE 5 - UTILITY PLANT AND EQUIPMENT

The following is a summary of property, plant and equipment at December 31:

	<u>Beginning</u>	<u>Additions</u>	<u>Retirement</u>	<u>Ending</u>
Utility Property, Not Being Depreciated:				
Organizational Costs	\$ 50,709	\$ -	\$ -	\$ 50,709
Land	2,819,883	153,217	-	2,973,100
Utility Property, Being Depreciated:				
Structures	4,071,815	24,078	-	4,095,893
Impounding Dams And Reservoirs	65,277	-	-	65,277
Intake and Suction Mains	17,455	-	-	17,455
Wells	855,886	151,427	-	1,007,313
Pumping Equipment	1,855,872	12,686	-	1,868,558
Purification Equipment	1,285,940	28,613	-	1,314,553
Tanks and Standpipes	2,530,785	-	-	2,530,785
Transmission and Distribution Mains	24,913,197	1,192,720	-	26,105,917
Services	4,792,365	103,391	(3,800)	4,891,956
Meters	1,455,822	47,997	(21,159)	1,482,660
Fire Hydrants	817,707	39,558	(3,600)	853,665
General Equipment	<u>1,669,973</u>	<u>180,482</u>	<u>(91,059)</u>	<u>1,759,396</u>
	47,202,686	1,934,169	(119,618)	49,017,237
Less: Accumulated Depreciation	<u>(12,545,831)</u>	<u>(859,139)</u>	<u>119,570</u>	<u>(13,285,400)</u>
Net Property and Equipment	<u>\$ 34,656,855</u>	<u>\$ 1,075,030</u>	<u>\$ 48</u>	<u>\$ 35,731,837</u>

The depreciation expense for the years ended December 31, 2009 and 2008 was \$859,139 and \$845,522 respectively.

**KENNEBUNK, KENNEBUNKPORT, AND WELLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008**

NOTE 6 - LONG-TERM DEBT

Bonded indebtedness and land mortgage payable including amounts due currently, are summarized as follows at December 31:

Bonds Payable

<u>Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Beginning Balance</u>	<u>Addition</u>	<u>Retirement</u>	<u>Ending Balance</u>
5.00% - 7.85%	7-88	November 2018	\$ 699,593	\$ -	\$ (49,051)	\$ 650,542
6.13% - 6.75%	5-91	October 2011	225,000	-	(75,000)	150,000
5.22% - 6.52%	10-94	November 2014	360,000	-	(60,000)	300,000
2.09% - 4.29%	10-03	November 2018	833,333	-	(83,333)	750,000
3.00% - 5.70%	10-05	November 2020	800,002	-	(66,666)	733,336
1.80% - 6.25%	10-06	November 2021	866,668	-	(66,666)	800,002
2.84%	11-08	October 2028	757,350	-	(28,647)	728,703
2%-5.5%	10-09	November 2029	-	1,250,000	-	1,250,000
			4,541,946	1,250,000	(429,363)	5,362,583

Mortgage Payable – Land

4.2%	11-07	October 2016	800,000	-	(100,000)	700,000
			<u>\$ 5,341,946</u>	<u>\$ 1,250,000</u>	<u>\$ (529,363)</u>	<u>\$ 6,062,583</u>

Current	\$ 529,363	\$ 593,026
Long-term	4,812,583	5,469,557
	<u>\$ 5,341,946</u>	<u>\$ 6,062,583</u>

Annual scheduled maturities of long-term debt are as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Amount</u>
2010	\$ 593,026	\$ 272,189
2011	594,241	240,704
2012	538,512	209,479
2013	540,347	181,803
2014	542,286	155,389
2015 - 2019	2,035,723	427,769
2020 - 2024	718,800	136,520
2025 - 2029	<u>499,648</u>	<u>32,922</u>

KENNEBUNK, KENNEBUNKPORT, AND WELLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008

NOTE 7 - CAPITAL LEASES

During 2009, the District leased equipment under an agreement that is classified as capital leases. The cost of the equipment under capital lease is included in the statement of net assets as part of the utility plant and equipment, in service in the amount of \$121,062. Accumulated amortization of the leased equipment at December 31, 2009 was \$3,654. Amortization of assets under capital leases is included in depreciation expense.

The following is a summary of capital lease transactions of the District for the year ended December 31, 2009:

	<u>December 31</u>	<u>Amount</u>
	2010	\$ 39,800
	2011	40,698
	2012	15,759
	2013	<u>2,693</u>
Total minimum lease payments		98,950
Less: Amounts representing interest		<u>(7,076)</u>
Present value of net minimum lease payments		91,874
Less: Current maturities of capital lease obligations		<u>(35,452)</u>
Long-term capital lease obligations		<u>\$ 56,422</u>

NOTE 8 - DEFERRED CREDIT

At December 31, 2009 and 2008 the deferred credits consisted of:

Customer Advances for Construction

The District receives advances for construction from, or on behalf of, customers. Unused advances are refunded to the customers once the projects are completed. Customers' advances aggregated to \$395,794 and \$340,766 in 2009 and 2008, respectively.

Deferred Bond Interest

Refunds received from bond refinancing are capitalized and amortized over the remaining life of the bond, decreasing interest expense in the current and subsequent years. The total reduction of interest expense for years ended 2009 and 2008 was \$11,563 and \$12,862, respectively. Deferred bond credit for the years ended 2009 and 2008 was \$47,748 and \$59,311, respectively.

**KENNEBUNK, KENNEBUNKPORT, AND WELLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008**

NOTE 9 - OTHER POST RETIREMENT EMPLOYMENT BENEFITS (OPEB)

Post Retirement Medical Plan

Plan Description

On September 26, 1991, the Board of Trustees voted to offer post retirement health insurance to the District's employees. The Kennebunk, Kennebunkport, Wells Water District's post retirement medical plan is a single employer defined benefit medical plan administered by the District. The District provides certain health care benefits for retired employees. To become eligible for the benefit, the employees have to work for a minimum of 10 years and be at least 60 years old and retire immediately upon leaving the District's employment. Employees will receive 1 year of paid health insurance benefits for each 5 years of service performed. The Board of Trustees has the authority to amend the benefits provisions of the postemployment medical plan. The Kennebunk, Kennebunkport, Wells Water District's post retirement medical plan issues a stand-alone financial report.

Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2009, the District contributed \$40,871 to the plan.

Annual OPEB Cost and Net OPEB Obligation (Medical Plan)

The District's post retirement medical plan benefit cost is calculated based on annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of Government Accounting Standards Board (GASB) 45. GASB No. 45 was applied prospectively. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year. The following table shows the components of the District's annual post retirement medical plan cost for the year, the amount actually contributed to the plan, and changes in the District's medical plan obligation:

Annual Required Contribution	\$ 136,327
Interest on Net OPEB Obligation	39,751
Adjustment to Annual Required contribution	<u>(56,355)</u>
Annual OPEB Cost	119,723
Contributions Made	<u>(40,871)</u>
Increase in Net OPEB Obligation	78,852
Net OPEB Obligation (Medical Plan) – Beginning of Year	<u>993,784</u>
Net OPEB Obligation (Medical Plan) – End of Year	<u>\$ 1,072,636</u>

**KENNEBUNK, KENNEBUNKPORT, AND WELLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008**

NOTE 9 - OTHER POST RETIREMENT EMPLOYEMENT BENEFITS (Continued)

Post Retirement Medical Plan

The District's annual post retirement medical plan cost, the percentage of annual post retirement medical cost contributed to the plan, and the net post retirement obligation for 2009 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2007	\$ 106,975	71%	\$ 943,989
2008	126,339	61%	991,839
2009	136,327	30%	1,072,636

Funded Status and Funding Progress

The funded status of the plan as of the most recent valuation date of December 31, 2009, is as follows:

<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as Percentage Of Covered Payroll</u>
\$ 0	\$ 1,377,889	\$ (1,377,889)	0%	N/A	N/A

The District is accumulating funds in anticipation of future retiree medical obligations. However, since the funds have not been irrevocably committed to fund retiree medical obligations, they are not considered assets for the purposes of GASB No.45 accounting. For GASB 45 accounting purposes, the plan is considered funded on a pay-as-you-go basis.

**KENNEBUNK, KENNEBUNKPORT, AND WELLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008**

NOTE 9 - OTHER POST RETIREMENT EMPLOYMENT BENEFITS (Continued)

Post Retirement Medical Plan

Actuarial Methods and Assumptions

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. The required contribution was determined as part of the December 31, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included a 4% investment rate of return. The actuarial value of employer plan assets as of the valuation date is equal to the fair value of assets. The unfunded actuarial liability adjustment is the annual level dollar amortization of the unfunded actuarial accrued liability over 30 years.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Post Retirement Sick-time Reimbursement Benefit

The District provides post-retirement sick-time reimbursement benefits to its employees. All full-time employees who retire from the District will be paid for a portion of their accumulated unused sick leave on a basis of 1% per year of employment to a maximum of 60 days. The employee must have worked for the District a minimum of ten years to be eligible.

The funded status of the post-retirement sick-time benefit is as follows:

	<u>2009</u>	<u>2008</u>
Benefit Obligations at December 31,	\$ 159,611	\$ 145,942
Fair Value of Plan Assets	-	-
Unrecognized Prior Service Cost and Net Gain	<u>(37,730)</u>	<u>(41,509)</u>
Funded Status – End of Year	<u>\$ (121,881)</u>	<u>\$ (104,433)</u>

The above obligation is presented in the balance sheet as part of the post retirement benefits and is reported as a long-term obligation.

The District is accumulating funds in anticipation of future retiree sick-time reimbursement obligations. However, since the funds have not been irrevocably committed to fund retiree sick-time obligations, they are not considered assets for the purposes of Statement of financial Accounting Standards (SFAS) No. 158 accounting. For SFAS No. 158 accounting purposes, the plan is considered funded on a pay-as-you-go basis.

**KENNEBUNK, KENNEBUNKPORT, AND WELLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008**

NOTE 9 - OTHER POST RETIREMENT EMPLOYMENT BENEFITS (Continued)

Post Retirement Sick-time Reimbursement Benefit

The following are the weighted-average assumptions used to determine benefit obligations at December 31:

	<u>2009</u>	<u>2008</u>
Discount Rate	6.00%	6.00%

The following are weighted-average assumptions used to determine net periodic benefit cost for the years ended December 31:

	<u>2009</u>	<u>2008</u>
Discount Rate	6.00%	6.00%
Expected Long-term Return on Plan Assets	N/A	8.00%

The following is the District's annual post retirement sick-time reimbursable cost for the year:

	<u>2009</u>	<u>2008</u>
Net Periodic Pension Cost	<u>\$ 17,448</u>	<u>\$16,687</u>

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

<u>Fiscal Year Ending</u>	<u>Estimated Benefit Payments</u>
2010	\$ 15,429
2011	13,106
2012	-
2013	21,517
2014	-
2015 to 2019	\$ 88,996

KENNEBUNK, KENNEBUNKPORT, AND WELLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008

NOTE 10 - APPROPRIATIONS OF NET ASSETS

The District has established appropriated net assets for various purposes. At December 31, 2009 and 2008 appropriated net assets were as follows:

Funded Debt Retired Through Surplus

The District's policy is to appropriate from net income, annually, an amount equal to the principal payment of the bonds. Appropriations at December 31, 2009 were \$429,362. The appropriated funded debt retired through surplus balance at December 31, 2009 and 2008 was \$13,789,864 and \$13,360,502, respectively.

Water Supply Protection Reserve

Pursuant to *Sec. 1.35-A M.R.S.A. Sec. 6113* of State of Maine law, a consumer-owned water utility may establish a water supply protection fund to which a sum may be credited annually from surplus funds. The annual credit may not exceed 5% of the prior year's total revenue. In addition, the maximum fund accumulation is 15% of the prior year's revenue. Interest earned in the fund must remain in the fund and be used solely for the purposes of the fund. For the year ended 2009, there was an adjusted net loss of \$(164,633), therefore, no appropriation would be allowed. The interest income for the years ended 2009 and 2008 was \$3,006 and \$9,287, respectively. The cumulative balance of the reserve at December 31, 2009 and 2008 was \$297,964 and \$447,426, respectively.

Mortgage Payment Appropriation

The District appropriates from net income annually, an amount equal to the year's principal payment on the mortgage. Appropriations for the year ended 2009 was \$100,000. The appropriated mortgage payment balance at December 31, 2009 and 2008 was \$550,000 and \$450,000 respectively.

**KENNEBUNK, KENNEBUNKPORT, AND WELLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008**

NOTE 11 - EMPLOYEE RETIREMENT PLAN

Effective July 1, 1996, the District became a participant of the Maine State Retirement System's (MSRS) cost sharing, multiple employer consolidated retirement plan. Accordingly, due to the consolidation, details of the pension obligation pertaining to the District can no longer be presented. Additional information may be obtained from the MSRS.

Under the participating local district (PLD) consolidated retirement plan, participants contribute 6.5% of earnable compensation. The District's contribution to the plan is approximately 3% of earnable compensation. This amount is either increased or decreased by the amortization of the District's Initial Unpooled Unfunded Actuarial Liability (IUUAL) over the next 8 years from July 1, 2009. The District's net contributions for the years ended 2009 and 2008 were \$46,941 and \$44,531, respectively.

Employees participating are eligible for normal retirement upon attaining the age of sixty and five or more years of service or early retirement after completing twenty-five or more years of creditable service. Vested participants are entitled to a retirement benefit equal to a fraction of the average final compensation multiplied by the years of membership service (discounted for early retirement).

NOTE 12 - OPERATING LEASE COMMITMENT

The District entered into a five-year agreement to license accounting software, equipment and services in 2003 with an application service provider. The agreement expired on June 30, 2008 and was renewed for a three-year period which commenced on July 1, 2008. Under the agreement, the District is obligated to pay minimum annual license fees as follows:

<u>Year</u>	<u>Amount</u>
2010	60,727
2011	30,364

License fees for the years ended 2009 and 2008 were \$60,727 and \$54,413, respectively.

NOTE 13 - REVENUE FROM OPERATING LEASES

The District leases various water tank sites to wireless cellular companies under long-term operating leases. The leases are primarily five-year terms with consecutive renewal terms. Rental increases are generally equal to the change in the CPI index during such year. Rental revenues are recognized as earned over the term of the leases. For years ended 2009 and 2008 total rental revenue was \$261,350 and \$253,285, respectively.

KENNEBUNK, KENNEBUNKPORT, AND WELLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008

NOTE 14 - INCOME TAX STATUS

The District qualifies as a tax exempt organization under the provisions of the Internal Revenue code and is not subject to any State or Federal income taxes.

NOTE 15 - 7% TEST

Pursuant to Chapter 670 of the Maine P.U.C. regulations, a water utility must annually determine if, in of any three consecutive years, its adjusted net income has equaled or exceeded 7% of the utility's annual operating expenses. This test is calculated by multiplying 7% of the total utility operating expenses, which are composed of operation and maintenance expenses, depreciation and amortization, and taxes other than income taxes.

For years ended 2009 and 2008 the District's adjusted net income did not equal or exceed 7% of its annual operating expenses.

NOTE 16 - RISK MANAGEMENT

The District 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 District carries commercial insurance. Based on the coverage provided by commercial insurance purchased, the District is not aware of any material actual or potential claim liabilities that should be recorded at December 31, 2009. Settled claims have not exceeded insurance coverage for any of the past three fiscal years.

Litigation

The District is subject to certain legal proceedings and claims which arise in the normal course of conducting its activities. In the opinion of management, the District has defensible positions.

NOTE 17 - RECLASSIFICATIONS

Certain reclassifications have been made to the prior years' financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or retained earnings.

**KENNEBUNK, KENNEBUNKPORT, AND WELLS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008**

NOTE 18 - SUBSEQUENT EVENT

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through July 16, 2010, the date the financial statements were available to be issued.

On January 27, 2010, the Board of Trustees voted for the authorization of the issuance of water revenue bonds not to exceed \$2,027,000, to fund a series of proposed water main replacement projects in Kennebunkport. This note is being financed through the Maine Municipal Bond Bank (MMBB) and includes principal forgiveness of \$391,263. Therefore, the net amount payable by the District will be \$1,635,737. It is anticipated that the short-term no interest financing through the MMBB will be converted to a long-term bond in April, 2011.

On January 22, 2010, the District filed with the Maine Public Utilities Commission (MPUC) for a 5% rate increase for its metered and private fire protection customers. In accordance with state regulations, the public fire protection rates will increase by 2.7%. This rate increase was subsequently approved by MPUC and became effective on April 7, 2010.

On July 12, 2010, the District received the approval from Maine Drinking Water Program for an additional production well located in Kennebunk. The 5 year payment agreement for the easement and permanent water rights with the private landowner requires \$100,000 payment in 2010 which was subsequently made. The total cost of the permanent easement and water rights is \$500,000.

**KENNEBUNK, KENNEBUNKPORT, AND WELLS WATER DISTRICT
DECEMBER 31, 2009 and 2008**

SUPPLEMENTARY INFORMATION

KENNEBUNK, KENNEBUNKPORT, AND WELLS WATER DISTRICT
 SCHEDULES OF CHANGES IN NET ASSETS
 YEAR ENDED DECEMBER 31, 2009
 (With Comparative Totals for 2008)

Schedule 1

	Appropriated		Water Supply Protection Fund and Restricted Reserves	Contributions in Aid of Construction	Unappropriated		2009 Total	2008 Total
	Funded Debt Retired Through Surplus	Mortgage Payment						
BALANCES - BEGINNING OF YEAR	\$ 13,360,502	\$ 450,000	\$ 448,460	\$ -	\$ 15,721,692	\$ 29,980,654	29,124,037	
Net Income	-	-	3,014	-	218,792	221,806	574,284	
Drawing - Purchase of Land	-	-	(152,468)	-	152,468	-	-	
Contributions in Aid for Construction	-	-	-	233,177	-	233,177	282,333	
Transfer of the Balance of Construction	-	-	-	(233,177)	233,177	-	-	
Current Year Loan Principal Payments	429,362	100,000	-	-	(529,362)	-	-	
Current Year Appropriation	-	-	-	-	-	-	-	
BALANCES - END OF YEAR	<u>\$ 13,789,864</u>	<u>\$ 550,000</u>	<u>\$ 299,006</u>	<u>\$ -</u>	<u>\$ 15,796,767</u>	<u>\$ 30,435,637</u>	<u>\$ 29,980,654</u>	

Schedule 2

**KENNEBUNK, KENNEBUNKPORT, AND WELLS WATER DISTRICT
SCHEDULES OF OPERATING EXPENSES
YEARS ENDED DECEMBER 31,**

	<u>2009</u>	<u>2008</u>
SOURCE AND PUMPING OPERATIONS		
Labor	\$ 122,638	\$ 106,641
Officer	8,947	7,412
Pensions and Benefits	91,761	79,172
Purchased Water	2,869	2,367
Purchased Power	202,375	242,197
Transportation Expense	5,021	3,880
Insurance - Vehicles	738	697
Materials and Supplies	9,537	1,868
Contractual Services	23,525	20,419
Equipment Rental	401	334
Insurance - Workers' Compensation	3,233	3,505
Total Source and Pumping Operations	<u>471,045</u>	<u>468,492</u>
SOURCE AND PUMPING MAINTENANCE		
Labor	162,147	169,516
Officer	11,828	11,782
Pensions and Benefits	121,323	125,851
Materials and Supplies	66,844	71,163
Contractual Services	12,403	18,132
Transportation Expense	6,639	6,167
Insurance - Vehicles	976	1,108
Insurance - Workers' Compensation	4,275	5,572
Total Source and Pumping Maintenance	<u>386,435</u>	<u>409,291</u>
WATER TREATMENT EXPENSES		
Labor	169,392	177,355
Officer	12,358	12,328
Pensions and Benefits	126,744	131,671
Purchased Power	15,110	17,500
Materials and Supplies	20,162	23,414
Chemicals	143,149	178,805
Contractual Services	21,476	20,340
Equipment Rental	2,400	2,400
Transportation Expense	6,936	6,452
Insurance - Vehicles	1,019	1,159
Insurance - Workers' Compensation	4,466	5,830
Total Water Treatment Expenses	<u>523,210</u>	<u>577,254</u>
TRANSPORTATION AND DISTRIBUTION EXPENSES - OPERATIONS		
Labor	381,563	351,967
Officer	27,835	24,464
Pensions and Benefits	285,496	261,305
Purchased Power	9,581	12,001
Materials and Supplies	12,025	7,587
Contractual Services	777	1,501
Transportation Expense	15,623	12,805
Insurance - Vehicles	2,296	2,301
Insurance - Workers' Compensation	10,059	11,569
Total Transportation and Distribution Expenses - Operations	<u>745,255</u>	<u>685,500</u>

Schedule 2 (Continued)

**KENNEBUNK, KENNEBUNKPORT, AND WELLS WATER DISTRICT
SCHEDULES OF OPERATING EXPENSES
YEARS ENDED DECEMBER 31,**

	<u>2009</u>	<u>2008</u>
TRANSPORTATION AND DISTRIBUTION		
EXPENSES - MAINTENANCE		
Labor	\$ 233,874	\$ 232,047
Officer	17,060	16,129
Pensions and Benefits	174,991	172,275
Materials and Supplies	80,345	71,269
Contractual Services	85,783	63,277
Transportation Expense	9,576	8,442
Insurance - Vehicles	1,407	1,517
Insurance - Workers' Compensation	6,166	7,627
Total Transportation and Distribution Expenses - Maintenance	<u>609,203</u>	<u>572,583</u>
CUSTOMER ACCOUNTS EXPENSES		
Labor	150,506	146,412
Officers	33,414	35,251
Pensions and Benefits	128,257	126,104
Materials and Supplies	35,689	41,689
Contractual Services	82,934	64,369
Transportation Expense	6,162	5,327
Insurance - Vehicles	905	957
Insurance - Workers' Compensation	4,519	5,583
Bad Debt Expense	6,261	-
Total Customer Account Expenses	<u>448,648</u>	<u>425,692</u>
ADMINISTRATIVE AND GENERAL EXPENSES		
Labor	221,614	228,650
Officers	133,988	135,678
Pensions and Benefits	247,981	252,904
Purchased Power	9,226	8,834
Materials and Supplies	75,630	73,607
Contractual Services	81,824	96,966
Professional Regulation	-	52,707
Insurance - General Liability	43,369	42,416
Transportation Expense	9,074	8,319
Insurance - Vehicles	1,333	1,495
Insurance - Workers' Compensation	8,737	11,197
Miscellaneous Expense	16,445	20,285
Total Administrative and General Expenses	<u>849,222</u>	<u>933,058</u>
TOTAL OPERATING EXPENSES	<u>\$ 4,033,018</u>	<u>\$ 4,071,871</u>

Schedule 3

**KENNEBUNK, KENNEBUNKPORT, AND WELLS WATER DISTRICT
SCHEDULE OF FUNDING PROGRESS (POST RETIREMENT MEDICAL PLAN)
YEARS ENDED DECEMBER 31,**

Actuarial Valuation Year	Actuarial Value of Asset	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	<u>Funded</u> Ratio	Covered Payroll	UAAL as a % of Covered Payroll
2007	\$ -	\$ 943,989	\$ (943,989)	0%	N/A	N/A
2008	-	993,784	(993,784)	0%	N/A	N/A
2009	-	1,377,889	(1,377,889)	0%	N/A	N/A

2009 OPERATIONAL REPORT

PERSONNEL

Education:

The District’s employees attended several educational meetings and seminars covering many subjects such as:

Pumps	Basic First Aid
Confined Space	Ladder Safety
Electrical Safety	Customer Service
Defensive Driving	Hearing Protection
Workplace Ergonomics	Sexual Harassment
Bloodborne Pathogens	Respiratory Protection
Respirator & Air Quality	Trenching & Excavation
Lockout/Tagout Training	Certification Exam Review
Operator forum Utility Safety	How to Use Crystal Reports
Coaching the Backhoe Operator	Advanced Defensive Driving
Preventing Accidents in the Workplace	Southern Maine Safety Rodeo
Water Infrastructure Reaches a Crossroad	Distribution System Operation
National Incident Management System (NIMS)	

SERVICES

<u>New Installations</u>	<u>Renewals</u>	<u>Total Active Services</u>
102	76	10,564

METERING

Meters:

Number in service at beginning of year	12,736
New installations	222
Number in service at end of year	12,577

Meters serving seasonal customers are installed in the Spring and after removal during the Fall are tested and repaired as needed, then stored for the winter. Area plumbers, along with District personnel, set seasonal meters in a cooperative program which is not only beneficial to the District, but to the customer and the plumber as well. As a result of the cooperation received from the area plumbers, the success of the program has continued.

MAINS**DISTRIBUTION MAINS IN SERVICE (FEET)**

	<u>SIZE</u>	<u>2008</u>	<u>ADDED</u>	<u>RETIRED</u>	<u>2009</u>
Deep	20"	69,329	1,500		70,829
Deep	16"	86,924			86,924
Deep	12"	145,588	965		146,553
Deep	10"	142,246	345	1,931	140,660
Deep	8"	309,575	4,860	42	314,393
Deep	6"	157,810	7	4	157,813
Deep	4'	18,262	378	20	18,620
Surface	4"	3,801			3,801
Deep	3"	9,310	250		9,560
Surface	3"	18,122	3,706		21,828
Deep	2½"	634			634
Surface	2½"	388			388
Deep	2"	59,471	52	1,178	58,345
Surface	2"	26,346	496	3,714	23,128
Deep	1½"	918			918
Surface	1½"	7,062			7,062
Deep	1¼"	3,225			3,225
Surface	1¼"	3,034			3,034
Deep	1"	10,257			10,257
Surface	1"	20,689			20,689
Deep	¾"	2,856			2,856
Surface	¾"	3,915			3,915
		1,099,762	12,559	6,889	1,105,432

GATE VALVES INSTALLED

¾"	1"	1½"	2"	4"	6"	8"	10"	12"	16"	20"
--	--	--	--	2	2	14	1	3	--	1

2009 MAINS INSTALLED

<u>TOWN</u>	<u>LOCATION</u>	<u>SIZE</u>	<u>MATERIAL</u>	<u>LENGTH</u>	<u>REMARKS</u>
Kennebunk	Elm Street	3"	P.E.	250'	Main Relay
	Old Alewife Road	6"	D.I.	3'	Main Relay
		8"	PVC	876'	
	Brown Street	6"	D.I.	4'	Main Relay
		8"	D.I.	28'	
		8"	PVC	2,634'	
	Livewell Drive	8"	D.I.	358'	Main Extension
		10"	D.I.	310'	
	Sea Grass Lane	4"	D.I.	360'	Main Extension
		8"	D.I.	510'	
Water Street	8"	D.I.	18'	Main Relay	
Grove Street	4"	D.I.	18'	Main Relay	
Kennebunkport	Haverill Street	2"	P.E.	8'	Seasonal Main Relay
		3"	P.E.	640'	
Wells	Devito Court	2"	P.E.	52'	Main Relay
	Bourne Avenue	10"	D.I.	12'	Main Relay
		12"	P.E.	395'	
	Heritage Pines Drive	12"	PVC	570'	Main Extension
	Rest Vu Lane	8"	PVC	425'	Main Extension
	Route One (Post Road)	10"	D.I.	20'	Main Relay
20"		D.I.	1,500'		
Tatnic Road	8"	D.I.	11'		
Ogunquit	Dixon Run Road	3"	P.E.	800'	Seasonal Main Relay
	Chestnut Lane	3"	P.E.	1,098'	Seasonal Main Relay
	Cedar Log Lane	3"	P.E.	902'	Seasonal Main Relay
	Hemlock Lane	3"	P.E.	266'	Seasonal Main Relay
Biddeford	Mile Stretch Road	10"	D.I.	3'	Main Relay
York	Rose Cove Lane	2"	P.E.	488'	Seasonal Main Extension
TOTAL				12,559'	

HYDRANTS

During 2009, 2 public and 5 private hydrants were installed and 1 private hydrant became public, making a total of 698 public and 233 private hydrants in the District's system.

NEW INSTALLATIONS

<u>Town</u>	<u>No.</u>	<u>Ownership</u>	<u>Location</u>
Kennebunk	1	Private	Bethesda House Drive
Kennebunk	1	Public	Livewell Drive
Kennebunk	1	Private	Sea Grass Lane
Wells	2	Private	Sea Glass Village
Wells	1	Public	Post Road
Ogunquit	1	Private	Paradise by the Sea Condominiums

HYDRANT REPLACEMENTS

<u>Town</u>	<u>No.</u>	<u>Ownership</u>	<u>Location</u>
Kennebunk	1	Public	389 Cat Mousam Road
Kennebunk	1	Public	79 Brown Street
Kennebunk	1	Public	95 Brown Street
Kennebunk	1	Public	105 Brown Street
Kennebunk	1	Public	118 Brown Street
Kennebunk	1	Public	Gooch Avenue at Crescent Avenue
Kennebunk	1	Public	Lords Point Road
Kennebunk	1	Public	Great Hill Road
Kennebunk	1	Public	Summer Street
Kennebunk	1	Public	Pine Street
Kennebunkport	1	Public	10 Mills Road
Wells	1	Public	52 Post Road
Ogunquit	1	Public	Captain Thomas Rd at Ocean Heights Lane
Biddeford	1	Public	Gilbert Place

HYDRANTS TRANSFERRED FROM PRIVATE TO PUBLIC

<u>Town</u>	<u>No.</u>	<u>Ownership</u>	<u>Location</u>
Kennebunk	1	Public	Shape Drive

MONTHLY PUMPING RECORDS

Gallons Pumped

		<u>2008</u>	<u>2009</u>
January		47,321,300	46,004,900
February		44,812,500	41,806,200
March		49,171,100	48,016,100
April		59,601,800	57,502,600
May		92,797,350	84,351,100
June		118,078,400	88,075,000
July		151,165,700	116,209,200
August		139,932,600	135,657,800
September		104,318,400	101,171,800
October		74,069,700	68,269,600
November		54,315,900	47,769,700
December		57,684,000	48,650,300
Subtotal	(KKWWD)	993,268,750	882,775,200
	(Biddeford/Saco)	323,500	709,100
TOTAL		993,592,250	883,484,300

MONTHLY SNOW AND RAINFALL

	<u>2008</u>		<u>2009</u>	
	Snow Inches	Rain Inches	Snow Inches	Rain Inches
January	17.0	1.76	28.6	0.32
February	38.3	5.68	17.0	1.85
March	22.2	4.87	13.1	1.07
April	---	4.78	--	4.89
May	---	2.48		4.59
June	---	4.27		8.72
July	---	7.92		9.76
August	---	3.31		4.99
September	---	11.84		1.52
October	---	3.22		5.01
November	---	4.85		7.68
December	25.8	3.91	18.8	4.14
Totals	103.3	58.89	77.5	54.44