

***TOWN OF BAR HARBOR***

***FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT***

***FOR THE FISCAL YEAR  
ENDED JUNE 30, 2015***

**TOWN OF BAR HARBOR  
 FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES  
 FOR THE YEAR ENDED JUNE 30, 2015**

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## ***INDEPENDENT AUDITOR'S REPORT***

Members of the Town Council  
Town of Bar Harbor  
Bar Harbor, ME 04609

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bar Harbor, Maine as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statement***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Bar Harbor, Maine, as of June 30, 2015, 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.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension disclosure schedules on pages 3 through 7, 41 and 42, respectively 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 financial statements, and other knowledge we obtained during our audit of the 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Bar Harbor, Maine's financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Respectfully Submitted,

**James W. Wadman, C.P.A.**

James W. Wadman, C.P.A.  
December 18, 2015

**TOWN OF BAR HARBOR, MAINE**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2015**

Management of the Town of Bar Harbor, Maine provides this *Management's Discussion and Analysis* of the Town's financial performance for readers of the Town's financial statements. This narrative overview and analysis of the financial activities of the Town is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the financial statements and accompanying notes that follow.

The financial statements herein include all of the activities of the Town of Bar Harbor, Maine (the Town) using the integrated approach as prescribed by Government Accounting Standards Board (GASB) Statement No. 34.

**FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT**

**Government-wide Highlights:**

*Net Position* – The assets of the Town exceeded its liabilities at fiscal year ending June 30, 2015 by \$33,149,279 (presented as “net position”). Of this amount, \$9,489,842 was reported as “unrestricted net position”. Unrestricted net position represents the amount available to be used to meet the Town's ongoing obligations to citizens and creditors.

*Changes in Net Position* – The Town's total net position decreased by \$892,103 (a 2.6% decrease) for the fiscal year ended June 30, 2015. Net position of governmental activities decreased by \$1,141,257 (a 5.3% decrease), while net position of business-type activities showed an increase of \$249,154 (a 2.0% increase).

**Fund Highlights:**

*Governmental Funds – Fund Balances* – As of the close of the fiscal year ended June 30, 2015, the Town's governmental funds reported a combined ending fund balance of \$8,893,544 with \$322,092 being general unassigned fund balance. This unassigned fund balance represents approximately 1.9% of the total general fund expenditures for the year.

**Long-term Debt:**

The Town's total long-term debt obligations increased by \$2,040,626 (27.9%) during the current fiscal year. Existing debt obligations were retired according to schedule. Additional information on the Town's long-term debt can be found in Note 3d of this report on pages 30-32.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional required supplementary information (budgetary comparison) and other supplementary information. These components are described below:

**Government-wide Financial Statements**

The Government-wide financial statements present the financial picture of the Town from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the Town (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain elimination entries have occurred as prescribed by the statement in regards to inter-fund activity, payables and receivables.

The government-wide financial statements can be found on pages 8-9 of this report.

**Fund Financial Statements**

The fund financial statements include statements for each of the three categories of activities – governmental, business-type and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The business-type activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds

are not available to support the Town’s own programs. Reconciliation of the fund financial statements to the Government-wide financial statements is provided to explain the differences created by the integrated approach.

The basic governmental fund financial statements can be found on pages 10-13 of this report.  
 The basic proprietary fund financial statements can be found on pages 14-16 of this report.  
 The basic fiduciary fund financial statements can be found on pages 17 of this report.

**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 the financial statements can be found on pages 18-41 of this report.

**Required Supplementary Information**

This section includes a budgetary comparison schedule, which includes a reconciliation between the statutory fund balance for budgetary purposes and the fund balance for the general fund as presented in the governmental fund financial statements (if necessary) as well as pension related schedules. Required supplementary information can be found on pages 42-43 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Position**

68.7% of the Town’s net position reflects its net investment in capital assets such as land, buildings, equipment and infrastructure (roads, bridges and other immovable assets) less any related debt used to acquire those assets that are still outstanding. The Town uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the Town’s investment in its capital assets is reported net of accumulated depreciation and net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

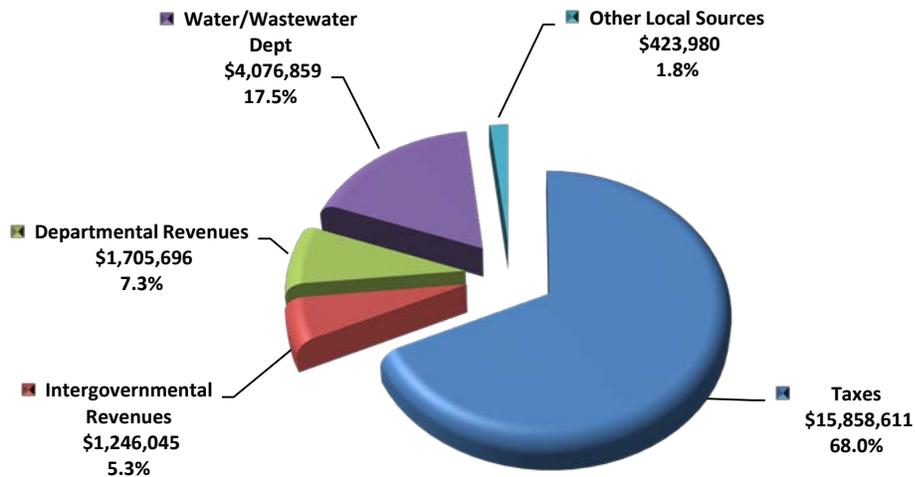
	<b>Governmental Activities</b>	<b>Business-like Activities</b>	<b>Total 2015</b>	<b>Total 2014</b>
Current Assets	11,133,621	2,818,860	13,952,481	12,873,110
Capital Assets	21,258,933	19,802,463	41,061,396	40,097,160
<b>Total Assets</b>	<b>32,392,554</b>	<b>22,621,323</b>	<b>55,013,877</b>	<b>52,970,270</b>
Related to Pensions	120,440	21,729	142,169	
<b>Total Deferred Outflows of Resources</b>				
<b>Total Assets and Deferred Outflows of Resources</b>	<b>32,512,994</b>	<b>22,643,052</b>	<b>55,156,046</b>	<b>52,970,270</b>
Current Liabilities	1,718,902	378,709	2,097,611	2,844,675
Other Liabilities	9,930,316	9,121,487	19,051,803	16,048,966
<b>Total Liabilities</b>	<b>11,649,218</b>	<b>9,500,196</b>	<b>21,149,414</b>	<b>18,893,641</b>
Prepaid Property Taxes	42,063		42,063	35,247
Related to Pensions	618,476	196,814	815,290	
<b>Total Deferred Inflows of Resources</b>	<b>660,539</b>	<b>196,814</b>	<b>857,353</b>	<b>35,247</b>
Held for Postemployment Benefits	182,670		182,670	159,858
Net Investment in Capital Assets	11,907,774	10,858,951	22,766,725	22,878,217
Restricted	710,042		710,042	145,761
Unrestricted	7,402,751	2,087,091	9,489,842	10,857,546
<b>Total Net Position</b>	<b>20,203,237</b>	<b>12,946,042</b>	<b>33,149,279</b>	<b>34,041,382</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>32,512,994</b>	<b>22,643,052</b>	<b>55,156,046</b>	<b>52,970,270</b>

**Changes in Net Position**

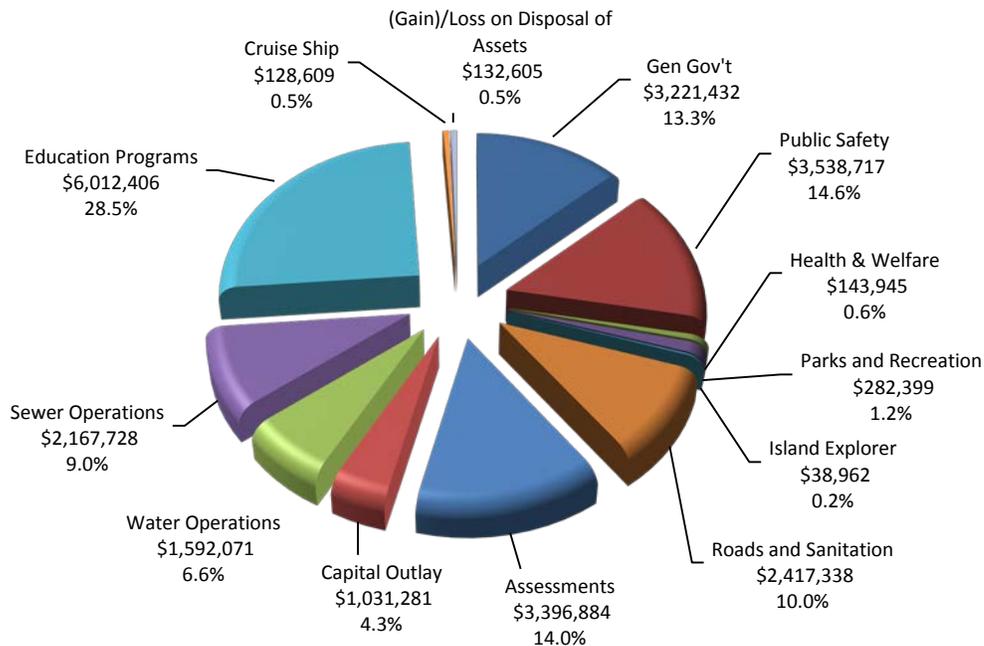
Approximately 68.0% of the Town’s total revenue came from property and excise taxes, approximately 5.3% came from Federal and State subsidies and grants, and approximately 26.7% came from services, investment earnings and other sources. Depreciation expense on the Town’s governmental and business-like activity assets represents \$1,902,787 of the total expenses for the fiscal year.

	<b>Governmental Activities</b>	<b>Business-like Activities</b>	<b>Total 2015</b>	<b>Total 2014</b>
<b>Revenues:</b>				
Taxes	15,858,611		15,858,611	15,350,327
Intergovernmental Revenues	1,246,045		1,246,045	303,334
Departmental Revenues	1,705,696	3,889,578	5,595,274	6,615,316
Other Local Sources	423,980	187,281	611,261	862,733
<b>Total</b>	<b>19,234,332</b>	<b>4,076,859</b>	<b>23,311,191</b>	<b>23,131,710</b>
<b>Expenses:</b>				
General Government	3,221,432		3,221,432	2,843,738
Public Safety	3,538,717		3,538,717	2,814,484
Health & Welfare	143,945		143,945	145,954
Parks and Recreation	282,399		282,399	303,609
Island Explorer Shuttle Bus	38,962		38,962	38,720
Roads and Sanitation	2,417,338		2,417,338	2,200,194
Assessments	3,396,884		3,396,884	3,160,004
Capital Outlay	1,031,281		1,031,281	916,633
Water Operations		1,592,071	1,592,071	1,453,321
Sewer Operations		2,167,728	2,167,728	1,853,208
Education Programs	6,111,323		6,111,323	6,151,581
Cruise Ship	128,609		128,609	131,993
(Gain)/Loss on Disposal of Assets	64,699	67,906	132,605	84,518
<b>Total</b>	<b>20,375,589</b>	<b>3,827,705</b>	<b>24,203,294</b>	<b>22,097,957</b>
<b>Changes in Net Position</b>	<b>(1,141,257)</b>	<b>249,154</b>	<b>(892,103)</b>	<b>1,033,753</b>

## Revenues By Source - Governmental and Business-Type



## Expenditures by Source - Governmental and Business-Type



## **FINANCIAL ANALYSIS OF THE TOWN'S INDIVIDUAL FUNDS**

### **Governmental Funds**

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

At the end of the fiscal year, the Town's governmental funds reported ending fund balances of \$8,893,544, an increase of \$1,023,314 in comparison with the prior year. Approximately 3.6 percent of this total amount constitutes unassigned fund balance. The remainder is reserved to indicate that it is not available for spending because it has been committed to liquidate contracts and commitments of the prior fiscal year or for a variety of other purposes.

Variances between actual General Fund revenues and expenditures and the final amended budget included the following:

- \$147,950 positive variance in property taxes due to lower deferred property taxes and supplemental issued. Lower deferred property taxes resulted in part from more aggressive collection efforts.
- \$(55,734) negative variance in ambulance billings due to 11% fewer runs and write offs at the same level.
- \$(20,742) negative variance in police revenues due to the budget being too aggressive.
- \$(20,881) negative variance in legal counsel due to an Emera Maine lawsuit and petitions for Land Use Ordinances. All suits are settled and nothing pending.
- \$104,830 positive variance in employee benefits due to health insurance premiums coming in at lower rates than budgeted for and more opt-out reimbursements than expected. There was also a favorable MPERS budgeting error.
- \$38,300 positive variance in planning due to the planning director starting later than budgeted and no land use ordinances re-written.
- \$(30,125) negative variance in the highway division due to a low budget for electricity, cleaning of the new building and higher expenses for the winter storms.
- \$23,471 positive variance in the ambulance division due to lower spending on wages with some shifts not filled and more part-time wages being utilized.

### **Proprietary Funds**

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

## **CAPITAL ASSET ADMINISTRATION**

### **Capital Assets**

The Town's investment in capital assets for its governmental and business-like activities amounts to \$73,823,722, net of accumulated depreciation of \$32,762,326, leaving a net book value of \$41,061,396. Current year additions included Capital Improvements, Water and Sewer additions.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town's finances for all citizens, taxpayers, investors and creditors. This financial report seeks to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Town of Bar Harbor, 93 Cottage Street, Bar Harbor, ME 04609.

**TOWN OF BAR HARBOR**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

*Exhibit A*

	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
<b>Assets:</b>			
Cash and Equivalents	8,437,992	1,955,578	10,393,570
Investments	1,709,578		1,709,578
Receivables			
Taxes and Liens	707,101	52,648	759,749
User Fees, net		570,319	570,319
Accounts	58,631	6,831	65,462
Ambulance	122,896		122,896
Accrued Interest	2,357		2,357
Prepaid Expense		44,062	44,062
Inventory	16,982	184,489	201,471
Due from Other Governments	78,084		78,084
Bond Issuance Costs, Net		4,933	4,933
Capital Assets:			
Land	2,059,514	164,126	2,223,640
Construction Work in Progress	647,817	3,867	651,684
Other Capital Assets, Net of Depreciation	18,551,602	19,634,470	38,186,072
<b>Total Assets:</b>	<b>32,392,554</b>	<b>22,621,323</b>	<b>55,013,877</b>
<b>Deferred Outflows of Resources:</b>			
Related to Pensions	120,440	21,729	142,169
<b>Total Deferred Outflows of Resources</b>	<b>120,440</b>	<b>21,729</b>	<b>142,169</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>32,512,994</b>	<b>22,643,052</b>	<b>55,156,046</b>
<b>Liabilities, Deferred Inflows of Resources and Net Position:</b>			
<b>Liabilities:</b>			
Accounts Payable	722,250	60,446	782,696
Retainage Payable	124,356		124,356
Payroll Taxes Deductible	12,984		12,984
Accrued Salaries Payable	568,140	22,948	591,088
Accrued Compensated Absences	294,434	41,808	336,242
Accrued Interest Payable		37,834	37,834
Internal Balances	(15,490)	50,673	35,183
Construction Advances		165,000	165,000
Deposits Payable	12,228		12,228
Long-term Liabilities:			
Net Pension Liability	579,157	173,042	752,199
Due Within One Year	530,607	989,227	1,519,834
Due in More Than One Year	8,820,552	7,959,218	16,779,770
<b>Total Liabilities</b>	<b>11,649,218</b>	<b>9,500,196</b>	<b>21,149,414</b>
<b>Deferred Inflows of Resources:</b>			
Prepaid Taxes	42,063		42,063
Related to Pensions	618,476	196,814	815,290
<b>Total Deferred Inflows of Resources</b>	<b>660,539</b>	<b>196,814</b>	<b>857,353</b>
<b>Net Position:</b>			
Held for Postemployment Benefits	182,670		182,670
Net Investment in Capital Assets	11,907,774	10,858,951	22,766,725
Restricted	710,042		710,042
Unrestricted	7,402,751	2,087,091	9,489,842
<b>Total Net Position</b>	<b>20,203,237</b>	<b>12,946,042</b>	<b>33,149,279</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>32,512,994</b>	<b>22,643,052</b>	<b>55,156,046</b>

The notes to financial statements are an integral part of this statement.

**TOWN OF BAR HARBOR**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

*Exhibit B*

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants</u>	<u>Governmental Activities</u>	<u>Business-like Activities</u>	<u>Total</u>
<u>Primary Government</u>						
<u>Governmental Activities:</u>						
General Government	3,221,432	458,480	-	(2,762,952)		(2,762,952)
Public Safety	3,538,717	462,312	-	(3,076,405)		(3,076,405)
Health and Welfare	143,945			(143,945)		(143,945)
Parks & Recreation	282,399	950	-	(281,449)		(281,449)
Island Explorer Shuttle Bus	38,962			(38,962)		(38,962)
Roads and Sanitation	2,417,338	74,885		(2,342,453)		(2,342,453)
Assessments	3,396,884			(3,396,884)		(3,396,884)
Capital Outlay	1,031,281			(1,031,281)		(1,031,281)
Education	6,111,323	55,477	698,050	(5,357,796)		(5,357,796)
Cruise Ship	128,609	631,589		502,980		502,980
<u>Total Governmental Activities</u>	<u>20,310,890</u>	<u>1,683,693</u>	<u>698,050</u>	<u>(17,929,147)</u>		<u>(17,929,147)</u>
<u>Business-type Activities:</u>						
Wastewater	2,167,728	2,094,304			(73,424)	(73,424)
Water	1,592,071	1,795,274			203,203	203,203
<u>Total Business-type Activities</u>	<u>3,759,799</u>	<u>3,889,578</u>			<u>129,779</u>	<u>129,779</u>
<u>Total Primary Government</u>	<u>24,070,689</u>	<u>5,573,271</u>	<u>698,050</u>	<u>(17,929,147)</u>	<u>129,779</u>	<u>(17,799,368)</u>
<u>General Revenues:</u>						
Taxes						
Property				14,927,335		14,927,335
Auto and Boat Excise				931,276		931,276
Intergovernmental Revenues				547,995		547,995
Other Local Sources				445,983	14,398	460,381
Water Building Proceeds					172,883	172,883
Gain/(Loss) on Disposal of Assets				(64,699)	(67,906)	(132,605)
<u>Total Revenues, Special Items and Transfers</u>				<u>16,787,890</u>	<u>119,375</u>	<u>16,907,265</u>
<u>Changes in Net Position</u>				<u>(1,141,257)</u>	<u>249,154</u>	<u>(892,103)</u>
<u>Net Position - Beginning</u>				<u>21,344,494</u>	<u>12,696,888</u>	<u>34,041,382</u>
<u>Net Position - Ending</u>				<u>20,203,237</u>	<u>12,946,042</u>	<u>33,149,279</u>

The notes to financial statements are an integral part of this statement.

**TOWN OF BAR HARBOR**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2015**

*Exhibit C*  
*Page 1 of 2*

	<i>General Fund</i>	<i>CIP Fund</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
<b>Assets</b>				
Cash and Equivalents	8,435,706		2,286	8,437,992
Investments	1,696,765		12,813	1,709,578
Receivables				
Taxes	32,149			32,149
Tax Liens	674,952			674,952
Accounts	57,871	760		58,631
Ambulance Fees	122,896			122,896
Accrued Interest	2,357			2,357
Inventory	16,982			16,982
Due from Other Governments	78,084		-	78,084
Due from Other Funds	50,673	5,986,512	-	6,037,185
<b>Total Assets</b>	<b>11,168,435</b>	<b>5,987,272</b>	<b>15,099</b>	<b>17,170,806</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	243,354	478,896		722,250
Retainage Payable		124,356		124,356
Payroll Taxes/Deductions	12,984			12,984
Accrued Salaries Payable	568,140			568,140
Accrued Compensated Absences	252,568			252,568
Due to Other Funds	6,021,695		-	6,021,695
Deposits Payable	12,228			12,228
<b>Total Liabilities</b>	<b>7,110,969</b>	<b>603,252</b>	<b>-</b>	<b>7,714,221</b>
<b>Deferred Inflows of Resources:</b>				
Prepaid Taxes	42,063			42,063
Unavailable Property Taxes	518,371			518,371
Unavailable Rental Income	2,607			2,607
<b>Total Deferred Inflows of Resources</b>	<b>563,041</b>	<b>-</b>	<b>-</b>	<b>563,041</b>
<b>Fund Balances</b>				
Nonspendable	1,853		11,757	13,610
Restricted	696,432			696,432
Committed		5,384,020		5,384,020
Assigned	2,474,048		3,342	2,477,390
Unassigned	322,092			322,092
<b>Total Fund Balances</b>	<b>3,494,425</b>	<b>5,384,020</b>	<b>15,099</b>	<b>8,893,544</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>11,168,435</b>	<b>5,987,272</b>	<b>15,099</b>	<b>17,170,806</b>

(Continued)

The notes to financial statements are an integral part of this statement.

**TOWN OF BAR HARBOR**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2015**

**Exhibit C**  
**Page 2 of 2**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total Fund Balance	8,893,544
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$20,388,711	21,258,933
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds:	
Unavailable Revenues	520,978
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Bonds Payable	(9,336,644)
Accrued Compensated Absences - School Department	(41,866)
Capital Leases Payable	(14,515)
Related to Pensions (Net Pension Liability, Deferred Outflows, Deferred Inflows)	(1,077,193)
	<u>(10,470,218)</u>
Net Position of Governmental Activities	<u><u>20,203,237</u></u>

The notes to financial statements are an integral part of this statement.

**TOWN OF BAR HARBOR**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

*Exhibit D*  
*Page 1 of 2*

	<i>General Fund</i>	<i>CIP Fund</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
Revenues				
Taxes	15,970,837			15,970,837
Intergovernmental Revenues	1,190,913	55,132	-	1,246,045
Departmental Revenues	1,705,696			1,705,696
Other Local Sources	284,082	167,533	77	451,692
<b>Total Revenues</b>	<b>19,151,528</b>	<b>222,665</b>	<b>77</b>	<b>19,374,270</b>
Expenditures				
General Government	2,667,383		-	2,667,383
Public Safety	2,628,465		-	2,628,465
Health and Welfare	130,008			130,008
Parks and Recreation	229,730		-	229,730
Island Explorer Shuttle Bus	38,962			38,962
Roads and Sanitation	1,916,540		-	1,916,540
Education	5,987,399			5,987,399
Assessments	3,396,884			3,396,884
Cruise Ship	128,609			128,609
Capital Outlay		3,668,976		3,668,976
<b>Total Expenditures</b>	<b>17,123,980</b>	<b>3,668,976</b>	<b>-</b>	<b>20,792,956</b>
Excess of Revenues Over (Under) Expenditures	2,027,548	(3,446,311)	77	(1,418,686)
Other Financing Sources (Uses)				
Bond Proceeds		2,442,000		2,442,000
Transfers from Other Funds	268,907	1,981,393	-	2,250,300
Transfers to Other Funds	(2,250,273)	-	(27)	(2,250,300)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,981,366)</b>	<b>4,423,393</b>	<b>(27)</b>	<b>2,442,000</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	46,182	977,082	50	1,023,314
Fund Balance - July 1	3,448,243	4,406,938	15,049	7,870,230
<b>Fund Balance - June 30</b>	<b>3,494,425</b>	<b>5,384,020</b>	<b>15,099</b>	<b>8,893,544</b>

(Continued)

The notes to financial statements are an integral part of this statement.

**TOWN OF BAR HARBOR**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**Exhibit D**  
**Page 2 of 2**

Net change in fund balances - total governmental funds	1,023,314
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital asset purchases capitalized	2,236,321
Gain/(Loss) on Disposal of Assets	(64,699)
Depreciation expense	(1,082,479)
	<u>1,089,143</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Unavailable Revenues	(27,712)
Unavailable Taxes	(112,226)
	<u>(139,938)</u>
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:	
Bond Proceeds	(2,442,000)
Capital lease obligation principal payments	14,053
General obligation bond principal payments	387,321
	<u>(2,040,626)</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	4,043
Pension Plans (Deferred Outflows, Net Pension Liability, Deferred Inflows)	(1,077,193)
	<u>(1,073,150)</u>
Change in net position of governmental activities	<u>(1,141,257)</u>

The notes to financial statements are an integral part of this statement.

**TOWN OF BAR HARBOR**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**JUNE 30, 2015**

*Exhibit E*

<i>Assets</i>	<i>Wastewater Enterprise</i>	<i>Water Enterprise</i>	<i>Total</i>
<b><i>Current Assets:</i></b>			
Cash and Equivalents	1,727,463	228,115	1,955,578
Receivables			
User Fees, net	479,998	90,321	570,319
Liens Receivable	52,648	-	52,648
Accounts	1,980	4,851	6,831
Inventory	28,973	155,516	184,489
Prepaid Expenses		44,062	44,062
<b><i>Total Current Assets</i></b>	<b>2,291,062</b>	<b>522,865</b>	<b>2,813,927</b>
<b><i>Noncurrent Assets:</i></b>			
Capital Assets, net	10,773,546	9,028,917	19,802,463
Bond Issuance Costs, net	-	4,933	4,933
<b><i>Total Noncurrent Assets</i></b>	<b>10,773,546</b>	<b>9,033,850</b>	<b>19,807,396</b>
<b><i>Total Assets</i></b>	<b>13,064,608</b>	<b>9,556,715</b>	<b>22,621,323</b>
<b><i>Deferred Outflows of Resources:</i></b>			
Related to Pensions	14,608	7,121	21,729
<b><i>Total Deferred Outflows of Resources</i></b>	<b>14,608</b>	<b>7,121</b>	<b>21,729</b>
<b><i>Total Assets and Deferred Outflows of Resources</i></b>	<b>13,079,216</b>	<b>9,563,836</b>	<b>22,643,052</b>
<b><i>Liabilities and Net Position</i></b>			
<b><i>Liabilities</i></b>			
Accounts Payable	40,405	20,041	60,446
Accrued Salaries and Benefits	13,764	9,184	22,948
Accrued Interest Payable	17,457	20,377	37,834
Due to Other Funds	26,579	24,094	50,673
Compensated Absences Payable	24,656	17,152	41,808
Bonds and Notes Payable	522,042	467,185	989,227
<b><i>Total Current Liabilities</i></b>	<b>644,903</b>	<b>558,033</b>	<b>1,202,936</b>
<b><i>Noncurrent Liabilities:</i></b>			
Net Pension Liability	116,342	56,700	173,042
Construction Advances		165,000	165,000
Bonds and Notes Payable	2,501,710	5,457,508	7,959,218
<b><i>Total Noncurrent Liabilities</i></b>	<b>2,618,052</b>	<b>5,679,208</b>	<b>8,297,260</b>
<b><i>Total Liabilities</i></b>	<b>3,262,955</b>	<b>6,237,241</b>	<b>9,500,196</b>
<b><i>Deferred Inflows of Resources:</i></b>			
Related to Pensions	132,318	64,496	196,814
<b><i>Total Deferred Inflows of Resources</i></b>	<b>132,318</b>	<b>64,496</b>	<b>196,814</b>
<b><i>Net Position</i></b>			
Net Investment in Capital Assets	7,749,794	3,109,157	10,858,951
Retained Earnings			
Reserved	1,856,530	-	1,856,530
Unreserved	77,619	152,942	230,561
<b><i>Total Net Position</i></b>	<b>9,683,943</b>	<b>3,262,099</b>	<b>12,946,042</b>
<b><i>Total Liabilities, Deferred Inflows of Resources and Net Position</i></b>	<b>13,079,216</b>	<b>9,563,836</b>	<b>22,643,052</b>

The notes to financial statements are an integral part of this statement.

**TOWN OF BAR HARBOR**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

*Exhibit F*

	<u>Proprietary Fund Types</u>		<u>Total</u>
	<u>Wastewater Enterprise</u>	<u>Water Enterprise</u>	
Operating Revenues:			
Charges for Services	1,249,376	1,792,570	3,041,946
Capital Charge	834,147		834,147
Interest - Late Penalties	10,781	2,704	13,485
Total Operating Revenues:	<u>2,094,304</u>	<u>1,795,274</u>	<u>3,889,578</u>
Operating Expenditures:			
Salaries and Benefits	572,844	448,176	1,021,020
Contracted Services	228,910	236,443	465,353
Utilities & Commodities	209,527	58,849	268,376
Repairs & Maintenance	120,451	161,613	282,064
Equipment	20,391	22,509	42,900
Other Expenses	46,877	33,688	80,565
Depreciation and Amortization	528,532	294,195	822,727
Materials and Supplies	102,620	95,585	198,205
Total Operating Expenditures	<u>1,830,152</u>	<u>1,351,058</u>	<u>3,181,210</u>
Net Operating Income	<u>264,152</u>	<u>444,216</u>	<u>708,368</u>
Nonoperating Revenues (Expenses)			
Interest Revenue	5,556	1,678	7,234
Nonutility Income, net of expense	-	3,273	3,273
Water Building Proceeds		172,883	172,883
Loss on Disposal of Assets	(67,906)	-	(67,906)
Contributions in Aid of Construction	-	3,891	3,891
Related to Pensions	(234,052)	(114,075)	(348,127)
Interest Expense	(103,524)	(126,938)	(230,462)
Total Nonoperating Revenue (Expenses)	<u>(399,926)</u>	<u>(59,288)</u>	<u>(459,214)</u>
<i>Change in Net Position (net income)</i>	(135,774)	384,928	249,154
<b>Total Net Position - Beginning</b>	<u>9,819,717</u>	<u>2,877,171</u>	<u>12,696,888</u>
<b>Total Net Position - Ending</b>	<u><b>9,683,943</b></u>	<u><b>3,262,099</b></u>	<u><b>12,946,042</b></u>

The notes to financial statements are an integral part of this statement.

**TOWN OF BAR HARBOR**  
**STATEMENT OF CASH FLOWS**  
**ALL PROPRIETARY FUND TYPES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**Exhibit G**

	<i>Proprietary Fund Types</i>		<i>Total</i>
	<i>Wastewater Enterprise</i>	<i>Water Enterprise</i>	
<b><i>Cash Flows from Operating Activities</i></b>			
Received from Customers	2,094,304	1,795,274	3,889,578
Payments to Suppliers	(681,899)	(574,999)	(1,256,898)
Payments to Employees	(572,844)	(448,176)	(1,021,020)
Other Receipts (Payments)	(46,877)	(30,415)	(77,292)
<b><i>Net Cash Provided by (Used in) Operating Activities</i></b>	<b>792,684</b>	<b>741,684</b>	<b>1,534,368</b>
<b><i>Cash Flows from Capital and Related Financing Activities</i></b>			
Purchases of Capital Assets	(276,330)	(571,087)	(847,417)
Principal Received on Capital Debt Issued	-	-	-
Principal Paid on Capital Debt	(505,745)	(459,913)	(965,658)
Proceeds from Sale of Building		172,883	172,883
Interest Paid on Capital Debt	(103,524)	(126,938)	(230,462)
<b><i>Net Cash Used in Capital and Related Financing Activities</i></b>	<b>(885,599)</b>	<b>(985,055)</b>	<b>(1,870,654)</b>
<b><i>Cash Flows from Investing Activities</i></b>			
Purchase of Investments	55,785	284,883	340,668
Interest and Dividends	5,556	1,678	7,234
<b><i>Net Cash Provided by (Used in) Investing Activities</i></b>	<b>61,341</b>	<b>286,561</b>	<b>347,902</b>
<b><i>Net Increase (Decrease) in Cash and Cash Equivalents</i></b>	<b>(31,574)</b>	<b>43,190</b>	<b>11,616</b>
<b><i>Balances - beginning of the year</i></b>	<b>1,759,037</b>	<b>184,925</b>	<b>1,943,962</b>
<b><i>Balances - end of the year</i></b>	<b>1,727,463</b>	<b>228,115</b>	<b>1,955,578</b>
<b><i>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</i></b>			
Net Operating Income (Loss)	264,152	444,216	708,368
Adjustment to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization	528,532	294,195	822,727
(Increase) Decrease in Accounts Receivable	1,360	(75,713)	(74,353)
(Increase) Decrease in Due To/From Other Funds	(860)	71,766	70,906
(Increase) Decrease in Inventory	2,456	(6,594)	(4,138)
(Increase) Decrease in Prepaid Expense		22,141	22,141
Increase (Decrease) in Accrued Wages Payable	3,951	1,116	5,067
Increase (Decrease) in Accrued Interest Payable	(2,583)	(1,024)	(3,607)
Increase (Decrease) in Escrow Deposits		(842)	(842)
Increase (Decrease) in Compensated Absences Payable	10,320	(384)	9,936
Increase (Decrease) in Accounts Payable	(10,864)	(7,193)	(18,057)
Increase (Decrease) in Retainage Payable	(3,780)	-	(3,780)
<b><i>Net Cash Provided by (Used in) Operating Activities</i></b>	<b>792,684</b>	<b>741,684</b>	<b>1,534,368</b>

The notes to financial statements are an integral part of this statement.

**TOWN OF BAR HARBOR**  
**STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**JUNE 30, 2015**

*Exhibit H*

<i>Assets</i>	<i>MDI Skatepark Association</i>
Due From Other Funds	35,183
<b>Total Assets</b>	<b>35,183</b>
<i>Liabilities and Net Position</i>	
Liabilities	
Due to MDI Skatepark Association	35,183
<b>Total Liabilities</b>	<b>35,183</b>

The notes to financial statements are an integral part of this statement.

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of Bar Harbor have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

**A. Financial Reporting Entity**

The Town of Bar Harbor operates under an elected Town Council and Town Manager form of government. The Town's Elementary School Department operates under an elected School Committee. The School Department is administered by AOS #91. The Town's major operations include public works, water, wastewater, harbor facilities, public safety, fire protection, education, and general administrative services.

For financial reporting purposes the Town includes all organizations, functions and activities in its financial statements for which it exercises oversight responsibility. Oversight responsibility as defined by the Governmental Accounting Standards Board (GASB) includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the activities of the Town. Fiduciary activities, whose resources are not available to finance the Town's programs, are excluded from the government-wide statements. The material effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and various intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Functional expenses may also include an element of indirect cost, designed to recover administrative (overhead) costs. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Funds are classified into the following categories: governmental, proprietary and fiduciary.

For the year ended 6/30/15, the Town implemented GASB Statement #68, which accounts for the Town's proportionate share of net pension liability for the Maine Public Employees Retirement System.

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *total economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and trust fund financial statements. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Agency funds, reporting only assets and liabilities, have no measurement focus but use the accrual basis of accounting.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including interest on long-term debt, as well as expenditure related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, sales taxes, interdepartmental charges, and intergovernmental revenues are all considered to be susceptible to accrual. Special assessments are recorded as revenues in the year the assessments become current. Annual installments not yet due are reflected as special assessment receivables and unearned revenues. Other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

The General Fund is used to account for all or most of the Town's general activities, including the school, the revenues and expenditures of the Cruise Ship fund, the collection and disbursement of earmarked monies (special revenue funds). The General Fund is used to account for all activities of the general government not accounted in some other fund.

The CIP funds account for all the Town and School Departments major capital projects and the servicing of general long-term debt (debt service fund).

The Town reports the following major enterprise funds:

The wastewater fund accounts for the activities of the wastewater department. The Town operates the wastewater collection system and related administrative costs, including debt service.

The water fund accounts for the activities of the water department. The Town operates the water collection system and related administrative costs, including debt service.

Additionally, the Town reports the following fund types:

Permanent funds account for monies held in trust by the Town, the investment earnings from which may only be used for the operation of the program.

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***D. Assets, Liabilities, and Net Position or Fund Equity***

***1. Deposits and Investments***

Governmental Accounting Standards Statement No. 40 requires the disclosure of interest rate risk, credit risk, and custodial risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town invests in short term repurchase obligations and short term investments held by a local banking institution. As a means of limiting its exposure credit risk, the Town limits its investments to those authorized by Maine State Statutes, which authorize the Town to make deposits/investments in insured commercial banks, insured credit unions, and direct debt securities of the United States Government unless such an investment is expressly prohibited by law. For an investment, custodial risk is the risk that in the event of the failure of the counter party the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As a means of limiting its exposure to custodial risk, the Town requires that, at the time funds are invested, collateral for repurchase agreements be held in the Town's name by a custodial agent for the term of the agreement and investments in obligations of the United States or its agencies be held by the Federal Reserve.

***2. Receivables and Payables***

Transactions between funds that result in outstanding balances are reported as due to/from other funds.

Property taxes receivable not expected to be collected within 60 days from year end are classified as unavailable revenue. At June 30, \$518,371 has been so classified and reported on the general fund balance sheet.

Annual property taxes were levied on August 21, 2014, on property values assessed on April 1. Taxes were due in two installments without penalty, due on September 30 and March 31, with interest at 7.0% beginning October 1 and April 1. A 1% discount was available on the second half taxes if paid at the due date of the first half taxes. Tax liens are placed on real property within 12 months following the tax commitment date if taxes remain delinquent. The Town has the authority to foreclose on property eighteen months after the filing of the liens if the lien amount and associated costs remain unpaid.

***3. Inventories***

Inventories are valued at cost. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

***4. Capital Assets***

Capital assets, which property, plant, equipment, and infrastructure (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Equity (Continued)**

**4. Capital Assets (Continued)**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed. Property, plant, and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-40
Infrastructure	18-77
Equipment	3-20

**5. Compensated Absences**

In the fund financial statements, vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested or accumulated vacation leave, holiday leave and comp time in the government-wide financial statements is recorded as an expense and liability of the fund as the benefits accrue to employees. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulated right to receive sick pay benefits.

**6. Long-term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type financial statements. In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources.

Under State Law, no municipality can incur debt, which would cause its total outstanding debt, exclusive of debt incurred for school, storm or sanitary sewer, energy facilities, or municipal airports, to exceed 7.50% of its last full state valuation. A municipality may incur debt for schools not exceeding 10%, storm or sanitary sewers 7.50%, and municipal airports, water districts and special purpose districts 3% of its last full state valuation. In no event can the total debt exceed 15% of its last full valuation. Full state valuation is the valuation of taxable property as certified by the State Tax Assessor, adjusted to 100%.

At June 30, the Town of Bar Harbor is in compliance with the above requirements.

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Equity (Continued)**

**7. Fund Balances/Net Position**

Fund Balances

The Town classifies governmental fund balances as follows:

*Non-spendable* – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

*Restricted* – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

*Committed* – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through town meeting voting and does not lapse at year-end.

*Assigned* – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balances may be assigned by the Town Council.

*Unassigned* – includes positive fund balance within the general fund which has not been classified within the above mentioned categories and negative fund balance in other governmental funds.

The Town considers restricted, committed, assigned, and unassigned amounts to be spent in that order when expenditures for which any of those amounts are available.

The Town's fund balance policy requires at least 10% of the Town's previous year's total audited general fund revenues to be assigned as designated for working capital.

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Equity (Continued)**

**7. Fund Balances/Net Position (Continued)**

Fund Balances

The Town has identified June 30, 2015 fund balances on the balance sheet as follows:

	<i>General Fund</i>	<i>Capital Improvement Projects</i>	<i>Other Governmental Funds</i>	<i>Total</i>
<u>Nonspendable</u>				
School Lunch Inventory	1,853			1,853
Gurnee Principal			6,488	6,488
Cemetery Principal			5,269	5,269
	1,853	-	11,757	13,610
<u>Restricted</u>				
Dog Control Reserve	1,029			1,029
School Restricted Funds	695,403			695,403
	696,432	-	-	696,432
<u>Committed</u>				
Capital Improvement Programs		5,384,020		5,384,020
	-	5,384,020	-	5,384,020
<u>Assigned</u>				
Reserve for Working Capital	1,819,000			1,819,000
Designated for Insurance	500,000			500,000
General Fund Encumbrances	25,374			25,374
Cruise Ship Fund - Encumbrances	16,302			16,302
Cruise Ship Fund	113,372			113,372
Gurnee Scholarship			3,342	3,342
	2,474,048	-	3,342	2,477,390
<u>Unassigned</u>				
General Fund	322,092			322,092
<u>Total Fund Balance</u>	3,494,425	5,384,020	15,099	8,893,544

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Equity (Continued)**

**7. Fund Balances/Net Position (Continued)**

Net Position

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net position is required to be classified into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

*Net Investment in Capital Assets* – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets.

*Restricted* – This component of net position consists of restrictions placed on net position use through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or law or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

*Unrestricted* – This component consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the government’s governmental funds. However, the Town’s School Department does not budget for the revenues and expenditures associated with the employer’s teacher retirement contribution made by the State of Maine on behalf of the town to the Maine Public Employees Retirement System (MPERS). School grant funds and the school lunch fund do not have legally adopted budgets. All annual appropriations lapse at fiscal year-end to the extent that they have not been encumbered.

All agencies of the government submit requests for appropriations to the government’s manager commencing 6 weeks before the manager is required to submit the budget to the government’s council. The manager compiles the data and submits the total budget to the council on or before the third Tuesday in January each year. The council holds public hearings, adopts the budget, and recommends it to the warrant committee on or before February 22. No later than seven days following adoption, the manager submits the budget to the warrant committee, which reviews the budget and submits its recommendation to the council at least four weeks prior to the Town Meeting. The council submits the budget to the Town Meeting along with the recommendation of the warrant committee. The Town Meeting adopts the final budget.

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Budgetary Information (Continued)**

The appropriated budget is prepared by fund, function and department. The manager and department heads may make transfers of appropriations within cost centers, but may not exceed the total cost center appropriation. The council may transfer appropriations between cost centers to the extent of any unencumbered appropriation balance.

Reserve funds, once established by the Town Meeting, may be expended with approval of the council for the purpose for which the reserve was established.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitments are carried forward to supplement appropriations of the subsequent year.

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**A. Deposits and Investments**

**Deposits**

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Town's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State Statute 5706 require banks to give bond or to pledge government securities (types of which are specifically identified in the Statutes) to the Town in the amount of the Town's deposits. The Statutes allow pledged securities to be reduced by the amount of Federal Deposit Insurance Corporation (FDIC).

One or more of the financial institutions holding the Town's cash accounts are participating in the FDIC Transaction Account Guarantee Program. Under the program, as of January 1, 2013, all interest bearing and non-interest bearing accounts, are aggregated and are insured up to \$250,000 in total by the FDIC. Any cash deposits or certificates of deposits in excess of the \$250,000 FDIC limits are covered by collateral held in a Federal Reserve pledge account or by an agent for the Town and thus no custodial risk exists.

The Town's investment policy further restricts the investment options delegated to the Town Treasurer. The Town is authorized to invest in only U.S. Treasury bills less than one year, U.S. Treasury notes 1-5 years, certificates of deposit up to \$250,000 per bank with FDIC coverage from only 5 local banks, overnight repurchase agreements or deposit accounts, investment management agreements, local government investment pools, interest bearing checking accounts, or CDARS investment options.

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**A. Deposits and Investments (Continued)**

**Deposits (Continued)**

At year-end, the government's carrying amount of deposits was \$10,393,570 and the bank balance was \$11,156,018. The bank balance is categorized according to credit risk as follows:

Category 1 - Insured by Federal depository or credit union insurance.

Category 2 - Collateralized with securities held by the pledging financial institution's trust Department or agent in the Town's name.

Category 3 - Uninsured and uncollateralized.

	<b>Bank Balance</b>	<b>Category</b>		
		<b>1</b>	<b>2</b>	<b>3</b>
Cash and Equivalents	<u>11,156,018</u>	<u>7,830,961</u>	<u>3,325,057</u>	<u>-</u>

**Investments**

At June 30, 2015, the Towns investments, maturities and credit ratings are as follows:

Type	June 30, 2015						
	Fair Value	Maturities in Years				Credit Rating	
		Less Than 1	1-5	6-10	More than 10	S&P	Moody's
<b>General Town:</b>							
Chesapeake Energy Corp.	49,812	49,812				BBB	Ba3
Fed Home Loan Mtg Corp	266,379		266,379			A	Baa3
Fed National Mtg Assoc	248,502		248,502			A	Baa3
Morgan Stanley	100,407	100,407	-			A-	Baa1
Mutual Funds	<u>1,044,478</u>	<u>1,044,478</u>				not rated	not rated
Total	<u>1,709,578</u>	<u>1,194,697</u>	<u>514,881</u>	<u>-</u>	<u>-</u>		

**Summary of Deposits and Investment Balances**

Following is a reconciliation of the Town's deposit and investment balances as of June 30, 2015:

Deposits and Cash on Hand	\$ 10,393,570
Investments	<u>\$ 1,709,578</u>
	<u>\$ 12,103,148</u>

	Government-wide Statement of Net Position	Business-Type Statement of Net Position	Totals
Cash and Cash Equivalents	\$ 8,437,992	\$ 1,955,578	\$ 10,393,570
Investments	<u>\$ 1,709,578</u>	<u>\$ -</u>	<u>\$ 1,709,578</u>
	<u>\$ 10,147,570</u>	<u>\$ 1,955,578</u>	<u>\$ 12,103,148</u>

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**B. Property Taxes**

Property taxes were levied for the fiscal year as follows:

Assessed Value		1,449,120,900
Tax Rate (per \$1,000)		<u>10.22</u>
Commitment		<u><u>14,810,016</u></u>
Appropriations		21,674,885
Less:		
State Municipal Revenue Sharing	132,152	
Estimated Revenues	6,683,928	
BETE Reimbursement	806	
Homestead Reimbursement	<u>47,983</u>	
		<u><u>6,864,869</u></u>
Net Assessment for Commitment		<u><u>14,810,016</u></u>

Uncollected real estate taxes and personal property taxes at June 30 for the current year commitment totaled \$475,035, which represents tax collection of approximately 96.8% of the current year commitment. The real estate portion of the total taxes due were placed on lien June 29, 2015. Unpaid prior year tax liens at June 30 totaled \$215,456.

**C. Interfund Receivables and Payables**

Individual fund interfund receivable and payable balances at June 30, 2015 were as follows:

	<u><i>Interfund</i></u> <u><i>Receivable</i></u>	<u><i>Interfund</i></u> <u><i>Payable</i></u>
General Fund	50,673	6,021,695
Capital Project Funds	5,986,512	
Water Fund		24,094
Wastewater Fund		26,579
Agency Fund	<u>35,183</u>	
Totals	<u><u>6,072,368</u></u>	<u><u>6,072,368</u></u>

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**C. Interfund Receivables and Payables (Continued)**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. On the Governmental Fund financial statements, the payables are classified as Due to Other Funds with offsetting receivables on the Governmental Fund financial statements classified as Due from Other Funds. \$50,673 of the above balance is expected to be repaid during the next year. The remainder represents appropriations for future projects and will be repaid upon need of the funds for those projects.

**D. Capital Assets (Includes School)**

Capital asset activity for the year ended June 30, 2015 was as follows:

	<i><b>Beginning</b></i>			<i><b>Ending</b></i>
	<i><b>Balance</b></i>	<i><b>Increases</b></i>	<i><b>Decreases</b></i>	<i><b>Balance</b></i>
<b>Governmental Activities;</b>				
<i>Capital assets not being depreciated</i>				
Land	2,059,514			2,059,514
Construction Work in Progress	93,744	631,044	(76,972)	647,816
	2,153,258	631,044	(76,972)	2,707,330
<i>Capital assets being depreciated:</i>				
Buildings	11,379,206	981,556	(5,100)	12,355,662
Equipment	6,364,684	287,452	(180,409)	6,471,727
Infrastructure	19,835,675	413,241	(135,991)	20,112,925
<i>Total capital assets being depreciated</i>	37,579,565	1,682,249	(321,500)	38,940,314
<i>Less accumulated depreciation for:</i>				
Buildings	3,454,446	289,479	(5,100)	3,738,825
Equipment	3,938,512	425,824	(180,409)	4,183,927
Infrastructure	12,170,075	367,176	(71,292)	12,465,959
<i>Total accumulated depreciation</i>	19,563,033	1,082,479	(256,801)	20,388,711
<i>Net capital assets being depreciated</i>	18,016,532	599,770	(64,699)	18,551,603
<b>Governmental Activities</b>				
<b>Capital Assets, net</b>	20,169,790	1,230,814	(141,671)	21,258,933

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**D. Capital Assets (Continued)**

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<b><i>Business-type Activities;</i></b>				
<i>Capital assets not being depreciated</i>				
Land	164,126		(3,100)	161,026
<i>Capital assets being depreciated:</i>				
Water Fund	11,625,758	571,087	(144,739)	12,052,106
Wastewater Fund	19,890,773	276,330	(204,157)	19,962,946
<i>Total capital assets being depreciated</i>	<u>31,516,531</u>	<u>847,417</u>	<u>(348,896)</u>	<u>32,015,052</u>
<i>Less accumulated depreciation for:</i>				
Water Fund	2,953,577	291,776	(85,387)	3,159,966
Wastewater Fund	8,799,710	528,532	(114,592)	9,213,650
<i>Total accumulated depreciation</i>	<u>11,753,287</u>	<u>820,308</u>	<u>(199,979)</u>	<u>12,373,616</u>
<i>Net capital assets being depreciated</i>	<u>19,763,244</u>	<u>27,109</u>	<u>(148,917)</u>	<u>19,641,436</u>
<b><i>Business-type Activities Capital Assets, net</i></b>	<u>19,927,370</u>	<u>27,109</u>	<u>(148,917)</u>	<u>19,802,462</u>

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

Governmental Activities:

General Government	145,968
Public Safety	241,140
Health and Welfare	13,937
Parks and Recreation	52,669
Roads and Sanitation, including infrastructure	500,798
Education	127,967
<b>Total Depreciation Expense - Governmental Activities</b>	<u><u>1,082,479</u></u>

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**E. Capital Leases**

The Town is obligated under certain leases accounted for as capital leases. The related obligations are accounted for in General Long-Term Debt Account Group. The following is a schedule of the future minimum lease payments under these School capital leases, and the present value of the net minimum lease payments at June 30:

<i>Year-ended</i> <u>June 30,</u> 2016	<i>Minimum</i> <i>Lease</i> <i>Payment</i>
	<u>14,992</u>
Total Minimum Lease Payments	14,992
Less: Amount Representing Interest	<u>(477)</u>
Present Value of Future Minimum Lease Payments	<u><u>14,515</u></u>

**F. Long-Term Debt**

**1. General Obligation Bonds and Notes.** The government issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and notes currently outstanding are as follows:

<i>Purpose</i>	<i>Maturity</i> <i>Date</i>	<i>Interest</i> <i>Rate</i>	<i>Amount</i>
<b>General Obligation</b>			
2004 School Heating System	11/1/2024	4.45%	494,644
2005 Agamont Park and Seawall	10/15/2027	3.75 - 4.25%	400,000
2010 Capital Construction, Roads, etc.	5/1/2030	2.0-4.0%	2,775,000
2013 Public Works Complex	4/15/2034	2.0-4.0%	3,225,000
2014 Town Hall & Signage	10/15/2034	2.5-4.0%	<u>2,442,000</u>
			<u><u>9,336,644</u></u>

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**F. Long-Term Debt (Continued)**

**1. General Obligation Bonds and Notes (Continued)**

	<i>Maturity Date</i>	<i>Interest Rate</i>	<i>Amount</i>
<i>Proprietary</i>			
1997 Wastewater Plant	10/1/2017	3.00%	1,328,035
2005 Hulls Cove Wastewater Plant	10/15/2027	3.0 - 4.38%	545,000
2002 Water Tank Purchase	10/1/2021	2.673%	305,540
2010 Water Mains	5/1/2030	2.0 - 4.0%	450,000
2011 Wastewater Mains Replacement and Scada System	12/1/2031	2.0 - 3.5%	1,150,717
2011 Water Refinance. Mains Replacement and Duck Brook Pump Station	12/1/2031	2.0 - 3.5%	2,749,282
2012 Safe Drinking Revolving Water Loan	10/1/2032	1.000%	<u>2,419,870</u>
			<u>8,948,444</u>
Total Debt			<u>18,285,088</u>

Annual debt service requirements to maturity for general obligation bonds and notes including interest of \$4,539,028 (including fees) are as follows:

<i>Year Ended June 30,</i>	<i>General Obligation Debt</i>	<i>Proprietary</i>	<i>Total</i>
2016	833,157	1,201,047	2,034,204
2017	823,205	1,202,107	2,025,312
2018	814,071	1,192,982	2,007,053
2019	804,396	720,601	1,524,997
2020	789,014	731,392	1,520,406
2021-2025	3,785,666	2,726,544	6,512,210
2026-2030	2,964,192	1,928,160	4,892,352
2031-2034	1,529,350	778,232	2,307,582
Total	<u>12,343,051</u>	<u>10,481,065</u>	<u>22,824,116</u>

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**F. Long-Term Debt (Continued)**

**2. Changes in Long-Term Liabilities**

The following summary of long-term debt transactions of the Town of Bar Harbor for the fiscal year ended June 30, 2015:

	<b>General</b>		
	<b>Debt</b>	<b>Proprietary</b>	<b>Total</b>
<i>Long-term Debt payable July 1, 2014</i>	7,281,965	9,914,102	17,196,067
Debt Issued	2,442,000	-	2,442,000
Debt Retired	(387,321)	(965,658)	(1,352,979)
<i>Long-term Debt payable June 30, 2015</i>	<u>9,336,644</u>	<u>8,948,444</u>	<u>18,285,088</u>

**G. Contributed Capital**

Changes in net contributed capital for the year-ended June 30, 2015 for the government's Proprietary Funds were as follows:

	<u><b>Wastewater</b></u>	<u><b>Water</b></u>
Balance - Beginning of Year	2,373,338	211,837
Additions:		3,892
Deductions:		
Retirements		
Depreciation Provided by Contributed Capital	<u>(80,836)</u>	<u>(10,221)</u>
Balance - End of Year	<u>2,292,502</u>	<u>205,508</u>

**H. Authorized, Unissued Debt**

The Town approved the following general obligation securities at the 6/2/15 annual town meeting:

- 1) \$1,700,000 to provide for replacement and upgrade of water mains along the Route #3 corridor being rebuilt by the Maine DOT.
- 2) \$400,000 to provide for building envelope costs to repair the Public Safety Building.

Both of the approved borrowings are authorized but unissued at 6/30/15.

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 4 - OTHER INFORMATION**

**A. Contingent Liabilities**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor, cannot be determined at this time, although the government expects such amount, if any to be immaterial.

The government is a defendant in various lawsuits which results from the normal course of its operations. Although the outcome of these lawsuits is not presently determinable, it is the opinion of management that resolution of these matters will not have a material adverse effect on the financial condition of the government.

**B. Permanent Funds**

The principal amount of all Permanent Funds is restricted either by law or by terms of individual bequests in that only income earned may be expended. The government's Permanent Funds at June 30 are detailed as follows:

<u>Purpose</u>	<u>Nonspendable</u>	<u>Assigned</u>
Cemetery Care	5,269	-
Scholarships	<u>6,488</u>	<u>3,342</u>
Total	<u><u>11,757</u></u>	<u><u>3,342</u></u>

**C. Pension Plans**

**Plan Description**

The Town's employees are covered under the ICMA or Maine Public Employees Retirement System.

The ICMA RC (International City Management Association Retirement Corporation) is a qualified defined contribution plan created in accordance with Internal Revenue Code Section 457. The plan, available to all regular, full-time Town employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency as defined by the Internal Revenue Code provisions.

The plan is administered by an independent company, and the Town remits all compensation deferred to this administrator for investment as requested by the participant employees. All compensation deferred and funded under the plan, all investments purchased and all income attributable thereto are held in trust for the exclusive benefit of participants and their beneficiaries.

**Funding Policy**

Under the ICMA plan, covered employees contribute a percentage of their salary to the plan with the Town contributing 6.5% to 10.0%. The Town's costs for the fiscal years ended June 30, 2013, 2014 and 2015 were \$81,728, \$77,885 \$66,990 and respectively.

**Social Security** – The Town has a section 218 agreement to provide full Social Security coverage for its full time employees and at the Town's discretion may exclude part time public safety employees. This agreement was enacted July 1, 1965.

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 4 - OTHER INFORMATION (Continued)**

***D. Defined Benefit Pension Plans***

***Plan Description***

Qualifying personnel of the Town of Bar Harbor participate in the Maine Public Employees Retirement System (System) State Employee and Teacher (SET) Plan and the Participating Local Districts (PLD) Consolidated Retirement Plan. Both plans are a multiple-employer, cost-sharing pension plan with a special funding situation for the SET Plan. The State of Maine is also a non-employer contributing entity for the SET Plan in that the State pays the initial unfunded actuarial liability on behalf of teachers, while school systems contribute the normal cost, calculated actuarially, for the teacher members. The System issues a financial report that includes the financial statements and required supplementary information for the plans. That report may be obtained by writing to Maine Public Employees Retirement System, PO Box 349, Augusta, Maine 04332-0349 or by calling 1-800-451-9800.

***Pension Benefits***

SET benefit terms are established in Maine Statute. The PLD Consolidated Plan has an advisory group, also established by statute, who review the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The System's retirement programs provide defined retirement benefits based on member's average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occur upon the earning of five years of service credit for State employees and teachers. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for State employees and teachers is age 60, 62, or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. For PLD members, normal retirement age is 60. 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. The System also provides disability and death benefits which are established by statute for State employees and teacher members.

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 interest credited to members' accounts is set by the System's Board of Trustees.

***Member and Employer Contributions***

Retirement benefits are funded by contributions from members, employers, State contributions and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. Member and employer contribution rates are each a percentage of applicable member compensation. Member contribution rates are defined by law or Board rule and depend on the terms of the Plan under which a member is covered. Employer contribution rates are determined through actuarial valuations. For the year ended June 30, 2015, the SET Plan member contribution rate was 7.65% and the employer contribution rate was 2.65% of applicable member compensation. The employer (School portion) is also responsible for contributing 13.5% of all federally funded member compensation. The State of Maine, as a non-employer contributing entity, pays 13.03% of the applicable member compensation into the System. For the year ended June 30, 2015, the PLD Plan member contribution rate was 7% for the Regular AC Plan and 8% for the Special 4C Plan-Public Safety. Employer contribution rates were 7.8% for the Regular AC Plan and 7.2% for the Special 4C Plan of applicable member compensation.

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 4 - OTHER INFORMATION (Continued)**

**D. Defined Benefit Pension Plans (Continued)**

**Member and Employer Contributions (Continued)**

The required contributions paid into the System for the year ended June 30, 2015 and the previous two years are as follows:

**SET Plan - SCHOOL ONLY:**

For the year ended June 30,	Employee Contributions	Employer Contributions	State of Maine Contributions	Applicable Member Compensation	Applicable Member Federal Compensation
2015	\$ 224,868	\$ 90,466	\$ 370,879	\$ 2,939,456	\$ 93,111
2014	\$ 230,093	\$ 89,723	\$ 382,240	\$ 3,007,749	\$ 74,208
2013	\$ 224,460	\$ 11,860	\$ 408,305	\$ 2,934,115	\$ 82,824

**PLD Plan - SCHOOL PORTION:**

For the year ended June 30,	Employee Contributions	Employer Contributions	Applicable Member Compensation
2015	\$ 10,213	\$ 11,380	\$ 145,894
2014	\$ 11,069	\$ 10,279	\$ 158,133
2013	\$ 10,967	\$ 8,304	\$ 156,670

**PLD Plan - TOWN PORTION:**

For the year ended June 30,	Employee Contributions	Employer Contributions	Applicable Member Compensation
2015	\$ 176,184	\$ 178,600	\$ 2,364,202
2014	\$ 149,290	\$ 143,403	\$ 2,173,445
2013	\$ 152,553	\$ 128,619	\$ 2,234,987

**Revenue Recognition**

Employer contributions to the System are recognized as additions in the period when they become due pursuant to formal commitments or statutory requirements. Investment income is recognized when earned and investment expenses are recorded when incurred. For the teacher group, total employer and non-employer contributions were the basis for the allocation, adjusted to remove the normal cost contributions paid by the local school systems on behalf of their employees. These leave contributions toward the unfunded liability of the Plan as the basis of allocation. This method of allocation properly distributes the collective net pension liability between the State of Maine as the non-employer contributing entity and those School Systems contributing towards the unfunded liability of the plan using grant funding.

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 4 - OTHER INFORMATION (Continued)**

**D. Defined Benefit Pension Plans (Continued)**

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

As of June 30, 2015, the Town of Bar Harbor reported a net pension liability of \$69,897 for the SET Plan and \$682,301 for the PLD Plan. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by actuarial valuation as of that date. The Town of Bar Harbor's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At June 30, 2015, the Town of Bar Harbor's proportion of contributions was .00647% for the SET Plan and .443395% for the PLD Plan, which was an increase of 0.00% from its proportion measured at June 30, 2014.

For the fiscal year ended June 30, 2015, the Town of Bar Harbor recognized pension expense of \$116,728. At June 30, 2015, the Town's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Differences between expected and actual experience	85,677	349
Changes in Assumption	4,814	-
Net Difference between projected and actual earnings on pension plan investments	-	754,559
Changes in proportion and differences between employer contributions and proportionate share of contributions	51,678	60,382
	<u>142,169</u>	<u>815,290</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>SET Plan</u>	<u>PLD Plan</u>
2016	16,099	(169,735)
2017	16,100	(169,735)
2018	(7,478)	(169,733)
2019	(7,478)	(181,162)

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 4 - OTHER INFORMATION (Continued)**

**D. Defined Benefit Pension Plans (Continued)**

**Actuarial Assumptions**

The collective total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u><b>SET Plan</b></u>	<u><b>PLD Plan</b></u>
Investment Rate of Return:	7.125% per anum for 6/30/14 7.25% per anum for 6/30/13 compounded annually	7.25% per anum  compounded annually
Salary Increases, Mert and Inflation:	3.5% to 13.5% per year	3.5% to 9.5% per year
Cost of Living Benefit:	2.55% per annum for Teachers	3.12% per annum for PLD's

For Town employees, the mortality rate is based on the RP2000 Combined Mortality Tables for males and females using Scale AA with a two year set back.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study performed in 2011 and covered the period July 1, 2005 – June 30, 2010.

The long-term expected rate of return on pension plan investments were 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table:

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 4 - OTHER INFORMATION (Continued)**

**D. Defined Benefit Pension Plans (Continued)**

**Actuarial Assumptions (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equities	20%	2.5%
Non-US Equities	20%	5.5%
Private Equity	10%	7.6%
Real Assets:		
Real Estate	10%	3.7%
Infrastructure	10%	4.0%
Hard Assets	5%	4.8%
Fixed Income	25%	0.0%
	<u>100%</u>	

**Discount Rate**

The discount rate used to measure the total pension liability was 7.125% for the SET Plan and 7.25% for the PLD Plan. The projection of cash flows used to determine the discount rate assumed the 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.

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.125% for the SET Plan and 7.25% for the PLD Plan as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

<b>SET Plan:</b>	<u>1% Decrease (6.125%)</u>	<u>Current Discount Rate (7.125%)</u>	<u>1% Increase (8.125%)</u>
Proportionate Share of the Net Pension Liability	\$ 133,882	\$ 69,897	\$ 16,357
 <b>PLD Plan:</b>	 <u>1% Decrease (6.25%)</u>	 <u>Current Discount Rate (7.25%)</u>	 <u>1% Increase (8.25%)</u>
Proportionate Share of the Net Pension Liability	\$ 2,128,579	\$ 682,301	\$ (526,607)

**Pension Plan Financial and Actuarial Information**

Additional financial information and actuarial information can be found in the Maine PERS' Actuarial Valuation Reports available online at [www.maineper.org](http://www.maineper.org) or contacting the System at (207) 512-3100.

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 4 - OTHER INFORMATION (Continued)**

***E. Risk Management***

The town is exposed to various risks of loss related to torts; theft of, damage and destruction of assets; errors and omissions; and natural disasters for which the town participated in public entity risk pools sponsored by the Maine Municipal Association (MMA) for workers' compensation, and property damage.

Workers' Compensation - MMA's workers' compensation self-insured trust retains \$1,000,000 of risk and purchases excess insurance for claims which exceed \$1,000,000 up to a maximum coverage of \$2,000,000. All participants are jointly and severally liable; therefore, if collected claims exceed collective contributions the trust has a right to assess additional contributions to its members.

Property and Casualty - MMA's Self-Funded Risk Management Pool (Pool) was created to establish and administer a risk management service and to bring about prevention or lessening of casualty and property losses to member towns. The town pays an annual premium to the Pool for various coverage and services.

Property Coverage: Members' deductibles vary by type of coverage. The Pool retains the difference up to \$300,000 per occurrence. The first level of reinsurance provides a limit of \$700,000 on a per occurrence basis. Separate contracts are maintained to provide an additional \$500,000,000 per occurrence, bringing the total limit to \$501,000,000 for the Pool. Varying sub-limits apply for forest fire suppression, earthquake and flood, including property located in Special Flood Hazard Areas.

Liability Coverages: The Pool retains the first \$300,000 per occurrence. Separate reinsurance contracts are maintained to provide up to an additional \$700,000 per occurrence, for a total of \$2,000,000 per occurrence for claims brought outside the Maine Tort Claims Act. The Pool retains the first \$300,000 per occurrence for Maine Tort Claims Act claims with reinsurance of \$100,000 per occurrence, for a total of \$400,000; the current statutory limit. The primary reinsurer is limited to a maximum limit of liability of \$25,000,000 ultimate net loss for any one occurrence or claim made.

Public Officials and Employment Practices Liability Coverages: Member deductibles range upwards from \$1,000. The Pool retains the difference to a maximum of \$300,000 per occurrence. Separate reinsurance contracts provide up to \$2,000,000 per occurrence, \$4,000,000 annual aggregate for each member, subject to \$10,000,000 annual aggregate for the Pool.

Based on the coverage provided by the pools described above, the town is not aware of any material actual or potential claim liabilities, which should be recorded at June 30, 2015.

***F. Other Postemployment Benefits***

The Governmental Accounting Standards Board (GASB) promulgated its Statement 45 which addressed the reporting and disclosure requirements for other post employment benefits (OPEB). GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, was implemented, as required, by the Town of Bar Harbor, Maine for the year ended June 30, 2009. Under this pronouncement, it requires that the long-term cost of retirement health care and obligations for other postemployment benefits be determined on an actuarial basis and reported similar to pension plans.

The Town is a member of the Maine Municipal Employees Health Trust. The Trust is an agent multiple employer Voluntary Employee's Beneficiary Association. The Town is an individually rated member within the Association. The Trust issues a publicly available financial report. That report may be obtained by writing to the Maine Municipal Association at 60 Community Drive, Augusta, ME 04332. The Trust contracted with an outside

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 4 - OTHER INFORMATION (Continued)**

**F. Other Postemployment Benefits (Continued)**

consultant to assist in the determination and valuation of the Town's OPEB liability under GASB Statement 45. The most recent OPEB liability actuarial valuation was completed by the consultants in January 2014.

**Plan Descriptions** – In addition to providing pension benefits, the Town provides health care benefits for certain retired employees. Eligibility to receive health care benefits follows the same requirements as MainePERS. Eligible retirees are required to pay 100% of the health insurance premiums to receive health benefit coverage.

**Funding Policy and Annual OPEB Cost** – GASB Statement 45 does not mandate the prefunding of postemployment benefits liability. The Town currently plans to fund these benefits on a pay-as-you-go basis primarily from the general fund. No assets have been segregated and restricted to provide postemployment benefits. The annual required contribution (ARC), an actuarial determined rate, represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize unfunded actuarial liabilities over a period not to exceed thirty years.

The following table represents the OPEB costs for the years ending June 30, 2015, 2014 and 2013 and the annual required contributions:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Normal Cost	\$ 18,158	\$ 18,158	\$ 19,722
Amortization of unfunded	\$ 24,981	\$ 24,981	\$ 32,400
Adjustment to ARC	\$ (9,245)	\$ (7,913)	\$ (6,495)
Interest	<u>\$ 7,248</u>	<u>\$ 6,327</u>	<u>\$ 5,524</u>
Annual OPEB cost	\$ 41,142	\$ 41,553	\$ 51,151

**Net OPEB Obligation** – The Town's net OPEB obligation was calculated as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
OPEB liability, July 1	\$ 159,858	\$ 136,827	\$ 112,307
Annual required contribution	\$ 41,142	\$ 41,553	\$ 51,151
Less: Actual member contributions	<u>\$ (18,330)</u>	<u>\$ (18,522)</u>	<u>\$ (26,631)</u>
OPEB liability, June 30	\$ 182,670	\$ 159,858	\$ 136,827

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 4 - OTHER INFORMATION (Continued)**

**F. Other Postemployment Benefits (Continued)**

**Funding Status and Funding Progress** – The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ending June 30, 2015, 2014 and 2013 was as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Annual Required Contribution	\$ 43,993	\$ 41,553	\$ 51,151
Actual Member Contributions	\$ 18,330	\$ 18,522	\$ 26,631
Percent contributed	41.67%	44.57%	52.06%
Actuarial accrued liability	\$ 449,253	\$ 449,253	\$ 582,677
Plan Assets	\$ -	\$ -	\$ -
Unfunded actuarial accrued liability	\$ 449,253	\$ 449,253	\$ 582,677
Covered payroll	\$ 2,821,170	\$ 2,821,170	\$ 2,739,000
Unfunded actuarial accrued liability as a percentage of covered payroll	15.92%	15.92%	21.27%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Actuarial Methods and Assumptions** – Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets. Significant methods and assumptions were as follows:

Actuarial valuation date	1/1/14
Actuarial cost method	Projected Unit
Amortization method	Level dollar Open
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4.0%
Projected salary increases	3.0%
Healthcare inflation rate	4.6%

**TOWN OF BAR HARBOR**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**Exhibit I**

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
<b>Revenues</b>				
Taxes	15,796,457	15,796,457	15,970,837	174,380
Intergovernmental Revenues	1,195,212	1,223,212	1,190,913	(32,299)
Departmental Revenues	1,165,927	1,168,315	1,074,107	(94,208)
Other Local Sources	267,700	267,700	276,853	9,153
<b>Total Revenues</b>	<b>18,425,296</b>	<b>18,455,684</b>	<b>18,512,710</b>	<b>57,026</b>
<b>Expenditures</b>				
General Government	2,739,420	2,739,420	2,680,625	58,795
Public Safety	2,608,012	2,636,012	2,624,929	11,083
Health and Welfare	130,717	133,105	130,008	3,097
Parks and Recreation	230,865	230,865	229,730	1,135
Island Explorer Shuttle Bus	38,962	38,962	38,962	-
Roads and Sanitation	1,746,797	1,893,565	1,911,290	(17,725)
Education	6,214,923	6,214,923	6,214,923	-
Assessments	3,428,930	3,428,930	3,396,884	32,046
<b>Total Expenditures</b>	<b>17,138,626</b>	<b>17,315,782</b>	<b>17,227,351</b>	<b>88,431</b>
<b>Excess Revenues Over Expenditures</b>	<b>1,286,670</b>	<b>1,139,902</b>	<b>1,285,359</b>	<b>145,457</b>
<b>Other Financing Sources</b>				
Transfers from Other Funds	267,565	267,565	268,907	1,342
Transfers to Other Funds	(1,820,106)	(1,820,106)	(1,820,106)	-
<b>Total Other Financing Sources</b>	<b>(1,552,541)</b>	<b>(1,552,541)</b>	<b>(1,551,199)</b>	<b>1,342</b>
<b>Net Change in Fund Balance</b>	<b>(265,871)</b>	<b>(412,639)</b>	<b>(265,840)</b>	<b>146,799</b>
<b>Beginning Fund Balances - Budgetary Basis</b>			<b>2,906,932</b>	
<b>Ending Fund Balances - Budgetary Basis</b>			<b>2,641,092</b>	
<b>Adjustments to Conform to GAAP:</b>				
Elimination of Encumbrances			<b>722,630</b>	
<b>Ending Fund Balances - GAAP Basis</b>			<b>3,363,722</b>	

**TOWN OF BAR HARBOR**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**PENSION PLAN SCHEDULES - LAST 10 FISCAL YEARS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

*Exhibit J*

Schedule 1 - Proportionate Share of the Net Pension Liability:

	<i>State Employees and Teachers Plan For the Fiscal Year Ended June 30, 2015</i>	<i>Town Portion Participating Local Districts Plan For the Fiscal Year Ended June 30, 2015</i>	<i>School Portion Participating Local Districts Plan For the Fiscal Year Ended June 30, 2015</i>
Proportion of net pension liability	0.0065%	0.4434%	0.4434%
Proportionate share of net pension liability	\$69,897	\$633,175	\$49,126
Covered employee payroll	\$2,939,456	\$2,364,202	\$145,894
Proportionate share of the net pension liability as a percentage of its covered employee payroll	2.38%	26.78%	33.67%
Plan Total Pension Liability	\$12,320,158,783	\$2,609,657,845	\$2,609,657,845
Plan Fiduciary Net Position	\$10,337,615,927	\$2,455,776,671	\$2,455,776,671
Plan Net Pension Liability	\$1,982,542,856	\$153,881,174	\$153,881,174
Plan Fiduciary Net Position as a % Of the Total Pension Liability	83.908%	94.103%	94.103%
Plan Covered Employee Payroll	\$1,676,857,294	\$460,029,637	\$460,029,637
Plan Net Pension Liability as a % Of the Covered Employee Payroll	118.230%	33.450%	33.450%

\* Amounts presented for each fiscal year were determined as of June 30. A full year schedule will be displayed as it becomes available.

Schedule 2 - Schedule of School Department Contributions:

	<i>For the Fiscal Year Ended June 30, 2015</i>	<i>For the Fiscal Year Ended June 30, 2015</i>	<i>For the Fiscal Year Ended June 30, 2015</i>
Contractually required contribution	\$90,466	\$176,184	\$11,380
Contribution in relation to the contractually required contribution	(\$90,466)	(\$176,184)	(\$11,380)
Contribution deficiency	\$0	\$0	\$0
Covered employee payroll	\$2,939,456	\$2,364,202	\$145,894
Contributions as a percentage of covered employee payroll	3.08%	7.45%	7.80%

\* Amounts presented for each fiscal year were determined as of June 30. A full year schedule will be displayed as it becomes available.

**TOWN OF BAR HARBOR**  
**GENERAL FUND**  
**STATEMENT OF ESTIMATED AND ACTUAL REVENUES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

*Exhibit A-1*  
*Page 1 of 2*

	<i>Estimated</i>	<i>Actual</i>	<i>Over(Under)</i> <i>Budget</i>
<b>Taxes</b>			
Property	14,810,016	14,957,966	147,950
Auto Excise	899,966	918,181	18,215
Boat Excise	13,338	13,095	(243)
Interest/Fees on Taxes	73,137	81,595	8,458
	<hr/> 15,796,457	<hr/> 15,970,837	<hr/> 174,380
<b>Intergovernmental Revenues</b>			
<b>State of Maine</b>			
Municipal Revenue Sharing	132,152	124,871	(7,281)
General Assistance	338	1,028	690
Tree Growth	4,395	4,036	(359)
Veterans Reimbursement	2,087	2,121	34
Homestead Reimbursement	47,983	35,399	(12,584)
BETE Reimbursement	807	865	58
State Grants	2	-	(2)
Other Grants	1	-	(1)
Elementary School Subsidy	953,791	953,791	-
<b>Federal</b>			
Police Drug Officer Reimbursement	28,001	28,000	(1)
Acadia National Park - PILT	53,655	40,802	(12,853)
	<hr/> 1,223,212	<hr/> 1,190,913	<hr/> (32,299)
<b>Departmental Revenues</b>			
<b>Ambulance/Fire</b>			
Ambulance Service	406,761	351,027	(55,734)
<b>Police</b>			
Police Detail	7,911	5,790	(2,121)
Parking Tickets	58,257	37,515	(20,742)
All Other	9,813	6,375	(3,438)
<b>Planning / Code</b>			
Building Permits	120,411	144,366	23,955
Plumbing Permits	27,000	18,888	(8,112)
Electrical Inspections	25,603	22,630	(2,973)
Vacation Rental Permits	1,561	900	(661)
Plan Board/Subdivision & Rezoning	4,252	3,802	(450)
Site Plan Review	14,282	2,852	(11,430)
All Other	4,636	4,305	(331)
<b>Harbor Fees</b>			
Docking	32,252	33,602	1,350
Moorings	4,684	5,815	1,131
All Other	11,867	14,934	3,067
<b>Solid Waste</b>			
Sale of Recyclables	88,417	64,424	(23,993)
All Other	338	10	(328)
<b>Public Works</b>			
All Other	9,799	10,451	652
<b>Parks and Recreation</b>			
Park and Recreation Fees	500	950	450
Fire Department	1	25	24

**TOWN OF BAR HARBOR**  
**GENERAL FUND**  
**STATEMENT OF ESTIMATED AND ACTUAL REVENUES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

*Exhibit A-1*  
*Page 2 of 2*

	<i>Estimated</i>	<i>Actual</i>	<i>Over(Under)</i> <i>Budget</i>
Departmental Revenues (Continued)			
Finance			
Administrative Services	182,459	182,459	-
Auto Registrations	16,079	16,067	(12)
Boat/RV Registrations/Snowmobile Fees	1,377	1,541	164
Municipal Building Leases	27,775	33,416	5,641
Town Clerk			
Clerk's Fees	18,214	17,169	(1,045)
All Other	9,357	10,085	728
Elementary School	84,709	84,709	-
	<u>1,168,315</u>	<u>1,074,107</u>	<u>(94,208)</u>
Other Local Sources			
Interest on Investments	25,000	21,265	(3,735)
Kids Corner Lease	5,400	5,450	50
Island Explorer Lease	18,462	18,462	-
Other Rentals	2,635	2,770	135
Jackson Laboratory - PILT	77,116	83,429	6,313
Housing Authority - PILT	24,902	27,778	2,876
Other - PILT	14,375	18,195	3,820
Cable TV Franchise	88,174	84,774	(3,400)
Insurance Dividends	10,630	14,575	3,945
Sale of Fixed Assets	1	-	(1)
All Other	1,005	155	(850)
	<u>267,700</u>	<u>276,853</u>	<u>9,153</u>
Operating Transfers In			
Cemetery Income	18	27	9
Cruise Ship Fund	261,994	261,994	-
Dog Control Reserve	2,848	3,661	813
Shellfish Conservation	2,705	3,225	520
	<u>267,565</u>	<u>268,907</u>	<u>1,342</u>
Total Revenues, Operating Transfers and Other Financing Sources	18,723,249	<u>18,781,617</u>	<u>58,368</u>
Beginning Fund Balance Used	<u>412,639</u>		
<b>Total</b>	<u><b>19,135,888</b></u>		

**TOWN OF BAR HARBOR**

**GENERAL FUND**

**STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES  
FOR THE YEAR ENDED JUNE 30, 2015**

*Exhibit A-2*

*Page 1 of 2*

	<i>Encumbered From 6/30/14</i>	<i>Appropriations</i>	<i>Expenditures Net of Refund</i>	<i>Encumbered to 6/30/16</i>	<i>(Over) Under Budget</i>
General Government					
Town Council		37,681	37,388		293
Town Manager		132,110	131,270		840
Town Clerk	3,600	124,989	123,202	1,944	3,443
Finance		317,117	322,362		(5,245)
Legal Counsel	1,194	14,907	36,982		(20,881)
Elections		12,964	12,156		808
Technology		158,275	147,667	12,592	(1,984)
Municipal Building		75,963	96,879		(20,916)
Town Offices		31,231	35,269		(4,038)
Employee Benefits		1,356,875	1,252,045		104,830
Insurance		79,432	86,069		(6,637)
Assessing	3,900	133,405	116,759	3,600	16,946
Code Enforcement		81,254	91,282		(10,028)
Planning	1,200	133,460	91,360	5,000	38,300
27th Pay Period		13,628	18,749		(5,121)
Vacation Accruals		12,185	35,190		(23,005)
Abatements/Discount on Taxes		23,944	32,754		(8,810)
	9,894	2,739,420	2,667,383	23,136	58,795
Public Safety					
Ambulance		428,131	404,660		23,471
Fire Department		807,627	807,486		141
Police Department	5,431	980,254	983,866	2,238	(419)
Public Safety Building		37,987	42,602		(4,615)
Street Lights		70,475	69,069		1,406
Dispatch		204,773	204,277		496
Harbor Division		106,765	116,162		(9,397)
	5,431	2,636,012	2,628,122	2,238	11,083
Health and Welfare					
General Assistance		675	1,170		(495)
Cooperating Agencies		45,231	45,231		-
Emergency Management		428	-		428
Comfort Station		86,771	83,607		3,164
	-	133,105	130,008	-	3,097

**TOWN OF BAR HARBOR**  
**GENERAL FUND**  
**STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

*Exhibit A-2*  
*Page 2 of 2*

	<i>Encumbered From 6/30/14</i>	<i>Appropriations</i>	<i>Expenditures Net of Refund</i>	<i>Encumbered to 6/30/16</i>	<i>(Over) Under Budget</i>
Parks and Recreation					
Parks & Recreation		230,865	229,730		1,135
	-	230,865	229,730	-	1,135
Island Explorer Shuttle Bus	-	38,962	38,962	-	-
Roads and Sanitation					
Public Works		144,587	144,809		(222)
Highway Division	5,250	1,125,220	1,160,595		(30,125)
Solid Waste		623,758	611,136		12,622
	5,250	1,893,565	1,916,540	-	(17,725)
Education					
Elementary School	469,732	6,214,923	5,987,399	697,256	-
Total Appropriations, Expenditures and Encumbrances	490,307	13,886,852	13,598,144	722,630	56,385
Assessments					
Regional School District		2,831,141	2,831,140		1
County Tax		565,744	565,744		-
Overlay		32,045	-		32,045
	-	3,428,930	3,396,884	-	32,046
Operating Transfers Out					
Maine Forestry Grant		-	-		-
Capital Improvements Program		1,820,106	1,820,106		-
	-	1,820,106	1,820,106	-	-
<b>Totals</b>	<b>490,307</b>	<b>19,135,888</b>	<b>18,815,134</b>	<b>722,630</b>	<b>88,431</b>

**TOWN OF BAR HARBOR**  
**GENERAL FUND**  
**STATEMENT OF CHANGES IN UNASSIGNED FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2015**

*Exhibit A-3*

Unassigned Fund Balance, July 1	623,932	
Unassigned Fund Balance, June 30	<u>322,092</u>	
<b>Increase (Decrease)</b>		<b><u><u>(301,840)</u></u></b>

*Analysis of Change*

Additions		
Budget Summary		
Revenue Surplus (Exhibit A-1)	58,368	
Unexpended Balance of Appropriations (Exhibit A-2)	56,385	
Unexpended Balance (Overdraft) of Assessments and Operating Transfers (Exhibit A-2)	32,046	
(Increase) Decrease in Assigned Fund Balances	<u>(36,000)</u>	
Budget Surplus		110,799
Deductions		
Fund Balance Used to Fund Appropriations		<u>(412,639)</u>
<b>Increase (Decrease)</b>		<b><u><u>(301,840)</u></u></b>

**TOWN OF BAR HARBOR**  
**GENERAL RESERVES AND COMMITTED FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2015**

*Exhibit A-4*

<i>Assets</i>	<i>Dog Control Reserve</i>	<i>Cruise Ship Fund</i>	<i>Total</i>
Accounts Receivable		44,176	44,176
Due from Other Funds	1,029	85,498	86,527
<b>Total Assets</b>	<b>1,029</b>	<b>129,674</b>	<b>130,703</b>
 <i>Liabilities &amp; Fund Balances</i>			
<i>Liabilities</i>			
Unearned Revenue			-
Accounts Payable		-	-
Total Liabilities	-	-	-
 <i>Fund Balances</i>			
Restricted	1,029		1,029
Assigned - Encumbrances		16,302	16,302
Assigned		113,372	113,372
Total Fund Balances	1,029	129,674	130,703
<b>Total Liabilities &amp; Fund Balances</b>	<b>1,029</b>	<b>129,674</b>	<b>130,703</b>

GENERAL RESERVES AND COMMITTED FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2015

	<i>Dog Control Reserve</i>	<i>Shellfish Conservation Reserve</i>	<i>Cruise Ship Fund</i>	<i>Total</i>
Revenues				
Dog Fees	3,661			3,661
Shellfish Fees/Fines		3,568		3,568
Port Fees			262,264	262,264
Cruise Ship Passenger Fees			369,325	369,325
Total Revenues	<u>3,661</u>	<u>3,568</u>	<u>631,589</u>	<u>638,818</u>
Expenditures				
Public Safety		343		343
Cruise Ship Operating			128,609	128,609
Total Expenditures	<u>-</u>	<u>343</u>	<u>128,609</u>	<u>128,952</u>
Excess of Revenues Over (Under) Expenditures	<u>3,661</u>	<u>3,225</u>	<u>502,980</u>	<u>509,866</u>
Other Financing Sources (Uses)				
Transfers from Other Funds				-
Transfers to Other Funds	<u>(3,661)</u>	<u>(3,225)</u>	<u>(423,281)</u>	<u>(430,167)</u>
Total Other Financing Sources (Uses)	<u>(3,661)</u>	<u>(3,225)</u>	<u>(423,281)</u>	<u>(430,167)</u>
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	-	-	79,699	79,699
Fund Balance - July 1	<u>1,029</u>	<u>-</u>	<u>49,975</u>	<u>51,004</u>
<b>Fund Balance - June 30</b>	<b><u>1,029</u></b>	<b><u>-</u></b>	<b><u>129,674</u></b>	<b><u>130,703</u></b>

**TOWN OF BAR HARBOR**  
**CAPITAL IMPROVEMENTS PROGRAM**  
**SCHEDULE OF ACTIVITY**  
**FOR THE YEAR ENDED JUNE 30, 2015**

*Exhibit B-1*  
*Page 1 of 3*

<i>Town Projects</i>	<i>Balance July 1</i>	<i>Budget</i>	<i>Revenues and Transfers</i>	<i>Expenditures/ Transfers</i>	<i>Balance (Over) Under</i>	<i>Transfers From (To) Unassigned</i>	<i>Balance June 30</i>
Technology							
Copier Equipment	-	4,195			4,195		4,195
Wide Format Scanner & GIS Equipment	21,480	3,352			24,832	(24,832)	-
WAN & Cable TV System	28,593	2,206		(7,106)	23,693		23,693
Audio Visual Equipment	1,220	305			1,525		1,525
Document Imaging System	5,019	2,000			7,019		7,019
Computer Servers	10,427	14,000		(7,021)	17,406		17,406
Computer Servers-Finance	-	5,947			5,947		5,947
Website Improvements	1,096	10,000		(10,702)	394		394
Town Wide Phone System	-	3,800			3,800		3,800
Security camera System	-				-	20,709	20,709
Aerial Photography Update	19,144	5,929		(3,600)	21,473	(21,473)	-
Municipal Building							
Building Renovation	157	2,200,000		(963,373)	1,236,784		1,236,784
Code Enforcement							
Pickup Inspection Truck	14,221	1,867			16,088		16,088
Assessing							
GIS Wide Format Scanner	-				-	24,832	24,832
Vehicle Purchase	2,753	2,667			5,420		5,420
Aerial Photography	-				-	21,473	21,473
Planning							
Backyard Parking	38,000			(38,000)	-		-
Ambulance							
Ambulance Reserve	35,216	31,975			67,191		67,191
Defibrillators	27,220	3,330			30,550		30,550
Jaws of Life	8,488				8,488	(8,488)	-
Fire Department							
Fire Engine #2	78,428	8,466			86,894		86,894
Fire Engine #3 Reserve	40,302	8,236			48,538		48,538
Fire Engine #4	139,780	99,909			239,689		239,689
Fire Engine #5	97,370	7,401		(9,251)	95,520		95,520
Fire Truck - Crew's	2,728	2,728			5,456		5,456
Fire Pickup Truck Reserve	3,977	4,336			8,313		8,313
Thermal Imaging Camera	15,698				15,698		15,698
SCBA's & Cascade System	14,758	5,558			20,316		20,316
Rescue Tools	-				-	8,488	8,488
Police Department							
Computers & Software	-				-		-
Radio Base Station & Console	33,292	22,657		(7,776)	48,173		48,173
Speed Trailer & Monitor	4,079	412			4,491		4,491
Cruiser Replacement	7,265	26,011		(26,196)	7,080		7,080
Cruiser Equipment	8,986	4,100		(13,033)	53		53
Security camera System	19,041	1,668			20,709	(20,709)	-
Night Vision Units	10,359	1,291			11,650		11,650
Port Security Boat	17,638	8,819			26,457		26,457

**TOWN OF BAR HARBOR**  
**CAPITAL IMPROVEMENTS PROGRAM**  
**SCHEDULE OF ACTIVITY**  
**FOR THE YEAR ENDED JUNE 30, 2015**

*Exhibit B-1*  
*Page 2 of 3*

<i>Town Projects (Continued)</i>	<i>Balance July 1</i>	<i>Budget</i>	<i>Revenues and Transfers</i>	<i>Expenditures/ Transfers</i>	<i>Balance (Over) Under</i>	<i>Transfers From (To) Unassigned</i>	<i>Balance June 30</i>
Public Safety Building							
Public Safety Bldg. Generator	7,609	667			8,276		8,276
School Shelter Generator	2,668	667			3,335		3,335
Building Renovations	30,912	21,600		(40,264)	12,248		12,248
Harbor Department							
Harbor Master Boat & Trailer	14,544				14,544		14,544
New Floats	14,553	8,405			22,958		22,958
Gangway Replacement	15,480	3,455			18,935		18,935
Pier Renovations	-	12,894			12,894		12,894
Parks & Recreation							
Museum in the Streets	1,113	530			1,643		1,643
Albert Meadow-Grant's Park	11,065	5,741			16,806		16,806
Tree Planting	7,420	8,000		(886)	14,534		14,534
Mt. Desert Cemetery	60,728				60,728		60,728
Park Equipment	8,837	2,000			10,837		10,837
Launch Ramp-Hadley Point	2,992	1,496			4,488		4,488
Village Green Bandstand	3,699	1,233			4,932		4,932
Glen Mary Renovations	24,233	6,152			30,385		30,385
Harborview Park	185,867				185,867		185,867
Comfort Stations							
New Restrooms Construction	88,081	25,999		(93,757)	20,323		20,323
Public Works / Highway							
Air Compressor	5,700	750			6,450		6,450
Backhoe Reserve (Cat & Deere)	23,892	47,221			71,113		71,113
Brush Chipper	23,355	1,243			24,598		24,598
Downtown Signage	-	242,250		(164,665)	77,585		77,585
Grader Reserve	124,335	2,620			126,955		126,955
Hydraulic Lifts	3,095	1,000			4,095		4,095
Front End Loader Reserve	125,584	12,863			138,447		138,447
Road Improvement Program	1,249,843	295,691		(1,038,195)	507,339		507,339
Sidewalk Plow	13,244	13,244			26,488		26,488
Sidewalk Reconstruction Program	343,410	90,621		(105,453)	328,578		328,578
Washer, Steam Pressure	10,611	(207)			10,404		10,404
Street Sweeper (Broom)	69,980	7,733			77,713		77,713
Street Sweeper (Vacuum)	15,204	18,079			33,283		33,283
Public Works Complex	188,152			(60,016)	128,136		128,136
Tag Trailer	12,424	680			13,104		13,104
Water Truck	2,000	1,000			3,000		3,000
Route #3 Construction	328,580	211,420			540,000		540,000
Light Truck Purchase	104,449	48,414		(59,933)	92,930		92,930
Plow Truck Reserve	131,693	66,857		(155,712)	42,838		42,838
Bobcat Loader	27,579	1,272			28,851		28,851
Roller, Vibratory	31,623	2,437			34,060		34,060
Waste Oil Furnace	2,577	1,342			3,919		3,919

**TOWN OF BAR HARBOR**  
**CAPITAL IMPROVEMENTS PROGRAM**  
**SCHEDULE OF ACTIVITY**  
**FOR THE YEAR ENDED JUNE 30, 2015**

*Exhibit B-1*  
*Page 3 of 3*

	<i>Balance</i> <i>July 1</i>	<i>Budget</i>	<i>Revenues and</i> <i>Transfers</i>	<i>Expenditures/</i> <i>Transfers</i>	<i>Balance</i> <i>(Over) Under</i>	<i>Transfers</i> <i>From (To)</i> <i>Unassigned</i>	<i>Balance</i> <i>June 30</i>
<b>Town Projects (Continued)</b>							
Solid Waste Division							
Storage	5,257	257			5,514		5,514
Bailers	1,249	1,993			3,242		3,242
Glass Crusher	4,391	807			5,198		5,198
Forklifts	10,994	2,379			13,373		13,373
Transfer Station Reserve	7,500	3,036		(10,000)	536		536
Recycling Facility Reserve	3,145	2,500			5,645		5,645
Debt Service							
Debt Service - Municipal Building	-	161,845	56,190	(56,190)	161,845		161,845
Debt Service - Agamont Park	-	57,080		(57,080)	-		-
Public Works - FY 10	-	283,513		(283,513)	-		-
Public Works - FY 13	-	232,138		(232,138)	-		-
<b>Town Total</b>	<b>4,056,402</b>	<b>4,404,082</b>	<b>56,190</b>	<b>(3,443,860)</b>	<b>5,072,814</b>	<b>-</b>	<b>5,072,814</b>
<b>School Projects</b>							
2004 Heating System Payment	-				-		-
2004 Heating System Payment	-	59,411		(59,411)	-		-
ADA Act Renovations	13,898				13,898		13,898
Capital Outlay Reserve	36,650	368			37,018	(3,459)	33,559
Furniture & Equipment	5,329	5,000		(2,000)	8,329		8,329
Computers & Technology	22,388	55,000		(51,525)	25,863		25,863
Copier Lease/Purchase	-	14,933		(14,993)	(60)	60	-
Flooring	29,991	2,500		(4,746)	27,745		27,745
Repaving	17,500	5,000			22,500		22,500
Asbestos Removal	10,310				10,310		10,310
Pickup Truck Replacement	1,690	5,986			7,676		7,676
Playground Equipment	7,386				7,386		7,386
Roof Repairs	35,668	2,500		(2,635)	35,533		35,533
Storage Units	3,000				3,000		3,000
Technology Infrastructure	1,713				1,713		1,713
Connors Windows	12,065				12,065		12,065
Gym Divider	-	24,000		(25,063)	(1,063)	1,063	-
Boiler Lead-Lag System	28,475	2,165		(8,621)	22,019		22,019
Tractor Plow Reserve	5,000				5,000		5,000
Kitchen Floor	-	2,000			2,000		2,000
Emerson Entry Doors	7,500			(600)	6,900		6,900
Safety & Access Control	3,851	15,000			18,851		18,851
Indoor Pipe Replacement	40,586	12,600		(55,522)	(2,336)	2,336	-
<b>School Total</b>	<b>283,000</b>	<b>206,463</b>	<b>-</b>	<b>(225,116)</b>	<b>264,347</b>	<b>-</b>	<b>264,347</b>
<b>Subtotal</b>	<b>4,339,402</b>	<b>4,610,545</b>	<b>56,190</b>	<b>(3,668,976)</b>	<b>5,337,161</b>	<b>-</b>	<b>5,337,161</b>
Unassigned Balance	67,536	(4,610,545)	4,589,868	-	46,859		46,859
<b>Totals</b>	<b>4,406,938</b>	<b>-</b>	<b>4,646,058</b>	<b>(3,668,976)</b>	<b>5,384,020</b>	<b>-</b>	<b>5,384,020</b>

**TOWN OF BAR HARBOR**  
**COMBINING BALANCE SHEET**  
**ALL PERMANENT FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

*Exhibit C-1*

<i>Assets</i>	<i>Gurnee Scholarship</i>	<i>Cemetery Trusts</i>	<i>Total</i>
Cash and Equivalents	1,488	798	2,286
Investments	8,342	4,471	12,813
<b>Total Assets</b>	<b>9,830</b>	<b>5,269</b>	<b>15,099</b>
<i>Liabilities &amp; Fund Balances</i>			
Liabilities			
Due to Other Funds			-
Total Liabilities	-	-	-
Fund Balances			
Nonspendable	6,488	5,269	11,757
Assigned	3,342	-	3,342
Total Fund Balances	9,830	5,269	15,099
<b>Total Liabilities &amp; Fund Balances</b>	<b>9,830</b>	<b>5,269</b>	<b>15,099</b>

**TOWN OF BAR HARBOR**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**ALL PERMANENT FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

*Exhibit C-2*

	<i>Gurnee Scholarship</i>	<i>Cemetery Trusts</i>	<i>Total</i>
Revenues			
New Funds			-
Investment Income	50	27	77
	50	27	77
Expenditures			
Scholarships			-
	-	-	-
Excess of Revenues Over Expenditures	50	27	77
Other Financing Sources (Uses)			
Transfers to Other Funds		(27)	(27)
Total Other Financing Sources (Uses)	-	(27)	(27)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	50	-	50
Fund Balance - July 1	9,780	5,269	15,049
<b>Fund Balance - June 30</b>	<b>9,830</b>	<b>5,269</b>	<b>15,099</b>

**TOWN OF BAR HARBOR, MAINE**  
**Operating Data**  
**For the Fiscal Year Ended June 30, 2015**

**MUNICIPAL SERVICES**

**Public Works**

***Wastewater Division***

<b><u>Largest Wastewater Customers</u></b>	<b><u>Type of Use</u></b>	<b><u>CY2014 Revenues</u></b>	<b><u>% of Total</u></b>
Jackson Laboratory	Genetic Research & Mice Prod	\$457,094	21.9%
Witham Family LTD Part	Hotels	183,156	8.8%
Eden Street Trust	Hotel	62,899	3.0%
Hulls Cove, LLC	Hotel	46,645	2.2%
Golden Anchor, LC	Hotel	38,401	1.8%
BHTC 111, LLC	Tennis & Swim Club	32,860	1.6%
Bar Harbor Housing Auth	Low Income/Elderly Housing	29,510	1.4%
Town of Bar Harbor	Parks, Bldgs, Schools	28,918	1.4%
Mt. Desert Hospital	Hospital	27,033	1.3%
Lafayette Bluenose, LLC	Hotel	24,480	1.2%

***Water Division***

<b><u>Largest Water Customers</u></b>	<b><u>Type of Use</u></b>	<b><u>CY2014 Revenues</u></b>	<b><u>% of Total</u></b>
Town of Bar Harbor	Parks, Bldgs, Schools & Hydrants	\$520,300	30.6%
Jackson Laboratory	Genetic Research & Mice Prod	168,520	9.9%
Witham Family LTD Part	Hotels	76,034	4.5%
College of the Atlantic	College	25,091	1.5%
Golden Anchor	Hotel	18,602	1.1%
Lafayette Bar Harbor, LLC	Hotel	16,597	1.0%
Mount Desert Hospital	Hospital	16,431	1.0%
Kebo Valley Club	Golf Course	15,043	0.9%
Bar Harbor Housing Auth	Low Income/Elderly Housing	13,202	0.8%
BHTC 111, LLC	Tennis & Swim Club	13,071	0.8%

<b><u>Number of Water System Customers</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>
Residential	1,272	1,251	1,249	1,247	1,241
Commercial	490	505	493	490	491
Industrial (Jax Lab)	39	42	43	43	43
Governmental	53	53	52	52	51
<b>Total</b>	<b>1854</b>	<b>1851</b>	<b>1,837</b>	<b>1,832</b>	<b>1,826</b>

<b><u>Water Sales (per 1,000 gallons)</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>
Residential	83,026	73,690	71,570	65,318	59,766
Commercial	110,013	101,306	102,200	103,634	107,376
Industrial (Jax Lab)	54,566	52,065	57,920	60,116	56,251
Public Authorities	10,803	10,831	9,905	10,170	5,357
<b>Total Water Sales</b>	<b>258,408</b>	<b>237,892</b>	<b>241,595</b>	<b>239,238</b>	<b>231,750</b>

<b>Water Sales (Revenue)</b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>
Residential	\$385,829	\$433,721	\$426,246	\$484,620	\$482,859
Commercial	384,359	419,435	421,111	494,752	526,799
Industrial (Jax Lab)	93,311	105,520	116,518	138,761	136,958
Public Authorities	41,294	50,060	47,001	56,710	51,637
Public Fire Protection	346,992	402,968	402,968	480,468	480,468
Private Fire Protection	72,762	87,703	87,174	106,563	107,952
<b>Total Water Sales</b>	<b>\$1,324,547</b>	<b>\$1,449,407</b>	<b>\$1,503,018</b>	<b>\$1,761,874</b>	<b>\$1,786,673</b>

**PUBLIC EDUCATION**

**Composition of MDI RSS**

<i>Former Administrative Unit</i>	<i>Community</i>	<i>School</i>	<i>Grade</i>	<b>Enrollment (as of Oct. 1, 2014)</b>
School Union #98	Bar Harbor	Connors-Emerson School	K-8	374
School Union #98	Cranberry Isles	Islesford School	K-8	14
School Union #98	Frenchboro	Frenchboro Elementary	K-8	2
School Union #98	Mount Desert	Mt Desert Elementary	K-8	190
School Union #98	Southwest Harbor	Pemetic Elementary	K-8	146
School Union #98	Tremont	Tremont Consolidated	K-8	115
School Union #92	Trenton	Trenton Elementary	K-8	122
MSAD No. 76	Swan's Island	Swan's Island Elementary	K-8	35
C.S.D. No. 7	Members of Union #98	Mt Desert Island High	9-12	<u>527</u>
		Total Enrollment		1,525
		(less Tuition Students)		<u>(52)</u>
		Total Member Enrollment		1,473

**LABOR RELATIONS**

The Town employs approximately 147 full-time personnel, approximately of whom 74 are employees of the Town including its utilities systems; and 73 of whom are employed by the School Department; and various part-time employees. Approximately 41 full-time Town employees, not included in the table below, are not represented by unions.

<b>Union</b>	<b>Bargaining Unit</b>	<b>Date of Contract</b>	
		<b>Effective</b>	<i>Expiration</i>
Teamsters Local No. 340	Highway & Wastewater Unit	July 1, 2014	June 30, 2017
IAFF (AFL/CIO)	Fire Department Unit	July 1, 2014	June 30, 2017
BHSEA (MEA)	School Support Unit	July 1, 2015	June 30, 2018
BHTA (MEA)	Teachers Unit	Sept.1, 2015	Aug. 31, 2018

**BUILDING ACTIVITY**

Calendar Year	Residential		Commercial		Total	
	# Permits	Est. Cost	# Permits	Est. Cost	# Permits	Est. Cost
2014	186	\$10,730,656	93	\$4,289,181	379	\$15,019,837
2013	195	11,067,509	112	21,401,296	307	32,468,805
2012	218	8,818,995	104	18,278,880	322	27,097,875
2011	206	5,066,552	115	6,751,987	321	11,818,539
2010	207	7,844,890	115	9,250,707	322	17,095,597

Representative Employers	Type of Business	Approximate Number of Employees			
		Full-Time	Part-Time	Seasonal	Total
The Jackson Laboratory	Genetic Research	1,276	0	0	1,276
Mount Desert Island Hospital	Hospital	422	138	0	560
National Park Service	Acadia National Park	85	0	128	213
Hannaford's Shop & Save	Grocery Store	33	43	30	106
College of the Atlantic	College	85	20	0	115
MDI Bio Laboratory	Medical Research	60	3	9	72
Sonogee Estates	Nursing Home	47	4	17	68
Bar Harbor Banking & Trust Co.	Bank	36	3	2	41

**TOWN FINANCES**

*General Fund Budgets for Fiscal Year Ending June 30.*

	2012	2013	2014	2015	2016
<b>Revenues</b>					
Taxes	\$14,346,420	\$14,908,603	\$15,310,100	\$15,796,457	\$16,557,858
Intergovernmental	378,636	391,719	309,110	241,420	219,637
Departmental	1,039,386	1,033,614	1,078,517	1,081,216	1,032,901
Other local sources	531,781	561,611	551,796	535,264	534,465
<b>Total Revenues</b>	<b>16,296,223</b>	<b>16,895,297</b>	<b>17,249,523</b>	<b>17,654,357</b>	<b>18,344,861</b>
<b>Expenditures</b>					
General government	2,838,034	2,787,297	2,811,648	2,778,378	2,883,143
Public safety	2,230,015	2,442,592	2,549,803	2,608,008	2,795,896
Health & welfare	113,785	124,805	127,396	130,716	137,648
Parks & recreation	215,881	248,421	230,479	230,865	235,251
Roads & sanitation	1,704,846	1,808,304	1,763,969	1,746,798	1,810,053
Debt service	-	-	-	-	-
Assessments	2,998,800	3,144,324	3,160,004	3,396,885	3,583,721
Transfers to school fund	4,718,082	4,714,074	5,080,953	5,176,423	5,223,669
Transfers to CIP	1,423,418	1,747,987	1,700,842	1,820,106	1,753,435
Other exp. & transfers	53,362	51,320	51,289	32,053	32,045
<b>Total Expenditures</b>	<b>\$16,296,223</b>	<b>\$17,069,124</b>	<b>\$17,476,383</b>	<b>\$17,920,232</b>	<b>\$18,454,861</b>
<b>Excess Exp. Over Revenues</b>	<b>\$0</b>	<b>\$173,827</b>	<b>\$226,860</b>	<b>\$265,875</b>	<b>\$110,000</b>
<b>Use of Fund Balance:</b>					
Transfer to CIP	0	117,160	117,160	200,000	110,000
One-time expenditures	0	56,667	109,700	65,875	0
Increase GF Bal	0	0	0	0	0
<b>Total Use of Fund Balance</b>	<b>\$0</b>	<b>\$173,827</b>	<b>\$226,860</b>	<b>\$265,875</b>	<b>\$110,000</b>

**Property Tax Levy Limit**

Fiscal year:	<b><u>2011/2012</u></b>	<b><u>2012/2013</u></b>	<b><u>2013/2014</u></b>	<b><u>2014/2015</u></b>	<b><u>2015/2016</u></b>
State Personal Income Factor:	1.66%	1.43%	1.05%	1.09%	0.86%
Town Prop Growth Factor:	<u>2.41%</u>	<u>1.76</u>	<u>1.46%</u>	<u>1.41%</u>	<u>0.70%</u>
Growth Limitation Factor:	4.07%	3.19%	2.51%	2.50%	1.56%
Property Tax Levy Limit:	\$6,082,356	\$6,282,509	\$6,444,293	\$6,632,283	\$6,774,604
Property Tax Levy:	<u>5,742,050</u>	<u>6,095,170</u>	<u>6,174,598</u>	<u>6,199,868</u>	<u>6,731,982</u>
Over/(below) Prop Tax Levy Limit:	(\$346,306)	(\$187,339)	(\$269,695)	(\$432,415)	(\$42,622)

**General Fund Balance as % Revenues**

	Fiscal Year Ended June 30,				
	2010	2011	2012	2013	2014
Assigned and Unassigned General Fund Balance	\$2,261,033	\$2,879,315	\$3,424,663	\$3,489,920	\$3,314,239
Total Revenues	15,887,271	17,548,339	17,745,350	18,135,145	18,594,081
Fund Bal as % Revenues	14.23%	16.41%	19.30%	19.24%	17.82%

**Tax Levy and Collections**

Fiscal Yr. End June 30,	Equalized State Valuation (000)	Assessed Valuation (000)	Tax Rate (000)	Tax Levy	Collections (after Supplements and Abatements)		
					Year End	% of Levy	% of Levy A/O 6/30/15
2015	1,404,100	\$1,449,121	\$10.22	\$14,810,016	\$14,334,981	96.79%	96.79%
2014	1,390,700	1,435,775	10.01	14,372,104	13,918,708	96.86	98.80
2013	1,383,750	1,423,245	9.84	14,004,735	13,469,426	96.18	99.87
2012	1,389,150	1,407,891	9.60	13,515,751	12,998,547	96.17	99.92
2011	1,443,700	1,410,144	9.44	13,311,759	12,837,527	96.44	99.93

**Largest Taxpayers**

Taxpayer	As of April 1, 2014			
	Type of Business	Assessed Value	Tax	% of Levy
Golden Anchor, L C	Hotel	\$20,169,500	\$206,132	1.44%
Eden Street Trust	Hotel	17,960,600	183,557	1.24%
West Street Properties, LLC	Hotel	17,869,400	182,625	1.23%
Witham Family LTD	Hotel	13,548,200	138,463	0.93%
BHTC 111, LLC	Res/Club	10,434,400	106,640	0.72%
Witham Family LTD	Hotel	9,124,300	93,250	0.63%
Emera Maine	Utility	8,917,500	91,137	0.62%
Colket, Tristram C Jr	Residential	8,158,600	83,381	0.56%
Lafayette Bluenose, LLC	Hotel	6,784,800	69,341	0.47%
Holiday Assoc. of Naples	Hotel	5,767,900	58,948	0.40%
<b>Top ten taxpayers</b>			<b>\$1,213,474</b>	<b>8.24%</b>

**Revenues from the State**

<b>Fiscal Yr. End June 30,</b>	<b>State Revenue Sharing</b>	<b>Homestead Exemption</b>	<b>General Assistance</b>	<b>State School Subsidy*</b>	<b>Other State Aid**</b>	<b>Total From State</b>
2014	\$133,206	\$47,655	\$279	239,614	\$73,286	\$494,040
2013	203,535	47,474	0	194,414	75,886	521,309
2012	200,070	57,842	663	165,701	73,107	497,783
2011	192,549	20,935	4,334	179,965	74,992	472,775
2010	205,809	54,430	3,133	173,690	71,306	508,368

-----\* School subsidy paid directly to AOS 91

-----\*\*Urban Renewal Initiative Program revenue for roads posted in CIP Fund

**DEBT**

<b>Year Issued</b>	<b>Purpose</b>	<b>Amount Issued</b>	<b>Final Maturity</b>	<b>Balance on June 30, 2014</b>			<b>Balance on June 30, 2015</b>	
				<b>General</b>	<b>Propr'try</b>	<b>Total</b>	<b>(Payments)</b>	<b>Total</b>
1997	Sewer Plant (SRF)	7,300,000	10/01/17		\$1,747,330	\$1,747,330	(\$419,295)	\$1,328,035
2002	Water Tank (SRF)	750,000	10/01/21		344,754	344,754	(39,215)	305,539
2004	School (MMBB)	805,000	11/01/24	531,965		531,965	(37,321)	494,644
2005	Beach Wall	800,000	10/15/24	440,000		440,000	(40,000)	400,000
2005	Sewer/Hulls Cove	800,000	10/15/27		575,000	575,000	(30,000)	545,000
2010	Roads & Sidewalks	3,700,000	05/01/30	2,960,000		2,960,000	(185,000)	2,775,000
2010	Water System	600,000	05/01/30		480,000	480,000	(30,000)	450,000
2011	Sewer System	1,316,000	12/01/31		1,207,167	1,207,167	(56,450)	1,150,717
2011	Water System	1,224,000	12/01/31		1,132,833	1,132,833	(48,550)	1,084,283
2011	Ref'd'g Water-01	2,515,000	12/01/21		1,885,000	1,885,000	(220,000)	1,665,000
2012	Water (SRF)	2,679,150	10/01/32		2,542,018	2,542,018	(122,148)	2,419,870
2013	Public Works	3,350,000	10/15/33	3,350,000		3,350,000	(125,000)	3,225,000
				7,281,965	9,914,102	17,196,067	(1,352,979)	15,843,088
2014	Muni Bldg/Signage <i>(issued 8/15/14)</i>	2,442,000	10/15/34			2,442,000	(000)	2,442,000
				\$7,281,965	\$9,914,102	\$19,638,067	(\$1,352,979)	\$18,285,088
2015	Pub. Safety/Water <i>(issued 8/25/15)</i>	2,100,000	10/15/35	400,000	1,700,000			<u>2,100,000</u>
								<u>\$20,385,088</u>

**Debt Ratios**

<b>Fiscal Yr. End June 30,</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>
2015	5,235	\$1,404,100	\$1,449,121	\$18,285,088	1.30%	\$3,493
2014	5,235	1,390,700	1,435,775	17,196,067	1.24%	3,285
2013	5,235	1,383,750	1,423,245	18,501,308	1.34%	3,534
2012	5,235	1,389,150	1,407,891	13,653,474	0.98%	2,608
2011	5,235	1,443,700	1,410,144	12,335,113	0.85%	2,356

Debt Obligations, by Fund Type

FY June 30,	General Fund Debt		Enterprise Fund Debt	Total Debt	Ent. Debt as % Total Debt
	(Town)	(School)			
2015	\$8,842,000	\$494,644	\$8,948,444	\$18,285,088	48.94%
2014	6,750,000	531,965	9,914,102	17,196,067	57.65%
2013	7,006,919	637,602	10,856,787	18,501,308	58.68%
2012	3,912,142	741,501	8,999,368	13,653,474	65.91%
2011	4,167,142	958,746	7,209,225	12,335,113	58.44%

Debt Ratios, by Fund Type

Fiscal Year End June 30,	Debt as % of Equalized. State Val.				Per Capita Debt			
	General Fund		Enterprise Fund	Total	General Fund		Enterprise Fund	Total
	Town	School			Town	School		
2015	0.63%	0.04%	0.63%	1.30%	\$1,689	\$95	\$1,709	\$3,493
2014	0.49	0.04	0.71	1.24	1,286	102	1,894	3,285
2013	0.51	0.05	0.78	1.34	1,338	122	2,074	3,535
2012	0.28	0.05	0.65	0.98	747	142	1,719	2,608
2011	0.29	0.07	0.50	0.85	796	183	1,377	2,356

Debt Service Component of Operating Expenses

	2011	2012	2013	2014	2015
Total Current Year Debt Service:	\$1,698,240	\$1,617,987	\$1,552,947	\$1,765,303	\$1,907,026
(less Enterprise Debt Service)	<u>(1,029,627)</u>	<u>(975,603)</u>	<u>(1,038,982)</u>	<u>(1,183,861)</u>	<u>(1,217,234)</u>
Tax Supported Debt Service	\$668,613	\$642,384	\$513,965	\$581,442	\$689,792
Budgeted Operating Expense:	16,023,523	\$16,296,223	\$17,069,124	\$17,476,383	\$17,920,232
Debt Service as % Oper. Expense:	4.17%	3.94%	3.01%	3.34%	3.85%

Total General Obligation, Overlapping and Contingent Debt

	Direct Debt <sup>(1)</sup>	Overlapping	Contingent	Total Debt
Town of Bar Harbor (CIP)	\$7,230,000			\$7,230,000
Town of Bar Harbor (School)	531,965			531,965
Town of Bar Harbor (Enterprise)	9,434,102			9,434,102
C.S.D. No. 7		\$1,256,282		1,256,282
County of Hancock		157,200		157,200
<b>Total A/O June 30, 2014</b>	<b>\$17,196,067</b>	<b>\$1,413,482</b>	<b>\$0</b>	<b>\$18,609,549</b>
Debt as % Eq State Valuation	1.24%	0.10%	0.00%	1.34%
Per Capita Debt	\$3,285	\$270	\$0.00	\$3,555

Members of the Town Council  
Town of Bar Harbor  
Bar Harbor, ME 04609

We have audited the financial statements of the Bar Harbor School Department for the year ended June 30, 2015.

In connection with our audit, we make the following statements of assurances and determinations:

1. The audit has been conducted in accordance with applicable State and Federal laws relating to financial and compliance audits.
2. Budgetary controls are in place.
3. The corrected annual financial report submitted to the Department of Education and Cultural Services is materially correct.
4. The Bar Harbor School Department has complied with the applicable provisions of the Maine Essential Programs and Services Funding Act.
5. The Bar Harbor School Department has complied with the transfer limitations between budget cost centers.
6. The Bar Harbor School Department has complied with the statutory budget content requirements.
7. The Bar Harbor School Department has not exceeded its authority to expend funds as provided with the total budget summary article.

Respectfully submitted,

**James W. Wadman, CPA**

James W. Wadman, CPA  
December 18, 2015