



In the opinion of Bernstein Shur Sawyer & Nelson, P.A., Bond Counsel, ("Bond Counsel") and assuming compliance with certain tax covenants, under existing statutes, regulations and court decisions, interest on the Bonds (as defined below) is excludable from the gross income of the owners thereof for purposes of federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for the purpose of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in the computation of certain taxes that may be imposed with respect to certain corporations, including, without limitation, in adjusted current earnings of a corporation for purposes of calculation of the alternative minimum tax. Bond Counsel is also of the opinion that pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended, the interest paid on the Bonds is exempt from income tax within the State of Maine (the "State") under existing statutes, regulations and judicial decisions. **The Town will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.** See "THE BONDS—TAX MATTERS" and "APPENDIX B" herein.

TOWN OF BAR HARBOR, MAINE
\$3,070,000
2017 GENERAL OBLIGATION BONDS

Dated: Date of Delivery

Due: October 15, as shown below

<u>Year of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield or Price</u>	<u>Year of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield or Price</u>
2018	\$160,000	5.00%	1.00	2028	\$160,000	3.00%	2.25 ^(†)
2019	160,000	5.00	1.06	2029	160,000	3.00	2.40 ^(†)
2020	160,000	5.00	1.16	2030	160,000	3.00	2.55 ^(†)
2021	160,000	5.00	1.27	2031	160,000	3.00	2.60 ^(†)
2022	160,000	5.00	1.42	2032	155,000	3.00	2.70 ^(†)
2023	160,000	5.00	1.55	2033	135,000	3.00	2.80 ^(†)
2024	160,000	5.00	1.68	2034	135,000	3.00	2.90 ^(†)
2025	160,000	5.00	1.81	2035	135,000	3.00	2.95 ^(†)
2026	160,000	5.00	1.95	2036	135,000	3.00	100
2027	160,000	5.00	2.06	2037	135,000	3.00	3.05

The Town of Bar Harbor, Maine 2017 General Obligation Bonds (the "Bonds") will be issued as fully-registered certificates without coupons and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. See "THE BONDS—BOOK-ENTRY-ONLY SYSTEM" herein. Principal and interest on the Bonds will be paid to DTC by U.S. Bank National Association, Boston, Massachusetts, as Paying Agent. Interest on the Bonds will be payable on October 15, 2018, and semi-annually on each April 15 and October 15 thereafter until maturity, or redemption prior to maturity.

The legal opinion of Bond Counsel will be provided to the original purchaser and will indicate that the Bonds are valid general obligations of the Town of Bar Harbor, Maine (the "Town") and, unless paid from other sources, are payable as to both principal and interest from ad valorem taxes that are subject to limitation unless certain procedural requirements under Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, are met, in which case such ad valorem taxes may then be levied, without limit as to rate or amount upon all the property within the territorial limits of the Town and taxable by it (see "THE BONDS—SOURCE OF PAYMENTS AND REMEDIES - Limitation on Municipal Property Tax Levy" herein), except to the extent that the Town may enter into an agreement under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality and except to the extent that the Town establishes or has established development districts either as tax increment financing districts or affordable housing development districts pursuant to Title 30-A, Chapters 206 and former 207 (now repealed) of the Maine Revised Statutes, as amended, the captured tax increment of which may not be available for payment of debt service on the Bonds. See "TOWN FINANCES—TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS" herein. The Treasurer has certified that neither agreements under Title 30-A, Chapter 223, Subchapter V or Title 30-A, Chapter 206 or 207 of the Maine Revised Statutes, as amended, now exist. Bonds issued for school improvements included in the school budget are not subject to the property tax limit set forth in Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended. Within the limits established by statute, the Town has the right to designate development districts pursuant to Chapter 206 of Title 30-A of the Maine Revised Statutes, as amended. The opinion will indicate that the enforceability of the obligations of the Town, including the Bonds, is subject to and may be limited by bankruptcy, insolvency, moratorium and other laws affecting the rights and remedies of creditors generally, and are subject to general principles of equity. The opinion will be dated and given on and will speak as of the date of original delivery of the Bonds to the original purchasers.

Bonds maturing on and before October 15, 2027 are not subject to redemption prior to their stated dates of maturity. The Bonds maturing on and after October 15, 2028 are subject to redemption prior to maturity, at the option of the Town, on and after October 15, 2027 as more fully set forth herein. See "THE BONDS—OPTIONAL REDEMPTION PRIOR TO MATURITY" herein.

The Bonds are offered when, as and if issued, subject to the approval of legality by Bernstein Shur Sawyer & Nelson, P.A. of Augusta, Maine, Bond Counsel. It is expected that the Bonds in definitive form will be available for delivery to DTC on or about November 15, 2017.

Eastern Bank

NOTE: ^(†) Priced at stated yield to the October 15, 2027 optional redemption date at a redemption price of 100% (see "THE BONDS—OPTIONAL REDEMPTION PRIOR TO MATURITY")

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

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

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

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**CERTIFICATE
CONCERNING OFFICIAL STATEMENT**

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

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

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

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

Stanley W. Harmon
Treasurer
Town of Bar Harbor, Maine

**OFFICIAL STATEMENT
TOWN OF BAR HARBOR, MAINE
\$3,070,000
2017 GENERAL OBLIGATION BONDS**

This Official Statement is provided for the purpose of presenting certain information relating to the Town of Bar Harbor, Maine (the “Town” or “Bar Harbor”) in connection with the sale of its 2017 General Obligation Bonds (the “Bonds”).

THE BONDS

DESCRIPTION OF THE BONDS

The Bonds will be issued only as fully-registered bonds without coupons, one certificate per maturity, and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York City, New York (“DTC” or the “Securities Depository”). DTC will act as the securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. The Bonds will be dated November 15, 2017 and will bear interest (accrued on the basis of a 360-day year with twelve 30-day months), payable on October 15, 2018, and semi-annually thereafter on April 15 and October 15 of each year until maturity, or redemption prior to maturity. It is expected that the Bonds will be available for delivery at DTC on about November 15, 2017. The Bonds will mature as follows:

<u>Amount</u>	<u>October 15,</u>	<u>CUSIP</u>	<u>Amount</u>	<u>October 15,</u>	<u>CUSIP</u>
\$160,000	2018	066878JN0	\$160,000	2028	066878JY6
160,000	2019	066878JP5	160,000	2029	066878JZ3
160,000	2020	066878JQ3	160,000	2030	066878KA6
160,000	2021	066878JR1	160,000	2031	066878KB4
160,000	2022	066878JS9	155,000	2032	066878KC2
160,000	2023	066878JT7	135,000	2033	066878KD0
160,000	2024	066878JU4	135,000	2034	066878KE8
160,000	2025	066878JV2	135,000	2035	066878KF5
160,000	2026	066878JW0	135,000	2036	066878KG3
160,000	2027	066878JX8	135,000	2037	066878KH1

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

OPTIONAL REDEMPTION PRIOR TO MATURITY

Bonds maturing on or before October 15, 2027 are not subject to optional redemption prior to their stated dates of maturity. Bonds maturing on and after October 15, 2028 are subject to redemption prior to their stated dates of maturity, at the option of the Town, on and after October 15, 2027, as a whole or in part at any time, in such order of maturity as the Town, in its discretion, may determine at a price of par (100% of original stated amount of value at maturity), together with interest accrued and unpaid to the redemption date, if any.

GENERAL PROVISIONS REGARDING REDEMPTION OF THE BONDS

Notice of Redemption

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

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

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

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

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

Cancellation

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

Partial Redemption of Bonds

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

RECORD DATE; PAYMENT

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

AUTHORIZATION AND PURPOSE

The Bonds

The Bonds to provide funds to finance projects are issued pursuant to Article II, Section C-6.B(1) of the Town's Charter (action of the voters of the Town at its Annual Town Meeting, held on June 6 & June 13, 2017) and by Title 30-A, Section 5772 of the Maine Revised Statutes, as amended.

The Projects

Ladder Fire Truck - Article T of the Town Meeting Warrant authorized the Town to issue bonds, in an amount not to exceed \$320,000, to provide funds to finance the replacement to its 1993 Fire Ladder Truck (the "Ladder Truck" project).

Public Safety Building Renovations - Article U of the Town Meeting Warrant authorized the Town to issue bonds, in an amount not to exceed \$150,000, to provide funds to finance repairs, replacement and renovations of the Town's Public Safety building including its concrete building slab, all failing masonry and drainage (the "Public Safety" project).

Transfer Station Facility - Article R of the Town Meeting Warrant authorized the Town to issue bonds, in an amount not to exceed \$2,600,000, to provide funds to finance demolition, replacement and renovations of the existing buildings and support components at its Transfer Station Facility, including new equipment and all necessary improvements to accommodate single sort recycling and transfer of municipal solid waste (the "Transfer Station" project).

The above, collectively, are the "Projects".

Amortizations of the Projects and the Bonds

Due Oct 15,	Ladder Truck	Public Safety	Transfer Station	The Bonds
2018	\$21,500	\$8,500	\$130,000	\$160,000
2019	21,500	8,500	130,000	160,000
2020	21,500	8,500	130,000	160,000
2021	21,500	8,500	130,000	160,000
2022	21,500	8,500	130,000	160,000
2023	21,500	8,500	130,000	160,000
2024	21,500	8,500	130,000	160,000
2025	21,500	8,500	130,000	160,000
2026	21,500	8,500	130,000	160,000
2027	21,500	8,500	130,000	160,000
2028	21,500	8,500	130,000	160,000
2029	21,500	8,500	130,000	160,000
2030	21,500	8,500	130,000	160,000
2031	20,500	9,500	130,000	160,000
2032	20,000	5,000	130,000	155,000
2033		5,000	130,000	135,000
2034		5,000	130,000	135,000
2035		5,000	130,000	135,000
2036		5,000	130,000	135,000
2037		5,000	130,000	135,000
	<u>\$320,000</u>	<u>\$150,000</u>	<u>\$2,600,000</u>	<u>\$3,070,000</u>

SOURCE OF PAYMENT AND REMEDIES

General

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

The Town is subject to suit on the Bonds. The Maine statutes provide that executions against a town shall be issued against the personal property of the residents of that town and real estate within its boundaries, whether or not owned by the town. Only town real estate not used for public purposes, however, is subject to such execution. In addition, the Maine statutes provide that the personal property of the residents and the real estate within the boundaries of any town may be taken to pay any debt of the town. There has been no judicial determination as to whether the statutory remedy of taking property of residents to satisfy debts of or judgments against, a municipality is constitutional under current due process and equal protection standards and Bond Counsel expresses no opinion thereon. There has been no judicial determination as to whether statutory remedies available against towns are applicable to cities and Bond Counsel expresses no opinion thereon.

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

Limitation on Municipal Property Tax Levy

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

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

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

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

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

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

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

TAX MATTERS

The Bonds

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

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

In the opinion of Bond Counsel and assuming compliance with certain tax covenants, under existing statutes, regulations and court decisions, interest on the Bonds is excludable from the gross income of the owners of the Bonds for purposes of federal income taxation pursuant to Section 103 of the Code. Interest on the Bonds is not an item of tax preference for the purpose of the federal alternative minimum tax imposed on individuals and corporations, however, interest on the Bonds is taken into account in the computation of certain taxes that may be imposed with respect to certain corporations, including, without limitation, in adjusted current earnings of a corporation for purposes of calculation of the alternative minimum tax. In rendering its opinion, Bond Counsel will rely upon the Town's representations made with respect to the use of the proceeds of the Bonds and the Projects and the Town's covenant that it will comply with the Code.

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

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

Designated as Qualified Tax-Exempt Obligations

The Town *will designate* the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

Original Issue Discount

Certain maturities of the Bonds (the “Discount Bonds”) may be sold at an initial offering price less than the principal amount payable on the Discount Bonds at maturity. The difference between the initial public offering price at which a substantial amount of each of the Discount Bonds is sold and the principal amount payable at maturity of each of the Discount Bonds constitutes original issue discount. Bond Counsel is of the opinion that the appropriate portion of the original issue discount allocable to the original and each subsequent owner of the Discount Bonds will be treated for federal income tax purposes as interest not includable in gross income pursuant to Section 103 of the Code to the same extent as stated interest on the Discount Bonds. Pursuant to Section 1288 of the Code, original issue discount on the Discount Bonds accrues on the basis of economic accrual. The basis of an initial purchaser of a Discount Bond acquired at the initial public offering price of the Discount Bond will be increased by the amount of such accrued discount. Prospective purchasers of the Discount Bonds should consult their tax advisors with respect to the determination for federal income tax purposes of the original issue discount properly accruable with respect to the Discount Bonds and the tax accounting treatment of accrued interest.

Original Issue Premium

Certain maturities of the Bonds (the “Premium Bonds”) may be sold at an initial offering price in excess of the amount payable at the maturity date. The excess, if any, of the tax basis of the Premium Bonds to a purchaser (other than a purchaser who holds such Premium Bonds as inventory, stock in trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is amortizable bond premium, which is not deductible from gross income for federal income tax purposes. Amortizable bond premium, as it amortizes, will reduce the owner’s tax cost of the Premium Bonds used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Premium Bonds. Accordingly, an owner of a Premium Bond may have taxable gain from the disposition of the Premium Bond, even though the Premium Bond is sold, or disposed of, for a price equal to the owner’s original cost of acquiring the Premium Bond. Bond premium amortizes over the term of the Premium Bonds under the “constant yield method” described in regulations interpreting Section 1272 of the Code. Prospective purchasers of the Premium Bonds should consult their tax advisors with respect to the calculation of the amount of bond premium which will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences of owning and disposing of the Premium Bonds.

Additional Federal Income Tax Consequences

In the case of certain corporate holders of the Bonds, interest on the Bonds will be included in the calculation of the alternative minimum tax as a result of the inclusion of interest on the Bonds in “adjusted current earnings” of certain corporations.

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

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

Changes in Tax Law

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

Extent of Opinion

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

BOOK-ENTRY-ONLY SYSTEM

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

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC.

DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated securities. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

Redemption notices shall be sent to DTC. If less than all of a maturity is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to securities deposited with it unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

DTC may discontinue providing its services as depository with respect to securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners. The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

RATINGS

The Bonds are rated "Aa2" by Moody's Investors Service ("Moody's") and "AAA" by Standard & Poor's, Public Finance Ratings ("S&P"). The Town has furnished the rating agencies certain information and materials, some of which may not have been included in this Official Statement. The ratings, if obtained, will reflect only the view of Moody's or S&P at the time such rating is assigned and will be subject to revision or withdrawal, which could affect the market price of the Bonds. Moody's or S&P should be contacted directly for its rating on the Bonds and its explanation of such rating. A rating is not a recommendation to buy, sell or hold the Bonds, and such rating should be evaluated independently.

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

CONTINUING DISCLOSURE

Undertaking and Obligation

In order to assist the underwriter of the Bonds in complying with the Securities Exchange Commission's ("SEC") Rule 15c2-12 (the "Rule"), the Town will covenant for the benefit of the owners of the Bonds to provide certain financial information and operating data relating to the Rule by not later than 270 days after the end of each fiscal year (the "Annual Report") and to provide notices of the occurrence of certain enumerated events, if material, which material events are more specifically described in the Agreement. Pursuant to the Rule, such filings will be made with the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access System ("EMMA"). The covenants will be contained in a "Continuing Disclosure Agreement" (the "Agreement"), the proposed form of which is

provided in APPENDIX C. The Agreement will be executed by the Treasurer of the Town, and incorporated by reference in the Bonds.

Except for a one-day “late filing” and incomplete financial statements thereon, both for the fiscal year ended June 30, 2012, the Town has never failed to comply in all material respects with any previous undertakings to provide Financial Information or Notices of Material Events in accordance with the Rule. However, the Town has failed to file Operating Data “for the preceding fiscal year of the type presented in the Town’s Official Statements prepared in connection with the sale of its Bonds” for the fiscal years June 30, 2009 through 2013. The Town recognizes its obligation in this undertaking and (a) has filed a material event Notice of Failure to File Operating Data and (b) has incorporated procedures to ensure Operation Data filings, in a timely manner, in conformance with the Rule on a going forward basis. The following list summarizes recent financial filings by the Town:

<u>Financial Statements</u>	<u>Date Filed</u>	<u>Days after</u>
06/30/2016	01/24/2017	208
06/30/2015	01/13/2016	197
06/30/2014	01/07/2015	185
06/30/2013	01/15/2014 ⁽¹⁾	199
06/30/2012	03/28/2013 ⁽²⁾	271
06/30/2011	02/08/2012	223
06/30/2010	02/02/2011 ⁽³⁾	217
06/30/2009	12/03/2009	156

NOTE: ⁽¹⁾ The 2013 financials were filed on Jan 15, 2014, within the 270 days, albeit without the Audit Opinion. On October 30, 2017 the Town filed a “Failure to File” event on EMMA, with the complete 2013 financials attached thereon

⁽²⁾ The Town intended to file its Financial/Operating filing for fiscal year ended June 30, 2012 but inadvertently did not post the entire financial statements for that period. The entire Financial Statement for fiscal year ended June 30, 2012 was posted on August 4, 2014. Additionally, on August 4, 2014 the Town posted a material event Notice of Failure to File due to this circumstance.

⁽³⁾ Search CUSIP 066878FC8, issue dated 05/01/2010 on EMMA to verify the original posting of 02/02/11.

CUSIP IDENTIFICATION NUMBERS

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

MUNICIPAL ADVISOR

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

STATUTORY REFERENCES

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

CONDITIONS PRECEDENT TO DELIVERY

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

No Litigation

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

Approval of Legality

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

Certification of the Bonds

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

Certificate With Respect to Official Statement

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

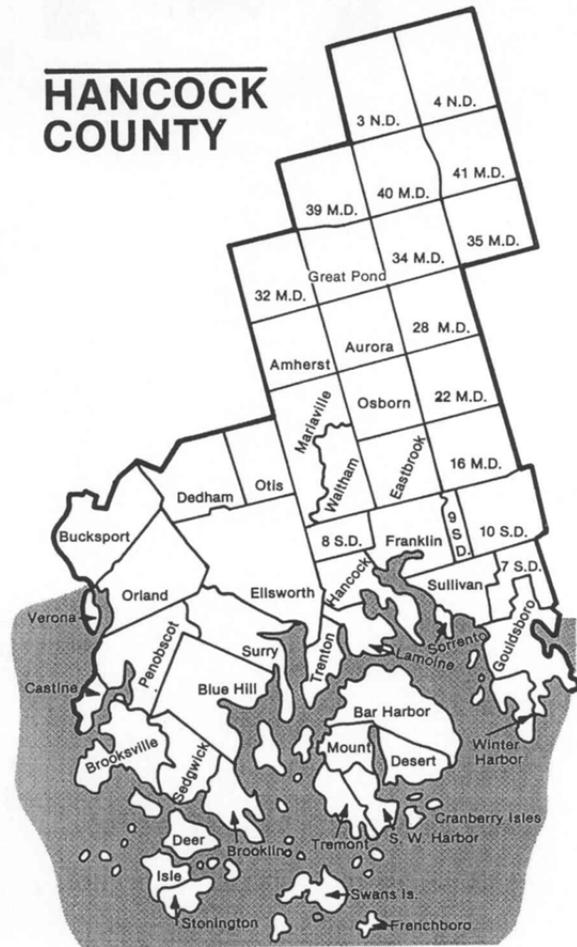
Certificate With Respect to Treasurer

At the time of the original delivery of and payment for the Bonds, the Town will deliver a certificate of the Treasurer of the Town which certifies that no agreements under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality, now exist.

TOWN OF BAR HARBOR

GENERAL

The Town of Bar Harbor (hereinafter sometimes the “Town” or “Bar Harbor”) is located on the coast of Maine in the southern section of the County of Hancock, approximately 21 miles south - southeast of the City of Ellsworth and 45 miles southeast of the City of Bangor. The Town encompasses the entire northern and northeastern section of Mount Desert Island. Mount Desert Island is comprised of 114 square miles, being the third largest island in the continental United States, following only Long Island and Martha's Vineyard. The island is surrounded by Frenchman Bay to its northeast, Blue Hill Bay to its southwest and the Atlantic Ocean to its southeast. The Town is bordered from east to north to west by Frenchman Bay, Eastern Bay and Western Bay, respectively, with the Town of Mount Desert contiguous to Bar Harbor, forming its southern border. Access for ground transportation to Bar Harbor is provided by U.S. Interstate Route 95 in Bangor, to State Route 1A to Ellsworth with continuation on State Route 3 to the Town. Air service is provided by Bangor International Airport, in Bangor, and the Bar Harbor/Hancock County Airport, located on Trenton, just before Mount Desert Island. The Cat Ferry (the “Cat”) had provided seasonal ferry service between Bar Harbor and Yarmouth, Nova Scotia. However, due to discontinuance of subsidies from the Government of Nova Scotia, Canada service was suspended in 2006.



In 1524, the Florentine explorer Giovanni da Verrazano was credited with naming the general area of the present Maine coast and the Canadian Maritime Provinces “L’Acadie”, perhaps a reference to an equally scenic region of ancient Greece. Mount Desert Island was first discovered by Samuel de Champlain in 1604 who named it “Isle des Montsdeserts”, or island of solitary mountains. Originally settled in 1763, the Town was incorporated as Eden on February 23, 1796. The name was changed to Bar Harbor on March 14, 1918, taken from its harbor with Bar Island directly in front of and to the west of the Town's main village.

In 1844, Thomas Cole, the founder of the Hudson River School of Painting, “discovered” the area encompassing the Town such that by the 1900's Bar Harbor had become the summer retreat for many of Boston's, New York City's and Philadelphia's wealthy and socially prominent citizens. The Depression of the 1930's and the Great Fire of 1947, which burned for three weeks destroying a third of the 222 mansions and over 11,000 acres of wilderness, caused the “Gilded Age” to end.

Today, the palatial summer “cottages” and hotels have become foundations for motor courts, campgrounds and a thriving motel industry. Many of the summer homes and clubs have become inns or

B&Bs, retaining the previous decor of the Gilded Age era. Hotels, motels, inns and guest cottages provide over 3,500 rooms in the Town and the Town offers approximately 1,000 campsites for tents or camping vehicles. In addition to an economy enhanced by tourism, the Town of Bar Harbor is the home of The Jackson Laboratory, the College of the Atlantic, the Mount Desert Hospital, the Mount Desert Island Biological Laboratory, the Abbe Museum and is the urban hub for Acadia National Park.

The Town of Bar Harbor is a suburban-urban coastal community with highly developed shore areas. The Town is comprised of the villages of Bar Harbor, Salisbury Cove, Hulls Cove and Town Hill. The land area of the Town is comprised of zones which include: Business, Corridor, Historic, Industrial, Residential, Residential (limited), Resource Protection, Rural, Shoreland Development and Stream Protection, and open space, coastal and woodland areas with total land area embracing 44.48 square miles and approximately 34 miles of shoreline. Acadia National Park encompasses 10,156 acres (15.8687 square miles) of the Town, or approximately 35.7% of the Town's area (see "TOWN FINANCES – ZONING" herein).

GOVERNMENT

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

The Town operates under a charter originally adopted in 1927 as amended, most recently by the voters of the Town at its Annual Town Meeting held on June 8, 2010 and effective July 1, 2010 (the "Charter") Pursuant to Title 30-A, Chapter 123, Section 2631 of Maine Revised Statutes, as amended, the Town has adopted its form of government through the State's Statutory Town Manager Plan and operates as a *Town Council/Town Meeting/Manager* form.

Under the Charter, and pursuant to State statute, the Town Council is granted all powers to enact, amend, or repeal rules, ordinances (except Land Use) and resolutions relating to the Town's property affairs and government, to preserve the public peace, health and safety, to establish personnel policies, and providing for an annual budget and annual audit of the Town's accounts. Among several other powers the Annual and Special Town Meetings have the exclusive power and responsibility to act on the issuance of bonds. The Town Manager is the chief administrator of the Town.

MUNICIPAL SERVICES

The Town provides general governmental services for the territory within its boundaries, including police and fire protection, water and wastewater services, highways, streets and sidewalks, parks and recreation areas. Public education is provided for grades K through 12 through an inter-local agreement between the Town and the other members of AOS 91 (see "TOWN OF BAR HARBOR – PUBLIC EDUCATION" herein).

Technology Initiatives

The Town has a private Fiber Optic backbone (“WAN”) connection to all municipal buildings allowing the Town to transfer and share data to all employees. Additionally, the Town has implemented secure, encrypted (“VPN”) connections allowing remote access for employees to the shared data from home, and away when traveling. This remote access provides the capability of the Town to function effectively in the event of a disaster that may not allow employees to come to the office. The Town has also implemented a Disaster Recovery plan for business continuity that includes tape/digital back-ups and off-site storage of the back-ups, has provided a platform to allow for on line registrations, payments, certain electronic billing, enabled residents to sign up online to obtain automatic reminders about tax payments, vehicle registrations, meeting agendas, and continues to expand in this area.

Web enabled security cameras have been installed in the downtown district allowing the Police Department to monitor high traffic areas. Currently, Bar Harbor has installed laptops in the Police, Fire and Ambulance vehicles to enable Dispatchers to ‘send’ critical first responder information via a secure (encrypted) radio connection directly to Public Safety vehicles and recording video systems in Police vehicles. The Town has also expanded its use of GIS based data to post more information to its web site. By accessing the same database Town departments are now enabled to efficiently update activity to its core tax parcel and GASB asset database by attaching related maintenance work, surveys, correspondence and other material that the Town deems to be electronically archived.

Public Safety

The Police and Dispatch Departments are staffed by 17 full-time employees which include a Police Chief, two Lieutenants, one Sergeant, nine Patrol Officers, four dispatchers and one administrative assistant; and maintains five vehicles and a 26-foot Police Boat for cruise ship and port security. The Police Chief and administrative assistant are successfully shared with the neighboring Town of Mount Desert on a 60/40% funding basis; with officers of both communities deputized for any mutual aid related coverage. The Fire and Ambulance Departments are operated by a Fire Chief, one Assistant Chief, two Captains, three full-time firefighters, four paramedics and approximately 15 volunteers operating from one main fire station, one sub-station, and maintains six fire vehicles and three ambulances. The Ambulance Department bills approximately 900 runs per year in the effort to maintain 24-hour paramedic coverage and is partly self-sustaining through user fees. The Town has maintained its 1996 fire insurance rating classifications of Class Five, for Downtown, and Class Nine, for its rural areas. In July 2013, the ISO rating was reviewed and reaffirmed with a 5/9 rating.

The Town has a Harbor Master, one seasonal assistant, a Harbor Committee and a Marine Resources Committee. The Harbor Master coordinates all harbor activity, cruise ship reservations, assigning anchorage and initiating the billing fees, and serves as the Shellfish Conservation Warden. The Harbor Committee and the Marine Resources Committee consist as separate groups of seven members each. The Harbor Committee recommends improvements to and provides planning for the Municipal Pier, the Town’s moorings and its harbor. The Marine Resources Committee reseeds clam flats, coordinates ordinances and licenses for shellfish harvesting, and works generally to improve water quality.

Public Works

The Public Works Department is managed by a Public Works Director who oversees approximately 30 personnel in four divisions: Highway, Wastewater, Water and Solid Waste (three of which are discussed in greater detail below); and Parks & Grounds, Comfort Stations, and Cemeteries sections.

Solid Waste Division

Acceptance of Waste

The existing transfer station was set up in the mid 1970's, and, along with a recycling station added in 1984, will undergo demolition with a new transfer station of approximately 1,520 square feet built on the same site. The Town's *Task Force on Recycling* approved the final design on September 27, 2017 and the Town Council approved the engineer design drawings on October 3, 2017. There will be two roll off compactor dumpsters for single sort materials and two lanes for household trash to drop into a hopper compactor. Commercial trucks will utilize a separate bay entrance. Space will be set aside for scales used in a possible future fee based solid waste disposal system. A short term site (approximately six months) has been approved by the Town Council at the nearby former Highway Garage until the new facility is certified for use. This project will be advertised for contractor bids in October/November 2017. A minor revision to the Town's Solid Waste DEP permit is anticipated to be approved November 6, 2017. Once operations return to the existing site the permit will require a minor revision again.

Disposal of Waste

Since January 1, 1988, the Town has transported solid waste collected from its residents and commercial facilities and transported said waste to the Penobscot Energy Recovery Company's ("PERC") waste-to-energy facility in Orrington, Maine. The Town currently pays a tipping fee for solid waste disposal of \$78.50 per ton, which is adjusted quarterly based on a formula set forth in the waste disposal agreement between the Town and PERC that is scheduled to terminate on March 31, 2018.

The Town is a member of the Municipal Review Committee, Inc. (the "MRC"), which consists of 133 municipalities and public entities that send waste to PERC under substantially similar contracts. By its 23.5% limited partnership interest, MRC oversees PERC's management in an advisory capacity to ensure that PERC complies with the waste disposal agreements and that the interests of the MRC membership are protected. The Town's Public Works Director serves on the MRC Board of Directors as the organization's President, which oversees its programs and activities.

Through its membership in the MRC and participation in a profit-sharing program, the Town receives cash rebates generated by PERC operations that are collected by the MRC and distributed to its members in arrears on a quarterly basis. The MRC has projected that the effect of the rebates in fiscal year 2018 through the scheduled termination date of the agreement will bring the net tipping fee to the Town down to a value of \$67 per ton.

As a successor to the PERC facility for waste disposal, the MRC is sponsoring the development of a new waste processing under development at a site owned by the MRC in the Town of Hampden, Maine. The MRC has entered into an agreement with a private company, Fiberight, LLC ("Fiberight"), that will develop, construct and operate the new facility; has entered into a master waste supply agreement to direct waste to the new facility; and has entered into a site lease with a special purpose entity, Coastal Resource of Maine, LLC ("Coastal"), which was formed by Fiberight and its equity investors to complete development of, construct and operate the facility. Coastal is also a party to the amended master waste supply agreement.

In February 2016, the Bar Harbor Town Council voted to enter into a Joinder Agreement with the MRC, pursuant to which waste would be delivered to the new facility for processing in accordance with the master waste supply agreement and other associated agreements. The Joinder Agreement has an initial term of 15 years from the commercial operations date of the new facility, with provisions to extend the agreement term by five extension terms of five-year each. The initial tipping fee for waste disposal at the

new facility would be \$70 per ton as of 2018, escalating each January 1 thereafter. The MRC has set aside cash reserve funds to provide a rebate back to the Town, and to other MRC members, that will bring the net tipping fee down to a value of \$65 per ton.

As of this writing, site infrastructure in Hampden has been installed, the site has been cleared, and facility construction is underway with a target to accept waste for processing as of April 1, 2018, as required, to succeed the existing agreement between the Town and PERC. In the event the new processing facility is not in commercial operation by April 1, 2018, Coastal and Fiberight are nonetheless obligated to accept waste for processing to the extent of the facility's capability and to transfer residual materials to the Crossroads Landfill in Norridgewock, Maine, pursuant to a back-up disposal agreement. The MRC projects that the facility will be capable of accepting waste from the Town as of April 1, 2018, inasmuch as construction of the building that will host the processing equipment is scheduled to be completed this fall; the access road has already been constructed; an equity financing has been completed; an arrangement for debt financing is in process with a closing scheduled for October 2017; and arrangements for installation of the processing equipment are in process. The MRC has also set aside a cash reserve of \$1.0 million to prepare for contingency costs incurred by its members that if waste needs to be sent to the back-up disposal facility for a temporary period in the event of unforeseen financing or construction delays.

In addition to the above, the Town projects receiving funds by virtue of its minority stock ownership in PERC from two sources associated with the termination of the waste disposal agreement with PERC. First, the Town owns a share valued at approximately \$40,338 in reserve funds associated with the financing of the PERC facility, which reserve funds are scheduled to be released early in 2018 when PERC's loan has been retired and certain other restrictions have been satisfied. Second, the Town owns a share of the limited partnership interests in the PERC partnership valued at \$49,881, which shares are scheduled to be put back to PERC, and the proceeds distributed to the Town, by April 2018.

Wastewater Division - The Wastewater Division is established as an Enterprise Activity in that the intent of the Town is for the department to provide services on a continuing basis, financed entirely through user charges. The department is staffed by one superintendent, who shares 50% of his salary with the Water Division, and eight full-time employees. The Division maintains three treatment plants, 11 pump stations and 20 miles of mains. The main wastewater plant is a Class IV facility with four fully licensed operators. In the 2016 fiscal year the average flow treated at the Main Plant was 0.93 million gallons per day ("MGD") or 47% of its 2.00 MGD design criteria; and 0.044 MGD at the Hulls Cove Plant, or 29% of its 0.150 MGD design criteria. The average daily flow at the Main Street Pumping Station is currently 750 gallons per minute ("GPM") or 19% of its 3,888 GPM design criteria; and 44 GPM at the Hulls Cove Pump Station, or 15% of its 279 GPM design criteria. The Town is currently working with the State, acting by and through its Department of Environmental Protection (the "DEP"), to remedy the last 1% of its infiltration and inflow ("I & I") problems. This led to the development of the Combined Sewer Overflow Master Plan ("CSO Master Plan") which was updated and approved by the DEP in 2015. The original plan identified an alternative to install additional pumping capacity at selected pump stations and a "swirl concentrator" at the main plant for treatment of storm flows. The estimated costs of this project are approximately \$7.5 Million. Due to the Town's successful I&I removal work, we were able to negotiate the implementation of the CSO Master Plan out of the present licensing renewal period. We are required to identify and perform more I&I removal projects as well as re-evaluate our CSO Master plan by 2020.

<u>Largest Wastewater Customers</u>	<u>Type of Use</u>	<u>2016 Revenues</u>	<u>% of Total</u>
Jackson Laboratory	Genetic Research & Mice Prod	\$501,415	23.7%
Witham Family LTD Part	Hotels (seven)	194,788	9.2%
Eden Street Trust	Hotel	58,519	2.8%
West Street Properties LLC	Hotel	40,686	1.9%
Golden Anchor, LC	Hotel	37,756	1.8%
Mt Desert Hospital	Hospital	34,267	1.6%
Bar Harbor Housing Authority	Low Income/Elderly Housing	32,345	1.5%
BHTC 111, LLC	Tennis & Swim Club	32,153	1.5%
Town of Bar Harbor	Muni Bldgs, Schools, Comfort Stat's	24,429	1.2%
Hulls Cove, LLC	Residential Complex	24,037	<u>1.1%</u>
			46.3%

Water Division - The Water Division, formerly the Bar Harbor Water Company acquired by the Town in 2001, is established as an Enterprise Activity with the intent of the Town is for the department to provide services on a continuing basis, financed entirely through user. In 2004 the Town invested in a water system master plan to evaluate the treatment and distribution system; to consider potential needs of the system which may be driven by growth, worker safety, fire fighting needs, protection of the public water supply, regulatory changes and equipment and piping deterioration with a comprehensive vision that the Town can utilize for its capital improvement program, coordinating pipe replacement with wastewater and road construction and maintaining its filtration waiver. The division has been actively investing in pipe replacement projects coordinating those projects with wastewater and road construction projects.

The former Bar Harbor Water Company was originally established under Chapter 449 of the Private and Special Laws of Maine (1874), as amended; and, pursuant to Chapter 16 of the Private and Special Laws of Maine (2001) the Town acquired the stock of the company (on October 4, 2001), dissolved the corporation (on June 25, 2003) and starting on July 1, 2003, initiated operation of water system services as a department of the Town (the "Water System"). The Water System is a Class III Distribution System and Class III Treatment System, and for calendar year ended December 31, 2016 serves approximately 1,802 metered customers in a territory serving the major part of the Town, consisting principally of the villages of Bar Harbor, Hulls Cove and Salisbury Cove, with a population of approximately 3,300 inhabitants. The current source of the system's water supply is entirely from surface water located at Eagle Lake, a 3.6-mile watershed in Acadia National Park, with usable storage capacity estimated at 2,130,920 thousand gallons, an estimated "Dry Year" daily yield of 250 million gallons. The average daily draft of the watershed for this period was 1,010 thousand gallons per day (or 0.04% of storage capacity) with maximum daily draft of 2,100 gallons per day (or 0.09% of storage capacity).

<u>Largest Water Customers</u>	<u>Type of Use</u>	<u>2016 Revenues</u>	<u>% of Total</u>
Town of Bar Harbor	Parks, Bldgs, Schools & Hydrants	\$640,436	29.4%
Jackson Laboratory	Genetic Research & Mice Prod	196,591	9.0%
Witham Family LTD Part	Hotels (7)	94,986	4.4%
College of the Atlantic	College	28,630	1.3%
Kebo Valley Club	Golf Course	27,052	1.2%
Golden Anchor, LC	Hotel	24,971	1.1%
Lafayette Bar Harbor, LLC	Hotel	24,647	1.1%
Mount Desert Hospital	Hospital	18,908	0.9%
Blueberry Hill Dev Corp	Campground	16,671	0.8%
Bar Harbor Housing Authority	Low Income/Elderly Housing	16,241	<u>0.7%</u>
			49.9%

Standpipes or Storage Tanks	Classification	Year Built	Capacity (000 gallons)
Duck Brook	Riveted Steel	1936	528,000
Jackson Lab	Welded Steel	1968	500,000
Duck Brook	Underground Concrete	2001	500,000

Number of Water System Customers	2012	2013	2014	2015	2016
Residential	1,249	1,247	1,241	1,250	1,248
Commercial	493	490	491	515	516
Industrial (Jax Lab)	43	43	43	47	47
Governmental	52	52	51	56	57
Total	1,837	1,832	1,826	1,868	1,868

Water Sales (per 1,000 gallons)	2012	2013	2014	2015	2016
Residential	71,570	65,318	59,766	55,761	58,242
Commercial	102,200	103,634	107,376	111,619	121,831
Industrial (Jax Lab)	57,920	60,116	56,251	60,628	57,027
Public Authorities	9,905	10,170	5,357	12,450	13,419
Total Water Sales	241,595	239,238	228,750	240,458	250,519

Water Sales (Revenue)	2012	2013	2014	2015	2016
Residential	\$426,246	\$484,620	\$482,859	\$469,232	\$565,386
Commercial	421,111	494,752	526,799	500,570	656,301
Industrial (Jax Lab)	116,518	138,761	136,958	139,336	156,378
Public Authorities	47,001	56,710	51,637	59,099	71,267
Public Fire Protection	402,968	480,468	480,468	480,468	585,604
Private Fire Protection	87,174	106,563	107,952	109,711	126,445
Total Water Sales	\$1,503,018	\$1,761,874	\$1,786,673	\$1,758,416	\$2,161,381

SOURCE: Annual MPUC Reports of the Bar Harbor Water Division.

PUBLIC EDUCATION

Alternative Organizational Structures

Pursuant to Maine Public Law 2007, Chapter 668 enacted by passage by the State Legislature on April 18, 2008 of LD 2323, *An Act to Remove Barriers to the Reorganization of School Administrative Units* Regional School Units (“RSU”) are allowed to form an alternative organizational structure (“AOS”) instead of a RSU. An AOS may be formed in place of the standard RSU structure. While the structure of an AOS may maintain some characteristics of the former School Union structure (see footnote in this section), an AOS is more formal and structured than simple affiliation of independent school administrative units. Statute requires that an AOS function as a single unit, however with expanded local control within the unit in contrast to the typical RSU structure; but, still being a RSU, the AOS structure still requires communities to function as a single school system that reports a single budget to the State Department of Education, receives a single subsidy check, and has a common core curriculum and procedures for standardized testing and assessment. An AOS files reports with the State as a single unit and adopts consistent school policies, school calendars and a plan for achieving consistent collective bargaining agreements. The plan for an AOS must also include one or more inter-local agreements and a

plan for presenting, approving, and validating the annual school budget that ensures K-12 budget transparency for its members and their voters.

AOS 91/CSD No. 7

AOS 91 is comprised of members of the former School Union #98, Community School District #7, MSAD No. 76 and a member of the former School Union #92 (see table, below) and provides for education for grades K through 8. Individually, each School Administrative Unit (“SAU”) is governed by the respective SAU for local purposes, but reports to the State as a single unit.

Alternatively, CSD No. 7 is comprised of the six communities of the former School Union #98 (see table, below) as Mount Desert Island High School and provides education for students in grades 9 through 12. The newly formed AOS 91, including CSD No. 7, became operational on July 1, 2009 as Mount Desert Island Regional School System (“MDI RSS”).

Article V, Section C-26 of the Town’s Charter establishes a five-member Superintending School Committee, elected by the voters at-large for three year terms. The School Committee selects from its membership its four representatives to MDI RSS. MDI RSS is operated through an inter-local agreement between the eight member school units (“MSU”), dated September 18, 2008. Each year the AOS School Committee prepares and submits a budget for the central office of the AOS; informs MSUs of its respective share of the AOS central office budget; the MSUs’ respective School Committee develops its own budget; and submits its budget, along with its share of the AOS central office budget to the voters of the RSU for a Budget Validation Referendum. All property previously held by each SAU remains the property of the respective community.

Composition of MDI RSS

<u>Former SAU</u>	<u>Community</u>	<u>School</u>	<u>Grade</u>	<u>Enrollment (as of Oct. 1, 2015)</u>
School Union #98	Bar Harbor	Conners-Emerson School	K-8	366
School Union #98	Cranberry Isles	Islesford School	K-8	17
School Union #98	Frenchboro	Frenchboro Elementary	K-8	3
School Union #98	Mount Desert	Mt Desert Elementary	K-8	196
School Union #98	Southwest Harbor	Pemetic Elementary	K-8	142
School Union #98	Tremont	Tremont Consolidated	K-8	113
School Union #92	Trenton	Trenton Elementary	K-8	121
MSAD No. 76	Swan’s Island	Swan’s Island Elementary	K-8	38
C.S.D. No. 7	Members of Union #98	Mt Desert Island High	9-12	<u>526</u>
		Total Enrollment		1,522
		(less Tuition Students)		<u>(62)</u>
		Total Member Enrollment		1,460

NOTE: *School Unions* in Maine were a combination of two or more cities or towns joined together for administrative purposes only to better cost justify the employment of a superintendent of schools. The city or town shared a superintendent’s services and office expense, apportioned to each community on a pro rata share of the superintendent’s services to the community. As such, the individual community maintained its own budget, had its own school committee and operated independently as a separate unit, except for the superintendent expenses; *Community School Districts* (“CSD”) in Maine were a combination of two or more municipalities who form to build, maintain and operate a school or schools to educate certain grades (e.g., grades 9 through 12). The member towns maintain individual control for the education of their students for grades not included in a CSD; *School Administrative Districts* (“MSAD”) in Maine were a combination of two or more municipalities who pooled all educational resources to educate all students of the constituent municipalities, with one school committee comprised of people elected from member municipalities and shared the MSAD costs among member municipalities based on a formula.

The governing body (the “AOS School Committee”) of MDI RSS is comprised of:

<u>Town</u>	<u>Population</u>	<u># Board Members</u>	<u>Votes per Member</u>	<u>Number of Students</u>	<u>% of Member Students</u>
Bar Harbor	5,235	4	1	609	40.49%
Mount Desert	2,053	3	1	259	17.22%
Southwest Harbor	1,764	3	1	224	14.89%
Tremont	1,563	3	1	178	11.84%
Cranberry Isles	141	1	1	15	1.00%
Frenchboro	61	1	1	8	0.53%
Trenton	1,481	3	1	162	10.77%
Swan’s Island	<u>332</u>	<u>1</u>	1	<u>49</u>	<u>3.26%</u>
	12,630	19		1,504	100.00%

LABOR RELATIONS

The Town employs approximately 148 full-time personnel, approximately of whom 74 are employees of the Town including its utilities systems; and 74 of whom are employed by the School Department; and various part-time employees. The following table lists the various bargaining units that are represented by a union, and the status of its current contract. Approximately 43 full-time Town employees, not included in the table below, are not represented by unions.

<u>Union ⁽¹⁾</u>	<u>Bargaining Unit</u>	<u>Date of Contract</u>	
		<u>Effective</u>	<u>Expiration</u>
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

NOTE: ⁽¹⁾ “Teamsters” indicates the International Brotherhood of Teamsters, as separate bargaining units; “IAFF” indicates the International Association of Firefighters affiliated with the American Federation of Labor & Congress of Industrial Organizations (“AFL/CIO”); “BHSEA” indicates The Bar Harbor Support Educators Association, the unit including custodial, educational technician, cafeteria and secretarial personnel; “MEA” indicates the Maine Education Association of which the respective unit Bar Harbor Teachers Association (“BHTA”) and BHSEA are affiliated, as separate bargaining units.

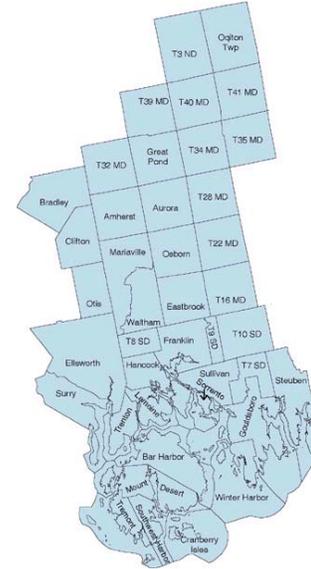
BUILDING ACTIVITY

<u>Calendar Year</u>	<u>Residential</u>		<u>Commercial</u>		<u>Total</u>	
	<u># Permits</u>	<u>Est. Cost</u>	<u># Permits</u>	<u>Est. Cost</u>	<u># Permits</u>	<u>Est. Cost</u>
2016	217	\$16,236,458	95	\$17,105,863	312	\$33,342,321
2015	230	14,767,390	94	9,099,114	324	23,866,504
2014	186	10,730,656	93	4,289,181	279	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
2009	200	7,035,161	109	7,220,096	309	14,255,257
2008	271	12,099,715	132	6,200,606	403	18,300,321
2007	292	14,571,888	138	19,325,031	430	33,896,919

FORMER ELLSWORTH-BAR HARBOR METROPOLITAN STATISTICAL AREA

The U.S. Department of Commerce, Bureau of the Census formerly defined a metropolitan statistical area (“MSA”) as an area that includes at least one city with 50,000 or more inhabitants, or a Census Bureau-defined urbanized area (of at least 50,000 inhabitants) and a total metropolitan population of at least 75,000 (in New England).

Additional cities and towns are included in the MSA if they meet specified requirements of commuting to the central area and other selected requirements of metropolitan character (such as population density and percent urban). A MSA is also considered a labor market area (“LMA”). The map displays the one city, 26 towns or townships and 14 parcels of unorganized territory that comprise the Ellsworth-Bar Harbor MSA.



SOURCE: Maine Department of Labor, Labor Market Information Services

EMPLOYMENT

The following table displays the residential component of the Town’s workforce, the respective component of its workers as a percentage of their local (i.e., home) workforce; and the geographic place of employment for the Town’s residents:

People who work in Bar Harbor, but live in:	Number of Workers	% Bar Harbor Workforce	People who live in Bar Harbor, but work in:	Number of Workers	% Bar Harbor Workers
Bar Harbor	2,011	44.96%	Bar Harbor	2,011	67.55%
Ellsworth	505	11.29	Ellsworth	306	10.28
Mount Desert	289	6.46	Mount Desert	191	6.42
Lamoine	215	4.81	Hancock	113	3.80
Trenton	166	3.71	Trenton	72	2.42
Southwest Harbor	144	3.22	Southwest Harbor	70	2.35
Franklin	141	3.15	Bangor	63	2.12
Hancock	119	2.66	Brookline	39	1.31
Tremont	105	2.35	Winter Harbor	27	0.91
Surry	96	2.15	Tremont	25	0.84
Sullivan	64	1.43	Laconia	18	0.60
Bangor	57	1.27	Blue Hill	15	0.50
Gouldsboro	55	1.23	Lamoine	10	0.34
Old Town	52	1.16	Orono	9	0.30
Bucksport	45	1.01	Bridgton	8	0.27
Dedham	38	0.85			
Mariaville	34	0.76			
Steuben	27	0.60			
Blue Hill	22	0.49			
All other	288	6.44			
Total Commuters	4,473	100.00%	Total Workers	2,977	100.00%

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

Representative Employers	Type of Business	Approximate Number of Employees			
		Full-Time	Part-Time	Seasonal	Total
The Jackson Laboratory	Genetic Research	1,346	0	0	1,346
Mount Desert Island Hospital	Hospital	402	110	0	512
National Park Service	Acadia National Park	85	0	160	245
Town of Bar Harbor	Municipal/School	148	9	5	162
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	40	0	0	40

RETAIL TRADE

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

	<u>Business/</u> <u>Operating</u>	<u>Building</u> <u>Supply</u>	<u>Food</u> <u>Store</u>	<u>General</u> <u>Mdse.</u>	<u>Other</u> <u>Retail</u>	<u>Auto/</u> <u>Transp.</u>	<u>Rest. &</u> <u>Lodging</u>	<u>Group</u> <u>Total</u>	<u>Retail</u> <u>Sales</u>
2016	2,039	21,189	15,648	4,625	29,217	5,480	159,828	238,025	235,986
2015	1,564	20,194	12,370	4,015	27,239	5,418	141,221	212,019	210,456
2014	1,801	18,475	11,663	4,196	25,460	4,856	127,898	194,349	192,548
2013	3,005	15,808	10,789	4,622	24,825	4,587	121,669	185,305	182,300
2012	5,278	14,085	10,408	3,932	25,887	4,154	113,119	176,862	171,584
2011	3,551	13,201	10,361	4,360	25,848	4,005	103,892	165,218	161,667
2010	3,032	13,122	10,782	4,503	25,841	3,711	102,863	163,854	160,822
2009	2,169	12,999	10,503	4,114	23,701	3,392	91,801	148,678	146,509
2008	2,265	14,057	10,477	3,919	25,226	3,520	97,468	156,932	154,667
2007	1,968	14,264	9,941	3,952	26,071	3,661	96,654	156,511	154,543

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

LOCAL ECONOMY

Economic Development

The Town's economic development strategy is to empower private, non-profit organizations to encourage improvements to private business. Leading this effort is the *Bar Harbor Chamber of Commerce*, which functions as the development arm of Town government. Chamber public relations and visitor information activities are subsidized by the Town, particularly with cruise ship industry relations and hosting the hundreds of thousands of visitors they bring to Bar Harbor every year. The Town also collaborates with the *Business Roundtable* to streamline local regulations in order to reduce unreasonable impediments to business. The most recent example being Town Council's approval of a *Business Roundtable* plan to effectively lower the sewer connection fee charged to new businesses and homes which has already enabled small businesses and restaurants to expand. Another local non-profit encouraged and enabled by the Town is the *Hub of Bar Harbor*, whose mission is to "advance efforts to develop the downtown area into a thriving and energetic, commercial, social and entertainment destination supporting the informing principle of Bar Harbor as a vibrant, year-round community where residents live, work and serve". Perhaps the most shining example of fostering economic development through collaboration with the business community is the Town's Cruise Ship Committee, a 17-member group representing all the stakeholders interested in a sustainable cruise ship industry in Bar Harbor.

The Waterfront

The Town's waterfront area comprises approximately 4.25 acres including the municipally owned and operated Town Pier, located at the base of the village, along with three privately-owned piers which skirt the harbor, that are hubs for sightseeing, windjammer, whale watching and nature cruises as well as private yachts, deep sea and lobster fishing boats. A privately owned Ferry Terminal is located at the entrance to the Bar Harbor village but service has been temporarily suspended and its current use is undetermined at this time (see "TOWN OF BAR HARBOR – LOCAL ECONOMY - Ferry Terminal Acquisition" herein). The office of the Harbor Master is located on the Town Pier.

Cruise ships have called at Bar Harbor for many years, and the Town has become an active port-of-call for various lines. In the 2016/2017 fiscal year Bar Harbor was the port-of-call for 120 passenger ships, of which 107 were "large" vessels, which disembarked approximately 176,000 passengers. Cruise ship traffic in Bar Harbor provides a unique economic benefit from the direct and indirect spending of the line, its passengers and crew with an estimated \$10 million annual economic impact in the region. Furthermore, this revenue does not arrive by automobile and does not require municipal services for its support. From recommendations in a May 2007, *Cruise Ship Study* the Town created a Cruise Ship Task Force and, with the industry's cooperation, adopted cruise ship fees based on number of passengers.

The Town established a Cruise Ship Fund, as an enterprise activity within its General Fund, to account for fees collected by the visiting cruise ships, currently at \$4.30 per passenger. For the fiscal year ended June 30, 2017, collected fees exceeded \$765,000. These fees are used to support operations on the waterfront that enhance the visitor experience, the chamber of commerce, associated debt service, if any, and portions transferred to the Town's capital improvement fund to finance infrastructure renovations, downtown parks or improvements for facilities that are impacted by the cruise ship activities. Prior year's fees enabled the Town to build new bathroom facilities that are used by cruise ship passengers and the general public. Over \$5 million in fees have been collected since the fiscal year ended June 30, 2010, when the initial \$4.00 per passenger fee was implemented.

Ferry Terminal Acquisition

The Town signed a purchase option agreement in May of 2017 for the possible acquisition of the former Ferry Terminal located on 4.5 acres just outside the downtown at 121 Eden Street. This terminal was previously utilized by a corporate subsidiary of the Canadian Government to run a seasonal ferry service to Yarmouth, Nova Scotia. Two generations of "Bluenose" ferries were used until they were replaced by a catamaran type ferry service, (the "Cat") that was in service until the Government discontinued its subsidies in 2008. The Maine Port Authority ("MEDOT") purchased the property on February 16, 2017 with a goal to re-establish some type of maritime use with the property, but later decided the Town should own and develop it.

A purchase option agreement between the MaineDOT and the Town was signed on May 3, 2017 (the "Option"). The Option remains in effect until November 30, 2017. Terms and conditions of the sale shall include certain uses of the property that are consistent with maritime transportation operations. If the Town exercises its Option by November 30th, consistent with the agreement, then the Option is extended until the Town's annual Town Meeting in June 2018, to allow its voters to approve bond funding for the acquisition. Various purchase amounts are highlighted in the agreement, based upon performance, ranging from a low



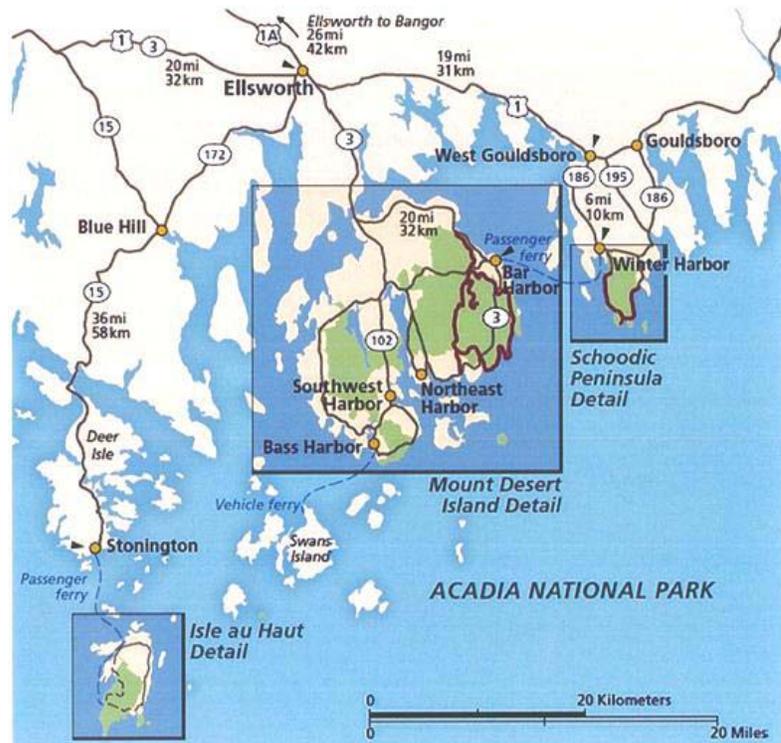
of \$2 million to \$3.5 million; the latter price being a “no MEDOT strings” option. At this time the Town Council has appointed a Ferry Terminal Property Advisory Committee to arrive at a consensus and recommendation to the Town Council for the most desired appropriate use(s) of the facility, the revenue projections versus bond costs and finally, what kind of control or oversight it wishes to take on.

Acadia National Park

Established originally as Sieur de Monts National Monument in 1916, Acadia National Park (the “Park”) encompasses more than 48,000 acres on Mount Desert Island, Schoodic Peninsula, Isle Au Haut, and many smaller coastal islands. The major portion of the Park (30,500 acres) is located on Mount Desert Island. The Park offers superb recreational and educational opportunities to visitors.

Resource-based recreational activities include camping, hiking, horseback and carriage riding, bicycling, kayaking, canoeing, and sightseeing. People of all ages participate in a variety of interpretive activities, including guided walks, amphitheater presentations, education programs,

and outreach activities. An extensive, well-maintained system of paved roads, including the historic 27-mile Park Loop Road, provides access to the shoreline and interior forests. The park also offers 120 miles of hiking trails and 45 miles of gravel carriage roads enhanced by 16 stone bridges. The National Park Service maintains two campgrounds (520 sites) and five picnic areas on Mount Desert Island. Special attractions include Sand Beach, Thunder Hole, and a scenic road to the summit of Cadillac Mountain (1,530 feet), which is the highest point on east coast of the United States. The Park receives approximately 2.5 million visits per year with 75 percent of the visitation occurring between June and September.



Downeast Transportation – Island Explorer

Downeast Transportation, Inc. (“DTI”), a non-profit organization that provides public transportation in Hancock County through a contract agreement with the State Department of Transportation, provides year-round, fixed-route, midday service to 17 towns in the County plus subscription commuter service to Jackson Laboratory and other agencies. To mitigate summer months’ traffic congestion, DTI provides a seasonal, propane-powered shuttle service, the “Island Explorer”, for transportation throughout Acadia National Park and the surrounding communities with a passenger hub located in Bar Harbor. The Island Explorer currently operates 30 propane powered seasonal vehicles and carries over 500,000 passengers on a no-fee basis during the average summer season. Financial support for the buses and the operations are provided by the United States National Park Service, federal and State grants, and contributions from local municipalities, businesses and non-profit agencies. In 2017, L.L. Bean committed to a renewable \$1 million grant over five years to support the Island Explorer operations. The State Department of

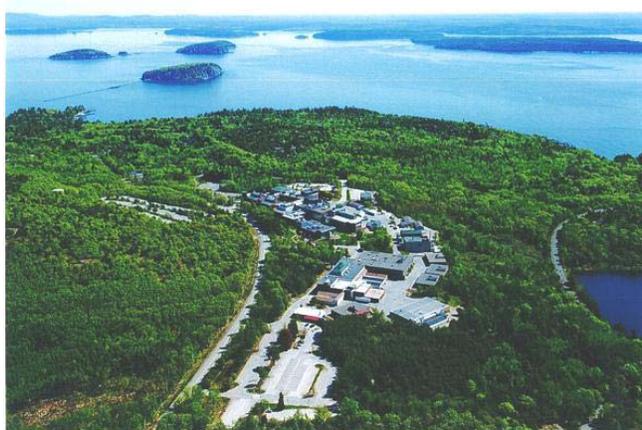
Transportation, Acadia National Park and Friends of Acadia recently partnered to build a new transit hub in Trenton on the Route 3 approach to Acadia which opened in February 2012. In July 2017, the Island Explorer recorded its 7 millionth passenger riding on the line since shuttle service started in June of 1999.

The Jackson Laboratory

The Jackson Laboratory is an independent, IRS Code 501(c)3, nonprofit biomedical research institution and National Cancer Institute-designated Cancer Center with more than 2,000 employees in three locations. Headquartered in Bar Harbor, Maine, the institution has a facility in Sacramento, CA and a new Institute for Genomic Medicine in Farmington, CT. The Laboratory's mission is to discover precise genomic solutions to disease and empower the global biomedical community in the shared quest to improve human health.

Dr. Clarence Cook Little founded The Jackson Laboratory ("JAX") in 1929 on the premise that the causes of cancer and other diseases could be discovered through mammalian research. Two affluent summer residents, Roscoe B. Jackson, head of the Hudson Motorcar Company, and Edsel Ford, son of Ford Motor Company founder Henry Ford, provided initial funds for building the laboratory on 13 acres donated by George Dorr, a major benefactor of the development of Acadia National Park. JAX has made profound contributions to research and medicine through the years and its creative, collaborative research into human diseases and conditions such as cancer, diabetes and obesity continue the tradition. At least 26 Nobel Prizes in Physiology or Medicine are associated with JAX research, resources or education programs.

As of September 2017, JAX employed 1,346 employees at the Bar Harbor facilities, including 305 Ph.D.s, M.D.s and D.V.M.s, investigating the genetic basis of cancers, heart disease, osteoporosis, Alzheimer's disease, glaucoma, diabetes and many other human diseases and disorders, as well as normal development, reproduction and aging. JAX is the world's source for more than 9,000 strains of genetically defined mice and is home to Mouse Genome Informatics – the international database resource for the laboratory mouse, providing integrated genetic, genomic, and biological data to facilitate the study of human health and disease. The Lab distributed approximately 3 million mice in 2016 to more than 20,000 investigators in 50 countries. As an international hub for scientific courses and conferences, the Lab also provides annual education and training for up to 3,000 scientists and students each year.



JAX is situated on a 85-acre main campus with 47 buildings. The institution owns a total of 67 buildings on 160 acres adjacent to or near the main campus, including guest houses and two estates that support its teaching and educational mission, for a total of 762,000 building square feet. An expansion of the institution's research program continues, with the number of research groups at its Bar Harbor headquarters campus projected to grow from 40 to 45 over the next five years. In November 2012, JAX purchased the former Lowe's building in Ellsworth, Maine, and is now retrofitting the building into a state-of-the-art mouse production facility scheduled to open in March 2018.

The Jackson Laboratory had operating revenue of \$327 million in FY2016 with approximately \$231 million received from the mouse sales and service division. Government grants and support provide

\$74 million, with the balance from private gifts, grants and other revenue. The Lab's endowment is approximately \$143 million as of December 31, 2016. JAX buildings, land and equipment in Bar Harbor cost approximately \$405 million. Net of accumulated depreciation, the assets have a net book value of \$162 million as of December 31, 2016.

College of the Atlantic



The College of the Atlantic (“COA”) was founded in 1969 to provide an ecological, problem-solving approach to education that combines academic rigor in the arts and sciences with practical application. The academic program is designed to develop an ecological perspective through the understanding of social, biological, and technological interrelationships. The college awards one undergraduate degree, the Bachelor of Arts, and a graduate degree, the Master of Philosophy, each in Human Ecology. The oceanfront location of the campus allows students to take advantage of the abundant natural resources offered by the

Atlantic Ocean and nearby Acadia National Park. Mount Desert Rock and Great Duck Island lighthouses were given to COA in 1998 and are used as field stations for academic study and scientific research. Through the generosity of two COA graduates, an 86-acre organic farm was donated to the college in early 1999 and operates as a year round educational facility for agricultural production with particular emphasis on organic growing. In 2010 David Rockefeller gave the college a near-by farm of 125 acres, which supports cattle, sheep and chickens. With a faculty of 40, current student enrollment is 350 providing a 8.5:1 student/teacher ratio.

Mount Desert Island Biological Laboratory

The Mount Desert Island Biological Laboratory (the “MDI Biological Laboratory”) , located in Salisbury Cove, is a vibrant biomedical research institution focused on developing therapies to regenerate tissues and organs lost to disease or injury and to extending healthy lifespan. MDI Biological Laboratory scientists are studying the genetic pathways for regeneration in highly regenerative species with the goal of developing therapies to stimulate dormant capacities for regeneration in humans. Using this approach, they have identified regenerative medicine drug candidates for the treatment of heart disease, muscular dystrophy and nerve damage in only a few years and at modest cost. The institution is now seeking to move these drug candidates into human clinical trials. This research is supported in part by a \$13 million grant from the National Institutes of Health (NIH), which has recognized the institution as a Center of Biomedical Research Excellence.

The MDI Biological Laboratory is also a world-class science education institution. More than 30 biomedical courses are offered annually to hundreds of students at all levels ... from Maine and from around the world. In Maine, the institution is the creator and leader of Maine INBRE, a federally funded, statewide biomedical research and training network made up of 13 education and research institutions. In 2014, the NIH awarded the institution a five-year, \$18 million grant in support of the INBRE program, bringing the total federal support for the program to \$68 million since it was founded in 2001. Since 2001, the institution has provided biomedical training through Maine INBRE to more than 2,200 Maine undergraduates. In 2017, the institution celebrated a milestone with the completion of its new Maine Center for Biomedical Innovation, which provides innovation- and entrepreneurial-based training for Maine students with the goal of building a robust science and technology sector that will create jobs for Maine STEM (science, technology, engineering and math) graduates.

Another focus is the environment. The MDI Biological Laboratory's Community Environmental Health Laboratory leads programs to find collaborative solutions to environmental health problems and to ensure a sustainable future for Frenchman Bay.

The MDI Biological Laboratory was founded in 1898 in S. Harpswell, Maine but relocated to Bar Harbor in the 1920s at the initiative of George B. Dorr, a founder of Acadia National Park, who included scientific inquiry in the mission of the newly established park. The institution employs over 60 full-time, year-round professional personnel and staff. The annual operating budget exceeds \$11 million.

Mount Desert Island Hospital Organization

Mount Desert Island Hospital ("MDI Hospital") is a modern, non-profit, Critical Access Hospital, providing treatment for a wide variety of acute and chronic health conditions. Located in Bar Harbor, MDI Hospital has served the MDI region with compassionate, high-quality care since 1897. Designated a Critical Access Hospital in October 2000, MDI Hospital is licensed for 25 beds, which serve both acute and "swing bed" patients, a "swing bed" allows the transfer of qualifying acute care patients into a skilled rehabilitation program within the hospital which is a benefit to a community member as they can rehabilitate closer to their home. MDI Hospital provides a full range of inpatient and outpatient medical services, including 24 hour emergency care, surgery, cardiac intensive care, laboratory services, respiratory therapy, physical therapy, occupational therapy, chemical dependency treatment, counseling, radiology, oncology, cardiac rehabilitation and integrated care coordination. MDI Hospital employs over 512 people (402 full time and 110 part time), and has an active medical staff of 30, that includes specialists in family practice, general surgery, obstetrics, internal medicine, ophthalmology, orthopedics, pathology and radiology. The 130 members of its courtesy and consulting medical staff, and allied health professionals include specialists in anesthesiology, dentistry, gastroenterology, gynecology, neurology, obstetrics, oncology, pediatrics, podiatry, psychiatry, and urology. With a primary service area population of approximately 10,000, MDI Hospital had 1,052 admissions, comprising a total of 2,881 patient days, with an average stay of approximately three days during the fiscal year that ended April 30, 2017. The hospital's surgical team performed 1,333 surgeries, 11,226 radiology tests and 1,460 mammograms, and had 6,807 Emergency Room visits. MDI Hospital also owns or leases facilities in four communities whereby approximately 53,797 "health center visits" are recorded annually; and operates Birch Bay Retirement Village, a retirement community comprised of cottages and an Inn with 23 independent living apartments and 32 assisted living suites which experience occupancy of 99% in FY 2017, Birch Bay Retirement Village also support an adult day center, The Straus Center, for the surrounding community.

Jesup Memorial Library

The Bar Harbor Village Library was first established in 1875. The library was moved when, in 1911, Mrs. Morris K. Jesup gave the present library (the "Library") to the Town of Bar Harbor in memory of her husband, a New York financier and philanthropist, who had spent many summers in Bar Harbor. The Library, located in the downtown village, is a handsome brick structure, designed by Delano and Aldrich, architects from New York. The interior of the building is richly decorated with cut marble and oak paneling throughout. In April, 1991 the Jesup Memorial Library was entered in the National Register of Historic Places.

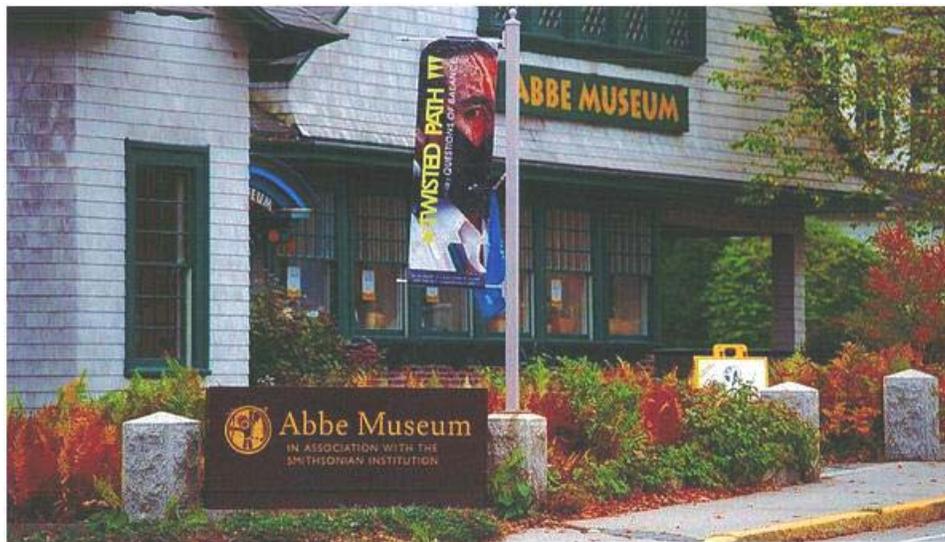
The Library is a private nonprofit organization, separate from the Town, and is operated by a Board of Directors. Funding is provided by endowment incomes, gifts, fundraising, an annual book sale, and contributions from the Town on a year-to-year basis at the Town's pleasure. In 2016 the Town contributed \$47,672, or 10.5% of the Library's operating funds. The Library's collection includes approximately 40,000 books, DVDs, Audio books, subscriptions to about 60 periodicals, microfilm of the

local weekly paper from 1881 through 2003, and many other historical resources. The Library offers six computers for public use at no charge and also provides free wi-fi service. Current circulation is about 66,000 items and, in 2016, more than 9,000 people attended 392 programs, to date, that it sponsored. The attendance for the adult programs is the second highest in the State, following only by the Portland Public Library. The Library is managed by a professional librarian as Director, and is also served by five additional full-time staff members and three part-time staff.

The Abbe Museum

The original Abbe Museum is located at Sieur de Monts Spring in Acadia National Park, as a seasonal facility dedicated to furthering the understanding and appreciation of Maine’s Native American cultures, history and archaeology through exhibitions, educational programs and research. A private, not-for-profit institution, the museum is devoted solely to preserving and celebrating the heritage of all four Native communities in Maine: Maliseet, Micmac, Passamaquoddy and Penobscot. The Abbe Museum, listed in the National Register of Historic Places, has a permanent collection of more than 50,000 objects representing 10,000 years of Native American life in Maine. The museum is significant for its distinctive architecture, its legacy as a private trailside museum founded to complement the National Park System, and as one of the remaining examples of the spirit and architecture of the “Gilded Age” in Bar Harbor.

Founded by Dr. Robert Abbe, a noted New York surgeon and Bar Harbor summer resident, the museum first opened to the public in 1928. The original museum at Sieur de Monts Spring is open seasonally, from Memorial Day until Columbus Day. A second, \$6 million year-round facility opened in downtown Bar Harbor in September 2001. This facility provides over ten times the space for exhibitions, education and collections, as well as furthers the Town as a year-round destination for trips and tours. In 2013, the Abbe Museum was named Maine’s first *Smithsonian Affiliate*.



ECONOMIC CHARACTERISTICS

Population	% Change			
	Town of Bar Harbor	Town	State	USA
1970	3,716	(2.3)	2.4	13.4
1980	4,124	11.0	13.4	11.4
1990	4,443	7.7	9.2	9.8
2000	4,820	8.5	3.8	13.2
2010	5,235	8.6	4.2	8.9

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

Population Characteristics	Town of Bar Harbor	Hancock County	State of Maine	USA
Median age (years)	45.3	46.3	42.7	37.2
% school age	12.3%	13.4%	18.2%	20.4%
% working age	64.7%	63.4%	63.4%	62.9%
% 65 and over	18.1%	18.3%	15.9%	13.0%
Persons/household	2.08	2.20	2.32	2.58

Income	Town of Bar Harbor	Hancock County	State of Maine	USA
Median family income	\$81,583	\$60,092	\$58,185	\$62,982
% below poverty level	9.5%	11.5%	12.6%	13.8%
Per capita income	\$35,503	\$26,876	\$25,385	\$27,334

Housing	Town of Bar Harbor	Hancock County	State of Maine	USA
% owner occupied	62.9%	76.0%	73.1%	66.6%
% Built before 1939	30.9%	27.2%	28.1%	14.1%
% Built since 2000	11.0%	10.8%	8.9%	12.8%
Owner occupied med. value	\$311,000	\$201,600	\$176,200	\$188,400
Median gross rent	\$828	\$725	\$707	\$841
Occupied housing units	2,353	23,300	551,125	-

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

Unemployment	Town of Bar Harbor	Hancock County	State of Maine	USA
2016	5.5%	4.7%	3.9%	4.9%
2015	6.7	5.7	4.4	5.3
2014	8.6	7.0	5.7	6.2
2013	10.4	8.1	6.7	7.4
2012	10.4	8.6	7.3	8.1
2011	10.3	8.6	7.5	8.9
2010	10.0	8.8	7.9	9.6
2009	9.3	8.7	8.0	9.3
2008	7.9	6.0	5.4	5.8
2007	7.2	5.5	4.6	4.7

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

TOWN FINANCES

BUDGETARY PROCESS

The fiscal year (or “Budget Year”) of the Town begins on the first day of July and ends on the thirtieth day of June of the following calendar year. Article VI, Section C-31 of the Town’s Charter provides for a budget process. The Town Manager is required to submit the budget (the “Budget”) to the Town Council on or before the third Tuesday in January, preceding the next budget year. At least 56 days prior to this submittal all department heads, board or committee chairs, except School Committee and Cooperating Agencies, submit budget requests to the Town Manager. The School Committee submits its Budget to the Town Manager at least 14 days before his submittal to the Council. Upon submittal, the Council reviews, amends and tentatively adopts Budgets on or before February 7th and fixes a time and place for a public hearing, to be held prior to February 22nd. Following the public hearing, the Council recommends the Budgets to the Warrant Committee. Within seven days of adoption, the Town Manager submits a complete detailed budget to the Town Warrant Committee, who reviews and provides its recommendations to the Council at least four weeks prior to Town Meeting. The Council reviews the recommendations and submits the Budgets to the Town Meeting. The Town Meeting has the exclusive power and responsibility to approve the annual Town Budget on the first Tuesday in June. Pursuant to State law, if the Appropriation Resolve increases the property tax levy from the prior year by more than a specified Growth Limitation factor then the excess of the appropriation must be approved by a majority of the Town Meeting voters. Further, the School Budget is subject to referendum by the voters of the RSU through a Budget Validation process. Upon adoption of the budget, a property tax levy is established and filed with the Town Assessor.

General Fund Budgets for Fiscal Year Ending June 30,

	2014	2015	2016	2017	2018
Revenues					
Taxes	\$15,263,946	\$15,759,618	\$16,557,858	\$16,886,945	\$17,412,251
Inter-governmental	303,975	246,206	219,637	223,123	272,830
Departmental	1,078,517	1,081,216	1,032,901	1,039,580	1,050,809
Other local sources	551,796	535,264	534,465	549,174	637,764
Total Revenues	17,198,234	17,622,304	18,344,861	18,700,822	19,373,654
Expenditures					
General government	2,811,648	2,778,378	2,883,143	2,922,762	3,062,271
Public safety	2,549,803	2,608,008	2,795,896	2,912,896	3,104,172
Health & welfare	127,396	130,716	137,648	133,928	141,042
Parks & recreation	230,479	230,865	235,251	239,154	352,879
Roads & sanitation	1,763,969	1,746,798	1,810,053	1,829,810	1,899,222
Assessments	3,160,004	3,396,885	3,583,721	3,597,013	3,763,224
Transfers to school fund	5,080,953	5,176,423	5,223,669	5,265,115	5,400,763
Transfers to CIP	1,700,842	1,820,106	1,753,435	1,773,144	1,691,003
Other exp. & transfers	-	-	32,045	32,000	44,078
Total Expenditures	\$17,425,094	\$17,888,179	\$18,454,861	\$18,805,822	\$19,458,654
Excess Exp. Over Revenues	\$226,860	\$265,875	\$110,000	\$105,000	\$85,000
Use of Fund Balance:					
Transfer to CIP	117,160	200,000	110,000	105,000	85,000
One-time expenditures	109,700	65,875		0	0
Increase GF Bal	0	0		0	0
Total Use of Fund Balance	\$226,860	\$265,875	\$110,000	\$105,000	\$85,000

CAPITAL IMPROVEMENT PLAN

Article VI, Section C-30 of the Town’s Charter provides that the Town have a Capital Improvement Program (the “CIP”). The Town Manager is directed by the Charter to prepare and submit a CIP concurrent with the submission of the annual budget for expenditures, any one of which costs more than \$5,000 and (i) whose construction time extends to two or more fiscal years; or (ii) includes planning for, construction of or major renovation of a Town building, wharf, public way, wastewater, drain or appurtenant equipment; or (iii) replacement or acquisition of equipment with life expectancy of five years or longer. The CIP includes a list of all capital improvements proposed during the next five fiscal years. This includes costs, methods of financing and time schedules as well as the annual cost to operate and maintain the proposed respective improvement. The CIP is reviewed by the Council, amended if necessary following a public hearing, is presented to the Warrant Committee and then sent to the Annual Town Meeting for Town Meeting approval. The Town may incur indebtedness to finance any of its capital projects by authorizing the issuance of bonds pursuant to Article II, Section C-6.B of the Town’s Charter. The proposed CIP contemplates funding equipment replacement costs by the establishment of equipment replacement reserves each budget year. In so doing the intent of the Town is to finance future equipment replacements, minor road repair and normal building maintenance through future reserves instead of debt issuance. The following is the Town’s current CIP, by year of expenditure per departmental total:

Capital Improvement Spending Plan Fiscal Year Ending June 30,

	2018	2019	2020	2021	2022	Totals
CIP						
General Government	\$101,333	\$159,533	\$206,333	\$49,333	\$23,333	\$539,865
Solid Waste Disposal	2,600,000	0	0	0	5,300	2,605,300
Amb/Fire Department	815,000	0	74,000	188,000	0	1,077,000
Police Department	112,301	52,284	52,284	96,100	146,639	459,608
Public Safety Depart	201,220	24,870	24,870	24,870	24,870	300,700
Harbor Department	48,000	0	0	0	58,000	106,000
Highway Division	793,000	730,000	804,900	553,503	752,000	3,633,403
Parks, Rec & Comfort	97,332	68,728	8,000	58,000	1,280,000	1,512,060
School CIP	133,605	114,112	84,808	328,615	96,715	757,855
Annual Totals	\$4,901,791	\$1,149,527	\$1,255,195	\$1,298,421	\$2,386,857	\$10,991,791
Funding Sources						
Current/Past Taxes	\$1,318,958	\$689,319	\$795,512	\$836,838	\$722,274	\$4,362,901
Bond Proceeds	3,070,000	0	0	0	1,200,000	4,270,000
CIP Rev’s/Transfers	512,833	460,208	459,683	461,583	464,583	2,358,890
Total Funding Sources	\$4,901,791	\$1,149,527	\$1,255,195	\$1,298,421	\$2,386,857	\$10,991,791

NOTE: Annual taxpayer funding for CIP is approximately \$1.7 million/year as is displayed on Transfers to CIP item in the Town’s Annual Budget. See the table in “TOWN FINANCES – BUDGETARY PROCESS” herein.

PROPERTY TAX LEVY LIMIT

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

Fiscal year:	<u>2013/2014</u>	<u>2014/2015</u>	<u>2015/2016</u>	<u>2016/2017</u>	<u>2017/2018</u>
State Personal Income Factor:	1.05%	1.09%	0.86%	2.67%	2.75%
Town Prop Growth Factor:	<u>1.46%</u>	<u>1.41%</u>	<u>0.70%</u>	<u>1.21%</u>	<u>1.97%</u>
Growth Limitation Factor:	2.51%	2.50%	1.56%	3.88%	4.72%
Property Tax Levy Limit:	\$6,444,293	\$6,632,283	\$6,774,604	\$7,040,190	\$7,389,121
Property Tax Levy:	<u>6,174,598</u>	<u>6,199,868</u>	<u>6,731,982</u>	<u>6,897,817</u>	<u>7,201,186</u>
Over/(below) Prop Tax Levy Limit:	(\$269,695)	(\$432,415)	(\$42,622)	(\$142,373)	(\$187,935)

The Town has never exceeded, or proposed to exceed, its Property Tax Levy Limit since the 2005 inception of LD 1.

INVESTMENT POLICY

The Town has established, and follows, a formal Investment Policy since November 18, 2008, pursuant to applicable Maine law [Title 30-A, Section 5706 et seq. of the Maine Revised Statutes, as amended (the “Act”)] all investments of the Town must be made with the judgment and care that persons of prudence, discretion and intelligence, under circumstances then prevailing, exercise in the management of their own affairs, not for speculation but for investment considering (i) safety of principal and maintenance of capital, (ii) maintenance of sufficient liquidity to meet all operating and cash requirements with which a fund is charged, that is reasonably expected, and (iii) return of income commensurate with avoidance of unreasonable risk. Under its policy, the Town’s investment practice is to maintain a cash and investment pool that is available for use by all funds and consists of short-term investments. The Town is invested principally in direct obligations of the United States government and its agencies. The Town is not invested in any obligations typically referred to as derivatives, meaning obligations created from, or whose value depends on or is derived from the value of one or more underlying assets or indexes of asset values in which the municipality owns no direct interest. See “NOTE 3(A) – Investments” on page 31 of APPENDIX A, herein.

FUND BALANCE POLICY

On March 6, 2012, the Town established, and follows, a formal policy that recognizes the importance of maintaining an appropriate level of unrestricted fund balance in order to comply with Governmental Accounting Standards Board (“GASB”) Statement 54 (“GASB 54”). The purpose of the policy is to establish a target level of fund balance for the General Fund and to establish a process and criteria for the continued evaluation of that target level as conditions warrant. After evaluating the Town’s operating characteristics, property tax base, reliability of non-property tax revenue sources, working capital needs, state and local economic outlooks, emergency and disaster risks, and other contingent issues, the Town establishes goals regarding to the unrestricted fund balances of the General Fund of the Town.

An amount equal to at least 10% of the Town’s latest year’s total audited General Fund revenues shall be designated in the Assigned Fund Balance as “*Reserve for Working Capital*”. Annually, following completion of the Town audit, the Town Manager reviews the balance of the General Fund “*Assigned and Unassigned Fund Balance*” and proposes to transfer through the annual budget process any funds deemed surplus from the past year’s operations for purposes of funding necessary projects in the Capital Improvement Program Fund. It is recognized, as part of this policy, that good budgeting practices suggest that fund balance shall not be routinely used to reduce taxes in the following year. Accordingly, use of fund balance to fund operating expenses shall require a two-thirds vote of the Town Council.”

Fund Balance as % Revenues

	Fiscal Year Ended June 30,				
	2012	2013	2014	2015	2016
Assigned and Unassigned General Fund Balance (exclude School FB)	\$3,137,557	\$3,223,582	\$2,977,482	\$2,796,140	\$3,050,679
Total Revenues (excl School Rev)	17,745,350	18,135,145	18,594,081	19,151,528	18,840,256
Fund Bal as % Revenues	17.7%	17.8%	16.0%	14.6%	16.2%

NOTE: Pursuant to GASB 54, School Funds and Cruise Ship Funds have been added to the Town’s General Fund since FY 2011.

DEBT MANAGEMENT POLICY

On May 19, 2010, the Town enacted a formal Debt Management Policy that established conditions for the managed use of debt and to create procedures and policies that minimize the Town’s debt service and issuance costs, with the objective to obtain and then retain the highest credit rating and to maintain full and complete financial disclosure and reporting. The policy includes adoption and periodic adjustment of five-year CIP for its Municipal, Wastewater and Water funds. In the policy, the Town sets a maximum target for the Town’s outstanding debt at 2/3rds of the limit prescribed by State statute (see “INDEBTEDNESS - LIMITATIONS AND EXCLUSIONS” herein), or five percent (7½% x 66.7%) of equalized state valuation of property of the Town; but excluding school, storm or sanitary sewer debt. Among other common benchmarks, the policy has set a measurement standard of *annual debt service* (less self supporting) calculated as a percent of current year’s budgeted expenditures, excluding assessments with 2 to 7% considered low; 8 to 12% medium; and over 12% considered high (see “INDEBTEDNESS – DEBT SERVICE COMPONENT OF OPERATING EXPENSES” on page 47 herein. Debt will be issued for capital projects only when it is an appropriate means to achieve a fair allocation of costs between current and future beneficiaries or users, or in the case of an emergency capital need and debt will not be issued for a period that exceeds 120% of the useful life or average useful life of the project or projects to be financed. As a guideline, the Town strives to repay from 30 to 50% of the principal amount of its general obligation debt within five years (currently being 32.3%); at least 60% within ten years (currently being 64.5%); and will seek to structure its debt with *level principal payments* recommended for *tax supported debt*, but *level principal & interest* may be used for *fee based debt* to maintain rate stabilization goals.

POST-ISSUANCE COMPLIANCE POLICY

Post-issuance federal tax requirements generally fall into two categories: (1) qualified use of proceeds and financed property; and (2) arbitrage yield restriction and rebate. On May 21, 2013, the Town enacted a formal Post-Issuance Compliance Policy. The Town issues tax-exempt bonds from time to time to finance various capital improvements. As an issuer of tax-exempt bonds, the Town is required by the federal tax Code, and regulations promulgated by the United States Treasury Department (“Treasury

Regulations”), to take certain actions subsequent to the issuance of bonds to ensure their continued tax-exempt status. The Town recognizes that compliance with applicable provisions of the Code and Treasury Regulations is an on-going process, necessary during the entire term of a bond issue, and is an integral component of the Town’s overall debt-management responsibilities. These requirements also apply equally to capital leases. Accordingly, the implementation of these requirements will require on-going monitoring and consultation with Bond Counsel the Financial Advisor, Paying Agent(s) and the Rebate Specialist, if any, (collectively the “Consultants”) each or all of which assisted in the origination of respective bonds.

The policy requires the Compliance Officer to accumulate and maintain a full and complete record for the principal documents of each issue; ensure that the Internal Revenue Service (IRS) forms 8038 are properly filed within the time limits imposed by Section 149(e) of the Code; account and record the allocation of bond proceeds; determine, in consultation with its Consultants, determine rebate requirements of Section 148(f) of the Code and related Treasury Regulations (“Rebate”), if any, with respect to each issue; arrange for calculation of Rebate, if needed, and payment, if required.

The Compliance Officer also collects and retains records with respect to each issue of tax-exempt obligations and with respect to the facilities financed by bond proceeds including: audited financial statements appraisals, surveys, feasibility studies, if any, with respect to the facilities financed; trustee or Paying Agent statements; and records and relevant correspondence relating to the bonds. These records are retained for a period equal to the life of the bonds, including the life of any obligations issued to refund obligations, plus three (3) years. In addition to its post-issuance compliance requirements under the Code and Treasury Regulations, the Town agrees to provide Continuing Disclosure in its undertaking(s) pursuant to Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended (see “THE BONDS – CONTINUING DISCLOSURE” and APPENDIX C, herein).

FINANCIAL STATEMENTS

Title 30-A, Chapter 223, Subchapter VIII of the Maine Revised Statutes, as amended, and Article III, Section C10.A(7) of the Town’s Charter provide for independent annual audits of the Town’s accounts and establishes procedures for such audits. The Town of Bar Harbor, in conformance with this statute and its Charter, currently engages the services of the firm of James W. Wadman, Certified Public Accountant. The Town’s fiscal year 2016 Annual Report is presented as APPENDIX A to this Official Statement. The consent of James W. Wadman, Certified Public Accountant for the incorporation of the Financial Statements included in APPENDIX A has not been requested by the Town, nor has it been received.

FUNDS

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

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

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

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

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

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

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

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

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

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

TOWN OF BAR HARBOR
COMPARATIVE BALANCE SHEET
GENERAL FUND
(As of June 30,)

	2016	2015	2014	2013	2012
ASSETS					
Cash and equivalents	\$6,834,870	\$8,435,706	\$7,137,029	\$6,637,614	\$7,110,044
Investments	1,813,339	1,696,765	1,639,174	1,627,085	1,295,232
Receivables:					
Taxes	45,765	32,149	22,297	18,042	788,051
Tax liens	451,861	674,952	751,558	828,597	48,093
Accounts	92,059	57,871	51,403	66,046	33,575
Ambulance fees	140,381	122,896	104,043	109,170	134,118
Accrued interest	3,150	2,357	1,363	1,142	4,790
Prepaid expenses	250	0	23,495	22,376	21,311
Inventory	14,727	16,982	17,932	18,960	18,955
Due from other governments	25,340	78,084	78,436	97,886	101,810
Due from other funds	73,228	50,673	15,024	443,054	747,900
TOTAL ASSETS	9,494,970	11,168,435	9,841,754	9,869,972	10,303,879
LIABILITIES					
Accounts payable	171,310	243,354	242,025	348,515	229,982
Payroll taxes	19,076	12,984	13,238	8,041	12,897
Accrued salaries	579,233	568,140	578,002	562,606	530,436
Accrued compensated absences	260,655	252,568	221,269	260,282	249,698
Due to other funds	4,188,529	6,021,695	4,631,450	4,292,966	4,790,388
Due to students	3,829	0	0	0	0
Deposits payable	12,518	12,228	11,364	5,873	6,573
TOTAL LIABILITIES	5,235,150	7,110,969	5,697,348	5,478,283	5,819,974
DEFERRED REVENUES					
Prepaid taxes	31,782	42,063	35,247	38,786	26,567
Property tax	402,886	518,371	630,597	686,316	691,818
Acadia National Park PILOT	0	0	2,319	7,855	15,967
Unearned escrow	0	0	28,000	0	0
Other	4198	2,607	0	402	0
Bond purchase premium	0	0	0	0	2,088
TOTAL DEFERRED REVENUES	438,866	563,041	696,163	733,359	736,440
FUND EQUITY					
Non-spendable	2,484	1853	2,850	3,224	3,522
Restricted	767,791	696432	131,154	165,186	319,280
Committed	0	0	0	0	0
Assigned	2,541,368	2474048	2,690,307	2,649,174	2,253,686
Unassigned	509,311	322092	623,932	840,746	1,170,977
TOTAL FUND EQUITY	3,820,954	3,494,425	3,448,243	3,658,330	3,747,465
TOTAL LIABILITIES AND FUND EQUITY	\$9,494,970	\$11,168,435	\$9,841,754	\$9,869,972	\$10,303,879

Prepared from Audited Financial Statements – Exhibit C.

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

	2016	2015	2014	2013	2012
REVENUES					
Taxes	\$16,776,563	\$15,970,837	\$15,406,046	\$14,960,299	\$14,366,795
Intergovernmental revenue	1,083,240	1,190,913	232,227	382,084	402,550
Departmental revenue	1,495,853	1,705,696	2,693,826	2,569,836	2,729,941
Other local sources	423,999	284,082	261,982	222,926	246,064
TOTAL REVENUES	19,779,655	19,151,528	18,594,081	18,135,145	17,745,350
EXPENDITURES					
General government	2,721,559	2,667,383	2,693,245	2,510,077	2,583,317
Public safety	2,767,588	2,628,465	2,541,457	2,419,830	2,194,838
Health and welfare	139,640	130,008	132,017	119,231	117,896
Parks and recreation	242,210	229,730	228,873	246,272	211,256
Island Explorer	39,225	38,962	38,720	25,000	25,000
Roads and sanitation	1,700,702	1,916,540	1,804,295	1,713,980	1,614,189
Education	6,091,083	5,987,399	6,023,600	5,891,328	5,718,549
Assessments	3,564,623	3,396,884	3,160,004	3,144,324	2,999,096
Cruise ship	148,801	128,609	131,993	131,255	129,558
TOTAL EXPENDITURES	17,415,431	17,123,980	16,754,204	16,201,297	15,593,699
Excess of Revenue Over (Under) Expenditures	2,364,224	2,027,548	1,839,877	1,933,848	2,151,651
OTHER FINANCING SOURCES					
Lease/Bond proceeds	-	-	-	-	69,760
Transfers from Other Funds	385,485	268,907	284,259	283,137	250,608
Transfers to Other Funds	(2,423,153)	(2,250,273)	(2,334,223)	(2,306,120)	(1,925,447)
TOTAL OTHER FINANCING SOURCES (USES)	(2,037,695)	(1,981,366)	(2,049,964)	(2,022,983)	(1,605,079)
EXCESS OF REVENUES & OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES	326,529	46,182	(210,087)	(89,135)	546,572
FUND BALANCE - JULY 1	3,494,425	3,448,243	3,658,330	3,747,465	3,200,893
FUND BALANCE - JUNE 30	\$3,820,954	\$3,494,425	\$3,448,243	\$3,658,330	\$3,747,465

Prepared from Audited Financial Statements – Exhibit D.

NOTE: Pursuant to GASB 54, School Funds and Cruise Ship Funds are added to the Town's General Fund since FY 2011.

PROPERTY TAXATION

The principal tax of the Town is the tax on real and personal property. A single tax rate applies for each fiscal year to the assessed value of the taxable real or personal property. The Town's Tax Collector receives the tax commitment from the Town Assessor, with assessed values as of April 1 of each year, after which time the tax bills are mailed. For fiscal 2016/2017 the tax due dates were September 30, 2016 and March 31, 2017. All taxes paid after the due dates are subject to interest, established under Title 39, Section 186 of the Maine Revised Statutes, as amended, currently at the rate of 7.00% per annum.

Real Estate Taxes

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

Business Personal Property Taxes

Title 36, Chapter 105, Subchapter 4-C of the Maine Revised Statutes, as amended, provides for an eligible business equipment tax exemption ("BETE" or the "BETE Act") for certain types of tangible business personal property subject to an allowance for depreciation and some specialty types of real property improvements. The exemption does not apply to: office furniture; lamps and lighting fixtures used to provide general purpose office or worker lighting; property owned or used by public utilities and persons providing certain television/telecommunications services; telecommunications personal property subject to the tax imposed by Section 457 of Title 36; gambling machines or devices and associated equipment; property located at a retail sales facility unless such facility is more than 100,000 square feet in size and owned by a business whose Maine-based operations derive less than 30% of their total annual revenue from sales in the State.

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

1. Basic reimbursement formula - For all municipalities in the first year after the exemption, and for a majority of the municipalities thereafter, the reimbursement was 100% for the lost property taxes in the first tax year after the exemption takes effect (i.e., FY 2009), 90% in the second year after the exemption takes effect (i.e., FY 2010), 80% in FY 2011, 70% in 2012, 60% in 2013, and 50% in 2014 and every subsequent year. The State Constitution requires a minimum reimbursement of at least 50%.
2. Enhanced formula - Municipalities that have a total property tax base that is made up of at least 5% personal property will be eligible for an alternative reimbursement formula if it provides a higher level of reimbursement in any year than the basic reimbursement formula. Those municipalities will be eligible to receive the 50% minimum reimbursement plus 50% of their tax base percentage that is made up of personal property. For example, if a town's tax base is 64% personal property, it would be eligible for a reimbursement rate of 82%, which is a combination of the minimum 50% reimbursement *plus* one-half of that municipality's 64% "personal property factor".

3. Municipal Retention TIF Districts – Certain TIF districts that were enacted prior to April 1, 2008 entitle a municipality to receive reimbursement at a rate of up to 100% for exempt business equipment that is TIF exempt business equipment as defined in Title 36, Section 691(1)(G) of the Maine Revised Statutes, as amended. The increased reimbursement percentage is based on the tax increment percentage allocated to the municipality, as provided in Title 36, Section 694(2)(C) of the Maine Revised Statutes, as amended.

For the purposes of identifying the municipality’s valuation for determining the local property tax rate, the value of all property made exempt by this law in the municipality must be considered part of that municipality’s local valuation to the extent the municipality is being reimbursed for its lost property taxes by the state with an additional adjustment for property in a tax increment financing district.

The value of all property made exempt by this law in the Town will also be considered part of that municipality’s equalized State Valuation to the extent the Town is being reimbursed for its lost property taxes by the state with an additional adjustment for exempt property in a tax increment financing district effective prior to April 1, 2008. The legislation provides some additional security for the municipal reimbursement system by funding the reimbursements described above directly from State Income Tax receipts before those receipts are deposited into the State’s General Fund, rather than as an annual General Fund appropriation.

Tax Levy and Collections

Fiscal Yr. End June 30,	Equalized State Valuation (000)	Assessed Valuation (000)	Tax Rate (000)	Tax Levy	Collections (after Supplements and Abatements)		
					Year End	% of Levy	Pick-up
2017	\$1,493,600	\$1,481,502	\$10.73	\$15,896,513	\$15,503,505	97.53%	97.53%
2016	1,428,800	1,471,964	10.59	15,588,095	15,239,884	97.76	99.26
2015	1,404,100	1,449,121	10.22	14,810,016	14,334,981	96.79	99.19
2014	1,390,700	1,435,775	10.01	14,372,104	13,918,708	96.86	99.96
2013	1,383,750	1,423,245	9.84	14,004,735	13,469,426	96.18	99.96
2012	1,389,150	1,407,891	9.60	13,515,751	12,998,547	96.17	99.99
2011	1,443,700	1,410,144	9.44	13,311,759	12,837,527	96.44	99.99
2010	1,486,550	1,437,197	8.88	12,762,312	12,288,901	96.29	99.99
2009	1,474,600	1,395,468	8.88	12,391,759	11,973,371	96.62	99.99
2008	1,358,000	1,369,310	8.77	12,008,847	11,664,089	97.13	99.99

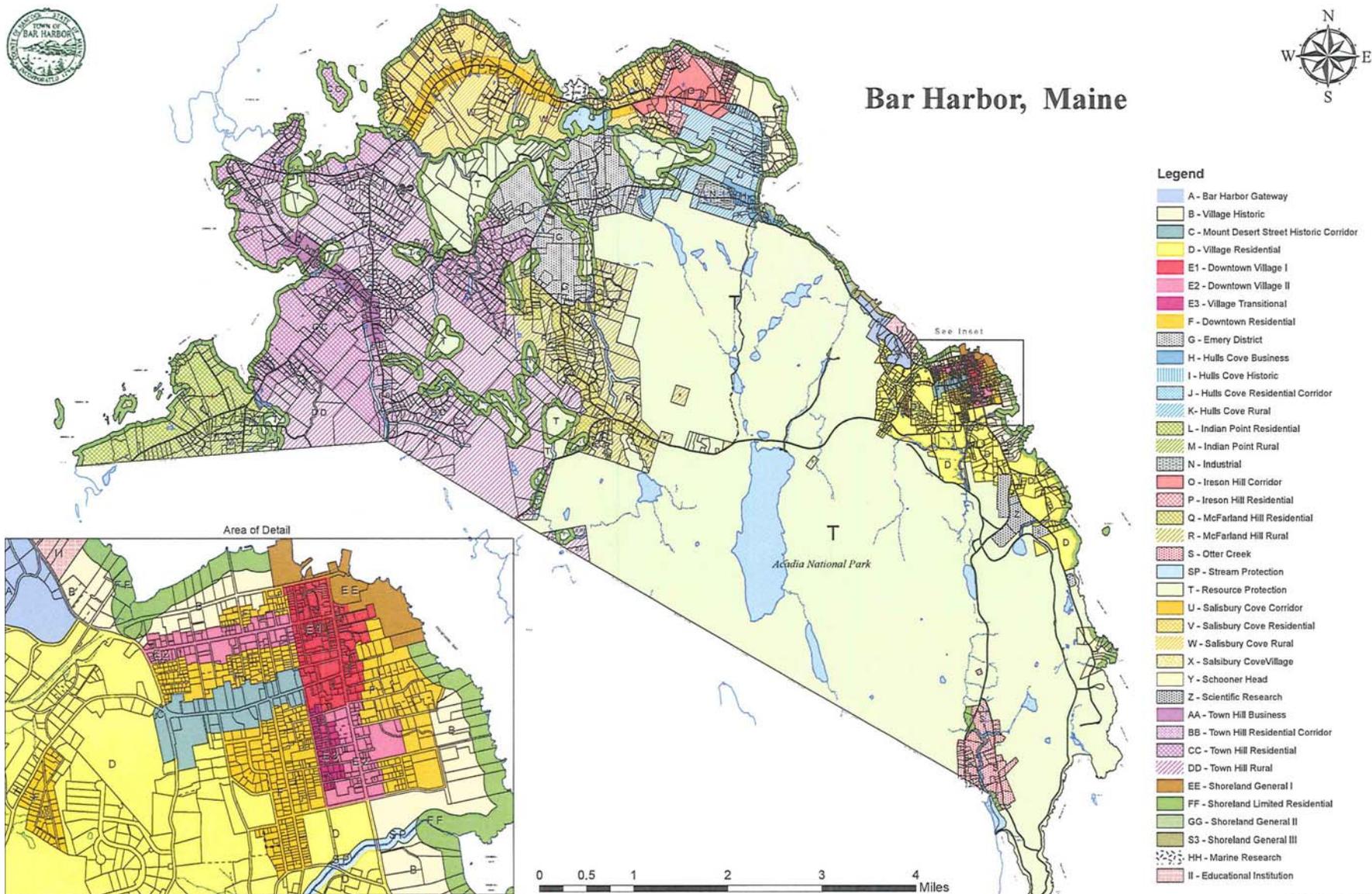
LARGEST TAXPAYERS

Taxpayer	As of April 1, 2016			
	Type of Business	Assessed Value	Tax	% of Levy
Golden Anchor, L C	Hotel	\$20,169,500	\$216,418	1.36%
Eden Street Trust	Hotel	17,960,600	192,717	1.21%
West Street Properties, LLC	Hotel	13,654,000	146,507	0.92%
Witham Family, LTD	Hotel	13,467,500	144,506	0.91%
BHTC 111, LLC	Res/Club	10,434,400	111,961	0.70%
Emera Maine	Elec Utility	10,430,700	111,921	0.70%
Witham Family LTD	Hotel	9,277,300	99,545	0.63%
W S Atlantic	Hotel	8,626,500	92,562	0.58%
Colket, Tristram C Jr	Residential	8,158,600	87,542	0.55%
Lafayette Bluenose, LLC	Hotel	6,784,800	<u>72,801</u>	<u>0.46%</u>
Top Ten Taxpayers			\$1,276,480	8.02%

ZONING



Bar Harbor, Maine



TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DISTRICTS

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

The Town has not designated TIF districts at this time but, at its pleasure may consider proposals for districts on an ongoing basis. All districts would be evaluated based upon the Town’s comprehensive plan for economic development. In no event will the Town’s districts exceed the statutory limitation of total area to not more than 5% of the Town’s acreage, and aggregate equalized value within all districts (not otherwise exempt from this calculation), determined as of their date of designation, of not more than 5% of the Town’s total equalized value of taxable property.

REVENUES FROM THE STATE

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

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

In fiscal year ended June 30, 2016, governmental revenues received by the Town were less than 3% of total revenues. The following displays revenues received by the Town from the State for the last five audited fiscal periods:

Fiscal Yr. End June 30,	State Revenue Sharing	Reimbursements		State School Subsidy ⁽¹⁾	Other State Aid ⁽²⁾	Total From State
		Homestead Exemption	General Assistance			
2016	\$132,854	\$59,678	\$821	\$226,431	\$55,700	\$475,484
2015	124,871	35,399	1,028	257,349	55,132	473,779
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

NOTE: ⁽¹⁾ Since July 1, 2009, school subsidy is paid directly to AOS 91 (see “TOWN OF BAR HARBOR, MAINE – PUBLIC EDUCATION – Alternative Organization Structures” herein.

⁽²⁾ Starting FY 2014, the Urban Renewal Initiative Program revenue is posted in the CIP Fund.

INDEBTEDNESS

LIMITATIONS AND EXCLUSIONS

In accordance with Title 30-A, Section 5702 of the Maine Revised Statutes, as amended, “No municipality shall incur debt which would cause its total debt outstanding at any time, exclusive of debt incurred for school purposes, for storm or sanitary wastewater purposes, for energy facility purposes or for municipal airport purposes to exceed 7½% of its last full state valuation, or any lower percentage or amount that a municipality may set. A municipality may incur debt for school purposes to an amount outstanding at any time not exceeding 10% of its last full state valuation, or any lower percentage or amount that a municipality may set, for storm and wastewater purposes to an amount outstanding at any time not exceeding 7½% of its last full state valuation, or any lower percentage or amount that a municipality may set, and for municipal airport and special district purposes to an amount outstanding at any time not exceeding 3% of its last full state valuation, or any lower percentage or amount that a municipality may set; provided, however, that in no event shall any municipality incur debt which would cause its total debt outstanding at any time to exceed 15% of its last full state valuation, or any lower percentage or amount that a municipality may set.”

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

On January 1, 2017 the Town’s equalized state valuation (“equalized State Valuation”) was \$1,493,600,000. The 15% debt limit is \$224,040,000. As of June 30, 2017 the Town’s long-term debt outstanding was \$17,240,252 or 1.15% of the equalized State Valuation. The Town will certify on the date of issue of the Bonds that the Town has not exceeded the foregoing debt limits and that issuance of the Bonds will not cause the Town to exceed such debt limits.

DEBT SUMMARY

Year Issued	Purpose	Amount Issued	Final Maturity	Balance on June 30, 2016			Balance on June 30, 2017	
				General	Proprietary	Total	(Payments)	Total
1997	Sewer (CWSRF)	\$7,300,000	10/01/17		\$897,443	\$897,443	(\$442,473)	\$454,970
2002	Water (DRSRF)	750,000	10/01/21		265,274	265,274	(41,344)	223,930
2004	School (MMBB)	805,000	11/01/24	455,552		455,552	(41,096)	414,456
2005	Beach Wall	800,000	10/15/24	360,000		360,000	(40,000)	320,000
2005	Sewer/Hulls Cove	800,000	10/15/27		510,000	510,000	(35,000)	475,000
2010	Roads & Sidewalks	3,700,000	05/01/30	2,590,000		2,590,000	(185,000)	2,405,000
2010	Water System	600,000	05/01/30		420,000	420,000	(30,000)	390,000
2011	Sewer System	1,316,000	12/01/31		1,094,267	1,094,267	(58,753)	1,035,514
2011	Water System	1,224,000	12/01/31		1,015,733	1,015,733	(76,247)	939,486
2011	Ref'd'g Water-01	2,515,000	12/01/21		1,460,000	1,460,000	(205,000)	1,255,000
2012	Water (DWSRF)	2,679,150	10/01/32		2,296,500	2,296,500	(124,604)	2,171,896
2013	Pub Works Bldg	3,350,000	10/15/33	3,095,000		3,095,000	(130,000)	2,965,000
2014	Municipal Bldg	2,442,000	10/15/34	2,320,000		2,320,000	(125,000)	2,195,000
2015	PubSftyBldg/Wtr	2,100,000	10/15/35	400,000	1,700,000	2,100,000	(105,000)	1,995,000
	Sub-totals			\$9,220,552	\$9,659,217	\$18,879,769	(\$1,639,517)	\$17,240,252
2017	Various	3,070,000	10/15/37					3,070,000
	2017 plus the Bonds							\$20,310,252

NOTE: "SRF" indicates the State Revolving Loan Fund Program. The 1997 Sewer Plant project (Clean Water SRF, or "CWSRF") are eligible projects that were financed through the SRF, administered jointly by the MMBB and the DEP for the CWSRF; the 2002 and 2012 projects (Drinking Water SRF, or "DWSRF") administered jointly by the MMBB and the State Department of Human Services for the DWSRF.

PROJECTED PRINCIPAL PAYMENTS, BY YEAR OF ISSUE

Fiscal Y/E June 30,	1997 CWSRF	2002 DWSRF	2004 Issues	2010 Issues	2011 Issues	2012 DWSRF	2013 Issue	2014 Issue	2015 Issue	2017 Issue	Total Principal
2017	442,473	41,344	41,096	215,000	340,000	124,604	130,000	125,000	180,000		1,639,517
2018	454,970	42,451	43,204	215,000	340,000	125,850	135,000	125,000	180,000		1,661,475
2019		43,588	45,419	215,000	345,000	127,108	140,000	125,000	180,000	160,000	1,381,115
2020		44,755	47,749	215,000	360,000	128,379	140,000	125,000	185,000	160,000	1,405,883
2021		45,953	50,197	215,000	375,000	129,663	145,000	125,000	185,000	160,000	1,430,813
2022		47,184	52,772	215,000	380,000	130,960	150,000	125,000	185,000	160,000	1,445,916
2023			55,478	215,000	130,000	132,269	155,000	130,000	190,000	160,000	1,167,747
2024			58,323	215,000	135,000	133,592	160,000	130,000	190,000	160,000	1,181,915
2025			61,314	215,000	140,000	134,928	165,000	130,000	190,000	160,000	1,196,242
2026				215,000	145,000	136,277	170,000	130,000	155,000	160,000	1,111,277
2027				215,000	155,000	137,640	175,000	130,000	155,000	160,000	1,127,640
2028				215,000	135,000	139,016	180,000	130,000	155,000	160,000	1,114,016
2029				215,000	140,000	140,406	190,000	130,000	105,000	160,000	1,080,406
2030				215,000	145,000	141,811	195,000	110,000	105,000	160,000	1,071,811
2031					150,000	143,229	205,000	110,000	105,000	160,000	873,229
2032					155,000	144,660	210,000	110,000	105,000	160,000	884,660
2033						146,108	220,000	110,000	105,000	155,000	736,108
2034							230,000	110,000	105,000	135,000	580,000
2035								110,000	105,000	135,000	350,000
2036									105,000	135,000	240,000
2037										135,000	135,000
2038										135,000	135,000
06/30/17	897,443	265,274	455,552	3,010,000	3,570,000	2,296,500	3,095,000	2,320,000	2,970,000	3,070,000	21,949,769

DEBT RATIOS

Fiscal Yr. End June 30,	Population	Equalized State Val. (000)	Assessed Valuation (000)	Total Debt	Debt as % Eq. Val.	Per Capita Debt
2017	5,235	\$1,493,600	\$1,481,502	\$17,240,252	1.16%	\$3,293
2016	5,235	1,428,800	1,471,964	18,879,769	1.28%	3,606
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
2010	5,235	1,486,550	1,437,197	13,563,739	0.91%	2,591
2009	4,820	1,474,600	1,395,468	10,285,180	0.70%	2,134
2008	4,820	1,358,000	1,369,310	11,314,812	0.83%	2,347

DEBT OBLIGATIONS, BY FUND TYPE

FY June 30,	General Fund Debt		Enterprise Fund Debt	Total Debt	Ent. Debt as % Total Debt
	(Town)	(School)			
2017	\$8,265,000	\$414,456	\$8,560,796	\$17,240,252	49.7%
2016	8,765,000	455,552	9,659,217	18,879,769	51.1%
2015	8,842,000	494,644	8,948,444	18,285,088	48.9%
2014	6,750,000	531,965	9,914,102	17,196,067	57.7%
2013	7,006,919	637,602	10,856,787	18,501,308	58.7%
2012	3,912,605	741,501	8,999,368	13,653,474	65.97%
2011	4,167,142	958,746	7,209,225	12,335,113	58.47%
2010	4,432,546	1,174,721	7,956,472	13,563,739	58.7%
2009	811,709	1,408,726	8,064,745	10,285,180	78.47%
2008	914,765	1,641,558	8,758,489	11,314,812	77.47%

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		
2017	0.56%	0.03%	0.57%	1.16%	\$1,579	\$79	\$1,635	\$3,293
2016	0.61	0.03	0.68	1.32	1,674	87	1,845	3,606
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	1,289	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
2010	0.30	0.08	0.54	0.91	847	224	1,520	2,591
2009	0.06	0.10	0.55	0.70	168	292	1,673	2,134
2008	0.07	0.12	0.64	0.83	190	341	1,817	2,347

PROJECTED DEBT SERVICE REQUIREMENTS

FY June 30,	Prior Debt			Projected Debt (This Issue)			Projected Total
	Principal	Interest	Total	Principal	Interest	Total	
2017	\$1,714,517	\$606,573	\$2,321,090	\$0	\$0	\$0	\$2,321,090
2018	1,736,475	561,638	2,298,113	0	0	0	2,298,113
2019	1,296,115	503,621	1,799,736	160,000	171,808	331,808	2,131,544
2020	1,325,883	467,516	1,793,399	160,000	112,100	272,100	2,065,499
2021	1,350,813	430,116	1,780,929	160,000	104,100	264,100	2,045,029
2022	1,365,916	390,462	1,756,379	160,000	96,100	256,100	2,012,479
2023	1,092,747	349,531	1,442,278	160,000	88,100	248,100	1,690,378
2024	1,106,915	313,131	1,420,046	160,000	80,100	240,100	1,660,146
2025	1,121,242	275,659	1,396,901	160,000	72,100	232,100	1,629,001
2026	1,001,277	239,708	1,240,985	160,000	64,100	224,100	1,465,085
2027	1,017,640	204,800	1,222,440	160,000	56,100	216,100	1,438,540
2028	1,004,016	172,094	1,176,110	160,000	48,100	208,100	1,384,210
2029	920,406	142,410	1,062,816	160,000	41,700	201,700	1,264,516
2030	911,811	113,237	1,025,048	160,000	36,900	196,900	1,221,948
2031	713,229	83,129	796,358	160,000	32,100	192,100	988,458
2032	724,660	61,028	785,688	160,000	27,300	187,300	972,988
2033	581,108	41,497	622,605	155,000	22,575	177,575	800,180
2034	445,000	17,838	462,838	135,000	18,225	153,225	616,063
2035	215,000	6,513	221,513	135,000	14,175	149,175	370,688
2036	105,000	1,575	106,575	135,000	10,125	145,125	251,700
2037				135,000	6,075	141,075	141,075
2038				135,000	2,025	137,025	137,025
TOTAL	\$19,749,769	\$4,982,076	\$24,731,845	\$3,070,000	\$1,103,908	\$4,173,908	\$28,768,728

DEBT SERVICE COMPONENT OF OPERATING EXPENSES

	2013	2014	2015	2016	2017
Total Current Year Debt Service:	\$1,552,947	\$1,765,303	\$1,907,026	\$2,034,204	\$2,319,332
(less Enterprise Debt Service):	<u>(1,038,982)</u>	<u>(1,183,861)</u>	<u>(1,217,234)</u>	<u>(1,201,047)</u>	<u>(1,340,309)</u>
Tax Supported Debt Service:	\$513,965	\$581,442	\$689,792	\$833,157	\$979,023
Budgeted Operating Expense:	\$17,069,124	\$17,425,094	\$17,920,232	\$18,454,861	\$18,805,822
Debt Service as % Oper. Expense:	3.01%	3.34%	3.85%	4.51%	5.21%

OVERLAPPING DEBT

County of Hancock

The Town is subject to an annual assessment of its proportional share of the County of Hancock’s (the “County”) expenses, including debt repayment, as determined by the percentage of the Town’s equalized State Valuation to the County’s equalized State Valuation. At January 1, 2017 the Town’s equalized State Valuation of \$1,493,600,000 is 11.84% of the County’s equalized State Valuation of \$12,613,650,000. The Town’s share is 11.84%, or \$71,047, of Hancock County’s \$600,000 long-term debt outstanding as of December 31, 2016.

AOS 91/CSD No. 7

As previously discussed, each SAU component of AOS 91 for grades K through 8 are obligations of the respective SAU, including any debt obligations. Therefore, AOS 91 has \$0 debt. However, the Town is responsible for its proportionate share of CSD No. 7’s long term debt. The debt service is included in the annual assessment to the Town. As of October 1, 2017, CSD No. 7 had total bonded debt outstanding of \$2,787,946. For the 2017/2018 fiscal period, CSD No. 7 assesses the Town \$3,122,142 of the total CSD assessment of \$8,213,257, or 38.01% of the total assessment. The Town is, therefore, responsible for \$1,059,795 of CSD No. 7’s current debt

CONTINGENT DEBT

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

TOTAL GENERAL OBLIGATION, OVERLAPPING AND CONTINGENT DEBT

	<u>Direct Debt⁽¹⁾</u>	<u>Overlapping</u>	<u>Contingent</u>	<u>Total Debt</u>
Town of Bar Harbor (CIP)	\$8,265,000			\$8,265,000
Town of Bar Harbor (School)	414,456			414,456
Town of Bar Harbor (Enterprise)	8,560,796			9,659,217
C.S.D. No. 7		\$866,230		866,230
County of Hancock ⁽²⁾		66,660		66,660
Total A/O June 30, 2016	\$17,240,252	\$932,890	\$0	\$19,812,659
Debt as % Eq State Valuation	1.32%	0.07%	0.00%	1.39%
Per Capita Debt	\$3,606	\$184	\$0.00	\$3,790

NOTE: ⁽¹⁾ Includes General Fund and Enterprise Fund Debt.

⁽²⁾ As of December 31, 2016.

FUTURE FINANCING

The Town Manager develops a formal Capital Improvement Program which is submitted to the Town Council (see “TOWN FINANCES - CAPITAL IMPROVEMENT PROGRAM” herein). The CIP includes an inventory of possible capital projects, most of which may ultimately be included in its Capital Improvement Plan, and is an indication of future projects that may be financed through the issuance of indebtedness or by its annual appropriation of monies raised by taxation. The debt issues, however, are subject to the prior review and approval of the Town Council, then to the Warrant Committee for its recommendation and finally, to Town Meeting for authorization vote.

Following the Bonds of this financing, the Town has no authorized but unissued debt. However, should the Town exercise its option to purchase the Ferry Terminal (see TOWN OF BAR HARBOR – LOCAL ECONOMY – Ferry Terminal Acquisition” herein) by November 30, 2017, consistent with the Option, then the Option is extended until the Town’s annual Town Meeting held in June 2018, to allow its voters to approve bond funding for the acquisition. Various purchase amounts are highlighted in the agreement, based upon performance, ranging from a low of \$2 million to \$3.5 million. Should the Town Meeting approve the purchase, the Town may consider issuing bonds to provide funds to finance such purpose.

RETIREMENT

A. DEFINED BENEFIT PENSION PLAN

The Town is a “participating local district” of the Consolidated Plan for Participating Local Districts (“CPPLD”) (the “PLD Plan”) and teaching-certified employees of the Town are provided with pensions through the Maine Public Employees Retirement System State Employee and Teacher Plan (the “SET Plan”) and contributes to Maine Public Employees Retirement System’s (“MainePERS”), successor to the Maine State Retirement System (“MSRS”), a cost-sharing multiple-employer defined benefit pension plan. The MSRS was established in 1942, and effective September 20, 2007, by virtue of Chapter 58 of the Public Laws of 2007, MSRS was renamed MainePERS as successor to the Maine State Retirement System (“MSRS”). MainePERS was established and is administered under the Maine State Retirement System Laws, Title 5, Chapters 421, 423 and 425 of the Maine Revised Statutes, as amended. The CPPLD provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State legislature. MainePERS issues a publicly available financial report that includes financial statements and required supplementary information for the CPPLD. That report may be obtained by writing MainePERS, PO Box 349, Augusta, ME 04333-0039 or by calling (800) 451-9800.

Plan Descriptions

The State is a non-employer contributing entity in that the State pays the unfunded actuarial liability (“UAL”) on behalf of the teachers, while the Town contributes the normal cost, which is actuarially calculated. Town employees are also provided with pensions through MainePERS as part of the CPPLD.

Benefits Provided

Benefit terms are established in Maine statute; in the case of the PLD, an advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. MainePERS retirement programs provide defined retirement benefits based on members’ average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years.) In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement or after normal retirement age. Normal retirement age for the SET Plan is age 60, 62 or 65. The normal retirement age is determined by whether a member has met certain creditable service requirements on specific dates, as established by statute. For employees covered through the PLD, 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. MainePERS also provides disability and death benefits by statute for the Town’s teachers and by contract for Town’s PLD Plan.

Upon termination of membership, 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 under either plan. The annual rate of interest credited to employee’s accounts is set by MainePERS’ Board of Trustees and is currently at 5%.

Contributions

Retirement benefits are funded by contributions from participants and contributions from the Town, earnings on investments and in the SET Plan by contributions of the State. Disability and death benefits

are funded by employer normal cost contributions and by investment earnings. Employer and employee normal cost contribution rates are defined by law or MainePERS board rule and depend on the terms of the plan under which an employee is covered. The Town's contributions are determined by actuarial valuation. Teachers are required to contribute 7.65% of their annual pay. For the year ended June 30, 2016, the PLD Plan member contribution rate was 7.5% for the Regular AC Plan and 8.5% for the Special 4C Plan-Public Safety. For the year ended June 30, 2016, for the SET Plan, the Town was required to pay 3.36% (normal cost) of participants' salary and the State was required to pick up 10.02%. For the year ended June 30, 2016, member contribution rater was 7.5% for the Regular AC Plan and 8.5% For the year ended June 30, 2016 Employer contributions rates to the PLD Plan were 8.9% for the Regular AC Plan and 7.6% for Regular AC Plan.

The required contribution paid to Maine PERS form the year ended June 30, 2016 and the previous two years are:

SET Plan – School Only

For year ended <u>June 30,</u>	<u>Contributions from:</u>			<u>Applicable Compensation</u>	
	<u>Employee</u>	<u>Employer</u>	<u>State</u>	<u>Member</u>	<u>Mem. Federal</u>
2016	\$229,417	\$110,513	\$291,249	\$2,998,911	\$92,237
2015	224,868	90,466	370,879	2,939,456	93,111
2014	230,093	89,723	382,240	3,007,749	84,208

PLD Plan – School Portion

For year ended <u>June 30,</u>	<u>Contributions from:</u>		<u>Applicable Compensation</u>
	<u>Employee</u>	<u>Employer</u>	
2016	\$11,108	\$13,181	\$148,102
2015	10,213	11,380	145,894
2014	11,069	10,279	158,133

PLD Plan – Town Portion

For year ended <u>June 30,</u>	<u>Contributions from:</u>		<u>Applicable Compensation</u>
	<u>Employee</u>	<u>Employer</u>	
2016	\$184,650	\$192,895	\$2,356,080
2015	176,184	178,600	2,364,202
2014	149,290	143,403	2,173,445

At June 30, 2016, the Town reported a liability of \$102,069 for the SET Plan and \$1,421,784 for the PLD Plan. At June 30, 2015, the Town's proportionate share of the SET Plan was 0.007559% and for the PLD Plan was 0.445634%.

For the year ended June 30, 2016 the Town recognized pension expense of \$178,092. At June 30, 2016, the Town recorded deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience:	\$57,407	\$183,312
Changes of Assumptions:	128,461	-
Net difference between projected and actual earnings on pension investments:	460,413	572,444
Changes in proportion and differences between contributions and proportionate share of contributions:	41,554	39,054
Total:	<u>\$687,835</u>	<u>\$794,810</u>

Amounts reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date and will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	<u>SET Plan</u>	<u>PLD Plan</u>
2017	\$5,569	(\$78,119)
2018	1,615	(78,119)
2019	(3,338)	(89,690)
2020	5,366	107,704

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2015, methodology and assumptions are detailed in "APPENDIX A – TOWN OF BAR HARBOR, MAINE, FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2016" Note 4D, pages 37 et seq, herein.

B. DEFERRED COMPENSATION PLAN

The Town offers its employees, except school teachers, a qualified deferred compensation plan administered by the International City Management Association Retirement Corporation ("ICMA") (the "ICMA Plan") created in accordance with Section 457(k) of the Internal Revenue Code, as amended. The plan, available to all regular Town employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. In applying the provisions of Governmental Accounting Standards Board Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the Town has determined that effective July 1, 1997 it is no longer required to record assets and associated liability of the plan. Under the ICMA Plan, covered employees contribute a percentage of their wages to the plan, currently not in excess of \$18,000 annually, with the Town contributing from 6.5% to 10.0%. The Town's contribution to the ICMA Plan for fiscal year ended June 30, 2014, 2015 and 2016 were \$77,885, \$66,990 and \$68,956, respectively. In FY 2014, the Town contributed \$30,097 on behalf of a former Town Manager as part of a severance agreement.

C. OTHER POST EMPLOYMENT BENEFITS

GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, ("GASB 45") addresses the reporting and disclosure requirements for other post employment benefits ("OPEB"). GASB 45 was implemented, as required, by the Town for the year ended June 30, 2009. GASB 45 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 "Health Trust"). The Health Trust contracted with an outside consultant to assist in the determination and valuation of the Town's OPEB liability actuarial valuation was completed by such consultant in January 2014. GASB 45 rules allow employers with fewer than 200 employees to use the same actuarial study for three years.

Plan Descriptions - In addition to providing pension benefits, the Town provides access to 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 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. 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 30 years. The following represents OPEB costs and the annual required contributions ("ARC") over the last three audited fiscal periods:

	<u>FY 2016</u>	<u>FY 2015</u>	<u>FY 2014</u>
Normal cost:	\$18,158	\$18,158	\$18,158
Amortization of unfunded:	24,981	24,981	24,981
Adjustment to ARC:	(10,564)	(9,245)	(7,913)
Interest:	<u>8,161</u>	<u>7,248</u>	<u>6,327</u>
ARC:	\$40,736	\$41,142	\$41,553

Net OPEB Obligation:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
OPEB liability, July 1:	\$182,670	\$159,858	\$136,827
ARC:	40,736	41,142	41,553
(Actual member contributions):	<u>(15,030)</u>	<u>(18,330)</u>	<u>(18,522)</u>
OPEB liability, June 30:	\$208,376	\$182,670	159,858

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 last three audited fiscal periods was:

	<u>FY 2016</u>	<u>FY 2015</u>	<u>FY 2014</u>
Annual required contribution:	\$43,993	\$43,993	\$41,553
Annual member contribution:	15,030	18,330	18,522
% contributed:	34.16%	41.67%	44.57%
Actuarial accrued liability:	\$449,253	\$449,253	\$449,253
Plan assets:	<u>0</u>	<u>0</u>	<u>0</u>
Unfunded actuarial accrued liability:	\$449,253	\$449,253	\$449,253
Covered payroll:	\$3,086,687	\$2,950,944	\$2,821,170
Unfunded actuarial accrued liability as % payroll:	14.55%	15.22%	15.92%

The Town does not believe that its OPEB liabilities, as determined pursuant to GASB 45, have a material impact on its current financial condition or operations. The Town has monitored and will continue to monitor its OPEB liabilities as determined pursuant to GASB Statement 45. The Town does not, however, offer any assurance as to the impact, if any, of future OPEB liabilities, as determined pursuant to GASB 45, on the Town's future financial condition or operations.

D. SOCIAL SECURITY

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

ENVIRONMENTAL MATTERS

Securities and Exchange Commission Regulation 229.103 (the "Regulation") requires that issuers subject to the disclosure requirements of the Securities Exchange Act of 1934 disclose, among other things, any material pending legal proceedings, including without limitation, legal proceedings involving environmental issues. The Regulation states that no information need be given with respect to any proceeding that involves primarily a claim for damages if the amount involved, exclusive of interest and costs, does not exceed ten percent (10%) of the current assets of the issuer, and, if a governmental authority is a party to such proceeding and such proceeding involves potential monetary sanctions, unless the issuer reasonably believes that such proceeding will result in no monetary sanctions, or in monetary sanctions, exclusive of interest and costs, of less than \$100,000. Although the Town, as an issuer of municipal securities, is not subject to the provisions of the Regulation or the Securities Exchange Act of 1934, the Town is voluntarily making the following disclosure with respect to environmental liabilities: The Town is not subject to any pending or threatened proceedings or actions involving environmental matters that, if adversely decided, would have a material adverse impact upon the Town's financial condition or ability to pay debt service on the Bonds as and when due.

LITIGATION

The Town recently received a Complaint for Declaratory Judgment (the "Complaint") related to a Land Use article (Article 12) that was passed by the voters of the Town at its annual Town Meeting held on June 13, 2017. The Complaint was filed on July 12, 2017 in the Hancock County Superior Court. It argues that the Land Use article is unlawful for various reasons highlighted in the Complaint. Article 12 basically created a new shore land district at the former location of the Ferry Terminal property that better defined as well as broadened its permitted maritime uses to facilitate the uses and structures necessary for a deep water port. The Town attorney subsequently filed a response requesting a dismissal of the Complaint. The Town does not have reason to believe that the claims in the Complaint will have any material adverse effect on its financial position or ability to meet its future debt service obligations.

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

APPENDIX A

**TOWN OF BAR HARBOR, MAINE
ANNUAL FINANCIAL STATEMENTS
AND SUPPORTING SCHEDULES
FOR THE
YEAR ENDED JUNE 30, 2016**

(With Report of Independent Auditors' Thereon)

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**TOWN OF BAR HARBOR
 FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
 FOR THE YEAR ENDED JUNE 30, 2016**

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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, 2016, including the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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, 2016, 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, 43 and 44, 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the State of Maine and is also not a required part of the basic financial statements. The schedule of expenditures of federal awards and the supplementary information are the responsibility of management and were 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 15, 2016

TOWN OF BAR HARBOR, MAINE
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

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, 2016. 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, 2016 by \$34,820,361 (presented as “net position”). Of this amount, \$10,261,783 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 increased by \$1,671,082 (a 5.04% increase) for the fiscal year ended June 30, 2016. Net position of governmental activities increased by \$723,509 (a 3.6% increase), while net position of business-type activities showed an increase of \$947,573 (a 7.3% increase).

Fund Highlights:

Governmental Funds – Fund Balances – As of the close of the fiscal year ended June 30, 2016, the Town's governmental funds reported a combined ending fund balance of \$7,857,827 with \$509,311 being general unassigned fund balance. This unassigned fund balance represents approximately 2.9% of the total general fund expenditures for the year.

Long-term Debt:

The Town's total long-term debt obligations increased by \$594,680 (3.3%) 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 31-32.

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 17-18 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 19-42 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). This section also includes a schedule of proportionate share of net pension liability and schedule of employer contributions in relation to implementation of GASB Statement #68. Required supplementary information can be found on pages 43-44 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

68.2% 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.

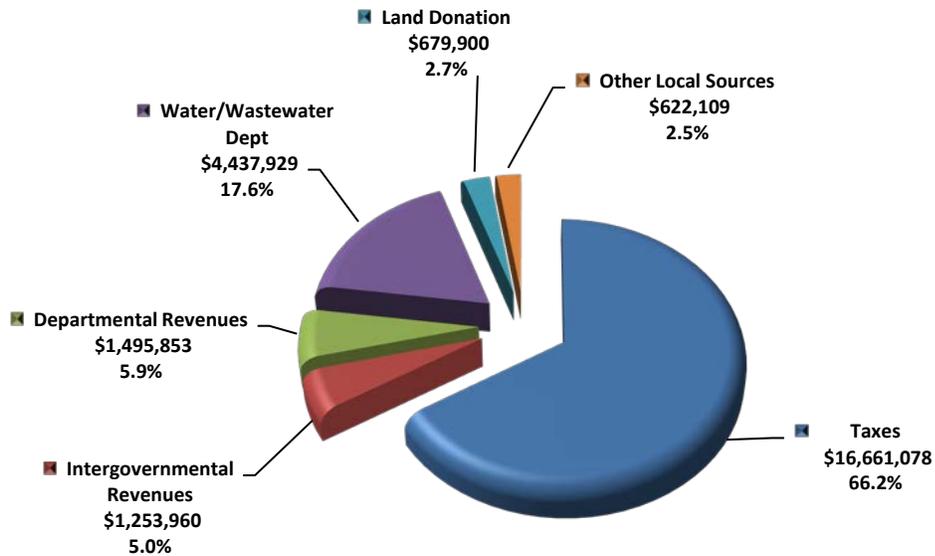
	Governmental Activities	Business-like Activities	Total 2016	Total 2015
Current Assets	9,436,892	5,172,103	14,608,995	13,952,481
Capital Assets	23,396,090	19,226,750	42,622,840	41,061,396
Total Assets	32,832,982	24,398,853	57,231,835	55,013,877
Deferred Rate Case Expense		5,828	5,828	
Related to Pensions	536,731	151,104	687,835	142,169
Total Deferred Outflows of Resources	536,731	156,932	693,663	142,169
Total Assets and Deferred Outflows of Resources	33,369,713	24,555,785	57,925,498	55,156,046
Current Liabilities	1,731,337	1,474,472	3,205,809	2,097,611
Other Liabilities	10,068,976	8,903,504	18,972,480	19,234,473
Total Liabilities	11,800,313	10,377,976	22,178,289	21,332,084
Prepaid Property Taxes	31,782		31,782	42,063
Unamortized Premium on Debt		100,256	100,256	
Related to Pensions	610,872	183,938	794,810	815,290
Total Deferred Inflows of Resources	642,654	284,194	926,848	857,353
Net Investment in Capital Assets	14,175,538	9,571,708	23,747,246	22,766,725
Restricted	811,332		811,332	710,042
Unrestricted	5,939,876	4,321,907	10,261,783	9,489,842
Total Net Position	20,926,746	13,893,615	34,820,361	32,966,609
Total Liabilities, Deferred Inflows of Resources and Net Position	33,369,713	24,555,785	57,925,498	55,156,046

Changes in Net Position

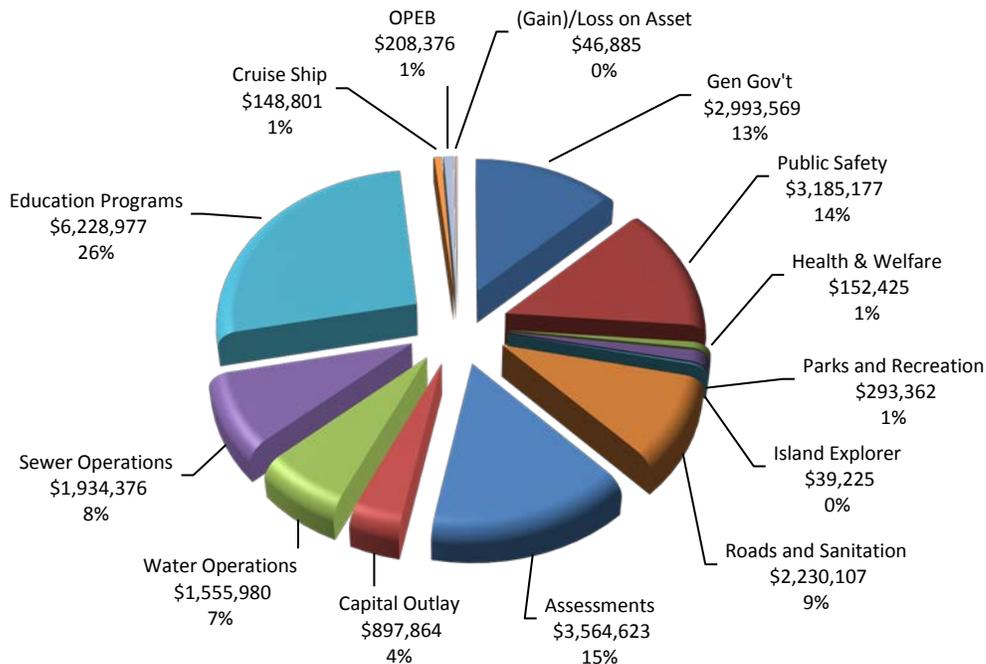
Approximately 66.3% of the Town’s total revenue came from property and excise taxes, approximately 5.0% came from Federal and State subsidies and grants, and approximately 28.7% came from services, investment earnings and other sources. Depreciation expense on the Town’s governmental and business-like activity assets represents \$1,978,692 of the total expenses for the fiscal year. Depreciation for governmental activities was \$1,144,560 while depreciation for business-like activities was \$834,132.

	Governmental Activities	Business-like Activities	Total 2016	Total 2015
Revenues:				
Taxes	16,661,078		16,661,078	15,858,611
Intergovernmental Revenues	1,253,960		1,253,960	1,246,045
Departmental Revenues	1,495,853	4,184,231	5,680,084	5,595,274
Land Donation from MDI YMCA	679,900		679,900	
Other Local Sources	622,109	223,621	845,730	611,261
Total	20,712,900	4,407,852	25,120,752	23,311,191
Expenses:				
General Government	2,993,569		2,993,569	3,221,432
Public Safety	3,185,177		3,185,177	3,538,717
Health & Welfare	152,425		152,425	143,945
Parks and Recreation	293,362		293,362	282,399
Island Explorer Shuttle Bus	39,225		39,225	38,962
Roads and Sanitation	2,230,107		2,230,107	2,417,338
Assessments	3,564,623		3,564,623	3,396,884
Capital Outlay	897,864		897,864	1,031,281
Water Operations		1,555,980	1,555,980	1,592,071
Sewer Operations		1,934,376	1,934,376	2,167,728
Education Programs	6,228,977		6,228,977	6,111,323
Cruise Ship	148,801		148,801	128,609
Post Employment Benefits	208,376		208,376	182,670
(Gain)/Loss on Disposal of Assets	46,885	(30,077)	16,808	132,605
Total	19,989,391	3,460,279	23,449,670	24,385,964
Changes in Net Position	723,509	947,573	1,671,082	(1,074,773)

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 \$7,857,827, a decrease of \$1,035,717 in comparison with the prior year. Approximately 6.5 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:

- \$128,580 positive variance in property taxes due to lower unavailable property taxes and supplementals issued. Lower unavailable property taxes resulted in part from more aggressive collection efforts for current year taxes and older liens.
- \$79,087 positive variance in auto excise revenue due to the value and number of vehicles increasing which also reflects industry sale of vehicles.
- \$(97,234) negative variance in ambulance billings due to less runs to Bangor because of staff shortages and an increase of approximately \$10,000 in bad debt write offs from the prior year.
- \$(37,739) negative variance in sale of recyclables due to a steady trend downward for metals and cardboard prices, even with a steady volume.
- \$61,460 positive variance in highway division due in large part to the mild winter. There was less demand for trucks, fuel and overtime payroll.
- \$34,950 positive variance in employee benefits due to less participation in health insurance and more opt out participation, less employee ICMA participation and FICA/Medicare wages down from terminations and positions not filled.
- \$42,565 positive variance in solid waste due to a fuel surcharge calculated in the budget being turned into a fuel credit due to low pricing.

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 \$76,741,764, net of accumulated depreciation of \$34,118,924, leaving a net book value of \$42,622,840. 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, 2016

Exhibit A

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Assets:			
Cash and Equivalents	6,836,406	4,355,747	11,192,153
Investments	1,826,953		1,826,953
Receivables			
Taxes and Liens	497,626	30,552	528,178
User Fees, net		580,138	580,138
Accounts	92,059	37,464	129,523
Ambulance	140,381		140,381
Accrued Interest	3,150		3,150
Prepaid Expense	250	15,493	15,743
Inventory	14,727	148,535	163,262
Due from Other Governments	25,340		25,340
Bond Issuance Costs, Net		4,174	4,174
Capital Assets:			
Land	2,739,414	164,126	2,903,540
Construction Work in Progress	46,318	3,867	50,185
Other Capital Assets, Net of Depreciation	20,610,358	19,058,757	39,669,115
Total Assets:	32,832,982	24,398,853	57,231,835
Deferred Outflows of Resources:			
Deferred Rate Case Expense		5,828	5,828
Related to Pensions	536,731	151,104	687,835
Total Deferred Outflows of Resources	536,731	156,932	693,663
Total Assets and Deferred Outflows of Resources	33,369,713	24,555,785	57,925,498
Liabilities, Deferred Inflows of Resources and Net Position:			
Liabilities:			
Accounts Payable	300,498	45,975	346,473
Retainage Payable	15,000		15,000
Payroll Taxes Deductible	19,076		19,076
Due to Students	3,829		3,829
Accrued Salaries Payable	579,233	27,238	606,471
Accrued Compensated Absences	310,697	38,339	349,036
Accrued Interest Payable		48,889	48,889
Internal Balances	(50,610)	50,610	-
Construction Advances		165,000	165,000
Deposits Payable	12,518		12,518
Debt Due Within One Year	541,096	1,098,421	1,639,517
Long-term Liabilities:			
Net Pension Liability	1,181,144	342,709	1,523,853
Net Post Employment Benefits Obligation	208,376		208,376
Debt Due in More Than One Year	8,679,456	8,560,795	17,240,251
Total Liabilities	11,800,313	10,377,976	22,178,289
Deferred Inflows of Resources:			
Prepaid Property Taxes	31,782		31,782
Unamortized Premium on Debt		100,256	100,256
Related to Pensions	610,872	183,938	794,810
Total Deferred Inflows of Resources	642,654	284,194	926,848
Net Position:			
Net Investment in Capital Assets	14,175,538	9,571,708	23,747,246
Restricted	811,332		811,332
Unrestricted	5,939,876	4,321,907	10,261,783
Total Net Position	20,926,746	13,893,615	34,820,361
Total Liabilities, Deferred Inflows of Resources and Net Position	33,369,713	24,555,785	57,925,498

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, 2016

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	2,993,569	391,756		(2,601,813)		(2,601,813)
Public Safety	3,185,177	459,231	85,720	(2,640,226)		(2,640,226)
Health and Welfare	152,425			(152,425)		(152,425)
Parks & Recreation	293,362	800		(292,562)		(292,562)
Island Explorer Shuttle Bus	39,225			(39,225)		(39,225)
Roads and Sanitation	2,230,107	60,450	29,300	(2,140,357)		(2,140,357)
Assessments	3,564,623			(3,564,623)		(3,564,623)
Capital Outlay	897,864			(897,864)		(897,864)
Education	6,228,977	99,467	839,932	(5,289,578)		(5,289,578)
Post Employment Benefits	208,376			(208,376)		(208,376)
Cruise Ship	148,801	619,954		471,153		471,153
Total Governmental Activities	19,942,506	1,631,658	954,952	(17,355,896)		(17,355,896)
<u>Business-type Activities:</u>						
Wastewater	1,934,376	2,233,247			298,871	298,871
Water	1,555,980	1,950,984			395,004	395,004
Total Business-type Activities	3,490,356	4,184,231			693,875	693,875
Total Primary Government	23,432,862	5,815,889	954,952	(17,355,896)	693,875	(16,662,021)
<u>General Revenues:</u>						
Taxes						
Property				15,668,515		15,668,515
Auto and Boat Excise				992,563		992,563
Intergovernmental Revenues				299,008		299,008
Other Local Sources				486,304	76,895	563,199
Water Land Proceeds					146,726	146,726
Gain/(Loss) on Disposal of Assets				(46,885)	30,077	(16,808)
Total General Revenues				16,442,105	253,698	16,695,803
<u>Special Items</u>						
Land Donation from MDI YMCA				679,900		679,900
Total Revenues, Special Items and Transfers				18,079,405	253,698	18,333,103
Changes in Net Position				723,509	947,573	1,671,082
Net Position - Beginning				20,203,237	12,946,042	33,149,279
Net Position - Ending				20,926,746	13,893,615	34,820,361

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

TOWN OF BAR HARBOR
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016

Exhibit C
Page 1 of 2

	<i>General Fund</i>	<i>CIP Fund</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
Assets				
Cash and Equivalents	6,834,870		1,536	6,836,406
Investments	1,813,339		13,614	1,826,953
Receivables				
Taxes	45,765			45,765
Tax Liens	451,861			451,861
Accounts	92,059			92,059
Ambulance Fees	140,381			140,381
Accrued Interest	3,150			3,150
Prepaid Expense	250			250
Inventory	14,727			14,727
Due from Other Governments	25,340		-	25,340
Due from Other Funds	1,281,657	4,136,611	29,300	5,447,568
Total Assets	10,703,399	4,136,611	44,450	14,884,460
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts Payable	171,310	129,188		300,498
Retainage Payable		15,000		15,000
Payroll Taxes/Deductions	19,076			19,076
Accrued Salaries Payable	579,233			579,233
Accrued Compensated Absences	260,655			260,655
Due to Other Funds	5,396,958		-	5,396,958
Due to Students	3,829		-	3,829
Deposits Payable	12,518			12,518
Total Liabilities	6,443,579	144,188	-	6,587,767
Deferred Inflows of Resources:				
Prepaid Property Taxes	31,782			31,782
Unavailable Property Taxes	402,886			402,886
Unavailable Rental Income	4,198			4,198
Total Deferred Inflows of Resources	438,866	-	-	438,866
Fund Balances				
Nonspendable	2,484		11,757	14,241
Restricted	767,791		29,300	797,091
Committed		3,992,423		3,992,423
Assigned	2,541,368		3,393	2,544,761
Unassigned	509,311			509,311
Total Fund Balances	3,820,954	3,992,423	44,450	7,857,827
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	10,703,399	4,136,611	44,450	14,884,460

(Continued)

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

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

Total Fund Balance	7,857,827
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$20,968,723	23,396,090
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds:	
Unavailable Revenues	407,084
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Bonds Payable	(9,220,552)
Accrued Compensated Absences - School Department	(50,042)
Post Employment Benefits Costs	(208,376)
Net Pension Liability, Related to Pensions	(1,255,285)
	<u>(10,734,255)</u>
Net Position of Governmental Activities	<u><u>20,926,746</u></u>

TOWN OF BAR HARBOR
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

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	16,776,563			16,776,563
Intergovernmental Revenues	1,083,240	55,700	115,020	1,253,960
Departmental Revenues	1,495,853			1,495,853
Other Local Sources	423,999	228,301	79	652,379
Total Revenues	19,779,655	284,001	115,099	20,178,755
Expenditures				
Current:				
General Government	2,721,559			2,721,559
Public Safety	2,767,588		90,007	2,857,595
Health and Welfare	139,640			139,640
Parks and Recreation	242,210		-	242,210
Island Explorer Shuttle Bus	39,225			39,225
Roads and Sanitation	1,700,702		-	1,700,702
Education	6,091,083			6,091,083
Assessments	3,564,623			3,564,623
Cruise Ship	148,801			148,801
Capital Outlay		4,109,034		4,109,034
Total Expenditures	17,415,431	4,109,034	90,007	21,614,472
Excess of Revenues Over (Under) Expenditures	2,364,224	(3,825,033)	25,092	(1,435,717)
Other Financing Sources (Uses)				
Bond Proceeds		400,000		400,000
Transfers from Other Funds	5,609,127	2,033,436	4,287	7,646,850
Transfers to Other Funds	(7,646,822)	-	(28)	(7,646,850)
Total Other Financing Sources (Uses)	(2,037,695)	2,433,436	4,259	400,000
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	326,529	(1,391,597)	29,351	(1,035,717)
Fund Balance - July 1	3,494,425	5,384,020	15,099	8,893,544
Fund Balance - June 30	3,820,954	3,992,423	44,450	7,857,827

(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, 2016

Exhibit D
Page 2 of 2

Net change in fund balances - total governmental funds (1,035,717)

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	3,360,463
Gain/(Loss) on Disposal of Assets	(46,885)
Depreciation expense	(1,144,560)
	<u>2,169,018</u>

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Unavailable Revenues	(30,270)
Unavailable Taxes	(115,485)
	<u>(145,755)</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	(400,000)
Capital lease obligation principal payments	14,515
General obligation bond principal payments	516,092
	<u>130,607</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	(8,176)
Post Employment Benefits Cost	(208,376)
Pension Plans (Deferred Outflows, Net Pension Liability, Deferred Inflows)	(178,092)
	<u>(394,644)</u>

Change in net position of governmental activities 723,509

TOWN OF BAR HARBOR
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2016

Exhibit E

<i>Assets</i>	<i>Wastewater Enterprise</i>	<i>Water Enterprise</i>	<i>Total</i>
<i>Current Assets:</i>			
Cash and Equivalents	1,966,607	2,389,140	4,355,747
Receivables			
User Fees, net	482,639	97,499	580,138
Liens Receivable	30,552	-	30,552
Accounts	35,387	2,077	37,464
Inventory	24,866	123,669	148,535
Prepaid Expenses		15,493	15,493
<i>Total Current Assets</i>	2,540,051	2,627,878	5,167,929
<i>Noncurrent Assets:</i>			
Capital Assets, net	10,413,979	8,812,771	19,226,750
Bond Issuance Costs, net	-	4,174	4,174
<i>Total Noncurrent Assets</i>	10,413,979	8,816,945	19,230,924
<i>Total Assets</i>	12,954,030	11,444,823	24,398,853
<i>Deferred Outflows of Resources:</i>			
Deferred Rate Case Expense		5,828	5,828
Related to Pensions	96,031	55,073	151,104
<i>Total Deferred Outflows of Resources</i>	96,031	60,901	156,932
<i>Total Assets and Deferred Outflows of Resources</i>	13,050,061	11,505,724	24,555,785
<i>Liabilities and Net Position</i>			
<i>Liabilities</i>			
Accounts Payable	29,918	16,057	45,975
Accrued Salaries and Benefits	17,259	9,979	27,238
Accrued Interest Payable	13,221	35,668	48,889
Due to Other Funds	47,920	2,690	50,610
Compensated Absences Payable	26,466	11,873	38,339
Bonds and Notes Payable	536,226	562,195	1,098,421
<i>Total Current Liabilities</i>	671,010	638,462	1,309,472
<i>Noncurrent Liabilities:</i>			
Net Pension Liability	217,801	124,908	342,709
Construction Advances		165,000	165,000
Bonds and Notes Payable	1,965,484	6,595,311	8,560,795
<i>Total Noncurrent Liabilities</i>	2,183,285	6,885,219	9,068,504
<i>Total Liabilities</i>	2,854,295	7,523,681	10,377,976
<i>Deferred Inflows of Resources:</i>			
Unamortized Premium on Debt		100,256	100,256
Related to Pensions	116,898	67,040	183,938
<i>Total Deferred Inflows of Resources</i>	116,898	167,296	284,194
<i>Net Position</i>			
Net Investment in Capital Assets	7,912,269	1,659,439	9,571,708
Retained Earnings			
Reserved	2,000,321	1,738,305	3,738,626
Unreserved	166,278	417,003	583,281
<i>Total Net Position</i>	10,078,868	3,814,747	13,893,615
<i>Total Liabilities, Deferred Inflows of Resources and Net Position</i>	13,050,061	11,505,724	24,555,785

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, 2016

Exhibit F

	<u>Proprietary Fund Types</u>		<u>Total</u>
	<u>Wastewater Enterprise</u>	<u>Water Enterprise</u>	
Operating Revenues:			
Charges for Services	2,134,571	1,948,941	4,083,512
Special Assessments	79,776		79,776
Interest - Late Penalties	18,900	2,043	20,943
Total Operating Revenues:	2,233,247	1,950,984	4,184,231
Operating Expenditures:			
Current:			
Salaries and Benefits	613,643	443,474	1,057,117
Contracted Services	194,614	244,436	439,050
Utilities & Commodities	193,302	51,717	245,019
Repairs & Maintenance	139,212	164,770	303,982
Equipment	24,573	15,522	40,095
Other Expenses	49,592	41,378	90,970
Depreciation and Amortization	527,262	306,870	834,132
Materials and Supplies	99,335	96,228	195,563
Total Operating Expenditures	1,841,533	1,364,395	3,205,928
Net Operating Income	391,714	586,589	978,303
Nonoperating Revenues (Expenses)			
Interest Revenue	7,009	8,896	15,905
Homeowner Contributions to extension	53,680		53,680
Nonutility Income, net of expense	-	6,119	6,119
Sale of Fixed Assets	5,288	141,438	146,726
Bond Refinance proceeds	30,077	-	30,077
Contributions in Aid of Construction	-	1,191	1,191
Related to Pensions	(4,616)	(22,800)	(27,416)
Interest Expense	(88,227)	(168,785)	(257,012)
Total Nonoperating Revenue (Expenses)	3,211	(33,941)	(30,730)
Change in Net Position (net income)	394,925	552,648	947,573
Total Net Position - Beginning	9,683,943	3,262,099	12,946,042
Total Net Position - Ending	10,078,868	3,814,747	13,893,615

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, 2016

Exhibit G

	<i>Proprietary Fund Types</i>		<i>Total</i>
	<i>Wastewater Enterprise</i>	<i>Water Enterprise</i>	
<i>Cash Flows from Operating Activities</i>			
Received from Customers	2,233,247	1,950,984	4,184,231
Payments to Suppliers	(651,036)	(572,673)	(1,223,709)
Payments to Employees	(613,643)	(443,474)	(1,057,117)
Other Receipts (Payments)	(49,592)	(35,259)	(84,851)
<i>Net Cash Provided by (Used in) Operating Activities</i>	918,976	899,578	1,818,554
<i>Cash Flows from Capital and Related Financing Activities</i>			
Purchases of Capital Assets	(167,696)	(89,966)	(257,662)
Principal Received on Capital Debt Issued	-	1,700,000	1,700,000
Bond Refinance proceeds	30,077		30,077
Principal Paid on Capital Debt	(522,042)	(467,185)	(989,227)
Proceeds from Sale of Land/Fixed Assets	5,288	141,438	146,726
Interest Paid on Capital Debt	(88,227)	(168,785)	(257,012)
<i>Net Cash Used in Capital and Related Financing Activities</i>	(742,600)	1,115,502	372,902
<i>Cash Flows from Investing Activities</i>			
Purchase of Investments	55,759	137,049	192,808
Interest and Dividends	7,009	8,896	15,905
<i>Net Cash Provided by (Used in) Investing Activities</i>	62,768	145,945	208,713
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	239,144	2,161,025	2,400,169
<i>Balances - beginning of the year</i>	1,727,463	228,115	1,955,578
<i>Balances - end of the year</i>	1,966,607	2,389,140	4,355,747
<i>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</i>			
Net Operating Income (Loss)	391,714	586,589	978,303
Adjustment to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization	527,262	306,870	834,132
(Increase) Decrease in Accounts Receivable	(13,952)	(75,713)	(89,665)
(Increase) Decrease in Due To/From Other Funds	19,263	74,612	93,875
(Increase) Decrease in Inventory	4,107	(6,594)	(2,487)
(Increase) Decrease in Prepaid Expense		22,141	22,141
Increase (Decrease) in Accrued Wages Payable	3,495	1,116	4,611
Increase (Decrease) in Accrued Interest Payable	(4,236)	(1,024)	(5,260)
Increase (Decrease) in Escrow Deposits		(842)	(842)
Increase (Decrease) in Compensated Absences Payable	1,810	(384)	1,426
Increase (Decrease) in Accounts Payable	(10,487)	(7,193)	(17,680)
<i>Net Cash Provided by (Used in) Operating Activities</i>	918,976	899,578	1,818,554

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

TOWN OF BAR HARBOR
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016

Exhibit H

<i>Assets</i>	<i>MDI Skatepark Association</i>
Cash	53,168
Total Assets	53,168
 <i>Liabilities and Net Position</i>	
Liabilities	
Due to MDI Skatepark Association	53,168
Total Liabilities	53,168

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

TOWN OF BAR HARBOR
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit I

	<i>MDI Skatepark Association</i>	<i>Total</i>
Revenues		
New Funds	24,620	24,620
Investment Income	-	-
	24,620	24,620
Expenditures		
Dues	110	110
Construction	6,500	6,500
Miscellaneous	25	25
	6,635	6,635
Excess of Revenues Over (Under)		
Expenditures	17,985	17,985
Net Position - July 1	35,183	35,183
Net Position - June 30	53,168	53,168

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

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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 transactions occurred 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, and 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 for in some other fund.

The CIP fund accounts for all the Town and School Department 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 fiduciary fund:

The MDI Skatepark Association agency fund accounts for the receipt and disbursement of funds for the skate park to raise money and build a park. Once the park is complete, the plan is for the Town to accept the donation.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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. 3, as amended by 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, \$402,886 has been so classified and reported on the general fund balance sheet.

Annual property taxes were levied on August 11, 2015, 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. 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 value at the date of donation.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2016

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, 2016

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, 2016 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	2,484			2,484
Gurnee Principal			6,488	6,488
Cemetery Principal			5,269	5,269
	2,484	-	11,757	14,241
<u>Restricted</u>				
Dog Control Reserve	1,034			1,034
Pump Out System Grant			29,300	29,300
School Restricted Funds	766,757			766,757
	767,791	-	29,300	797,091
<u>Committed</u>				
Capital Improvement Programs		3,992,423		3,992,423
	-	3,992,423	-	3,992,423
<u>Assigned</u>				
Reserve for Working Capital	1,878,000			1,878,000
Designated for Insurance	500,000			500,000
General Fund Encumbrances	44,591			44,591
Cruise Ship Fund - Encumbrances	56,000			56,000
Cruise Ship Fund	62,777			62,777
Gurnee Scholarship			3,393	3,393
	2,541,368	-	3,393	2,544,761
<u>Unassigned</u>				
General Fund	509,311			509,311
<u>Total Fund Balance</u>	3,820,954	3,992,423	44,450	7,857,827

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

7. Fund Balances/Net Position (Continued)

Net Position

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, 2016

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

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 all interest bearing and non-interest bearing accounts, are aggregated and 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, 2016

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Deposits (Continued)

At year-end, the government's carrying amount of deposits was \$11,245,321 and the bank balance was \$13,058,214, which were all insured/collateralized.

Investments

At June 30, 2016, the Towns investments, maturities and credit ratings are as follows:

Type	June 30, 2016					Credit Rating S&P
	Fair Value	Maturities in Years				
		Less Than 1	1-5	6-10	More than 10	
General Town:						
Corporate Bonds	100,908		100,908			AAA
US Government Obligations/Bonds	702,295		702,295			AAA
US Government Obligations/Bonds	371,310		371,310			AA+
Bank CD's	252,055		252,055			AA+
Corporate Bonds	100,090		100,090			AA
Corporate Bonds	200,321		200,321			AA-
Corporate Bonds	99,974		99,974			A-
Total	<u>1,826,953</u>	<u>-</u>	<u>1,826,953</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, 2016:

Deposits and Cash on Hand	\$ 11,245,321
Investments	<u>\$ 1,826,953</u>
	<u>\$ 13,072,274</u>

	Government-wide Statement of Net Position	Business-Type Statement of Net Position	Fiduciary Statement of Net Position	Totals
Cash and Cash Equivalents	\$ 6,836,406	\$ 4,355,747	\$ 53,168	\$ 11,245,321
Investments	<u>\$ 1,826,953</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,826,953</u>
	<u>\$ 8,663,359</u>	<u>\$ 4,355,747</u>	<u>\$ 53,168</u>	<u>\$ 13,072,274</u>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

B. Property Taxes

Property taxes were levied for the fiscal year as follows:

Assessed Value		1,471,963,700
Tax Rate (per \$1,000)		<u>10.59</u>
Commitment		<u>15,588,096</u>
Appropriations		20,318,151
Less:		
State Municipal Revenue Sharing	122,264	
Estimated Revenues	4,560,134	
BETE Reimbursement	849	
Homestead Reimbursement	<u>46,808</u>	
		<u>4,730,055</u>
Net Assessment for Commitment		<u>15,588,096</u>

Uncollected real estate taxes and personal property taxes at June 30 for the current year commitment totaled \$347,379, which represents tax collection of approximately 97.8% of the current year commitment. The real estate portion of the total taxes due were placed on lien June 27, 2016. Unpaid prior year tax liens at June 30 totaled \$135,542.

C. Interfund Receivables and Payables

Individual fund interfund receivable and payable balances at June 30, 2016 were as follows:

	<u><i>Interfund Receivable</i></u>	<u><i>Interfund Payable</i></u>
General Fund	1,281,657	5,396,958
Capital Project Funds	4,136,611	
Pump Out System Grant	29,300	
Water Fund		2,690
Wastewater Fund		<u>47,920</u>
Totals	<u>5,447,568</u>	<u>5,447,568</u>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 3 - DETAILED NOTES ON ALL FUNDS (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. \$50,610 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, 2016 was as follows:

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<i>Governmental Activities;</i>				
<i>Capital assets not being depreciated</i>				
Land	2,059,514	679,900		2,739,414
Construction Work in Progress	647,816	21,403	(622,901)	46,318
	<u>2,707,330</u>	<u>701,303</u>	<u>(622,901)</u>	<u>2,785,732</u>
<i>Capital assets being depreciated:</i>				
Buildings	12,355,662	2,004,443	(292,966)	14,067,139
Equipment	6,471,727	555,177	(280,942)	6,745,962
Infrastructure	20,112,925	747,995	(94,940)	20,765,980
	<u>38,940,314</u>	<u>3,307,615</u>	<u>(668,848)</u>	<u>41,579,081</u>
<i>Total capital assets being depreciated</i>				
<i>Less accumulated depreciation for:</i>				
Buildings	3,738,825	317,090	(223,066)	3,832,849
Equipment	4,183,927	425,644	(246,543)	4,363,028
Infrastructure	12,465,959	401,826	(94,939)	12,772,846
	<u>20,388,711</u>	<u>1,144,560</u>	<u>(564,548)</u>	<u>20,968,723</u>
<i>Total accumulated depreciation</i>				
	<u>18,551,603</u>	<u>2,163,055</u>	<u>(104,300)</u>	<u>20,610,358</u>
<i>Net capital assets being depreciated</i>				
<i>Governmental Activities</i>				
<i>Capital Assets, net</i>	<u>21,258,933</u>	<u>2,864,358</u>	<u>(727,201)</u>	<u>23,396,090</u>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<i>Business-type Activities;</i>				
<i>Capital assets not being depreciated</i>				
Land	161,026			161,026
<i>Capital assets being depreciated:</i>				
Water Fund	12,052,106	89,967	(39,195)	12,102,878
Wastewater Fund	19,962,946	167,696	(17,595)	20,113,047
<i>Total capital assets being depreciated</i>	<u>32,015,052</u>	<u>257,663</u>	<u>(56,790)</u>	<u>32,215,925</u>
 <i>Less accumulated depreciation for:</i>				
Water Fund	3,159,966	295,730	(28,814)	3,426,882
Wastewater Fund	9,213,650	527,262	(17,594)	9,723,318
<i>Total accumulated depreciation</i>	<u>12,373,616</u>	<u>822,992</u>	<u>(46,408)</u>	<u>13,150,200</u>
<i>Net capital assets being depreciated</i>	<u>19,641,436</u>	<u>(565,329)</u>	<u>(10,382)</u>	<u>19,065,725</u>
 <i>Business-type Activities Capital Assets, net</i>	 <u>19,802,462</u>	 <u>(565,329)</u>	 <u>(10,382)</u>	 <u>19,226,751</u>

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

Governmental Activities:

General Government	175,854
Public Safety	245,646
Health and Welfare	12,785
Parks and Recreation	51,152
Roads and Sanitation, including infrastructure	529,405
Education	129,718
 Total Depreciation Expense - Governmental Activities	 <u>1,144,560</u>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. 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 Date</i>	<i>Interest Rate</i>	<i>Amount</i>
General Obligation:			
2004 School Heating System	11/1/2024	4.45%	455,552
2010 Capital Construction, Roads, etc.	5/1/2030	2.0-4.0%	2,590,000
2013 Public Works Complex	4/15/2034	2.0-4.0%	3,095,000
2014 Town Hall & Signage	10/15/2034	2.5-4.0%	2,320,000
2015 Refinanced Agamont Park and Seawall	10/15/2024	4-4.25%	360,000
2015 Public Safety Building	4/15/2036	2-5%	400,000
			9,220,552

	<i>Maturity Date</i>	<i>Interest Rate</i>	<i>Amount</i>
Proprietary:			
1997 Wastewater Plant Upgrade	10/1/2017	3.00%	897,443
2002 Water Tank Purchase	10/1/2021	2.673%	265,274
2010 Water Mains	5/1/2030	2.0 - 4.0%	420,000
2011 Wastewater Mains Replacement and Scada System	12/1/2031	2.0 - 3.5%	1,094,266
2011 Water Refinance. Mains Replacement and Duck Brook Pump Station	12/1/2031	2.0 - 3.5%	2,475,733
2012 Safe Drinking Revolving Water Loan	10/1/2032	1.000%	2,296,500
2015 Refinanced Hulls Cove Wastewater Plant	10/15/2027	4-4.38%	510,000
2015 Route 3 Water Main Project	4/15/2036	2-5%	1,700,000
			9,659,216

Total Debt 18,879,768

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt (Continued)

1. General Obligation Bonds and Notes (Continued)

Annual debt service requirements to maturity for general obligation bonds and notes including interest of \$4,680,757 (including fees) are as follows:

<i>Year Ended June 30,</i>	<i>General Obligation Debt</i>	<i>Proprietary</i>	<i>Total</i>
2017	854,025	1,340,309	2,194,334
2018	844,991	1,329,584	2,174,575
2019	834,816	854,404	1,689,220
2020	818,934	862,419	1,681,353
2021	807,595	864,727	1,672,322
2022-2026	3,768,693	3,014,503	6,783,196
2027-2031	2,828,180	2,338,441	5,166,621
2032-2035	1,275,950	922,954	2,198,904
Total	12,033,184	11,527,341	23,560,525

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, 2016:

	<i>General Obligation Debt</i>	<i>Proprietary</i>	<i>Total</i>
<i>Long-term Debt payable July 1, 2015</i>	9,336,644	8,948,444	18,285,088
Debt Issued	400,000	1,700,000	2,100,000
Debt Retired	(516,092)	(989,228)	(1,505,320)
<i>Long-term Debt payable June 30, 2016</i>	9,220,552	9,659,216	18,879,768

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

F. Contributed Capital

Changes in net contributed capital for the year-ended June 30, 2016 for the government's Proprietary Funds were as follows:

	<u>Wastewater</u>	<u>Water</u>
Balance - Beginning of Year	2,292,502	205,508
Additions:	53,680	1,191
Deductions:		
Retirements		
Depreciation Provided by Contributed Capital	<u>(81,156)</u>	<u>(10,381)</u>
Balance - End of Year	<u>2,265,026</u>	<u>196,318</u>

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>3,393</u>
Total	<u>11,757</u>	<u>3,393</u>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 - OTHER INFORMATION (Continued)

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, 2014, 2015 and 2016 were \$77,885, \$66,990 and \$68,956 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.

D. Defined Benefit Employee Pension Plan

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 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

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (Continued)

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, 2016, the SET Plan member contribution rate was 7.65% and the employer contribution rate was 3.36% of applicable member compensation. The employer (School portion) is also responsible for contributing 10.57% of all federally funded member compensation. The State of Maine, as a non-employer contributing entity, pays 10.02% of the applicable member compensation into the System. For the year ended June 30, 2016, the PLD Plan member contribution rate was 7.5% for the Regular AC Plan and 8.5% for the Special 4C Plan-Public Safety. Employer contribution rates were 8.9% for the Regular AC Plan and 7.6% for the Special 4C Plan of applicable member compensation.

The required contributions paid into the System for the year ended June 30, 2016 and the previous two years are as follows:

SET Plan - SCHOOL ONLY:

<i>For the year ended</i>	<i>Employee</i>	<i>Employer</i>	<i>State of Maine</i>	<i>Applicable</i>	<i>Applicable</i>
<i>June 30,</i>	<i>Contributions</i>	<i>Contributions</i>	<i>Contributions</i>	<i>Member</i>	<i>Member Federal</i>
				<i>Compensation</i>	<i>Compensation</i>
2016	\$ 229,417	\$ 110,513	\$ 291,249	\$ 2,998,911	\$ 92,237
2015	\$ 224,868	\$ 90,466	\$ 370,879	\$ 2,939,456	\$ 93,111
2014	\$ 230,093	\$ 89,723	\$ 382,240	\$ 3,007,749	\$ 74,208

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (Continued)

Member and Employer Contributions (Continued)

PLD Plan - SCHOOL PORTION:

<i>For the year ended</i>	<i>Employee</i>	<i>Employer</i>	<i>Applicable</i>
<i>June 30,</i>	<i>Contributions</i>	<i>Contributions</i>	<i>Member</i>
<i>June 30,</i>	<i>Contributions</i>	<i>Contributions</i>	<i>Compensation</i>
2016	\$ 11,108	\$ 13,181	\$ 148,102
2015	\$ 10,213	\$ 11,380	\$ 145,894
2014	\$ 11,069	\$ 10,279	\$ 158,133

PLD Plan - TOWN PORTION:

<i>For the year ended</i>	<i>Employee</i>	<i>Employer</i>	<i>Applicable</i>
<i>June 30,</i>	<i>Contributions</i>	<i>Contributions</i>	<i>Member</i>
<i>June 30,</i>	<i>Contributions</i>	<i>Contributions</i>	<i>Compensation</i>
2016	\$ 184,650	\$ 192,895	\$ 2,356,080
2015	\$ 176,184	\$ 178,600	\$ 2,364,202
2014	\$ 149,290	\$ 143,403	\$ 2,173,445

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.

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

As of June 30, 2016, the Town of Bar Harbor reported a net pension liability of \$102,069 for the SET Plan and \$1,421,784 for the PLD Plan. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by 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 .007559% for the SET Plan and .445634% for the PLD Plan, which was an increase of .001089% and .001684% respectively from its proportion measured at June 30, 2014.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (Continued)

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

For the fiscal year ended June 30, 2016, the Town of Bar Harbor recognized pension expense of \$178,092. At June 30, 2016, the Town's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	57,407	183,312
Changes in Assumption	128,461	-
Net Difference between projected and actual earnings on pension plan investments	460,413	572,444
Changes in proportion and differences between employer contributions and proportionate share of contributions	41,554	39,054
	<u>687,835</u>	<u>794,810</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>
2017	5,569	(78,119)
2018	1,615	(78,119)
2019	(3,338)	(89,690)
2020	5,399	109,704

Actuarial Assumptions

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

	<u>SET Plan</u>	<u>PLD Plan</u>
Investment Rate of Return:	7.125% per anum for compounded annually	7.125% 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

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (Continued)

Actuarial Assumptions (Continued)

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, 2015 valuation were based on the results of an actuarial experience study performed in 2011 and covered the period July 1, 2005 – June 30, 2010. There have been no changes in assumptions since the last valuation date of 6/30/14 for the SET Plan. The rate of investment return assumption decreased from 7.25% to 7.125% for the PLD Plan as of 6/30/15.

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:

<i>Asset Class</i>	<i>Target Allocation</i>	<i>Long-Term Expected Real Rate of Return</i>
US Equities	20%	5.2%
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%
	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.125% for the SET Plan and 7.125% 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.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (Continued)

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:

SET Plan:	<i>1% Decrease</i>	<i>Current Discount</i>	<i>1% Increase</i>
	█ (6.125%)	Rate (7.125%)	█ (8.125%)
Proportionate Share of the Net Pension Liability	\$ 178,699	\$ 102,069	\$ 38,245

PLD Plan:	<i>1% Decrease</i>	<i>Current Discount</i>	<i>1% Increase</i>
	█ (6.125%)	Rate (7.125%)	█ (8.125%)
Proportionate Share of the Net Pension Liability	\$ 2,832,614	\$ 1,421,784	\$ 84,229

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.mainebers.org or contacting the System at (207) 512-3100.

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.

The Town, as a member of the MMA Property and Casualty Pool, has a general liability limit of \$400,000/occurrence for causes of action pursuant to the Maine Tort Claims Act. Coverage is limited to those areas for which governmental immunity has been expressly waived. There is a limit of \$2,000,000/occurrence for causes of action pursuant to federal law or state law for which immunity is not provided by the Maine Tort Claims Act. The same limit applies for law enforcement after a \$2,500 per occurrence deductible is met. For the public officials’ liability and employment practices liability, the coverage is \$2,000,000 per occurrence and \$4,000,000 aggregate with a \$5,000 deductible.

Workers compensation provides coverage as required by the State of Maine Workers Compensation Act. The limit of liability for employer’s liability coverage is \$2,000,000/each accident and \$2,000,000 aggregate disease.

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, 2016.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 - OTHER INFORMATION (Continued)

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 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.

Funding Policy and Annual OPEB Cost

The following table represents the OPEB costs for the years ending June 30, 2016, 2015 and 2014 and the annual net OPEB obligation:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Normal Cost	\$ 18,158	\$ 18,158	\$ 18,158
Amortization of unfunded	\$ 24,981	\$ 24,981	\$ 24,981
Adjustment to ARC	\$ (10,564)	\$ (9,245)	\$ (7,913)
Interest	<u>\$ 8,161</u>	<u>\$ 7,248</u>	<u>\$ 6,327</u>
Annual OPEB Cost	\$ 40,736	\$ 41,142	\$ 41,553

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 - OTHER INFORMATION (Continued)

F. Other Postemployment Benefits (Continued)

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net OPEB obligation, July 1	\$ 182,670	\$ 159,858	\$ 136,827
Annual required contribution	\$ 40,736	\$ 41,142	\$ 41,553
Less: Actual member contributions	<u>\$ (15,030)</u>	<u>\$ (18,330)</u>	<u>\$ (18,522)</u>
Net OPEB obligation, June 30	\$ 208,376	\$ 182,670	\$ 159,858

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, 2016, 2015 and 2014 was as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual Required Contribution	\$ 43,993	\$ 43,993	\$ 41,553
Actual Member Contributions	\$ 15,030	\$ 18,330	\$ 18,522
Percent contributed	34.16%	41.67%	44.57%
Actuarial accrued liability	\$ 449,253	\$ 449,253	\$ 449,253
Plan Assets	\$ -	\$ -	\$ -
Unfunded actuarial accrued liability	\$ 449,253	\$ 449,253	\$ 449,253
Covered payroll	\$ 3,086,687	\$ 2,950,944	\$ 2,821,170
Unfunded actuarial accrued liability as a percentage of covered payroll	14.55%	15.22%	15.92%

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.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 - OTHER INFORMATION (Continued)

F. Other Postemployment Benefits (Continued)

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, 2016

Exhibit J

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
Revenues				
Taxes	16,575,527	16,575,527	16,776,563	201,036
Intergovernmental Revenues	218,504	218,504	243,308	24,804
Departmental Revenues	1,032,901	1,032,901	905,499	(127,402)
Other Local Sources	269,648	269,648	288,194	18,546
Total Revenues	18,096,580	18,096,580	18,213,564	116,984
Expenditures				
General Government	2,843,918	2,786,918	2,728,065	58,853
Public Safety	2,791,609	2,791,609	2,778,182	13,427
Health and Welfare	137,648	137,648	139,640	(1,992)
Parks and Recreation	235,251	235,251	242,210	(6,959)
Island Explorer Shuttle Bus	39,225	39,225	39,225	-
Roads and Sanitation	1,810,053	1,810,053	1,702,467	107,586
Assessments	3,632,302	3,632,302	3,564,623	67,679
Total Expenditures	11,490,006	11,433,006	11,194,412	238,594
Excess Revenues Over Expenditures	6,606,574	6,663,574	7,019,152	355,578
Other Financing Sources				
Transfers from Other Funds	264,817	264,817	265,458	641
Transfers to Other Funds	(6,981,391)	(7,038,391)	(7,038,391)	-
Total Other Financing Sources	(6,716,574)	(6,773,574)	(6,772,933)	641
Net Change in Fund Balance	(110,000)	(110,000)	246,219	356,219
Beginning Fund Balances - Budgetary Basis			2,641,092	
Ending Fund Balances - Budgetary Basis			2,887,311	
Adjustments to Conform to GAAP:				
Elimination of Encumbrances			44,591	
Ending Fund Balances - GAAP Basis			2,931,902	

TOWN OF BAR HARBOR
REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN SCHEDULES - LAST 10 FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit K

Schedule 1 - Proportionate Share of the Net Pension Liability:

	Town Portion:		School Portion:		School Portion:	
	Participating Local Districts Plan		Participating Local Districts Plan		State Employees and Teachers Plan	
	<i>For the Fiscal Year Ended June 30, 2016</i>	<i>For the Fiscal Year Ended June 30, 2015</i>	<i>For the Fiscal Year Ended June 30, 2016</i>	<i>For the Fiscal Year Ended June 30, 2015</i>	<i>For the Fiscal Year Ended June 30, 2016</i>	<i>For the Fiscal Year Ended June 30, 2015</i>
Proportion of net pension liability	0.445634%	0.443395%	0.445634%	0.443395%	0.007559%	0.00647%
Proportionate share of net pension liability	\$1,339,178	\$633,175	\$82,606	\$49,126	\$102,069	\$69,897
Covered employee payroll	\$2,356,080	\$2,364,202	\$148,102	\$145,894	\$2,998,911	\$2,939,456
Proportionate share of the net pension liability as a percentage of its covered employee payroll	56.84%	26.78%	55.78%	33.67%	3.40%	2.38%
Plan Total Pension Liability	\$2,720,936,009	\$2,609,657,845	\$2,720,936,009	\$2,609,657,845	\$12,616,287,054	\$12,320,158,783
Plan Fiduciary Net Position	\$2,401,889,308	\$2,455,776,671	\$2,401,889,308	\$2,455,776,671	\$10,242,097,022	\$10,337,615,927
Plan Net Pension Liability	\$319,046,701	\$153,881,174	\$319,046,701	\$153,881,174	\$2,374,190,032	\$1,982,542,856
Plan Fiduciary Net Position as a % Of the Total Pension Liability	88.274%	94.103%	88.274%	94.103%	81.182%	83.908%
Plan Covered Employee Payroll	\$497,616,846	\$460,029,637	\$497,616,846	\$460,029,637	\$1,699,160,889	\$1,676,857,294
Plan Net Pension Liability as a % Of the Covered Employee Payroll	64.115%	33.450%	64.115%	33.450%	139.727%	118.230%

* 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:

	Town Portion:		School Portion:		School Portion:	
	Participating Local Districts Plan		Participating Local Districts Plan		State Employees and Teachers Plan	
	<i>For the Fiscal Year Ended June 30, 2016</i>	<i>For the Fiscal Year Ended June 30, 2015</i>	<i>For the Fiscal Year Ended June 30, 2016</i>	<i>For the Fiscal Year Ended June 30, 2015</i>	<i>For the Fiscal Year Ended June 30, 2016</i>	<i>For the Fiscal Year Ended June 30, 2015</i>
Contractually required contribution	\$192,895	\$176,184	\$13,181	\$11,380	\$110,512	\$90,466
Contribution in relation to the contractually required contribution	(\$192,895)	(\$176,184)	(\$13,181)	(\$11,380)	(\$110,512)	(\$90,466)
Contribution deficiency	\$0	\$0	\$0	\$0	\$0	\$0
Covered employee payroll	\$2,356,080	\$2,364,202	\$148,102	\$145,894	\$2,998,911	\$2,939,456
Contributions as a percentage of covered employee payroll	8.19%	7.45%	8.90%	7.80%	3.69%	3.08%

* 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, 2016

Exhibit A-1
Page 1 of 2

	<i>Estimated</i>	<i>Actual</i>	<i>Over(Under)</i> <i>Budget</i>
Taxes			
Property	15,589,086	15,717,666	128,580
Auto Excise	899,966	979,053	79,087
Boat Excise	13,338	13,510	172
Interest/Fees on Taxes	73,137	66,334	(6,803)
	<hr/> 16,575,527	<hr/> 16,776,563	<hr/> 201,036
Intergovernmental Revenues			
State of Maine			
Municipal Revenue Sharing	122,264	132,854	10,590
General Assistance	338	821	483
Tree Growth	4,395	3,064	(1,331)
Veterans Reimbursement	2,087	2,165	78
Homestead Reimbursement	46,808	59,678	12,870
BETE Reimbursement	849	895	46
Federal			
Police Drug Officer Reimbursement	-	50	50
Acadia National Park - PILT	41,763	43,781	2,018
	<hr/> 218,504	<hr/> 243,308	<hr/> 24,804
Departmental Revenues			
Ambulance/Fire			
Ambulance Service	396,100	298,866	(97,234)
Police			
Police Detail	7,911	13,229	5,318
Parking Tickets	35,000	34,347	(653)
All Other	26,930	38,832	11,902
Planning / Code			
Building Permits	105,000	87,955	(17,045)
Plumbing Permits	27,000	24,055	(2,945)
Electrical Inspections	25,603	25,591	(12)
Vacation Rental Permits	1,561	1,300	(261)
Plan Board/Subdivision & Rezoning	4,252	-	(4,252)
Site Plan Review	13,000	8,589	(4,411)
All Other	4,636	2,481	(2,155)
Harbor Fees			
Docking	31,500	45,252	13,752
Moorings	5,400	5,470	70
All Other	12,303	15,987	3,684
Solid Waste			
Sale of Recyclables	86,000	48,261	(37,739)
All Other	338	170	(168)
Public Works			
All Other	9,953	12,019	2,066
Parks and Recreation			
Park and Recreation Fees	600	800	200
Fire Department	-	510	510

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit A-1
Page 2 of 2

	<i>Estimated</i>	<i>Actual</i>	<i>Over(Under) Budget</i>
Departmental Revenues (Continued)			
Finance			
Administrative Services	163,921	163,921	-
Auto Registrations	16,079	15,858	(221)
Boat/RV Registrations/Snowmobile Fees	1,510	1,495	(15)
Municipal Building Leases	30,000	35,190	5,190
Town Clerk			
Clerk's Fees	18,410	15,519	(2,891)
All Other	9,894	9,802	(92)
	<u>1,032,901</u>	<u>905,499</u>	<u>(127,402)</u>
Other Local Sources			
Interest on Investments	20,350	34,369	14,019
Kids Corner Lease	5,400	5,750	350
Island Explorer Lease	19,225	19,225	-
Other Rentals	2,770	2,840	70
Jackson Laboratory - PILT	83,429	86,000	2,571
Housing Authority - PILT	27,777	28,611	834
Other - PILT	15,100	18,251	3,151
Cable TV Franchise	86,000	86,722	722
Insurance Dividends	9,000	5,987	(3,013)
All Other	597	439	(158)
	<u>269,648</u>	<u>288,194</u>	<u>18,546</u>
Operating Transfers In			
Cemetery Income	19	28	9
Cruise Ship Fund	259,048	259,049	1
Dog Control Reserve	2,750	2,940	190
Shellfish Conservation	3,000	3,441	441
	<u>264,817</u>	<u>265,458</u>	<u>641</u>
Total Revenues, Operating Transfers and Other Financing Sources	18,361,397	<u>18,479,022</u>	<u>117,625</u>
Beginning Fund Balance Used	<u>110,000</u>		
Total	<u>18,471,397</u>		

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit A-2
Page 1 of 2

	<i>Encumbered From 6/30/15</i>	<i>Appropriations</i>	<i>Expenditures Net of Refund</i>	<i>Encumbered to 6/30/17</i>	<i>(Over) Under Budget</i>
General Government					
Town Council		37,952	33,557		4,395
Town Manager		122,031	116,286		5,745
Town Clerk	1,944	138,437	114,534	2,970	22,877
Finance		328,189	327,930		259
Legal Counsel		19,150	18,544		606
Elections		12,717	9,764		2,953
Technology	12,592	161,695	153,317	18,000	2,970
Municipal Building		74,825	84,144		(9,319)
Town Offices		33,452	35,371		(1,919)
Employee Benefits		1,376,319	1,341,369		34,950
Insurance		85,700	91,351		(5,651)
Assessing	3,600	115,528	116,749		2,379
Code Enforcement		74,851	68,855	1,200	4,796
Planning	5,000	151,893	119,471	7,472	29,950
27th Pay Period		13,628	29,553		(15,925)
Vacation Accruals		12,185	35,026		(22,841)
Contingency		21,366	10,000		11,366
Abatements/Discount on Taxes		7,000	15,738		(8,738)
	23,136	2,786,918	2,721,559	29,642	58,853
Public Safety					
Ambulance		450,258	431,906		18,352
Fire Department		353,677	333,579	12,590	7,508
Public Fire Protection - Hydrants		523,710	533,036		(9,326)
Police Department	2,238	1,028,633	1,033,361		(2,490)
Public Safety Building		38,916	40,135		(1,219)
Street Lights		71,575	64,625		6,950
Dispatch		211,054	217,475		(6,421)
Harbor Division		113,786	113,119	594	73
	2,238	2,791,609	2,767,236	13,184	13,427
Health and Welfare					
General Assistance		1,019	977		42
Cooperating Agencies		42,843	42,843		-
Emergency Management		425	292		133
Comfort Station		93,361	95,528		(2,167)
	-	137,648	139,640	-	(1,992)

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit A-2
Page 2 of 2

	<i>Encumbered From 6/30/15</i>	<i>Appropriations</i>	<i>Expenditures Net of Refund</i>	<i>Encumbered to 6/30/17</i>	<i>(Over) Under Budget</i>
Parks and Recreation					
Parks & Recreation		235,251	242,210		(6,959)
Island Explorer Shuttle Bus	-	39,225	39,225	-	-
Roads and Sanitation					
Public Works		146,122	142,561		3,561
Highway Division		1,007,992	946,532		61,460
Solid Waste		655,939	611,609	1,765	42,565
	-	1,810,053	1,700,702	1,765	107,586
Total Appropriations, Expenditures and Encumbrances	25,374	7,800,704	7,610,572	44,591	170,915
Assessments					
Regional School District		2,999,610	2,980,513		19,097
County Tax		584,111	584,110		1
Overlay		48,581	-		48,581
	-	3,632,302	3,564,623	-	67,679
Operating Transfers Out					
Firefighter FEMA Grant		4,287	4,287		-
Elementary School		5,223,669	5,223,669		-
Capital Improvements Program		1,810,435	1,810,435		-
	-	7,038,391	7,038,391	-	-
Totals	25,374	18,471,397	18,213,586	44,591	238,594

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF CHANGES IN UNASSIGNED FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit A-3

Unassigned Fund Balance, July 1	322,092	
Unassigned Fund Balance, June 30	<u>509,311</u>	
Increase (Decrease)		<u><u>187,219</u></u>

Analysis of Change

Budget Summary:		
Revenue Surplus	117,625	
Unexpended Balance of Appropriations	170,915	
Unexpended Balance (Overdraft) of Assessments and Operating Transfers	67,679	
(Increase) Decrease in Assigned Fund Balances	<u>(59,000)</u>	
Budget Surplus		297,219
Fund Balance Used to Fund Appropriations		<u>(110,000)</u>
Increase (Decrease)		<u><u>187,219</u></u>

TOWN OF BAR HARBOR
GENERAL RESERVES, COMMITTED FUNDS & SCHOOL DEPARTMENT
COMBINING BALANCE SHEET
JUNE 30, 2016

Exhibit A-4

<i>Assets</i>	<i>Dog Control Reserve</i>	<i>Cruise Ship Fund</i>	<i>School Department</i>	<i>Total</i>
Accounts Receivable		63,253	5,475	68,728
Due from Other Governments			25,127	25,127
Inventory			2,484	2,484
Due from Other Funds	1,034	55,524	1,231,046	1,287,604
Total Assets	1,034	118,777	1,264,132	1,383,943
 <i>Liabilities & Fund Balances</i>				
<i>Liabilities</i>				
Accrued Salaries Payable			449,915	449,915
Due to Students			3,829	3,829
Accounts Payable			18,530	18,530
Due to Other Funds		-	22,617	22,617
Total Liabilities	-	-	494,891	494,891
 <i>Fund Balances</i>				
Non-Spendable			2,484	2,484
Restricted	1,034		766,757	767,791
Assigned - Encumbrances		56,000		56,000
Assigned		62,777		62,777
Total Fund Balances	1,034	118,777	769,241	889,052
Total Liabilities & Fund Balances	1,034	118,777	1,264,132	1,383,943

TOWN OF BAR HARBOR
GENERAL RESERVES, COMMITTED FUNDS & SCHOOL DEPARTMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit A-5

	<u><i>Dog Control Reserve</i></u>	<u><i>Shellfish Conservation Reserve</i></u>	<u><i>Cruise Ship Fund</i></u>	<u><i>School Department</i></u>	<u><i>Total</i></u>
Revenues					
Intergovernmental Revenues				839,932	839,932
Local Sources				99,467	99,467
Dog Fees	2,945				2,945
Shellfish Fees/Fines		3,793			3,793
Ferry Terminal Reimbursement			29,600		29,600
Port Fees			246,025		246,025
Cruise Ship Passenger Fees			344,329		344,329
Total Revenues	<u>2,945</u>	<u>3,793</u>	<u>619,954</u>	<u>939,399</u>	<u>1,566,091</u>
Expenditures					
Public Safety		352			352
Education				6,091,083	6,091,083
Cruise Ship Operating			148,801		148,801
Total Expenditures	<u>-</u>	<u>352</u>	<u>148,801</u>	<u>6,091,083</u>	<u>6,240,236</u>
Excess of Revenues Over (Under) Expenditures	<u>2,945</u>	<u>3,441</u>	<u>471,153</u>	<u>(5,151,684)</u>	<u>(4,674,145)</u>
Other Financing Sources (Uses)					
Transfers from Other Funds				5,343,669	5,343,669
Transfers to Other Funds	(2,940)	(3,441)	(482,050)	(120,000)	(608,431)
Total Other Financing Sources (Uses)	<u>(2,940)</u>	<u>(3,441)</u>	<u>(482,050)</u>	<u>5,223,669</u>	<u>4,735,238</u>
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	5	-	(10,897)	71,985	61,093
Fund Balance - July 1	<u>1,029</u>	<u>-</u>	<u>129,674</u>	<u>697,256</u>	<u>827,959</u>
Fund Balance - June 30	<u>1,034</u>	<u>-</u>	<u>118,777</u>	<u>769,241</u>	<u>889,052</u>

**TOWN OF BAR HARBOR
SCHOOL DEPARTMENT**

Exhibit A-6

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016**

	<i>General Fund</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
Revenues			
Intergovernmental Revenues	538,265	301,667	839,932
Local Sources	34,877		34,877
Lunch and Milk Sales		64,590	64,590
Total Revenues	573,142	366,257	939,399
Expenditures			
Regular Instruction	2,360,021		2,360,021
Student & Staff Support:			
Guidance	80,128		80,128
Health Services	68,692		68,692
Improvement of Instruction	22,477		22,477
Library and Audio Visual	113,450		113,450
Technology	158,176		158,176
Assessment for Administration-Student Support	77,290		77,290
Special Education	1,156,484		1,156,484
Co-Curricular Instruction	58,629		58,629
System Administration:			
School Committee	10,392		10,392
Assessment for Administration	109,148		109,148
Office of Principal	341,775		341,775
Operation/Maintenance-Plant	549,370		549,370
Student Transportation	225,776		225,776
Retirement Contribution	291,249		291,249
Food Services		209,221	209,221
Federal/State Programs		252,040	252,040
Reserves/Grants	6,765		6,765
Total Expenditures	5,629,822	461,261	6,091,083
Excess of Revenues Over (Under) Expenditures	(5,056,680)	(95,004)	(5,151,684)
Other Financing Sources (Uses)			
Transfers from Other Funds	5,233,669	110,000	5,343,669
Transfers to Other Funds	(120,000)	-	(120,000)
Total Other Financing Sources (Uses)	5,113,669	110,000	5,223,669
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures	56,989	14,996	47,346
Fund Balance - July 1	720,444	(23,188)	697,256
Fund Balance - June 30	777,433	(8,192)	769,241

TOWN OF BAR HARBOR
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - CRUISE SHIP FUND
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit A-7

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Ferry Terminal Reimbursement			29,600	29,600
Port Fees	253,595	253,595	246,025	(7,570)
Cruise Ship Passenger Fees	<u>352,138</u>	<u>352,138</u>	<u>344,329</u>	<u>(7,809)</u>
Total Revenues	<u>605,733</u>	<u>605,733</u>	<u>619,954</u>	<u>14,221</u>
Expenditures				
Cruise Ship Direct Expenses	<u>100,572</u>	<u>164,874</u>	<u>148,801</u>	<u>16,073</u>
Total Expenditures	<u>100,572</u>	<u>164,874</u>	<u>148,801</u>	<u>16,073</u>
Excess of Revenues Over (Under) Expenditures	<u>505,161</u>	<u>440,859</u>	<u>471,153</u>	<u>30,294</u>
Other Financing Sources (Uses)				
Transfers from Other Funds				-
Transfers to Other Funds	<u>(465,450)</u>	<u>(482,050)</u>	<u>(482,050)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(465,450)</u>	<u>(482,050)</u>	<u>(482,050)</u>	<u>-</u>
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	<u>39,711</u>	<u>(41,191)</u>	<u>(10,897)</u>	<u>30,294</u>
Fund Balance - July 1			<u>129,674</u>	
Fund Balance - June 30			<u>118,777</u>	

TOWN OF BAR HARBOR
ALL SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016

Exhibit B-1

<i>Assets</i>	<i>Pump Out System Grant</i>	<i>Total</i>
Due from Other Funds	29,300	29,300
Due from Other Governments		-
Total Assets	29,300	29,300
 <i>Liabilities & Fund Balances</i>		
Liabilities		
Due to Other Funds		-
Total Liabilities	-	-
 Fund Balances		
Restricted	29,300	29,300
Total Fund Balances	29,300	29,300
Total Liabilities & Fund Balances	29,300	29,300

TOWN OF BAR HARBOR
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
SPECIAL REVENUES/GRANTS
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit B-2

	<i>Firefighters Assistance FEMA Grant</i>	<i>Pump Out System Grant</i>	<i>Total</i>
Revenues			
Local Revenues			-
Intergovernmental	85,720	29,300	115,020
Total Revenues	85,720	29,300	115,020
Expenditures			
General Government			-
Parks & Recreation			-
Public Works			-
Public Safety	90,007		90,007
Total Expenditures	90,007	-	90,007
Excess of Revenues Over (Under) Expenditures	(4,287)	29,300	25,013
Other Financing Sources (Uses)			
Transfers from Other Funds	4,287		4,287
Transfers to Other Funds			-
Total Other Financing Sources (Uses)	4,287	-	4,287
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	29,300	29,300
Fund Balance - July 1	-	-	-
Fund Balance (Deficit) - June 30	-	29,300	29,300

TOWN OF BAR HARBOR
CAPITAL IMPROVEMENTS PROGRAM
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit C-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	4,805			9,000		9,000
Fire Protection System-Server Room	-	1,716			1,716		1,716
WAN & Cable TV System	23,693	2,656		(6,315)	20,034		20,034
Audio Visual Equipment	1,525	605			2,130		2,130
Document Imaging System	7,019	500		(7,519)	-		-
Computer Servers	17,406	9,667		(16,658)	10,415		10,415
Computer Servers-Finance	5,947	4,500		(10,447)	-		-
Website Improvements	394	2,917		(3,311)	-		-
Town Wide Phone System	3,800	2,200			6,000		6,000
Security camera System	20,709	1,867			22,576		22,576
Municipal Building							
Building Renovation	1,236,784	111,169		(1,338,775)	9,178	5,822	15,000
Code Enforcement							
Pickup Inspection Truck	16,088	500			16,588		16,588
Assessing							
GIS Wide Format Scanner	24,832	(3,611)		(11,588)	9,633		9,633
Property Tax Revaluation	-	8,333			8,333		8,333
Vehicle Purchase	5,420	-			5,420		5,420
Aerial Photography	21,473	1,286			22,759		22,759
Ambulance							
Ambulance Reserve	67,191	49,000			116,191		116,191
Defibrillators	30,550	22,300			52,850		52,850
Fire Department							
Fire Engine #2	86,894	9,741			96,635		96,635
Fire Engine #3 Reserve	48,538	13,930			62,468		62,468
Fire Engine #4	239,689	129,500			369,189		369,189
Fire Engine #5	95,520	13,928			109,448		109,448
Fire Truck - Crew's	5,456	3,056			8,512	(8,512)	-
Fire Pickup Truck Reserve	8,313	4,138			12,451	8,512	20,963
Thermal Imaging Camera	15,698	(9,698)		(4,950)	1,050		1,050
SCBA's & Cascade System	20,316	8,954			29,270		29,270
Rescue Tools	8,488	1,100			9,588		9,588
Police Department							
Radio Base Station & Console	48,173	15,076		(56,052)	7,197		7,197
Speed Trailer & Monitor	4,491	600			5,091	400	5,491
Cruiser Replacement	7,080	39,000		(25,100)	20,980		20,980
Cruiser Equipment	53	16,000		(16,053)	-		-
Range Trailer	-	400			400	(400)	-
Night Vision Units	11,650	(11,650)			-		-
Port Security Boat	26,457	10,870			37,327		37,327

TOWN OF BAR HARBOR
CAPITAL IMPROVEMENTS PROGRAM
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit C-1
Page 2 of 3

	<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>
<i>Town Projects (Continued)</i>							
Public Safety Building							
Public Safety Bldg. Generator	8,276	1,064			9,340	6,163	15,503
School Shelter Generator	3,335	2,828			6,163	(6,163)	-
Building Renovations	12,248	24,870		(10,219)	26,899		26,899
Building Envelope Repairs	-	465,713		(382,361)	83,352		83,352
Harbor Department							
Harbor Master Boat & Trailer	14,544				14,544		14,544
New Floats	22,958	16,500			39,458		39,458
Gangway Replacement	18,935	1,732			20,667		20,667
Fishermen's Hoist(s)	-	980			980		980
Ferry Terminal Improvements	-	55,600			55,600		55,600
Pier Renovations	12,894	2,894			15,788		15,788
Parks & Recreation							
Museum in the Streets	1,643	1,900			3,543		3,543
Albert Meadow-Grant's Park	16,806	5,741			22,547		22,547
Tree Planting	14,534	8,000		(16,723)	5,811		5,811
Mt. Desert Cemetery	60,728				60,728		60,728
Park Equipment	10,837	6,426			17,263		17,263
Launch Ramp-Hadley Point	4,488	2,700		(6,900)	288		288
Tennis and Basketball Courts	-	3,750			3,750		3,750
Village Green Bandstand	4,932	1,467			6,399		6,399
Glen Mary Renovations	30,385	8,720		(33,630)	5,475		5,475
Harborview Park	185,867			(9,937)	175,930		175,930
Comfort Stations							
Restroom Renovation Reserve	-	13,020			13,020		13,020
New Restrooms Construction	20,323	3,100		(23,357)	66	(66)	-
Public Works / Highway							
Air Compressor	6,450	2,500			8,950		8,950
Backhoe Reserve (Cat & Deere)	71,113	27,300			98,413		98,413
Brush Chipper	24,598	1,479			26,077		26,077
Downtown Signage	77,585	500		(67,868)	10,217		10,217
Grader Reserve	126,955	(80,061)			46,894		46,894
Hydraulic Lifts	4,095	3,700			7,795		7,795
Front End Loader Reserve	138,447	94,683		(227,489)	5,641		5,641
Road Improvement Program	507,339	496,435		(650,764)	353,010		353,010
Fuel Pump System		3,500			3,500		3,500
Sidewalk Plow	26,488	15,200			41,688		41,688
Sidewalk Reconstruction Program	328,578	64,432		(20,943)	372,067		372,067
Washer, Steam Pressure	10,404	1,100			11,504		11,504
Street Sweeper (Broom)	77,713	8,667			86,380		86,380
Street Sweeper (Vacuum)	33,283	19,750			53,033		53,033
Public Works Complex	128,136			(104,280)	23,856		23,856
Tag Trailer	13,104	840			13,944		13,944
Water Truck	3,000	1,117		3,580	7,697		7,697
Street Lights-Main Street		6,809		(213)	6,596		6,596
Route #3 Construction	540,000				540,000		540,000
Light Truck Purchase	92,930	45,001		(37,481)	100,450		100,450
Plow Truck Reserve	42,838	87,434			130,272		130,272
Bobcat Loader	28,851	2,093			30,944		30,944
Roller, Vibratory	34,060	2,300			36,360		36,360
Waste Oil Furnace	3,919	1,342			5,261		5,261

**TOWN OF BAR HARBOR
CAPITAL IMPROVEMENTS PROGRAM
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2016**

*Exhibit C-1
Page 3 of 3*

	<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>
Town Projects (Continued)							
Solid Waste Division							
Storage	5,514	455			5,969		5,969
Bailers	3,242	1,971			5,213		5,213
Glass Crusher	5,198	968			6,166		6,166
Forklifts	13,373	3,095			16,468		16,468
Transfer Station Reserve	536			(536)	-		-
Recycling Facility Reserve	5,645	3,068		(2,694)	6,019		6,019
Debt Service							
Debt Service - Municipal Building	161,845	22,130		(183,975)	-		-
Debt Service - Agamont Park	-	55,480		(55,307)	173	(173)	-
Public Safety Building	-	20,000			20,000		20,000
Downtown Signs	-	20,480		(20,480)	-		-
Public Works - FY 10	-	278,888		(278,888)	-		-
Public Works - FY 13	-	234,588		(234,588)	-		-
Town Total	5,072,814	2,539,604	-	(3,861,821)	3,750,597	5,583	3,756,180
School Projects							
2004 Heating System Payment	-				-		-
2004 Heating System Payment	-	59,747		(59,747)	-		-
ADA Act Renovations	13,898				13,898		13,898
Capital Outlay Reserve	33,559				33,559	(5,281)	28,278
Furniture & Equipment	8,329	5,000		(10,736)	2,593		2,593
Computers & Technology	25,863	55,000		(53,077)	27,786		27,786
Copier Lease/Purchase	-	14,993		(15,021)	(28)	28	-
Connors Hallway Flooring	-	55,000		(50,850)	4,150		4,150
Flooring	27,745			(20,655)	7,090		7,090
Repaving	22,500				22,500		22,500
Asbestos Removal	10,310			(2,900)	7,410		7,410
Pickup Truck Replacement	7,676	2,270			9,946		9,946
Playground Equipment	7,386	5,000			12,386		12,386
Roof Repairs	35,533	2,000		(1,166)	36,367		36,367
Storage Units	3,000				3,000		3,000
Technology Infrastructure	1,713				1,713		1,713
Connors Windows	12,065				12,065		12,065
Boiler Lead-Lag System	22,019	5,789		(33,061)	(5,253)	5,253	-
Tractor Plow Reserve	5,000				5,000		5,000
Kitchen Floor	2,000	2,000			4,000		4,000
Emerson Entry Doors	6,900				6,900		6,900
Safety & Access Control	18,851	2,500			21,351		21,351
School Total	264,347	209,299	-	(247,213)	226,433	-	226,433
Subtotal	5,337,161	2,748,903	-	(4,109,034)	3,977,030	5,583	3,982,613
Unassigned Balance	46,859	(2,748,903)	2,717,437		15,393	(5,583)	9,810
Totals	5,384,020	-	2,717,437	(4,109,034)	3,992,423	-	3,992,423

TOWN OF BAR HARBOR
COMBINING BALANCE SHEET
ALL PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit D-1

<i>Assets</i>	<i>Gurnee Scholarship</i>	<i>Cemetery Trusts</i>	<i>Total</i>
Cash and Equivalents	1,002	534	1,536
Investments	8,879	4,735	13,614
Total Assets	9,881	5,269	15,150
<i>Liabilities & Fund Balances</i>			
Liabilities			
Due to Other Funds			-
Total Liabilities	-	-	-
Fund Balances			
Nonspendable	6,488	5,269	11,757
Assigned	3,393	-	3,393
Total Fund Balances	9,881	5,269	15,150
Total Liabilities & Fund Balances	9,881	5,269	15,150

TOWN OF BAR HARBOR
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit D-2

	<i>Gurnee Scholarship</i>	<i>Cemetery Trusts</i>	<i>Total</i>
Revenues			
New Funds			-
Investment Income	51	28	79
	51	28	79
Expenditures			
Scholarships			-
	-	-	-
Excess of Revenues Over Expenditures	51	28	79
Other Financing Sources (Uses)			
Transfers to Other Funds		(28)	(28)
Total Other Financing Sources (Uses)	-	(28)	(28)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	51	-	51
Fund Balance - July 1	9,830	5,269	15,099
Fund Balance - June 30	9,881	5,269	15,150

TOWN OF BAR HARBOR, MAINE
Operating Data
For the Fiscal Year Ended June 30, 2016

MUNICIPAL SERVICES

Public Works

Wastewater Division

<u>Largest Wastewater Customers</u>	<u>Type of Use</u>	<u>CY2015 Revenues</u>	<u>% of Total</u>
Jackson Laboratory	Genetic Research & Mice Prod	\$396,637	17.8%
Witham Family LTD Part	Hotels (7)	207,135	9.3%
Eden Street Trust	Hotel	68,763	3.1%
Town of Bar Harbor	Muni Bldgs, Schools, Comfirt Stat's	48,451	2.2%
Golden Anchor, LC	Hotel	46,549	2.1%
West Street Properties LLC	Hotel	44,165	2.0%
BHTC 111, LLC	Tennis & Swim Club	36,685	1.6%
Mt. Desert Hospital	Hospital	32,690	1.5%
Frenchman's Bay Associates	Hotel	31,637	1.4%
Hulls Cove, LLC	Residential Complex	25,200	<u>1.1%</u>
			43.4%

Water Division

<u>Largest Water Customers</u>	<u>Type of Use</u>	<u>CY2015 Revenues</u>	<u>% of Total</u>
Town of Bar Harbor	Parks, Bldgs, Schools & Hydrants	\$531,114	30.0%
Jackson Laboratory	Genetic Research & Mice Prod	163,875	9.3%
Witham Family LTD Part	Hotels (7)	74,723	4.2%
College of the Atlantic	College	25,094	1.4%
Kebo Valley Club	Golf Course	21,984	1.2%
Lafayette Bar Harbor, LLC	Hotel	18,352	1.0%
Mount Desert Hospital	Hospital	16,794	1.0%
Bar Harbor Housing Authority	Low Income/Elderly Housing	13,755	0.8%
Golden Anchor, LC	Hotel	13,561	0.8%
BHTC 111, LLC	Tennis & Swim Club	13,366	<u>0.8%</u>
			50.5%

<u>Number of Water System Customers</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Residential	1,251	1,249	1,247	1,241	1,250
Commercial	505	493	490	491	515
Industrial (Jax Lab)	42	43	43	43	47
Governmental	53	52	52	51	56
Total	1851	1837	1,832	1,826	1,868

<u>Water Sales (per 1,000 gallons)</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Residential	73,690	71,570	65,318	59,766	55,761
Commercial	101,306	102,200	103,634	107,376	111,619
Industrial (Jax Lab)	52,065	57,920	60,116	56,251	60,628
Public Authorities	10,831	9,905	10,170	5,357	12,450
Total Water Sales	237,892	241,595	239,238	239,238	240,458

Water Sales (Revenue)	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Residential	\$433,721	\$426,246	\$484,620	\$482,859	\$469,232
Commercial	419,435	421,111	494,752	526,799	500,570
Industrial (Jax Lab)	105,520	116,518	138,761	136,958	139,336
Public Authorities	50,060	47,001	56,710	51,637	59,099
Public Fire Protection	402,968	402,968	480,468	480,468	480,468
Private Fire Protection	87,703	87,174	106,563	107,952	109,711
Total Water Sales	\$1,449,407	\$1,503,018	\$1,761,874	\$1,786,673	\$1,758,416

PUBLIC EDUCATION

Composition of MDI RSS

<i>Former Administrative Unit</i>	<i>Community</i>	<i>School</i>	<i>Grade</i>	Enrollment (as of Oct. 1, 2015)
School Union #98	Bar Harbor	Connors-Emerson School	K-8	366
School Union #98	Cranberry Isles	Islesford School	K-8	17
School Union #98	Frenchboro	Frenchboro Elementary	K-8	3
School Union #98	Mount Desert	Mt Desert Elementary	K-8	196
School Union #98	Southwest Harbor	Pemetic Elementary	K-8	142
School Union #98	Tremont	Tremont Consolidated	K-8	113
School Union #92	Trenton	Trenton Elementary	K-8	121
MSAD No. 76	Swan's Island	Swan's Island Elementary	K-8	38
C.S.D. No. 7	Members of Union #98	Mt Desert Island High	9-12	<u>526</u>
			Total Enrollment	1,522
			(less Tuition Students)	<u>(62)</u>
			Total Member Enrollment	1,460

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.

Union	Bargaining Unit	Date of Contract	
		Effective	<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
2015	230	\$14,767,390	94	\$9,099,114	324	\$23,866,504
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

Representative Employers	Type of Business	Approximate Number of Employees			
		Full-Time	Part-Time	Seasonal	Total
The Jackson Laboratory	Genetic Research	1,335	0	0	1,335
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.

	2013	2014	2015	2016	2017
Revenues					
Taxes	\$14,908,603	\$15,310,100	\$15,796,457	\$16,557,858	\$16,886,945
Intergovernmental	391,719	309,110	241,420	219,637	225,123
Departmental	1,033,614	1,078,517	1,081,216	1,032,901	1,039,580
Other local sources	561,611	551,796	535,264	534,465	549,174
Total Revenues	16,895,297	17,249,523	17,654,357	18,344,861	18,700,822
Expenditures					
General government	2,787,297	2,811,648	2,778,378	2,883,143	2,922,762
Public safety	2,442,592	2,549,803	2,608,008	2,795,896	2,912,896
Health & welfare	124,805	127,396	130,716	137,648	133,928
Parks & recreation	248,421	230,479	230,865	235,251	239,154
Roads & sanitation	1,808,304	1,763,969	1,746,798	1,810,053	1,829,810
Debt service	-	-	-	-	-
Assessments	3,144,324	3,160,004	3,396,885	3,583,721	3,597,013
Transfers to school fund	4,714,074	5,080,953	5,176,423	5,223,669	5,265,115
Transfers to CIP	1,747,987	1,700,842	1,820,106	1,753,435	1,773,144
Other exp. & transfers	51,320	51,289	32,053	32,045	32,000
Total Expenditures	\$17,069,124	\$17,476,383	\$17,920,232	\$18,454,861	\$18,805,822
Excess Exp. Over Revenues	\$173,827	\$226,860	\$265,875	\$110,000	\$105,000
Use of Fund Balance:					
Transfer to CIP	117,160	117,160	200,000	110,000	105,000
One-time expenditures	56,667	109,700	65,875	0	0
Increase GF Bal	0	0	0	0	0
Total Use of Fund Balance	\$173,827	\$226,860	\$265,875	\$110,000	\$105,000

Property Tax Levy Limit

Fiscal year:	<u>2012/2013</u>	<u>2013/2014</u>	<u>2014/2015</u>	<u>2015/2016</u>	<u>2016/2017</u>
State Personal Income Factor:	1.43%	1.05%	1.09%	0.86%	2.67%
Town Prop Growth Factor:	<u>1.76%</u>	<u>1.46</u>	<u>1.41%</u>	<u>0.70%</u>	<u>1.21%</u>
Growth Limitation Factor:	3.19%	2.51%	2.50%	1.56%	3.88%
Property Tax Levy Limit:	\$6,282,509	\$6,444,293	\$6,632,283	\$6,774,604	\$7,040,190
Property Tax Levy:	<u>6,095,170</u>	<u>6,174,598</u>	<u>6,199,868</u>	<u>6,731,982</u>	<u>6,897,817</u>
Over/(below) Prop Tax Levy Limit:	(\$187,339)	(\$269,695)	(\$432,415)	(\$42,622)	(\$142,373)

General Fund Balance as % Revenues

	Fiscal Year Ended June 30,				
	2011	2012	2013	2014	2015
Assigned and Unassigned General Fund Balance (exclude school FB)	\$2,686,008	\$3,137,557	\$3,223,582	\$2,977,482	\$2,796,140
Total Revenues	17,548,271	17,745,350	18,135,145	18,594,081	19,151,528
Fund Bal as % Revenues	15.31%	17.68%	17.78%	16.01%	14.60%

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
2016	1,428,800	\$1,471,964	\$10.59	\$15,588,095	\$15,239,884	97.76%	97.76%
2015	1,404,100	1,449,121	10.22	14,810,016	14,334,981	96.79	99.19
2014	1,390,700	1,435,775	10.01	14,372,104	13,918,708	96.86	99.96
2013	1,383,750	1,423,245	9.84	14,004,735	13,469,426	96.18	99.96
2012	1,389,150	1,407,891	9.60	13,515,751	12,998,547	96.17	99.95

Largest Taxpayers

Taxpayer	As of April 1, 2015			
	Type of Business	Assessed Value	Tax	% of Levy
Golden Anchor, L C	Hotel-Harborside	\$20,169,500	\$213,595	1.37%
Eden Street Trust	Hotel-Regency	17,960,600	190,203	1.22%
West Street Properties, LLC	Hotel-West St.	17,869,400	189,237	1.21%
Witham Family LTD	Hotel-BH Inn	13,548,200	143,475	0.92%
BHTC 111, LLC	Res/Club	10,434,400	110,500	0.71%
Witham Family LTD	Hotel-Oceanside	9,124,300	96,626	0.62%
Emera Maine	Utility	8,917,500	94,436	0.61%
WS Atlantic, LLC	Hotel-Hampton	8,626,500	91,355	0.59%
Colket, Tristram C Jr	Residential	8,158,600	86,400	0.55%
Lafayette Bluenose, LLC	Hotel-Bluenose	6,784,800	<u>71,851</u>	<u>0.46%</u>
Top ten taxpayers			\$1,287,678	8.26%

Revenues from the State

Fiscal Yr. End June 30,	State Revenue Sharing	Homestead Exemption	General Assistance	State School Subsidy*	Other State Aid**	Total From State
2015	\$124,871	\$35,399	\$1,028	\$257,349	\$55,132	\$473,779
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

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

-----**Local Roads Assistance Program (LRAP) revenue for roads posted in CIP Fund

DEBT - PRINCIPAL

Year Issued	Purpose	Amount Issued	Final Maturity	Balance on June 30, 2015			Balance on June 30, 2016	
				General	Proprietary	Total	(Payments)	Total
1997	Sewer Plant (SRF)	7,300,000	10/01/17		\$1,328,035	\$1,328,035	(\$430,592)	\$897,443
2002	Water Tank (SRF)	750,000	10/01/21		305,539	305,539	(40,265)	265,274
2004	School (MMBB)	805,000	11/01/24	494,644		494,644	(39,092)	455,552
2005	Beach Wall	800,000	10/15/24	400,000		400,000	(40,000)	360,000
2005	Sewer/Hulls Cove	800,000	10/15/27		545,000	545,000	(35,000)	510,000
2010	Roads & Sidewalks	3,700,000	05/01/30	2,775,000		2,775,000	(185,000)	2,590,000
2010	Water System	600,000	05/01/30		450,000	450,000	(30,000)	420,000
2011	Sewer System	1,316,000	12/01/31		1,150,717	1,150,717	(56,450)	1,094,267
2011	Water System	1,224,000	12/01/31		1,084,283	1,084,283	(68,550)	1,015,733
2011	Ref'd'g Water-01	2,515,000	12/01/21		1,665,000	1,665,000	(205,000)	1,460,000
2012	Water (SRF)	2,679,150	10/01/32		2,419,870	2,419,870	(123,370)	2,296,500
2013	Public Works Bldg	3,350,000	10/15/33	3,225,000		3,225,000	(130,000)	3,095,000
2014	Municipal Bldg	2,442,000	10/15/34	2,442,000		2,442,000	(122,000)	2,320,000
2015	PubSftyBldg/Wtr	2,100,000	10/15/35	400,000	1,700,000	2,100,000		2,100,000
				9,736,644	10,648,444	20,385,088	(1,505,319)	18,879,769
				\$9,736,644	\$10,648,444	\$20,385,088	(\$1,505,319)	\$18,879,769

Debt Ratios

Fiscal Yr. End June 30,	Population	Equalized State Val. (000)	Assessed Valuation (000)	Total G.O. Debt	Debt as % Eq. Val.	Per Capita Debt
2016	5,235	\$1,428,800	\$1,471,964	\$18,879,769	1.28%	\$3,606
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

Debt Obligations, by Fund Type

FY June 30,	General Fund Debt		Enterprise Fund Debt	Total Debt	Ent. Debt as % Total Debt
	(Town)	(School)			
2016	\$8,765,000	\$455,552	\$9,659,217	\$18,879,769	51.1%
2015	8,842,000	494,644	8,948,444	18,285,088	48.9%
2014	6,750,000	531,965	9,914,102	17,196,067	57.7%
2013	7,006,919	637,602	10,856,787	18,501,308	58.7%
2012	3,912,142	741,501	8,999,368	13,653,474	65.9%

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		
2016	0.61%	0.03%	0.68%	1.32%	\$1,674	\$87	\$1,845	\$3,606
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	2,535
2012	0.28	0.05	0.65	0.98	747	142	1,719	2,608

Debt Service Component of Operating Expenses

	2012	2013	2014	2015	2016
Total Current Year Debt Service:	\$1,617,987	\$1,552,947	\$1,765,303	\$1,907,026	\$2,034,204
(less Enterprise Debt Servicer)	<u>(975,603)</u>	<u>(1,038,982)</u>	<u>(1,183,861)</u>	<u>(1,217,234)</u>	<u>(1,201,047)</u>
Tax Supported Debt Service	\$642,384	\$513,965	\$581,442	\$689,792	\$833,157
Budgeted Operating Expense:	16,296,223	\$17,069,124	\$17,476,383	\$17,920,232	\$18,454,861
Debt Service as % Oper. Expense:	3.94%	3.01%	3.34%	3.85%	4.51%

Total General Obligation, Overlapping and Contingent Debt

	<u>Direct Debt ⁽¹⁾</u>	<u>Overlapping</u>	<u>Contingent</u>	<u>Total Debt</u>
Town of Bar Harbor (CIP)	\$8,765,000			\$8,765,000
Town of Bar Harbor (School)	455,552			455,552
Town of Bar Harbor (Enterprise)	9,659,217			9,659,217
C.S.D. No. 7		\$860,921		860,921
County of Hancock		98,460		98,460
Total A/O June 30, 2016	\$18,879,769	\$964,690	\$0	\$19,839,150
Debt as % Eq State Valuation	1.32%	0.07%	0.00%	1.39%
Per Capita Debt	\$3,606	\$184	\$0.00	\$3,790

Members of the School Committee
Bar Harbor School Department
Bar Harbor, Maine 04649

We have audited the financial statements of the Bar Harbor School Department for the year ended June 30, 2016.

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, except for the transfer to food service.

Respectfully submitted,

James W. Wadman, CPA

James W. Wadman, CPA
December 15, 2016

TOWN OF BAR HARBOR
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

<i>Federal Grantor/Pass-Through Grantor/Program Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. Department of Education:				
Rural School Achievement Program	84.358		-	20,207
<i>Passed Through State Department of Education and Cultural Services:</i>				
Special Education Cluster (IDEA):				
Title VI, Part B - Local Entitlement	84.027	013-05A-3046-12	-	97,806
Title VI, Part B - Local Entitlement Preschool	84.027	013-05A-3009-10	-	1,043
Sub-total Special Education Cluster (IDEA):			<hr/>	<hr/>
			-	98,849
NCLB Title 1A - Basic Compensatory Education	84.010	013-05A-3057-13	65,966	86,819
NCLB Title IIA - Improving Teacher Quality	84.367	013-05A-3042-11	-	41,831
Total U.S. Department of Education			<hr/>	<hr/>
			65,966	247,706
U.S. Department of Agriculture:				
<i>Passed Through State Department of Education and Cultural Services:</i>				
Food Distribution	10.560	NONE	-	6,503
Child Nutrition Cluster:				
National School Lunch Program	10.555	013-05A-7128-05	-	29,678
Federal Performance Based Lunch	10.555	013-05A-7142-05	-	1,677
School Breakfast Program	10.556	013-05A-7127-05	-	4,866
Sub-total Child Nutrition Cluster			<hr/>	<hr/>
			-	36,221
Total U.S. Department of Agriculture			<hr/>	<hr/>
			-	42,724
U.S. Department of Homeland Security:				
Assistance to Firefighters Grant	97.044	NONE	-	85,720
Total U.S. Department of Homeland Security			<hr/>	<hr/>
			-	85,720
Total			<hr/> <hr/>	<hr/> <hr/>
			65,966	376,150

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APPENDIX B

**PROPOSED FORM
OF
LEGAL OPINION**

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**Bernstein, Shur,
Sawyer & Nelson, P.A.**
146 Capitol Street
PO Box 5057
Augusta, ME 04332-5057

T (207) 623 - 1596
F (207) 626 - 0200

[DATE]

[PURCHASER]

**Re: Town of Bar Harbor, Maine
\$3,070,000 General Obligation Bond**

Dear Sir/Madam:

We have acted as bond counsel in connection with the issuance by the Town of Bar Harbor, Maine (the "Issuer") of \$3,070,000¹ General Obligation Bonds dated [DATE], 2017 (the "Bonds"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion, including the Arbitrage and Use of Proceeds Certificate and the General Certificate of the Treasurer of the Issuer.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of any offering material relating to the Bonds and we express no opinion relating thereto.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

The Bonds are issued under and pursuant to the laws of the State of Maine.

The Bonds are issued only as fully-registered bonds without coupons, one certificate per maturity and are registered in the name of Cede & Co., nominee for Depository Trust Company ("DTC"). DTC acts as the securities depository for the Bonds. Purchases of the Bonds are made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. The Bonds are dated [DATE], 2017 and bear interest payable on October 15, 2018 and semi-annually thereafter on April 15 and October 15 of each year until maturity or redemption prior to maturity.

The Bonds are lettered R-1 through R-20, and mature annually as follows:

¹ Preliminary, subject to change.

<u>Oct 15,</u>	<u>Amount²</u>	<u>CUSIP</u>	<u>Oct 15,</u>	<u>Amount³</u>	<u>CUSIP</u>
2018	160,000	066878JN0	2028	160,000	066878JY6
2019	160,000	066878JP5	2029	160,000	066878JZ3
2020	160,000	066878JQ3	2030	160,000	066878KA6
2021	160,000	066878JR1	2031	160,000	066878KB4
2022	160,000	066878JS9	2032	155,000	066878KC2
2023	160,000	066878JT7	2033	135,000	066878KD0
2024	160,000	066878JU4	2034	135,000	066878KE8
2025	160,000	066878JV2	2035	135,000	066878KF5
2026	160,000	066878JW0	2036	135,000	066878KG3
2027	160,000	066878JX8	2037	135,000	066878KH1

The Bonds maturing on and before October 15, 2027 are not subject to optional redemption prior to their stated dates of maturity. Bonds maturing on and after October 15, 2028 are subject to redemption prior to their stated dates of maturity, at the option of the Issuer, on and after October 15, 2027 as a whole or in part at any time, in such order of maturity as the Issuer, in its discretion, may determine at a price of par (100% of the principal amount to be redeemed), together with interest accrued and unpaid to the redemption date, if any.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. Noncompliance with such requirements may cause interest on the Bonds to be included in the gross income of the owners thereof retroactive to the date of issuance of the Bonds, regardless of when such noncompliance occurs. The Issuer, in executing its Arbitrage Certificate, has certified to the effect that the Issuer will comply with the provisions and procedures set forth therein and do and perform all acts and things necessary or desirable in order to assure that interest paid on the Bonds shall, for purposes of federal income tax, be excluded from the gross income of the owners thereof. In rendering this opinion, we have assumed that the Issuer will comply with the provisions and procedures set forth in its Arbitrage Certificate and Tax Certificate.

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

1. The Issuer has been duly created and validly exists as a municipal corporation under and pursuant to the laws of the State of Maine.

² Preliminary, subject to change.

³ Preliminary, subject to change.

2. On the basis of representations made by the Issuer in the tax certificates executed and delivered by the Issuer, and assuming compliance with the provisions of such tax certificates, the Bonds constitute "qualified tax-exempt obligations" under Section 265(b)(3) of the Code.

3. The Bonds, having been executed by the appropriate officials as indicated on the face thereof, are valid and binding obligations of the Issuer and, unless paid from other sources, are payable as to both principal and interest from ad valorem taxes that are subject to limitation unless certain procedural requirements under Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, are met, in which case such ad valorem taxes may then be levied without limit as to rate or amount upon all the taxable property within the territorial limits of the Issuer, except to the extent that the Issuer may enter into an agreement under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share assessed valuation with another municipality and except to the extent that the Issuer may establish or may have established municipal development districts either as tax increment financing districts or municipal affordable housing development districts pursuant to Title 30-A, Chapters 206 and former 207 (now repealed) of the Maine Revised Statutes, as amended, the captured tax increment of which may not be available for payment of debt service on the Bonds.

4. The interest on the Bonds is excluded from gross income for federal income tax purposes, and exempt from the State of Maine Income Tax imposed on individuals under existing statutes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted net book income (adjusted current earnings for taxable years beginning after December 31, 1989).

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements regarding use, expenditure and investment of the proceeds of the Bonds and the timely payment of certain investment earnings to the U.S. Treasury that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. Noncompliance with such requirements may cause interest on the Bonds to be included in the gross income of the owners thereof retroactive to the date of issuance of the Bonds, regardless of when such noncompliance occurs.

The Issuer, in executing its Arbitrage Certificate and Tax Certificate has certified to the effect that the Issuer will comply with the provisions and procedures set forth therein and do and perform all acts and things necessary or desirable in order to assure that interest paid on the Bonds shall, for purposes of federal income tax, be excluded from the gross income of the owners thereof. In rendering this opinion, we have assumed that

the Issuer will comply with the provisions and procedures set forth in its Arbitrage Certificate and Tax Certificate. We express no opinion regarding other federal or state tax consequences arising with respect to the Bonds.

Ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, and is treated as “disqualified income” for purposes of determining whether an individual is eligible for the earned income tax credit. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined the executed Bonds and, in our opinion, the form of said Bonds and their execution are regular and proper.

Very truly yours,

Bernstein, Shur, Sawyer & Nelson

APPENDIX C

**PROPOSED FORM
OF
CONTINUING DISCLOSURE AGREEMENT**

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**TOWN OF BAR HARBOR, MAINE
PROPOSED FORM OF
CONTINUING DISCLOSURE AGREEMENT**

In connection with the issuance by the Town of Bar Harbor, Maine (the “Issuer”) of its \$3,070,000 2017 General Obligation Bonds, dated as of November 15, 2017 (the “Bonds”) and with reference to the continuing disclosure requirements of Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended, and officially interpreted from time to time (the “Rule”), the Issuer hereby covenants under this Continuing Disclosure Agreement (the “Agreement”) that it will engage in the undertakings described in Paragraphs 1, 2 and 3 herein for the benefit of the beneficial owners of the Bonds, subject to the conditions and limitations specified herein. Under the Agreement, the Issuer is obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board established under the Securities and Exchange Act of 1934, as amended, or any successor thereto (the “MSRB”). This information will be available from the MSRB via its Electronic Municipal Market Access (“EMMA”) system at www.emma.msrb.org. The Issuer incorporates by reference its Official Statement dated October 31, 2017 relating to the Bonds (the “Official Statement”), which will be submitted to the MSRB, as hereinafter defined, at the time of delivery of the Bonds, in any future disclosure provided hereunder.

1. The Issuer will provide to the MSRB: (a) not later than 270 days after the end of each fiscal year, commencing with the fiscal year ending June 30, 2017, certain updated financial information and operating data relating to the Issuer for the preceding fiscal year of the type presented in the Official Statement prepared in connection with the Bonds under the headings “TOWN FINANCES,” “INDEBTEDNESS,” “RETIREMENT” and in APPENDIX A to the Official Statement and such other financial information and operating data as may be required to comply with the Rule; and (b) the updated information discussed in clause (a) above will include audited financial statements, if the Issuer commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the Issuer will provide audited financial statements when and if such audited financial statements become available. Such filings, if not completed by the required time in clause (a) above, but if filed when available, will not be deemed to be a “late filing”. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX A to the Official Statement or such other accounting principles as the Issuer may be required to employ from time to time pursuant to State law or regulation.

The Issuer reserves the right to modify from time to time the specific types of information provided under clause (a) above or the format of the presentation of such information to reflect changed circumstances, provided that any such modification will be done in a manner consistent with the Rule.

2. The Issuer will provide in a timely manner, not in excess of ten (10) business days, after the occurrence of an event listed in this Section 2 to the MSRB through EMMA (in an electronic format as prescribed by the MSRB) notice of the occurrence of any of the following events with respect to the Bonds.
 - (a) Certain events whether material or not material:
 - (1) Principal and interest payment delinquencies;
 - (2) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (3) Unscheduled draws on credit enhancements reflecting financial difficulties;
 - (4) Substitution of credit or liquidity providers, or their failure to perform;
 - (5) Adverse tax opinions or events affecting the tax-exempt status of the Bonds, the issuance by the Internal Revenue Service of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
 - (6) Tender offers;
 - (7) Defeasances;

- (8) Rating changes;
- (9) Bankruptcy, insolvency, receivership or similar event of the Issuer (Note: For the purposes of the event identified in paragraph 1, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.);

(b) Certain events if material:

- (1) Non-payment related defaults;
- (2) Modifications to the rights of holders of the Bonds;
- (3) Bond calls;
- (4) The release, substitution, or sale of property securing repayment of the Bonds;
- (5) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and
- (6) Appointment of a successor or additional trustee or the change of name of a trustee.

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

3. The Issuer will provide in a timely manner to the MSRB notice of a failure to satisfy the requirements of Paragraph 1 herein.
4. The intent of the Issuer's undertaking in this Agreement is to provide on a continuing basis the information described in the Rule. The provisions of the Agreement may be amended by the Issuer without the consent of, or notice to, any beneficial owners of the Bonds, (a) to comply with or conform to the provisions of the Rule or any amendments thereto or authoritative interpretations thereof by the Securities and Exchange Commission ("SEC") or its staff (whether required or optional), (b) to add a dissemination agent for the information required to be provided by such undertakings and to make any necessary or desirable provisions with respect thereto, (c) to add to the covenants of the Issuer for the benefit of the beneficial owners of the Bonds, (d) to modify the contents, presentation and format of the financial information from time to time as a result of a change in circumstances that arises from a change in legal requirements, or (e) to otherwise modify the undertakings in a manner consistent with the requirements of the Rule concerning continuing disclosure; provided, however, that in the case of any amendment pursuant to clause (d) or (e), (i) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the offering of the Bonds, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances, and (ii) the amendment does not materially impair the interests of the beneficial owners of the Bonds, as determined either by a party unaffiliated with the Issuer (such as bond counsel), or by the vote or consent of beneficial owners of a majority in outstanding principal amount of the Bonds affected thereby at or prior to the time of such amendment.

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

5. The purpose of the Issuer's undertaking is to conform to the requirements of the Rule and, except for creating the right on the part of the beneficial owners of the Bonds, from time to time, to specifically enforce the Issuer's obligations hereunder, not to create new contractual or other rights for any beneficial owner of the Bonds, any municipal securities broker or dealer, any potential purchaser of the Bonds, the SEC or any other person. The sole remedy in the event of any actual or alleged failure by the Issuer to comply with any provision herein shall be an action for the specific performance of the Issuer's obligations hereunder and not for money damages in any amount. Any failure by the Issuer to comply with any provision of this undertaking shall not constitute an event of default with respect to the Bonds.
6. Except as disclosed in its Official Statement, the Issuer has never failed to comply in all material respects with any previous undertakings to provide financial information or notices of material events in accordance with the Rule.
7. The Issuer's Treasurer, or such official's designee from time to time, shall be the contact person on behalf of the Issuer from whom the foregoing information, data and notices may be obtained. The name, address and telephone number of the initial contact person is: Stanley W. Harmon, Treasurer, Town of Bar Harbor, 93 Cottage Street, Bar Harbor, ME 04609; Telephone: (207) 288-5096.

TOWN OF BAR HARBOR, MAINE

By: _____

Dated: _____, 2017

Its: _____

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