



MOORS & CABOT
INVESTMENTS
Banking & Advisory Group

NEW ISSUE

Moody's: Aa2
S&P: AAA

In the opinion of Bernstein Shur Sawyer & Nelson P.A., Augusta, Maine, Bond Counsel ("Bond Counsel"), and assuming compliance with certain tax covenants, under existing statutes, regulations and court decisions, interest on the Bonds (as defined below) is excludable from the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, such interest is not an item of tax preference for purposes of calculating the alternative minimum tax under the Code. Bond Counsel is also of the opinion that pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended, the interest paid on the Bonds (as defined below) 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
\$1,865,000
2020 GENERAL OBLIGATION REFUNDING BONDS

Dated: March 30, 2020

Due: May 1, as shown below

<u>Year of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield or Price</u>
2021	\$185,000	5.00%	0.90
2022	185,000	5.00	0.91
2023	185,000	5.00	0.92
2024	185,000	5.00	0.93
2025	185,000	5.00	0.95
2026	200,000	5.00	0.98
2027	185,000	5.00	1.00
2028	185,000	5.00	1.03
2029	185,000	5.00	1.09
2030	185,000	5.00	1.17

The Town of Bar Harbor, Maine 2020 General Obligation Bonds (the "Bonds") will be issued as fully-registered certificates without coupons and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the minimum denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. See "THE BONDS—BOOK-ENTRY-ONLY SYSTEM" herein. Principal and interest on the Bonds will be paid to DTC by U.S. Bank National Association, Boston, Massachusetts, as Paying Agent. Interest on the Bonds will be payable on November 1, 2020 and semi-annually on each May 1 and November 1 thereafter until 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, Chapter 206 and former (now repealed) Chapter 207 of the Maine Revised Statutes, as amended, the captured tax increment of which may not be available for payment of debt service on the Bonds (see "TOWN FINANCES—TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS" herein). The Treasurer 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 that will be included in the school budget, governed by and appropriated in accordance with Title 20-A, Chapter 606-B of the Maine Revised Statutes, as amended, 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 Title 30-A, Chapter 206 of the Maine Revised Statutes, as amended. Bond Counsel's opinion will indicate that the enforceability of the obligations of the Town, including the Bonds, is subject to and may be limited by bankruptcy, insolvency, moratorium and other laws affecting the rights and remedies of creditors generally, and are subject to general principles of equity. The opinion will be dated and given on and will speak as of the date of original delivery of the Bonds to the original purchasers.

The Bonds are not subject to redemption prior to their stated dates of maturity.

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 May 1, 2020.

BNY Mellon Capital Markets, LLC

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

Stanley W. Harmon
Treasurer
Town of Bar Harbor, Maine

OFFICIAL STATEMENT
\$1,865,000
TOWN OF BAR HARBOR, MAINE
2020 GENERAL OBLIGATION REFUNDING 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 2020 General Obligation Refunding 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 minimum denomination of \$5,000, or any integral multiple thereof. The Bonds will be dated March 30, 2020 and will bear interest (accrued on the basis of a 360-day year with twelve 30-day months) for the Bonds, payable on November 1, 2020 and semi-annually thereafter on May 1 and November 1 of each year until maturity. The Bonds will mature as follows:

<u>Amount</u>	<u>May 1,</u>	<u>CUSIP</u>
\$185,000	2021	066878LK3
185,000	2022	066878LL1
185,000	2023	066878LM9
185,000	2024	066878LN7
185,000	2025	066878LP2
200,000	2026	066878LQ0
185,000	2027	066878LR8
185,000	2028	066878LS6
185,000	2029	066878LT4
185,000	2030	066878LU1

The Bonds are not subject to optional redemption prior to their stated dates of maturity.

It is expected that the Bonds will be available for delivery at DTC on or about May 1, 2020.

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.

GENERAL PROVISIONS REGARDING REDEMPTION OF THE BONDS

Notice of Redemption

In the case of every 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 his or her address as

the same shall last 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 and funds deposited 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 and funds deposited), the Bonds to be redeemed shall not be deemed to be outstanding.

Cancellation of Bonds

All Bonds that 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.

RECORD DATE; PAYMENT

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

AUTHORIZATION AND PURPOSE

Authorization for the Bonds

The Town's 2010 Bonds (the "2010 Bonds") were issued to provide funds to finance the projects (as listed below) pursuant to Article II, Section C-6.B(1) of the Town's; by action of the voters of the Town at its Annual Town Meeting held on June 2, 2009; by Title 30-A, Section 5772 of the Maine Revised Statutes, as amended; and for the 2020 Bonds (as defined below) by Town Council approval at its meeting held on March 17, 2020. The portion of the Bonds being issued for water main construction have also been approved by an *Order(s) Approving Issue of Securities*, consented by the Maine Public Utilities Commission ("MPUC") for the 2010 Bonds on April 13, 2010 (Docket #2010-0100, and for the 2020 Bonds on March 5, 2020 (Docket #2020-00045).

The Refunded Bonds

The Town issued \$4,300,000 2010 Bonds on May 20, 2010. The 2010 Bonds due 2021 to the final 2030 maturity are callable, at the option of the Town, on or after May 1, 2020 @ 100% together with interest accrued and unpaid to the redemption date. Refunding the 2010 Bonds, on a current basis, is expected to provide significant Present Value ("PV") savings. Should the PV savings prove to be significant, the Town intends to use the proceeds from the 2020 Bonds to refinance the following 2010 Bonds (the "2010 Refunded Bonds"):

<u>Date of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>CUSIP</u>	<u>Date of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>CUSIP</u>
May 1, 2021	\$215,000	3.00%	066878ET2	May 1, 2021	\$215,000	4.00%	066878EY1
May 1, 2022	215,000	3.20	066878EU9	May 1, 2022	215,000	4.00	066878EZ8
May 1, 2023	215,000	3.30	066878EV7	May 1, 2023	215,000	4.00	066878FA2
May 1, 2024	215,000	3.50	066878EW5	May 1, 2024	215,000	4.00	066878FB0
May 1, 2025	215,000	3.50	066878EX3	May 1, 2025	215,000	4.00	066878FC8

The Projects

In 2010 the Town issued \$4,300,000 2010 Bonds, to provide funds to finance the cost of the following projects:

<u>The Projects</u>	<u>Amount Authorized</u>	<u>Financed by the 2010 Bonds</u>	<u>Financed by the 2020 Bonds</u>
Roads and Storm Drains	\$3,179,127	\$2,756,000	\$1,378,000
Sidewalks	535,212	250,000	125,000
Newport Ave Comfort Station	467,745	335,137	167,500
Town Office Renovations	230,863	230,863	115,500
Barker Park	75,000	75,000	37,500
Public Safety Bldg Repairs	28,000	28,000	14,000
Harborview Park	25,000	25,000	12,500
Sub-total General Fund CIP	4,540,947	3,700,000	\$1,850,000
Water Main Construction	600,000	600,000	300,000
Totals	\$5,140,947	\$4,300,000	\$2,150,000

Amortization of the 2010 Refunded Bonds

<u>May 1,</u>	<u>Roads</u>	<u>Sidewalk</u>	<u>Comfort Station</u>	<u>Town Office</u>	<u>Barker Park</u>	<u>Public Safety</u>	<u>Harbor-view</u>	<u>Fund</u>	<u>Water System</u>	<u>The Bonds</u>
2021	\$137,800	\$12,500	\$16,750	\$11,550	\$3,750	\$1,400	\$1,250	\$185,000	\$30,000	\$215,000
2022	137,800	12,500	16,750	11,550	3,750	1,400	1,250	185,000	30,000	215,000
2023	137,800	12,500	16,750	11,550	3,750	1,400	1,250	185,000	30,000	215,000
2024	137,800	12,500	16,750	11,550	3,750	1,400	1,250	185,000	30,000	215,000
2025	137,800	12,500	16,750	11,550	3,750	1,400	1,250	185,000	30,000	215,000
2026	137,800	12,500	16,750	11,550	3,750	1,400	1,250	185,000	30,000	215,000
2027	137,800	12,500	16,750	11,550	3,750	1,400	1,250	185,000	30,000	215,000
2028	137,800	12,500	16,750	11,550	3,750	1,400	1,250	185,000	30,000	215,000
2029	137,800	12,500	16,750	11,550	3,750	1,400	1,250	185,000	30,000	215,000
2030	<u>137,800</u>	<u>12,500</u>	<u>16,750</u>	<u>11,550</u>	<u>3,750</u>	<u>1,400</u>	<u>1,250</u>	<u>185,000</u>	<u>30,000</u>	<u>215,000</u>
	\$1,378,000	\$125,000	\$167,500	\$115,500	\$37,500	\$14,000	\$12,500	\$1,850,000	\$300,000	\$2,150,000

Amortization of the 2020 Bonds

<u>May 1,</u>	<u>Roads</u>	<u>Sidewalk</u>	<u>Comfort Station</u>	<u>Town Office</u>	<u>Barker Park</u>	<u>Public Safety</u>	<u>Harbor-view</u>	<u>Fund</u>	<u>Water System</u>	<u>The Bonds</u>
2021	\$118,572	\$10,756	\$14,413	\$9,938	\$3,227	\$1,205	\$1,076	\$159,186	\$25,814	\$185,000
2022	118,572	10,756	14,413	9,938	3,227	1,205	1,076	159,186	25,814	185,000
2023	118,572	10,756	14,413	9,938	3,227	1,205	1,076	159,186	25,814	185,000
2024	118,572	10,756	14,413	9,938	3,227	1,205	1,076	159,186	25,814	185,000
2025	118,572	10,756	14,413	9,938	3,227	1,205	1,076	159,186	25,814	185,000
2026	128,186	11,628	15,581	10,744	3,488	1,302	1,163	172,093	27,907	200,000
2027	118,572	10,756	14,413	9,938	3,227	1,205	1,076	159,186	25,814	185,000
2028	118,572	10,756	14,413	9,938	3,227	1,205	1,076	159,186	25,814	185,000
2029	118,572	10,756	14,413	9,938	3,227	1,205	1,076	159,186	25,814	185,000
2030	<u>118,572</u>	<u>10,756</u>	<u>14,413</u>	<u>9,938</u>	<u>3,227</u>	<u>1,205</u>	<u>1,076</u>	<u>159,186</u>	<u>25,814</u>	<u>185,000</u>
Principal:	1,195,335	108,430	145,297	100,190	32,529	12,144	10,843	1,604,767	260,233	1,865,000
Bid Premium:	<u>182,665</u>	<u>16,570</u>	<u>22,203</u>	<u>15,310</u>	<u>4,971</u>	<u>1,856</u>	<u>1,657</u>	<u>245,233</u>	<u>39,767</u>	<u>285,000</u>
Ref'd'd:	1,378,000	125,000	167,500	115,500	37,500	14,000	12,500	1,850,000	300,000	2,150,000
% Add'l Sav:	\$39,154	\$3,552	\$4,759	\$3,282	\$1,066	\$398	\$355	\$52,565	\$8,524	\$61,089

SOURCE OF PAYMENT AND REMEDIES

General

The Bonds are general obligations of the Town and their payment is not limited to a particular fund or revenue source. Municipalities in the State of Maine (the “State”) have the right to tax their inhabitants to pay municipal indebtedness. The Bonds are payable as to both principal and interest from ad valorem taxes that are subject to limitation unless the Town follows certain procedural requirements under Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, in which case the Town has the power to levy such ad valorem taxes without limit as to rate or amount upon all the taxable property within its territorial limits (see “THE BONDS – SOURCE OF PAYMENT AND REMEDIES – Limitation on Municipal Property Tax Levy” herein), except to the extent that the Town may enter into an agreement under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality, and except to the extent that the Town establishes or has established development districts as tax increment financing districts or affordable housing development districts pursuant to Title 30-A, Chapter 206 and former (now repealed) Chapter 207 of the Maine Revised Statutes, as amended, the captured tax increment of which may not be available for payment of debt service on the Bonds (see “TOWN FINANCES - TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS” herein). Bonds issued for school improvements that will be included in the school budget, governed by and appropriated in accordance with Title 20-A, Chapter 606-B of the Maine Revised Statutes, as amended, are not subject to the property tax limit set forth in Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended (see “THE BONDS – SOURCE OF

PAYMENT AND REMEDIES” herein). 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 Title 30-A, Chapter 206 of the Maine Revised Statutes, as amended. There is no statutory provision for a lien on any portion of the tax levy to secure bonds or notes, or judgments thereon, in priority to other claims.

The Town is subject to suit on the Bonds. Title 14, Section 4951 of the Maine Revised Statutes, as amended, provides that executions against a town shall be issued against the personal property of the residents of that town and real estate within its boundaries, whether or not owned by the town. Only town real estate not used for public purposes, however, is subject to such execution. In addition, Title 30-A, Section 5701 of the Maine Revised Statutes, as amended, provides that the personal property of the residents and the real estate within the boundaries of a municipality may be taken to pay any debt due from the municipality. There has been no judicial determination as to whether the statutory remedy of taking property of residents to satisfy debts of or judgments against a municipality is constitutional under current due process and equal protection standards and Bond Counsel expresses no opinion thereon. 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 becomes subject to taxation for the first time, or taxed as a separate parcel for the first time for the most recent property tax year for which information is available, or that has had an increase in its assessed valuation over the prior year's valuation as a result of improvements to or expansion of the property. Municipalities that qualify as a result of a relatively larger percentage of personal property, personal property can be incorporated into the property growth factor calculation. In addition, a municipality is required to lower its Property Tax Levy Limit in any year by an amount equal to net new funds provided by the State for existing services funded in whole or in part by the property tax levy.

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

In lieu of increasing the Property Tax Levy Limit, the Town Meeting 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.

Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, does not limit the amount of taxes which may be raised by a municipality to pay items included in the school budget, governed by and appropriated in accordance with Title 20-A, Chapter 606-B of the Maine Revised Statutes, as amended.

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, premiums, if any, and interest on the Bonds when due.

TAX MATTERS

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

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

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

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

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

Designated as Qualified Tax-Exempt Obligations

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

Original Issue Discount

Certain maturities of the Bonds (the "Discount Bonds") may be sold at an issue price that is less than the stated redemption price of the Discount Bonds at maturity (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates). The difference between the issue price at which each of the Discount Bonds is sold and the stated redemption price at maturity (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) of each of the Discount Bonds constitutes original issue discount ("OID"). Pursuant to Section 1288 of the Code, OID on the Discount Bonds accrues on the basis of economic accrual under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on the Discount Bonds, as applicable. The basis of an initial purchaser of a Discount Bond acquired at the initial public offering price of the Discount Bond will be increased by the amount of such accrued OID for purposes of determining gain or loss on the sale, exchange, or other disposition of such Bond. Bond Counsel is of the opinion that the appropriate portion of the OID properly allocable to the original and each subsequent owner of the Discount Bonds will be treated as interest excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code to the same extent as stated interest on the Discount Bonds.

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

Original Issue Premium

Certain maturities of the Bonds may be sold at a purchase price in excess of the amount payable on such Bonds after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) (the "Premium Bonds"). The excess, if any, of the tax basis of the Premium Bonds to a purchaser (other than a purchaser who holds such Premium Bonds as inventory, stock in trade or for sale to customers in the ordinary course of business) over the amount payable at maturity (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) is amortizable bond premium, which is not deductible from gross income for federal income tax purposes. Amortizable bond premium, as it amortizes, will reduce the owner's tax cost of the Premium

Bonds used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Premium Bonds. Accordingly, an owner of a Premium Bond may have taxable gain from the disposition of the Premium Bond, even though the Premium Bond is sold, or disposed of, for a price equal to the owner's original cost of acquiring the Premium Bond. Bond premium amortizes over the term of the Premium Bonds under the "constant yield method" described in regulations interpreting Section 1272 of the Code.

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

Additional Federal Income Tax Consequences

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

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

Changes in Federal Tax Law

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

Opinion of Bond Counsel

The legal opinion of the firm of Bernstein Shur Sawyer & Nelson P.A., of Portland, Maine (see APPENDIX B) will be furnished to the original purchaser of the Bonds. The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the original purchaser of the Bonds.

Extent of Opinion

Bond Counsel expresses no opinion regarding any tax consequences of holding the Bonds other than its opinion with regard to (a) the exclusion of interest on the Bonds from gross income pursuant to Section 103 of the Code, (b) interest on the Bonds not constituting an item of tax preference pursuant to Section 57 of the Code 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 S&P Global Ratings ("S&P"). The Town has furnished the rating agencies certain information and materials, some of which may not have been included in this Official Statement. The ratings, if obtained, will reflect only the view of Moody's or S&P at the time such rating is assigned and will be subject to revision or withdrawal, which could affect the market price of the Bonds. Moody's or S&P should be contacted directly for its rating on the Bonds and its explanation of such rating. A rating is not a recommendation to buy, sell or hold the Bonds, and such rating should be evaluated independently.

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

CONTINUING DISCLOSURE

In order to assist the underwriter of the Bonds in complying with the Securities and Exchange Commission’s (“SEC”) Rule 15c2-12 (the “Rule”), the Town will covenant for the benefit of the owners of the Bonds to provide certain financial information and operating data relating to the Rule by not later than 270 days after the end of each fiscal year (the “Annual Report”) and to provide notices of the occurrence of certain enumerated events, if material, 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 as discussed below, the Town has never failed to comply with any previous undertakings to provide financial information or notices of material events in accordance with the Rule.

Except for a one-day “late filing” and incomplete financial statements thereon, both for the fiscal year ended June 30, 2012⁽¹⁾, 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>
06/30/2019	01/10/2020	194
06/30/2018	12/26/2018	179
06/30/2017	12/26/2017	179
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 ⁽²⁾	199

NOTE: ⁽¹⁾ 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.

⁽²⁾ 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.

CUSIP IDENTIFICATION NUMBERS

It is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds will be paid for by the Town provided, however, that the Town assumes no

responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

MUNICIPAL ADVISOR

Moors & Cabot, Inc. is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board and has acted as Municipal Advisor to the Town with respect to the issuance of the Bonds pursuant to Municipal Securities Rulemaking Board 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

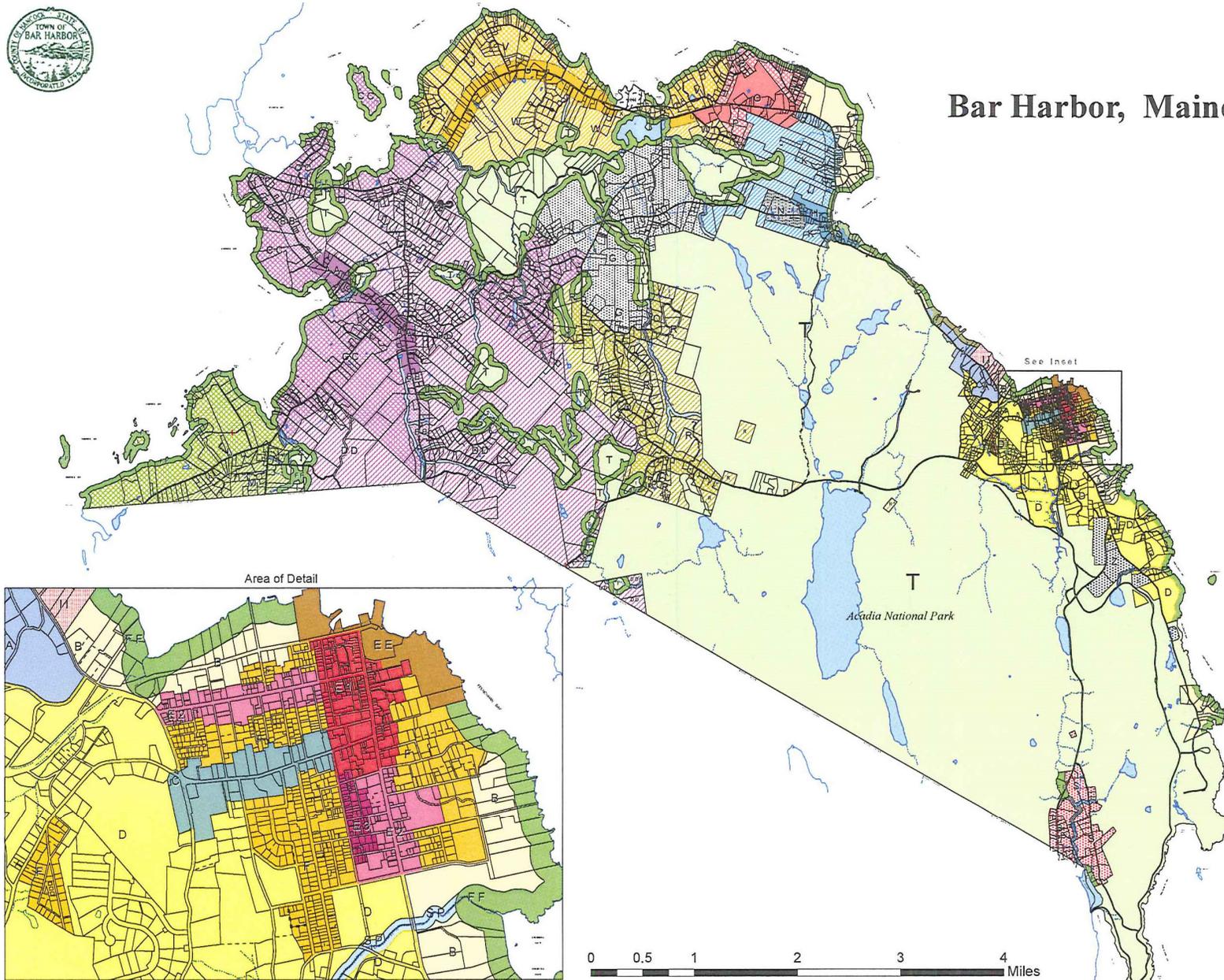
The legality of the Bonds will be approved by Bond Counsel. The unqualified approving opinion of such counsel with respect to the Bonds in substantially the form attached to this Official Statement as APPENDIX B will be delivered at the time of original delivery of the Bonds and a copy of the opinion 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.

Certificate With Respect to Official Statement

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

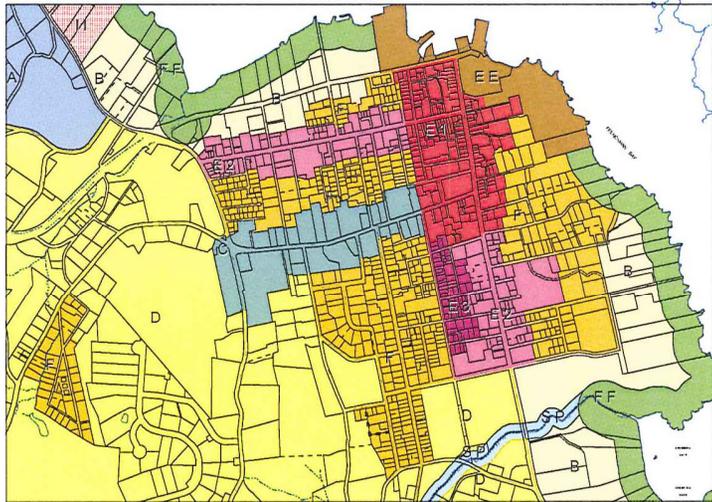


Bar Harbor, Maine



See Inset

Area of Detail



Legend

- A - Bar Harbor Gateway
- B - Village Historic
- C - Mount Desert Street Historic Corridor
- D - Village Residential
- E1 - Downtown Village I
- E2 - Downtown Village II
- E3 - Village Transitional
- F - Downtown Residential
- G - Emery District
- H - Halls Cove Business
- I - Halls Cove Historic
- J - Halls Cove Residential Corridor
- K - Halls Cove Rural
- L - Indian Point Residential
- M - Indian Point Rural
- N - Industrial
- O - Ireson Hill Corridor
- P - Ireson Hill Residential
- Q - McFarland Hill Residential
- R - McFarland Hill Rural
- S - Otter Creek
- SP - Stream Protection
- T - Resource Protection
- U - Salisbury Cove Corridor
- V - Salisbury Cove Residential
- W - Salisbury Cove Rural
- X - Salisbury Cove Village
- Y - Schooner Head
- Z - Scientific Research
- AA - Town Hill Business
- BB - Town Hill Residential Corridor
- CC - Town Hill Residential
- DD - Town Hill Rural
- EE - Shoreland General I
- FF - Shoreland Limited Residential
- GG - Shoreland General II
- S3 - Shoreland General III
- HH - Marine Research
- II - Educational Institution

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 several 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")⁽¹⁾. 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 and vote on the final budget. 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).

NOTE: ⁽¹⁾ At a Special Town Meeting held on November 6, 2018, the voters of the Town authorized creation of a Charter Commission. Pursuant to Title 30-A, Section 2103(A)(1) of Maine Revised Statutes, as amended, a six-member Charter Commission was also elected at the Special Town Meeting. The Charter Commission is charged with revising the existing or establishing a new Municipal Charter. The process will include, but not be limited to, consideration of electronic voting at town meeting(s); streamlining the budget process, and the purpose, function and structure of the Warrant Committee.

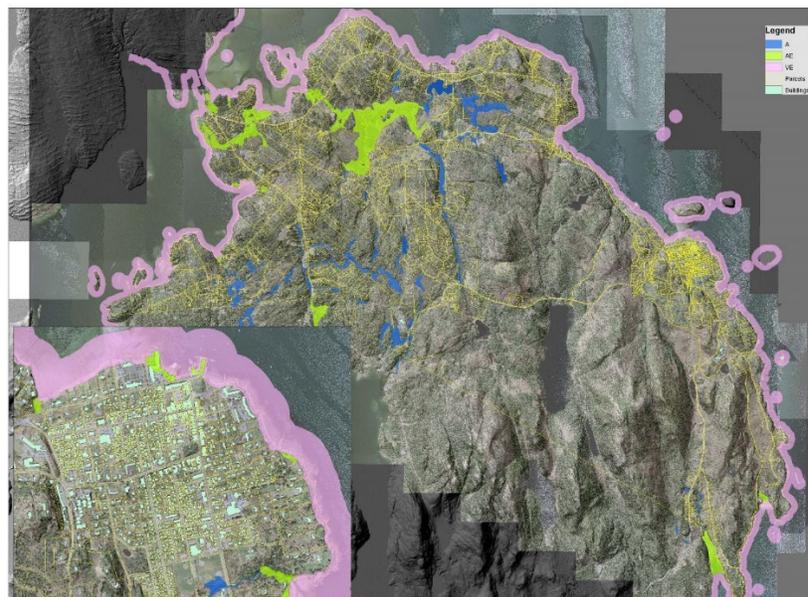
Climate Change Initiatives

The Town has created and funded a task force to better organize its efforts to recognize and respond to climate change with goals to reduce its carbon footprint as well as make improvements towards energy efficiencies, use of renewables, less fossil fuel dependence and safeguard its infrastructure from possible sea level rise. The Town has already completed a contract for solar panels installed on its new public works facility, including adding a pellet boiler in its construction. At the same location the Town sponsored a solar farm on an acre of adjacent unused public works land. It has already secured a grant to study the rise of sea level effect on the Town's infrastructure from the Island Institute. Additionally, the Island wide municipalities together are actively seeking a grant from the EPA to study the possible effect of sea level rise on the island.

Geological Profile

French explorer, Samuel de Champlain, reflected on the Mount Desert Island ("MDI") treeless mountain summits and named it "Ile de Monts Deserts," which means "island of the bare mountains." At 1,532 feet, Cadillac Mountain is MDI's highest point and the first place in the continental United States to welcome the sunrise each day. Covering more than 108 square miles MDI is the sixth-largest island in the contiguous United States, and the third-largest on the Eastern Seaboard. The geological base of MDI is on a solid foundation of Somesville and Cadillac Mountain granite, revealed and shaped by the retreating Laurentide Ice Sheet at the end of the Pleistocene Age. Several hundred million years of erosion has worn away the rocks covering the large granite bodies, bringing them to the earth's surface. The same process removed much of the softer rock surrounding the granite, leaving behind resistant granitic mountains ringed by lowlands.

The several mountains on the island are in shaded relief to give the above map some depth. The FEMA flood zone (in purple, below) shows that flooding from coastal surge is not an issue. With the exception of the Harborside Hotel and the Town Pier there are virtually no other buildings of significant value in the flood zone areas (green shading below indicates vulnerable to flooding). There is very little flood area on land except for the areas at the northern section. Those areas are existing natural wetlands already in Resource Protection or in Acadia National Park with no infrastructure to damage or destroy. Mount Desert Island is basically a big granite boulder in the water and should there be some erosion in a flood, it is unlikely to move the bedrock.



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, from a phone 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 as well as the municipal buildings, 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. There is a Communication & Technology Committee that assists in supporting new initiatives.

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 two towns may renew the agreement annually.

The Fire and Ambulance Departments are operated by a Fire Chief, one Assistant Chief, two Captains, four full-time firefighters, four paramedics and approximately 13 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-sustained 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 was expanded to 11 members to work on developing the recently purchased Ferry Terminal property. Any recommendations will be made to the Town Council and, if accepted, will be entered into the budgetary process for Town meeting approval. The Harbor Committee also recommends improvements to and provides planning for the Municipal Pier, the Town’s moorings, its harbor as well as the newly acquired ferry terminal lot. A separate Marine Resources Committee of seven members is also in place to monitor all the critical harbor resources. The Marine Resources Committee works with the Harbormaster and COA to reseed clam flats and also works generally to improve water quality. The Committee does suggest updated ordinances and licenses for shellfish harvesting and brings those to the Town Council for approval.

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 and Comfort Stations. The Highway Division has five large plow trucks and is housed in the Public Works facility, built in 2013.

Solid Waste Division

Acceptance of Waste

The transfer station was designed, built by July of 2018. It replaced a set up from the mid 1970's with a recycling station added in 1984. The new facility is located near the downtown on the same footprint as the old facility. There are two roll off compactor dumpsters for single sort materials and two lanes for household trash to drop into a covered hopper compactor. Commercial trucks utilize a separate bay entrance. Space has been set aside for scales used in a possible future fee based solid waste disposal system. A portion of the Town's 2017 Bonds paid for three new 48' trailers, a Skid Steer loader, offices for staff and generally, an operational layout that is much safer for the staff and the public.

Disposal of Waste

The Town is a member of the Municipal Review Committee, Inc. ("MRC"), which consists of over 100 municipalities and public entities that oversee waste disposal challenges and comes up with collective solutions.

Through its membership in the MRC the Town started to use a new single sort facility in place of PERC July 1, 2019. The MRC helped to sponsor the development of a new waste processing solution that was built at a site owned by the MRC in the Town of Hampden, Maine. The MRC entered into an agreement with Fiberight, LLC ("Fiberight"), a privately held company founded in 2007, that had contracted to construct and operate the new facility. The MRC has entered into a master-waste-supply-agreement to direct waste to the new facility; and also entered into a site lease with a special purpose entity, Coastal Resource of Maine, LLC ("Coastal") formed by Fiberight and its equity investors, which completed development, construction and operations of the facility. Coastal is also a party to the amended master-waste-supply-agreement.

In February 2016, Bar Harbor's 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 tipping fee for waste disposal at the new facility is currently at \$72 per ton as of 2020, and escalates 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.

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 treatment facility with a designed capacity of 2.0 million gallons per day ("MGD") with a peak hourly flow capacity of 5.2 MGD and in the 2019 fiscal year the

average flow treated at the Main Treatment Plant was 1.147 MGD with a max day of 4.371 MGD. The Hulls Cove Treatment Plant has a designed capacity of 0.15 MGD and in the 2019 fiscal year the average flow treated at the Hulls Cove Treatment Plant was 0.083 MGD with a max day of 0.411 MGD. The Degregoire Park Treatment Plant has a designed capacity of 0.012 MGD and in the 2019 fiscal year the average flow treated at the Degregoire Park Treatment Plant was 0.0066 MGD with a max day of 0.0461 MGD. The Town currently has removed all but the final 1% of its infiltration and inflow (“I&I”) problems and is actively pursuing ways to either remove or treat the remaining I&I occurring during heavy storms. In fiscal year 2019, the Division received a State grant to review and revise its Combined Sewer Overflow (“CSO”) master plan during fiscal year 2020. The main treatment plant was rebuilt in 1997 and part of any future capital construction planning and funding will involve replacing/upgrading certain equipment, but only after a thorough engineering review as new treatment options are investigated and coordinated with any related recommendations of the revised CSO plan.

<u>Largest Wastewater Customers</u>	<u>Type of Use</u>	<u>2019 Revenues</u>	<u>% of Total</u>
Jackson Laboratory	Genetic Research & Mice Prod	\$678,948	29.9%
Witham Family LTD Part	Hotels (7)	253,612	11.1
Eden Street Trust	Hotel	53,692	2.4
Golden Anchor LC	Hotel	38,586	1.7
Mt Desert Island Hospital	Hospital	33,426	1.5
Bar Harbor Housing Authority	Low Income/Elderly Housing	30,745	1.3
Frenchmans Bay Assoc.	Hotel	25,686	1.1
College of the Atlantic	Educational Institution	25,423	1.1
Town of Bar Harbor	School, Muni Bldgs, Comfrt Stat’s	23,776	1.0
BHTC 111, LLC	Tennis & Swim Club, Restaurant	22,739	1.0
			52.1%

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 fees. In 2019 the Town again 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, storage capacity, firefighting 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, 2019 serves approximately 1,786 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 the 2019 period was 1,005 thousand gallons per day (or 0.04% of storage capacity) with maximum daily draft of 2,072 gallons per day (or 0.13% of storage capacity).

<u>Largest Water Customers</u>	<u>Type of Use</u>	<u>2019 Revenues</u>	<u>% of Total</u>
Town of Bar Harbor	Parks, Bldgs, Schools & Hydrants	\$647,413	29.5%
Jackson Laboratory	Genetic Research & Mice Prod	235,170	10.7
Witham Family LTD Part	Hotels (7)	127,989	5.8
College of the Atlantic	College	30,035	1.3
Golden Anchor, LC	Hotel	21,695	1.0
Lafayette Bar Harbor, LLC	Hotel	20,983	1.0
Kebo Valley Club	Golf Course	20,695	1.0
Mount Desert Island Hospital	Hospital	19,344	0.9
Bar Harbor Housing Authority	Low Income/Elderly Housing	15,807	0.7
Eden Street Trust	Hotel	13,924	<u>0.6</u>
			50.5%

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

<u>Number of Water System Customers</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Residential	1,250	1,248	1,253	1,263	1,262
Commercial	515	516	516	517	520
Industrial (Jax Lab)	47	47	43	42	42
Governmental	56	57	60	59	59
Total	1,868	1,868	1,872	1,881	1,883

<u>Water Sales (per 1,000 gallons)</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Residential	55,761	58,242	55,574	66,745	55,633
Commercial	111,619	121,831	107,157	128,798	114,587
Industrial (Jax Lab)	60,628	57,027	54,702	65,155	73,590
Public Authorities	12,450	13,419	13,050	15,548	17,821
Total Water Sales	240,458	250,519	230,483	276,246	261,631

<u>Water Sales (Revenue)</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Residential	\$469,232	\$565,386	\$553,026	\$593,948	\$572,003
Commercial	500,570	656,301	609,028	640,968	613,263
Industrial (Jax Lab)	139,336	156,378	159,184	164,825	209,097
Public Authorities	59,099	71,267	72,899	72,587	77,502
Public Fire Protection	480,468	585,604	585,604	585,604	585,604
Private Fire Protection	109,711	126,445	129,278	131,376	134,208
Total Water Sales	\$1,758,416	\$2,161,381	\$2,109,019	\$2,189,308	\$2,191,677

SOURCE: Annual MPUC Reports of the Bar Harbor Water Division. The above data is based upon calendar years.

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) to attend Mount Desert Island High School (also “Mt Desert CSD”) 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”).

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⁽¹⁾</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%

NOTE: ⁽¹⁾ Only Bar Harbor, Mount Desert, Southwest Harbor and Tremont are voting members for Mt Desert CSD.

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.

NOTE: *School Unions* in Maine were a combination of two or more municipalities joined together for administrative purposes only to better cost justify the employment of a superintendent of schools. A superintendent’s services and office expense are apportioned to each community on a pro rata share of the superintendent’s services. 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”) were a combination of 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.

<u>Former SAU</u>	<u>Community</u>	<u>School</u>	<u>Grade</u>	<u>Attending Enrollment (Oct. 1, 2019)</u>
School Union #98 ^(†)	Bar Harbor	Connors-Emerson	K-8	337
School Union #98	Cranberry Isles	Islesford	K-8	10
School Union #98	Frenchboro	Frenchboro Elem	K-8	4
School Union #98 ^(†)	Mount Desert	Mt Desert Elem	K-8	162
School Union #98 ^(†)	Southwest Harbor	Pemetic Elem	K-8	142
School Union #98 ^(†)	Tremont	Tremont Consol	K-8	125
School Union #92	Trenton	Trenton Elem	K-8	152
MSAD No. 76	Swan’s Island	Swan’s Island Elem	K-8	32
C.S.D. No. 7	School Union #98	Mt Desert Island High	9-12	<u>545</u>
Total Enrollment				1,509

NOTE: ^(†) These four communities comprise Mt Desert CSD.

Bar Harbor Schools’ Enrollment Trends (Grades K – 8)

<u>Oct 1,</u>	<u>Resident⁽¹⁾ Enrollment</u>	<u>Attending⁽²⁾ Enrollment</u>	<u>Total Enrollment</u>
2018	325	12	337
2017	342	17	359
2016	366	10	376
2015	359	7	366
2014	366	8	374

NOTE: ⁽¹⁾ Bar Harbor residents attending Bar Harbor schools.

⁽²⁾ Non-Bar Harbor residents attending Bar Harbor schools.

Mt Desert CSD's Enrollment Trends (Grades 9 – 12)

<u>Oct 1,</u>	<u>Bar Harbor</u>	<u>Resident Enrollment</u>		<u>Attending Enrollment</u>	<u>Total Enrollment</u>
		<u>All Other CSD</u>	<u>Total CSD</u>		
2018	207	197	404	147	551
2017	198	192	390	149	539
2016	204	201	405	126	531
2015	200	199	399	128	527
2014	201	211	412	115	527

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

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

LABOR RELATIONS

The Town employs approximately 150 full-time personnel, approximately of whom 75 are employees of the Town including its utilities systems; and 75 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 44 full-time Town employees, not included in the table below, are not represented by unions.

<u>Union</u> ⁽¹⁾	<u>Bargaining Unit</u>	<u>Date of Contract</u>	
		<u>Effective</u>	<u>Expiration</u>
Teamsters Local No. 340	Highway & Wastewater Unit	July 1, 2017	June 30, 2020
IAFF (AFL/CIO)	Fire Department Unit	July 1, 2017	June 30, 2020
BHSEA (MEA)	School Support Unit	July 1, 2018	June 30, 2021
BHTA (MEA)	Teachers Unit	Sept.1, 2018	Aug. 31, 2021

NOTE:⁽¹⁾ “Teamsters” indicates the International Brotherhood of Teamsters; “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.

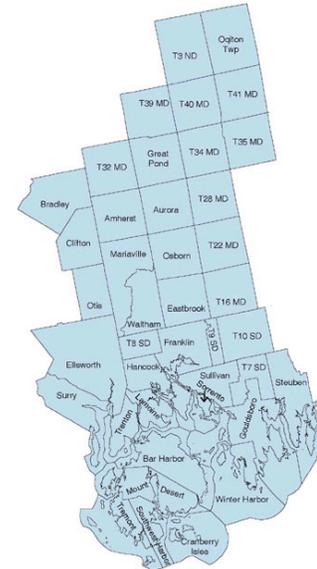
BUILDING ACTIVITY

Calendar Year	Residential		Commercial		Total	
	# Permits	Est. Cost	# Permits	Est. Cost	# Permits	Est. Cost
2019	209	\$15,816,352	73	\$19,304,000	282	\$35,120,552
2018	184	11,386,405	93	7,624,886	277	19,011,291
2017	202	12,145,602	84	7,374,025	286	19,519,627
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

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

Representative Employers	Type of Business	Approximate Number of Employees			
		Full-Time	Part-Time	Seasonal	Total
The Jackson Laboratory	Genetic Research	1,557	0	0	1,557
Mount Desert Island Hospital	Hospital	423	125	0	548
National Park Service	Acadia National Park	85	0	160	245
Town of Bar Harbor	Municipal/School	150	9	5	164
Hannaford’s Shop & Save	Grocery Store	33	43	60	136
College of the Atlantic	College	85	20	0	115
MDI Bio Laboratory	Medical Research	70	3	5	78
Sonogee Estates	Nursing Home	47	4	17	68
Bar Harbor Banking & Trust Co.	Bank	42	0	0	42

Commuters

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%

RETAIL TRADE

Retail Sales by Product Group and Consumer Sales

	<u>Food Store</u>	<u>General Mdse.</u>	<u>Other Retail</u>	<u>Restaurant</u>	<u>Lodging</u>	<u>Other</u>	<u>Total</u>
2019	\$15,245,368	\$5,060,902	\$32,464,162	\$80,361,608	\$94,270,536	\$32,503,168	\$259,905,744
2018	15,080,166	4,915,009	32,037,028	76,892,888	95,817,016	28,180,837	252,922,944
2017	15,234,396	4,125,522	30,454,804	71,123,792	93,434,200	27,638,518	242,011,232
2016	15,647,731	4,625,434	29,218,164	67,657,944	92,188,304	28,708,311	238,045,888
2015	12,370,176	4,014,926	27,239,092	61,510,520	79,710,880	27,175,446	212,021,040
2014	11,663,403	4,195,708	25,460,584	57,164,072	70,734,520	25,132,097	194,350,384
2013	10,788,881	4,622,488	24,825,352	54,617,432	67,052,480	23,400,487	185,307,120
2012	10,407,815	3,932,094	25,886,856	51,387,388	61,732,580	23,518,003	176,864,736
2011	10,361,448	4,360,574	25,848,376	46,849,312	57,043,072	20,757,042	165,219,824
2010	10,782,081	4,503,724	25,841,296	46,391,352	56,383,460	19,865,159	163,767,072

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

NOTE: “Other”, which includes “Business Operating”, “Building Supply” and “Auto/Transportation” categories, are not itemized whereas the participants in that sector are too few, such that reporting sales could share otherwise proprietary information.

LOCAL ECONOMY

Economic Development

The Town's economic development strategy is to empower, or partner with, 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. Perhaps a reasonable example of fostering limited 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 balanced with a goal of maintaining the "small town" atmosphere that local residents enjoy. The cruise ship business taps into a non-tax revenue source that enables the Town to fund infrastructure which also supports private business development. The newly created Parking Fund, which utilizes parking meter revenues also supplies a new source of non-tax revenue that funds (within its statutory guidelines) critical infrastructure improvements in the downtown landscape and paving of Town roads.

The Town Council has *Five Year Goals and Strategies*, updated annually, that recognize that much of Bar Harbor's economy is based on the natural environment and the Council retains a focus on protecting those resources. Among those goals is reducing the cost of home development, increasing the supply of year-round housing, creating friendly ordinances or a workable Land Use Ordinance that encourage higher and medium density residential development in appropriate zones, work with entrepreneurs and employers to reduce barriers to development of year-round businesses paying livable wages, have the Planning department lead an update of the Comprehensive Plan in 2020 and convene stakeholders, including local business leaders, relevant committees and task forces, and residents to ensure the maintenance of a sustainable tourism industry.

Potential Impact of Coronavirus

The Town's budget is based on a variety of estimates and assumptions such that, if actual results differ from those assumptions, the Town's financial position could be adversely, or positively, affected. There can be no assurance that the spread of a novel strain of coronavirus, called COVID-19, will not materially impact the local or State economies and, accordingly, materially adversely impact the Town's financial position. While the effects of COVID-19 on the Town may be temporary, it could potentially alter the behavior of some business and people in a manner that may have negative impacts on tourism to the Town. The Town estimates that Mount Desert Island's "over-the-bridge" tourist count is approximately 3,000,000 people annually (92% of tourists); and from cruise ships approximately 250,000 (8% of tourists) which could either, or separately, be impacted. While any impact on the Town's finances is currently uncertain, the Town is monitoring the impact of COVID-19 and will continue to incorporate it in its assumptions.

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. The office of the Harbor Master is located on the Town Pier in a Port Security Building, built in 2013.

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 2018/2019 fiscal year Bar Harbor was the port-of-call for 157 passenger ships, of which 138 were “large” vessels, which disembarked approximately 233,000 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 \$12 to \$15 million annual economic impact on Mount Desert Island. Furthermore, this revenue does not arrive by automobile and does not require significant 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 the Cruise Ship Fund, as an enterprise activity within its General Fund, to account for fees collected by the visiting cruise ships, currently at \$4.46 per passenger. For the fiscal year ended June 30, 2019, collected fees exceeded \$1,023,000. 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 \$6 million in fees have been collected since the fiscal year ended June 30, 2010, when the initial \$4.00 per passenger fee was implemented. The fee is adjusted for cost of living each year. Cruise ships tender to privately owned docks and not to Town owned property.

Ferry Terminal Acquisition & Development

The Town signed the 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 DOT had 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.

The Town exercised a May 2017 purchase option, consistent with the agreement, and the option was extended until the Town’s annual Town Meeting in June 2018, to allow its voters to approve bond funding for the acquisition. The purchase amount highlighted in the agreement of \$3.5 million related to a “no Maine DOT strings” option. The Town Council appointed a Ferry Terminal Property Advisory Committee which arrived 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. Parking, transportation hub and various recreational public uses of the property were advocated. The Advisory Committee also recommended that the Town exercise the \$3.5 million purchase option at its June 2018 Town Meeting.

On February 19, 2019, the Town entered a five-year lease with Atlantic Fleet Services Corp., a Maine corporation, representing Bay Ferries Limited, a Canadian corporation to provide ferry service to the public from Bar Harbor to Yarmouth, Nova Scotia on a seasonal basis. The lease accepts all leasehold improvements to remain with the Town after any termination of the lease, within terms. The lease allows exclusive use of the Ferry Terminal property on approximately 1/3rd of the total area. The lessee will be solely responsible for interfacing with all federal agencies and accommodating the security requirements

of the facility. The Town will maintain and develop the remaining land area and also determine if the pier structure is viable for use. The expanded Harbor Committee will oversee those recommendations. Depending on volume of passenger and vehicle use, the anticipated annual revenue on this lease is \$200,000. This revenue is budgeted and used within the Town's capital improvement fund to help defray the debt service costs to purchase the property.

Parking Fund

In the summer season of 2019, the Town implemented a pay-for-parking system using 316 meters and 26 kiosks covering a total of approximately 900 downtown parking spaces. The system collected \$1.7 million gross revenues during the 2019 calendar year with 90% of the fees collected through a credit/debit-card based process; the remaining 10% being received in quarters. This fund is a component of the Town's General Fund, overseen currently by a Parking Solutions Task Force. Authorized appropriation spending is voted on at the annual Town Meeting budget process, similar to the Cruise Ship Fund. Spending of parking fee revenue is restricted by Title 30-A, Chapter 141, Section 3009 of the Maine Revised Statutes, as amended, to maintain the meter equipment, its software, construct and maintain the public ways and to acquire, construct and operate public parking areas. Accordingly, through the budgetary process, the Town proposes to use most of its parking funds for capital purposes within these regulatory guidelines beyond the operational expenses needed to run the parking system. One result from this fund is an anticipated reduction of the mill rate impact because of funding for new and existing infrastructure improvements that were previously funded solely through taxation.

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, education programs, amphitheater presentations, 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 3.5 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 600,000 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, 501(c)3, nonprofit biomedical research institution and National Cancer Institute-designated Cancer Center with 2,369 employees in four locations. Headquartered in Bar Harbor, Maine, the institution also has facilities in Sacramento, California, Farmington, Connecticut and Ellsworth, Maine. 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” or “Laboratory”) 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 continues the tradition. At least 26 Nobel Prizes in Physiology or Medicine are associated with JAX research, resources or education.

As of December 31, 2019, JAX employed 1,557 employees at the Bar Harbor facilities, including 400 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 11,000 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.

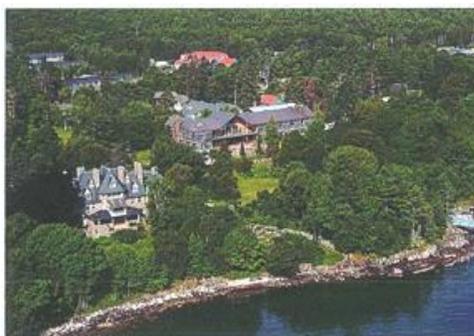


JAX distributes about 3 million JAX[®] Mice to more than 1,900 organizations in 75 countries. As an international hub for scientific courses and conferences, JAX hosts more than 1,200 students, researchers and physicians for courses, conferences and workshops each year.

JAX is situated on an 80-acre main campus with 54 buildings. The institution owns a total of 67 buildings on 157 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 784,000 building square feet. In November 2012, JAX purchased the former Lowe's building in Ellsworth, Maine, and completed its initial development of the site in August 2018. Phase II of the development is under way and expected to be complete in the second quarter of 2020.

The Jackson Laboratory had an operating revenue of \$395 million in FY2018 with approximately \$285 million received from the mouse sales and service division. Government grants and support provided \$96 million, with the balance from private gifts, grants and other revenue. The Laboratory's endowment is approximately \$262 million as of December 31, 2018. JAX buildings, land and equipment in Bar Harbor cost approximately \$447 million. Net of accumulated depreciation, the assets have a net book value of \$171 million as of December 31, 2018.

College of the Atlantic



College of the Atlantic (“COA”) is premised on the belief that education should go beyond understanding the world as it is to enabling students to actively shape the future. Founded in 1969, COA is a leader in experiential learning and environmental stewardship, and was named the #1 Green College in the U.S. by The Princeton Review in 2016, 2017 and 2018. Every COA student designs their own major in human ecology, which integrates knowledge from across academic disciplines and seeks to understand and improve the relationships between humans and their natural, built, and

social environments and sets their own path toward a degree. The intentionally small school of 350 students and 35 faculty members offers Bachelor of Arts and Master of Philosophy degree.

COA enjoys rich partnerships with nearby Acadia National Park, Schoodic Institute, and local bio-science organizations including MDI Biolab and The Jackson Laboratory. Beyond its 37-acre, waterfront campus in Bar Harbor, the school owns and utilizes two maritime research facilities: The Alice Eno Field Research Station, on Great Duck Island, and the Edward McC. Blair Marine Research Station, on Mount Desert Rock. COA also owns and operates two farms: the 125-acre Peggy Rockefeller Farms, in Bar Harbor, and the 86-acre Beech Hill Farm, in Mount Desert; and the Cox Protectorate, a 100-acre, forested preserve located in Bar Harbor.

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 extending healthy lifespan and enhancing our natural ability to repair the damage caused by age-related diseases. 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 around the world. The Institution also leads the Maine IDeA Network of Biomedical Research Excellence (INBRE), a federally funded, statewide biomedical research and training network made up of 13 academic and research institutions. Since 2001, the institution has provided biomedical training through Maine INBRE to more than 2,200 Maine undergraduates. 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. In 2017, the institution celebrated 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.

The MDI Biological Laboratory was founded in 1898 in South Harpswell, Maine as a summer school for Tufts College. The Laboratory relocated to Bar Harbor in the 1920s at the invitation of George B. Dorr, one of the founders of Acadia National Park. Today the institution employs over 70 full-time professional personnel and staff. The annual operating budget exceeds \$12 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, walk-in care, weekend/holiday urgent 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 548 people (423 full time and 125-part time), and has an active medical staff of 33, that includes specialists in family practice, general surgery, urogynecology, obstetrics, internal medicine, ophthalmology, rehab medicine, 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 12,000, MDI Hospital had 1,017 admissions, comprising a total of 3,801 patient days for acute, Swingbed (Short-term Rehabilitation) , nursery, obstetrics and observations, with an average stay of approximately three days during the fiscal year that ended April 30, 2019. The hospital’s surgical team performed 1,557 surgeries, 11,616 radiology tests and 1,556 mammograms, and had 6,685 Emergency Room visits. MDI Hospital also owns or leases facilities in four communities whereby approximately 62,777 “health center visits” are recorded annually. MDI Hospital provides to its’ community over \$5.3 million dollars in free and uncompensated care. MDI Hospital owns and sponsors 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 95% in FY 2019, Birch Bay Retirement Village also support an adult day center, The Straus Center, for the surrounding community as well has a secured Dementia and Alzheimer service in our Safe Harbor unit.

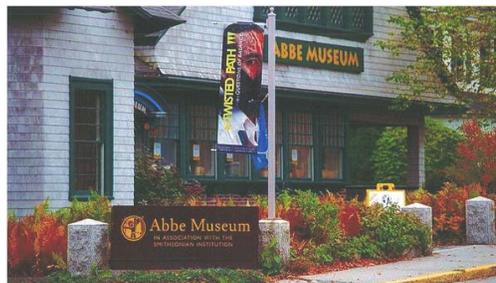
Jesup Memorial Library

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 2018 the Town contributed \$112,500, or 25% 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 50,000 items and, in 2018, more than 9,000 people attended 360 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 four additional full-time staff members and six 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 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	<u>Change Since Prior Census</u>			
	<u>Town of Bar Harbor</u>	<u>Town</u>	<u>State</u>	<u>USA</u>
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.

<u>Population Characteristics</u>	<u>Town of Bar Harbor</u>	<u>Hancock County</u>	<u>State of Maine</u>	<u>USA</u>
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

<u>Income</u>	<u>Town of Bar Harbor</u>	<u>Hancock County</u>	<u>State of Maine</u>	<u>USA</u>
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

<u>Housing</u>	<u>Town of Bar Harbor</u>	<u>Hancock County</u>	<u>State of Maine</u>	<u>USA</u>
% 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.

<u>Unemployment</u>	<u>Town of Bar Harbor</u>	<u>Hancock County</u>	<u>State of Maine</u>	<u>USA</u>
2018	4.0%	3.8%	3.4%	3.9%
2017	4.3	3.8	3.3	4.4
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

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,

	2016	2017	2018	2019	2020
Revenues					
Taxes	\$16,557,858	\$16,886,945	\$17,412,251	\$18,433,116	\$18,927,429
Inter-governmental	219,637	223,123	272,830	336,856	396,369
Departmental	1,032,901	1,039,580	1,050,809	1,052,125	1,157,898
Other local sources	534,465	549,174	637,764	648,846	751,867
Total Revenues	18,344,861	18,700,822	19,373,654	20,470,943	21,233,563
Expenditures					
General government	2,883,143	2,922,762	3,062,271	3,129,005	3,311,572
Public safety	2,795,896	2,912,896	3,104,172	3,213,377	3,284,565
Health & welfare	137,648	133,928	141,042	144,401	158,596
Parks & recreation	235,251	239,154	352,879	429,722	438,578
Roads & sanitation	1,810,053	1,829,810	1,899,222	1,962,695	1,988,290
Assessments	3,583,721	3,597,013	3,763,224	3,935,692	3,924,019
Transfers to school fund	5,223,669	5,265,115	5,400,763	5,430,046	5,674,670
Transfers to CIP	1,753,435	1,773,144	1,691,003	2,296,005	2,508,273
Other exp. & transfers	32,045	32,000	44,078	-	-
Total Expenditures	\$18,454,861	\$18,805,822	\$19,458,654	\$20,540,943	\$21,288,563
Excess Exp. Over Revenues	\$110,000	\$105,000	\$85,000	\$70,000	\$55,000
Use of Fund Balance:					
Transfer to CIP	110,000	105,000	85,000	70,000	55,000
Increase GF Bal	0	0	0	0	0
Total Use of Fund Balance	\$110,000	\$105,000	\$85,000	\$70,000	\$55,000

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,

	2020	2021	2022	2023	2024	Totals
CIP						
General Government	\$148,050	\$224,000	\$69,500	\$74,000	\$95,900	\$611,450
Amb/Fire Department	0	196,500	0	35,000	635,000	866,500
Police Department	48,000	74,184	121,000	107,000	47,000	397,184
Public Safety Depart	115,000	15,000	29,000	57,000	15,000	231,000
Harbor Department	96,000	52,000	76,000	10,000	12,000	246,000
Parks, Rec & ComfrtS	113,000	68,728	8,000	38,000	8,000	235,728
Highway/PubWrks	739,800	855,000	1,187,000	1,045,803	920,000	4,747,603
All Debt Service	1,461,955	1,442,674	1,423,184	1,423,522	1,408,130	7,159,465
School CIP	338,929	503,429	436,522	436,429	433,429	2,148,738
Annual Totals	\$3,060,734	\$3,431,515	\$3,350,206	\$3,226,754	\$3,574,459	\$16,643,668
Funding Sources						
Current/Past Taxes	\$1,754,717	\$2,309,501	\$2,258,792	\$2,143,440	\$2,488,845	\$10,955,295
CIP Revenues	385,525	385,522	385,522	388,022	386,022	1,930,613
CIP Transfers In	920,492	736,492	705,892	695,292	699,592	3,757,760
Total Funding Sources	\$3,060,734	\$3,431,515	\$3,350,206	\$3,226,754	\$3,574,459	\$16,643,668

NOTE: Annual taxpayer funding for CIP is approximately \$2.0 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>2015/2016</u>	<u>2016/2017</u>	<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>
State Personal Income Factor:	0.86%	2.67%	2.75%	2.61%	2.75%
Town Prop Growth Factor:	<u>0.70%</u>	<u>1.21%</u>	<u>1.97%</u>	<u>1.67%</u>	<u>1.21%</u>
Growth Limitation Factor:	1.56%	3.88%	4.72%	4.28%	3.96%
Property Tax Levy Limit:	\$6,774,604	\$7,040,190	\$7,389,121	\$7,707,492	\$8,016,991
Property Tax Levy:	<u>6,731,982</u>	<u>6,897,817</u>	<u>7,201,186</u>	<u>8,052,378</u>	<u>8,293,739</u>
Over/(below) Prop Tax Levy Limit:	(\$42,622)	(\$142,373)	(\$187,935)	\$344,886	\$276,748

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,				
	2015	2016	2017	2018	2019
Assigned and Unassigned General Fund Balance (exclude School)	\$2,796,140	\$3,050,679	\$3,357,037	\$3,652,000	\$4,378,036
Total Revenues (excluding School)	19,151,528	18,840,256	19,274,797	20,182,735	21,659,220
Fund Bal as % Revenues	14.6%	16.2%	17.4%	18.1%	20.2%

NOTE: Pursuant to GASB 54, School Funds, Cruise Ship Funds and Parking Funds have been added to the Town's General Fund.

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. 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.

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 2019 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. The General Fund includes Cruise Ship Funds and Parking Funds.

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,)

	2019	2018	2017	2016	2015
ASSETS					
Cash and equivalents	\$8,759,252	\$8,470,956	\$7,173,243	\$6,834,870	\$8,435,706
Investments	1,801,734	1,755,630	1,807,093	1,813,339	1,696,765
Receivables:					
Taxes	53,851	36,943	30,942	45,765	32,149
Tax liens	742,385	497,414	508,202	451,861	674,952
Accounts	209,107	126,750	133,619	92,059	57,871
Ambulance fees	226,751	178,634	139,872	140,381	122,896
Accrued interest	9,650	8,093	3,124	3,150	2,357
Prepaid expenses	0	0	871	250	0
Inventory	19,036	19,436	12,998	14,727	16,982
Due from other governments	82,017	89,606	45,912	25,340	78,084
Due from other funds	32,763	3,240	50,522	1,281,657	50,673
TOTAL ASSETS	11,936,546	11,186,702	9,906,398	10,703,399	11,168,435
LIABILITIES					
Accounts payable	340,843	316,029	200,490	171,310	243,354
Payroll taxes	23,829	16,005	6,011	19,076	12,984
Accrued salaries	647,204	634,812	648,523	579,233	568,140
Accrued compensated absences	288,825	276,178	280,930	260,655	252,568
Due to other funds	4,689,613	4,881,654	4,106,063	5,396,958	6,021,695
Due to students	4,922	4,271	4,617	3,829	0
Deposits payable	12,065	14,239	10,972	12,518	12,228
TOTAL LIABILITIES	6,007,301	6,143,188	5,257,606	6,443,579	7,110,969
DEFERRED REVENUES					
Prepaid taxes	28,902	150,160	32,075	31,782	42,063
Property tax	586,153	408,305	403,839	402,886	518,371
Other	2,070	3,874	2,070	4,198	2,607
Bond purchase premium	0	0	0	0	0
TOTAL DEFERRED REVENUES	617,125	562,339	437,984	438,866	563,041
FUND EQUITY					
Non-spendable	865	1,986	2,471	2,484	1,853
Restricted	1,194,578	827,189	851,300	767,791	696,432
Committed	0	0	0	0	0
Assigned	3,129,125	2,891,050	2,735,434	2,541,368	2,474,048
Unassigned	987,552	760,950	621,603	509,311	322,092
TOTAL FUND EQUITY	5,312,120	4,481,175	4,210,808	3,820,954	3,494,425
TOTAL LIABILITIES AND FUND EQUITY	\$11,936,546	\$8,470,956	\$7,173,243	\$10,703,399	\$11,168,435

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,)

	2019	2018	2017	2016	2015
REVENUES					
Taxes	\$18,409,625	\$17,543,562	\$17,014,110	\$16,776,563	\$15,970,837
Intergovernmental revenue	1,546,452	1,317,452	1,147,417	1,083,240	1,190,913
Departmental revenue	2,480,957	2,000,752	1,719,113	1,495,853	1,705,696
Other local sources	642,140	451,585	400,034	423,999	284,082
TOTAL REVENUES	23,079,174	21,313,351	20,280,674	19,779,655	19,151,528
EXPENDITURES					
General government	2,988,113	3,027,155	2,803,118	2,721,559	2,667,383
Public safety	3,202,696	3,083,681	2,855,007	2,767,588	2,628,465
Health and welfare	145,956	144,450	135,176	139,640	130,008
Parks and recreation	416,358	352,720	236,375	242,210	229,730
Island Explorer	40,157	39,823	39,512	39,225	38,962
Roads and sanitation	2,004,343	1,927,802	1,823,451	1,700,702	1,916,540
Education	6,746,559	6,556,034	6,340,281	6,091,083	5,987,399
Assessments	3,850,673	3,763,224	3,597,013	3,564,623	3,396,884
Cruise ship	121,039	142,695	120,761	148,801	128,609
Parking meters ⁽¹⁾	54,406	-	-	-	-
TOTAL EXPENDITURES	19,570,300	19,037,584	17,950,694	17,415,431	17,123,980
Excess of Revenue Over (Under) Expenditures	3,508,874	2,275,767	2,329,980	2,364,224	2,027,548
OTHER FINANCING SOURCES					
Lease/Bond proceeds	7,504	-	53,819	-	-
Transfers in	483,941	481,922	397,262	5,609,127	268,907
Transfers out	(3,169,374)	(2,487,322)	(2,391,207)	(7,646,822)	(2,250,273)
TOTAL OTHER FINANCING SOURCES (USES)	(2,677,929)	(2,005,400)	(1,940,126)	(2,037,695)	(1,981,366)
EXCESS OF REVENUES & OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES	830,945	270,367	389,854	326,529	46,182
FUND BALANCE - JULY 1	4,481,175	4,210,808	3,820,954	3,494,425	3,448,243
FUND BALANCE - JUNE 30	\$5,312,120	\$4,481,175	\$4,210,808	\$3,820,954	\$3,494,425

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.

⁽¹⁾ See "TOWN OF BAR HARBOR – LOCAL ECONOMY – Parking Fund", herein.

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 2019/2020 the tax due dates are September 30, 2019 and March 31, 2020. All taxes paid after the due dates are subject to interest, established under Title 36, Section 186 of the Maine Revised Statutes, as amended, currently at the maximum rate of 9.00% per annum as set by the Town.

Real Estate Tax

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.

Personal Property Tax

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; and certain energy and pollution control facilities.

Pursuant to the BETE Act, the State will reimburse municipalities with respect to the lost property taxes associated with this new exemption through one of three formulas, whichever is most beneficial to the municipality, as follows:

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

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

For the purposes of identifying the municipality’s valuation for determining the local property tax rate, the value of all property made exempt by the BETE Act in the municipality must be considered part of that municipality’s local valuation to the extent the municipality is being reimbursed for its lost property taxes by the State other than property located in, and the assessed value of which is retained in, a tax increment financing district. The value of all property made exempt by this law in the Town will also be considered part of that municipality’s equalized State Valuation to the extent the Town is being reimbursed for its lost property taxes by the state with an additional adjustment for 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
2020	\$1,713,050	\$1,509,910	\$11.85	\$14,892,429	----- In Process -----		
2019	1,633,550	1,506,757	11.56	17,418,116	\$16,818,243	96.56%	96.56%
2018	1,577,200	1,497,194	10.96	16,409,251	16,020,406	97.64	99.00
2017	1,493,600	1,481,502	10.73	15,896,513	15,503,505	97.53	99.98
2016	1,428,800	1,471,964	10.59	15,588,095	15,239,884	97.76	99.98
2015	1,404,100	1,449,121	10.22	14,810,016	14,334,981	96.79	99.98
2014	1,390,700	1,435,775	10.01	14,372,104	13,918,708	96.86	99.98
2013	1,383,750	1,423,245	9.84	14,004,735	13,469,426	96.18	99.98
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

LARGEST TAXPAYERS

Taxpayer	As of April 1, 2019			
	Type of Business	Assessed Value	Tax	% of Levy
Emera Maine	Electric Utility	20,414,600	\$241,913	1.34%
Golden Anchor, LC	Hotel-Harborside	20,169,500	239,009	1.33%
Eden Street Trust	Hotel-Regency	17,957,500	212,796	1.18%
West Street Properties, LLC	Hotel-West Street	13,654,300	161,800	0.90%
Witham Family LTD, Partners	Hotel-BH Inn	13,616,200	161,352	0.90%
BHTC 111, LLC	Rest/Club	10,434,400	123,648	0.69%
Witham Family LTD	Hotel-Oceanside	10,379,300	122,995	0.68%
WS Atlantic, LLC	Hotel-Hampton	8,626,500	102,224	0.57%
Colket, Tristram C Jr	Residential	8,165,500	96,761	0.54%
Lafayette Bluenose, LLC	Hotel-Bluenose	6,763,300	<u>80,145</u>	<u>0.44%</u>
Top Ten Taxpayers			\$1,542,643	8.57%

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			
2019	\$135,186	\$115,289	\$347	\$463,669	\$55,724	\$770,215
2018	133,267	89,037	104	350,074	56,376	628,858
2017	128,200	64,565	1,253	290,474	60,631	545,143
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

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, 2020 the Town’s equalized state valuation (“equalized State Valuation”) was \$1,713,050,000. The 15% debt limit is \$256,957,500. As of June 30, 2019 the Town’s long-term debt outstanding was \$21,394,955 or 1.25% 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, 2019			Projected Balance on June 30, 2020	
				General	Proprietary	Total	(Payments)	Total
2002	Water (DRSRF)	750,000	10/1/2021		137,892	137,892	(44,755)	93,137
2004	School (MMBB)	805,000	11/1/2024	325,833		325,833	(47,749)	278,084
2010	Roads & Sidewalks	3,700,000	5/1/2030	2,035,000		2,035,000	(2,035,000)	0
2010	Water System	600,000	5/1/2030		330,000	330,000	(330,000)	0
2011	Sewer System	1,316,000	12/1/2031		918,008	918,008	(66,056)	851,952
2011	Water System	1,224,000	12/1/2031		781,992	781,992	(53,944)	728,048
2011	Ref'd'g Water 2001	2,515,000	12/1/2021		845,000	845,000	(240,000)	605,000
2012	Water (DWSRF)	2,679,150	10/1/2032		1,918,938	1,918,938	(128,379)	1,790,559
2013	Pub Works Bldg	3,350,000	10/15/2033	2,690,000		2,690,000	(140,000)	2,550,000
2014	Municipal Bldg	2,442,000	10/15/2034	1,945,000		1,945,000	(125,000)	1,820,000
2015	Hulls Cove (Ref'd'd)	510,000	10/15/2027		405,000	405,000	(40,000)	365,000
2015	Park & Seawall	360,000	10/15/2024	240,000		240,000	(40,000)	200,000
2015	Pub Sfty Bldg	400,000	10/15/2035	340,000		340,000	(20,000)	320,000
2015	Water Main	1,700,000	10/15/2035		1,445,000	1,445,000	(85,000)	1,360,000
2017	Ladder, PubSfty, Trans	3,070,000	10/15/2037		2,910,000	2,910,000	(160,000)	2,750,000
2019	Parking Meters	600,000	10/15/2023		600,000	600,000	(120,000)	600,000
2019	Pier Acquisition - Sr A	2,275,000	10/15/2039		2,275,000	2,275,000	(110,000)	2,275,000
2019	Pier Acquisition - Sr B	1,225,000	10/15/2039		1,225,000	1,225,000	0	1,225,000
	Sub-totals			7,575,833	13,791,830	21,367,663	(3,785,883)	17,581,780
2020	Ref'd'g 2010	1,865,000	5/1/2030					1,865,000
	Totals			\$7,575,833	\$13,791,830	\$21,367,663	(\$3,785,883)	\$19,446,780

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,	2002 DWSRF	2004 Issues	2010 Issues	(2010 Ref'd'd)	2011 Issues	2012 DWSRF	2013 Issue	2014 Issue	2015 Issue	2017 Issue	2019 Sr A	2019 Sr B	2020 Ref'd'g	Total Debt
2020	\$44,755	\$47,749	\$215,000	\$0	\$360,000	\$128,379	\$140,000	\$125,000	\$185,000	\$160,000	\$230,000	\$0	\$0	\$1,635,883
2021	45,953	50,197	215,000	(215,000)	375,000	129,663	145,000	125,000	185,000	160,000	230,000	45,000	185,000	1,675,813
2022	47,184	52,772	215,000	(215,000)	380,000	130,960	150,000	125,000	185,000	160,000	230,000	45,000	185,000	1,690,916
2023		55,478	215,000	(215,000)	130,000	132,269	155,000	130,000	190,000	160,000	230,000	45,000	185,000	1,412,747
2024		58,323	215,000	(215,000)	135,000	133,592	160,000	130,000	190,000	160,000	230,000	50,000	185,000	1,431,915
2025		61,314	215,000	(215,000)	140,000	134,928	165,000	130,000	190,000	160,000	115,000	50,000	185,000	1,331,242
2026			215,000	(215,000)	145,000	136,277	170,000	130,000	155,000	160,000	115,000	55,000	200,000	1,266,277
2027			215,000	(215,000)	155,000	137,640	175,000	130,000	155,000	160,000	115,000	55,000	185,000	1,267,640
2028			215,000	(215,000)	135,000	139,016	180,000	130,000	155,000	160,000	115,000	60,000	185,000	1,259,016
2029			215,000	(215,000)	140,000	140,406	190,000	130,000	105,000	160,000	115,000	60,000	185,000	1,225,406
2030			215,000	(215,000)	145,000	141,811	195,000	110,000	105,000	160,000	115,000	65,000	185,000	1,221,811
2031					150,000	143,229	205,000	110,000	105,000	160,000	115,000	65,000		1,053,229
2032					155,000	144,660	210,000	110,000	105,000	160,000	115,000	70,000		1,069,660
2033						146,108	220,000	110,000	105,000	155,000	115,000	70,000		921,108
2034							230,000	110,000	105,000	135,000	115,000	75,000		770,000
2035								110,000	105,000	135,000	115,000	75,000		540,000
2036									105,000	135,000	115,000	80,000		435,000
2037										135,000	115,000	85,000		335,000
2038										135,000	115,000	85,000		335,000
2039										115,000	90,000			205,000
	\$137,892	\$325,833	\$2,365,000	(\$2,150,000)	\$2,545,000	\$1,918,938	\$2,690,000	\$1,945,000	\$2,430,000	\$2,910,000	\$2,875,000	\$1,225,000	\$1,865,000	\$21,082,663

DEBT RATIOS

Fiscal Yr. End June 30,	Population	Equalized State Val. (000)	Assessed Valuation (000)	Total Debt	Debt as Eq. Val.	Per Capita Debt
2019	5,235	\$1,633,550	\$1,506,757	\$21,367,663	1.31%	\$4,082
2018	5,235	1,577,200	1,497,194	18,648,777	1.18	3,562
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

DEBT OBLIGATIONS, BY FUND TYPE

FY June 30,	General Fund Debt		Enterprise Fund Debt	Total Debt	Ent. Debt as Total Debt
	(Town)	(School)			
2019	\$14,260,000	\$325,833	\$6,781,830	\$21,367,663	31.7%
2018	10,830,000	371,252	7,447,525	18,648,777	40.0
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

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		
2019	0.87%	0.02%	0.42%	1.31%	\$2,724	\$62	\$1,296	\$4,082
2018	0.69	0.02	0.47	1.18	2,069	71	1,423	3,563
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

DEBT SERVICE COMPONENT OF OPERATING EXPENSES

	2015	2016	2017	2018	2019
Total Current Year Debt Service:	\$1,907,026	\$2,034,204	\$2,319,332	\$2,299,577	\$2,146,027
(less Enterprise Debt Service):	(1,217,234)	(1,201,047)	(1,340,309)	(1,329,585)	(854,403)
Tax Supported Debt Service:	\$689,792	\$833,157	\$979,023	\$969,992	\$1,291,624
Budgeted Operating Expense:	\$17,920,232	\$18,454,861	\$18,805,822	\$19,458,654	\$20,540,943
Debt Service as % Oper. Expense:	3.85%	4.51%	5.21%	4.99%	6.29%

PROJECTED DEBT SERVICE REQUIREMENTS

FY June 30,	Prior Debt			Projected Debt (This Issue)			Projected Total
	Principal	Interest	Total	(2010)	2020	Total	
2020	\$1,635,883	\$714,026	\$2,349,909			(\$61,089)	\$2,288,820
2021	1,705,813	657,814	2,363,627	(\$293,475)	\$286,280	(7,195)	2,356,432
2022	1,720,916	600,800	2,321,716	(287,025)	269,000	(18,025)	2,303,691
2023	1,442,747	541,523	1,984,270	(280,145)	259,750	(20,395)	1,963,875
2024	1,461,915	486,796	1,948,711	(273,050)	250,500	(22,550)	1,926,161
2025	1,361,242	435,190	1,796,432	(265,525)	241,250	(24,275)	1,772,157
2026	1,281,277	387,420	1,668,697	(258,000)	247,000	(11,000)	1,657,697
2027	1,297,640	338,725	1,636,365	(249,400)	222,000	(27,400)	1,608,965
2028	1,289,016	292,150	1,581,166	(240,800)	212,750	(28,050)	1,553,116
2029	1,255,406	249,010	1,504,416	(232,200)	203,500	(28,700)	1,475,716
2030	1,251,811	208,165	1,459,976	(223,600)	194,250	(29,350)	1,430,626
2031	1,053,229	167,661	1,220,890				1,220,890
2032	1,069,660	135,083	1,204,743				1,204,743
2033	921,108	105,067	1,026,175				1,026,175
2034	770,000	71,215	841,215				841,215
2035	540,000	49,803	589,803				589,803
2036	435,000	34,575	469,575				469,575
2037	335,000	22,530	357,530				357,530
2038	335,000	11,970	346,970				346,970
2039	205,000	3,345	208,345				208,345
TOTAL	\$21,367,663	\$5,512,868	\$26,880,531	(\$2,603,220)	\$2,386,280	(\$278,029)	\$26,602,502

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, 2020 the Town’s equalized State Valuation of \$1,713,050,000 is 12.60% of the County’s equalized State Valuation of \$13,600,150,000. As of December 31, 2019 the County had \$0 long-term debt outstanding.

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 June 30, 2019, CSD No. 7 had total bonded debt outstanding of \$1,368,700. For the 2019/2020 fiscal period, CSD No. 7 assesses the Town \$3,140,660 of the total CSD assessment of \$8,084,067, or 38.85% of the total assessment. The Town is, therefore, responsible for \$524,075 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</u>	<u>Overlapping</u>	<u>Contingent</u>	<u>Total Debt</u>
Town of Bar Harbor (CIP)	\$14,260,000			\$14,260,000
Town of Bar Harbor (School)	325,833			325,833
Town of Bar Harbor (Enterprise)	6,781,830			6,781,830
C.S.D. No. 7 (@38.3%)		\$524,075		524,075
County of Hancock (@12.0%) ⁽¹⁾		0		0
Total A/O June 30, 2019	\$21,367,663	\$524,075	\$0	\$21,891,738
Debt as % Eq State Valuation	1.31%	0.03%	0.00%	1.34%
Per Capita Debt	\$4,082	\$100	\$0.00	\$4,182

NOTE: ⁽¹⁾ Projected as of December 31, 2019.

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.

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

SET benefit terms are established by Maine Statute. The PLD 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. 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 PLD members the 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 teacher members 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. For the year ended June 30, 2019, the SET Plan member contribution rate was 7.65% and the employer contribution rate was 3.97% of applicable member compensation. The employer (School portion) is also responsible for contributing 11.68% of all federally funded member compensation. The State of Maine, as a non-employer contributing entity, pays 11.08% of the applicable member compensation into MainePERS. For the year ended June 30, 2019, the PLD Plan member contribution rate was 8.0% for the Regular AC Plan and 9.0% for the Special 4C Plan-Public Safety. Employer contribution rates were 10.0% for the Regular AC Plan and 8.74% for the Special 4C Plan of applicable member compensation.

The required contribution paid to MainePERS from the year ended June 30, 2019 and the previous two years are:

SET Plan – School Only

For year ended June 30,	Contributions from:			Applicable Compensation	
	Employee	Employer	State	Member	Mem. Federal
2019	\$237,249	\$113,916	\$333,383	\$3,101,296	\$92,422
2018	230,220	129,379	324,046	3,009,410	84,805
2017	233,126	111,546	296,672	3,047,399	86,602

PLD Plan – School Portion

For year ended June 30,	Contributions from:		Applicable Compensation
	Employee	Employer	
2019	\$13,788	\$17,234	\$172,344
2018	14,080	16,896	176,002
2017	14,471	17,184	180,888

PLD Plan – Town Portion

For year ended June 30,	Contributions from:		Applicable Compensation
	Employee	Employer	
2019	\$245,608	\$274,535	\$2,911,360
2018	225,123	241,823	2,671,400
2017	222,452	229,599	2,636,895

At June 30, 2019, the Town reported a net pension liability of \$93,651 for the SET Plan and \$1,272,217 for the PLD Plan. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by actuarial valuation as of that date. The Town'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, 2018, the Town's proportionate share of the SET Plan was 0.006941% and for the PLD Plan was 0.464860% which was a decrease of 0.000162% and an decrease of 0.012851%, respectively, from its proportion measured at June 30, 2017.

For the year ended June 30, 2019 the Town recognized pension expense of \$123,821 for the SET Plan and (\$221,837) for the PLD plan, for a total of (\$98,016). At June 30, 2019, the Town recorded deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SET Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience:	\$2,860	\$-
Changes of Assumptions:	5,891	-
Net difference between projected and actual earnings on pension investments:	-	12,176
Changes in proportion and differences between contributions and proportionate share of contributions:	1	5,064
Employer contributions made subsequent to measurement date:	133,916	-
Total:	\$142,668	\$17,240

	<u>PLD Plan</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience:	\$3,983	\$13,973
Changes of Assumptions:	203,055	-
Net difference between projected and actual earnings on pension investments:	-	307,188
Changes in proportion and differences between contributions and proportionate share of contributions:	35,348	35,656
Employer contributions made subsequent to measurement date:	291,769	-
Total:	\$534,155	\$356,656
Totals:	\$676,823	\$373,896

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>
2019	\$3,215	\$184,148
2020	236	(10,045)
2021	(8,667)	(208,980)
2022	(3,271)	(79,395)

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2018, methodology and assumptions are detailed in "APPENDIX A – TOWN OF BAR HARBOR, MAINE, FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2019" Note 4D, pages 38 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 with the Town contributing from 6.5% to 10.0%. The Town's contribution to the ICMA Plan for fiscal year ended June 30, 2017, 2018 and 2019 were \$72,612, \$81,508 and \$77,899, respectively.

C. 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.

D. 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.

OPEB - MainePERS Group Life Insurance Plan

Description

Qualifying personnel of the Town’s School Department participate in the Group Life Insurance Plan for Retired State Employees and Teachers as provided by the MainePERS (SET Plan). The SET Plan is a multiple-employer, cost sharing plan with a special funding situation. As of June 30, 2018 there were 220 employers, including the State of Maine, participating in the plan. The State is also a non-employer contributing entity in that the State pays contributions for retired public school teachers in the SET Plan. The Group Life Insurance Plan for Retired Participating Local District (PLD Consolidated Plan) employees is a multiple-employer cost sharing plan. As of June 30, 2018, there were 138 employers participating in the plan.

Benefits

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

Funding Policy

Premium rates are those determined by MainePERS’ Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for basic life insurance for retired teachers are paid by the State as the total dollar amount of each year's annual required contribution. PLD employers are required to remit monthly a premium of \$0.46 per \$1,000 of coverage for covered active employees, a portion of which is to provide a level of coverage in retirement. PLD employers with retired PLD employees continue to remit a premium of \$0.46 per \$1,000 of coverage per month during the post-employment retired period.

Special Funding Situation – SET Plan

The State participates in the SET Plan as a non-employer contributing entity in that the State pays the actuarially determined premium contributions associated with retired teachers.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

As of June 30, 2019, the Town reported a net OPEB liability of \$49,603 for the PLD Plan. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by actuarial valuation as of that date. The Town’s share of the collective net OPEB liability was equal to the collective net OPEB liability multiplied by the projection of the Town’s long-term

share of contributions to the OPEB plan relative to the projected contributions of all participating members. At June 30, 2018, the Town’s proportion of contributions was 0.245548% for the PLD Plan, which was a decrease of 0.01516% from its proportion measured at June 30, 2017.

For the fiscal year ended June 30, 2019, the Town recognized OPEB expense of \$592 for the PLD Plan. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources were:

	<u>PLD Plan</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience:	\$4,186	\$-
Changes of Assumptions:	3,180	9,153
Net difference between projected and actual earnings on pension investments:	-	2,604
Changes in proportion and differences between employer premiums and proportionate share of premiums:	-	6,808
Total:	\$7,366	\$18,565

Projected amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	<u>PLD Plan</u>
2019	(\$3,151)
2020	(3,151)
2021	(3,151)
2022	(2,659)
2023	913

Actuarial Methods and Assumptions

The collective total pension liability for the Plans was determined by an actuarial valuation as of June 30, 2018, methodology and assumptions are detailed in “APPENDIX A – TOWN OF BAR HARBOR, MAINE, FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2019” Note 4F, pages 43 et seq, herein.

OPEB – PLD Health Insurance Plan

The Town is a member of the Maine Municipal Employees Health Trust (the “Health Trust”). Qualifying personnel of the Town can participate in the Maine Municipal Employees Health Trust post-retirement benefit plan. The plan is a single employer OPEB plan.

Benefits provided

Medical/Prescription Drug: The non-Medicare retirees are offered the same plans that are available to the active employees, as described in the benefits summaries. Medicare retirees are assumed to be enrolled in Medicare Part A and Part B which are primary, and the Retiree Group Companion Plan which includes prescription drug coverage.

Medicare: Medicare benefits will be taken into account for any member or dependent while they are eligible to apply for Medicare. The Fund will determine a family member’s benefit allowance, if any, based upon

the applicable Medicare statutes and regulations. The Fund does not participate in the Medicare Retiree Drug Subsidy program.

Duration of Coverage: Medical benefits are provided for the life of the retiree and surviving spouses.

Life Insurance: The \$2,000 life insurance benefit is provided automatically to all retirees participating in the retiree medical plan. Spouses are not covered for life insurance, but surviving spouses covered by the retiree medical plan are covered for a \$2,000 life insurance benefit as well.

Dental: Current retirees do not have access to dental benefits. Future new retirees who retire on and after the coverage and rates are set to mirror plan experience costs, no additional obligation is anticipated. Program experience will be monitored with future valuations and updated as with all benefit provisions and assumptions.

Employees covered by benefit terms:

At June 30, 2019, the following employees were covered under the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments:	0
Inactive employees entitled to but not yet receiving benefit payments:	0
Active employees:	50
Average age:	45.18
Average service:	9.61
Retirees:	3
Average Retiree age:	69.25

Net OPEB Liability

The Town’s net OPEB liability was measured as of January 1, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The total OPEB liability in the January 1, 2019 actuarial valuation was determined using actuarial assumptions detailed in “APPENDIX A – TOWN OF BAR HARBOR, MAINE, FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2019” Note 4G, pages 47 et seq, herein.

OPEB-AOS #91-Bar Harbor-Maine Education Association Benefits Trust Health Insurance Plan

Plan Description

The AOS 91 – Bar Harbor-Maine Education Association Benefits Plan is a single employer OPEB plan with a measurement date of June 30, 2018, and an employer reporting date of June 30, 2019, for the 2019 year.

The MEA Benefits Trust (“MEABT”) was established by the Maine Education Association on April 10, 1993, as an employee welfare benefit plan. The MEABT is administered by Trustees, in accordance with its terms for the exclusive benefit of Plan participants and beneficiaries. The principal asset of the MEABT is a group insurance contract, currently held with Anthem Blue Cross and Blue Shield of Maine, (Anthem), which provides medical, hospital, surgical, prescription coverage and related health benefits to approximately 69,000 individuals in the State of Maine, including active educators, retired educators and

related personnel and their dependents. The Trustees of the MEABT, as part of their duties, while serving on the Trust, help develop the plan design for its participants. The Trust negotiates directly with Anthem to provide these benefits to all active and retired participants.

Benefits Provided:

MEABT is committed to providing the best health and wellness insurance plans at an affordable rate for the benefits of all Plan participants. Established in 1993, and headquartered in Augusta, Maine, the MEABT is a not-for-profit, employee welfare benefit plan dedicated to the health of Maine public school employees and their families. An eight member Board of Trustees – all current or retired public school employees – governs the health insurance plan which provides coverage to approximately 65,000 individuals in the State of Maine, including active teachers, retired teachers, related personnel and their dependents. The plan, which includes medical, pharmacy and wellness benefits, is available to members through bargaining between their local Maine Education Association Union and their employer.

Eligibility

The employee must have participated in the MEA Benefits Trust Health plan for the 12 months prior to retirement, and have 10 years of continuous active service and enrollment in the health plan (under age 50), or 5 years of continuous active service and enrollment in the health plan (age 50 or above), in order to be eligible for postretirement benefits. A retiree who terminates coverage may elect to re-enroll in coverage at a later date if the participant participated in the health plan for 12 months prior to terminating coverage, if the re-enrollment occurs within 5 years from the date of termination of coverage, and if the retiree does not surpass attaining age 62 at the time of re-enrollment. The participant has to have maintained continuous health insurance coverage during this break in coverage. To be eligible for re-enrollment, a retiree may not take more than one break in coverage.

Employees Covered by Benefit Terms

	<u>Active</u>	<u>Under 65</u>	<u>Retirees</u> <u>Over 65</u>	<u>Total</u>	<u>Under 65</u>	<u>Spouses</u> <u>Over 65</u>	<u>Total</u>
Count	64	2	34	36	0	4	4
Average Age	49.1	61.5	76.88	76.03	NA	75	74.75
Average Service	14.3						

Cost Sharing Provisions

The retiree is eligible for a State subsidy of 45% of the blended single premium for the retiree only. Under State law, the blended premium is determined by blending rates for active members and retired members. The retiree pays 55% of the blended premium rate for coverage elected. Spouses must contribute 100% of the blended premium amounts. Thus, the total premium is paid for by both the State and the retiree and or spouse. The Maine Education Association Benefits Trust is not responsible for the premium, but instead, the implicit rate subsidy. The implicit rate subsidy is the value of the cost of care minus the premiums charged. Since the premiums are based on the average active and pre-Medicare retirees, the retirees are implicitly paying less than the true cost of coverage, thus an implied subsidy. This is the basis of the liability throughout the report.

Funding Policy

Since the plan is pay-as-you-go and is not funded, the discount rate will be based on a 20-year, tax-exempt general obligation municipal bond index. Using the Bond Buyer 20-Bond GO Index, the discount rate as

of June 30, 2017 is 3.58% per annum; the discount rate as of June 30, 2018 is 3.87% per annum. This rate is assumed to be an index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher, for pay-as-you-go plans.

Net OPEB Liability

The School's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using actuarial assumptions detailed in "APPENDIX A – TOWN OF BAR HARBOR, MAINE, FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2019" Note 4H, pages 52 et seq, herein.

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.

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 has one active outstanding Complaint for Declaratory Judgment related to a June 2019 Town Meeting vote to increase the Town's vacation rental fees from \$50 (one-time) to \$250 (annual). The higher charges relate to added administrative and inspection costs of the Town. The plaintiff wishes only to overturn the fee, but not ask for damages, legal costs, etc. There have only been depositions and filings of briefs in the Business and Consumer court to date. 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.

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APPENDIX A

**TOWN OF BAR HARBOR, MAINE
ANNUAL FINANCIAL STATEMENTS
AND SUPPORTING SCHEDULES
FOR THE
YEAR ENDED JUNE 30, 2019**

(With Report of Independent Auditors' Thereon)

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TOWN OF BAR HARBOR, MAINE

*FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORTS*

*FOR THE FISCAL YEAR
ENDED JUNE 30, 2019*

**TOWN OF BAR HARBOR
 FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
 FOR THE YEAR ENDED JUNE 30, 2019**

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James W. Wadman

CERTIFIED PUBLIC ACCOUNTANT

James W. Wadman, C.P.A.
Ronald C. Bean, C.P.A.
Kellie M. Bowden, C.P.A.
Wanese L. Lynch, C.P.A.
Amy E. Atherton, C.P.A.

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, 2019, 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, 2019, 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/other post-employment benefits disclosure schedules on pages 3 through 8 and 57 - 68, 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 the 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 5, 2019

TOWN OF BAR HARBOR, MAINE
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

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, 2019. 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 and related subsequent statements.

FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

Government-wide Highlights:

Net Position – The assets of the Town exceeded its liabilities at fiscal year ending June 30, 2019 by \$41,251,472 (presented as “net position”). Of this amount, \$11,241,291 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 \$3,501,553 (a 9.3% increase) for the fiscal year ended June 30, 2019. Net position of governmental activities increased by \$2,150,108 (a 10.0% increase), while net position of business-type activities showed an increase of \$1,351,445 (an 8.6% increase).

Fund Highlights:

Governmental Funds – Fund Balances – As of the close of the fiscal year ended June 30, 2019, the Town's governmental funds reported a combined ending fund balance of \$9,856,636 with \$987,552 being general unassigned fund balance. This unassigned fund balance represents approximately 5.0% of the total general fund expenditures for the year.

Long-term Debt:

The Town's total long-term debt obligations increased by \$2,712,971 (14.52%) during the current fiscal year. Long-term debt obligations for governmental activities increased by \$3,378,666 (30.07%) while long-term debt obligations for business-type activities decreased by \$665,695 (8.94%). Existing debt obligations were retired according to schedule. A new bond was issued in the amount of \$2,875,000 for the purchase of parking meters and the tax exempt portion of the ferry terminal purchase. A second bond was issued in the amount of \$1,225,000 for the taxable portion of the ferry terminal purchase. A capital lease for the school department was also issued in the amount of \$7,504 for a color copier system. Additional information on the Town's long-term debt can be found in Note 3d of this report on pages 30 - 33.

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 9-10 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 11-14 of this report.

The basic proprietary fund financial statements can be found on pages 15-17 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found on pages 18-56 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 the pension disclosure schedules as required by GASB Statement #68 and the OPEB schedules as required by GASB Statement #75. Required supplementary information can be found on pages 57-68 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

69.8% of the Town's net position reflects its net investment in capital assets such as land, buildings, equipment and infrastructure (roads, parking lots 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.

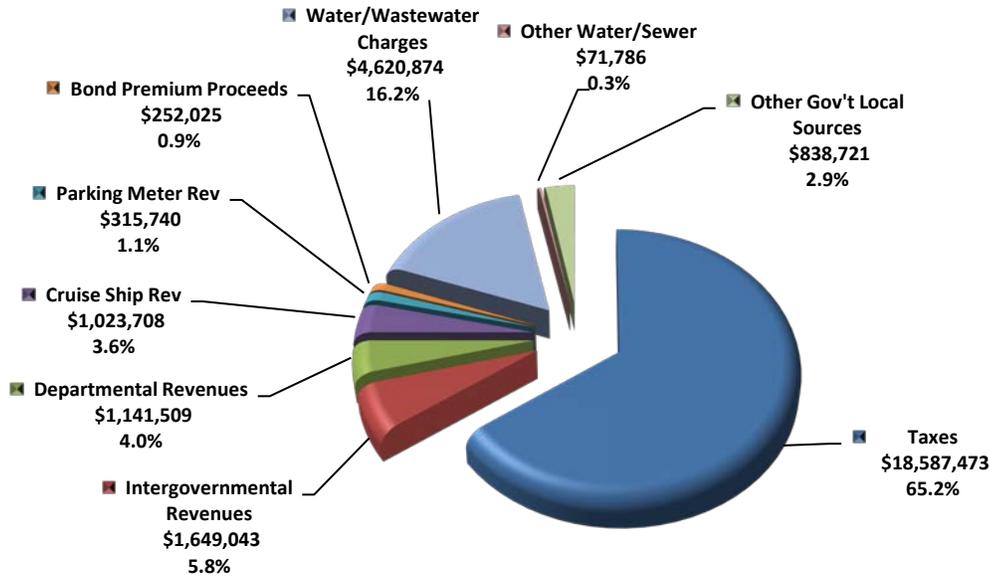
	Governmental Activities	Business-type Activities	Total 2019	Total 2018
Current Assets	11,919,253	4,768,884	16,688,137	15,928,873
Capital Assets	30,494,805	19,701,126	50,195,931	46,557,129
Total Assets	42,414,058	24,470,010	66,884,068	62,486,002
Related to OPEB	67,308		67,308	68,506
Related to Pensions	562,320	114,503	676,823	1,335,158
Total Deferred Outflows of Resources	629,628	114,503	744,131	1,403,664
Total Assets and Deferred Outflows of Resources	43,043,686	24,584,513	67,628,199	63,889,666
Current Liabilities	2,454,399	996,754	3,451,153	4,360,299
Other Liabilities	16,077,864	6,356,470	22,434,334	19,822,602
Total Liabilities	18,532,263	7,353,224	25,885,487	24,182,901
Property Taxes Collected in Advance	28,902		28,902	150,160
Related to OPEB	88,442		88,442	19,241
Related to Pensions	300,230	73,666	373,896	862,248
Total Deferred Inflows of Resources	417,574	73,666	491,240	1,031,649
Net Investment in Capital Assets	15,881,680	12,921,301	28,802,981	27,877,873
Restricted	1,207,200		1,207,200	840,932
Unrestricted	7,004,969	4,236,322	11,241,291	9,956,311
Total Net Position	24,093,849	17,157,623	41,251,472	38,675,116
Total Liabilities, Deferred Inflows of Resources and Net Position	43,043,686	24,584,513	67,628,199	63,889,666

Changes in Net Position

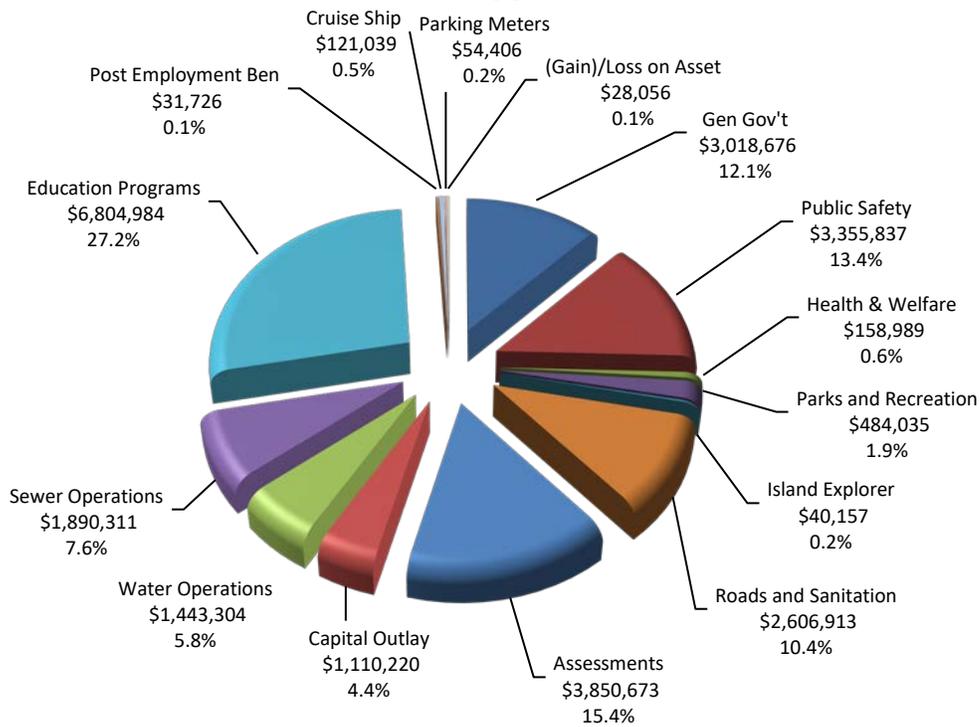
Approximately 65.2% of the Town's total revenue came from property and excise taxes, approximately 5.8% came from Federal and State subsidies and grants, and approximately 29% came from services, investment earnings and other sources. Depreciation expense on the Town's governmental and business-type activity assets represents \$2,179,421 of the total expenses for the fiscal year. Depreciation for governmental activities was \$1,330,046 while depreciation for business-type activities was \$849,375. The summary below includes the general, capital improvement, cruise ship, parking and school funds under governmental activities.

	Governmental Activities	Business-type Activities	Total 2019	Total 2018
Revenues:				
Taxes	18,587,473		18,587,473	17,548,028
Intergovernmental Revenues	1,649,043		1,649,043	1,476,002
Departmental Revenues	1,141,509	4,620,874	5,762,383	5,387,274
Cruise Ship Revenues	1,023,708		1,023,708	919,293
Parking Meter Revenues	315,740		315,740	-
Bond Premium Proceeds	252,025	-	252,025	44,581
Contributions in Aid of Construction		-	-	50,855
Other Local Sources	838,721	71,786	910,507	766,687
Transfer from Fiduciary	-		-	3,612
Total	23,808,219	4,692,660	28,500,879	26,196,332
Expenses:				
General Government	3,018,676		3,018,676	3,269,504
Public Safety	3,355,837		3,355,837	3,382,629
Health & Welfare	158,989		158,989	157,479
Parks and Recreation	484,035		484,035	419,496
Island Explorer Shuttle Bus	40,157		40,157	39,823
Roads and Sanitation	2,606,913		2,606,913	2,460,759
Assessments	3,850,673		3,850,673	3,763,224
Capital Outlay	1,110,220		1,110,220	687,879
Water Operations		1,443,304	1,443,304	1,499,318
Sewer Operations		1,890,311	1,890,311	1,992,655
Education Programs	6,804,984		6,804,984	6,637,174
Cruise Ship	121,039		121,039	142,695
Parking Meters	54,406		54,406	142,695
Post Employment Benefits	31,726		31,726	238,411
(Gain)/Loss on Disposal of Assets	20,456	7,600	28,056	129,100
Total	21,658,111	3,341,215	24,999,326	24,962,841
Changes in Net Position	2,150,108	1,351,445	3,501,553	1,233,491

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 \$9,856,636, an increase of \$1,110,976 in comparison with the prior year. Approximately 10.0 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 revenues and expenditures and the final amended budget included the following:

General Fund

Revenues:

- \$176,328 negative variance in property tax revenue due to the adjustment for unavailable collections. Outstanding taxes/liens, net of collections after 60 days of year end, were higher than the previous year
- \$145,709 positive variance in auto excise revenue resulting from conservative budgeting.
- \$46,682 negative variance in Ambulance Billings and Write Offs due the closing of the elderly housing facility causing a decrease in ambulance activity
- \$36,282 positive variance in building permits due to an increase in activity
- \$11,290 negative variance in plumbing permits due to several receipts coded to septic permit revenue
- \$19,250 positive variance in vacation rental permits due to a higher fee instituted
- \$13,377 positive variance in docking fees due to summer yacht visits increasing
- \$122,788 positive variance in investment interest due to conservative budgeting and higher yield rates

Expenditures:

- \$17,270 negative variance in legal counsel due to two ongoing lawsuits
- \$49,747 positive variance in employee benefits due to employees opting out of the town health insurance and lower than anticipated HRA payouts
- \$15,068 negative variance in vacation accruals due to staff shortages and less vacation taken
- \$43,366 positive variance in contingency as the town council did not utilize most of the balance
- \$51,257 positive variance in the highway division due to transferring \$51,000 from the contingency budget
- \$44,380 negative variance in solid waste due to the costs of delays for the new Hampden transfer facility

Wastewater Fund

Revenues:

- \$380,061 positive variance in revenues due to the Jackson Lab increased volume

Expenses:

- \$40,902 positive variance in health related insurance programs due to lower expenses
- \$12,345 negative variance in chemical costs due to a low budget projection
- \$24,337 negative variance in electricity costs due to higher wastewater volume
- \$13,629 negative variance in repairs and maintenance due to more work needed for mains and services than anticipated

Water Fund

Revenues:

- \$63,536 positive variance in revenues due to the Jackson Lab increased volume
- \$22,113 positive variance in interest income due to delay in expending Route 3 bond funds

Expenses:

- \$11,610 positive variance in repairs and maintenance due to less work needed

CAPITAL ASSET ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental and business-like activities amounts to \$88,459,384, net of accumulated depreciation of \$38,263,453, leaving a net book value of \$50,195,930. Current year additions included Capital Improvements such as \$3.5 million for the ferry terminal and \$600,000 for the parking meters as well as 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, 2019

Exhibit A

	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
Assets:			
Cash and Equivalents	8,761,314	3,964,829	12,726,143
Investments	1,815,142		1,815,142
Receivables:			
Taxes and Liens	796,236	30,000	826,236
User Fees, net		541,978	541,978
Accounts	209,107	20,356	229,463
Ambulance	226,751		226,751
Accrued Interest	9,650		9,650
Prepaid Expense	-	10,636	10,636
Inventory	19,036	199,080	218,116
Due from Other Governments	82,017		82,017
Bond Issuance Costs, Net		2,005	2,005
Capital Assets:			
Land	5,463,075	164,126	5,627,201
Construction Work in Progress	335,295	3,867	339,162
Other Capital Assets, Net of Depreciation	24,696,435	19,533,133	44,229,568
Total Assets:	42,414,058	24,470,010	66,884,068
Deferred Outflows of Resources:			
Related to Other Post Employment Benefits	67,308		67,308
Related to Pensions	562,320	114,503	676,823
Total Deferred Outflows of Resources	629,628	114,503	744,131
Total Assets and Deferred Outflows of Resources	43,043,686	24,584,513	67,628,199
Liabilities, Deferred Inflows of Resources and Net Position:			
Liabilities:			
Accounts Payable	493,910	172,041	665,951
Payroll Taxes Deductible	23,829		23,829
Due to Students	4,922		4,922
Accrued Salaries Payable	647,204	33,473	680,677
Accrued Compensated Absences	344,090	34,791	378,881
Accrued Interest Payable		35,552	35,552
Internal Balances	(32,763)	32,763	-
Deposits Payable	12,065		12,065
Debt Due Within One Year	961,142	688,134	1,649,276
Long-term Liabilities:			
Net Pension Liability	1,103,094	262,774	1,365,868
Net Post Employment Benefits Obligation	1,322,787		1,322,787
Debt Due in More Than One Year	13,651,983	6,093,696	19,745,679
Total Liabilities	18,532,263	7,353,224	25,885,487
Deferred Inflows of Resources:			
Property Taxes Collected in Advance	28,902		28,902
Related to Other Post Employment Benefits	88,442		88,442
Related to Pensions	300,230	73,666	373,896
Total Deferred Inflows of Resources	417,574	73,666	491,240
Net Position:			
Net Investment in Capital Assets	15,881,680	12,921,301	28,802,981
Restricted	1,207,200		1,207,200
Unrestricted	7,004,969	4,236,322	11,241,291
Total Net Position	24,093,849	17,157,623	41,251,472
Total Liabilities, Deferred Inflows of Resources and Net Position	43,043,686	24,584,513	67,628,199

TOWN OF BAR HARBOR
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

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-type Activities</u>	<u>Total</u>
<u>Primary Government</u>						
<u>Governmental Activities:</u>						
General Government	3,018,676	489,509		(2,529,167)		(2,529,167)
Public Safety	3,355,837	633,418	2,258	(2,720,161)		(2,720,161)
Health and Welfare	158,989			(158,989)		(158,989)
Parks & Recreation	484,035	900		(483,135)		(483,135)
Island Explorer Shuttle Bus	40,157			(40,157)		(40,157)
Roads and Sanitation	2,606,913	23,718		(2,583,195)		(2,583,195)
Assessments	3,850,673			(3,850,673)		(3,850,673)
Capital Outlay	1,110,220	-		(1,110,220)		(1,110,220)
Education	6,804,984	203,533	1,210,385	(5,391,066)		(5,391,066)
Post Employment Benefits	31,726			(31,726)		(31,726)
Parking Meters	54,406	315,740		261,334		261,334
Cruise Ship	121,039	1,023,708		902,669		902,669
<u>Total Governmental Activities</u>	<u>21,637,655</u>	<u>2,690,526</u>	<u>1,212,643</u>	<u>(17,734,486)</u>		<u>(17,734,486)</u>
<u>Business-type Activities:</u>						
Wastewater	1,890,311	2,385,440			495,129	495,129
Water	1,438,400	2,235,434			797,034	797,034
<u>Total Business-type Activities</u>	<u>3,328,711</u>	<u>4,620,874</u>			<u>1,292,163</u>	<u>1,292,163</u>
<u>Total Primary Government</u>	<u>24,966,366</u>	<u>7,311,400</u>	<u>1,212,643</u>	<u>(17,734,486)</u>	<u>1,292,163</u>	<u>(16,442,323)</u>
<u>General Revenues:</u>						
Taxes						
Property				17,487,227		17,487,227
Auto and Boat Excise				1,100,246		1,100,246
Intergovernmental Revenues				436,400		436,400
Other Local Sources				881,177	71,786	952,963
Contributions in Aid of Construction					(4,904)	(4,904)
Gain/(Loss) on Disposal of Assets				(20,456)	(7,600)	(28,056)
<u>Total Revenues, Special Items and Transfers</u>				<u>19,884,594</u>	<u>59,282</u>	<u>19,943,876</u>
<u>Changes in Net Position</u>				<u>2,150,108</u>	<u>1,351,445</u>	<u>3,501,553</u>
<u>Net Position - Beginning, as restated</u>				<u>21,943,741</u>	<u>15,806,178</u>	<u>37,749,919</u>
<u>Net Position - Ending</u>				<u>24,093,849</u>	<u>17,157,623</u>	<u>41,251,472</u>

TOWN OF BAR HARBOR
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

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	8,759,252		2,062	8,761,314
Investments	1,801,734		13,408	1,815,142
Receivables				
Taxes	53,851			53,851
Tax Liens	742,385			742,385
Accounts	209,107			209,107
Ambulance Fees	226,751			226,751
Accrued Interest	9,650			9,650
Inventory	19,036			19,036
Due from Other Governments	82,017		-	82,017
Due from Other Funds	32,763	4,689,613	-	4,722,376
Total Assets	11,936,546	4,689,613	15,470	16,641,629
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts Payable	340,843	153,067		493,910
Payroll Taxes/Deductions	23,829			23,829
Accrued Salaries Payable	647,204			647,204
Accrued Compensated Absences	288,825			288,825
Due to Other Funds	4,689,613		-	4,689,613
Due to Students	4,922			4,922
Deposits Payable	12,065			12,065
Total Liabilities	6,007,301	153,067	-	6,160,368
Deferred Inflows of Resources:				
Property Taxes Collected in Advance	28,902			28,902
Unavailable Property Taxes	586,153			586,153
Unavailable Revenue		7,500		7,500
Unavailable Rental Income	2,070			2,070
Total Deferred Inflows of Resources	617,125	7,500	-	624,625
Fund Balances				
Nonspendable	865		11,757	12,622
Restricted	1,194,578		-	1,194,578
Committed		4,529,046		4,529,046
Assigned	3,129,125		3,713	3,132,838
Unassigned	987,552			987,552
Total Fund Balances	5,312,120	4,529,046	15,470	9,856,636
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	11,936,546	4,689,613	15,470	16,641,629

(Continued)

TOWN OF BAR HARBOR
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

Exhibit C
Page 2 of 2

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

Total Fund Balance	9,856,636
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$23,029,305	30,494,805
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds:	
Unavailable Revenues	595,723
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Bonds Payable	(14,585,833)
School Leases Payable	(27,292)
Accrued Compensated Absences - School Department	(55,265)
Deferred Inflows/Outflows Related to Other Post Employment Benefits	(21,134)
Post Employment Benefits Obligations	(1,322,787)
Net Pension Liability	(1,103,094)
Deferred Inflows/Outflows Related to Pensions	262,090
	<u>(16,853,315)</u>
Net Position of Governmental Activities	<u><u>24,093,849</u></u>

TOWN OF BAR HARBOR
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

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	18,409,625			18,409,625
Intergovernmental Revenues	1,546,452	100,333	2,258	1,649,043
Departmental Revenues	2,480,957	-		2,480,957
Other Local Sources	642,140	442,651	259	1,085,050
Total Revenues	23,079,174	542,984	2,517	23,624,675
Expenditures				
Current:				
General Government	2,988,113			2,988,113
Public Safety	3,202,696		2,258	3,204,954
Health and Welfare	145,956			145,956
Parks and Recreation	416,358			416,358
Island Explorer Shuttle Bus	40,157			40,157
Roads and Sanitation	2,004,343		-	2,004,343
Education	6,746,559			6,746,559
Assessments	3,850,673			3,850,673
Cruise Ship	121,039			121,039
Parking Meters	54,406			54,406
Capital Outlay		7,048,645	-	7,048,645
Total Expenditures	19,570,300	7,048,645	2,258	26,621,203
Excess of Revenues Over (Under)				
Expenditures	3,508,874	(6,505,661)	259	(2,996,528)
Other Financing Sources (Uses)				
Bond Proceeds		4,100,000		4,100,000
Lease Proceeds	7,504			7,504
Transfers In	483,941	2,685,522	-	3,169,463
Transfers Out	(3,169,374)	-	(89)	(3,169,463)
Total Other Financing Sources (Uses)	(2,677,929)	6,785,522	(89)	4,107,504
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	830,945	279,861	170	1,110,976
Fund Balance - July 1	4,481,175	4,249,185	15,300	8,745,660
Fund Balance - June 30	5,312,120	4,529,046	15,470	9,856,636

(Continued)

**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, 2019**

**Exhibit D
 Page 2 of 2**

Net change in fund balances - total governmental funds	1,110,976
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	5,209,587
Gain/(Loss) on Disposal of Assets	(20,456)
Depreciation expense	(1,330,045)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Unavailable Revenues	5,696
Unavailable Taxes	177,848
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	(4,100,000)
School Lease Proceeds	(7,504)
Capital lease obligation principal payments	13,419
General obligation bond principal payments	715,419
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	(3,759)
Post Employment Benefits Cost	5,400
Pension Plans (Deferred Outflows, Net Pension Liability, Deferred Inflows)	373,527
	<hr/>
Change in net position of governmental activities	<u><u>2,150,108</u></u>

TOWN OF BAR HARBOR
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2019

Exhibit E

<i>Assets</i>	<i>Wastewater Enterprise</i>	<i>Water Enterprise</i>	<i>Total</i>
Current Assets:			
Cash and Equivalents	2,256,354	1,708,475	3,964,829
Receivables			
User Fees, net	459,405	82,573	541,978
Liens Receivable	30,000	-	30,000
Accounts	15,376	4,980	20,356
Due From Other Funds	-	338	338
Inventory	22,749	176,331	199,080
Prepaid Expenses		10,636	10,636
Total Current Assets	2,783,884	1,983,333	4,767,217
Noncurrent Assets:			
Capital Assets, net	9,605,257	10,095,869	19,701,126
Bond Issuance Costs, net	-	2,005	2,005
Total Noncurrent Assets	9,605,257	10,097,874	19,703,131
Total Assets	12,389,141	12,081,207	24,470,348
Deferred Outflows of Resources:			
Related to Pensions	70,109	44,394	114,503
Total Deferred Outflows of Resources	70,109	44,394	114,503
Total Assets and Deferred Outflows of Resources	12,459,250	12,125,601	24,584,851
Liabilities and Net Position			
Liabilities			
Accounts Payable	88,272	83,769	172,041
Accrued Salaries and Benefits	20,647	12,826	33,473
Accrued Interest Payable	5,474	30,078	35,552
Due to Other Funds	26,651	6,450	33,101
Compensated Absences Payable	23,627	11,164	34,791
Bonds and Notes Payable	106,056	582,078	688,134
Total Current Liabilities	270,727	726,365	997,092
Noncurrent Liabilities:			
Net Pension Liability	157,922	104,852	262,774
Bonds and Notes Payable	1,216,952	4,876,744	6,093,696
Total Noncurrent Liabilities	1,374,874	4,981,596	6,356,470
Total Liabilities	1,645,601	5,707,961	7,353,562
Deferred Inflows of Resources:			
Related to Pensions	44,272	29,394	73,666
Total Deferred Inflows of Resources	44,272	29,394	73,666
Net Position			
Net Investment in Capital Assets	8,282,249	4,639,052	12,921,301
Retained Earnings			
Reserved	2,303,160	674,973	2,978,133
Unreserved	183,968	1,074,221	1,258,189
Total Net Position	10,769,377	6,388,246	17,157,623
Total Liabilities, Deferred Inflows of Resources and Net Position	12,459,250	12,125,601	24,584,851

TOWN OF BAR HARBOR

Exhibit F

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2019

	<u>Proprietary Fund Types</u>		<u>Total</u>
	<u>Wastewater</u>	<u>Water</u>	
	<u>Enterprise</u>	<u>Enterprise</u>	
Operating Revenues:			
Charges for Services	2,375,709	2,232,590	4,608,299
Interest - Late Penalties	9,731	2,844	12,575
Total Operating Revenues:	2,385,440	2,235,434	4,620,874
Operating Expenditures:			
Current:			
Salaries and Benefits	615,023	411,946	1,026,969
Contracted Services	226,088	236,468	462,556
Utilities & Commodities	248,942	61,437	310,379
Repairs & Maintenance	135,475	152,284	287,759
Equipment	8,196	12,672	20,868
Other Expenses	36,979	37,094	74,073
Depreciation and Amortization	531,235	309,060	840,295
Materials and Supplies	158,749	102,373	261,122
Total Operating Expenditures	1,960,687	1,323,334	3,284,021
Net Operating Income	424,753	912,100	1,336,853
Nonoperating Revenues (Expenses)			
Interest Revenue	27,388	28,113	55,501
Nonutility Income, net of expense	-	13,106	13,106
Jobbing Income, net of expense	-	3,179	3,179
Loss on Disposal of Assets	(7,600)	-	(7,600)
Contributions in Aid of Construction	-	(4,904)	(4,904)
Related to Pensions	114,084	27,416	141,500
Interest Expense	(43,708)	(142,482)	(186,190)
Total Nonoperating Revenue (Expenses)	90,164	(75,572)	14,592
Change in Net Position (net income)	514,917	836,528	1,351,445
Total Net Position - Beginning	10,254,460	5,551,718	15,806,178
Total Net Position - Ending	10,769,377	6,388,246	17,157,623

TOWN OF BAR HARBOR
STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2019

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	2,385,440	2,235,434	4,620,874
Payments to Suppliers	(777,450)	(565,234)	(1,342,684)
Payments to Employees	(615,023)	(411,946)	(1,026,969)
Other Receipts (Payments)	(44,579)	(25,713)	(70,292)
<i>Net Cash Provided by (Used in) Operating Activities</i>	948,388	1,232,541	2,180,929
<i>Cash Flows from Capital and Related Financing Activities</i>			
Purchases of Capital Assets	(270,765)	(381,544)	(652,309)
Principal Paid on Capital Debt	(93,753)	(571,943)	(665,696)
Interest Paid on Capital Debt	(43,708)	(142,482)	(186,190)
<i>Net Cash Used in Capital and Related Financing Activities</i>	(415,826)	(1,095,969)	(1,511,795)
<i>Cash Flows from Investing Activities</i>			
(Purchase)/Sale of Investments	34,148	(687,710)	(653,562)
Interest and Dividends	27,388	28,113	55,501
<i>Net Cash Provided by (Used in) Investing Activities</i>	61,536	(659,597)	(598,061)
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	594,098	(523,025)	71,073
<i>Balances - beginning of the year</i>	1,662,256	2,231,500	3,893,756
<i>Balances - end of the year</i>	2,256,354	1,708,475	3,964,829
<i>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</i>			
Net Operating Income (Loss)	424,753	912,100	1,336,853
Adjustment to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization	531,235	309,060	840,295
(Increase) Decrease in Accounts Receivable	15,981	(4,635)	11,346
(Increase) Decrease in Due To/From Other Funds	15,403	737,704	753,107
(Increase) Decrease in Inventory	2,475	14,689	17,164
(Increase) Decrease in Prepaid Expense		(173)	(173)
Increase (Decrease) in Accrued Wages Payable	1,983	(3,598)	(1,615)
Increase (Decrease) in Accrued Interest Payable	(389)	(2,128)	(2,517)
Increase (Decrease) in Compensated Absences Payable	1,097	(1,343)	(246)
Increase (Decrease) in Accounts Payable	(44,150)	(729,135)	(773,285)
<i>Net Cash Provided by (Used in) Operating Activities</i>	948,388	1,232,541	2,180,929

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019

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, the revenues and expenditures of the Parking 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.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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, \$586,153 has been so classified and reported on the general fund balance sheet.

Annual property taxes were levied on August 17, 2018, on property values assessed on April 1. Taxes were due in two installments without penalty, due on September 28 and March 29, with interest at 8.0% beginning September 29 and March 30. 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, 2019

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. Deferred Inflows/Outflows of Resources

In addition to assets and liabilities, the statement of net position and the governmental fund balance sheet will report a separate section for deferred outflows and/or inflows of resources. Deferred outflows of resources represent consumption of net position that applies to a future period(s) and therefore will not be recognized as an expense/expenditure until then. Deferred inflows of resources represent an acquisition of net position that applies to future period(s) and therefore will not be recognized as revenue until that time. The Town has items that qualify as deferred outflows of resources, and it has items that qualify as deferred inflows of resources. These items are related to pensions and other post employment benefits. These amounts are considered unavailable and will be recognized as an outflows of resources (expenditures) and inflows of resources (revenues) in the period that the amounts become available.

6. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Maine Employees Retirement System (System) and additions to/deductions from MPERS' fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable pursuant to formal commitments or statutory requirements. Investments are reported at fair value. Investment income is recognized when earned and investment expenses are recorded when incurred.

7. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Maine Education Association Benefits Trust (MEABT) and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by MEABT. For this purpose, MEABT recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

8. 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. Accordingly, no liability is recorded for nonvesting accumulated right to receive sick pay benefits.

9. Estimates

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

10. 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.

11. 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.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

11. Fund Balances/Net Position (Continued)

Fund Balances (continued)

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.

The Town has identified June 30, 2019 fund balances on the balance sheet as follows:

	General Fund	Capital Improvement Projects	Other Governmental Funds	Total
<u>Nonspendable</u>				
School Lunch Inventory	865			865
Gurnee Principal			6,488	6,488
Cemetery Principal			5,269	5,269
	865	-	11,757	12,622
<u>Restricted</u>				
Parking Meter Fund	261,359			261,359
School Restricted Funds	933,219			933,219
	1,194,578	-	-	1,194,578
<u>Committed</u>				
Capital Improvement Programs		4,529,046		4,529,046
	-	4,529,046	-	4,529,046
<u>Assigned</u>				
Reserve for Working Capital	2,033,000			2,033,000
Designated for Insurance	500,000			500,000
General Fund Encumbrances	55,776			55,776
Cruise Ship Fund - Encumbrances	2,590			2,590
Cruise Ship Fund	537,759			537,759
Gurnee Scholarship			3,713	3,713
	3,129,125	-	3,713	3,132,838
<u>Unassigned</u>				
General Fund	987,552			987,552
Total Fund Balance	5,312,120	4,529,046	15,470	9,856,636

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

11. 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, 2019

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/Investments

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 requires 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).

The financial institutions holding the Town's cash accounts are participating in the Federal Deposit Insurance Corporation (FDIC) program. For interest and non-interest bearing cash accounts, the Town's cash deposits, including certificates of deposit, are insured up to \$250,000 each (interest bearing and non-interest bearing) by the FDIC.

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.

At year-end, the government's carrying amount of deposits was \$12,726,143 and the bank balance was \$12,991,449 plus \$279,215 cash included with the investment portfolio for a total of \$13,270,664. The Town has no uninsured or uncollateralized deposits as of June 30, 2019.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Investments

The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the town's mission, the town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town chooses a narrative format for the fair value disclosures.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

Level 1 inputs are quoted in active markets for identical assets.

Level 2 inputs are significant other observable inputs.

Level 3 inputs are significant unobservable inputs.

The Town has the following recurring fair value measurements as of June 30, 2019:

- U.S. Treasury securities and corporate bonds in the amount of \$1,815,142 are valued using quoted market prices (Level 1 inputs)

Generally, the Town's investing activity is managed under the custody of Bar Harbor Trust Services. Investing is performed in order to maximize safety, liquidity and yield, as outlined in the Town Council's Investment Policy.

Custodial credit risk - for an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment securities that are in the possession of an outside party. The investment funds are invested in securities, therefore, there are no uncollateralized investments and thus, no custodial credit risk exists.

Interest rate risk - As a means of limiting its exposure to fair value losses arising from rising interest rate, the investment funds through Bar Harbor Trust Services are managed by an investment manager to ensure that the funds are invested in less risky investments.

Credit risk - credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The treasurer selects appropriate investments and a trust department to fill each asset class allocation. The individual investment and trust department manager chosen shall be those determined to meet the objectives of the town investment policy in terms of safety, liquidity and yield.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

B. Property Taxes

Property taxes were levied for the fiscal year as follows:

Assessed Value		1,506,757,400
Tax Rate (per \$1,000)		<u>11.56</u>
Commitment		<u>17,418,116</u>
Appropriations		27,008,774
Less:		
State Municipal Revenue Sharing	127,000	
Estimated Revenues	9,302,502	
BETE Reimbursement	35,441	
Homestead Reimbursement	<u>125,715</u>	
		<u>9,590,658</u>
Net Assessment for Commitment		<u>17,418,116</u>

Uncollected real estate taxes and personal property taxes at June 30 for the current year commitment totaled \$599,873, which represents tax collection of approximately 96.56% of the current year commitment, including supplemental taxes issued in the amount of \$1,520. The real estate portion of the total taxes due was placed on lien June 27, 2019. Unpaid prior year tax liens at June 30 totaled \$173,242.

C. Interfund Receivables and Payables

Individual fund interfund receivable and payable balances at June 30, 2019 were as follows:

	<u><i>Interfund Receivable</i></u>	<u><i>Interfund Payable</i></u>
General Fund	32,763	4,689,613
Capital Project Funds	4,689,613	
Distracted Driving Grant		-
Water Fund	338	6,450
Wastewater Fund		<u>26,651</u>
Totals	<u>4,722,714</u>	<u>4,722,714</u>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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. They are classified as Due to/from Other Funds and are eliminated on the Statement of Net Position. At June 30, 2019, the balances above were due between funds. Monies are held in the general fund for ease of investing and disbursements. The balance for the water and wastewater fund of \$32,763 is expected to be repaid during the next year. The remaining balance will be retired upon use of the funds.

D. Capital Assets (Includes School)

Capital asset activity for the year ended June 30, 2019 was as follows:

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
Governmental Activities;				
<i>Capital assets not being depreciated</i>				
Land	3,060,891	2,402,184		5,463,075
Construction Work in Progress	307,744	284,063	(256,510)	335,297
	<u>3,368,635</u>	<u>2,686,247</u>	<u>(256,510)</u>	<u>5,798,372</u>
<i>Capital assets being depreciated:</i>				
Buildings	15,754,308	603,848		16,358,156
Equipment	7,808,002	850,540	(240,960)	8,417,582
Infrastructure	21,635,486	1,345,463	(30,949)	22,950,000
	<u>45,197,796</u>	<u>2,799,851</u>	<u>(271,909)</u>	<u>47,725,738</u>
<i>Total capital assets being depreciated</i>				
<i>Less accumulated depreciation for:</i>				
Buildings	4,324,285	409,222		4,733,507
Equipment	4,080,779	479,915	(217,408)	4,343,286
Infrastructure	13,525,648	440,908	(14,044)	13,952,512
	<u>21,930,712</u>	<u>1,330,045</u>	<u>(231,452)</u>	<u>23,029,305</u>
<i>Total accumulated depreciation</i>				
<i>Net capital assets being depreciated</i>				
	<u>23,267,084</u>	<u>1,469,806</u>	<u>(40,457)</u>	<u>24,696,433</u>
Governmental Activities				
Capital Assets, net	<u>26,635,719</u>	<u>4,156,053</u>	<u>(296,967)</u>	<u>30,494,805</u>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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	13,750,836	381,544	(87,909)	14,044,471
Wastewater Fund	20,538,031	270,765	(79,019)	20,729,777
<i>Total capital assets being depreciated</i>	<u>34,288,867</u>	<u>652,309</u>	<u>(166,928)</u>	<u>34,774,248</u>
<i>Less accumulated depreciation for:</i>				
Water Fund	3,839,527	318,141	(72,291)	4,085,377
Wastewater Fund	10,688,956	531,235	(71,420)	11,148,771
<i>Total accumulated depreciation</i>	<u>14,528,483</u>	<u>849,376</u>	<u>(143,711)</u>	<u>15,234,148</u>
<i>Net capital assets being depreciated</i>	<u>19,760,384</u>	<u>(197,067)</u>	<u>(23,217)</u>	<u>19,540,100</u>
<i>Business-type Activities Capital Assets, net</i>	<u>19,921,410</u>	<u>(197,067)</u>	<u>(23,217)</u>	<u>19,701,126</u>

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

Governmental Activities:

General Government	176,259
Public Safety	333,934
Health and Welfare	13,033
Parks and Recreation	67,677
Roads and Sanitation, including infrastructure	602,570
Education	136,572
Total Depreciation Expense - Governmental Activities	<u><u>1,330,045</u></u>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt

The government issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. Annual debt service payments are budgeted and expended through the Town of Bar Harbor Capital Improvement Fund (CIP).

The following is a summary of long-term debt transactions of the Town of Bar Harbor for the year ended June 30, 2019:

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Reductions</i>	<i>Ending Balance</i>	<i>Due Within One Year</i>
<i>Governmental activities:</i>					
<i>Bonds payable:</i>					
2004 School Heating System	371,252	-	(45,419)	325,833	47,749
2010 Capital Construction, Roads, etc.	2,220,000	-	(185,000)	2,035,000	185,000
2013 Public Works Complex	2,830,000	-	(140,000)	2,690,000	140,000
2014 Town Hall & Signage	2,070,000	-	(125,000)	1,945,000	125,000
2015 Refinanced Agamont Park & Seawall	280,000	-	(40,000)	240,000	40,000
2015 Public Safety Building	360,000	-	(20,000)	340,000	20,000
2018 Ladder Truck, Public Safety Building & Transfer Station Renovations	3,070,000	-	(160,000)	2,910,000	160,000
2019 Parking Meters, Ferry Terminal		2,875,000		2,875,000	230,000
2019 Ferry Terminal Taxable		1,225,000		1,225,000	-
<i>Sub-Total Bonds Payable</i>	<i>11,201,252</i>	<i>-</i>	<i>(715,419)</i>	<i>14,585,833</i>	<i>947,749</i>
<i>Other Governmental long-term activities:</i>					
School Department Copier Capital Lease	33,207	-	(10,755)	22,452	11,066
School Department Printer Capital Lease	-	7,504	(2,664)	4,840	2,327
	<i>33,207</i>	<i>7,504</i>	<i>(13,419)</i>	<i>27,292</i>	<i>13,393</i>
Total Governmental Activities	11,234,459	7,504	(728,838)	14,613,125	961,142
<i>Business-Type Activities:</i>					
<i>Bonds payable:</i>					
<i>Water Department:</i>					
2002 Water Tank Purchase	181,480	-	(43,588)	137,892	44,755
2010 Water Mains	360,000	-	(30,000)	330,000	30,000
2011 Water Refinance Mains Replacement & Duck Brook Pump Station	1,913,239	-	(286,247)	1,626,992	293,944
2012 Safe Drinking Revolving Water Loan	2,046,046	-	(127,108)	1,918,938	128,379
2015 Route 3 Water Main Project	1,530,000	-	(85,000)	1,445,000	85,000
<i>Sub-Total Water Department</i>	<i>6,030,765</i>	<i>-</i>	<i>(571,943)</i>	<i>5,458,822</i>	<i>582,078</i>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt (Continued)

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Reductions</i>	<i>Ending Balance</i>	<i>Due Within One Year</i>
<i>Wastewater Department:</i>					
2011 Wastewater Mains Replacement & Scada System	976,761	-	(58,753)	918,008	66,056
2015 Refinanced Hulls Cove Wastewater Plant	440,000	-	(35,000)	405,000	40,000
<i>Sub-Total Wastewater Department</i>	1,416,761	-	(93,753)	1,323,008	106,056
 <i>Total Business-Type Activities</i>	 7,447,526	 -	 (665,696)	 6,781,830	 688,134
 <i>Total Debt</i>	 18,681,985	 7,504	 (1,394,534)	 21,394,955	 1,649,276

Governmental Activities:

In 2004, the School Department was issued a bond for the school heating project from the Maine Municipal Bond Bank. The loan was issued for \$805,000 with annual principal and interest payments ranging from \$60,797 in fiscal year 2020 up to \$62,211 in the last fiscal year of 2025. Interest is payable semi annually at a rate of 4.57%. The balance at June 30, 2019 was \$325,833.

In 2010, the Town was issued a bond for capital construction roads and sidewalks from Hutchinson, Shockey, Erly & Co. The loan was issued for \$3,700,000 with annual principal and interest payments ranging from \$258,075 in fiscal year 2020 to \$192,400 for the last payment in fiscal year 2030. Interest is payable semi annually at a rate of 3.0 – 4.0%. The balance at June 30, 2019 was \$2,035,000.

In 2013, the Town was issued a bond for the public works facility from Robert W. Baird, Co. Inc. The loan was issued for \$3,350,000 with annual principal and interest payments ranging from \$231,687 in fiscal year 2020 to \$234,600 for the last payment in fiscal year 2034. Interest is payable semi annually at a rate of 3.0 – 4.0%. The balance at June 30, 2019 was \$2,690,000.

In 2014, the Town was issued a bond for the town hall & signage project from Morgan Stanley & Co. The loan was issued for \$2,442,000 with annual principal and interest payments ranging from \$608,961 in fiscal year 2020 to \$111,785 for the last payment in fiscal year 2035. Interest is payable semi annually at a rate of 2.5 – 4.0%. The balance at June 30, 2019 was \$1,945,000.

In 2015, the Town was issued a bond for the refinance of Agamont Park and seawall from Roosevelt & Cross, Inc. The loan was issued for \$360,000 with annual principal and interest payments ranging from \$47,800 in fiscal year 2020 to \$40,800 for the last payment in fiscal year 2025. Interest is payable semi annually at a rate of 4.0-4.38%. The balance at June 30, 2019 was \$240,000.

In 2015, the Town was issued a bond for the refinance of the public safety building from Roosevelt & Cross, Inc. The loan was issued for \$400,000 with annual principal and interest payments ranging from \$31,200 in fiscal year 2020 to \$20,300 for the last payment in fiscal year 2036. Interest is payable semi annually at a rate of 3.0 – 5.0%. The balance at June 30, 2019 was \$340,000.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt (Continued)

In 2018, the Town was issued a bond for the ladder truck, public safety building and transfer station renovations from Eastern Bank Capital. The loan was issued for \$3,070,000 with annual principal and interest payments ranging from \$272,100 in fiscal year 2020 to \$137,025 for the last payment in fiscal year 2038. Interest is payable semi annually at a rate of 3.0 – 5.0%. The balance at June 30, 2019 was \$2,910,000.

In 2019, the Town was issued a bond for parking meters and the tax exempt portion of the ferry terminal purchase from Roosevelt & Cross, Inc. The loan was issued for \$2,875,000 with annual principal and interest payments ranging from \$341,508 in fiscal year 2020 to \$116,725 for the last payment in fiscal year 2039. Interest is payable semi annually at a rate of 3.0 – 5.0%. The balance at June 30, 2019 was \$2,875,000.

In 2019, the Town was issued a bond for the taxable portion of the ferry terminal purchase from Robert W. Baird & Co. Inc. The loan was issued for \$1,225,000 with annual principal and interest payments ranging from \$48,204 in fiscal year 2020 to \$91,620 for the last payment in fiscal year 2039. Interest is payable semi annually at a rate of 3.0 – 5.0%. The balance at June 30, 2019 was \$1,225,000.

In 2016, the School Department entered into a capital lease for the purchase of copiers through a combined lease through the Mount Desert Island Consolidated School District. The Bar Harbor School Department portion of the lease was for \$53,819 with annual principal and interest payments of \$11,715. Interest is paid annually at a rate of 2.89%. The balance at June 30, 2019 was \$22,452.

In 2019, the School Department entered into a capital lease for the purchase of printers with Access Equipment. The lease was issued for \$7,503.90 with annual principal and interest payments of \$2,715. Interest is paid annually at a rate of 8.00%. The balance at June 30, 2019 was \$4,840.

Business-Type Activities:

In 2002, the Town was issued a bond for the water tank purchase from Maine Municipal Bond Bank. The loan was issued for \$750,000 with annual principal and interest payments ranging from \$49,552 in fiscal year 2020 to \$50,006 for the last payment in fiscal year 2022. Interest is payable semi annually at a rate of 2.67%. The balance at June 30, 2019 was \$137,892.

In 2010, the Town was issued a bond for water mains replacement from Hutchinson, Shockey, Erly & Co. The loan was issued for \$600,000 with annual principal and interest payments ranging from \$41,850 in fiscal year 2020 to \$31,200 for the last payment in fiscal year 2030. Interest is payable semi annually at a rate of 3.0 – 4.0%. The balance at June 30, 2019 was \$330,000.

In 2011, the Town was issued a bond for wastewater mains replacement and SCADA system from Morgan Stanley & Co. The loan was issued for \$1,316,000 with annual principal and interest payments ranging from \$92,955 in fiscal year 2020 to \$72,635 for the last payment in fiscal year 2032. Interest is payable semi annually at a rate of 2.5 – 3.5%. The balance at June 30, 2019 was \$918,008.

In 2011, the Town was issued a bond for water mains and to refinance the original water company purchase from Morgan Stanley & Co. The loan was issued for \$3,739,000 with annual principal and interest payments ranging from \$336,539 in fiscal year 2020 to \$85,077 for the last payment in fiscal year 2032. Interest is payable semi annually at a rate of 2.5 – 3.5%. The balance at June 30, 2019 was \$1,626,992.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt (Continued)

In 2012, the Town was issued a bond for Duck Brook water upgrades from the Safe Drinking Revolving Loan from the Maine Municipal Bond Bank. The loan was issued for \$2,679,150 with \$16,193 forgiven for a net total of \$2,662,957. Annual principal and interest payments ranging from \$154,273 in fiscal year 2020 to \$154,180 for the last payment in fiscal year 2033 are due. Interest is payable semi annually at a rate of 1.5%. The balance at June 30, 2019 was \$1,918,938.

In 2015, the Town was issued a bond for the Route 3 water project from Roosevelt & Cross, Inc. The loan was issued for \$1,700,000 with annual principal and interest payments ranging from \$132,600 in fiscal year 2020 to \$86,275 for the last payment in fiscal year 2036. Interest is payable semi annually at a rate of 2.5 – 5.0%. The balance at June 30, 2019 was \$1,445,000.

In 2015, the Town was issued a bond to refinance the wastewater Hulls Cove plant from Roosevelt & Cross, Inc. The loan was issued for \$510,000 with annual principal and interest payments ranging from \$54,650 in fiscal year 2020 to \$50,625 for the last payment in fiscal year 2028. Interest is payable semi annually at a rate of 4.0 – 4.38%. The balance at June 30, 2019 was \$405,000.

Annual debt service requirements to maturity including interest of \$5,459,116 (including fees) are as follows:

<i>Year Ended June 30,</i>	<i>Governmental Activities</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2020	947,749	532,997	1,480,746
2021	1,000,197	492,197	1,492,394
2022	1,007,772	452,587	1,460,359
2023	1,020,478	410,737	1,431,215
2024	1,033,323	367,885	1,401,208
2025-2029	4,311,314	1,303,252	5,614,566
2030-2034	3,585,000	561,126	4,146,126
2035-2039	1,680,000	117,122	1,797,122
Total	14,585,833	4,237,903	18,823,736

<i>Year Ended June 30,</i>	<i>Business-Type Activities</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2020	688,134	174,285	862,419
2021	705,616	159,111	864,727
2022	713,144	141,800	854,944
2023	422,269	124,517	546,786
2024	428,592	113,023	541,615
2025-2029	2,173,267	380,333	2,553,600
2030-2034	1,480,808	123,044	1,603,852
2035-2039	170,000	5,100	175,100
Total	6,781,830	1,221,213	8,003,043

Totals	21,367,663	5,459,116	26,826,779
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TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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>3,713</u>
Total	<u><u>11,757</u></u>	<u><u>3,713</u></u>

C. Pension Plans

Plan Description

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

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

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

Funding Policy

Under the ICMA plan, covered employees contribute a percentage of their salary to the plan with the Town contributing 6.5% to 10.0%. The Town’s costs for the fiscal years ended June 30, 2017, 2018 and 2019 were \$72,612, \$81,508 and \$77,899 respectively.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OTHER INFORMATION (Continued)

C. Pension Plans (continued)

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 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 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.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (Continued)

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, 2019, the SET Plan member contribution rate was 7.65% and the employer contribution rate was 3.97% of applicable member compensation. The employer (School portion) is also responsible for contributing 11.68% of all federally funded member compensation. The State of Maine, as a non-employer contributing entity, pays 11.08% of the applicable member compensation into the System. For the year ended June 30, 2019, the PLD Plan member contribution rate was 8.0% for the Regular AC Plan and 9.0% for the Special 4C Plan-Public Safety. Employer contribution rates were 10.0% for the Regular AC Plan and 8.7% for the Special 4C Plan of applicable member compensation.

The required contributions paid into the System for the year ended June 30, 2019 and the previous two years are as follows:

SET Plan:

<i>For the year ended June 30,</i>	<i>Employee Contributions</i>	<i>Employer Contributions</i>	<i>State of Maine Contributions</i>	<i>Applicable Member Compensation</i>	<i>Applicable Member Federal Compensation</i>
2019	\$ 237,249	\$ 133,916	\$ 333,383	\$ 3,101,296	\$ 92,422
2018	\$ 230,220	\$ 129,379	\$ 324,046	\$ 3,009,410	\$ 84,805
2017	\$ 233,126	\$ 111,546	\$ 296,672	\$ 3,047,399	\$ 86,602

PLD Plan SCHOOL PORTION:

<i>For the year ended June 30,</i>	<i>Employee Contributions</i>	<i>Employer Contributions</i>	<i>Applicable Member Compensation</i>
2019	\$ 13,788	\$ 17,234	\$ 172,344
2018	\$ 14,080	\$ 16,896	\$ 176,002
2017	\$ 14,471	\$ 17,184	\$ 180,888

PLD Plan - TOWN PORTION:

<i>For the year ended June 30,</i>	<i>Employee Contributions</i>	<i>Employer Contributions</i>	<i>Applicable Member Compensation</i>
2019	\$ 245,608	\$ 274,535	\$ 2,911,360
2018	\$ 225,123	\$ 241,823	\$ 2,671,400
2017	\$ 222,452	\$ 229,599	\$ 2,636,895

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (Continued)

Revenue Recognition

The Schedule of Employer Allocations for the SET Plan reflects current year employer contributions, adjusted to remove contributions related to employer specific liabilities to the Plan and other adjustments. In addition, to reflect the unique funding arrangement that currently exists with the SET Plan for teachers, total employer and non-employer entity contributions were used as the basis for the allocation, adjusted to remove the normal cost contributions paid by the local school districts on behalf of their employees. This leaves 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 districts contributing towards the unfunded liability of the plan using grant funding.

The Schedule of Employer Allocations for the PLD Consolidated Plan reflects current year employer contributions, adjusted to remove contributions related to employer specific liabilities to the Plan.

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

As of June 30, 2019, the Town of Bar Harbor reported a net pension liability of \$93,651 for the SET Plan and \$1,272,217 for the PLD Plan. The net pension liability was measured as of June 30, 2018, 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, 2018, the Town of Bar Harbor's proportion of contributions was .006941% for the SET Plan and .464860% for the PLD Plan, which was a decrease of .000162% and a decrease of .012851% respectively from its proportion measured at June 30, 2017.

For the fiscal year ended June 30, 2019, the Town of Bar Harbor recognized pension expense of \$123,821 for the SET Plan and (\$221,837) for the PLD plan for a total of (\$98,016). At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<i>SET Plan:</i>	
	<u><i>Deferred Outflows of Resources</i></u>	<u><i>Deferred Inflows of Resources</i></u>
Differences between expected and actual experience	2,860	
Changes in Assumption	5,891	
Net Difference between projected and actual earnings on pension plan investments	-	12,176
Changes in proportion and differences between employer contributions and proportionate share of contributions	1	5,064
Employer contributions made subsequent to measurement date	133,916	
	<u>142,668</u>	<u>17,240</u>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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)

	<i>PLD Plan:</i>	
	<u><i>Deferred Outflows of Resources</i></u>	<u><i>Deferred Inflows of Resources</i></u>
Differences between expected and actual experience	3,983	13,973
Changes in Assumption	203,055	-
Net Difference between projected and actual earnings on pension plan investments	-	307,188
Changes in proportion and differences between employer contributions and proportionate share of contributions	35,348	35,495
Employer contributions made subsequent to measurement date	291,769	
	<u>534,155</u>	<u>356,656</u>
Totals	<u>676,823</u>	<u>373,896</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><i>Year Ended June 30,</i></u>	<u><i>SET Plan</i></u>	<u><i>PLD Plan</i></u>
2019	3,215	184,148
2020	236	(10,045)
2021	(8,667)	(208,980)
2022	(3,271)	(79,395)

Actuarial Assumptions

The collective total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method

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

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

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

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (Continued)

Actuarial Assumptions (continued)

Asset Valuation Method

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

Amortization

The IUUAL of the SET Plan is amortized on a level percentage of payrolls over the amortization period then in effect under statutory and constitutional requirements. All other gains, losses, and changes are amortized over twenty-year periods beginning on the date as of which they occur.

Significant Actuarial Assumptions

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2018 are as follow:

	<u><i>SET Plan</i></u>	<u><i>PLD Plan</i></u>
Inflation	2.75%	2.75%
Investment Rate of Return:	6.75% per annum, compounded annually	6.75% per annum, compounded annually
Rates of Salary Increase	2.75 - 14.50% per year at selected years of service between 0 to 25 and over years	2.75% to 9.0% per year depending on years of service interval
Cost of Living Benefit:	2.20% per annum for Teachers	1.91% per annum

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

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (Continued)

Actuarial Assumptions (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by 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, 2018 are summarized in the following table:

<i>Asset Class</i>	<i>Target Allocation</i>	<i>Long-Term Expected Real Rate of Return</i>
Public Equities	30.0%	6.0%
US Government	7.5%	2.3%
Private Equity	15.0%	7.6%
Real Assets:		
Real Estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural Resources	5.0%	5.0%
Traditional Credit	7.5%	3.0%
Alternative Credit	5.0%	4.2%
Diversifiers	10.0%	5.9%
	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 6.75% for the SET Plan and 6.75% for the PLD Plan. The projection of cash flows used to determine the discount rate assumed the plan member contributions will be made the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.75% for the SET Plan and 6.75% 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:

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (Continued)

Actuarial Assumptions (continued)

SET Plan:	<i>1% Decrease</i> █ (5.75%)	<i>Current Discount</i> <i>Rate (6.75%)</i>	<i>1% Increase</i> █ (7.75%)
Proportionate Share of the Net Pension Liability	\$ 173,068	\$ 93,651	\$ 27,510
PLD Plan:	<i>1% Decrease</i> █ (5.75%)	<i>Current Discount</i> <i>Rate (6.75%)</i>	<i>1% Increase</i> █ (7.75%)
Proportionate Share of the Net Pension Liability	\$ 2,998,446	\$ 1,272,217	\$ (341,334)

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, 2019.

The Town has separate coverage for its 26' police boat valued at \$176,397 along with \$1,000,000 liability for any one occurrence. Additionally, the Town obtained Marine Terminal Coverage after its purchase of the Ferry Terminal property in 2019 and signing a 5 year lease with Atlantic Fleet Services/Bay Ferries. The policy is \$1,000,000 liability coverage for each occurrence as a Marine Terminal Operators Liability. Separately, the Town requires the lessee (Atlantic Fleet Services and Bay Ferries) to provide evidence of \$5,000,000 each for coverage of General Liability, Marine Terminal Operator's Liability and Pollution Liability.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OTHER INFORMATION (Continued)

F. Other Postemployment Benefits (OPEB)-MPERS Group Life Insurance

Plan Description

Qualifying personnel of the School Department participate in the Group Life Insurance Plan for Retired State Employees and Teachers as provided by the Maine Public Employees Retirement System (SET Plan). The Plan is a multiple-employer, cost sharing plan with a special funding situation. As of June 30, 2018 there were 220 employers, including the State of Maine, participating in the plan. The State of Maine is also a non-employer contributing entity in that the State pays contributions for retired public school teachers in the Plan.

Plan Description (continued)

The Group Life Insurance Plan for Retired Participating Local District (PLD Consolidated Plan) employees is a multiple-employer cost sharing plan. As of June 30, 2018, there were 138 employers participating in the plan.

Benefits

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

Funding Policy

Premium rates are those determined by the System's Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for basic life insurance for retired teachers are paid by the State as the total dollar amount of each year's annual required contribution. PLD employers are required to remit monthly a premium of \$0.46 per \$1,000 of coverage for covered active employees, a portion of which is to provide a level of coverage in retirement. PLD employers with retired PLD employees continue to remit a premium of \$0.46 per \$1,000 of coverage per month during the post-employment retired period.

Special Funding Situation – SET Plan

The State participates in the SET Plan as a non-employer contributing entity in that the State pays the actuarially determined premium contributions associated with retired teachers.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

As of June 30, 2019, the Town of Bar Harbor reported a net OPEB liability of \$49,603 for the PLD Plan. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by actuarial valuation as of that date. The Town of Bar Harbor's share of the collective net OPEB liability was equal to the collective net OPEB liability multiplied by the projection of the Town of Bar Harbor's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating members. At June 30, 2018, the Town of Bar Harbor's proportion of contributions was .245548% for the PLD Plan, which was a decrease of .01516% from its proportion measured at June 30, 2017.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OTHER INFORMATION (Continued)

F. Other Postemployment Benefits (OPEB)-MPERS Group Life Insurance (continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

For the fiscal year ended June 30, 2019, the Town of Bar Harbor recognized OPEB expense of \$592 for the PLD Plan. At June 30, 2019, the Town of Bar Harbor's reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources were:

	<i>PLD Plan:</i>	
	<u><i>Deferred Outflows of Resources</i></u>	<u><i>Deferred Inflows of Resources</i></u>
Differences between expected and actual experience	4,186	-
Changes of Assumptions	3,180	9,153
Difference between projected and actual Investment		
Earnings on OPEB Plan Investments	-	2,604
Changes in proportion and differences between employer premiums and proportionate share of premiums	-	6,808
	<u>7,366</u>	<u>18,565</u>

Projected amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

<u><i>Year Ended June 30,</i></u>	<u><i>PLD Plan</i></u>
2019	(3,151)
2020	(3,151)
2021	(3,151)
2022	(2,659)
2023	913

Actuarial Methods and Assumptions

The collective total OPEB liability for the plans was determined by an actuarial valuation as of June 30, 2018, using the following methods and assumptions, applied to all periods included in the measurement:

Actuarial Cost Method

Projections of benefits for financial reporting purposes are based on the provisions of the Plans in effect at the time of each valuation and the historical pattern of sharing of premium costs between the employer and plan members. Actuarial methods and assumptions include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of the assets, consistent with the long-term perspective of the funding methodologies. Costs are developed using the individual entry age normal cost method based on a level percentage of payroll. Experience gains and losses, i.e., actual decreases or increases in the liabilities and/or in assets which differ from the actuarial assumptions, affect the unfunded actuarial accrued liability.

Asset Valuation Method

Investments are reported at fair value.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OTHER INFORMATION (Continued)

F. Other Postemployment Benefits (OPEB)-MPERS Group Life Insurance (continued)

Actuarial Methods and Assumptions (continued)

Amortization

The unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a 30-year period on a closed basis. As of June 30, 2018, there were 19 years remaining in the amortization schedule for the SET Plan and 12 years remaining for the PLD Plan. The actuarial assumptions used in the June 30, 2018 actuarial valuation was based on the results of an actuarial experience study conducted for the period of June 30, 2012 to June 30, 2015.

Significant Actuarial Assumptions

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2018 are as follows:

	<u>SET Plan</u>	<u>PLD Plan</u>
Inflation		2.75%
Annual Salary Increases, including Inflation	2.75% - 14.50%	2.75% - 9.00%
Investment Rate of Return	6.875% per annum, compounded annually	
Participation Rates for Future Retirees	100% of those currently enrolled	
Conversion Charges	Apply to the cost of active group life insurance, not retiree group life insurance	
Form of Benefit Payment	Lump Sum	

Mortality Rates

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

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OTHER INFORMATION (Continued)

F. Other Postemployment Benefits (OPEB)-MPERS Group Life Insurance (continued)

Actuarial Methods and Assumptions (continued)

Assets of the Plans are pooled for investment purposes and are allocated to each Plan based on each Plan's fiduciary net position. The long-term expected rate of return on the Plan's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of long-term real rates of return for each major asset class included in the target asset allocation as of June 30, 2018 are summarized in the following table:

<i>Asset Class</i>	<i>Target Allocation</i>	<i>Long-Term Expected Real Rate of Return</i>
Public Equities	70.0%	6.0%
Real Estate	5.0%	5.2%
Traditional Credit	15.0%	3.0%
US Government	10.0%	2.3%
	100.0%	

Discount Rate

The discount rate used to measure the collective total OPEB liability was 6.75% for 2018 for the SET Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the 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 SET Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The discount rate used to measure the total OPEB liability for the PLD Plan was 5.13% which is a blend of the assumed long-term expected rate of return of 6.75% and a municipal bond index rate of 3.87%, based on the Bond Buyer GO 20-Year Municipal Bond Index as of June 30, 2018. Projections of the Plan's fiduciary net position indicate that it is not expected to be sufficient to make projected benefit payments for current members beyond 2047. Therefore, the portion of future projected benefit payments after 2047 are discounted at the municipal bond index rate. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OTHER INFORMATION (Continued)

F. Other Postemployment Benefits (OPEB)-MPERS Group Life Insurance (continued)

Actuarial Methods and Assumptions (continued)

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

The following presents the Town of Bar Harbor's proportionate share of the net OPEB liability calculated using the discount rate of 5.13% for the PLD Plan as well as what the Town's proportionate share of the net OPEB 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:

PLD Plan:

	<i>1% Decrease</i> ▼ <i>(4.13%)</i>	<i>Current Discount</i> <i>Rate (5.13%)</i>	<i>1% Increase</i> ▼ <i>(6.13%)</i>
Proportionate Share of the Net OPEB Liability	\$ 65,533	\$ 49,603	\$ 37,043

On-Behalf Payments

As mentioned above, contributions are made by the System for participating retired teachers. The summary below provides the School Department's allocation of these contributions as well as the proportionate share of the Net OPEB liability. The Net OPEB Liability is not recorded on the Town financial statements since it is a liability of the State of Maine and not a liability of the School Department.

	<i>Allocation of:</i>		
	<i>On-Behalf</i> <i>Payments</i>	<i>Benefits</i> <i>Expense</i>	<i>Net OPEB</i> <i>Liability</i>
2018	\$8,344	\$8,826	\$91,447

G. Other Postemployment Benefits (OPEB)-Maine Municipal Employees Health Trust (MMEHT)

Plan description

Qualifying personnel of the Town can participate in the Maine Municipal Employees Health Trust postretirement benefit plan. The plan is a single employer Other Post Employment Benefit (OPEB) plan.

Benefits provided

Medical/Prescription Drug: The non-Medicare retirees are offered the same plans that are available to the active employees, as described in the benefits summaries. Medicare retirees are assumed to be enrolled in Medicare Part A and Part B which are primary, and the Retiree Group Companion Plan which includes prescription drug coverage.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OTHER INFORMATION (Continued)

G. Other Postemployment Benefits (OPEB)-MMEHT (continued)

Benefits provided (continued)

Medicare: Medicare benefits will be taken into account for any member or dependent while they are eligible to apply for Medicare. The Fund will determine a family member’s benefit allowance, if any, based upon the applicable Medicare statutes and regulations. The Fund does not participate in the Medicare Retiree Drug Subsidy program.

Duration of Coverage: Medical benefits are provided for the life of the retiree and surviving spouses.

Life Insurance: The \$2,000 life insurance benefit is provided automatically to all retirees participating in the retiree medical plan. Spouses are not covered for life insurance, but surviving spouses covered by the retiree medical plan are covered for a \$2,000 life insurance benefit as well.

Dental: Current retirees do not have access to dental benefits. Future new retirees who retire on and after the coverage and rates are set to mirror plan experience costs, no additional obligation is anticipated. Program experience will be monitored with future valuations and updated as with all benefit provisions and assumptions.

Employees covered by benefit terms:

At June 30, 2019, the following employees were covered under the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	0
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	50
Average age	45.18
Average service	9.61
Retirees	3
Average Retiree Age	69.25

Net OPEB Liability

The Town’s net OPEB liability was measured as of January 1, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	4.10% per annum.
Salary Increase Rate	2.75% per year
Administration and claims expense	3% per annum.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OTHER INFORMATION (Continued)

G. Other Postemployment Benefits (OPEB)-MMEHT (continued)

Actuarial assumptions (continued)

Healthcare cost trend rates:

Pre-Medicare Medical: Initial trend of 8.20% applied in FYE 2018 grading over 14 years to 4.00% per annum.

Pre-Medicare Drug: Initial trend of 9.60% applied in FYE 2018 grading over 14 years to 4.00% per annum.

Medicare Medical: Initial trend of 4.93% applied in FYE 2018 grading over 14 years to 4.00% per annum.

Medicare Drug: Initial trend of 9.60% applied in FYE 2017 grading over 14 years to 4.00% per annum.

Rates of mortality are based on 104% and 120% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table, respectively, for males and females, using the RP-2014 Total Dataset Employee Mortality Table for ages prior to start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC 2015 model, with an ultimate rate of .85% for ages 20-85 grading down to an ultimate rate of 0% for ages 111-120, and convergence to the ultimate rate in the year 2020. As prescribed by the Trust mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2016.

The actuarial assumptions are the assumptions that were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015.

The Entry Age Normal Actuarial Cost Method was used to value the Plan's actuarial liabilities and to set the normal cost. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for the Plan. An open 30-year amortization period was used. The amortization method is a level dollar amortization method. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

For medical and pharmacy, historical claims and census records assembled and provided by Maine Municipal Employees Health Trust through June 30, 2017 were used by the Actuary. Medical and prescription experience for Medicare eligible (ME) and non-Medicare eligible (NME) (actives and retired covered persons) were analyzed by the Actuary. The Actuary assumed that the current enrollment distribution of Benefit Options will remain constant in the future for retirees. The Actuary distributed the cost based on the current covered population and Cheiron's (Actuary) standard age curves which vary by age, gender, and Medicare status. Children costs are converted to a load on the non-Medicare (NME) retirees which implicitly assumes that future retirees will have the same child distributions as current retirees.

This report does not reflect future changes in benefits, subsidies, penalties, taxes, or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 related legislation and regulations.

Since the plan is pay as you go and is not funded, the discount rate will be based on a 20-year-tax-exempt general obligation municipal bond index. Using the Bond Buyer 20-Bond GO Index, the discount rate as of June 30, 2019 is based upon an earlier measurement date, as of December 28, 2017 and is 3.44% per annum. The discount rate as of June 30, 2019 is based upon an earlier measurement date, as of December 27, 2018 and is 4.10% per annum. The rate is assumed to be an index rate for 20-year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher, for pay as you go plans.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OTHER INFORMATION (Continued)

G. Other Postemployment Benefits (OPEB)-MMEHT (continued)

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Plan		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a)-(b)
Balances at 1/1/18	429,795	-	429,795
Changes for the year:			-
Service Cost	20,421		20,421
Interest	15,376		15,376
Changes of benefits	-		-
Differences between expected and actual experience	-		-
Changes of assumptions	(42,559)		(42,559)
Contributions - employer		6,549	(6,549)
Contributions - member			-
Net investment income			-
Benefit payments	(6,549)	(6,549)	-
Administrative expense			-
Net Change	(13,311)	-	(13,311)
Balances at 1/1/19	416,484	-	416,484

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates.

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.10%) or 1 percentage point higher (5.10%) than the current discount rate:

	<i>1% Decrease</i> <i>(3.10%)</i>	<i>Current Discount</i> <i>Rate (4.10%)</i>	<i>1% Increase</i> <i>(5.10%)</i>
Net OPEB liability (asset)	\$ 483,427	\$ 416,484	\$ 362,203

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.

Changes in the healthcare trend rate affect the measurement of the total OPEB liability (TOL). Lower healthcare trend rates produce a lower TOL and higher healthcare trend rates produce a lower TOL. The table below shows the sensitivity of the TOL to the healthcare trend rate:

	<i>1% Decrease</i>	<i>Current Discount</i>	<i>1% Increase</i>
Net OPEB liability (asset)	\$ 356,177	\$ 416,484	\$ 492,833

A 1% decrease in the healthcare trend rate decreases the TOL by approximately 14.5%. A 1% increase in the healthcare trend rate increases the TOL by approximately 18.3%.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OTHER INFORMATION (Continued)

G. Other Postemployment Benefits (OPEB)-MMEHT (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The impact of experience gains or losses and assumption changes on the TOL are recognized in the OPEB expense over the average expected remaining service life of all active and inactive members of the Plan. As of the beginning of the measurement period, the average was 9 years.

The table below summarizes the current balances of deferred outflows and deferred inflows of resources along with the net recognition over the next five years, and thereafter.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	18,142	
Changes in Assumption	41,800	37,830
Net Difference between projected between projected and actual earnings on pension plan investments	-	
	<u>59,942</u>	<u>37,830</u>

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

2020	3,835
2021	3,835
2022	3,835
2023	3,835
2024	3,835
Thereafter	2,937

H. Other Postemployment Benefits (OPEB)-AOS #91-Bar Harbor-Maine Education Association Benefits Trust (MEABT)

Plan Description

The AOS 91 – Bar Harbor-Maine Education Association Benefits Plan is a single employer OPEB plan with a measurement date of June 30, 2018, and an employer reporting date of June 30, 2019, for the 2019 year.

The MEA Benefits Trust (MEABT) was established by the Maine Education Association on *April 10, 1993*, as an employee welfare benefit plan. The MEABT is administered by Trustees, in accordance with its terms for the exclusive benefit of Plan participants and beneficiaries.

The principal asset of the MEABT is a group insurance contract, currently held with Anthem Blue Cross and Blue Shield of Maine, (Anthem), which provides medical, hospital, surgical, prescription coverage and related health benefits to approximately 69,000 individuals in the State of Maine, including active educators, retired educators and related personnel and their dependents.

The Trustees of the MEABT, as part of their duties, while serving on the Trust, help develop the plan design for its participants. The Trust negotiates directly with Anthem to provide these benefits to all active and retired participants.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OTHER INFORMATION (Continued)

H. Other Postemployment Benefits (OPEB)-AOS #91-Bar Harbor-Maine Education Association Benefits Trust (MEABT) (continued)

Benefits Provided:

The MEA Benefits Trust (MEABT) is committed to providing the best health and wellness insurance plans at an affordable rate for the benefits of all Plan participants.

Established in 1993, and headquartered in Augusta, Maine, the MEABT is a not-for-profit, employee welfare benefit plan dedicated to the health of Maine public school employees and their families. An eight member Board of Trustees – all current or retired public school employees – governs the health insurance plan which provides coverage to approximately 65,000 individuals in the State of Maine, including active teachers, retired teachers, related personnel and their dependents. The plan, which includes medical, pharmacy and wellness benefits, is available to members through bargaining between their local Maine Education Association Union and their employer.

Eligibility:

The employee must have participated in the MEA Benefits Trust Health plan for the 12 months prior to retirement, and have 10 years of continuous active service and enrollment in the health plan (under age 50), or 5 years of continuous active service and enrollment in the health plan (age 50 or above), in order to be eligible for postretirement benefits.

A retiree who terminates coverage may elect to re-enroll in coverage at a later date if the participant participated in the health plan for 12 months prior to terminating coverage, if the re-enrollment occurs within 5 years from the date of termination of coverage, and if the retiree does not surpass attaining age 62 at the time of re-enrollment. The participant has to have maintained continuous health insurance coverage during this break in coverage. To be eligible for re-enrollment, a retiree may not take more than one break in coverage.

Employees Covered by Benefit Terms

Membership Information:

	Active Count		64
	Active Average Age		49.1
	Active Average Service		14.3
Inactive:			
Retirees Under 65	2	Spouses Under 65	-
Average Age	61.5	Average Age	N/A
Retirees Over 65	34	Spouses Over 65	4
Average Age	76.88	Average Age	75
Total Retirees	36	Total Spouses	4
Total Average Age	76.03	Total Average Age	74.75

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OTHER INFORMATION (Continued)

H. Other Postemployment Benefits (OPEB)-AOS #91-Bar Harbor-Maine Education Association Benefits Trust (MEABT) (continued)

Cost Sharing Provisions

The retiree is eligible for a State subsidy of 45% of the blended single premium for the retiree only. Under State law, the blended premium is determined by blending rates for active members and retired members.

The retiree pays 55% of the blended premium rate for coverage elected. Spouses must contribute 100% of the blended premium amounts. Thus, the total premium is paid for by both the State and the retiree and or spouse. The Maine Education Association Benefits Trust is not responsible for the premium, but instead, the implicit rate subsidy. The implicit rate subsidy is the value of the cost of care minus the premiums charged. Since the premiums are based on the average active and pre-Medicare retirees, the retirees are implicitly paying less than the true cost of coverage, thus an implied subsidy. This is the basis of the liability throughout the report.

Funding Policy

Since the plan is pay as you go and is not funded, the discount rate will be based on a 20-year, tax-exempt general obligation municipal bond index. Using the Bond Buyer 20-Bond GO Index, the discount rate as of June 30, 2017 is 3.58% per annum. The discount rate as of June 30, 2018 is 3.87% per annum. This rate is assumed to be an index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher, for pay as you go plans.

Net OPEB Liability

The School's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Actuarial Cost Method

The Entry Age Normal Actuarial Cost Method was used to value the Plan's actuarial liabilities and to set the normal cost. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for the Plan. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets. The plan has no assets to apply against the liabilities.

For claim curves, we used actual community rated premiums and census records provided by Maine Education Association Benefits Trust through June 30, 2018. We analyzed participation experience for Medicare eligible (ME) and non-Medicare eligible (NME) (actives and retired covered persons). We assumed that the current enrollment distribution of Benefit Options will remain constant in the future for retirees. We distributed the cost based on the current covered population and Cheiron's standard age curves which vary by age, gender, and Medicare status. Children costs are converted to a load on the non-Medicare (NME) retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OTHER INFORMATION (Continued)

H. Other Postemployment Benefits (OPEB)-AOS #91-Bar Harbor-Maine Education Association Benefits Trust (MEABT) (continued)

Asset Valuation Method

This actuarial valuation reflects the use of the Entry Age Normal Cost Method

Significant Actuarial Assumptions

Discount Rate:	3.87% per annum
Salary Increases:	For the level percentage of pay entry method, total payroll is assumed to grow at 2.75% per year
Participation Rates for Future Retirees:	Retirement – 70% for member and 10% for spouse Disability – 100% for member and 20% for spouse
Trend Assumptions:	<i>Pre-Medicare:</i> Initial trend of 5.55% applied in FYE grading over 15 years to 3.73% pre annum <i>Medicare:</i> Initial trend of 3.72% applied to FYE 2018 grading over 15 years to 2.81% per annum
Rate of Mortality:	Based on 99% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table for both males and females, using the RP-2014 Total Dataset Employee Mortality Table for ages prior to the start of the Healthy Annuitant Mortality Table

Discount Rate

The discount rate used to measure the total OPEB liability was 3.87%.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OTHER INFORMATION (Continued)

H. Other Postemployment Benefits (OPEB)-AOS #91-Bar Harbor-Maine Education Association Benefits Trust (MEABT) (continued)

Changes in Net OPEB Liability

	<i>Increase/(Decrease)</i>		<i>Net OPEB Liability</i>
	<i>Net OPEB Liability</i>	<i>Plan Fiduciary Net Position</i>	
Total OPEB Liability			
Service cost	\$ 6,264		\$ 6,264
Interest	\$ 31,450		\$ 31,450
Changes of benefits	\$ -		\$ -
Differences between expected and actual experience	\$ -		\$ -
Changes of assumptions	\$ (38,456)		\$ (38,456)
Contributions - employer		\$ 29,299	\$ (29,299)
Contributions - member			\$ -
Net investment income			\$ -
Benefit payments	\$ (29,299)	\$ (29,299)	\$ -
Administrative expense	\$ -		\$ -
Net change in total OPEB liability	\$ (30,041)	\$ -	\$ (30,041)
Net OPEB liability beginning	\$ 886,741	\$ -	\$ 886,741
Net OPEB liability ending	<u>\$ 856,700</u>	<u>\$ -</u>	<u>\$ 856,700</u>

Changes in the discount rate affect the measurement of the Total OPEB Liability (TOL). Lower discount rates produce a higher Total OPEB Liability and higher discount rates produce a lower Total OPEB Liability. The table below shows the sensitivity of the Total OPEB Liability to the discount rate:

	Sensitivity of Net OPEB Liability to Changes in Discount Rate		
	<i>1% Decrease (2.87%)</i>	<i>Current Discount Rate (3.87%)</i>	<i>1% Increase (4.87%)</i>
Total OPEB Liability	\$ 1,000,904	\$ 856,700	\$ 741,681
Plan Fiduciary Net Position	0	0	0
Net OPEB Liability	<u>\$ 1,000,904</u>	<u>\$ 856,700</u>	<u>\$ 741,681</u>

A 1% decrease in the discount rate increases the Net OPEB Liability by approximately 16.8%. A 1% increase in the discount rate decreases the Net OPEB Liability by approximately 13.4%.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OTHER INFORMATION (Continued)

H. Other Postemployment Benefits (OPEB)-AOS #91-Bar Harbor-Maine Education Association Benefits Trust (MEABT) (continued)

Changes in the healthcare trend rate affect the measurement of the Total OPEB Liability. Lower healthcare trend rates produce a lower Total OPEB Liability and higher healthcare trend rates produce a lower Total OPEB Liability. The table below shows the sensitivity of the Total OPEB Liability to the healthcare trend rate:

	<i>1%</i>	<i>Healthcare Cost</i>	<i>1%</i>
	<i>Decrease</i>	<i>Trend Rates</i>	<i>Increase</i>
Total OPEB Liability	\$ 736,272	\$ 856,700	\$ 1,007,753
Plan Fiduciary Net Position	0	0	0
Net OPEB Liability	\$ 736,272	\$ 856,700	\$ 1,007,753

A 1% decrease in the healthcare trend rates decreases the Net OPEB Liability by approximately 14.1%. A 1% increase in the healthcare trend rate increases the Net OPEB Liability by approximately 17.6%.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, Bar Harbor School Department recognized OPEB expense of \$31,305. At June 30, 2019, Bar Harbor School Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Schedule of Deferred Inflows and Outflows:

	<i>Deferred</i>	<i>Deferred</i>
	<i>Outflows</i>	<i>Inflows</i>
Differences between expected and actual experience	\$ -	\$ -
Changes in Assumptions	\$ -	\$ 32,047
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$ -
Total	\$ -	\$ 32,047

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30,:	
2019	\$ (6,409)
2020	\$ (6,409)
2021	\$ (6,409)
2022	\$ (6,409)
2023	\$ (6,411)
Thereafter	\$ -

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OTHER INFORMATION (Continued)

H. Related Party Transactions

The Town of Bar Harbor had several related party transactions to disclose for fiscal year 2019. Paradis True Value is owned by Paul Paradis, member of the Town Council. Paradis True Value was paid a total of \$19,822.16 for materials/supplies. The Town also paid \$9,840 to the spouse of the planning board chair for consulting.

G. Restatement of Government Wide Net Position

The beginning government wide net position was restated from a beginning balance of \$22,868,938 to the restated balance of \$21,943,741. The beginning balance restatement adjustment in the amount of \$925,197 resulted from recognition of the Maine Education Association Benefits Trust other post-employment benefits liability for health insurance and related deferred outflows and inflows of resources as required by GASB Statement #75.

TOWN OF BAR HARBOR

Exhibit H

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN UNASSIGNED FUND BALANCE

BUDGET AND ACTUAL - GENERAL UNASSIGNED FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2019

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
Revenues				
Taxes	18,433,116	18,433,116	18,409,625	(23,491)
Intergovernmental Revenues	336,856	336,856	336,067	(789)
Departmental Revenues	1,051,125	1,053,625	1,141,509	87,884
Other Local Sources	285,367	285,367	432,546	147,179
Total Revenues	20,106,464	20,108,964	20,319,747	210,783
Expenditures				
General Government	3,088,848	3,089,848	2,977,712	112,136
Public Safety	3,213,377	3,214,877	3,202,136	12,741
Health and Welfare	144,401	144,401	145,956	(1,555)
Parks and Recreation	429,722	429,722	416,358	13,364
Island Explorer Shuttle Bus	40,157	40,157	40,157	-
Roads and Sanitation	1,962,695	2,013,695	2,006,043	7,652
Assessments	3,935,692	3,935,692	3,850,673	85,019
Total Expenditures	12,814,892	12,868,392	12,639,035	229,357
Excess Revenues Over Expenditures	7,291,572	7,240,572	7,680,712	440,140
Other Financing Sources				
Transfers In	364,479	364,479	363,941	(538)
Transfers Out	(7,726,051)	(7,726,051)	(7,726,051)	-
Total Other Financing Sources	(7,361,572)	(7,361,572)	(7,362,110)	(538)
Net Change in Fund Balance	(70,000)	(121,000)	318,602	439,602
Beginning Fund Balance - Unassigned			760,950	
(Increase) Decrease in Assigned Fund Balances			(92,000)	
Ending Fund Balance - Unassigned			987,552	

TOWN OF BAR HARBOR
REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN SCHEDULES - LAST 10 FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit I
Page 1 of 3

Schedule 1 - Proportionate Share of the Net Pension Liability:

	Town Portion:				
	Participating Local Districts Plan				
	<i>For the Fiscal Year Ended June 30, 2019</i>	<i>For the Fiscal Year Ended June 30, 2018</i>	<i>For the Fiscal Year Ended June 30, 2017</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	0.464860%	0.477711%	0.459644%	0.445634%	0.443395%
Proportionate share of net pension liability	\$1,193,594	\$1,830,356	\$2,297,894	\$1,339,178	\$633,175
Covered employee payroll	\$2,911,360	\$2,671,400	\$2,636,895	\$2,356,080	\$2,364,202
Proportionate share of the net pension liability as a percentage of its covered employee payroll	41.00%	68.52%	87.14%	56.84%	26.78%
Plan Total Pension Liability	\$3,089,857,220	\$3,016,660,721	\$2,889,740,634	\$2,720,936,009	\$2,609,657,845
Plan Fiduciary Net Position	<u>\$2,816,179,855</u>	<u>\$2,607,223,644</u>	<u>\$2,358,409,925</u>	<u>\$2,401,889,308</u>	<u>\$2,455,776,671</u>
Plan Net Pension Liability	<u>\$273,677,365</u>	<u>\$409,437,077</u>	<u>\$531,330,709</u>	<u>\$319,046,701</u>	<u>\$153,881,174</u>
Plan Fiduciary Net Position as a % Of the Total Pension Liability	91.143%	86.427%	81.613%	88.274%	94.103%
Plan Covered Employee Payroll	\$561,126,768	\$542,572,528	\$521,870,235	\$497,616,846	\$460,029,637
Plan Net Pension Liability as a % Of the Covered Employee Payroll	48.773%	75.462%	101.813%	64.115%	33.450%

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

Schedule 2 - Schedule of Contributions:

	Town Portion:				
	Participating Local Districts Plan				
	<i>For the Fiscal Year Ended June 30, 2019</i>	<i>For the Fiscal Year Ended June 30, 2018</i>	<i>For the Fiscal Year Ended June 30, 2017</i>	<i>For the Fiscal Year Ended June 30, 2016</i>	<i>For the Fiscal Year Ended June 30, 2015</i>
Contractually required contribution	\$274,535	\$241,823	\$229,599	\$192,895	\$176,184
Contribution in relation to the contractually required contribution	<u>(\$274,535)</u>	<u>(\$241,823)</u>	<u>(\$229,599)</u>	<u>(\$192,895)</u>	<u>(\$176,184)</u>
Contribution deficiency	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered employee payroll	\$2,911,360	\$2,671,400	\$2,636,895	\$2,356,080	\$2,364,202
Contributions as a percentage of covered employee payroll	9.43%	9.05%	8.71%	8.19%	7.45%

* 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
REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN SCHEDULES - LAST 10 FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit I
Page 2 of 3

Schedule 1 - Proportionate Share of the Net Pension Liability:

	School Portion:				
	Participating Local Districts Plan				
	<i>For the Fiscal Year Ended June 30, 2019</i>	<i>For the Fiscal Year Ended June 30, 2018</i>	<i>For the Fiscal Year Ended June 30, 2017</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	0.464860%	0.477711%	0.459644%	0.445634%	0.443395%
Proportionate share of net pension liability	\$78,623	\$125,570	\$144,336	\$82,606	\$49,126
Covered employee payroll	\$172,345	\$176,002	\$180,888	\$148,102	\$145,894
Proportionate share of the net pension liability as a percentage of its covered employee payroll	45.62%	71.35%	79.79%	55.78%	33.67%
Plan Total Pension Liability	\$3,089,857,220	\$3,016,660,721	\$2,889,740,634	\$2,720,936,009	\$2,609,657,845
Plan Fiduciary Net Position	<u>\$2,816,179,855</u>	<u>\$2,607,223,644</u>	<u>\$2,358,409,925</u>	<u>\$2,401,889,308</u>	<u>\$2,455,776,671</u>
Plan Net Pension Liability	<u>\$273,677,365</u>	<u>\$409,437,077</u>	<u>\$531,330,709</u>	<u>\$319,046,701</u>	<u>\$153,881,174</u>
Plan Fiduciary Net Position as a % Of the Total Pension Liability	91.143%	86.427%	81.613%	88.274%	94.103%
Plan Covered Employee Payroll	\$561,126,768	\$542,572,528	\$521,870,235	\$497,616,846	\$460,029,637
Plan Net Pension Liability as a % Of the Covered Employee Payroll	48.773%	75.462%	101.813%	64.115%	33.450%

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

Schedule 2 - Schedule of Contributions:

	School Portion:				
	Participating Local Districts Plan				
	<i>For the Fiscal Year Ended June 30, 2019</i>	<i>For the Fiscal Year Ended June 30, 2018</i>	<i>For the Fiscal Year Ended June 30, 2017</i>	<i>For the Fiscal Year Ended June 30, 2016</i>	<i>For the Fiscal Year Ended June 30, 2015</i>
Contractually required contribution	\$17,234	\$16,896	\$17,184	\$13,181	\$11,380
Contribution in relation to the contractually required contribution	<u>(\$17,234)</u>	<u>(\$16,896)</u>	<u>(\$17,184)</u>	<u>(\$13,181)</u>	<u>(\$11,380)</u>
Contribution deficiency	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered employee payroll	\$172,345	\$176,002	\$180,888	\$148,102	\$145,894
Contributions as a percentage of covered employee payroll	10.00%	9.60%	9.50%	8.90%	7.80%

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

TOWN OF BAR HARBOR
REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN SCHEDULES - LAST 10 FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit I
Page 3 of 3

Schedule 1 - Proportionate Share of the Net Pension Liability:

	School Portion:				
	State Employees and Teachers Plan				
	<i>For the Fiscal Year Ended June 30, 2019</i>	<i>For the Fiscal Year Ended June 30, 2018</i>	<i>For the Fiscal Year Ended June 30, 2017</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	0.006941%	0.007103%	0.007829%	0.007559%	0.00647%
Proportionate share of net pension liability	\$93,651	\$103,174	\$138,312	\$102,069	\$69,897
Covered employee payroll	\$3,101,296	\$3,009,410	\$3,047,399	\$2,998,911	\$2,939,456
Proportionate share of the net pension liability as a percentage of its covered employee payroll	3.02%	3.43%	4.54%	3.40%	2.38%
Plan Total Pension Liability	\$14,031,187,845	\$13,484,886,512	\$13,069,954,948	\$12,616,287,054	\$12,320,158,783
Plan Fiduciary Net Position	<u>\$11,632,192,771</u>	<u>\$10,893,291,864</u>	<u>\$9,960,335,390</u>	<u>\$10,242,097,022</u>	<u>\$10,337,615,927</u>
Plan Net Pension Liability	<u>\$2,398,995,074</u>	<u>\$2,591,594,648</u>	<u>\$3,109,619,558</u>	<u>\$2,374,190,032</u>	<u>\$1,982,542,856</u>
Plan Fiduciary Net Position as a % Of the Total Pension Liability	82.902%	80.781%	76.208%	81.182%	83.908%
Plan Covered Employee Payroll	\$1,808,274,919	\$1,860,230,663	\$1,816,435,084	\$1,699,160,889	\$1,676,857,294
Plan Net Pension Liability as a % Of the Covered Employee Payroll	132.668%	139.316%	171.194%	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 Contributions:

	School Portion:				
	State Employees and Teachers Plan				
	<i>For the Fiscal Year Ended June 30, 2019</i>	<i>For the Fiscal Year Ended June 30, 2018</i>	<i>For the Fiscal Year Ended June 30, 2017</i>	<i>For the Fiscal Year Ended June 30, 2016</i>	<i>For the Fiscal Year Ended June 30, 2015</i>
Contractually required contribution	\$133,916	\$129,379	\$111,547	\$110,512	\$90,466
Contribution in relation to the contractually required contribution	<u>(\$133,916)</u>	<u>(\$129,379)</u>	<u>(\$111,547)</u>	<u>(\$110,512)</u>	<u>(\$90,466)</u>
Contribution deficiency	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered employee payroll	\$3,101,296	\$3,009,410	\$3,047,399	\$2,998,911	\$2,939,456
Contributions as a percentage of covered employee payroll	4.32%	4.30%	3.66%	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
NOTES TO HISTORICAL PENSION INFORMATION
MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 - Actuarial Methods and Assumptions

The information in the historical pension information was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation date June 30, 2018, is as follows:

A. Actuarial Cost Method

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

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

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

B. Asset Valuation Method

The actuarial value of assets is used for determining employer contributions. The use of an actuarial value of assets for this purpose helps mitigate volatility in contribution rates that might otherwise occur due to fluctuations in market conditions. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the actual assumption for investment return.

C. Amortization

The net pension liability is amortized on a level percentage of payrolls over the amortization period then in effect in statutory and constitutional requirements. The statutory and constitutional requirements include an amendment to the Maine Constitution approved in November 1995 that requires the State of Maine to fund the unfunded actuarial liability existing on June 30, 1996, over a period not to exceed 31 years beginning on July 1, 1997, and not later than June 30, 2028. The amendment prohibits the creation of new unfunded liabilities in the Plan except those arising from experience losses, which must be funded over a period of not more than ten years. In addition, the amendment requires the use of actuarially sound current cost accounting, reinforcing existing statutory requirements.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2018 are as follows:

Inflation	2.75%
Salary Increases	2.75% - 14.50% Teachers 2.75% - 9.00% PLD Plan members
Investment Rate of Return	6.75%, per annum, compounded annually
Cost of Living Benefit Increases	2.20%

TOWN OF BAR HARBOR
NOTES TO HISTORICAL PENSION INFORMATION
MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

For School Department and Town employees, the mortality rate is based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females. The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period June 30, 2012 to June 30, 2015. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. There were no changes in assumptions for the fiscal year ended June 30, 2018.

TOWN OF BAR HARBOR
REQUIRED SUPPLEMENTARY INFORMATION
OPEB SCHEDULES - LAST 10 FISCAL YEARS - MAINE MUNICIPAL EMPLOYEES HEALTH TRUST
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit J

Schedule 1 - MMEHT Schedule of Changes in Net OPEB Liability and Related Ratios

	<i>For the Fiscal Year Ended 6/30/2019</i>	<i>For the Fiscal Year Ended 6/30/2018</i>
<u>Total OPEB Liability</u>		
Service Cost (BOY)	20,421	11,534
Interest (includes interest on service cost)	15,376	12,926
Changes of benefit terms	-	-
Differences between expected and actual experience	-	23,326
Changes in assumptions	(42,559)	151,326
Benefit payments, including refunds of member contributions	(6,549)	(4,295)
Net Change in total OPEB liability	(13,311)	194,817
Total OPEB liability - beginning	429,795	234,978
Total OPEB liability - ending	416,484	429,795
<u>Plan fiduciary net position</u>		
Contributions - employer	6,549	4,295
Contributions - member		
Net investment income		
Benefit payments, including refunds of member contributions	(6,549)	(4,295)
Administrative expense		
Net change in plan fiduciary net position	-	-
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending	-	-
Net OPEB liability - ending	416,484	429,795
Plan Fiduciary Net Position as a % Of the Total OPEB Liability	0.0%	0.0%
Covered Employee Payroll	2,464,237	2,464,237
Net OPEB Liability as a % Of the Covered Employee Payroll	16.9%	17.4%

* Amounts presented for each fiscal year were determined as of January 1. A full year schedule will be displayed as it becomes available.

Schedule 2 - Schedule of Contributions:

	<i>For the Fiscal Year Ended 6/30/2019</i>	<i>For the Fiscal Year Ended 6/30/2018</i>
Contractually required contribution	6,549	4,295
Contribution in relation to the contractually required contribution	(6,549)	(4,295)
Contribution deficiency	-	-

* Amounts presented for each fiscal year were determined as of January 1. A full year schedule will be displayed as it becomes available.

**TOWN OF BAR HARBOR
NOTES TO OPEB LIABILITY AND CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2019**

Note 1 – Actuarial Methods and Assumptions-Maine Municipal Employees Health Trust OPEB

The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Changes of Assumptions

The discount rate was changed from 3.44% to 4.10% per GASB 75 discount rate selection. There were no other changes to data, assumptions and methodology.

Net OPEB Liability

The Town’s net OPEB liability was measured as of January 1, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial cost method	Entry Age
Amortization method	Level Dollar
Amortization period	30 years
Discount Rate	4.10% per annum
Salary Increase Rate	2.75 per year
Administration and claims expense	3% per annum
Retirement Age	65

Healthcare cost trend rates:

Pre-Medicare Medical: Initial trend of 8.20% applied in FYE 2018 grading over 14 years to 4.00% per annum.

Pre-Medicare Drug: Initial trend of 9.60% applied in FYE 2018 grading over 14 years to 4.00% per annum.

Medicare Medical: Initial trend of 4.93% applied in FYE 2018 grading over 14 years to 4.00% per annum.

Medicare Drug: Initial trend of 9.60% applied FYE 2017 grading over 14 years to 4.00% per annum.

Rates of mortality are based on 104% and 120% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table, respectively, for males and females, using the RP-2014 Total Dataset Employee Mortality Table for ages prior to start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC 2015 model, with an ultimate rate of .85% for ages 20-85 grading down to an ultimate rate of 0% for ages 111-120, and convergence to the ultimate rate in the year 2020. As prescribed by the Trust mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2016.

TOWN OF BAR HARBOR
REQUIRED SUPPLEMENTARY INFORMATION
OPEB SCHEDULES - LAST 10 FISCAL YEARS - MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit K

Schedule 1 - MPERS PLD Schedule of Changes in the Town's Net OPEB Liability and Related Ratios

	<i>For the Fiscal Year Ended 6/30/2019</i>	<i>For the Fiscal Year Ended 6/30/2018</i>
<u>Total OPEB Liability</u>		
Service Cost (BOY)	1,087	1,616
Interest (includes interest on service cost)	4,190	4,214
Changes of benefit terms	(4,822)	-
Differences between expected and actual experience	5,023	-
Changes in assumptions	3,816	(14,577)
Benefit payments, including refunds of member contributions	(3,758)	(3,636)
Net Change in total OPEB liability	5,536	(12,383)
Total OPEB liability - beginning	82,917	95,300
Total OPEB liability - ending	88,453	82,917
<u>Plan fiduciary net position</u>		
Contributions - employer	2,626	2,704
Contributions - member	(2,286)	-
Net investment income	3,274	4,533
Benefit payments, including refunds of member contributions	(3,758)	(3,636)
Administrative expense	(328)	(623)
Net change in plan fiduciary net position	(471)	2,979
Plan fiduciary net position - beginning	39,322	36,344
Plan fiduciary net position - ending	38,851	39,322
Net OPEB liability - ending	49,603	43,594
Plan Fiduciary Net Position as a % Of the Total OPEB Liability	43.92%	47.42%
Covered Employee Payroll	678,417	679,282
Net OPEB Liability as a % Of the Covered Employee Payroll	7.31%	6.42%

* This information will be presented each year until 10 years of such information is available.

Schedule 2 - Schedule of Employer Contributions:

	<i>For the Fiscal Year Ended 6/30/2019</i>	<i>For the Fiscal Year Ended 6/30/2018</i>
Contractually required contribution	2,626	2,989
Contribution in relation to the contractually required contribution	(2,626)	(2,704)
Contribution deficiency	-	285
Covered employee payroll	678,417	679,282
Contributions as a percentage of covered employee payroll	0.39%	0.40%

* This information will be presented each year until 10 years of such information is available.

TOWN OF BAR HARBOR
NOTES TO OPEB LIABILITY AND CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2019

Note 1 – Actuarial Methods and Assumptions-Maine Public Employees Retirement System OPEB

Actuarial Methods and Assumptions

The collective total OPEB liability for the plans was determined by an actuarial valuation as of June 30, 2018, using the following methods and assumptions, applied to all periods included in the measurement:

Benefit Changes

There were no significant changes in benefits during the year.

Changes of Assumptions

The discount rate changed to 5.13%. There were no other changes to assumptions.

Net OPEB Liability

The Town's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Amortization period	12 years
Discount Rate	5.13%
Salary Increase Rate	2.75% - 9.00%
Administration and claims expense	3% per annum
Retirement Age	

65

TOWN OF BAR HARBOR
REQUIRED SUPPLEMENTARY INFORMATION
OPEB SCHEDULES SCHOOL DEPARTMENT MEA BENEFITS TRUST- LAST 10 FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit L

Schedule 1 - Schedule of Changes in Net OPEB Liability and Related Ratios

	<i>For the Fiscal Year Ended June 30, 2019</i>
<u>Total OPEB Liability</u>	
Service Cost (BOY)	\$6,264
Interest (includes interest on service cost)	\$31,450
Changes of benefits	\$0
Differences between expected and actual experience	\$0
Changes in assumptions	(\$38,456)
Benefit payments, including refunds of member contributions	(\$29,299)
Net Change in total OPEB liability	(\$30,041)
Total OPEB liability - beginning	\$886,741
Total OPEB liability - ending	\$856,700
<u>Plan fiduciary net position</u>	
Contributions - employer	\$29,299
Contributions - member	
Net investment income	
Benefit payments, including refunds of member contributions	(\$29,299)
Administrative expense	
Net change in plan fiduciary net position	-
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending	-
Net OPEB liability - ending	\$856,700
Plan Fiduciary Net Position as a % Of the Total OPEB Liability	0.000%
Covered Employee Payroll	\$3,077,332
Net OPEB Liability as a % Of the Covered Employee Payroll	27.839%

Schedule 2 - Schedule of Contributions:

	<i>For the Fiscal Year Ended June 30, 2019</i>
Contractually required contribution	\$29,299
Contribution in relation to the contractually required contribution	(\$29,299)
Contribution deficiency	\$0

* Amounts presented for each fiscal year were determined as of July 1. A full year schedule will be displayed as it becomes available.

TOWN OF BAR HARBOR
NOTES TO OPEB LIABILITY AND CONTRIBUTIONS-MEABT
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 – Actuarial Methods and Assumptions

This is the first valuation performed under GASB No. 75. The valuation report has a measurement date of June 30, 2018 and an employer reporting date of June 30, 2019. The changes that are provided in the deferred inflows and outflows are related to the change in the discount rate between the beginning of the measurement date and the end of the measurement date. No other changes in assumptions were made.

Asset Valuation Method

This actuarial valuation reflects the use of the Entry Age Normal Cost Method

Significant Actuarial Assumptions

Discount Rate:	3.87% per annum
Salary Increases:	For the level percentage of pay entry method, total payroll is assumed to grow at 2.75% per year
Participation Rates for Future Retirees:	Retirement – 70% for member and 10% for spouse Disability – 100% for member and 20% for spouse
Trend Assumptions:	<i>Pre-Medicare:</i> Initial trend of 5.55% applied in FYE grading over 15 years to 3.73% pre annum <i>Medicare:</i> Initial trend of 3.72% applied to FYE 2018 grading over 15 years to 2.81% per annum
Rate of Mortality:	Based on 99% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table for both males and females, using the RP-2014 Total Dataset Employee Mortality Table for ages prior to the start of the Healthy Annuitant Mortality Table

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit A-1
Page 1 of 2

	<i>Estimated</i>	<i>Actual</i>	<i>Over(Under)</i> <i>Budget</i>
Taxes			
Property	17,418,116	17,241,788	(176,328)
Auto Excise	940,000	1,085,709	145,709
Boat Excise	13,500	14,537	1,037
Interest/Fees on Taxes	61,500	67,591	6,091
	<hr/> 18,433,116	<hr/> 18,409,625	<hr/> (23,491)
Intergovernmental Revenues			
State of Maine			
Municipal Revenue Sharing	127,000	135,186	8,186
General Assistance	400	347	(53)
Tree Growth	4,200	5,181	981
Veterans Reimbursement	2,100	1,860	(240)
Homestead Reimbursement	125,715	115,289	(10,426)
BETE Reimbursement	35,441	35,557	116
Federal			
Acadia National Park - PILT	42,000	42,647	647
	<hr/> 336,856	<hr/> 336,067	<hr/> (789)
Departmental Revenues			
Ambulance/Fire			
Ambulance Service	387,200	340,518	(46,682)
Police			
Police Detail	9,000	14,438	5,438
Parking Tickets	36,000	30,909	(5,091)
Mutual Aid Reimbursement	23,975	38,953	14,978
All Other	117,925	131,987	14,062
Planning / Code			
Building Permits	101,000	137,282	36,282
Plumbing Permits	26,000	14,710	(11,290)
Electrical Inspections	26,000	31,887	5,887
Vacation Rental Permits	900	20,150	19,250
Septic Permit	-	8,743	8,743
Plan Board/Subdivision & Rezoning	4,500	12,360	7,860
Site Plan Review	8,500	12,629	4,129
All Other	4,350	5,800	1,450
Harbor Fees			
Docking	37,000	50,377	13,377
Moorings	4,600	4,153	(447)
All Other	15,300	14,311	(989)
Solid Waste			
Sale of Recyclables	-	9,900	9,900
All Other	300	375	75
Public Works			
All Other	10,883	13,443	2,560
Parks and Recreation			
Park and Recreation Fees	700	900	200
Fire Department	1,500	1,736	236

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit A-1
Page 2 of 2

	<i>Estimated</i>	<i>Actual</i>	<i>Over(Under)</i> <i>Budget</i>
Departmental Revenues (Continued)			
Finance			
Administrative Services	163,502	163,502	-
Auto Registrations	16,000	16,191	191
Boat/RV Registrations/Snowmobile Fees	1,670	1,365	(305)
Municipal Building Leases	32,500	36,705	4,205
Town Clerk			
Clerk's Fees	14,520	16,269	1,749
All Other	9,800	11,916	2,116
	<u>1,053,625</u>	<u>1,141,509</u>	<u>87,884</u>
Other Local Sources			
Interest on Investments	27,000	149,788	122,788
Kids Corner Lease	6,600	6,650	50
Island Explorer Lease	21,657	21,657	-
Other Rentals	3,000	6,032	3,032
Jackson Laboratory - PILT	88,510	93,900	5,390
Housing Authority - PILT	29,000	33,724	4,724
Other - PILT	16,100	19,437	3,337
Cable TV Franchise	84,000	90,998	6,998
Insurance Dividends	8,000	8,697	697
Donations, Maps, Copies	1,000	1,000	-
All Other	500	663	163
	<u>285,367</u>	<u>432,546</u>	<u>147,179</u>
Operating Transfers In			
Cemetery Income	25	89	64
Cruise Ship Fund	358,354	358,353	(1)
Dog Control Reserve	2,900	2,636	(264)
Shellfish Conservation	3,200	2,863	(337)
	<u>364,479</u>	<u>363,941</u>	<u>(538)</u>
Total Revenues, Operating Transfers and Other Financing Sources	<u>20,473,443</u>	<u>20,683,688</u>	<u>210,245</u>
Beginning Fund Balance Used	<u>121,000</u>		
Total	<u><u>20,594,443</u></u>		

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit A-2
Page 1 of 2

	<i>Encumbered</i>		<i>Expenditures</i>		<i>(Over)</i>
	<i>From 6/30/18</i>	<i>Appropriations</i>	<i>Net of Refund</i>	<i>Encumbered</i>	<i>Under</i>
				<i>to 6/30/20</i>	<i>Budget</i>
General Government					
Town Council		39,537	35,212		4,325
Town Manager		129,852	124,862		4,990
Town Clerk	6,730	125,904	118,345	2,434	11,855
Finance	1,280	350,562	352,773		(931)
Legal Counsel		36,950	54,220		(17,270)
Elections		15,523	13,189		2,334
Technology	11,805	158,396	155,231	10,600	4,370
Municipal Building	2,250	80,196	86,046		(3,600)
Town Offices		40,851	43,163		(2,312)
Employee Benefits		1,562,759	1,505,017	7,995	49,747
Insurance		92,100	87,660		4,440
Assessing	2,930	141,626	137,892	3,070	3,594
Code Enforcement		72,687	74,430		(1,743)
Planning	15,837	132,839	126,426	11,332	10,918
27th Pay Period		15,000	6,108		8,892
Vacation Accruals		18,000	33,068		(15,068)
Contracted Services		8,700	5,700		3,000
Charter Commission		-	136		(136)
Contingency`	5,000	53,366	15,000		43,366
Abatements/Discount on Taxes		15,000	13,635		1,365
	45,832	3,089,848	2,988,113	35,431	112,136
Public Safety					
Ambulance		-	-		-
Fire Department	3,123	889,130	885,013	1,100	6,140
Public Fire Protection - Hydrants		585,602	585,604		(2)
Police Department		1,273,053	1,272,780		273
Public Safety Building		43,548	45,930		(2,382)
Street Lights		71,575	65,925	2,000	3,650
Dispatch		227,568	220,185		7,383
Harbor Division		124,401	126,722		(2,321)
	3,123	3,214,877	3,202,159	3,100	12,741
Health and Welfare					
General Assistance		1,187	496		691
Cooperating Agencies		45,092	45,092		-
Emergency Management		-	-		-
Comfort Station		98,122	100,368		(2,246)
	-	144,401	145,956	-	(1,555)

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit A-2
Page 2 of 2

	<i>Encumbered From 6/30/18</i>	<i>Appropriations</i>	<i>Expenditures Net of Refund</i>	<i>Encumbered to 6/30/20</i>	<i>(Over) Under Budget</i>
Parks and Recreation					
Parks & Recreation		429,722	416,358		13,364
Island Explorer Shuttle Bus	-	40,157	40,157	-	-
Roads and Sanitation					
Public Works		149,726	148,951		775
Highway Division	14,426	1,132,514	1,082,238	13,445	51,257
Solid Waste	1,119	731,455	773,154	3,800	(44,380)
	15,545	2,013,695	2,004,343	17,245	7,652
Total Appropriations, Expenditures and Encumbrances	64,500	8,932,700	8,797,086	55,776	144,338
Assessments					
Regional School District		3,152,145	3,152,145		-
County Tax		698,528	698,528		-
Overlay		85,019	-		85,019
	-	3,935,692	3,850,673	-	85,019
Operating Transfers Out					
Elementary School		5,430,046	5,430,046		-
			-		-
			-		-
Capital Improvements Program		2,296,005	2,296,005		-
	-	7,726,051	7,726,051	-	-
Totals	64,500	20,594,443	20,373,810	55,776	229,357

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF CHANGES IN UNASSIGNED FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit A-3

Unassigned Fund Balance, July 1	760,950	
Unassigned Fund Balance, June 30	<u>987,552</u>	
Increase (Decrease)		<u><u>226,602</u></u>
 <i>Analysis of Change:</i>		
Budget Summary:		
Revenue Surplus	210,245	
Unexpended Balance of Appropriations	144,338	
Unexpended Balance (Overdraft) of Assessments and Operating Transfers	<u>85,019</u>	439,602
(Increase) Decrease in Assigned Fund Balances:		
Assigned for Working Capital		(92,000)
Fund Balance Used to Fund Appropriations		<u>(121,000)</u>
Increase (Decrease)		<u><u>226,602</u></u>

TOWN OF BAR HARBOR
GENERAL RESERVES, COMMITTED FUNDS & SCHOOL DEPARTMENT
COMBINING BALANCE SHEET
JUNE 30, 2019

Exhibit A-4

<i>Assets</i>	<i>Cruise Ship Fund</i>	<i>Parking Meter Fund</i>	<i>School Department</i>	<i>Total</i>
Cash		283,140		283,140
Accounts Receivable	146,696	14,024	6,979	167,699
Due from Other Governments			81,061	81,061
Inventory			865	865
Due from Other School Funds			141,779	141,779
Due from Other Funds	395,923	-	1,437,355	1,833,278
Total Assets	542,619	297,164	1,668,039	2,507,822
 <i>Liabilities & Fund Balances</i>				
Liabilities				
Accrued Salaries Payable		7,659	459,785	467,444
Due to Students			4,922	4,922
Accounts Payable	2,270	22,300	127,469	152,039
Due to Other School Funds			141,779	141,779
Due to Other Funds	-	5,846		5,846
Total Liabilities	2,270	35,805	733,955	772,030
 Fund Balances				
Non-Spendable			865	865
Restricted		261,359	933,219	1,194,578
Assigned - Encumbrances	2,590			2,590
Assigned	537,759			537,759
Total Fund Balances	540,349	261,359	934,084	1,735,792
Total Liabilities & Fund Balances	542,619	297,164	1,668,039	2,507,822

GENERAL RESERVES, COMMITTED FUNDS & SCHOOL DEPARTMENT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2019

	<i>Dog Control Reserve</i>	<i>Shellfish Conservation Reserve</i>	<i>Cruise Ship Fund</i>	<i>Parking Meter Fund</i>	<i>School Department</i>	<i>Total</i>
Revenues						
Intergovernmental Revenues					1,210,385	1,210,385
Local Sources				25	203,533	203,558
Dog Fees	2,780					2,780
Shellfish Fees/Fines		3,256				3,256
Port Fees			467,798			467,798
Cruise Ship Passenger Fees			555,910			555,910
Parking Fees net of charges				301,377		301,377
Permit Fees net of charges				14,363		14,363
Total Revenues	2,780	3,256	1,023,708	315,765	1,413,918	2,759,427
Expenditures						
Public Safety	144	393				537
Education					6,746,559	6,746,559
Cruise Ship Operating			121,039			121,039
Parking Meter Operating				54,406		54,406
Total Expenditures	144	393	121,039	54,406	6,746,559	6,922,541
Excess of Revenues Over (Under) Expenditures	2,636	2,863	902,669	261,359	(5,332,641)	(4,163,114)
Other Financing Sources (Uses)						
Lease Proceeds					7,504	7,504
Transfers In					5,550,046	5,550,046
Transfers Out	(2,636)	(2,863)	(747,870)	-	(120,000)	(873,369)
Total Other Financing Sources (Uses)	(2,636)	(2,863)	(747,870)	-	5,437,550	4,684,181
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	-	-	154,799	261,359	104,909	521,067
Fund Balance - July 1	-	-	385,550	-	829,175	1,214,725
Fund Balance - June 30	-	-	540,349	261,359	934,084	1,735,792

SCHOOL DEPARTMENT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2019

	<i>General Fund</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
Revenues			
Intergovernmental Revenues	819,572	390,813	1,210,385
Local Sources	143,731	2,000	145,731
Lunch and Milk Sales		57,802	57,802
Total Revenues	963,303	450,615	1,413,918
Expenditures			
Regular Instruction	2,472,818		2,472,818
Student & Staff Support:			
Guidance	77,459		77,459
Health Services	50,782		50,782
Improvement of Instruction	21,017		21,017
Library and Audio Visual	126,931		126,931
Technology	138,232		138,232
Assessment for Administration-Student Support	120,509		120,509
Special Education	1,280,398		1,280,398
Co-Curricular Instruction	75,373		75,373
System Administration:			
School Committee	16,566		16,566
Assessment for Administration	137,763		137,763
Office of Principal	370,677		370,677
Operation/Maintenance-Plant	716,260		716,260
Student Transportation	293,434		293,434
State On-Behalf Contributions	341,727		341,727
Food Services		151,325	151,325
Federal/State Programs		347,339	347,339
Reserves/Grants	5,949	2,000	7,949
Total Expenditures	6,245,895	500,664	6,746,559
Excess of Revenues Over (Under) Expenditures	(5,282,592)	(50,049)	(5,332,641)
Other Financing Sources (Uses)			
Lease Proceeds	7,504		7,504
Transfers In	5,435,046	115,000	5,550,046
Transfers Out	(120,000)	-	(120,000)
Total Other Financing Sources (Uses)	5,322,550	115,000	5,437,550
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures	39,958	64,951	104,909
Fund Balance - July 1	756,404	72,771	829,175
Fund Balance - June 30	796,362	137,722	934,084

TOWN OF BAR HARBOR
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - CRUISE SHIP FUND
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit A-7

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
Revenues				
Port Fees	405,424	405,424	467,798	62,374
Cruise Ship Passenger Fees	495,518	495,518	555,910	60,392
Total Revenues	<u>900,942</u>	<u>900,942</u>	<u>1,023,708</u>	<u>122,766</u>
Expenditures				
Cruise Ship Direct Expenses	133,632	133,632	121,039	12,593
Total Expenditures	<u>133,632</u>	<u>133,632</u>	<u>121,039</u>	<u>12,593</u>
Excess of Revenues Over (Under) Expenditures	<u>767,310</u>	<u>767,310</u>	<u>902,669</u>	<u>135,359</u>
Other Financing Sources (Uses)				
Transfers In				-
Transfers Out	(747,870)	(747,870)	(747,870)	-
Total Other Financing Sources (Uses)	<u>(747,870)</u>	<u>(747,870)</u>	<u>(747,870)</u>	<u>-</u>
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	<u>19,440</u>	<u>19,440</u>	154,799	<u>135,359</u>
Fund Balance - July 1			<u>385,550</u>	
Fund Balance - June 30			<u>540,349</u>	

TOWN OF BAR HARBOR
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - PARKING METER FUND
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit A-8

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
Revenues				
Investment Interest	2,000	2,000	25	(1,975)
Parking Fees net of charges	36,500	36,500	301,377	264,877
Permit Fees net of charges	1,500	1,500	14,363	12,863
Total Revenues	40,000	40,000	315,765	275,765
Expenditures				
Wages and Benefits	11,300	11,300	25,560	(14,260)
Contracted Services	15,025	15,025	9,195	5,830
Supplies	12,655	12,655	19,056	(6,401)
Utilities	420	420	-	420
Professional Dues and Licenses	200	200	595	(395)
Insurance	400	400	-	400
Total Expenditures	40,000	40,000	54,406	(14,406)
Excess of Revenues Over (Under) Expenditures	-	-	261,359	261,359
Other Financing Sources (Uses)				
Transfers In				-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	-	-	261,359	261,359
Fund Balance - July 1			-	
Fund Balance - June 30			261,359	

TOWN OF BAR HARBOR
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
SPECIAL REVENUES/GRANTS
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit B-1

	<i>Evidence Based Impaired Driving Grant</i>	<i>Total</i>
Revenues		
Local Revenues		-
Intergovernmental	2,258	2,258
Total Revenues	2,258	2,258
Expenditures		
Public Safety	2,258	2,258
Capital Expenditures		-
Total Expenditures	2,258	2,258
Excess of Revenues Over (Under) Expenditures	-	-
Other Financing Sources (Uses)		
Transfers In		-
Transfers Out		-
Total Other Financing Sources (Uses)	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	-
Fund Balance - July 1	-	-
Fund Balance (Deficit) - June 30	-	-

**TOWN OF BAR HARBOR
CAPITAL IMPROVEMENTS PROGRAM
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2019**

**Exhibit C-1
Page 1 of 3**

Town Projects	Balance July 1	Budget	Revenues and Transfers	Expenditures/ Transfers	Balance (Over) Under	Transfers From (To) Unassigned	Balance June 30
Technology							
Copier Equipment	3,629	4,300			7,929		7,929
Fiber Engineering Study	25,000	25,000		(23,875)	26,125		26,125
Virtual Desktop Software-police department	-	5,000			5,000		5,000
Fire Protection System-Server Room	5,148	1,716			6,864		6,864
WAN & Cable TV System	29,242	6,033		(25,909)	9,366		9,366
Computer Servers	24,525	26,667		(46,561)	4,631		4,631
Website Improvements	5,834	2,917			8,751		8,751
Town Wide Phone System	18,400	6,200			24,600		24,600
Security camera System	26,933	2,143			29,076		29,076
Municipal Building							
Building Renovation	16,622	16,622		(11,318)	21,926		21,926
Code Enforcement							
Pickup Inspection Truck	20,888	1,917			22,805		22,805
Assessing							
GIS Wide Format Scanner	8,196	15,000		(18,000)	5,196		5,196
Property Tax Revaluation	31,666	20,000			51,666		51,666
Vehicle Purchase	8,220	2,800			11,020		11,020
Aerial Photography	27,712	2,500		(2,000)	28,212		28,212
Planning							
Comprehensive Plan	-	50,000			50,000		50,000
Lower Main Street Engineering	25,000	10,000		(8,400)	26,600		26,600
Cottage Street Streetscapes	10,000	10,000			20,000		20,000
Ambulance							
Ambulance Reserve	32,708	45,929			78,637		78,637
Defibrillators	9,102	27,600		(3,034)	33,668		33,668
Fire Department							
Turnout Gear	6,000	3,500			9,500		9,500
Hose & Couplings	3,500	3,500			7,000		7,000
Rescue Tools	3,748	1,867			5,615		5,615
Fire Engine #2	175,635				175,635		175,635
Fire Engine #4	40,631			(3,766)	36,865		36,865
Fire Engine #5	266,916	5,000			271,916		271,916
Fire Pickup Trucks and Trailer	39,939	5,444		(37,620)	7,763		7,763
Thermal Imaging Camera	3,539	1,600			5,139		5,139
SCBA's & Cascade System	47,165	8,941			56,106		56,106
Police Department							
Cruiser Equipment	6,113	15,500		(4,711)	16,902		16,902
Parking Meter Equipment	-				-	93,390	93,390
Port Security Boat	48,418	10,870			59,288		59,288
Cruiser Replacement	26,863	46,000		(26,742)	46,121		46,121
Records Management System - Spillman	8,088	1,213		(968)	8,333		8,333
Portable Radios	2,500	2,500			5,000		5,000
Tasers	4,828	5,184			10,012		10,012
Radio Base Station & Console	5,100	8,275			13,375	(13,375)	-
Firearms	7,900	5,400			13,300		13,300
Speed Trailer & Monitor	5,816	5,500			11,316		11,316
Dispatch							
Voice Recorder System	2,320	2,750			5,070		5,070
Radio Command Console	3,000	10,503			13,503		13,503
Ireson Hill Building & Generator	500	829		(2,321)	(992)	992	-
Radio Equipment Reserve	-				-	13,375	13,375

**TOWN OF BAR HARBOR
CAPITAL IMPROVEMENTS PROGRAM
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2019**

*Exhibit C-1
Page 2 of 3*

<i>Town Projects (Continued)</i>	<i>Balance July 1</i>	<i>Budget</i>	<i>Revenues and Transfers</i>	<i>Expenditures/ Transfers</i>	<i>Balance (Over) Under</i>	<i>Transfers From (To) Unassigned</i>	<i>Balance June 30</i>
Public Safety Building							
Public Safety Bldg. Generator	23,287	3,892			27,179		27,179
Building Renovations	42,458	(130)		(25,836)	16,492		16,492
Building Envelope Repairs	35,349	49,609		(35,348)	49,610		49,610
Harbor Department							
Harbor Master Boat & Trailer	29,544	2,200			31,744		31,744
Float Replacement	9,666	14,047			23,713		23,713
Gangway Replacement	24,131	1,787			25,918		25,918
Fishermen's Hoist(s)	3,964	2,167			6,131		6,131
Ferry Terminal Improvements	743	3,560,000	137,005	(3,652,308)	45,440		45,440
Port Security Office	7,500	5,000		(5,630)	6,870		6,870
Breakwater Repairs	-	10,000			10,000		10,000
Pier Renovations	26,543	13,333			39,876		39,876
Parks & Recreation							
Museum in the Streets	18,383	4,000		(21,391)	992		992
Benches, Lights, Pergola, etc.	16,600	15,000	2,400	(17,490)	16,510		16,510
Albert Meadow-Grant's Park	-	6,000			6,000		6,000
Tree Planting	4,401	8,000		(8,900)	3,501		3,501
Park Irrigations Systems	4,800	2,400			7,200		7,200
Skate Park Reserve	3,612	4,516	1,000	(1,088)	8,040		8,040
Mt. Desert Cemetery	60,728				60,728		60,728
Park Equipment	-	5,800			5,800		5,800
Launch Ramp-Hadley Point	4,974	2,700			7,674		7,674
Tennis and Basketball Courts	11,250	4,286			15,536		15,536
Village Green Bandstand	9,333	1,467			10,800		10,800
Glen Mary Renovations	13,073	8,800			21,873		21,873
Harborview Park	70,000	5,000			75,000		75,000
Downtown Signage Reserve	14,486	10,000			24,486		24,486
Comfort Stations							
Restroom Renovation Reserve	40,760	32,500			73,260		73,260
Public Works / Highway							
Air Compressor	12,909	402			13,311		13,311
Backhoe Reserve (Cat & Deere)	115,284	11,917			127,201		127,201
Brush Chipper	36,377	8,800		(45,000)	177		177
Grader Reserve	56,494	4,600			61,094		61,094
Parking Meters	-	600,000	47,136	(553,746)	93,390	(93,390)	-
Hydraulic Lifts	17,095	11,000		(7,003)	21,092		21,092
Front End Loader Reserve	39,941	15,000			54,941		54,941
Excavator	25,063	9,167			34,230		34,230
Snowblower	4,300	4,300			8,600		8,600
Road Improvement Program	549,582	290,000		(575,067)	264,515		264,515
Fuel Pump System	-	6,300			6,300		6,300
Sidewalk Plow	72,088	15,200			87,288		87,288
Sidewalk Reconstruction Program	376,915	72,000		(21,000)	427,915		427,915
Washer, Steam Pressure	13,704	1,100		(5,775)	9,029		9,029
Route #3 Construction	321,875				321,875		321,875
LED Street Lights	-	3,000			3,000		3,000
Street Sweeper (Vacuum)	-	39,000			39,000		39,000
Public Works Complex	36,832	11,000			47,832		47,832
Tag Trailer	15,859	840			16,699		16,699
Brine Mixing Equipment	-	1,500			1,500		1,500
Water Truck	8,597	900			9,497		9,497
Street Lights-Main Street	20,632	7,917		(12,789)	15,760		15,760
Light Truck Purchase	57,289	42,423			99,712		99,712
Plow Truck Reserve	258,730	65,229		(69,169)	254,790		254,790
Bobcat Loader	640	4,700			5,340		5,340
Roller, Vibratory	40,087	1,427			41,514		41,514

TOWN OF BAR HARBOR
 CAPITAL IMPROVEMENTS PROGRAM
 SCHEDULE OF ACTIVITY
 FOR THE YEAR ENDED JUNE 30, 2019

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>
<i>Town Projects (Continued)</i>							
Solid Waste Division							
Waste Oil Furnace	1,886	883			2,769		2,769
Recycling Facility Reserve	13,624	12,000			25,624		25,624
Transfer Station Reserve	398,747	2,000		(238,234)	162,513		162,513
Storage	6,883				6,883		6,883
Compactor Unit with Hopper	-	3,333			3,333		3,333
Skid Steer	-	4,500			4,500		4,500
Solar Panels	-	10,000			10,000		10,000
Debt Service							
Debt Service - Agamont Park	-	49,200		(49,200)	-		-
Debt Service - Municipal Building	-	171,875		(171,875)	-		-
Public Works - FY 13	-	235,888		(235,888)	-		-
Downtown Signs	-	21,875		(21,875)	-		-
Public Works - FY 10	-	263,625		(263,625)	-		-
Public Safety Building	-	31,900		(31,900)	-		-
Transfer Station	-	331,808		(331,808)	-		-
Ferry Terminal/Parking Meters	-		67,884		67,884		67,884
Town Total	4,014,362	6,565,703	255,425	(6,617,170)	4,218,320	992	4,219,312
<i>School Projects</i>							
Building Assessment/Repairs	-				-		-
ADA Act Renovations	2,284				2,284		2,284
Capital Outlay Reserve	4,408	10,000			14,408	1	14,409
Asbestos Removal	9,410	2,000			11,410		11,410
Furniture & Equipment	5,821	5,000		(7,892)	2,929		2,929
Computers & Technology	14,281	50,000		(30,545)	33,736		33,736
Copier Lease/Purchase	-	14,429		(14,429)	-		-
Pickup Truck Replacement	21,918	5,986			27,904		27,904
Playground Equipment	2,000				2,000		2,000
Roof Repairs	16,613	11,500		(14,356)	13,757		13,757
Technology Infrastructure	-	15,000			15,000		15,000
Waterproof Wall	-	185,271		(185,271)	-		-
Water Main Rep	-	19,759		(19,759)	-		-
Safety & Access Control	-	10,703		(10,703)	-		-
Building Concept Designs	-	99,530		(45,139)	54,391		54,391
Boiler Replacement	-	42,023		(42,022)	1	(1)	-
Tractor Plow Reserve	5,000	5,000			10,000		10,000
Security Panel	10,909			(906)	10,003		10,003
Debt Service - 2004 Heating System	-	60,453		(60,453)	-		-
School Total	92,644	536,654	-	(431,475)	197,823	-	197,823
Subtotal	4,107,006	7,102,357	255,425	(7,048,645)	4,416,143	992	4,417,135
Unassigned Balance	142,179	(7,102,357)	7,073,081		112,903	(992)	111,911
Totals	4,249,185	-	7,328,506	(7,048,645)	4,529,046	-	4,529,046

**TOWN OF BAR HARBOR
 COMBINING BALANCE SHEET
 ALL PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019**

Exhibit D-1

<i>Assets</i>	<i>Gurnee Scholarship</i>	<i>Cemetery Trusts</i>	<i>Total</i>
Cash and Equivalents	1,360	702	2,062
Investments	8,841	4,567	13,408
Total Assets	10,201	5,269	15,470
 <i>Liabilities & Fund Balances</i>			
Liabilities			
Due to Other Funds			-
Total Liabilities	-	-	-
Fund Balances			
Nonspendable	6,488	5,269	11,757
Assigned	3,713	-	3,713
Total Fund Balances	10,201	5,269	15,470
Total Liabilities & Fund Balances	10,201	5,269	15,470

TOWN OF BAR HARBOR
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit D-2

	<i>Gurnee Scholarship</i>	<i>Cemetery Trusts</i>	<i>Total</i>
Revenues			
New Funds			-
Investment Income	170	89	259
	170	89	259
Expenditures			
Scholarships			-
	-	-	-
Excess of Revenues Over Expenditures	170	89	259
Other Financing Sources (Uses)			
Transfers to Other Funds		(89)	(89)
Total Other Financing Sources (Uses)	-	(89)	(89)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	170	-	170
Fund Balance - July 1	10,031	5,269	15,300
Fund Balance - June 30	10,201	5,269	15,470

TOWN OF BAR HARBOR, MAINE
Operating Data
For the Fiscal Year Ended June 30, 2019

MUNICIPAL SERVICES

Public Works

Wastewater Division

<u>Largest Wastewater Customers</u>	<u>Type of Use</u>	<u>CY2018 Revenues</u>	<u>% of Total</u>
Jackson Laboratory	Genetic Research & Mice Prod	\$428,736	20.0%
Witham Family LTD Part	Hotels (7)	210,755	9.8%
Eden Street Trust	Hotel	72,503	3.4%
West Street Properties LLC	Hotel	41,701	2.0%
Golden Anchor LC	Hotel	39,791	1.9%
Mt Desert Island Hospital	Hospital	37,977	1.8%
Bar Harbor Housing Authority	Low Income/Elderly Housing	33,045	1.5%
Town of Bar Harbor	School, Muni Bldgs, Comfirt Stat's	32,121	1.5%
BHTC 111, LLC	Tennis & Swim Club, Restaurant	28,248	1.3%
WS Atlantic LLC	Hotel	24,870	<u>1.2%</u>
			44.4%

Water Division

<u>Largest Water Customers</u>	<u>Type of Use</u>	<u>CY2017 Revenues</u>	<u>% of Total</u>
Town of Bar Harbor	Parks, Bldgs, Schools & Hydrants	\$643,999	29.4%
Jackson Laboratory	Genetic Research & Mice Prod	205,595	9.4%
Witham Family LTD Part	Hotels (7)	97,221	4.4%
Kebo Valley Club	Golf Course	32,226	1.5%
College of the Atlantic	College	28,747	1.3%
Golden Anchor, LC	Hotel	22,372	1.0%
Mount Desert Hospital	Hospital	20,791	1.0%
Lafayette Bar Harbor, LLC	Hotel	19,269	0.9%
Eden Street Trust	Hotel	16,811	0.8%
Bar Harbor Housing Authority	Low Income Elderly Housing	16,583	<u>0.8%</u>
			50.5%

Number of Water System Customers	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Residential	1,241	1,250	1,248	1,253	1,263
Commercial	491	515	516	516	517
Industrial (Jax Lab)	43	47	47	43	42
Governmental	51	56	57	60	59
Total	1826	1868	1,868	1,872	1,881

Water Sales (per 1,000 gallons)	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Residential	59,766	55,761	58,242	55,574	66,745
Commercial	107,376	111,619	121,831	107,157	128,798
Industrial (Jax Lab)	56,251	60,628	57,027	54,702	65,155
Public Authorities	5,357	12,450	13,419	13,050	15,548
Total Water Sales	228,750	240,458	250,519	230,483	276,246

Water Sales (Revenue)	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Residential	\$482,859	\$469,232	\$565,386	\$553,026	\$593,948
Commercial	526,799	500,570	656,301	609,028	640,968
Industrial (Jax Lab)	136,958	139,336	156,378	159,184	164,825
Public Authorities	51,637	59,099	71,267	72,899	72,587
Public Fire Protection	480,468	480,468	585,604	585,604	585,604
Private Fire Protection	107,952	109,711	126,445	129,278	131,376
Total Water Sales	\$1,786,673	\$1,758,416	\$2,161,381	\$2,109,019	\$2,189,308

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, 2019)
AOS #91	Bar Harbor	Connors-Emerson School	K-8	337
AOS #91	Cranberry Isles	Ashley Bryan School	K-8	10
AOS #91	Frenchboro	Frenchboro Elementary	K-8	4
AOS #91	Mount Desert	Mt Desert Elementary	K-8	162
AOS #91	Southwest Harbor	Pemetic Elementary	K-8	142
AOS #91	Tremont	Tremont Consolidated	K-8	125
AOS #91	Trenton	Trenton Elementary	K-8	152
MSAD No. 76	Swan's Island	Swan's Island Elementary	K-8	32
C.S.D. No. 7	Members of Union #98	Mt Desert Island High	9-12	<u>545</u>
		Total Enrollment		1,509

LABOR RELATIONS

The Town employs approximately 149 full-time personnel, approximately of whom 74 are employees of the Town including its utilities systems; and 75 of whom are employed by the School Department; and various part-time employees. Approximately 44 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, 2017	June 30, 2020
IAFF (AFL/CIO)	Fire Department Unit	July 1, 2017	June 30, 2020
BHSEA (MEA)	School Support Unit	July 1, 2018	June 30, 2021
BHTA (MEA)	Teachers Unit	Sept.1, 2018	Aug. 31, 2021

BUILDING ACTIVITY

Calendar Year	Residential		Commercial		Total	
	# Permits	Est. Cost	# Permits	Est. Cost	# Permits	Est. Cost
2018	184	\$11,386,405	93	\$7,624,886	277	\$19,011,291
2017	202	12,145,602	84	7,374,025	286	19,519,627
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	379	15,019,837

TOWN FINANCES

General Fund Budgets for Fiscal Year Ending June 30.

	2016	2017	2018	2019	2020
Revenues					
Taxes	\$16,557,858	\$16,886,945	\$17,412,251	\$18,433,116	\$18,927,429
Intergovernmental	219,637	223,123	272,830	336,856	396,369
Departmental	1,032,901	1,039,580	1,050,809	1,052,125	1,157,898
Other local sources	534,465	549,174	637,764	648,846	751,867
Total Revenues	18,344,861	18,700,822	19,373,654	20,470,943	21,233,563
Expenditures					
General government	2,883,143	2,992,762	3,062,271	3,129,005	3,311,572
Public safety	2,795,896	2,912,896	3,104,172	3,213,377	3,284,565
Health & welfare	137,648	133,928	141,042	144,401	158,596
Parks & recreation	235,251	239,154	352,879	429,722	438,577
Roads & sanitation	1,810,053	1,829,810	1,899,222	1,962,695	1,988,290
Assessments & Overlay	3,615,766	3,629,013	3,807,302	3,935,692	3,924,020
Transfers to school fund	5,223,669	5,265,115	5,400,763	5,430,046	5,674,670
Transfers to CIP	1,753,435	1,773,144	1,691,003	2,296,005	2,508,273
Total Expenditures	\$18,454,861	\$18,805,822	\$19,458,654	\$20,540,943	\$21,288,563
Excess Exp. Over Revenues	\$110,000	\$105,000	\$85,000	\$70,000	\$55,000
Use of Fund Balance:					
Transfer to CIP	110,000	105,000	85,000	70,000	55,000
Total Use of Fund Balance	\$110,000	\$105,000	\$85,000	\$70,000	\$55,000

Property Tax Levy Limit

Fiscal year:	<u>2015/2016</u>	<u>2016/2017</u>	<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>
State Personal Income Factor:	0.86%	2.67%	2.75%	2.61%	2.75%
Town Prop Growth Factor:	<u>0.70%</u>	<u>1.21%</u>	<u>1.97%</u>	<u>1.67%</u>	<u>1.21%</u>
Growth Limitation Factor:	1.56%	3.88%	4.72%	4.28%	3.96%
Property Tax Levy Limit:	\$6,774,604	\$7,040,190	\$7,389,121	\$7,707,492	\$8,016,991
Property Tax Levy:	<u>6,731,982</u>	<u>6,897,817</u>	<u>7,201,186</u>	<u>8,052,378</u>	<u>8,293,739</u>
Over/(below) Prop Tax Levy Limit:	(\$42,622)	(\$142,373)	(\$187,935)	\$344,886	\$276,748

General Fund Balance as % Revenues

	Fiscal Year Ended June 30,				
	2014	2015	2016	2017	2018
Assigned and Unassigned General Fund Balance (exclude School FB)	\$2,977,582	\$2,796,140	\$3,050,679	\$3,357,037	\$3,652,000
Total Revenues (excl School Rev)	18,594,081	19,151,528	18,840,256	19,274,797	20,182,676
Fund Bal as % Revenues	16.0%	14.6%	16.2%	17.4%	18.0%

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 6/30/19
2019	1,633,550	\$1,506,757	\$11.56	\$17,418,116	\$16,818,243	96.56%	96.56%
2018	1,577,200	1,497,194	10.96	16,409,251	16,020,406	97.64	97.64
2017	1,493,600	1,481,606	10.73	15,896,513	15,503,505	97.53	99.27
2016	1,428,800	1,471,964	10.59	15,588,095	15,239,884	97.76	99.98
2015	1,404,100	1,449,121	10.22	14,810,016	14,334,981	96.79	99.98

Largest Taxpayers

Taxpayer	As of April 1, 2019			
	Type of Business	Assessed Value	Tax	% of Levy
Emera Maine	Electric Utility	20,414,600	\$241,913	1.34%
Golden Anchor, LC	Hotel-Harborside	20,169,500	239,009	1.33%
Eden Street Trust	Hotel-Regency	17,957,500	212,796	1.18%
West Street Properties, LLC	Hotel-West Street	13,654,300	161,800	0.90%
Witham Family LTD, Partners	Hotel-BH Inn	13,616,200	161,352	0.90%
BHTC 111, LLC	Rest/Club	10,434,400	123,648	0.69%
Witham Family LTD	Hotel-Oceanside	10,379,300	122,995	0.68%
WS Atlantic, LLC	Hotel-Hampton	8,626,500	102,224	0.57%
Colket, Tristram C Jr	Residential	8,165,500	96,761	0.54%
Lafayette Bluenose, LLC	Hotel-Bluenose	6,763,300	<u>80,145</u>	<u>0.44%</u>
Top ten taxpayers			\$1,542,643	8.57%

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
2018	\$133,267	\$89,037	\$104	\$350,074	\$62,380	\$634,862
2017	128,220	64,565	1,253	290,474	60,631	545,143
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

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

-----**Local Roads Assistance Program (LRAP), BETE & Veterans programs

DEBT - PRINCIPAL

Year Issued	Purpose	Amount Issued	Final Maturity	Balance on June 30, 2018			Balance on June 30, 2019	
				General	Proprietary	Total	(Payments)	Total
2002	Water Tank (SRF)	750,000	10/01/21		181,479	181,479	(43,587)	137,892
2004	School (MMBB)	805,000	11/01/24	\$371,252		371,252	(45,419)	325,833
2005	Beach Wall	800,000	10/15/24	280,000		280,000	(40,000)	240,000
2005	Sewer/Hulls Cove	800,000	10/15/27		440,000	440,000	(35,000)	405,000
2010	Roads & Sidewalks	3,700,000	05/01/30	2,220,000		2,220,000	(185,000)	2,035,000
2010	Water System	600,000	05/01/30		360,000	360,000	(30,000)	330,000
2011	Sewer System	1,316,000	12/01/31		976,761	976,761	(58,753)	918,008
2011	Water System	1,224,000	12/01/31		863,239	863,239	(81,247)	781,992
2011	Ref'd'g Water-01	2,515,000	12/01/21		1,050,000	1,050,000	(205,000)	845,000
2012	Water (SRF)	2,679,150	10/01/32		2,046,046	2,046,046	(127,108)	1,918,938
2013	Public Works Bldg	3,350,000	10/15/33	2,830,000		2,830,000	(140,000)	2,690,000
2014	Municipal Bldg	2,442,000	10/15/34	2,070,000		2,070,000	(125,000)	1,945,000
2015	PubSftyBldg/Wtr	2,100,000	10/15/35	360,000	1,530,000	1,890,000	(105,000)	1,785,000
2017	Transfer Station	3,070,000	10/15/36		3,070,000	3,070,000	(160,000)	2,910,000
2019	FerryTerm/PkMt	2,875,000	10/15/38			0		2,875,000
2019	FerryTerm-Tax	1,225,000	10/15/38			0		1,225,000
				8,131,252	10,517,525	18,648,777	(1,381,114)	21,367,663

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
2019	5,235	\$1,633,550	\$1,506,757	\$21,367,663	1.31%	\$4,082
2018	5,235	1,577,200	1,497,194	18,648,777	1.18%	3,562
2017	5,235	1,493,600	1,481,606	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

Debt Obligations, by Fund Type

FY June 30,	General Fund Debt		Enterprise Fund Debt	Total Debt	Ent. Debt as % Total Debt
	(Town)	(School)			
2019	\$14,260,000	\$325,833	\$6,781,830	\$21,367,663	31.7%
2018	10,830,000	371,252	7,447,525	18,648,777	40.0%
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%

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		
2019	0.87%	0.02%	0.42%	1.31%	\$2,724	\$62	\$1,296	\$4,082
2018	0.69	0.02	0.47	1.18	2,069	71	1,423	3,563
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

Debt Service Component of Operating Expenses

	2015	2016	2017	2018	2019
Total Current Year Debt Service:	\$1,907,026	\$2,034,204	\$2,319,332	\$2,299,577	\$2,146,027
(less Enterprise Debt Service:)	(1,217,234)	(1,201,047)	(1,340,309)	(1,329,585)	(854,403)
Tax Supported Debt Service	\$689,792	\$833,157	\$979,023	\$969,992	\$1,291,624
Budgeted Operating Expense:	17,920,232	\$18,454,861	\$18,805,822	\$19,458,654	\$20,540,943
Debt Service as % Oper. Expense:	3.85%	4.51%	5.21%	4.99%	6.29%

Total General Obligation, Overlapping and Contingent Debt

	Direct Debt	Overlapping	Contingent	Total Debt
Town of Bar Harbor (CIP)	\$14,260,000			\$14,260,000
Town of Bar Harbor (School)	325,833			325,833
Town of Bar Harbor (Enterprise)	6,781,830			6,781,830
MDI Reg. School District (38.3%)		\$524,075		524,075
County of Hancock (12.0%)		0		0
Total A/O June 30, 2019	\$21,367,663	\$524,075	\$0	\$21,891,738
Debt as % Eq State Valuation	1.31%	0.03%	0.00%	1.34%
Per Capita Debt	\$4,082	\$100	\$0.00	\$4,182

James W. Wadman

CERTIFIED PUBLIC ACCOUNTANT

**James W. Wadman, C.P.A.
Ronald C. Bean, C.P.A.
Kellie M. Bowden, C.P.A.
Wanese L. Lynch, C.P.A.
Amy E. Atherton, C.P.A.**

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, 2019.

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 articles, except for operations and maintenance and office of principal.

Respectfully submitted,

James W. Wadman, CPA

James W. Wadman, CPA
December 5, 2019

TOWN OF BAR HARBOR
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

<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		-	15,325
<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	-	97,894
Title VI, Part B - Local Entitlement Preschool	84.027	013-05A-3009-10	-	555
Sub-total Special Education Cluster (IDEA):			-	<u>98,449</u>
ESEA Title 1A - Basic Disadvantaged Program	84.010	013-05A-3057-13	100,787	126,831
ESEA Title IV, Part A, SSAFE Program	84.424	013-05A-3345-66-6306-3345SSG-F2018		63,730
ESEA Title IIA - Improving Teacher Quality	84.367	013-05A-3042-11	-	43,004
Total U.S. Department of Education			<u>100,787</u>	<u>347,339</u>
U.S. Department of Agriculture:				
<i>Passed Through State Department of Education and Cultural Services:</i>				
Food Distribution	10.560	NONE	-	8,589
Child Nutrition Cluster:				
National School Lunch Program	10.555	013-05A-7128-05	-	27,000
Federal Performance Based Lunch	10.555	013-05A-7142-05	-	1,452
School Breakfast Program	10.553	013-05A-7127-05	-	4,742
Sub-total Child Nutrition Cluster			-	<u>33,194</u>
Total U.S. Department of Agriculture			-	<u>41,783</u>
U.S. Department of Transportation:				
2018 Distracted Driving Enforcement Grant	20.616	013 16A FLXE 012 6401 DD4518	-	3,918
2019 Evidence Based Impaired Driving HVE	20.616	013 16A 405D 012 6401 ID067	-	1,043
Total U.S. Department of Transportation			-	<u>4,961</u>
Total			-	<u><u>394,083</u></u>

APPENDIX B

**PROPOSED FORM
OF
LEGAL OPINION**

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**Bernstein, Shur,
Sawyer & Nelson, P.A.**
100 Middle Street
PO Box 9729
Portland, ME 04104-5029

T (207) 774 - 1200
F (207) 774 - 1127

March 30, 2020

**Re: Town of Bar Harbor, Maine
\$2,150,000 2020 General Obligation Refunding Bonds**

We have examined the law and certified proceedings submitted in connection with the issuance and sale of the \$2,150,000 aggregate principal amount of the 2020 General Obligation Refunding Bonds (the “Bonds”) of the Town of Bar Harbor, Maine (the “Issuer”), a public municipal corporation in the State of Maine organized and existing under and pursuant to the laws of the State of Maine and the Charter of the Town of Bar Harbor, Maine (the “Charter”).

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 Charter and the provisions of Title 30-A, Section 5772 of the Maine Revised Statutes, as amended.

The Bonds are dated March 30, 2020. Principal of the Bonds will be payable on May 1 of the years in which the Bonds mature and in the principal amounts as set forth below. The Bonds will bear interest from their date, payable semi-annually on May 1 and November 1 in each year, commencing on November 1, 2020, at the respective rates per annum, as follows:

<u>Year of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield or Price</u>
2021	\$215,000	%	
2022	215,000		
2023	215,000		
2024	215,000		
2025	215,000		
2026	215,000		
2027	215,000		
2028	215,000		
2029	215,000		
2030	215,000		

The Bonds are not subject to optional redemption prior to their stated dates of maturity.

The Bonds will be issued in fully registered form without coupons and, when issued, will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company (“DTC”), an automated depository for securities and clearinghouse for securities transactions. Purchases of the Bonds will be made in book-entry form (without certificates) in the denomination of \$5,000 or any integral multiple thereof. The Bonds are lettered R and shall be numbered from one (1) upwards.

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 and Use of Proceeds Certificate, Certificate of Treasurer and Certificate Regarding Bank Qualified and Designated Status (collectively, the “Tax Certificates”), 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 Tax Certificates.

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 public municipal corporation under and pursuant to the laws of the State of Maine.

2. The Issuer is duly authorized to issue the Bonds which have been duly and validly authorized and issued in accordance with law and constitute valid general obligations of the Issuer payable as to both principal and interest from ad valorem taxes which may be levied, subject to certain procedural limitations under Section 5721-A of the Maine Revised Statutes as amended and supplemented to date, without limit as to rate or amount upon all the property located within the territorial limits of the Issuer and taxable by it, except to any 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 any portion of its assessed valuation with another municipality and except to the extent that the Issuer may establish municipal development districts or affordable housing districts pursuant to Title 30-A, Chapters 206 and former 207 (now repealed) of the Maine Revised Statutes, as amended, the tax increment revenues on retained captured assessed values of which may not be available for payment of debt service on the Bonds.

3. Under existing statutes and court decisions (a) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, and (b) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals under the Code. Under existing statutes, interest on the Bonds is exempt from the State of Maine income tax imposed on individuals. The opinions set forth in the preceding sentences are subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal or state tax consequences arising with respect to the Bonds.

4. The Bonds are exempt from taxation within the State of Maine under existing Maine law.

5. The Bonds will constitute “qualified tax-exempt obligations” under Section 265(b) of the Code.

March 30, 2020

Page 4

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 \$1,865,000 2020 General Obligation Refunding Bonds, dated March 30, 2020, and with reference to the continuing disclosure requirements of Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended, and officially interpreted from time to time (the “Rule”), the Issuer hereby covenants under this Continuing Disclosure Agreement (the “Agreement”) that it will engage in the undertakings described in Section 1, 2 and 3 herein for the benefit of the beneficial owners of the Bonds, subject to the conditions and limitations specified herein. Under the Agreement, the Issuer is obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the MSRB (defined below). This information will be available from the MSRB via the Electronic Municipal Market Access (“EMMA”) system at www.emma.msrb.org. The Issuer reserves the right to incorporate by reference its Official Statement dated April 15, 2020 relating to the Bonds (the “Official Statement”), which will be submitted to the MSRB, as hereinafter defined, at the time of delivery of the Bonds, in any future disclosure provided hereunder.

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

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

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

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

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

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

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

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

“State” shall mean the State of Maine.

1. The Issuer will provide to the MSRB: (a) not later than 270 days after the end of each fiscal year, commencing with the fiscal year ending June 30, 2020, certain updated Annual Financial Information and operating data relating to the Issuer for the preceding fiscal year of the type presented in the Official Statement prepared in connection with the Bonds under the headings “TOWN FINANCES,”

“INDEBTEDNESS,” “RETIREMENT” and in APPENDIX A to the Official Statement and such other Annual Financial Information and operating data as may be required to comply with the Rule; and (b) the updated information discussed in clause (a) above will include audited financial statements, if the Issuer commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the Issuer will provide audited financial statements when and if such audited financial statements become available. Such filings, if not completed by the required time in clause (a) above, but if filed when available, will not be deemed to be a “late filing”. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX A to the Official Statement or such other accounting principles as the Issuer may be required to employ from time to time pursuant to State law or regulation.

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 this subparagraph (9), 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.);or
- (10) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any Financial Obligation of the Issuer or obligated person, any of which reflect financial difficulties

(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;
- (6) Appointment of a successor or additional trustee or the change of name of a trustee; and
- (7) Incurrence of a Financial Obligation of the Issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or obligated person, any of which affect security Holders, if material.

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

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

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

5. The purpose of the Issuer's undertaking is to conform to the requirements of the Rule and, except for creating the right on the part of the Beneficial Owners of the Bonds, from time to time, to specifically enforce the Issuer's obligations hereunder, not to create new contractual or other rights for any Beneficial Owner of the Bonds, any municipal securities broker or dealer, any potential purchaser of the Bonds, the SEC or any other person. The sole remedy in the event of any actual or alleged failure by the Issuer to comply with any provision herein shall be an action for the specific performance of the Issuer's obligations hereunder and not for money damages in any amount. Any failure by the Issuer to comply with any provision of this undertaking shall not constitute an event of default with respect to the Bonds.

6. Except as disclosed in its Official Statement, the Issuer has never failed to comply in all material respects with any previous undertakings to provide Annual Financial Information or notices of material events in accordance with the Rule.
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.

Dated: _____, 20__

TOWN OF BAR HARBOR, MAINE

By: _____

Its: _____