

TOWN OF BAR HARBOR, MAINE

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

***FOR THE FISCAL YEAR
ENDED JUNE 30, 2017***

TOWN OF BAR HARBOR
FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2017

	TABLE OF CONTENTS	PAGE(S)
INDEPENDENT AUDITOR'S REPORT		1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS		3 - 7
BASIC FINANCIAL STATEMENTS:		
EXHIBIT	GOVERNMENTAL-WIDE FINANCIAL STATEMENTS	
A	Statement of Net Position	8
B	Statement of Activities	9
	FUND FINANCIAL STATEMENTS	
	Governmental Funds Financial Statements	
C	Balance Sheet - Governmental Funds	10 - 11
D	Statement of Revenues, Expenditures And Changes in Fund Balances - Governmental Funds	12 - 13
	Proprietary Funds Financial Statements	
E	Statement of Net Position	14
F	Statement of Revenues, Expenses, and Changes in Fund Net Position	15
G	Statement of Cash Flows	16
	Fiduciary Fund Financial Statements	
H	Statement of Fiduciary Net Position	17
I	Statement of Changes in Fiduciary Net Position	18
	NOTES TO THE FINANCIAL STATEMENTS	19 - 42
	REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN	
	MANAGEMENT'S DISCUSSION AND ANALYSIS	
J	Statement of Revenues, Expenditures and Changes in Fund Balance - Unassigned Fund Balance	43
K	Pension Plan Schedules	44 - 45
	Notes to Historical Pension Information	46
SUPPLEMENTARY INFORMATION		
	GENERAL FUND	
A-1	Statement of Estimated and Actual Revenues	47 - 48
A-2	Statement of Appropriations, Expenditures, and Encumbrances	49 - 50
A-3	Statement of Changes in Unassigned Fund Balance	51
A-4	Balance Sheet: General Reserves and Committed Funds	52
A-5	Statement of Revenues, Expenditures and Changes in Fund Balances:	
	General Reserves and Committed Funds	53
A-6	Statement of Revenues, Expenditures and Changes in Fund Balances: School Department	54
A-7	Budgetary Comparison Schedule - Cruise Ship Fund	55
	SPECIAL REVENUE FUNDS	
B-1	Balance Sheet	56
B-2	Statement of Revenues, Expenditures and Changes in Fund Balances	57
	CAPITAL PROJECT FUNDS	
C-1	Schedule of Activity	58 - 60
	PERMANENT FUNDS	
D-1	Balance Sheet	61
D-2	Statement of Revenues, Expenditures and Changes in Fund Balances	62
	SUPPLEMENTARY OPERATING DATA	63 - 68
	STATE OF MAINE REPORT	
	Statement of Assurance and Determination	69
	SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	70

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bar Harbor, Maine as of and for the year ended June 30, 2017, 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, 2017, and the respective changes in

financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension disclosure schedules on pages 3 through 7 and 43 - 46, 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.
November 22, 2017

TOWN OF BAR HARBOR, MAINE
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

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, 2017. We encourage readers to consider this information in conjunction with the financial statements and accompanying notes that follow.

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

FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

Government-wide Highlights:

Net Position – The assets of the Town exceeded its liabilities at fiscal year ending June 30, 2017 by \$37,298,930 (presented as "net position"). Of this amount, \$10,439,184 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 \$2,478,569 (a 7.1% increase) for the fiscal year ended June 30, 2017. Net position of governmental activities increased by \$1,224,093 (a 5.8% increase), while net position of business-type activities showed an increase of \$1,254,476 (a 9.0% increase).

Fund Highlights:

Governmental Funds – Fund Balances – As of the close of the fiscal year ended June 30, 2017, the Town's governmental funds reported a combined ending fund balance of \$8,271,992 with \$621,603 being general unassigned fund balance. This unassigned fund balance represents approximately 5.4% of the total general fund expenditures for the year.

Long-term Debt:

The Town's total long-term debt obligations decreased by \$1,595,856 (8.5%) during the current fiscal year. Existing debt obligations were retired according to schedule. A new copier lease was issued for the School Department in the amount of \$53,819. Additional information on the Town's long-term debt can be found in Note 3d of this report on pages 31-32.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

The Government-wide financial statements present the financial picture of the Town from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the Town (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain elimination entries have occurred as prescribed by the statement in regards to inter-fund activity, payables and receivables. The government-wide financial statements can be found on pages 8-9 of this report.

Fund Financial Statements

The fund financial statements include statements for each of the three categories of activities – governmental, business-type and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The business-type activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town's own programs. Reconciliation of the fund financial statements to the Government-wide financial statements is provided to explain the differences created by the integrated approach.

The basic governmental fund financial statements can be found on pages 10-13 of this report.
The basic proprietary fund financial statements can be found on pages 14-16 of this report.
The basic fiduciary fund financial statements can be found on pages 17-18 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found on pages 19-42 of this report.

Required Supplementary Information

This section includes a budgetary comparison schedule, which includes a reconciliation between the statutory fund balance for budgetary purposes and the fund balance for the general fund as presented in the governmental fund financial statements (if necessary). This section also includes a schedule of proportionate share of net pension liability and schedule of employer contributions in relation to implementation of GASB Statement #68. Required supplementary information can be found on pages 43-44 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

69.6% of the Town's net position reflects its net investment in capital assets such as land, buildings, equipment and infrastructure (roads, bridges and other immovable assets) less any related debt used to acquire those assets that are still outstanding. The Town uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the Town's investment in its capital assets is reported net of accumulated depreciation and net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

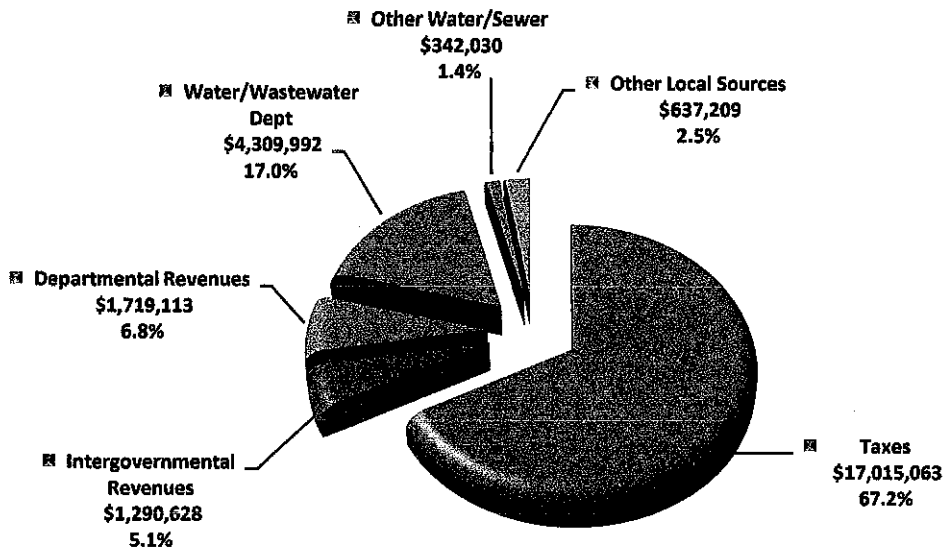
	Governmental Activities	Business-like Activities	Total 2017	Total 2016
Current Assets	9,920,065	5,106,169	15,026,234	14,608,995
Capital Assets	23,646,208	19,599,171	43,245,379	42,622,840
Total Assets	33,566,273	24,705,340	58,271,613	57,231,835
Deferred Rate Case Expense		1,943	1,943	5,828
Related to Pensions	1,303,799	342,490	1,646,289	687,835
Total Deferred Outflows of Resources	1,303,799	344,433	1,648,232	693,663
Total Assets and Deferred Outflows of Resources	34,870,072	25,049,773	59,919,845	57,925,498
Current Liabilities	1,823,245	1,719,376	3,542,621	3,205,809
Other Liabilities	10,417,035	8,010,469	18,427,504	18,972,480
Total Liabilities	12,240,280	9,729,845	21,970,125	22,178,289
Property Taxes Collected in Advance	32,075		32,075	31,782
Unamortized Premium on Debt		44,581	44,581	100,256
Related to Pensions	446,878	127,256	574,134	794,810
Total Deferred Inflows of Resources	478,953	171,837	650,790	926,848
Net Investment in Capital Assets	14,923,092	11,041,826	25,964,918	23,747,246
Restricted	894,828		894,828	811,332
Unrestricted	6,332,919	4,106,265	10,439,184	10,261,783
Total Net Position	22,150,839	15,148,091	37,298,930	34,820,361
Total Liabilities, Deferred Inflows of Resources and Net Position	34,870,072	25,049,773	59,919,845	57,925,498

Changes in Net Position

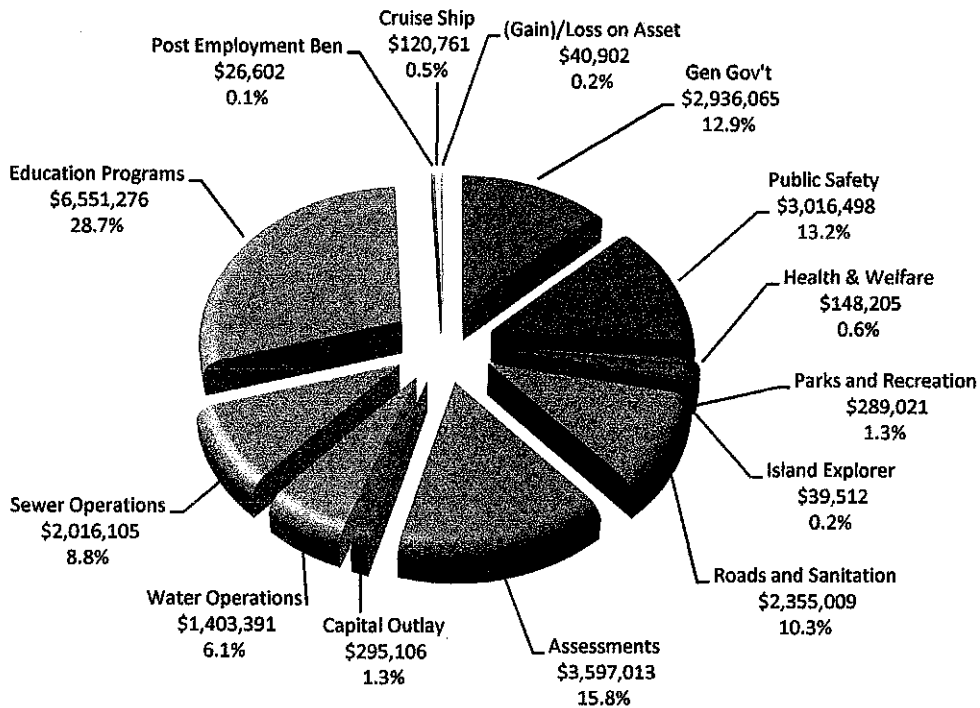
Approximately 67.2% of the Town's total revenue came from property and excise taxes, approximately 5.1% came from Federal and State subsidies and grants, and approximately 27.7% came from services, investment earnings and other sources. Depreciation expense on the Town's governmental and business-like activity assets represents \$2,020,106 of the total expenses for the fiscal year. Depreciation for governmental activities was \$1,192,817 while depreciation for business-like activities was \$827,289.

	Governmental Activities	Business-like Activities	Total 2017	Total 2016
Revenues:				
Taxes	17,015,063		17,015,063	16,661,078
Intergovernmental Revenues	1,290,628		1,290,628	1,253,960
Departmental Revenues	1,719,113	4,309,992	6,029,105	5,680,084
Land Donation from MDI YMCA			-	679,900
Bond Premium Proceeds		55,675	55,675	-
Contributions in Aid of Construction		286,355	286,355	-
Other Local Sources	613,342	23,867	637,209	845,730
Total	20,638,146	4,675,889	25,314,035	25,120,752
Expenses:				
General Government	2,936,065		2,936,065	2,993,569
Public Safety	3,016,498		3,016,498	3,185,177
Health & Welfare	148,205		148,205	152,425
Parks and Recreation	289,021		289,021	293,362
Island Explorer Shuttle Bus	39,512		39,512	39,225
Roads and Sanitation	2,355,009		2,355,009	2,230,107
Assessments	3,597,013		3,597,013	3,564,623
Capital Outlay	295,106		295,106	897,864
Water Operations		1,403,391	1,403,391	1,555,980
Sewer Operations		2,016,105	2,016,105	1,934,376
Education Programs	6,551,276		6,551,276	6,228,977
Cruise Ship	120,761		120,761	148,801
Post Employment Benefits	26,602		26,602	208,376
(Gain)/Loss on Disposal of Assets	38,985	1,917	40,902	16,808
Total	19,414,053	3,421,413	22,835,466	23,449,670
Changes in Net Position	1,224,093	1,254,476	2,478,569	1,671,082

Revenues By Source - Governmental and Business-Type



Expenditures by Source - Governmental and Business-Type



FINANCIAL ANALYSIS OF THE TOWN'S INDIVIDUAL FUNDS

Governmental Funds

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

At the end of the fiscal year, the Town's governmental funds reported ending fund balances of \$8,271,992, an increase of \$414,165 in comparison with the prior year. Approximately 7.5 percent of this total amount constitutes unassigned fund balance. The remainder is reserved to indicate that it is not available for spending because it has been committed to liquidate contracts and commitments of the prior fiscal year or for a variety of other purposes.

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

- \$36,629 positive variance in property taxes due to supplemental taxes issued in the amount of \$37,582 less slightly higher unavailable property taxes in the amount of \$953.
- \$97,998 positive variance in auto excise revenue due to the value and number of vehicles increasing which also reflects industry sale of vehicles.
- \$(135,422) negative variance in ambulance billings due to less runs to Bangor because of staffing shortages.
- \$18,807 positive variance in town clerk expenditures due to budgeting for ordinance coding that did not pass at the town meeting.
- \$(16,686) negative variance in 27th pay period expenditures due to the budget being too low based on a 3-year averaging methodology.
- \$(22,260) negative variance in vacation accruals due to compensatory time increasing and 2 new staff positions added to the budget.
- \$36,205 positive variance in contingency expenditures due to the category not being needed.
- \$43,255 positive variance in fire department expenditures due to staffing shortages.
- \$19,033 positive variance in police department expenditures due to lower fuel costs and lower electricity costs.
- \$23,377 positive variance in highway department expenditures due to some work not being completed as planned and lower utility costs.

Proprietary Funds

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

CAPITAL ASSET ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental and business-like activities amounts to \$78,649,071, net of accumulated depreciation of \$35,403,691, leaving a net book value of \$43,245,380. Current year additions included Capital Improvements, Water and Sewer additions.

REQUESTS FOR INFORMATION

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

TOWN OF BAR HARBOR
STATEMENT OF NET POSITION
JUNE 30, 2017

Exhibit A

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Equivalents	7,174,826	4,235,814	11,410,640
Investments	1,820,699		1,820,699
Receivables:			
Taxes and Liens	539,144	42,303	581,447
User Fees, net		557,397	557,397
Accounts	133,619	29,265	162,884
Ambulance	139,872		139,872
Accrued Interest	3,124		3,124
Prepaid Expense	871	3,014	3,885
Inventory	12,998	234,925	247,923
Due from Other Governments	94,912		94,912
Bond Issuance Costs, Net		3,451	3,451
Capital Assets:			
Land	2,739,414	164,126	2,903,540
Construction Work in Progress	245,595	3,867	249,462
Other Capital Assets, Net of Depreciation	20,661,199	19,431,178	40,092,377
Total Assets:	33,566,273	24,705,340	58,271,613
Deferred Outflows of Resources:			
Deferred Rate Case Expense		1,943	1,943
Related to Pensions	1,303,799	342,490	1,646,289
Total Deferred Outflows of Resources	1,303,799	344,433	1,648,232
Total Assets and Deferred Outflows of Resources	34,870,072	25,049,773	59,919,845
Liabilities, Deferred Inflows of Resources and Net Position:			
Liabilities:			
Accounts Payable	244,753	484,174	728,927
Retainage Payable	14,016	5,490	19,506
Payroll Taxes Deductible	6,011		6,011
Due to Students	4,617		4,617
Accrued Salaries Payable	648,523	32,662	681,185
Accrued Compensated Absences	335,429	40,350	375,779
Accrued Interest Payable		43,696	43,696
Internal Balances	267	(267)	-
Deposits Payable	10,972		10,972
Debt Due Within One Year	558,657	1,113,271	1,671,928
Long-term Liabilities:			
Net Pension Liability	2,017,598	562,944	2,580,542
Net Post Employment Benefits Obligation	234,978		234,978
Debt Due in More Than One Year	8,164,459	7,447,525	15,611,984
Total Liabilities	12,240,280	9,729,845	21,970,125
Deferred Inflows of Resources:			
Property Taxes Collected in Advance	32,075		32,075
Unamortized Premium on Debt		44,581	44,581
Related to Pensions	446,878	127,256	574,134
Total Deferred Inflows of Resources	478,953	171,837	650,790
Net Position:			
Net Investment in Capital Assets	14,923,092	11,041,826	25,964,918
Restricted	894,828		894,828
Unrestricted	6,332,919	4,106,265	10,439,184
Total Net Position	22,150,839	15,148,091	37,298,930
Total Liabilities, Deferred Inflows of Resources and Net Position	34,870,072	25,049,773	59,919,845

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

TOWN OF BAR HARBOR
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

<u>Functions/Programs</u> <u>Primary Government</u> <u>Governmental Activities:</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Fees, Fines, and</u> <u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-like</u> <u>Activities</u>	<u>Total</u>
Expenses					
General Government	2,936,065	458,487	(2,477,578)		(2,477,578)
Public Safety	3,016,498	428,480	(2,539,018)		(2,539,018)
Health and Welfare	148,205		(148,205)		(148,205)
Parks & Recreation	289,021	950	(288,071)		(288,071)
Island Explorer Shuttle Bus	39,512		(39,512)		(39,512)
Roads and Sanitation	2,355,009	72,300	(2,282,709)		(2,282,709)
Assessments	3,597,013		(3,597,013)		(3,597,013)
Capital Outlay	295,106		(295,106)		(295,106)
Education	6,551,276	102,895	(5,545,399)		(5,545,399)
Post Employment Benefits	26,602		(26,602)		(26,602)
Cruise Ship	120,761	765,883	645,122		645,122
<u>Total Governmental Activities</u>	<u>19,375,068</u>	<u>1,828,995</u>	<u>(16,594,091)</u>		<u>(16,594,091)</u>
<u>Business-type Activities:</u>					
Wastewater	2,016,105	2,138,594		122,489	122,489
Water	1,403,391	2,171,398		768,007	768,007
<u>Total Business-type Activities</u>	<u>3,419,496</u>	<u>4,309,992</u>		<u>890,496</u>	<u>890,496</u>
<u>Total Primary Government</u>	<u>22,794,564</u>	<u>6,138,987</u>	<u>951,982</u>	<u>(16,594,091)</u>	<u>(15,703,595)</u>
<u>General Revenues:</u>					
Taxes					
Property			15,992,656		15,992,656
Auto and Boat Excise			1,022,407		1,022,407
Intergovernmental Revenues			338,646		338,646
Other Local Sources			503,460	23,867	527,327
Contributions in Aid of Construction				286,355	286,355
Gain/(Loss) on Disposal of Assets			(38,985)	(1,917)	(40,902)
<u>Special Items</u>					
Bond Premium Proceeds				55,675	55,675
<u>Total Revenues, Special Items and Transfers</u>			<u>17,818,184</u>	<u>363,980</u>	<u>18,182,164</u>
<u>Changes in Net Position</u>			<u>1,224,093</u>	<u>1,254,476</u>	<u>2,478,569</u>
<u>Net Position - Beginning</u>			<u>20,926,746</u>	<u>13,893,615</u>	<u>34,820,361</u>
<u>Net Position - Ending</u>			<u>22,150,839</u>	<u>15,148,091</u>	<u>37,298,930</u>

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

TOWN OF BAR HARBOR
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

Exhibit C
Page 1 of 2

	General Fund	CIP Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Equivalents	7,173,243		1,583	7,174,826
Investments	1,807,093		13,606	1,820,699
Receivables				
Taxes	30,942			30,942
Tax Liens	508,202			508,202
Accounts	133,619			133,619
Ambulance Fees	139,872			139,872
Accrued Interest	3,124			3,124
Prepaid Expense	871			871
Inventory	12,998			12,998
Due from Other Governments	45,912		49,000	94,912
Due from Other Funds	50,522	4,074,974	29,300	4,154,796
Total Assets	9,906,398	4,074,974	93,489	14,074,861
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts Payable	200,490	44,263		244,753
Retainage Payable		14,016		14,016
Payroll Taxes/Deductions	6,011			6,011
Accrued Salaries Payable	648,523			648,523
Accrued Compensated Absences	280,930			280,930
Due to Other Funds	4,106,063		49,000	4,155,063
Due to Students	4,617			4,617
Deposits Payable	10,972			10,972
Total Liabilities	5,257,606	58,279	49,000	5,364,885
Deferred Inflows of Resources:				
Property Taxes Collected in Advance	32,075			32,075
Unavailable Property Taxes	403,839			403,839
Unavailable Rental Income	2,070			2,070
Total Deferred Inflows of Resources	437,984	-	-	437,984
Fund Balances				
Nonspendable	2,471		11,757	14,228
Restricted	851,300		29,300	880,600
Committed		4,016,695		4,016,695
Assigned	2,735,434		3,432	2,738,866
Unassigned	621,603			621,603
Total Fund Balances	4,210,808	4,016,695	44,489	8,271,992
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	9,906,398	4,074,974	93,489	14,074,861

-

(Continued)

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

TOWN OF BAR HARBOR
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

Exhibit C
Page 2 of 2

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

Total Fund Balance	8,271,992
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$21,625,742	23,646,208
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds:	
Unavailable Revenues	405,909
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Bonds Payable	(8,679,456)
School Leases Payable	(43,660)
Accrued Compensated Absences - School Department	(54,499)
Post Employment Benefits Costs	(234,978)
Net Pension Liability, Related to Pensions	(1,160,677)
	<u>(10,173,270)</u>
Net Position of Governmental Activities	<u>22,150,839</u>

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

TOWN OF BAR HARBOR
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

Exhibit D
Page 1 of 2

	General Fund	CIP Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	17,014,110			17,014,110
Intergovernmental Revenues	1,147,417	94,211	49,000	1,290,628
Departmental Revenues	1,719,113			1,719,113
Other Local Sources	400,034	215,377	59	615,470
Total Revenues	20,280,674	309,588	49,059	20,639,321
Expenditures				
Current:				
General Government	2,803,118			2,803,118
Public Safety	2,855,007		-	2,855,007
Health and Welfare	135,176			135,176
Parks and Recreation	236,375		-	236,375
Island Explorer Shuttle Bus	39,512			39,512
Roads and Sanitation	1,823,451		-	1,823,451
Education	6,340,281			6,340,281
Assessments	3,597,013			3,597,013
Cruise Ship	120,761			120,761
Capital Outlay		2,227,173	101,108	2,328,281
Total Expenditures	17,950,694	2,227,173	101,108	20,278,975
Excess of Revenues Over (Under) Expenditures	2,329,980	(1,917,585)	(52,049)	360,346
Other Financing Sources (Uses)				
Lease Proceeds	53,819			53,819
Transfers from Other Funds	397,262	1,993,965	52,108	2,443,335
Transfers to Other Funds	(2,391,207)	(52,108)	(20)	(2,443,335)
Total Other Financing Sources (Uses)	(1,940,126)	1,941,857	52,088	53,819
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	389,854	24,272	39	414,165
Fund Balance - July 1	3,820,954	3,992,423	44,450	7,857,827
Fund Balance - June 30	4,210,808	4,016,695	44,489	8,271,992

(Continued)

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

TOWN OF BAR HARBOR
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Exhibit D
Page 2 of 2

Net change in fund balances - total governmental funds 414,165

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	1,481,920
Gain/(Loss) on Disposal of Assets	(38,985)
Depreciation expense	(1,192,817)
	<u>250,118</u>

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

Unavailable Revenues	(2,128)
Unavailable Taxes	953
	<u>(1,175)</u>

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

School Lease Proceeds	(53,819)
Capital lease obligation principal payments	10,159
General obligation bond principal payments	541,096
	<u>497,436</u>

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Accrued compensated absences	(4,457)
Post Employment Benefits Cost	(26,602)
Pension Plans (Deferred Outflows, Net Pension Liability, Deferred Inflows)	94,608
	<u>63,549</u>

Change in net position of governmental activities 1,224,093

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

TOWN OF BAR HARBOR
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2017

Exhibit E

<i>Assets</i>	<i>Wastewater Enterprise</i>	<i>Water Enterprise</i>	<i>Total</i>
Current Assets:			
Cash and Equivalents	1,831,190	2,404,624	4,235,814
Receivables			
User Fees, net	483,950	73,447	557,397
Liens Receivable	42,303	-	42,303
Accounts	23,838	5,427	29,265
Due From Other Funds	3,806		3,806
Inventory	24,150	210,775	234,925
Prepaid Expenses		3,014	3,014
Total Current Assets	2,409,237	2,697,287	5,106,524
Noncurrent Assets:			
Capital Assets, net	10,239,370	9,359,801	19,599,171
Bond Issuance Costs, net	-	3,451	3,451
Total Noncurrent Assets	10,239,370	9,363,252	19,602,622
Total Assets	12,648,607	12,060,539	24,709,146
Deferred Outflows of Resources:			
Deferred Rate Case Expense		1,943	1,943
Related to Pensions	221,051	121,439	342,490
Total Deferred Outflows of Resources	221,051	123,382	344,433
Total Assets and Deferred Outflows of Resources	12,869,658	12,183,921	25,053,579
Liabilities and Net Position			
Liabilities			
Accounts Payable	77,741	406,433	484,174
Retainage Payable	3,026	2,464	5,490
Accrued Salaries and Benefits	20,713	11,949	32,662
Accrued Interest Payable	9,625	34,071	43,696
Due to Other Funds		3,539	3,539
Compensated Absences Payable	26,401	13,949	40,350
Bonds and Notes Payable	548,723	564,548	1,113,271
Total Current Liabilities	686,229	1,036,953	1,723,182
Noncurrent Liabilities:			
Net Pension Liability	360,636	202,308	562,944
Bonds and Notes Payable	1,416,761	6,030,764	7,447,525
Total Noncurrent Liabilities	1,777,397	6,233,072	8,010,469
Total Liabilities	2,463,626	7,270,025	9,733,651
Deferred Inflows of Resources:			
Unamortized Premium on Debt		44,581	44,581
Related to Pensions	81,523	45,733	127,256
Total Deferred Inflows of Resources	81,523	90,314	171,837
Net Position			
Net Investment in Capital Assets	8,273,886	2,767,940	11,041,826
Retained Earnings			
Reserved	2,023,747	1,230,846	3,254,593
Unreserved	26,876	824,796	851,672
Total Net Position	10,324,509	4,823,582	15,148,091
Total Liabilities, Deferred Inflows of Resources and Net Position	12,869,658	12,183,921	25,053,579

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

TOWN OF BAR HARBOR

Exhibit F

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

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

	<i>Proprietary Fund Types</i>		<i>Total</i>
	<i>Wastewater Enterprise</i>	<i>Water Enterprise</i>	
Operating Revenues:			
Charges for Services	2,127,205	2,169,350	4,296,555
Interest - Late Penalties	11,389	2,048	13,437
Total Operating Revenues:	2,138,594	2,171,398	4,309,992
Operating Expenditures:			
Current:			
Salaries and Benefits	603,434	361,540	964,974
Contracted Services	212,016	231,316	443,332
Utilities & Commodities	234,304	54,286	288,590
Repairs & Maintenance	158,523	133,194	291,717
Equipment	23,284	8,586	31,870
Other Expenses	42,427	38,040	80,467
Depreciation and Amortization	519,766	308,246	828,012
Materials and Supplies	129,703	93,754	223,457
Total Operating Expenditures	1,923,457	1,228,962	3,152,419
Net Operating Income	215,137	942,436	1,157,573
Nonoperating Revenues (Expenses)			
Interest Revenue	8,402	14,038	22,440
Acadia National Park Contributions to extension	114,750		114,750
Nonutility Income, net of expense	-	1,427	1,427
Loss on Disposal of Assets	-	(1,917)	(1,917)
Hospital Line Extension Proceeds		165,000	165,000
Bond Premium proceeds	-	55,675	55,675
Contributions in Aid of Construction	-	6,605	6,605
Related to Pensions	(21,376)	(9,004)	(30,380)
Interest Expense	(71,272)	(165,425)	(236,697)
Total Nonoperating Revenue (Expenses)	30,504	66,399	96,903
<i>Change in Net Position (net income)</i>	245,641	1,008,835	1,254,476
<i>Total Net Position - Beginning</i>	10,078,868	3,814,747	13,893,615
<i>Total Net Position - Ending</i>	10,324,509	4,823,582	15,148,091

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

TOWN OF BAR HARBOR
STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2017

Exhibit G

	Proprietary Fund Types		
	Wastewater Enterprise	Water Enterprise	Total
Cash Flows from Operating Activities			
Received from Customers	2,138,594	2,171,398	4,309,992
Payments to Suppliers	(757,830)	(521,136)	(1,278,966)
Payments to Employees	(603,434)	(361,540)	(964,974)
Other Receipts (Payments)	(42,427)	190,667	148,240
Net Cash Provided by (Used in) Operating Activities	734,903	1,479,389	2,214,292
Cash Flows from Capital and Related Financing Activities			
Purchases of Capital Assets	(345,156)	(183,237)	(528,393)
Principal Paid on Capital Debt	(536,226)	(562,195)	(1,098,421)
Proceeds from Sale of Land/Fixed Assets	-	(1,917)	(1,917)
Interest Paid on Capital Debt	(71,272)	(165,425)	(236,697)
Net Cash Used in Capital and Related Financing Activities	(952,654)	(912,774)	(1,865,428)
Cash Flows from Investing Activities			
(Purchase)/Sale of Investments	73,932	(565,169)	(491,237)
Interest and Dividends	8,402	14,038	22,440
Net Cash Provided by (Used in) Investing Activities	82,334	(551,131)	(468,797)
Net Increase (Decrease) in Cash and Cash Equivalents	(135,417)	15,484	(119,933)
Balances - beginning of the year	1,966,607	2,389,140	4,355,747
Balances - end of the year	1,831,190	2,404,624	4,235,814
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Net Operating Income (Loss)	215,137	942,436	1,157,573
Adjustment to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization	519,766	308,246	828,012
(Increase) Decrease in Accounts Receivable	10,238	20,702	30,940
(Increase) Decrease in Due To/From Other Funds	(61,596)	(112,657)	(174,253)
(Increase) Decrease in Inventory	716	(87,106)	(86,390)
(Increase) Decrease in Prepaid Expense		12,479	12,479
Increase (Decrease) in Accrued Wages Payable	3,454	1,970	5,424
Increase (Decrease) in Accrued Interest Payable	(3,596)	(1,597)	(5,193)
Increase (Decrease) in Compensated Absences Payable	(65)	2,076	2,011
Increase (Decrease) in Accounts Payable	50,849	392,840	443,689
Net Cash Provided by (Used in) Operating Activities	734,903	1,479,389	2,214,292

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

TOWN OF BAR HARBOR
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017

Exhibit H

<i>Assets</i>	<i>MDI Skatepark Association</i>
Cash	4,033
Total Assets	4,033
 <i>Liabilities and Net Position</i>	
Liabilities	
Due to MDI Skatepark Association	4,033
Total Liabilities	4,033

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

TOWN OF BAR HARBOR
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

Exhibit I

	MDI Skatepark Association	Total
Revenues		
New Funds	31,467	31,467
Investment Income	21	21
	31,488	31,488
Expenditures		
Dues	109	109
Construction	79,923	79,923
Miscellaneous	591	591
	80,623	80,623
Excess of Revenues Over (Under) Expenditures	(49,135)	(49,135)
Net Position - July 1	53,168	53,168
Net Position - June 30	4,033	4,033

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

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

The Town reports the following major governmental funds:

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

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

The Town reports the following major enterprise funds:

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

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

Additionally, the Town reports the fiduciary fund:

The MDI Skatepark Association agency fund accounts for the receipt and disbursement of funds for the skate park. The skate park was turned over to the town in the current fiscal year and the money remaining in the agency fund will be used to purchase items for the skate park.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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, \$403,839 has been so classified and reported on the general fund balance sheet.

Annual property taxes were levied on August 10, 2016, on property values assessed on April 1. Taxes were due in two installments without penalty, due on September 30 and March 31, with interest at 7.0% beginning October 1 and April 1. Tax liens are placed on real property within 12 months following the tax commitment date if taxes remain delinquent. The Town has the authority to foreclose on property eighteen months after the filing of the liens if the lien amount and associated costs remain unpaid.

3. Inventories

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

4. Capital Assets

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

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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. 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. Compensated Absences

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

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

8. 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.

9. Fund Balances/Net Position

Fund Balances

The Town classifies governmental fund balances as follows:

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

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

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

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

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

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

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

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

9. Fund Balances/Net Position (Continued)

Fund Balances

The Town has identified June 30, 2017 fund balances on the balance sheet as follows:

	General Fund	Capital Improvement Projects	Other Governmental Funds	Total
<u>Nonspendable</u>				
School Lunch Inventory	2,471			2,471
Gurnee Principal			6,488	6,488
Cemetery Principal			5,269	5,269
	2,471	-	11,757	14,228
<u>Restricted</u>				
Dog Control Reserve				-
Pump Out System Grant			29,300	29,300
School Restricted Funds	851,300			851,300
	851,300	-	29,300	880,600
<u>Committed</u>				
Capital Improvement Programs		4,016,695		4,016,695
	-	4,016,695	-	4,016,695
<u>Assigned</u>				
Reserve for Working Capital	1,905,000			1,905,000
Designated for Insurance	500,000			500,000
General Fund Encumbrances	54,077			54,077
Cruise Ship Fund - Encumbrances	34,382			34,382
Cruise Ship Fund	241,975			241,975
Gurnee Scholarship			3,432	3,432
	2,735,434	-	3,432	2,738,866
<u>Unassigned</u>				
General Fund	621,603			621,603
<u>Total Fund Balance</u>	<u>4,210,808</u>	<u>4,016,695</u>	<u>44,489</u>	<u>8,271,992</u>

**TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

9. 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, 2017

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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

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

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

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits

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

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

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

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

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Deposits (Continued)

At year-end, the government's carrying amount of deposits was \$11,414,673 and the bank balance was \$11,951,093, which were all insured/collateralized.

Investments

At June 30, 2017, the Town's investments, maturities and credit ratings are as follows:

June 30, 2017						
Type	Fair Value	Maturities in Years				Credit Rating S&P
		Less Than 1	1-5	6-10	More than 10	
General Town:						
US Government Obligations/Bonds	1,070,803	273,251	797,552			AAA
Corporate Bonds	349,365	99,915	249,450			AA+
Corporate Bonds	99,999		99,999			AA-
Corporate Bonds	99,670	99,670				A+
Bank CD's	200,862		200,862			Not Rated
Total	1,820,699	472,836	1,347,863	-	-	

Summary of Deposits and Investment Balances

Following is a reconciliation of the Town's deposit and investment balances as of June 30, 2017:

Deposits and Cash on Hand	\$ 11,414,673
Investments	\$ 1,820,699
	<u>\$ 13,235,372</u>

	Government-wide Statement of Net Position	Business-Type Statement of Net Position	Fiduciary Statement of Net Position	Totals
Cash and Cash Equivalents	\$ 7,174,826	\$ 4,235,814	\$ 4,033	\$ 11,414,673
Investments	\$ 1,820,699	\$ -	\$ -	\$ 1,820,699
	<u>\$ 8,995,525</u>	<u>\$ 4,235,814</u>	<u>\$ 4,033</u>	<u>\$ 13,235,372</u>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

B. Property Taxes

Property taxes were levied for the fiscal year as follows:

Assessed Value	1,481,501,700
Tax Rate (per \$1,000)	<u>10.73</u>

Commitment	<u>15,896,513</u>
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Appropriations	20,447,235
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Less:

State Municipal Revenue Sharing	122,000	
Estimated Revenues	4,355,921	
BETE Reimbursement	2,948	
Homestead Reimbursement	<u>69,853</u>	
		<u>4,550,722</u>

Net Assessment for Commitment	<u>15,896,513</u>
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Uncollected real estate taxes and personal property taxes at June 30 for the current year commitment totaled \$539,144, which represents tax collection of approximately 96.6% of the current year commitment, including supplemental taxes issued in the amount of \$37,582. The real estate portion of the total taxes due was placed on lien June 29, 2017. Unpaid prior year tax liens at June 30 totaled \$130,848.

C. Interfund Receivables and Payables

Individual fund interfund receivable and payable balances at June 30, 2017 were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	50,522	4,106,063
Capital Project Funds	4,074,974	
Pump Out System Grant	29,300	
Maine DOT Float Grant		49,000
Water Fund		3,539
Wastewater Fund	<u>3,806</u>	
Totals	<u>4,158,602</u>	<u>4,158,602</u>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

C. Interfund Receivables and Payables (Continued)

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. On the Governmental Fund financial statements, the payables are classified as Due to Other Funds with offsetting receivables on the Governmental Fund financial statements classified as Due from Other Funds. \$7,345 of the above balance is expected to be repaid during the next year. The remainder represents appropriations for future projects and will be repaid upon need of the funds for those projects.

D. Capital Assets (Includes School)

Capital asset activity for the year ended June 30, 2017 was as follows:

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<i>Governmental Activities;</i>				
<i>Capital assets not being depreciated</i>				
Land	2,739,414			2,739,414
Construction Work in Progress	46,318	228,305	(29,028)	245,595
	<u>2,785,732</u>	<u>228,305</u>	<u>(29,028)</u>	<u>2,985,009</u>
<i>Capital assets being depreciated:</i>				
Buildings	14,067,139	49,573	(158,980)	13,957,732
Equipment	6,745,962	676,740	(357,347)	7,065,355
Infrastructure	20,765,980	556,329	(58,456)	21,263,853
	<u>41,579,081</u>	<u>1,282,642</u>	<u>(574,783)</u>	<u>42,286,940</u>
<i>Total capital assets being depreciated</i>				
<i>Less accumulated depreciation for:</i>				
Buildings	3,832,849	348,076	(149,696)	4,031,229
Equipment	4,363,028	439,308	(333,558)	4,468,778
Infrastructure	12,772,846	405,433	(52,545)	13,125,734
	<u>20,968,723</u>	<u>1,192,817</u>	<u>(535,799)</u>	<u>21,625,741</u>
<i>Total accumulated depreciation</i>				
<i>Net capital assets being depreciated</i>	<u>20,610,358</u>	<u>89,825</u>	<u>(38,984)</u>	<u>20,661,199</u>
<i>Governmental Activities</i>				
<i>Capital Assets, net</i>	<u>23,396,090</u>	<u>318,130</u>	<u>(68,012)</u>	<u>23,646,208</u>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<i>Business-type Activities;</i>				
<i>Capital assets not being depreciated</i>				
Land	161,026			161,026
<i>Capital assets being depreciated:</i>				
Water Fund	12,102,878	856,470	(163,242)	12,796,106
Wastewater Fund	20,113,047	345,156	(38,216)	20,419,987
<i>Total capital assets being depreciated</i>	32,215,925	1,201,626	(201,458)	33,216,093
<i>Less accumulated depreciation for:</i>				
Water Fund	3,426,882	307,523	(161,325)	3,573,080
Wastewater Fund	9,723,318	519,766	(38,216)	10,204,868
<i>Total accumulated depreciation</i>	13,150,200	827,289	(199,541)	13,777,948
<i>Net capital assets being depreciated</i>	19,065,725	374,337	(1,917)	19,438,145
<i>Business-type Activities Capital Assets, net</i>	19,226,751	374,337	(1,917)	19,599,171

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

Governmental Activities:

General Government	196,325
Public Safety	273,762
Health and Welfare	13,029
Parks and Recreation	52,646
Roads and Sanitation, including infrastructure	531,558
Education	125,497
Total Depreciation Expense - Governmental Activities	1,192,817

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt

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

<i>Purpose</i>	<i>Maturity Date</i>	<i>Interest Rate</i>	<i>Amount</i>
General Obligation:			
2004 School Heating System	11/1/2024	4.45%	414,456
2010 Capital Construction, Roads, etc.	5/1/2030	2.0-4.0%	2,405,000
2013 Public Works Complex	4/15/2034	2.0-4.0%	2,965,000
2014 Town Hall & Signage	10/15/2034	2.5-4.0%	2,195,000
2015 Refinanced Agamont Park and Seawall	10/15/2024	4-4.25%	320,000
2015 Public Safety Building	4/15/2036	2-5%	380,000
			<u>8,679,456</u>

	<i>Maturity Date</i>	<i>Interest Rate</i>	<i>Amount</i>
Proprietary:			
1997 Wastewater Plant Upgrade	10/1/2017	3.00%	454,970
2002 Water Tank Purchase	10/1/2021	2.673%	223,931
2010 Water Mains	5/1/2030	2.0 - 4.0%	390,000
2011 Wastewater Mains Replacement and Scada System	12/1/2031	2.0 - 3.5%	1,035,514
2011 Water Refinance, Mains Replacement and Duck Brook Pump Station	12/1/2031	2.0 - 3.5%	2,194,486
2012 Safe Drinking Revolving Water Loan	10/1/2032	1.000%	2,171,896
2015 Refinanced Hulls Cove Wastewater Plant	10/15/2027	4-4.38%	475,000
2015 Route 3 Water Main Project	4/15/2036	2-5%	1,615,000
			<u>8,560,797</u>

Total Debt			<u>17,240,253</u>
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TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt (Continued)

1. General Obligation Bonds and Notes (Continued)

Annual debt service requirements to maturity for general obligation bonds and notes including interest of \$4,125,939 (including fees) are as follows:

<i>Year Ended June 30,</i>	<i>General Obligation Debt</i>	<i>Proprietary</i>	<i>Total</i>
2018	844,991	1,329,584	2,174,575
2019	834,816	854,404	1,689,220
2020	818,934	862,419	1,681,353
2021	807,595	864,727	1,672,322
2022	796,159	854,944	1,651,103
2023-2027	3,605,559	2,692,028	6,297,587
2028-2032	2,572,155	2,214,346	4,786,501
2033-2035	898,950	514,581	1,413,531
Total	11,179,159	10,187,033	21,366,192

2. Changes in Long-Term Liabilities

The following summary of long-term debt transactions of the Town of Bar Harbor for the fiscal year ended June 30, 2017:

	<i>General Obligation Debt</i>	<i>Proprietary</i>	<i>Total</i>
<i>Long-term Debt payable July 1, 2016</i>	9,220,552	9,659,216	18,879,768
Debt Issued	-	-	-
Debt Retired	(541,096)	(1,098,419)	(1,639,515)
<i>Long-term Debt payable June 30, 2017</i>	8,679,456	8,560,797	17,240,253

3. Authorized, Unissued Debt

The Town approved the following general obligation securities at the 6/6/17 annual town meeting:

- 1) \$2,600,000 for the transfer station facility renovations.
- 2) \$320,000 for the ladder truck replacement.
- 3) \$150,000 for public safety building renovations.

All 3 approved borrowings are authorized but unissued at 6/30/17.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

F. Capital Leases

The town is obligated under certain leases accounted for as capital leases. The following is a schedule of the future minimum lease payments under these School capital leases, and the present value of the net minimum lease payments at June 30:

<i><u>Year-ended</u></i> <i><u>June 30,</u></i>	<i><u>Minimum</u></i> <i><u>Lease</u></i> <i><u>Payment</u></i>
2018	11,715
2019	11,715
2020	11,715
2021	<u>11,715</u>
Total Minimum Lease Payments	46,860
Less: Amount Representing Interest	<u>(3,200)</u>
Present Value of Future Minimum Lease Payments	<u><u>43,660</u></u>

G. Contributed Capital

Changes in net contributed capital for the year-ended June 30, 2017 for the government's Proprietary Funds were as follows:

	<u>Wastewater</u>	<u>Water</u>
Balance - Beginning of Year	2,265,026	196,318
Additions:	114,750	171,605
Deductions:		
Retirements		-
Depreciation Provided by Contributed Capital	<u>(82,012)</u>	<u>(34,958)</u>
Balance - End of Year	<u><u>2,297,764</u></u>	<u><u>332,965</u></u>

NOTE 4 - OTHER INFORMATION

A. Contingent Liabilities

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

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

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 - OTHER INFORMATION (Continued)

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	6,488	3,432
Total	11,757	3,432

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, 2015, 2016 and 2017 were \$66,990, \$68,956 and \$72,612 respectively.

Social Security

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

D. Defined Benefit Employee Pension Plan

Plan Description

Qualifying personnel of the Town of Bar Harbor participate in the Maine Public Employees Retirement System (System) State Employee and Teacher (SET) Plan and the Participating Local Districts (PLD) Consolidated Retirement Plan. Both plans are a multiple-employer, cost-sharing pension plan with a special funding situation for the SET Plan. The State of Maine is a non-employer contributing entity for the SET Plan in that the State pays

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (Continued)

Plan Description (Continued)

the initial unfunded actuarial liability on behalf of teachers, while school systems contribute the normal cost, calculated actuarially, for the teacher members. The System issues a financial report that includes the financial statements and required supplementary information for the plans. That report may be obtained by writing to Maine Public Employees Retirement System, PO Box 349, Augusta, Maine 04332-0349 or by calling 1-800-451-9800.

Pension Benefits

SET benefit terms are established in Maine Statute. The PLD Consolidated Plan has an advisory group, also established by statute, who review the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The System's retirement programs provide defined retirement benefits based on member's average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occur upon the earning of five years of service credit for State employees and teachers. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for State employees and teachers is age 60, 62, or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. For PLD members, normal retirement age is 60. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by statute for State employees and teacher members.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual interest credited to members' accounts is set by the System's Board of Trustees.

Member and Employer Contributions

Retirement benefits are funded by contributions from members, employers, State contributions and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. Member and employer contribution rates are each a percentage of applicable member compensation. Member contribution rates are defined by law or Board rule and depend on the terms of the Plan under which a member is covered. Employer contribution rates are determined through actuarial valuations. For the year ended June 30, 2017, the SET Plan member contribution rate was 7.65% and the employer contribution rate was 3.36% of applicable member compensation. The employer (School portion) is also responsible for contributing 10.57% of all federally funded member compensation. The State of Maine, as a non-employer contributing entity, pays 10.02% of the applicable member compensation into the System. For the year ended June 30, 2017, 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 9.5% for the Regular AC Plan and 7.7% for the Special 4C Plan of applicable member compensation.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (Continued)

Member and Employer Contributions (Continued)

The required contributions paid into the System for the year ended June 30, 2017 and the previous two years are as follows:

SET Plan - SCHOOL ONLY:

<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>
2017	\$ 233,126	\$ 111,546	\$ 296,672	\$ 3,047,399	\$ 86,602
2016	\$ 229,417	\$ 110,513	\$ 291,249	\$ 2,998,911	\$ 92,237
2015	\$ 224,868	\$ 90,466	\$ 370,879	\$ 2,939,456	\$ 93,111

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>
2017	\$ 14,471	\$ 17,184	\$ 180,888
2016	\$ 11,108	\$ 13,181	\$ 148,102
2015	\$ 10,213	\$ 11,380	\$ 145,894

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>
2017	\$ 222,452	\$ 229,599	\$ 2,636,895
2016	\$ 184,650	\$ 192,895	\$ 2,356,080
2015	\$ 176,184	\$ 178,600	\$ 2,364,202

Revenue Recognition

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

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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

As of June 30, 2017, the Town of Bar Harbor reported a net pension liability of \$138,312 for the SET Plan and \$2,442,230 for the PLD Plan. The net pension liability was measured as of June 30, 2016, 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, 2016, the Town of Bar Harbor's proportion of contributions was .007829% for the SET Plan and .459644% for the PLD Plan, which was an increase of .00027% and .01401% respectively from its proportion measured at June 30, 2015.

For the fiscal year ended June 30, 2017, the Town of Bar Harbor recognized pension expense of \$562,086. At June 30, 2017, the Town's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Differences between expected and actual experience	32,281	157,342
Changes of Assumptions	261,814	3,552
Net Difference between projected and actual earnings on pension plan investments	946,649	393,699
Changes in proportion and differences between employer contributions and proportionate share of contributions	47,215	19,541
Employer Contributions made subsequent to measurement date	358,330	
	<u>1,646,289</u>	<u>574,134</u>

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

<i>Year Ended June 30,</i>	<i>SET Plan</i>	<i>PLD Plan</i>
2018	9,138	119,895
2019	4,193	107,420
2020	12,439	313,136
2021	6,848	140,757

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (Continued)

Actuarial Assumptions

The collective total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

For School Department employees, the mortality rate is based on the RP2014 Total Dataset Healthy Annuitant Mortality Table for males and females for both the SET Plan and PLD Plan.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period June 30, 2012 to June 30, 2015.

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, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equities	20%	5.7%
Non-US Equities	20%	5.5%
Private Equity	10%	7.6%
Real Assets:		
Real Estate	10%	5.2%
Infrastructure	10%	5.3%
Hard Assets	5%	5.0%
Fixed Income	25%	2.9%
	<u>100%</u>	

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.875% for the SET Plan and 6.875% 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 6.875% for the SET Plan and 6.875% for the PLD Plan as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

SET Plan:	1% Decrease ✓ (5.875%)	Current Discount Rate (6.875%)	1% Increase ✓ (7.875%)
Proportionate Share of the Net Pension Liability	\$ 221,473	\$ 138,312	\$ 68,998
PLD Plan:	1% Decrease ✓ (5.875%)	Current Discount Rate (6.875%)	1% Increase ✓ (7.875%)
Proportionate Share of the Net Pension Liability	\$ 4,053,661	\$ 2,442,230	\$ 925,124

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.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 - OTHER INFORMATION (Continued)

E. Risk Management (Continued)

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, 2017.

F. Other Postemployment Benefits

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

The Town is a member of the Maine Municipal Employees Health Trust. The Trust is an agent multiple employer Voluntary Employee's Beneficiary Association. The Town is an individually rated member within the Association. The Trust issues a publicly available financial report. That report may be obtained by writing to the Maine Municipal Association at 60 Community Drive, Augusta, ME 04332. The Trust contracted with an outside consultant to assist in the determination and valuation of the Town's OPEB liability under GASB Statement 45. The most recent OPEB liability actuarial valuation was completed by the consultants in January 2014.

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

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

Funding Policy and Annual OPEB Cost

The following table represents the OPEB costs for the years ending June 30, 2017, 2016 and 2015 and the annual net OPEB obligation:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Normal Cost	\$ 18,158	\$ 18,158	\$ 18,158
Amortization of unfunded	\$ 24,981	\$ 24,981	\$ 24,981
Adjustment to ARC	\$ (12,102)	\$ (10,564)	\$ (9,245)
Interest	<u>\$ 9,015</u>	<u>\$ 8,161</u>	<u>\$ 7,248</u>
Annual OPEB Cost	\$ 40,052	\$ 40,736	\$ 41,142

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 - OTHER INFORMATION (Continued)

F. Other Postemployment Benefits (Continued)

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net OPEB obligation, July 1	\$ 208,376	\$ 182,670	\$ 159,858
Annual required contribution	\$ 43,993	\$ 40,736	\$ 41,142
Less: Actual member contributions	\$ (17,391)	\$ (15,030)	\$ (18,330)
Net OPEB obligation, June 30	\$ 234,978	\$ 208,376	\$ 182,670

Funding Status and Funding Progress – The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ending June 30, 2017, 2016 and 2015 was as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual Required Contribution	\$ 43,993	\$ 43,993	\$ 43,993
Actual Member Contributions	\$ 17,391	\$ 15,030	\$ 18,330
Percent contributed	39.53%	34.16%	41.67%
Actuarial accrued liability	\$ 449,253	\$ 449,253	\$ 449,253
Plan Assets	\$ -	\$ -	\$ -
Unfunded actuarial accrued liability	\$ 449,253	\$ 449,253	\$ 449,253
Covered payroll	\$ 3,139,161	\$ 3,086,687	\$ 2,950,944
Unfunded actuarial accrued liability as a percentage of covered payroll	14.31%	14.55%	15.22%

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

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 - OTHER INFORMATION (Continued)

F. Other Postemployment Benefits (Continued)

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

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

TOWN OF BAR HARBOR

Exhibit J

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, 2017

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes	16,891,515	16,891,515	17,014,110	122,595
Intergovernmental Revenues	242,123	242,123	244,435	2,312
Departmental Revenues	1,039,580	1,039,580	953,230	(86,350)
Other Local Sources	274,027	274,027	290,152	16,125
Total Revenues	18,447,245	18,447,245	18,501,927	54,682
Expenditures				
General Government	2,883,250	2,880,750	2,818,741	62,009
Public Safety	2,912,897	2,912,897	2,846,113	66,784
Health and Welfare	133,928	133,928	135,176	(1,248)
Parks and Recreation	239,154	239,154	237,897	1,257
Island Explorer Shuttle Bus	39,512	39,512	39,512	-
Roads and Sanitation	1,829,810	1,854,810	1,824,686	30,124
Assessments	3,650,582	3,650,582	3,597,013	53,569
Total Expenditures	11,689,133	11,711,633	11,499,138	212,495
Excess Revenues Over Expenditures	6,758,112	6,735,612	7,002,789	267,177
Other Financing Sources				
Transfers from Other Funds	275,147	275,147	277,262	2,115
Transfers to Other Funds	(7,138,259)	(7,140,759)	(7,140,759)	-
Total Other Financing Sources	(6,863,112)	(6,865,612)	(6,863,497)	2,115
Net Change in Fund Balance	(105,000)	(130,000)	139,292	269,292
Beginning Fund Balance - Unassigned			509,311	
(Increase) Decrease in Assigned Fund Balances			(27,000)	
Ending Fund Balance - Unassigned			621,603	

TOWN OF EAR HARBOR
REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN SCHEDULES - LAST 10 FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2017

Exhibit K
Page 1 of 2

Schedule 1 - Proportionate Share of the Net Pension Liability:

	Town Portion:			School Portion:		
	For the Fiscal Year Ended June 30, 2017	For the Fiscal Year Ended June 30, 2016	For the Fiscal Year Ended June 30, 2015	For the Fiscal Year Ended June 30, 2017	For the Fiscal Year Ended June 30, 2016	For the Fiscal Year Ended June 30, 2015
Proportion of net pension liability	0.459644%	0.445634%	0.443395%	0.459644%	0.445634%	0.443395%
Proportionate share of net pension liability	\$2,297,894	\$1,339,178	\$633,175	\$144,336	\$82,606	\$49,126
Covered employee payroll	\$2,636,895	\$2,356,080	\$2,364,202	\$180,888	\$148,102	\$145,894
Proportionate share of the net pension liability as a percentage of its covered employee payroll	87.14%	56.84%	26.78%	79.79%	55.78%	33.67%
Plan Total Pension Liability	\$2,889,740,634	\$2,720,936,009	\$2,609,657,845	\$2,889,740,634	\$2,720,936,009	\$2,609,657,845
Plan Fiduciary Net Position	\$2,358,409,925	\$2,401,889,308	\$2,455,776,671	\$2,358,409,925	\$2,401,889,308	\$2,455,776,671
Plan Net Pension Liability	\$531,330,709	\$319,046,701	\$153,881,174	\$531,330,709	\$319,046,701	\$153,881,174
Plan Fiduciary Net Position as a % Of the Total Pension Liability	81.613%	88.274%	94.103%	81.613%	88.274%	94.103%
Plan Covered Employee Payroll	\$521,870,235	\$497,616,846	\$460,029,637	\$521,870,235	\$497,616,846	\$460,029,637
Plan Net Pension Liability as a % Of the Covered Employee Payroll	101.813%	64.115%	33.450%	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 School Department Contributions:

	Town Portion:			School Portion:		
	For the Fiscal Year Ended June 30, 2017	For the Fiscal Year Ended June 30, 2016	For the Fiscal Year Ended June 30, 2015	For the Fiscal Year Ended June 30, 2017	For the Fiscal Year Ended June 30, 2016	For the Fiscal Year Ended June 30, 2015
Contractually required contribution	\$229,599	\$192,895	\$176,184	\$17,184	\$13,181	\$11,380
Contribution in relation to the contractually required contribution	(\$229,599)	(\$192,895)	(\$176,184)	(\$17,184)	(\$13,181)	(\$11,380)
Contribution deficiency	\$0	\$0	\$0	\$0	\$0	\$0
Covered employee payroll	\$2,636,895	\$2,356,080	\$2,364,202	\$180,888	\$148,102	\$145,894
Contributions as a percentage of covered employee payroll	8.71%	8.19%	7.45%	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, 2017

Exhibit K
Page 2 of 2

Schedule 1 - Proportionate Share of the Net Pension Liability:

	School Portion:		
	For the Fiscal Year Ended June 30, 2017	For the Fiscal Year Ended June 30, 2016	For the Fiscal Year Ended June 30, 2015
Proportion of net pension liability	0.007829%	0.007559%	0.00647%
Proportionate share of net pension liability	\$138,312	\$102,069	\$69,897
Covered employee payroll	\$3,047,399	\$2,998,911	\$2,939,456
Proportionate share of the net pension liability as a percentage of its covered employee payroll	4.54%	3.40%	2.38%
Plan Total Pension Liability	\$13,069,954,948	\$12,616,287,054	\$12,320,158,783
Plan Fiduciary Net Position	\$9,960,335,390	\$10,242,097,022	\$10,337,615,927
Plan Net Pension Liability	\$3,109,619,558	\$2,374,190,032	\$1,982,542,856
Plan Fiduciary Net Position as a % Of the Total Pension Liability	76.208%	81.182%	83.908%
Plan Covered Employee Payroll	\$1,816,435,084	\$1,699,160,889	\$1,676,857,294
Plan Net Pension Liability as a % Of the Covered Employee Payroll	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 School Department Contributions:

	School Portion:		
	For the Fiscal Year Ended June 30, 2017	For the Fiscal Year Ended June 30, 2016	For the Fiscal Year Ended June 30, 2015
Contractually required contribution	\$111,547	\$110,512	\$90,466
Contribution in relation to the contractually required contribution	(\$111,547)	(\$110,512)	(\$90,466)
Contribution deficiency	\$0	\$0	\$0
Covered employee payroll	\$3,047,399	\$2,998,911	\$2,939,456
Contributions as a percentage of covered employee payroll	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, 2017**

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, 2016, 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.

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, 2016 are as follows:

Inflation	2.75%
Salary Increases	2.75%-14.50% at selected years of service
Investment Rate of Return	6.875%, net of administrative and pension plan investment expense
Cost of Living Benefit Increases	2.20%

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, 2016 valuation were based on the results of an actuarial experience study for the period June 30, 2012 to June 30, 2015.

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2017

Exhibit A-1
Page 1 of 2

	<i>Estimated</i>	<i>Actual</i>	<i>Over(Under)</i> <i>Budget</i>
Taxes			
Property	15,896,515	15,933,144	36,629
Auto Excise	910,000	1,007,998	97,998
Boat Excise	13,000	14,409	1,409
Interest/Fees on Taxes	72,000	58,559	(13,441)
	<u>16,891,515</u>	<u>17,014,110</u>	<u>122,595</u>
Intergovernmental Revenues			
State of Maine			
Municipal Revenue Sharing	122,000	128,220	6,220
General Assistance	400	1,253	853
Tree Growth	4,000	4,398	398
Veterans Reimbursement	2,121	2,127	6
Homestead Reimbursement	69,852	64,565	(5,287)
BETE Reimbursement	2,948	3,012	64
Federal			
Acadia National Park - PILT	40,802	40,860	58
	<u>242,123</u>	<u>244,435</u>	<u>2,312</u>
Departmental Revenues			
Ambulance/Fire			
Ambulance Service	417,100	281,678	(135,422)
Police			
Police Detail	8,500	10,430	1,930
Parking Tickets	36,000	25,621	(10,379)
All Other	27,389	52,865	25,476
Planning / Code			
Building Permits	101,000	128,849	27,849
Plumbing Permits	25,000	29,483	4,483
Electrical Inspections	24,000	34,704	10,704
Vacation Rental Permits	1,000	800	(200)
Plan Board/Subdivision & Rezoning	4,000	5,513	1,513
Site Plan Review	9,000	12,869	3,869
All Other	4,744	4,196	(548)
Harbor Fees			
Docking	34,500	29,348	(5,152)
Moorings	5,600	4,050	(1,550)
All Other	14,500	15,185	685
Solid Waste			
Sale of Recyclables	75,000	61,282	(13,718)
All Other	300	495	195
Public Works			
All Other	10,910	10,523	(387)
Parks and Recreation			
Park and Recreation Fees	700	950	250
Fire Department	-	2,316	2,316

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2017

Exhibit A-1
Page 2 of 2

	<i>Estimated</i>	<i>Actual</i>	<i>Over(Under) Budget</i>
Departmental Revenues (Continued)			
Finance			
Administrative Services	162,627	162,627	-
Auto Registrations	16,000	16,011	11
Boat/RV Registrations/Snowmobile Fees	1,570	1,837	267
Municipal Building Leases	32,000	35,391	3,391
Town Clerk			
Clerk's Fees	18,040	15,874	(2,166)
All Other	10,100	10,333	233
	<u>1,039,580</u>	<u>953,230</u>	<u>(86,350)</u>
Other Local Sources			
Interest on Investments	23,000	33,782	10,782
Kids Corner Lease	5,500	6,000	500
Island Explorer Lease	20,012	20,012	-
Other Rentals	2,915	2,915	-
Jackson Laboratory - PILT	86,000	88,510	2,510
Housing Authority - PILT	28,000	28,418	418
Other - PILT	15,100	18,344	3,244
Cable TV Franchise	85,000	83,018	(1,982)
Insurance Dividends	8,000	8,422	422
All Other	500	731	231
	<u>274,027</u>	<u>290,152</u>	<u>16,125</u>
Operating Transfers In			
Cemetery Income	25	20	(5)
Cruise Ship Fund	269,222	269,221	(1)
Dog Control Reserve	2,800	4,191	1,391
Shellfish Conservation	3,100	3,830	730
	<u>275,147</u>	<u>277,262</u>	<u>2,115</u>
Total Revenues, Operating Transfers and Other Financing Sources	<u>18,722,392</u>	<u>18,779,189</u>	<u>56,797</u>
Beginning Fund Balance Used	<u>130,000</u>		
Total	<u>18,852,392</u>		

**TOWN OF BAR HARBOR
GENERAL FUND**

**STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
FOR THE YEAR ENDED JUNE 30, 2017**

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

	<i>Encumbered From 6/30/16</i>	<i>Appropriations</i>	<i>Expenditures Net of Refund</i>	<i>Encumbered to 6/30/18</i>	<i>(Over) Under Budget</i>
General Government					
Town Council		38,434	33,267		5,167
Town Manager		126,221	120,121		6,100
Town Clerk	2,970	130,167	111,685	2,645	18,807
Finance		335,594	322,520		13,074
Legal Counsel		18,950	18,858		92
Elections		18,230	18,326		(96)
Technology	18,000	131,514	125,165	18,000	6,349
Municipal Building		69,568	73,551		(3,983)
Town Offices		35,646	37,465		(1,819)
Employee Benefits		1,434,848	1,436,084		(1,236)
Insurance		90,500	87,334	1,000	3,166
Assessing		134,996	126,884		7,112
Code Enforcement	1,200	75,232	65,125		11,307
Planning	7,472	152,984	134,624	9,920	15,912
27th Pay Period		14,000	30,686		(16,686)
Vacation Accruals		13,000	35,260		(22,260)
Contingency		50,866	961	13,700	36,205
Abateents/Discount on Taxes		10,000	25,202		(15,202)
	29,642	2,880,750	2,803,118	45,265	62,009
Public Safety					
Fire Department	12,590	831,924	800,244	1,015	43,255
Public Fire Protection - Hydrants		585,602	585,604		(2)
Police Department		1,056,842	1,036,534	1,275	19,033
Public Safety Building		36,143	35,282		861
Street Lights		71,575	71,608		(33)
Dispatch		215,590	214,261		1,329
Harbor Division	594	115,221	111,474	2,000	2,341
	13,184	2,912,897	2,855,007	4,290	66,784
Health and Welfare					
General Assistance		1,033	1,700		(667)
Cooperating Agencies		40,038	40,038		-
Emergency Management		425	-		425
Comfort Station		92,432	93,438		(1,006)
	-	133,928	135,176	-	(1,248)

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
FOR THE YEAR ENDED JUNE 30, 2017

Exhibit A-2
Page 2 of 2

	<i>Encumbered From 6/30/16</i>	<i>Appropriations</i>	<i>Expenditures Net of Refund</i>	<i>Encumbered to 6/30/18</i>	<i>(Over) Under Budget</i>
Parks and Recreation					
Parks & Recreation		239,154	236,375	1,522	1,257
Island Explorer Shuttle Bus	-	39,512	39,512	-	-
Roads and Sanitation					
Public Works		147,064	143,258		3,806
Highway Division		1,065,312	1,038,935	3,000	23,377
Solid Waste	1,765	642,434	641,258		2,941
	1,765	1,854,810	1,823,451	3,000	30,124
Total Appropriations, Expenditures and Encumbrances	44,591	8,061,051	7,892,639	54,077	158,926
Assessments					
Regional School District		2,997,795	2,997,795		-
County Tax		599,218	599,218		-
Overlay		53,569	-		53,569
Operating Transfers Out	-	3,650,582	3,597,013	-	53,569
Elementary School		5,365,115	5,365,115		-
Capital Improvements Program		1,775,644	1,775,644		-
	-	7,140,759	7,140,759	-	-
Totals	44,591	18,852,392	18,630,411	54,077	212,495

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF CHANGES IN UNASSIGNED FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2017

Exhibit A-3

Unassigned Fund Balance, July 1	509,311	
Unassigned Fund Balance, June 30	<u>621,603</u>	
Increase (Decrease)		<u><u>112,292</u></u>
Analysis of Change:		
Budget Summary:		
Revenue Surplus	56,797	
Unexpended Balance of Appropriations	158,926	
Unexpended Balance (Overdraft) of Assessments and Operating Transfers	<u>53,569</u>	269,292
(Increase) Decrease in Assigned Fund Balances:		
Assigned for Working Capital		(27,000)
Fund Balance Used to Fund Appropriations		<u>(130,000)</u>
Increase (Decrease)		<u><u>112,292</u></u>

TOWN OF BAR HARBOR
GENERAL RESERVES, COMMITTED FUNDS & SCHOOL DEPARTMENT
COMBINING BALANCE SHEET
JUNE 30, 2017

Exhibit A-4

<i>Assets</i>	<i>Cruise Ship Fund</i>	<i>School Department</i>	<i>Total</i>
Accounts Receivable	103,561	10,011	113,572
Due from Other Governments		45,912	45,912
Inventory		2,471	2,471
Due from Other School Funds		31,212	31,212
Due from Other Funds	176,682	1,307,272	1,483,954
Total Assets	280,243	1,396,878	1,677,121
 Liabilities & Fund Balances			
Liabilities			
Accrued Salaries Payable		487,680	487,680
Due to Students		4,617	4,617
Accounts Payable	3,886	19,598	23,484
Due to Other School Funds		31,212	31,212
Due to Other Funds	-	-	-
Total Liabilities	3,886	543,107	546,993
 Fund Balances			
Non-Spendable		2,471	2,471
Restricted		851,300	851,300
Assigned - Encumbrances	34,382		34,382
Assigned	241,975		241,975
Total Fund Balances	276,357	853,771	1,130,128
Total Liabilities & Fund Balances	280,243	1,396,878	1,677,121

GENERAL RESERVES, COMMITTED FUNDS & SCHOOL DEPARTMENT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017

	<i>Dog Control Reserve</i>	<i>Shellfish Conservation Reserve</i>	<i>Cruise Ship Fund</i>	<i>School Department</i>	<i>Total</i>
Revenues					
Intergovernmental Revenues				902,982	902,982
Local Sources				102,895	102,895
Dog Fees	3,157				3,157
Shellfish Fees/Fines		3,830			3,830
Port Fees			351,126		351,126
Cruise Ship Passenger Fees			414,757		414,757
Total Revenues	3,157	3,830	765,883	1,005,877	1,778,747
Expenditures					
Public Safety					-
Education				6,340,281	6,340,281
Cruise Ship Operating			120,761		120,761
Total Expenditures	-	-	120,761	6,340,281	6,461,042
Excess of Revenues Over (Under) Expenditures	3,157	3,830	645,122	(5,334,404)	(4,682,295)
Other Financing Sources (Uses)					
Lease Proceeds				53,819	53,819
Transfers from Other Funds				5,485,115	5,485,115
Transfers to Other Funds	(4,191)	(3,830)	(487,542)	(120,000)	(615,563)
Total Other Financing Sources (Uses)	(4,191)	(3,830)	(487,542)	5,418,934	4,869,552
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	(1,034)	-	157,580	84,530	187,257
Fund Balance - July 1	1,034	-	118,777	769,241	889,052
Fund Balance - June 30	-	-	276,357	853,771	1,076,309

TOWN OF BAR HARBOR**Exhibit A-6****SCHOOL DEPARTMENT****COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES****FOR THE YEAR ENDED JUNE 30, 2017**

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Intergovernmental Revenues	588,646	314,336	902,982
Local Sources	42,558		42,558
Lunch and Milk Sales		60,337	60,337
Total Revenues	631,204	374,673	1,005,877
Expenditures			
Regular Instruction	2,374,910		2,374,910
Student & Staff Support:			
Guidance	75,583		75,583
Health Services	74,500		74,500
Improvement of Instruction	18,846		18,846
Library and Audio Visual	120,072		120,072
Technology	158,942		158,942
Assessment for Administration-Student Support	100,686		100,686
Special Education	1,313,712		1,313,712
Co-Curricular Instruction	55,428		55,428
System Administration:			
School Committee	10,412		10,412
Assessment for Administration	109,325		109,325
Office of Principal	399,556		399,556
Operation/Maintenance-Plant	547,039		547,039
Student Transportation	227,692		227,692
Retirement Contribution	296,672		296,672
Food Services		180,174	180,174
Federal/State Programs		272,241	272,241
Reserves/Grants	4,491		4,491
Total Expenditures	5,887,866	452,415	6,340,281
Excess of Revenues Over (Under) Expenditures	(5,256,662)	(77,742)	(5,334,404)
Other Financing Sources (Uses)			
Lease Proceeds	53,819		53,819
Transfers from Other Funds	5,370,115	115,000	5,485,115
Transfers to Other Funds	(120,000)	-	(120,000)
Total Other Financing Sources (Uses)	5,303,934	115,000	5,418,934
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures	47,272	37,258	84,530
Fund Balance - July 1	777,433	(8,192)	769,241
Fund Balance - June 30	824,705	29,066	853,771

TOWN OF BAR HARBOR
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - CRUISE SHIP FUND
FOR THE YEAR ENDED JUNE 30, 2017

Exhibit A-7

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
Revenues				
Ferry Terminal Reimbursement				-
Port Fees	309,962	309,962	351,126	41,164
Grant Income	2	2		(2)
Cruise Ship Passenger Fees	369,363	369,363	414,757	45,394
Total Revenues	679,327	679,327	765,883	86,556
Expenditures				
Cruise Ship Direct Expenses	106,941	104,441	120,761	(16,320)
Total Expenditures	106,941	104,441	120,761	(16,320)
Excess of Revenues Over (Under) Expenditures	572,386	574,886	645,122	70,236
Other Financing Sources (Uses)				
Replenish Fund Balance	(87,343)	(87,343)		87,343
Transfers from Other Funds				-
Transfers to Other Funds	(485,043)	(487,543)	(487,542)	1
Total Other Financing Sources (Uses)	(572,386)	(574,886)	(487,542)	87,344
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	-	-	157,580	157,580
Fund Balance - July 1			118,777	
Fund Balance - June 30			276,357	

TOWN OF BAR HARBOR
ALL SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2017

Exhibit B-1

<i>Assets</i>	<i>Maine DOT Float Grant</i>	<i>Pump Out System Grant</i>	<i>Total</i>
Due from Other Funds		29,300	29,300
Due from Other Governments	49,000		49,000
Total Assets	49,000	29,300	78,300
 <i>Liabilities & Fund Balances</i>			
Liabilities			
Due to Other Funds	49,000		49,000
Total Liabilities	49,000	-	49,000
Fund Balances			
Restricted		29,300	29,300
Total Fund Balances	-	29,300	29,300
Total Liabilities & Fund Balances	49,000	29,300	78,300

TOWN OF BAR HARBOR
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
SPECIAL REVENUES/GRANTS
FOR THE YEAR ENDED JUNE 30, 2017

Exhibit B-2

	<i>Maine DOT Float Grant</i>	<i>Pump Out System Grant</i>	<i>Total</i>
Revenues			
Local Revenues			-
Intergovernmental	49,000		49,000
Total Revenues	49,000	-	49,000
Expenditures			
Capital Expenditures	101,108		101,108
Total Expenditures	101,108	-	101,108
Excess of Revenues Over (Under) Expenditures	(52,108)	-	(52,108)
Other Financing Sources (Uses)			
Transfers from Other Funds	52,108		52,108
Transfers to Other Funds			-
Total Other Financing Sources (Uses)	52,108	-	52,108
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	-	-
Fund Balance - July 1	-	29,300	29,300
Fund Balance (Deficit) - June 30	-	29,300	29,300

TOWN OF BAR HARBOR
CAPITAL IMPROVEMENTS PROGRAM
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2017

Exhibit C-1
Page 1 of 3

<i>Town Projects</i>	<i>Balance July 1</i>	<i>Budget</i>	<i>Revenues and Transfers</i>	<i>Expenditures/ Transfers</i>	<i>Balance (Over) Under</i>	<i>Transfers From (To) Unassigned</i>	<i>Balance June 30</i>
Technology							
Copier Equipment	9,000	3,600		(8,179)	4,421		4,421
Fire Protection System-Server Room	1,716	1,716			3,432		3,432
WAN & Cable TV System	20,034	5,979		(2,750)	23,263		23,263
Audio Visual Equipment	2,130	(2,130)			-		-
Document Imaging System	-				-		-
Computer Servers	10,415	13,667		(1,000)	23,082		23,082
Computer Servers-Finance	-				-		-
Website Improvements	-	2,917			2,917		2,917
Town Wide Phone System	6,000	6,200			12,200		12,200
Security camera System	22,576	2,000			24,576		24,576
Municipal Building							
Building Renovation	15,000	5,000		(20,157)	(157)	157	-
Code Enforcement							
Pickup Inspection Truck	16,588	1,500			18,088		18,088
Assessing							
GIS Wide Format Scanner	9,633	3,389			13,022		13,022
Property Tax Revaluation	8,333	8,333			16,666		16,666
Vehicle Purchase	5,420	500			5,920		5,920
Aerial Photography	22,759	1,286			24,045		24,045
Ambulance							
Ambulance Reserve	116,191	55,000		(168,866)	2,325		2,325
Defibrillators	52,850	12,300		(63,048)	2,102		2,102
Fire Department							
Turnout Gear	-	2,500			2,500		2,500
Rescue Tools	9,588	1,100			10,688		10,688
Fire Engine #2	96,635	25,000			121,635		121,635
Fire Engine #3 Reserve	62,468	(62,468)			-		-
Fire Engine #4	369,189	129,500			498,689		498,689
Fire Engine #5	109,448	62,468			171,916		171,916
Fire Pickup Trucks and Trailer	20,963	9,843			30,806		30,806
Thermal Imaging Camera	1,050	889			1,939		1,939
SCBA's & Cascade System	29,270	8,954			38,224		38,224
Police Department							
Cruiser Equipment	-	12,063		(10,010)	2,053		2,053
Port Security Boat	37,327	10,870		-4894	43,303		43,303
Cruiser Replacement	20,980	36,000		(26,557)	30,423		30,423
Records Management System - Spillman	-	8,000			8,000		8,000
Tasers	-	16,719		(15,791)	928		928
Radio Base Station & Console	7,197	8,000		(5,801)	9,396		9,396
Firearms	-	2,500			2,500		2,500
Speed Trailer & Monitor	5,491	600		(1,275)	4,816		4,816

TOWN OF BAR HARBOR
CAPITAL IMPROVEMENTS PROGRAM
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2017

Exhibit C-1
Page 2 of 3

	<i>Town Projects (Continued)</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>Balance July 1</i>	<i>Budget</i>						
Public Safety Building	15,503	3,892			19,395			19,395
Public Safety Bldg. Generator	26,899	24,870		(27,533)	24,236			24,236
Building Renovations	83,352			(60,048)	23,304			23,304
Building Envelope Repairs								
Harbor Department								
Harbor Master Boat & Trailer	14,544				14,544			14,544
New Floats	39,458	10,500		(49,958)	-			-
Gangway Replacement	20,667	1,732			22,399			22,399
Fishermen's Float(s)	980	817			1,797			1,797
Ferry Terminal Improvements	55,600	28,500			84,100			84,100
Port Security Office	-	2,500			2,500			2,500
Pier Renovations	15,788	12,894		(12,432)	16,250			16,250
Parks & Recreation								
Museum in the Streets	3,543	1,900			5,443			5,443
Benches, Lights, Pergola, etc.	-	1,600			1,600			1,600
Albert Meadow-Grants Park	22,547	213,139		(121)	235,565			235,565
Tree Planting	5,811	6,000		(3,600)	8,211			8,211
Park Irrigations Systems	-	2,400			2,400			2,400
Mt. Desert Cemetery	60,728				60,728			60,728
Park Equipment	17,263	6,426			23,689			23,689
Launch Ramp-Hadley Point	288	2,700		(714)	2,274			2,274
Tennis and Basketball Courts	3,750	3,750			7,500			7,500
Village Green Bandstand	6,399	1,467			7,866			7,866
Glen Mary Renovations	5,475	8,720			14,195			14,195
Harborview Park	175,930	(163,367)			12,563			12,563
Downtown Signage Reserve	-	10,217		(1,676)	8,541			8,541
Comfort Stations								
Restroom Renovation Reserve	13,020	13,870			26,890			26,890
Public Works / Highway								
Air Compressor	8,950	5,000			13,950			13,950
Backhoe Reserve (Cat & Deere)	98,413	4,954			103,367			103,367
Brush Chipper	26,077	1,500			27,577			27,577
Downtown Signage	10,217	(10,217)			-			-
Grader Reserve	46,894	5,000			51,894			51,894
Hydraulic Lifts	7,795	3,700			11,495			11,495
Front End Loader Reserve	5,641	19,300			24,941			24,941
Excavator	-	110,000		(94,104)	15,896			15,896
Road Improvement Program	353,010	290,000		(258,883)	384,127			384,127
Fuel Pump System	3,500	3,500			7,000			7,000
Sidewalk Plow	41,688	15,200			56,888			56,888
Sidewalk Reconstruction Program	372,067	75,969		(99,219)	348,817			348,817
Wastler, Steam Pressure	11,504	1,100			12,604			12,604
Route #3 Construction	540,000			(218,125)	321,875			321,875
Street Sweeper (Broom)	86,380	(86,380)			-			-
Street Sweeper (Vacuum)	53,033	86,380			139,413			139,413
Public Works Complex	23,856	11,000		(958)	33,898			33,898
Tag Trailer	13,944	1,075			15,019			15,019
Water Truck	7,697				7,697			7,697
Street Lights-Main Street	6,596	6,809		(690)	12,715			12,715
Light Truck Purchase	180,450	42,884		(62,126)	81,208			81,208
Plow Truck Reserve	130,272	64,229			194,501			194,501
Bobcat Loader	30,944	23,100		(52,189)	1,855			1,855
Roller, Vibratory	36,360	2,300			38,660			38,660
Waste Oil Furnace	5,261	883		(5,141)	1,003			1,003

**TOWN OF BAR HARBOR
CAPITAL IMPROVEMENTS PROGRAM
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2017**

Exhibit C-1
Page 3 of 3

FOR THE YEAR ENDED JUNE 30, 2017

Town Projects (Continued)		Balance July 1	Budget	Revenues and Transfers	Expenditures/ Transfers	Balance (Over) Under	Transfers From (To) Unassigned	Balance June 30
Solid Waste Division		6,019	3,480		(5,875)	3,624		3,624
Recycling Facility Reserve		-	5,000		(4,184)	816		816
Transfer Station Reserve		5,969	457			6,426		6,426
Storage		5,213	1,934			7,147		7,147
Bailers		6,166	(6,166)			-		-
Glass Crusher		16,468	3,031			19,499		19,499
Fortlifts								
Debt Service								
Debt Service - Agamont Park		-	51,600		(51,600)	-		-
Debt Service - Municipal Building		-	180,125		(180,125)	-		-
Public Works - FY 13		-	231,988		(231,988)	-		-
Downtown Signs		-	23,000		(23,000)	-		-
Public Works - FY 10		-	274,263		(274,263)	-		-
Public Safety Building		20,000	13,100		(33,100)	-		-
Town Total		3,756,180	2,047,420	-	(2,079,980)	3,723,620	157	3,723,777
School Projects								
ADA Act Renovations		13,898	7,500		(1,800)	19,598		19,598
Capital Outlay Reserve		28,278				28,278		28,278
Asbestos Removal		7,410				7,410		7,410
Furniture & Equipment		2,593	5,000		(6,552)	1,041		1,041
Computers & Technology		27,786	60,000		(51,127)	36,659		36,659
Copier Lease/Purchase		-	11,715		(11,715)	-		-
Commons Halfway Flooring		4,150				4,150		4,150
Flooring		7,090			(3,071)	4,019		4,019
Repairing		22,500	15,000			37,500		37,500
Pickup Truck Replacement		9,946	5,986			15,932		15,932
Playground Equipment		12,386				12,386		12,386
Roof Repairs		36,367	5,000		(28,754)	12,613		12,613
Storage Units		3,000				3,000		3,000
Technology Infrastructure		1,713				1,713		1,713
Kitchen Equipment		4,000				4,000		4,000
Commons Windows		12,065	20,000		(29,714)	2,351		2,351
Emerson Entry Doors		6,900				6,900		6,900
Safety & Access Control		21,351	5,000		(6,620)	19,731		19,731
Upgrade Commons Entrance		-	6,893			6,893		6,893
Boiler Replacement		-	10,000			10,000		10,000
Tractor Plow Reserve		5,000				5,000		5,000
Debt Service - 2004 Heating System		-	59,747		(59,948)	(201)	201	-
School Total		226,433	211,841	-	(199,301)	238,973	201	239,174
Subtotal		3,982,613	2,259,261	-	(2,279,281)	3,962,593	358	3,962,951
Unassigned Balance		9,810	(2,259,261)	2,303,553		54,102	(358)	53,744
Totals		3,992,423	-	2,303,553	(2,279,281)	4,016,695	-	4,016,695

**TOWN OF BAR HARBOR
COMBINING BALANCE SHEET
ALL PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

Exhibit D-1

<i>Assets</i>	<i>Gurnee Scholarship</i>	<i>Cemetery Trusts</i>	<i>Total</i>
Cash and Equivalents	1,034	549	1,583
Investments	8,886	4,720	13,606
Total Assets	9,920	5,269	15,189
 <i>Liabilities & Fund Balances</i>			
Liabilities			
Due to Other Funds			-
Total Liabilities	-	-	-
Fund Balances			
Nonspendable	6,488	5,269	11,757
Assigned	3,432	-	3,432
Total Fund Balances	9,920	5,269	15,189
Total Liabilities & Fund Balances	9,920	5,269	15,189

TOWN OF BAR HARBOR
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

Exhibit D-2

	<i>Gurnee Scholarship</i>	<i>Cemetery Trusts</i>	<i>Total</i>
Revenues			
New Funds			-
Investment Income	39	20	59
	39	20	59
Expenditures			
Scholarships			-
	-	-	-
Excess of Revenues Over Expenditures	39	20	59
Other Financing Sources (Uses)			
Transfers to Other Funds		(20)	(20)
Total Other Financing Sources (Uses)	-	(20)	(20)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	39	-	39
Fund Balance - July 1	9,881	5,269	15,150
Fund Balance - June 30	9,920	5,269	15,189

TOWN OF BAR HARBOR, MAINE
Operating Data
For the Fiscal Year Ended June 30, 2017

MUNICIPAL SERVICES

Public Works

Wastewater Division

<u>Largest Wastewater Customers</u>	<u>Type of Use</u>	<u>CY2016 Revenues</u>	<u>% of Total</u>
Jackson Laboratory	Genetic Research & Mice Prod	\$501,415	23.7%
Witham Family LTD Part	Hotels (7)	194,788	9.2%
Eden Street Trust	Hotel	58,519	2.8%
West Street Properties LLC	Hotel	40,686	1.9%
Golden Anchor, LC	Hotel	37,756	1.8%
Mt Desert Hospital	Hospital	34,267	1.6%
Bar Harbor Housing Authority	Low Income/Elderly Housing	32,345	1.5%
BHTC 111, LLC	Tennis & Swim Club	32,153	1.5%
Town of Bar Harbor	Muni Bldgs, Schools, Comfort Stat's	24,429	1.2%
Hulls Cove, LLC	Residential Complex	24,037	<u>1.1%</u>
			46.3%

Water Division

<u>Largest Water Customers</u>	<u>Type of Use</u>	<u>CY2016 Revenues</u>	<u>% of Total</u>
Town of Bar Harbor	Parks, Bldgs, Schools & Hydrants	\$640,436	29.4%
Jackson Laboratory	Genetic Research & Mice Prod	196,591	9.0%
Witham Family LTD Part	Hotels (7)	94,986	4.4%
College of the Atlantic	College	28,630	1.3%
Kebo Valley Club	Golf Course	27,052	1.2%
Golden Anchor, LC	Hotel	24,971	1.1%
Lafayette Bar Harbor, LLC	Hotel	24,647	1.1%
Mount Desert Hospital	Hospital	18,908	0.9%
Blueberry Hill Dev Corp	Campground	16,671	0.8%
Bar Harbor Housing Authority	Low Income/Elderly Housing	16,241	<u>0.7%</u>
			49.9%

<u>Number of Water System Customers</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Residential	1,249	1,247	1,241	1,250	1,248
Commercial	493	490	491	515	516
Industrial (Jax Lab)	43	43	43	47	47
Governmental	52	52	51	56	57
Total	1837	1832	1,826	1,868	1,868

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

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

PUBLIC EDUCATION

Composition of MDI RSS

<i>Former Administrative Unit</i>	<i>Community</i>	<i>School</i>	<i>Grade</i>	Enrollment (as of April 1, 2016)
School Union #98	Bar Harbor	Conners-Emerson School	K-8	366
School Union #98	Cranberry Isles	Islesford School	K-8	17
School Union #98	Frenchboro	Frenchboro Elementary	K-8	3
School Union #98	Mount Desert	Mt Desert Elementary	K-8	198
School Union #98	Southwest Harbor	Pemetic Elementary	K-8	141
School Union #98	Tremont	Tremont Consolidated	K-8	110
School Union #92	Trenton	Trenton Elementary	K-8	120
MSAD No. 76	Swan's Island	Swan's Island Elementary	K-8	34
C.S.D. No. 7	Members of Union #98	Mt Desert Island High	9-12	<u>526</u>
		Total Enrollment		1,515
		(less Tuition Students)		<u>(60)</u>
		Total Member Enrollment		1,455

LABOR RELATIONS

The Town employs approximately 148 full-time personnel, approximately of whom 74 are employees of the Town including its utilities systems; and 74 of whom are employed by the School Department; and various part-time employees. Approximately 43 full-time Town employees, not included in the table below, are not represented by unions.

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

BUILDING ACTIVITY

Calendar Year	Residential		Commercial		Total	
	# Permits	Est. Cost	# Permits	Est. Cost	# Permits	Est. Cost
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
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

Representative Employers	Type of Business	Approximate Number of Employees			
		Full- Time	Part- Time	Seasonal	Total
The Jackson Laboratory	Genetic Research	1,346	0	0	1,346
Mount Desert Island Hospital	Hospital	402	110	0	512
National Park Service	Acadia National Park	85	0	128	213
Hannaford's Shop & Save	Grocery Store	33	43	30	106
College of the Atlantic	College	85	20	0	115
MDI Bio Laboratory	Medical Research	60	3	9	72
Sonogee Estates	Nursing Home	47	4	17	68
Bar Harbor Banking & Trust Co.	Bank	40	0	0	40
Town of Bar Harbor	Municipality/School	148	9	5	162

TOWN FINANCES

General Fund Budgets for Fiscal Year Ending June 30.

	2014	2015	2016	2017	2018
Revenues					
Taxes	\$15,310,100	\$15,796,457	\$16,557,858	\$16,886,945	\$17,412,251
Intergovernmental	309,110	241,420	219,637	223,123	272,830
Departmental	1,078,517	1,081,216	1,032,901	1,039,580	1,050,809
Other local sources	551,796	535,264	534,465	549,174	637,764
Total Revenues	17,249,523	17,654,357	18,344,861	18,700,822	19,373,654
Expenditures					
General government	2,811,648	2,778,378	2,883,143	2,922,762	3,062,271
Public safety	2,549,803	2,608,008	2,795,896	2,912,896	3,104,172
Health & welfare	127,396	130,716	137,648	133,928	141,042
Parks & recreation	230,479	230,865	235,251	239,154	352,879
Roads & sanitation	1,763,969	1,746,798	1,810,053	1,829,810	1,899,222
Assessments	3,160,004	3,396,885	3,583,721	3,597,013	3,763,224
Transfers to school fund	5,080,953	5,176,423	5,223,669	5,265,115	5,400,763
Transfers to CIP	1,700,842	1,820,106	1,753,435	1,773,144	1,691,003
Other exp. & transfers	51,289	32,053	32,045	32,000	44,078
Total Expenditures	\$17,476,383	\$17,920,232	\$18,454,861	\$18,805,822	\$19,458,654
Excess Exp. Over Revenues	\$226,860	\$265,875	\$110,000	\$105,000	\$85,000
Use of Fund Balance:					
Transfer to CIP	117,160	200,000	110,000	105,000	85,000
One-time expenditures	109,700	65,875	0	0	0
Increase GF Bal	0	0	0	0	0
Total Use of Fund Balance	\$226,860	\$265,875	\$110,000	\$105,000	\$85,000

Property Tax Levy Limit

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

General Fund Balance as % Revenues

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

Tax Levy and Collections

<u>Fiscal Yr. End June 30,</u>	<u>Equalized State Valuation (000)</u>	<u>Assessed Valuation (000)</u>	<u>Tax Rate (000)</u>	<u>Tax Levy</u>	<u>Collections (after Supplements and Abatements)</u>		
					<u>Year End</u>	<u>% of Levy</u>	<u>% of Levy A/O 6/30/17</u>
2017	1,493,600	\$1,481,502	\$10.73	\$15,896,513	\$15,503,505	97.53%	97.53%
2016	1,428,800	1,471,964	10.59	15,588,095	15,239,884	97.76	99.26
2015	1,404,100	1,449,121	10.22	14,810,016	14,334,981	96.79	99.19
2014	1,390,700	1,435,775	10.01	14,372,104	13,918,708	96.86	99.96
2013	1,383,750	1,423,245	9.84	14,004,735	13,469,426	96.18	99.96

Largest Taxpayers

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

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
2016	\$132,854	\$59,678	\$821	\$226,431	\$55,700	\$475,484
2015	124,871	35,399	1,028	257,349	55,132	473,779
2014	133,206	47,655	279	239,614	73,286	494,040
2013	203,535	47,474	0	194,414	75,886	521,309
2012	200,070	57,842	663	165,701	73,107	497,783

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

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

DEBT - PRINCIPAL

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

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
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

Debt Obligations, by Fund Type

FY June 30,	General Fund Debt		Enterprise Fund Debt	Total Debt	Ent. Debt as % Total Debt
	(Town)	(School)			
2017	\$8,265,000	\$414,456	\$8,560,796	\$17,240,252	49.7%
2016	8,765,000	455,552	9,659,217	18,879,769	51.1%
2015	8,842,000	494,644	8,948,444	18,285,088	48.9%
2014	6,750,000	531,965	9,914,102	17,196,067	57.7%
2013	7,006,919	637,602	10,856,787	18,501,308	58.7%

Debt Ratios, by Fund Type

Fiscal Year End June 30,	Debt as % of Equalized State Val.				Per Capita Debt			
	General Fund		Enterprise Fund	Total	General Fund		Enterprise Fund	Total
	Town	School			Town	School		
2017	0.56%	0.03%	0.57%	1.16%	\$1,579	\$79	\$1,635	\$3,293
2016	0.61	0.03	0.68	1.32	1,674	87	1,845	3,606
2015	0.63	0.04	0.63	1.30	1,689	95	1,709	3,493
2014	0.49	0.04	0.71	1.24	1,286	102	1,894	3,285
2013	0.51	0.05	0.78	1.34	1,338	122	2,074	2,535

Debt Service Component of Operating Expenses

	2013	2014	2015	2016	2017
Total Current Year Debt Service:	\$1,552,947	\$1,765,303	\$1,907,026	\$2,034,204	\$2,319,332
(less Enterprise Debt Service:)	(1,038,982)	(1,183,861)	(1,217,234)	(1,201,047)	(1,340,309)
Tax Supported Debt Service	\$513,965	\$581,442	\$689,792	\$833,157	\$979,023
Budgeted Operating Expense:	17,069,124	\$17,476,383	\$17,920,232	\$18,454,861	\$18,805,822
Debt Service as % Oper. Expense:	3.01%	3.34%	3.85%	4.51%	5.21%

Total General Obligation, Overlapping and Contingent Debt

	Direct Debt ⁽¹⁾	Overlapping	Contingent	Total Debt
Town of Bar Harbor (CIP)	\$8,265,000			\$8,265,000
Town of Bar Harbor (School)	414,456			414,456
Town of Bar Harbor (Enterprise)	8,560,796			9,659,217
C.S.D. No. 7		\$866,230		866,230
County of Hancock		66,660		66,660
Total A/O June 30, 2017	\$17,240,252	\$932,890	\$0	\$19,812,659
Debt as % Eq State Valuation	1.32%	0.07%	0.00%	1.39%
Per Capita Debt	\$3,606	\$184	\$0.00	\$3,790

James W. Wadman

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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, 2017.

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.

Respectfully submitted,

James W. Wadman, CPA

James W. Wadman, CPA
November 22, 2017

TOWN OF BAR HARBOR
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

<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 <i>Passed Through State Department of Education and Cultural Services:</i>	84.358		-	12,751
Special Education Cluster (IDEA):				
Title VI, Part B - Local Entitlement	84.027	013-05A-3046-12	-	95,423
Title VI, Part B - Local Entitlement Preschool	84.027	013-05A-3009-10	-	1,089
Sub-total Special Education Cluster (IDEA):			-	96,512
NCLB Title IA - Basic Compensatory Education	84.010	013-05A-3057-13	62,404	84,638
NCLB Title IIA - Improving Teacher Quality	84.367	013-05A-3042-11	-	65,898
Total U.S. Department of Education			62,404	259,799
U.S. Department of Agriculture:				
<i>Passed Through State Department of Education and Cultural Services:</i>				
Food Distribution	10.560	NONE	-	7,897
Child Nutrition Cluster:				
National School Lunch Program	10.555	013-05A-7128-05	-	31,136
Federal Performance Based Lunch	10.555	013-05A-7142-05	-	1,612
School Breakfast Program	10.556	013-05A-7127-05	-	5,735
Sub-total Child Nutrition Cluster			-	38,483
Total U.S. Department of Agriculture			-	46,380
U.S. Department of Transportation:				
2017 Impaired Driving Enforcement Program Grant	20.616	013 16A 405D 012 6401 ID7417	-	1,645
Total U.S. Department of Transportation			-	1,645
Total			62,404	307,824