

TOWN OF BAR HARBOR, MAINE

*FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORTS*

*FOR THE FISCAL YEAR
ENDED JUNE 30, 2020*

**TOWN OF BAR HARBOR
 FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
 FOR THE YEAR ENDED JUNE 30, 2020**

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James W. Wadman

CERTIFIED PUBLIC ACCOUNTANT

**James W. Wadman, C.P.A.
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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, 2020, 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension/other post-employment benefits disclosure schedules on pages 3 through 8 and 57 - 67, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

Respectfully Submitted,

James W. Wadman, C.P.A.

James W. Wadman, C.P.A.
December 17, 2020

TOWN OF BAR HARBOR, MAINE
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020

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, 2020. We encourage readers to consider this information in conjunction with the financial statements and accompanying notes that follow.

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

FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

Government-wide Highlights:

Net Position – The assets of the Town exceeded its liabilities at fiscal year ending June 30, 2020 by \$44,658,224 (presented as “net position”). Of this amount, \$11,988,609 was reported as “unrestricted net position”. Unrestricted net position represents the amount available to be used to meet the Town's ongoing obligations to citizens and creditors.

Changes in Net Position – The Town's total net position increased by \$3,406,752 (an 8.3% increase) for the fiscal year ended June 30, 2020. Net position of governmental activities increased by \$2,655,381 (a 11.0% increase), while net position of business-type activities showed an increase of \$751,371 (a 4.4% increase).

Fund Highlights:

Governmental Funds – Fund Balances – As of the close of the fiscal year ended June 30, 2020, the Town's governmental funds reported a combined ending fund balance of \$11,533,542 with \$1,175,520 being general unassigned fund balance. This unassigned fund balance represents approximately 5.9% of the total general fund expenditures for the year.

Long-term Debt:

The Town's total long-term debt obligations decreased by \$1,510,977 (7.06%) during the current fiscal year. Long-term debt obligations for governmental activities decreased by \$783,076 (5.36%) while long-term debt obligations for business-type activities decreased by \$727,901 (10.73%). Existing debt obligations were retired according to schedule. An existing bond for the 2010 capital construction and water main replacement was refinanced in the amounts of \$1,604,767 and \$260,233 respectively, and a bond premium was issued to the town in the amount of \$382,089 total. A lease was issued to the Town for the LED Lights project in the amount of \$372,762. A capital lease for the school department was also issued in the amount of \$61,923 for copiers to replace the previous copier lease. Additional information on the Town's long-term debt can be found in Note 3d of this report on pages 30 - 34.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

The Government-wide financial statements present the financial picture of the Town from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the Town (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain elimination entries have occurred as prescribed by the statement in regards to inter-fund activity, payables and receivables. The government-wide financial statements can be found on pages 9-10 of this report.

Fund Financial Statements

The fund financial statements include statements for each of the three categories of activities – governmental, business-type and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and the modified

accrual basis of accounting. The business-type activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town’s own programs. Reconciliation of the fund financial statements to the Government-wide financial statements is provided to explain the differences created by the integrated approach. The basic governmental fund financial statements can be found on pages 11-14 of this report. The basic proprietary fund financial statements can be found on pages 15-17 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found on pages 18-56 of this report.

Required Supplementary Information

This section includes a budgetary comparison schedule, which includes a reconciliation between the statutory fund balance for budgetary purposes and the fund balance for the general fund as presented in the governmental fund financial statements (if necessary). This section also includes the pension disclosure schedules as required by GASB Statement #68 and the OPEB schedules as required by GASB Statement #75. Required supplementary information can be found on pages 57-67 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

68.1% of the Town’s net position reflects its net investment in capital assets such as land, buildings, equipment and infrastructure (roads, parking lots and other immovable assets) less any related debt used to acquire those assets that are still outstanding. The Town uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the Town’s investment in its capital assets is reported net of accumulated depreciation and net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

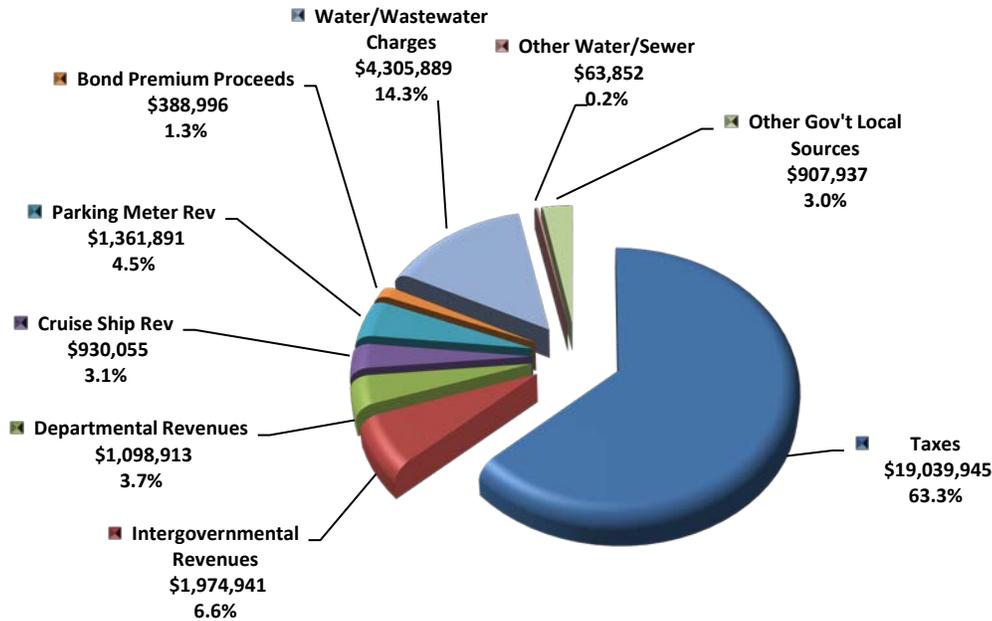
	Governmental Activities	Business-type Activities	Total 2020	Total 2019
Current Assets	13,776,370	4,902,879	18,679,249	16,688,137
Capital Assets	30,757,102	19,541,838	50,298,940	50,195,931
Total Assets	44,533,472	24,444,717	68,978,189	66,884,068
Related to OPEB	171,159		171,159	67,308
Related to Pensions	628,259	120,594	748,853	676,823
Total Deferred Outflows of Resources	799,418	120,594	920,012	744,131
Total Assets and Deferred Outflows of Resources	45,332,890	24,565,311	69,898,201	67,628,199
Current Liabilities	2,723,133	922,192	3,645,325	3,451,153
Other Liabilities	15,410,303	5,654,781	21,065,084	22,434,334
Total Liabilities	18,133,436	6,576,973	24,710,409	25,885,487
Property Taxes Collected in Advance	21,381		21,381	28,902
Related to OPEB	112,429		112,429	88,442
Related to Pensions	316,414	79,344	395,758	373,896
Total Deferred Inflows of Resources	450,224	79,344	529,568	491,240
Net Investment in Capital Assets	16,927,053	13,489,191	30,416,244	28,802,981
Restricted	2,253,371		2,253,371	1,207,200
Unrestricted	7,568,806	4,419,803	11,988,609	11,241,291
Total Net Position	26,749,230	17,908,994	44,658,224	41,251,472
Total Liabilities, Deferred Inflows of Resources and Net Position	45,332,890	24,565,311	69,898,201	67,628,199

Changes in Net Position

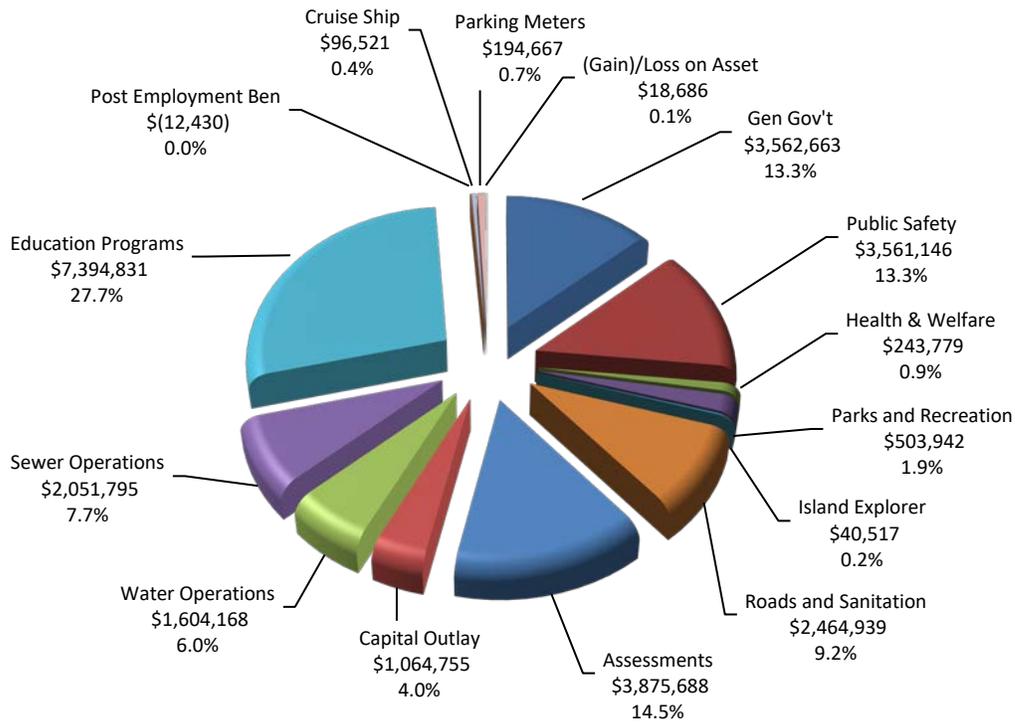
Approximately 63.3% of the Town’s total revenue came from property and excise taxes, approximately 6.6% came from Federal and State subsidies and grants, and approximately 30.1% came from services, investment earnings and other sources. Depreciation expense on the Town’s governmental and business-type activity assets represents \$2,334,048 of the total expenses for the fiscal year. Depreciation for governmental activities was \$1,465,253 while depreciation for business-type activities was \$868,795. The summary below includes the general, capital improvement, cruise ship, parking and school funds under governmental activities.

	Governmental Activities	Business-type Activities	Total 2020	Total 2019
Revenues:				
Taxes	19,039,945		19,039,945	18,587,473
Intergovernmental Revenues	1,974,941		1,974,941	1,649,043
Departmental Revenues	1,098,913	4,305,889	5,404,802	5,762,383
Cruise Ship Revenues	930,055		930,055	1,023,708
Parking Meter Revenues	1,361,891		1,361,891	315,740
Bond Premium Proceeds	335,504	53,492	388,996	252,025
Contributions in Aid of Construction		5,156	5,156	-
Other Local Sources	907,937	58,696	966,633	910,507
Total	25,649,186	4,423,233	30,072,419	28,500,879
Expenses:				
General Government	3,562,663		3,562,663	3,018,676
Public Safety	3,561,146		3,561,146	3,355,837
Health & Welfare	243,779		243,779	158,989
Parks and Recreation	503,942		503,942	484,035
Island Explorer Shuttle Bus	40,517		40,517	40,157
Roads and Sanitation	2,464,939		2,464,939	2,606,913
Assessments	3,875,688		3,875,688	3,850,673
Capital Outlay	1,064,755		1,064,755	1,110,220
Water Operations		1,604,168	1,604,168	1,443,304
Sewer Operations		2,051,795	2,051,795	1,890,311
Education Programs	7,394,831		7,394,831	6,804,984
Cruise Ship	96,521		96,521	121,039
Parking Meters	194,667		194,667	54,406
Post Employment Benefits	(12,430)		(12,430)	31,726
(Gain)/Loss on Disposal of Assets	2,787	15,899	18,686	28,056
Total	22,993,805	3,671,862	26,665,667	24,999,326
Changes in Net Position	2,655,381	751,371	3,406,752	3,501,553

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 \$11,533,542, an increase of \$1,676,906 in comparison with the prior year. Approximately 10.2 percent of this total amount constitutes unassigned fund balance. The remainder is reserved to indicate that it is not available for spending because it has been committed to liquidate contracts and commitments of the prior fiscal year or for a variety of other purposes.

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

General Fund

Revenues:

- \$45,547 negative variance in property tax revenue due to the adjustment for unavailable collections. Outstanding taxes/liens, net of collections after 60 days of year end, were higher than the previous year.
- \$57,580 positive variance in auto excise revenue resulting from conservative budgeting.
- \$29,321 positive variance in interest/fees on taxes due to higher values on lien property.
- \$130,016 negative variance in Ambulance Billings and Write Offs due to fewer ambulance runs resulting from the COVID-19 shutdown.
- \$55,144 positive variance in building permits due to budgeting conservatively and higher commercial construction.
- \$49,550 negative variance in vacation rental permits due to the COVID-19 shutdown limiting travel and resulting in fewer rentals.
- \$13,377 positive variance in investment interest due to higher yields on investments and a higher fund balance to invest.

Expenditures:

- \$15,143 negative variance in legal counsel due to an ongoing suit related to vacation rental fees and land use ordinance issues.
- \$12,240 negative variance in the 27th pay period due to low budgeting.
- \$67,519 negative variance in vacation accruals due to staff not being able to utilize vacations because of the pandemic.
- \$57,460 positive variance in the police department due in large part to wages, overtime wages and fuel. There were fewer patrols because of the pandemic and a full-time officer who transferred to the parking division was replaced with a part-time officer. These savings were reduced by the overage in mutual aid costs.
- \$37,056 positive variance in street lights due to the conversion to LED lighting.
- \$18,120 positive variance in public works due to a vacancy in the public works director for 3 months.
- \$63,431 positive variance in the highway division due to contracted services being deferred or not needed, a vacancy in a position, minimal use for diesel fuel and savings in repairs and maintenance.
- \$69,861 positive variance in solid waste due to lower volumes of disposal hauling and tipping fees.

Wastewater Fund

Revenues:

- \$77,083 negative variance in food and lodging sales due to travel restrictions from the pandemic.

Expenses:

- \$4,059 negative variance in contracted services for generators due to unanticipated repairs.
- \$5,127 and \$18,907 positive variance in sodium hypochlorite and magnesium hydroxide respectively due to May and June closures resulting in lower volumes.
- \$23,763 negative variance in repairs and maintenance of mains due to several breaks occurring.

Water Fund

Revenues:

- \$27,609 positive variance in commercial seasonal due to a dry season and higher use.
- \$22,698 positive variance in Jackson Lab due to higher sales.

Expenses:

- \$9,000 positive variance in hydrant flow test due to the test being deferred because of the pandemic.
- \$8,568 negative variance in CO2 due to PH buffering and more use.
- \$36,540 and \$18,873 negative variance in repairs and maintenance for mains and services respectively due to breaks occurring.

CAPITAL ASSET ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental and business-like activities amounts to \$90,479,124, net of accumulated depreciation of \$40,180,184, leaving a net book value of \$50,298,940. Current year additions included Capital Improvements such as a new fire pumper truck, led street lights, public safety renovation, meter sensors and various vehicles, as well as Water and Sewer additions.

REQUESTS FOR INFORMATION

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

TOWN OF BAR HARBOR
STATEMENT OF NET POSITION
JUNE 30, 2020

Exhibit A

	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
Assets:			
Cash and Equivalents	10,682,557	4,222,007	14,904,564
Investments	1,684,545		1,684,545
Receivables:			
Taxes and Liens	972,558	26,555	999,113
User Fees, net		419,755	419,755
Accounts	33,173	15,422	48,595
Ambulance	168,653		168,653
Accrued Interest	8,654		8,654
Lease Receivable	53,220		53,220
Prepaid Expense	2,348	12,520	14,868
Inventory	12,548	205,338	217,886
Due from Other Governments	158,114		158,114
Bond Issuance Costs, Net		1,282	1,282
Capital Assets:			
Land	5,463,075	164,126	5,627,201
Construction Work in Progress	221,141	3,867	225,008
Other Capital Assets, Net of Depreciation	25,072,886	19,373,845	44,446,731
Total Assets:	44,533,472	24,444,717	68,978,189
Deferred Outflows of Resources:			
Related to Other Post Employment Benefits	171,159		171,159
Related to Pensions	628,259	120,594	748,853
Total Deferred Outflows of Resources	799,418	120,594	920,012
Total Assets and Deferred Outflows of Resources	45,332,890	24,565,311	69,898,201
Liabilities, Deferred Inflows of Resources and Net Position:			
Liabilities:			
Accounts Payable	401,926	139,330	541,256
Payroll Taxes Deductible	18,746		18,746
Due to Students	8,581		8,581
Accrued Salaries Payable	719,844	41,095	760,939
Accrued Compensated Absences	413,868	40,996	454,864
Accrued Interest Payable		34,006	34,006
Internal Balances	34,665	(34,665)	-
Deposits Payable	15,015		15,015
Debt Due Within One Year	1,110,198	701,430	1,811,628
Long-term Liabilities:			
Net Pension Liability	1,252,496	302,282	1,554,778
Net Post Employment Benefits Obligation	1,437,956		1,437,956
Debt Due in More Than One Year	12,719,851	5,352,499	18,072,350
Total Liabilities	18,133,436	6,576,973	24,710,409
Deferred Inflows of Resources:			
Property Taxes Collected in Advance	21,381		21,381
Related to Other Post Employment Benefits	112,429		112,429
Related to Pensions	316,414	79,344	395,758
Total Deferred Inflows of Resources	450,224	79,344	529,568
Net Position:			
Net Investment in Capital Assets	16,927,053	13,489,191	30,416,244
Restricted	2,253,371		2,253,371
Unrestricted	7,568,806	4,419,803	11,988,609
Total Net Position	26,749,230	17,908,994	44,658,224
Total Liabilities, Deferred Inflows of Resources and Net Position	45,332,890	24,565,311	69,898,201

TOWN OF BAR HARBOR
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Exhibit B

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>Primary Government</u>						
<u>Governmental Activities:</u>						
General Government	3,562,663	628,471		(2,934,192)		(2,934,192)
Public Safety	3,561,146	453,973	39,532	(3,067,641)		(3,067,641)
Health and Welfare	243,779			(243,779)		(243,779)
Parks & Recreation	503,942	800		(503,142)		(503,142)
Island Explorer Shuttle Bus	40,517			(40,517)		(40,517)
Roads and Sanitation	2,464,939	22,260		(2,442,679)		(2,442,679)
Assessments	3,875,688			(3,875,688)		(3,875,688)
Capital Outlay	1,064,755	-		(1,064,755)		(1,064,755)
Education	7,394,831	129,955	1,432,615	(5,832,261)		(5,832,261)
Post Employment Benefits	(12,430)			12,430		12,430
Parking Meters	194,667	1,361,891		1,167,224		1,167,224
Cruise Ship	96,521	930,055		833,534		833,534
<u>Total Governmental Activities</u>	<u>22,991,018</u>	<u>3,527,405</u>	<u>1,472,147</u>	<u>(17,991,466)</u>		<u>(17,991,466)</u>
<u>Business-type Activities:</u>						
Wastewater	2,051,795	2,096,585			44,790	44,790
Water	1,604,168	2,209,304			605,136	605,136
<u>Total Business-type Activities</u>	<u>3,655,963</u>	<u>4,305,889</u>			<u>649,926</u>	<u>649,926</u>
<u>Total Primary Government</u>	<u>26,646,981</u>	<u>7,833,294</u>	<u>1,472,147</u>	<u>(17,991,466)</u>	<u>649,926</u>	<u>(17,341,540)</u>
<u>General Revenues:</u>						
Taxes						
Property				18,007,907		18,007,907
Auto and Boat Excise				1,032,038		1,032,038
Intergovernmental Revenues				502,794		502,794
Other Local Sources				771,391	58,696	830,087
Contributions in Aid of Construction					5,156	5,156
Gain/(Loss) on Disposal of Assets				(2,787)	(15,899)	(18,686)
<u>Special Items</u>						
Bond Premium Proceeds				335,504	53,492	388,996
<u>Total Revenues, Special Items and Transfers</u>				<u>20,646,847</u>	<u>101,445</u>	<u>20,748,292</u>
<u>Changes in Net Position</u>				<u>2,655,381</u>	<u>751,371</u>	<u>3,406,752</u>
<u>Net Position - Beginning</u>				<u>24,093,849</u>	<u>17,157,623</u>	<u>41,251,472</u>
<u>Net Position - Ending</u>				<u>26,749,230</u>	<u>17,908,994</u>	<u>44,658,224</u>

TOWN OF BAR HARBOR
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

Exhibit C
Page 1 of 2

	<i>General Fund</i>	<i>CIP Fund</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
Assets				
Cash and Equivalents	10,679,174		3,383	10,682,557
Investments	1,672,254		12,291	1,684,545
Receivables				
Taxes	40,530			40,530
Tax Liens	932,028			932,028
Accounts	33,173			33,173
Ambulance Fees	168,653			168,653
Accrued Interest	8,654			8,654
Lease Receivable		53,220		53,220
Prepaid Expense	2,348			2,348
Inventory	12,548			12,548
Due from Other Governments	122,828		35,286	158,114
Due from Other Funds	35,286	4,963,637	-	4,998,923
Total Assets	13,707,476	5,016,857	50,960	18,775,293
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts Payable	382,890	19,036		401,926
Retainage Payable		290		290
Payroll Taxes/Deductions	18,746			18,746
Accrued Salaries Payable	719,844			719,844
Accrued Compensated Absences	362,642			362,642
Due to Other Funds	4,998,302		35,286	5,033,588
Due to Students	8,581			8,581
Deposits Payable	15,015			15,015
Total Liabilities	6,506,020	19,326	35,286	6,560,632
Deferred Inflows of Resources:				
Property Taxes Collected in Advance	21,381			21,381
Unavailable Property Taxes	656,357			656,357
Unavailable Revenue		2,381		2,381
Unavailable Rental Income	1,000			1,000
Total Deferred Inflows of Resources	678,738	2,381	-	681,119
Fund Balances				
Nonspendable	2,317		11,757	14,074
Restricted	2,239,297		-	2,239,297
Committed		4,995,150		4,995,150
Assigned	3,105,584		3,917	3,109,501
Unassigned	1,175,520			1,175,520
Total Fund Balances	6,522,718	4,995,150	15,674	11,533,542
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	13,707,476	5,016,857	50,960	18,775,293

(Continued)

TOWN OF BAR HARBOR
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

Exhibit C
Page 2 of 2

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

Total Fund Balance	11,533,542
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$24,246,415	30,757,102
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds:	
Unavailable Revenues	659,738
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Bonds Payable	(13,392,851)
School Leases Payable	(64,436)
Town Leases Payable	(372,762)
Accrued Compensated Absences - School Department	(51,226)
Deferred Inflows/Outflows Related to Other Post Employment Benefits	58,730
Post Employment Benefits Obligations	(1,437,956)
Net Pension Liability	(1,252,496)
Deferred Inflows/Outflows Related to Pensions	311,845
	<u>(16,201,152)</u>
Net Position of Governmental Activities	<u><u>26,749,230</u></u>

TOWN OF BAR HARBOR
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

Exhibit D
Page 1 of 2

	<i>General Fund</i>	<i>CIP Fund</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
Revenues				
Taxes	18,969,741			18,969,741
Intergovernmental Revenues	1,878,265	57,144	39,532	1,974,941
Departmental Revenues	3,390,859	-		3,390,859
Other Local Sources	551,744	362,073	309	914,126
Total Revenues	24,790,609	419,217	39,841	25,249,667
Expenditures				
Current:				
General Government	3,290,736			3,290,736
Public Safety	3,166,884		4,247	3,171,131
Health and Welfare	195,874		35,285	231,159
Parks and Recreation	435,961			435,961
Island Explorer Shuttle Bus	40,517			40,517
Roads and Sanitation	1,850,123		-	1,850,123
Education	7,167,622			7,167,622
Assessments	3,875,688			3,875,688
Cruise Ship	96,521			96,521
Parking Meters	138,348			138,348
Capital Outlay		5,649,911	-	5,649,911
Total Expenditures	20,258,274	5,649,911	39,532	25,947,717
Excess of Revenues Over (Under)				
Expenditures	4,532,335	(5,230,694)	309	(698,050)
Other Financing Sources (Uses)				
Bond Proceeds		1,940,271		1,940,271
Lease Proceeds	61,923	372,762		434,685
Transfers In	552,264	3,383,765	-	3,936,029
Transfers Out	(3,935,924)	-	(105)	(3,936,029)
Total Other Financing Sources (Uses)	(3,321,737)	5,696,798	(105)	2,374,956
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	1,210,598	466,104	204	1,676,906
Fund Balance - July 1	5,312,120	4,529,046	15,470	9,856,636
Fund Balance - June 30	6,522,718	4,995,150	15,674	11,533,542

(Continued)

TOWN OF BAR HARBOR
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Net change in fund balances - total governmental funds	1,676,906
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	1,730,337
Gain/(Loss) on Disposal of Assets	(2,787)
Depreciation expense	(1,465,253)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Unavailable Revenues	(6,189)
Unavailable Taxes	70,204
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:	
Bond Proceeds	(1,604,767)
School Lease Proceeds	(61,923)
Town Lease Proceeds	(372,762)
Capital lease obligation principal payments	24,779
General obligation bond principal payments	2,797,749
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	4,039
Post Employment Benefits Cost	(35,305)
Pension Plans (Deferred Outflows, Net Pension Liability, Deferred Inflows)	(99,647)
Change in net position of governmental activities	<u><u>2,655,381</u></u>

TOWN OF BAR HARBOR
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2020

Exhibit E

<i>Assets</i>	<i>Wastewater Enterprise</i>	<i>Water Enterprise</i>	<i>Total</i>
Current Assets:			
Cash and Equivalents	2,413,396	1,808,611	4,222,007
Receivables			
User Fees, net	336,848	82,907	419,755
Liens Receivable	26,555	-	26,555
Accounts	13,797	1,625	15,422
Due From Other Funds	18,019	17,933	35,952
Inventory	21,024	184,314	205,338
Prepaid Expenses		12,520	12,520
Total Current Assets	2,829,639	2,107,910	4,937,549
Noncurrent Assets:			
Capital Assets, net	9,523,897	10,017,941	19,541,838
Bond Issuance Costs, net	-	1,282	1,282
Total Noncurrent Assets	9,523,897	10,019,223	19,543,120
Total Assets	12,353,536	12,127,133	24,480,669
Deferred Outflows of Resources:			
Deferred Rate Case Expense		-	-
Related to Pensions	75,215	45,379	120,594
Total Deferred Outflows of Resources	75,215	45,379	120,594
Total Assets and Deferred Outflows of Resources	12,428,751	12,172,512	24,601,263
Liabilities and Net Position			
Liabilities			
Accounts Payable	71,647	67,683	139,330
Retainage Payable	-	-	-
Accrued Salaries and Benef	25,104	15,991	41,095
Accrued Interest Payable	5,114	28,892	34,006
Due to Other Funds		1,287	1,287
Compensated Absences Pay	25,795	15,201	40,996
Bonds and Notes Payable	108,358	593,072	701,430
Total Current Liabilities	236,018	722,126	958,144
Noncurrent Liabilities:			
Net Pension Liability	187,740	114,542	302,282
Construction Advances		-	-
Bonds and Notes Payable	1,108,594	4,243,905	5,352,499
Total Noncurrent Liabilities	1,296,334	4,358,447	5,654,781
Total Liabilities	1,532,352	5,080,573	6,612,925
Deferred Inflows of Resources:			
Unamortized Premium on Debt		-	-
Related to Pensions	49,279	30,065	79,344
Total Deferred Inflows of Resources	49,279	30,065	79,344
Net Position			
Net Investment in Capital A	8,306,945	5,182,246	13,489,191
Retained Earnings			
Reserved	2,365,723	709,935	3,075,658
Unreserved	174,452	1,169,693	1,344,145
Total Net Position	10,847,120	7,061,874	17,908,994
Total Liabilities, Deferred Inflows of Resources and Net Position	12,428,751	12,172,512	24,601,263

TOWN OF BAR HARBOR

Exhibit F

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Proprietary Fund Types</u>		<u>Total</u>
	<u>Wastewater Enterprise</u>	<u>Water Enterprise</u>	
Operating Revenues:			
Charges for Services	2,085,028	2,206,890	4,291,918
Special Assessments	-	-	-
Interest - Late Penalties	11,557	2,414	13,971
Total Operating Revenues:	2,096,585	2,209,304	4,305,889
Operating Expenditures:			
Current:			
Salaries and Benefits	664,492	460,373	1,124,865
Contracted Services	221,632	243,982	465,614
Utilities & Commodities	233,207	56,119	289,326
Repairs & Maintenance	130,879	221,547	352,426
Equipment	14,736	10,263	24,999
Other Expenses	41,159	41,674	82,833
Depreciation and Amortization	539,321	320,353	859,674
Materials and Supplies	134,443	109,030	243,473
Total Operating Expenditures	1,979,869	1,463,341	3,443,210
Net Operating Income	116,716	745,963	862,679
Nonoperating Revenues (Expenses)			
Interest Revenue	28,953	25,887	54,840
Acadia National Park Contributions to exter	-	-	-
Nonutility Income, net of expense	4,000	-	4,000
Jobbing Income, net of expense	-	(144)	(144)
Loss on Disposal of Assets	-	(15,899)	(15,899)
Tank Painting Reserve Transfer	-	-	-
Bond Premium proceeds	-	53,492	53,492
Contributions in Aid of Construction	-	5,156	5,156
Related to Pensions	(30,737)	(9,487)	(40,224)
Interest Expense	(41,189)	(131,340)	(172,529)
Total Nonoperating Revenue (Expenses)	(38,973)	(72,335)	(111,308)
Change in Net Position (net income)	77,743	673,628	751,371
Total Net Position - Beginning	10,769,377	6,388,246	17,157,623
Total Net Position - Ending	10,847,120	7,061,874	17,908,994

TOWN OF BAR HARBOR
STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2020

Exhibit G

	<i>Proprietary Fund Types</i>		<i>Total</i>
	<i>Wastewater Enterprise</i>	<i>Water Enterprise</i>	
<i>Cash Flows from Operating Activities</i>			
Received from Customers	2,096,585	2,209,304	4,305,889
Payments to Suppliers	(734,897)	(640,941)	(1,375,838)
Payments to Employees	(664,492)	(460,373)	(1,124,865)
Other Receipts (Payments)	(37,159)	16,830	(20,329)
<i>Net Cash Provided by (Used in) Operating Activities</i>	660,037	1,124,820	1,784,857
<i>Cash Flows from Capital and Related Financing Activities</i>			
Purchases of Capital Assets	(457,961)	(267,446)	(725,407)
Principal Received on Capital Debt Issued	-	-	-
Bond Refinance proceeds	-	260,233	260,233
Principal Paid on Capital Debt	(106,056)	(882,078)	(988,134)
Proceeds from Sale of Land/Capital Assets	-	(15,899)	(15,899)
Interest Paid on Capital Debt	(41,189)	(131,340)	(172,529)
<i>Net Cash Used in Capital and Related Financing Activities</i>	(605,206)	(1,036,530)	(1,641,736)
<i>Cash Flows from Investing Activities</i>			
(Purchase)/Sale of Investments	73,258	(14,041)	59,217
Interest and Dividends	28,953	25,887	54,840
<i>Net Cash Provided by (Used in) Investing Activities</i>	102,211	11,846	114,057
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	157,042	100,136	257,178
<i>Balances - beginning of the year</i>	2,256,354	1,708,475	3,964,829
<i>Balances - end of the year</i>	2,413,396	1,808,611	4,222,007
<i>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</i>			
Net Operating Income (Loss)	116,716	745,963	862,679
Adjustment to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization	539,321	320,353	859,674
(Increase) Decrease in Accounts Receivable	127,581	3,021	130,602
(Increase) Decrease in Due To/From Other Funds	(116,671)	75,420	(41,251)
(Increase) Decrease in Inventory	1,725	(7,983)	(6,258)
(Increase) Decrease in Prepaid Expense	1,725	(1,884)	(159)
Increase (Decrease) in Accrued Wages Payable	4,457	3,165	7,622
Increase (Decrease) in Accrued Interest Payable	(360)	(1,186)	(1,546)
Increase (Decrease) in Escrow Deposits	-	-	-
Increase (Decrease) in Compensated Absences Payable	2,168	4,037	6,205
Increase (Decrease) in Accounts Payable	(16,625)	(16,086)	(32,711)
<i>Net Cash Provided by (Used in) Operating Activities</i>	660,037	1,124,820	1,784,857

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

The Town reports the following major governmental funds:

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

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

The Town reports the following major enterprise funds:

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

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

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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, \$656,357 has been so classified and reported on the general fund balance sheet.

Annual property taxes were levied on July 19, 2019, 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 9.0% 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, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

4. Capital Assets (Continued)

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

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

5. Deferred Inflows/Outflows of Resources

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

6. Pensions

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

7. Other Post-Employment Benefits (OPEB)

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

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

8. Compensated Absences

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

9. Estimates

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

10. Long-term Obligations

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

Under State Law, no municipality can incur debt, which would cause its total outstanding debt, exclusive of debt incurred for school, storm or sanitary sewer, energy facilities, or municipal airports, to exceed 7.50% of its last full state valuation. A municipality may incur debt for schools not exceeding 10%, storm or sanitary sewers 7.50%, and municipal airports, water districts and special purpose districts 3% of its last full state valuation. In no event can the total debt exceed 15% of its last full valuation. Full state valuation is the valuation of taxable property as certified by the State Tax Assessor, adjusted to 100%. At June 30, the Town of Bar Harbor is in compliance with the above requirements.

11. Fund Balances/Net Position

Fund Balances

The Town classifies governmental fund balances as follows:

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

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

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

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

11. Fund Balances/Net Position (Continued)

Fund Balances (continued)

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

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

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

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

The Town has identified June 30, 2020 fund balances on the balance sheet as follows:

	<i>General Fund</i>	<i>Capital Improvement Projects</i>	<i>Other Governmental Funds</i>	<i>Total</i>
<u>Nonspendable</u>				
School Lunch Inventory	2,317			2,317
Gurnee Principal			6,488	6,488
Cemetery Principal			5,269	5,269
	2,317	-	11,757	14,074
<u>Restricted</u>				
Parking Meter Fund	1,175,989			1,175,989
School Restricted Funds	1,063,308			1,063,308
	2,239,297	-	-	2,239,297
<u>Committed</u>				
Capital Improvement Programs		4,995,150		4,995,150
	-	4,995,150	-	4,995,150
<u>Assigned</u>				
Reserve for Working Capital	2,165,000			2,165,000
Designated for Insurance	500,000			500,000
General Fund Encumbrances	42,015			42,015
Cruise Ship Fund - Encumbrances	10,553			10,553
Cruise Ship Fund	388,016			388,016
Gurnee Scholarship			3,917	3,917
	3,105,584	-	3,917	3,109,501
<u>Unassigned</u>				
General Fund	1,175,520			1,175,520
<u>Total Fund Balance</u>	<u>6,522,718</u>	<u>4,995,150</u>	<u>15,674</u>	<u>11,533,542</u>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

11. Fund Balances/Net Position (Continued)

Net Position

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

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

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

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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

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

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

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits/Investments

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

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

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

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

At year-end, the government's carrying amount of deposits was \$14,904,564 and the bank balance was \$14,800,893 plus \$463,802 cash included with the investment portfolio for a total of \$15,264,695. The Town has no uninsured or uncollateralized deposits as of June 30, 2020.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Investments

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

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

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

Level 2 inputs are significant other observable inputs.

Level 3 inputs are significant unobservable inputs.

The Town has the following recurring fair value measurements as of June 30, 2020:

- U.S. Treasury securities and corporate bonds in the amount of \$1,684,545 are valued using quoted market prices (Level 1 inputs)

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

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

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

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

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

B. Property Taxes

Property taxes were levied for the fiscal year as follows:

Assessed Value		1,509,909,600
Tax Rate (per \$1,000)		<u>11.85</u>
Commitment		<u>17,892,429</u>
Appropriations		24,952,060
Less:		
State Municipal Revenue Sharing	178,000	
Estimated Revenues	6,711,962	
BETE Reimbursement	41,097	
Homestead Reimbursement	<u>128,572</u>	
		<u>7,059,631</u>
Net Assessment for Commitment		<u>17,892,429</u>

Uncollected real estate taxes and personal property taxes at June 30 for the current year commitment totaled \$659,682, which represents tax collection of approximately 96.32% of the current year commitment, including supplemental taxes issued in the amount of \$24,648. The real estate portion of the total taxes due was placed on lien June 29, 2020. Unpaid prior year tax liens at June 30 totaled \$256,530.

C. Interfund Receivables and Payables

Individual fund interfund receivable and payable balances at June 30, 2020 were as follows:

	<u><i>Interfund Receivable</i></u>	<u><i>Interfund Payable</i></u>
General Fund	35,286	4,998,302
Capital Project Funds	4,963,637	
Keep ME Healthy Grant		7,758
FEMA COVID-19 Grant		27,528
Water Fund	18,019	
Wastewater Fund	<u>17,933</u>	<u>1,287</u>
Totals	<u>5,034,875</u>	<u>5,034,875</u>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

C. Interfund Receivables and Payables (Continued)

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. They are classified as Due to/from Other Funds and are eliminated on the Statement of Net Position. At June 30, 2020, the balances above were due between funds. Monies are held in the general fund for ease of investing and disbursements. The balance for the water and wastewater fund of \$34,665 is expected to be repaid during the next year. The remaining balance will be retired upon use of the funds.

D. Capital Assets (Includes School)

Capital asset activity for the year ended June 30, 2020 was as follows:

	<i>Beginning</i>			<i>Ending</i>
	<i>Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Balance</i>
<i>Governmental Activities;</i>				
<i>Capital assets not being depreciated</i>				
Land	5,463,075			5,463,075
Construction Work in Progress	335,297	121,354	(235,510)	221,141
	5,798,372	121,354	(235,510)	5,684,216
<i>Capital assets being depreciated:</i>				
Buildings	16,358,156	396,204		16,754,360
Equipment	8,412,548	1,126,977	(283,222)	9,256,303
Infrastructure	22,955,034	353,603		23,308,637
<i>Total capital assets being depreciated</i>	47,725,738	1,876,784	(283,222)	49,319,300
<i>Less accumulated depreciation for:</i>				
Buildings	4,733,507	428,756		5,162,263
Equipment	4,338,251	569,633	(248,144)	4,659,740
Infrastructure	13,957,547	466,864		14,424,411
<i>Total accumulated depreciation</i>	23,029,305	1,465,253	(248,144)	24,246,414
<i>Net capital assets being depreciated</i>	24,696,433	411,531	(35,078)	25,072,886
<i>Governmental Activities</i>				
<i>Capital Assets, net</i>	30,494,805	532,885	(270,588)	30,757,102

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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	14,044,471	267,446	(86,229)	14,225,688
Wastewater Fund	20,729,777	457,961	(98,844)	21,088,894
<i>Total capital assets being depreciated</i>	<u>34,774,248</u>	<u>725,407</u>	<u>(185,073)</u>	<u>35,314,582</u>
<i>Less accumulated depreciation for:</i>				
Water Fund	4,085,377	329,475	(70,330)	4,344,522
Wastewater Fund	11,148,771	539,321	(98,844)	11,589,248
<i>Total accumulated depreciation</i>	<u>15,234,148</u>	<u>868,796</u>	<u>(169,174)</u>	<u>15,933,770</u>
<i>Net capital assets being depreciated</i>	<u>19,540,100</u>	<u>(143,389)</u>	<u>(15,899)</u>	<u>19,380,812</u>
<i>Business-type Activities Capital Assets, net</i>	<u>19,701,126</u>	<u>(143,389)</u>	<u>(15,899)</u>	<u>19,541,838</u>

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

Governmental Activities:

General Government	186,101
Public Safety	362,510
Health and Welfare	12,620
Parks and Recreation	67,981
Roads and Sanitation, including infrastructure	614,816
Education	164,906
Parking Fund	56,319
Total Depreciation Expense - Governmental Activities	<u><u>1,465,253</u></u>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt

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

The following is a summary of long-term debt transactions of the Town of Bar Harbor for the year ended June 30, 2020:

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Reductions</i>	<i>Ending Balance</i>	<i>Due Within One Year</i>
<i>Governmental activities:</i>					
<i>Bonds payable:</i>					
2004 School Heating System	325,833	-	(47,749)	278,084	50,197
2010 Capital Construction, Roads, etc.	2,035,000	-	(2,035,000)	-	-
2010 Capital Construction, Roads, Refinanced in 2020	-	1,604,767	-	1,604,767	159,186
2013 Public Works Complex	2,690,000	-	(140,000)	2,550,000	145,000
2014 Town Hall & Signage	1,945,000	-	(125,000)	1,820,000	125,000
2015 Refinanced Agamont Park & Seawall	240,000	-	(40,000)	200,000	40,000
2015 Public Safety Building	340,000	-	(20,000)	320,000	20,000
2018 Ladder Truck, Public Safety Building & Transfer Station Renovations	2,910,000	-	(160,000)	2,750,000	160,000
2019 Parking Meters, Ferry Terminal	2,875,000	-	(230,000)	2,645,000	230,000
2019 Ferry Terminal Taxable	1,225,000	-	-	1,225,000	45,000
<i>Sub-Total Bonds Payable</i>	<u>14,585,833</u>	<u>-</u>	<u>(2,797,749)</u>	<u>13,392,851</u>	<u>974,383</u>
<i>Other Governmental long-term activities:</i>					
Town LED Lights Lease	-	372,762	-	372,762	121,858
School Department Copier Capital Lease	22,452	-	(22,452)	-	-
School Department Copier Capital Lease	-	61,923	-	61,923	11,444
School Department Printer Capital Lease	4,840	-	(2,327)	2,513	2,513
	<u>27,292</u>	<u>434,685</u>	<u>(24,779)</u>	<u>437,198</u>	<u>135,815</u>
Total Governmental Activities	<u>14,613,125</u>	<u>434,685</u>	<u>(2,822,528)</u>	<u>13,830,049</u>	<u>1,110,198</u>
<i>Business-Type Activities:</i>					
<i>Bonds payable:</i>					
<i>Water Department:</i>					
2002 Water Tank Purchase	137,892	-	(44,755)	93,137	45,953
2010 Water Mains	330,000	-	(330,000)	-	-
2010 Water Mains, Refinanced in 2020	-	260,233	-	260,233	25,814
2011 Water Refinance Mains Replacement & Duck Brook Pump Station	1,626,992	-	(293,944)	1,333,048	306,642
2012 Safe Drinking Revolving Water Loan	1,918,938	-	(128,379)	1,790,559	129,663
2015 Route 3 Water Main Project	1,445,000	-	(85,000)	1,360,000	85,000
<i>Sub-Total Water Department</i>	<u>5,458,822</u>	<u>260,233</u>	<u>(882,078)</u>	<u>4,836,977</u>	<u>593,072</u>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt (Continued)

<i>Wastewater Department:</i>					
2011 Wastewater Mains Replacement & Scada System	918,008	-	(66,056)	851,952	68,358
2015 Refinanced Hulls Cove Wastewater Plant	405,000	-	(40,000)	365,000	40,000
<i>Sub-Total Wastewater Department</i>	<u>1,323,008</u>	<u>-</u>	<u>(106,056)</u>	<u>1,216,952</u>	<u>108,358</u>
Total Business-Type Activities	<u>6,781,830</u>	<u>260,233</u>	<u>(988,134)</u>	<u>6,053,929</u>	<u>701,430</u>
Total Debt	<u>21,394,955</u>	<u>694,918</u>	<u>(3,810,662)</u>	<u>19,883,978</u>	<u>1,811,628</u>

Governmental Activities:

In 2004, the School Department was issued a bond for the school heating project from the Maine Municipal Bond Bank. The loan was issued for \$805,000 with annual principal and interest payments ranging from \$61,083 in fiscal year 2020 up to \$62,211 in the last fiscal year of 2025. Interest is payable semi-annually at a rate of 4.57%. The balance at June 30, 2020 was \$278,084.

In 2010, the Town was issued a bond for capital construction roads and sidewalks from Hutchinson, Shockey, Ery & Co. The loan was originally issued for \$3,700,000, but was refinanced in fiscal year 2020 and the town received a bond premium. The bond was reissued in the amount of \$1,604,767 with annual principal and interest payments ranging from \$246,333 in fiscal year 2021 to \$167,146 for the last payment in fiscal year 2030. Interest is payable semiannually at a rate of 3.0 – 4.0%. The balance at June 30, 2020 was \$1,604,767.

In 2013, the Town was issued a bond for the public works facility from Robert W. Baird, Co. Inc. The loan was issued for \$3,350,000 with annual principal and interest payments ranging from \$231,687 in fiscal year 2020 to \$234,600 for the last payment in fiscal year 2034. Interest is payable semi-annually at a rate of 3.0 – 4.0%. The balance at June 30, 2020 was \$2,550,000.

In 2014, the Town was issued a bond for the town hall & signage project from Morgan Stanley & Co. The loan was issued for \$2,442,000 with annual principal and interest payments ranging from \$189,375 in fiscal year 2020 to \$111,787 for the last payment in fiscal year 2035. Interest is payable semi-annually at a rate of 2.5 – 4.0%. The balance at June 30, 2020 was \$1,820,000.

In 2015, the Town was issued a bond for the refinance of Agamont Park and seawall from Roosevelt & Cross, Inc. The loan was issued for \$360,000 with annual principal and interest payments ranging from \$47,800 in fiscal year 2020 to \$40,800 for the last payment in fiscal year 2025. Interest is payable semi-annually at a rate of 4.0-4.38%. The balance at June 30, 2020 was \$200,000.

In 2015, the Town was issued a bond for the refinance of the public safety building from Roosevelt & Cross, Inc. The loan was issued for \$400,000 with annual principal and interest payments ranging from \$31,200 in fiscal year 2020 to \$20,300 for the last payment in fiscal year 2036. Interest is payable semi-annually at a rate of 3.0 – 5.0%. The balance at June 30, 2020 was \$320,000.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt (Continued)

In 2018, the Town was issued a bond for the ladder truck, public safety building and transfer station renovations from Eastern Bank Capital. The loan was issued for \$3,070,000 with annual principal and interest payments ranging from \$272,100 in fiscal year 2020 to \$137,025 for the last payment in fiscal year 2038. Interest is payable semi-annually at a rate of 3.0 – 5.0%. The balance at June 30, 2020 was \$2,750,000.

In 2019, the Town was issued a bond for parking meters and the tax exempt portion of the ferry terminal purchase from Roosevelt & Cross, Inc. The loan was issued for \$2,875,000 with annual principal and interest payments ranging from \$341,508 in fiscal year 2020 to \$116,725 for the last payment in fiscal year 2039. Interest is payable semi-annually at a rate of 3.0 – 5.0%. The balance at June 30, 2020 was \$2,645,000.

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

In 2016, the School Department entered into a capital lease for the purchase of copiers through a combined lease through the Mount Desert Island Consolidated School District. The Bar Harbor School Department portion of the lease was for \$53,819 with annual principal and interest payments of \$11,715. The lease was paid off early in 2019 in order to enter a new lease through the Mount Desert Island Consolidated School District.

In 2019, the School Department entered into a capital lease for the purchase of copiers through a combined lease through the Mount Desert Island Consolidated School District. The Bar Harbor School Department portion of the lease was for \$61,923 with annual principal and interest payments of \$13,890. Interest is paid annually at a rate of 3.95%. The balance at June 30, 2020 was \$61,923.

In 2019, the School Department entered into a capital lease for the purchase of printers with Access Equipment. The lease was issued for \$7,503.90 with annual principal and interest payments of \$2,715. Interest is paid annually at a rate of 8.00%. The balance at June 30, 2020 was \$2,513.

In 2019-20, the Town entered into a capital lease for the LED Lights project with Municipal Leasing Consultants, LLC.. The lease was issued for \$372,762 with annual principal and interest payments of \$131,296. The proceeds of the lease was deposited into an escrow account with City National Bank of Florida, who disburse funds as needed to pay expenditures incurred. Interest is paid annually at a rate of 3.090%. The balance at June 30, 2020 was \$372,762.

Business-Type Activities:

In 2002, the Town was issued a bond for the water tank purchase from Maine Municipal Bond Bank. The loan was issued for \$750,000 with annual principal and interest payments ranging from \$49,805 in fiscal year 2020 to \$50,006 for the last payment in fiscal year 2022. Interest is payable semi-annually at a rate of 2.67%. The balance at June 30, 2020 was \$93,137.

In 2010, the Town was issued a bond for water mains replacement from Hutchinson, Shockey, Erly & Co. The loan was originally issued for \$600,000, but was refinanced in fiscal year 2020 and the town received a bond premium. The bond was reissued in the amount of \$260,233 with annual principal and interest payments ranging from \$39,946 in fiscal year 2021 to \$27,104 for the last payment in fiscal year 2030. Interest is payable semi-annually at a rate of 3.0 – 4.0%. The balance at June 30, 2020 was \$260,233.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt (Continued)

In 2011, the Town was issued a bond for wastewater mains replacement and SCADA system from Morgan Stanley & Co. The loan was issued for \$1,316,000 with annual principal and interest payments ranging from \$92,955 in fiscal year 2020 to \$72,635 for the last payment in fiscal year 2032. Interest is payable semi-annually at a rate of 2.5 – 3.5%. The balance at June 30, 2020 was \$851,952.

In 2011, the Town was issued a bond for water mains and to refinance the original water company purchase from Morgan Stanley & Co. The loan was issued for \$3,739,000 with annual principal and interest payments ranging from \$336,539 in fiscal year 2020 to \$85,077 for the last payment in fiscal year 2032. Interest is payable semi-annually at a rate of 2.5 – 3.5%. The balance at June 30, 2020 was \$1,333,048.

In 2012, the Town was issued a bond for Duck Brook water upgrades from the Safe Drinking Revolving Loan from the Maine Municipal Bond Bank. The loan was issued for \$2,679,150 with \$16,193 forgiven for a net total of \$2,662,957. Annual principal and interest payments ranging from \$154,273 in fiscal year 2020 to \$154,180 for the last payment in fiscal year 2033 are due. Interest is payable semi-annually at a rate of 1.5%. The balance at June 30, 2020 was \$1,790,559.

In 2015, the Town was issued a bond for the Route 3 water project from Roosevelt & Cross, Inc. The loan was issued for \$1,700,000 with annual principal and interest payments ranging from \$132,600 in fiscal year 2020 to \$86,275 for the last payment in fiscal year 2036. Interest is payable semi-annually at a rate of 2.5 – 5.0%. The balance at June 30, 2020 was \$1,360,000.

In 2015, the Town was issued a bond to refinance the wastewater Hulls Cove plant from Roosevelt & Cross, Inc. The loan was issued for \$510,000 with annual principal and interest payments ranging from \$54,650 in fiscal year 2020 to \$50,625 for the last payment in fiscal year 2028. Interest is payable semi-annually at a rate of 4.0 – 4.38%. The balance at June 30, 2020 was \$365,000.

Annual debt service requirements to maturity including interest of \$4,848,753 (including fees) are as follows:

<i>Year Ended June 30,</i>	<i>Governmental Activities</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2021	1,110,198	523,905	1,634,103
2022	1,117,397	472,638	1,590,035
2023	1,134,391	424,461	1,558,852
2024	1,020,363	375,330	1,395,693
2025	913,863	333,864	1,247,727
2026-2030	4,118,837	1,147,306	5,266,143
2031-2035	3,190,000	443,675	3,633,675
2036-2039	1,225,000	71,145	1,296,145
Total	13,830,049	3,792,324	17,622,373

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt (Continued)

<i>Year Ended June 30,</i>	<i>Business-Type Activities</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2021	701,430	162,293	863,723
2022	708,958	143,471	852,429
2023	418,083	125,858	543,941
2024	424,406	114,064	538,470
2025	430,742	102,103	532,845
2026-2030	2,121,313	323,505	2,444,818
2031-2035	1,163,997	83,860	1,247,857
2036-2039	85,000	1,275	86,275
Total	6,053,929	1,056,429	7,110,358
Totals	19,883,978	4,848,753	24,732,731

NOTE 4 - OTHER INFORMATION

A. Contingent Liabilities

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

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

B. Permanent Funds

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

<i>Purpose</i>	<i>Nonspendable</i>	<i>Assigned</i>
Cemetery Care	5,269	-
Scholarships	6,488	3,917
Total	11,757	3,917

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION

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, 2018, 2019 and 2020 were \$81,508, \$77,899 and \$75,010 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 employees. This agreement was enacted July 1, 1965.

D. Defined Benefit Employee Pension Plan

Plan Description

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

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (Continued)

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, 2020, the SET Plan member contribution rate was 7.65% and the employer contribution rate was 4.16% of applicable member compensation. The employer (School portion) is also responsible for contributing 14.95% of all federally funded member compensation. The State of Maine, as a non-employer contributing entity, pays 14.33% of the applicable member compensation into the System.

For the year ended June 30, 2020, the PLD Plan member contribution rate was 8.1% for the regular AC-Age 60 Plan and 7.35% for the regular AC-Age 65 Plan; the employer contribution rate was 10% of applicable member compensation for the regular AC Plan and 5.0% for retirees who return to work. The member contribution rate was 8.9% for the Special 4C Plan-Public Safety Plan and the employer contribution rate was 8.9% for the Special 4C Plan of applicable members compensation.

The required contributions paid into the System for the year ended June 30, 2020 and the previous two years are as follows:

SET Plan:					<i>Applicable</i>	<i>Applicable</i>
<i>For the year ended</i>	<i>Employee</i>	<i>Employer</i>	<i>State of Maine</i>	<i>Member</i>	<i>Member</i>	<i>Federal</i>
<i>June 30,</i>	<i>Contributions</i>	<i>Contributions</i>	<i>Contributions</i>	<i>Compensation</i>	<i>Compensation</i>	
2020	\$ 256,047	\$ 152,718	\$ 466,706	\$ 3,347,026	\$	90,180
2019	\$ 237,249	\$ 133,916	\$ 333,383	\$ 3,101,296	\$	92,422
2018	\$ 230,220	\$ 129,379	\$ 324,046	\$ 3,009,410	\$	84,805

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (Continued)

PLD Plan - SCHOOL PORTION:

<i>For the year ended</i>	<i>Employee</i>	<i>Employer</i>	<i>Applicable</i>
<i>June 30,</i>	<i>Contributions</i>	<i>Contributions</i>	<i>Member</i>
<i>June 30,</i>	<i>Contributions</i>	<i>Contributions</i>	<i>Compensation</i>
2020	\$ 16,397	\$ 20,244	\$ 202,436
2019	\$ 13,788	\$ 17,234	\$ 172,344
2018	\$ 14,080	\$ 16,896	\$ 176,002

PLD Plan - TOWN PORTION:

<i>For the year ended</i>	<i>Employee</i>	<i>Employer</i>	<i>Applicable</i>
<i>June 30,</i>	<i>Contributions</i>	<i>Contributions</i>	<i>Member</i>
<i>June 30,</i>	<i>Contributions</i>	<i>Contributions</i>	<i>Compensation</i>
2020	\$ 257,224	\$ 296,904	\$ 3,114,383
2019	\$ 245,608	\$ 274,535	\$ 2,911,360
2018	\$ 225,123	\$ 241,823	\$ 2,671,400

Revenue Recognition

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

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

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

As of June 30, 2020, the Town of Bar Harbor reported a net pension liability of \$108,182 for the SET Plan and \$1,446,595 for the PLD Plan. The net pension liability was measured as of June 30, 2019, 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, 2019, the Town of Bar Harbor's proportion of contributions was .00738% for the SET Plan and .473264% for the PLD Plan, which was an increase of .00044% and an increase of .008404% respectively from its proportion measured at June 30, 2018.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (Continued)

For the fiscal year ended June 30, 2020, the Town of Bar Harbor recognized pension expense of \$140,359 for the SET Plan and \$465,979 for the PLD plan for a total of \$606,338. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<i>SET Plan:</i>	
	<u><i>Deferred Outflows of Resources</i></u>	<u><i>Deferred Inflows of Resources</i></u>
Differences between expected and actual experience	8,415	
Changes in Assumption	3,132	
Net Difference between projected and actual earnings on pension plan investments	-	15,270
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,103	780
Employer contributions made subsequent to measurement date	<u>152,718</u>	
	<u>168,368</u>	<u>16,050</u>
	<i>PLD Plan:</i>	
	<u><i>Deferred Outflows of Resources</i></u>	<u><i>Deferred Inflows of Resources</i></u>
Differences between expected and actual experience	171,281	-
Changes in Assumption	73,260	-
Net Difference between projected and actual earnings on pension plan investments	-	362,337
Changes in proportion and differences between employer contributions and proportionate share of contributions	18,796	17,371
Employer contributions made subsequent to measurement date	<u>317,148</u>	
	<u>580,485</u>	<u>379,708</u>
Totals	<u>748,853</u>	<u>395,758</u>

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

<u><i>Year Ended June 30,</i></u>	<u><i>SET Plan</i></u>	<u><i>PLD Plan</i></u>
2020	6,251	52,540
2021	(3,266)	(150,304)
2022	(3,432)	(18,377)
2023	152,764	316,918

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (Continued)

Actuarial Assumptions

The collective total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method

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

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

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

Asset Valuation Method

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

Amortization

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

Significant Actuarial Assumptions

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2019 are as follow:

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

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (Continued)

Actuarial Assumptions (continued)

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

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

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

Discount Rate

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

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.75% for the SET Plan and 6.75% for the PLD Plan as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (Continued)

Actuarial Assumptions (continued)

SET Plan:	<u>1% Decrease</u> █ (5.75%)	<u>Current Discount</u> Rate (6.75%)	<u>1% Increase</u> █ (7.75%)
Proportionate Share of the Net Pension Liability	\$ 195,590	\$ 108,182	\$ 6,251
PLD Plan:	<u>1% Decrease</u> █ (5.75%)	<u>Current Discount</u> Rate (6.75%)	<u>1% Increase</u> █ (7.75%)
Proportionate Share of the Net Pension Liability	\$ 3,295,251	\$ 1,446,595	\$ (282,645)

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

E. Risk Management

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

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

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

Based on the coverage provided by the pools described above, the town is not aware of any material actual or potential claim liabilities, which should be recorded at June 30, 2020.

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

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION (Continued)

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

Plan Description

Qualifying personnel of the School Department participate in the Group Life Insurance Plan for Retired State Employees and Teachers as provided by the Maine Public Employees Retirement System (SET Plan). The Plan is a multiple-employer, cost sharing plan with a special funding situation. As of June 30, 2019 there were 239 employers, including the State of Maine, participating in the plan. The State of Maine is also a non-employer contributing entity in that the State pays contributions for retired public school teachers in the Plan.

Plan Description (continued)

The Group Life Insurance Plan for Retired Participating Local District (PLD Consolidated Plan) employees is a multiple-employer cost sharing plan. As of June 30, 2019, there were 149 employers participating in the plan.

Benefits

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

Funding Policy

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

Special Funding Situation – SET Plan

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

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

As of June 30, 2020, the Town of Bar Harbor reported a net OPEB liability of \$51,158 for the PLD Plan. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by actuarial valuation as of that date. The Town of Bar Harbor's share of the collective net OPEB liability was equal to the collective net OPEB liability multiplied by the projection of the Town of Bar Harbor's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating members. At June 30, 2019, the Town of Bar Harbor's proportion of contributions was .239082% for the PLD Plan, which was a decrease of .006466% from its proportion measured at June 30, 2018.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION (Continued)

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

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

For the fiscal year ended June 30, 2020, the Town of Bar Harbor recognized OPEB expense of \$871 for the PLD Plan. At June 30, 2020, the Town of Bar Harbor's reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources were:

	<i>PLD Plan:</i>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	3,261	-
Changes of Assumptions	4,258	6,684
Difference between projected and actual Investment		
Earnings on OPEB Plan Investments	-	2,287
Changes in proportion and differences between employer premiums and proportionate share of premiums	-	6,431
	<u>7,519</u>	<u>15,402</u>

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

<u>Year Ended June 30,</u>	<u>PLD Plan</u>
2020	(3,116)
2021	(3,116)
2022	(2,638)
2023	867
2024	119

Actuarial Methods and Assumptions

The collective total OPEB liability for the plans was determined by an actuarial valuation as of June 30, 2019, using the following methods and assumptions, applied to all periods included in the measurement:

Actuarial Cost Method

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

Asset Valuation Method

Investments are reported at fair value.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION (Continued)

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

Actuarial Methods and Assumptions (continued)

Amortization

The unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a 30-year period on a closed basis. As of June 30, 2019, there were 18 years remaining in the amortization schedule for the SET Plan and 11 years remaining for the PLD Plan. The actuarial assumptions used in the June 30, 2019 actuarial valuation was based on the results of an actuarial experience study conducted for the period of June 30, 2012 to June 30, 2015.

Significant Actuarial Assumptions

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2019 are as follows:

	<u>SET Plan</u>	<u>PLD Plan</u>
Inflation		2.75%
Annual Salary Increases, including Inflation	2.75% - 14.50%	2.75% - 9.0%
Investment Rate of Return:	6.75% per annum, compounded annually	
Participation Rates for Future Retiree	100% of those currently enrolled	
Conversion Charges	Apply to the cost of active group life insurance, not retiree group life insurance	
Form of Benefit Payment	Lump Sum	
Mortality Rates	<p>For active members and non-disabled retirees of the Plans, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used. These tables are adjusted by percentages ranging from 104% to 120% based on actuarially determined demographic differences.</p>	

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION (Continued)

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

Actuarial Methods and Assumptions (continued)

Assets of the Plans are pooled for investment purposes and are allocated to each Plan based on each Plan's fiduciary net position. The long-term expected rate of return on the Plan's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of long-term real rates of return for each major asset class included in the target asset allocation as of June 30, 2019 are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total OPEB liability for the PLD Plan was 4.98% which is a blend of the assumed long-term expected rate of return of 6.75% and a municipal bond index rate of 3.5%, based on the Bond Buyer GO 20-Year Municipal Bond Index as of June 30, 2019. Projections of the Plan's fiduciary net position indicate that it is not expected to be sufficient to make projected benefit payments for current members beyond 2050. Therefore, the portion of future projected benefit payments after 2050 are discounted at the municipal bond index rate. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined.

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

The following presents the Town of Bar Harbor's proportionate share of the net OPEB liability calculated using the discount rate of 5.13% for the PLD Plan as well as what the Town's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

PLD Plan:

	<i>1% Decrease █ (3.98%)</i>	<i>Current Discount Rate (4.98%)</i>	<i>1% Increase █ (5.98%)</i>
Proportionate Share of the Net OPEB Liability	\$ 67,558	\$ 51,158	\$ 38,228

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION (Continued)

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

On-Behalf Payments

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

	<i>Allocation of:</i>		
	<i>On-Behalf</i>	<i>Benefits</i>	<i>Net OPEB</i>
	<i>Payments</i>	<i>Expense</i>	<i>Liability</i>
2019	\$8,818	\$9,044	\$95,802

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

Plan description

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

Benefits provided

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

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

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

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

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

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION (Continued)

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

Employees covered by benefit terms:

At June 30, 2020, the following employees were covered under the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	0
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	49
Average age	45.75
Average service	9.31
Retirees Under 65	1
Average Age	62.95
Retirees Over 65	2
Average Age	75.39
Spouses Under 65	0
Average Age	N/A
Spouses Over 65	1
Average Age	68.37

Net OPEB Liability

The Town's net OPEB liability was measured as of January 1, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.74% per annum.
Salary Increase Rate	2.75% per year
Administration and claims expense	3% per annum.

Trend Assumptions:

Medical trend assumptions were developed using the Society of Actuaries (SOA) long-run medical cost trend model. The SOA model was released in December 2007, and version 2020_b was used for this valuation. The following assumptions were input into this model:

Trend Assumption Inputs	
Variable	Rate
Rate of Inflation	2.00%
Rate of Growth in Real Income/GDP per capita 2029+	1.50%
Extra Trend due to Taste/Technology 2029+	1.20%
Expected Health Share of GDP 2029	20.00%
Health Share of GDP Resistance Point	25.00%
Year for Limiting Cost Growth to GDP Growth	2040

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION (Continued)

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

Actuarial assumptions (continued)

Deductibles, co-payments, and out-of-pocket maximums are assumed to increase at the above trend rates. The ultimate trend rate reflects an assumed nominal per capita GDP growth.

The medical and drug trends were blended to develop non-Medicare and Medicare trends based on experience weights.

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

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

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

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

Since the plan is pay as you go and is not funded, the discount rate will be based on a 20-year-tax-exempt general obligation municipal bond index. Using the Bond Buyer 20-Bond GO Index, the discount rate as of June 30, 2019 is based upon an earlier measurement date, as of December 27, 2018 and is 4.10% per annum. The discount rate as of June 30, 2020 is based upon an earlier measurement date, as of December 26, 2019 and is 2.74% per annum. The rate is assumed to be an index rate for 20-year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher, for pay as you go plans.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION (Continued)

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

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Plan		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at 1/1/19	416,484	-	416,484
Changes for the year:			-
Service Cost	18,078		18,078
Interest	17,679		17,679
Changes of benefits	(9,814)		(9,814)
Differences between expected and actual experience	(43,074)		-
Changes of assumptions	80,249		80,249
Contributions - employer		6,811	(6,811)
Contributions - member			-
Net investment income			-
Benefit payments	(6,811)	(6,811)	-
Administrative expense			-
Net Change	56,307	-	56,307
Balances at 1/1/20	472,791	-	472,791

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

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.74%) or 1 percentage point higher (3.74%) than the current discount rate:

	<i>1% Decrease</i> <i>(1.74%)</i>	<i>Current Discount</i> <i>Rate (2.74%)</i>	<i>1% Increase</i> <i>(3.74%)</i>
Net OPEB liability (asset)	\$ 550,819	\$ 472,791	\$ 409,538

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

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

	<i>1% Decrease</i>	<i>Healthcare</i> <i>Trend Rates</i>	<i>1% Increase</i>
Net OPEB liability (asset)	\$ 406,148	\$ 472,791	\$ 557,494

A 1% decrease in the healthcare trend rate decreases the TOL by approximately 14.1%. A 1% increase in the healthcare trend rate increases the TOL by approximately 17.9%.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION (Continued)

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

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

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

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

	<u><i>Deferred Outflows of Resources</i></u>	<u><i>Deferred Inflows of Resources</i></u>
Differences between expected and actual experience	15,550	38,288
Changes in Assumption	107,160	33,101
Net Difference between projected between projected and actual earnings on pension plan investments	-	
	<u>122,710</u>	<u>71,389</u>

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

2021	7,966
2022	7,966
2023	7,966
2024	7,966
2025	7,966
Thereafter	11,491

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

Plan Description

The AOS 91 – Bar Harbor-Maine Education Association Benefits Plan is a single employer OPEB plan with a measurement date of June 30, 2019, and an employer reporting date of June 30, 2020, for the 2020 year.

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

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

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

**TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 4 - OTHER INFORMATION (Continued)

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

Benefits Provided:

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

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

Eligibility:

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

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

Employees Covered by Benefit Terms

Membership Information:

	Active Count	64		
	Active Average Age	49.1		
	Active Average Service	14.3		
Inactive:				
Retirees Under 65	17	Spouses Under 65	4	
Average Age	62.47	Average Age	60.0	
Retirees Over 65	112	Spouses Over 65	18	
Average Age	73.9	Average Age	75	
Total Retirees	129	Total Spouses	22	
Total Average Age	72.39	Total Average Age	72.22	

Cost Sharing Provisions

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

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION (Continued)

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

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

Funding Policy

Since the plan is pay as you go and is not funded, the discount rate will be based on a 20-year, tax-exempt general obligation municipal bond index. Using the Bond Buyer 20-Bond GO Index, the discount rate as of June 30, 2018 is 3.87% per annum. The discount rate as of June 30, 2019 is 3.50% per annum. This rate is assumed to be an index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher, for pay as you go plans.

Net OPEB Liability

The School's net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Actuarial Cost Method

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

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

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION (Continued)

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

Asset Valuation Method

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

Significant Actuarial Assumptions

Discount Rate:	3.50% per annum
Salary Increases:	For the level percentage of pay entry method, total payroll is assumed to grow at 2.75% per year
Participation Rates for Future Retirees:	Retirement – 70% for member and 10% for spouse Disability – 100% for member and 20% for spouse
Trend Assumptions:	<i>Pre-Medicare:</i> Initial trend of 5.55% applied in FYE grading over 15 years to 3.73% pre annum <i>Medicare:</i> Initial trend of 3.72% applied to FYE 2018 grading over 15 years to 2.81% per annum
Rate of Mortality:	Based on 99% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table for both males and females, using the RP-2014 Total Dataset Employee Mortality Table for ages prior to the start of the Healthy Annuitant Mortality Table

Discount Rate

The discount rate used to measure the total OPEB liability was 3.50%.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION (Continued)

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

Changes in Net OPEB Liability

	<i>Increase/(Decrease)</i>		<i>Net OPEB Liability</i>
	<i>Net OPEB Liability</i>	<i>Plan Fiduciary Net Position</i>	
Total OPEB Liability			
Service cost	\$ 5,744		\$ 5,744
Interest	\$ 32,795		\$ 32,795
Changes of benefits	\$ -		\$ -
Differences between expected and actual experience	\$ -		\$ -
Changes of assumptions	\$ 49,116		\$ 49,116
Contributions - employer		\$ 30,348	\$ (30,348)
Contributions - member			\$ -
Net investment income			\$ -
Benefit payments	\$ (30,348)	\$ (30,348)	\$ -
Administrative expense	\$ -		\$ -
Net change in total OPEB liability	\$ 57,307	\$ -	\$ 57,307
Net OPEB liability beginning	\$ 856,700	\$ -	\$ 856,700
Net OPEB liability ending	<u>\$ 914,007</u>	<u>\$ -</u>	<u>\$ 914,007</u>

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

	Sensitivity of Net OPEB Liability to Changes in Discount Rate		
	<i>1% Decrease (2.50%)</i>	<i>Current Discount Rate (3.50%)</i>	<i>1% Increase (4.50%)</i>
Total OPEB Liability	\$ 1,069,731	\$ 914,007	\$ 790,052
Plan Fiduciary Net Position	0	0	0
Net OPEB Liability	<u>\$ 1,069,731</u>	<u>\$ 914,007</u>	<u>\$ 790,052</u>

A 1% decrease in the discount rate increases the Net OPEB Liability by approximately 17.0%. A 1% increase in the discount rate decreases the Net OPEB Liability by approximately 13.6%.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION (Continued)

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

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

	<i>1%</i>	<i>Healthcare Cost</i>	<i>1%</i>
	<i>Decrease</i>	<i>Trend Rates</i>	<i>Increase</i>
Total OPEB Liability	\$ 776,756	\$ 914,007	\$ 1,087,367
<i>Plan Fiduciary Net Position</i>	0	0	0
Net OPEB Liability	<u>\$ 776,756</u>	<u>\$ 914,007</u>	<u>\$ 1,087,367</u>

A 1% decrease in the healthcare trend rates decreases the Net OPEB Liability by approximately 15.0%. A 1% increase in the healthcare trend rate increases the Net OPEB Liability by approximately 19.0%.

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

For the year ended June 30, 2020, Bar Harbor School Department recognized OPEB expense of \$30,348. At June 30, 2020, Bar Harbor School Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Schedule of Deferred Inflows and Outflows:

	<i>Deferred</i>	<i>Deferred</i>
	<i>Outflows</i>	<i>Inflows</i>
Differences between expected and actual experience	\$ -	\$ -
Changes in Assumptions	\$ 40,930	\$ 25,638
Net difference between projected and actual earnings on OPEB plan investments	<u>\$ -</u>	<u>\$ -</u>
Total	<u>\$ 40,930</u>	<u>\$ 25,638</u>

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

Year ended June 30,:	
2020	\$ 1,777
2021	\$ 1,777
2022	\$ 1,777
2023	\$ 1,775
2024	\$ 8,186
Thereafter	\$ -

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION (Continued)

I. Related Party Transactions

The Town of Bar Harbor had related party transactions to disclose for fiscal year 2020. The Town paid \$11,380 to the spouse of the planning board chair for consulting.

TOWN OF BAR HARBOR

Exhibit H

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN UNASSIGNED FUND BALANCE

BUDGET AND ACTUAL - GENERAL UNASSIGNED FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2020

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
Revenues				
Taxes	18,927,429	18,927,429	18,969,741	42,312
Intergovernmental Revenues	396,369	396,369	445,650	49,281
Departmental Revenues	1,159,198	1,161,698	1,098,913	(62,785)
Other Local Sources	316,175	316,175	404,365	88,190
Total Revenues	20,799,171	20,801,671	20,918,669	116,998
Expenditures				
General Government	3,088,848	3,216,410	3,279,015	(62,605)
Public Safety	3,213,377	3,295,554	3,178,089	117,465
Health and Welfare	144,401	196,053	195,874	179
Parks and Recreation	429,722	438,577	435,961	2,616
Island Explorer Shuttle Bus	40,157	40,517	40,517	-
Roads and Sanitation	1,962,695	1,988,290	1,836,878	151,412
Assessments	3,935,692	3,924,019	3,875,688	48,331
Total Expenditures	12,814,892	13,099,420	12,842,022	257,398
Excess Revenues Over Expenditures	7,984,279	7,702,251	8,076,647	374,396
Other Financing Sources				
Transfers In	435,692	435,692	436,264	572
Transfers Out	(8,192,943)	(8,192,943)	(8,192,943)	-
Total Other Financing Sources	(7,757,251)	(7,757,251)	(7,756,679)	572
Net Change in Fund Balance	227,028	(55,000)	319,968	374,968
Beginning Fund Balance - Unassigned			987,552	
(Increase) Decrease in Assigned Fund Balances			(132,000)	
Ending Fund Balance - Unassigned			1,175,520	

TOWN OF BAR HARBOR
REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN SCHEDULES - LAST 10 FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2020

Exhibit 1
Page 1 of 3

	Town Portion:					
	Participating Local Districts Plan					
<i>Schedule 1 - Proportionate Share of</i>	<i>For the Fiscal</i>	<i>For the Fiscal</i>	<i>For the Fiscal</i>	<i>For the Fiscal</i>	<i>For the Fiscal</i>	<i>For the Fiscal</i>
	<i>Year Ended</i>	<i>Year Ended</i>	<i>Year Ended</i>	<i>Year Ended</i>	<i>Year Ended</i>	<i>Year Ended</i>
	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Proportion of net pensior	0.473264%	0.464860%	0.477711%	0.459644%	0.445634%	0.443395%
Proportionate share of ne	\$1,365,730	\$1,193,594	\$1,830,356	\$2,297,894	\$1,339,178	\$633,175
Covered employee payro	\$3,114,383	\$2,911,360	\$2,671,400	\$2,636,895	\$2,356,080	\$2,364,202
Proportionate share of the net pension liability as a percentage of its covere	43.85%	41.00%	68.52%	87.14%	56.84%	26.78%
Plan Total Pension Liabi	#####	\$3,089,857,220	#####	\$2,889,740,634	#####	\$2,609,657,845
Plan Fiduciary Net Positi	#####	\$2,816,179,855	#####	\$2,358,409,925	#####	\$2,455,776,671
Plan Net Pension Liabilit	<u>\$305,663,509</u>	<u>\$273,677,365</u>	<u>\$409,437,077</u>	<u>\$531,330,709</u>	<u>\$319,046,701</u>	<u>\$153,881,174</u>
Plan Fiduciary Net Position as a % Of the Total Pension L	90.620%	91.143%	86.427%	81.613%	88.274%	94.103%
Plan Covered Employee	\$593,884,355	\$561,126,768	\$542,572,528	\$521,870,235	\$497,616,846	\$460,029,637
Plan Net Pension Liabilit Of the Covered Employee Payroll	51.469%	48.773%	75.462%	101.813%	64.115%	33.450%

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

	Town Portion:					
	Participating Local Districts Plan					
<i>Schedule 2 - Schedule of Contributions:</i>	<i>For the Fiscal</i>	<i>For the Fiscal</i>	<i>For the Fiscal</i>	<i>For the Fiscal</i>	<i>For the Fiscal</i>	<i>For the Fiscal</i>
	<i>Year Ended</i>	<i>Year Ended</i>	<i>Year Ended</i>	<i>Year Ended</i>	<i>Year Ended</i>	<i>Year Ended</i>
	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required cc	\$296,904	\$274,535	\$241,823	\$229,599	\$192,895	\$176,184
Contribution in relation t	(\$296,904)	(\$274,535)	(\$241,823)	(\$229,599)	(\$192,895)	(\$176,184)
Contribution deficiency	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered employee payro	\$3,114,383	\$2,911,360	\$2,671,400	\$2,636,895	\$2,356,080	\$2,364,202
Contributions as a perce	9.53%	9.43%	9.05%	8.71%	8.19%	7.45%

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

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

Exhibit I
Page 2 of 3

Schedule 1 - Proportionate Share of t

	School Portion:					
	Participating Local Districts Plan					
	<i>For the Fiscal Year Ended June 30, 2020</i>	<i>For the Fiscal Year Ended June 30, 2019</i>	<i>For the Fiscal Year Ended June 30, 2018</i>	<i>For the Fiscal Year Ended June 30, 2017</i>	<i>For the Fiscal Year Ended June 30, 2016</i>	<i>For the Fiscal Year Ended June 30, 2015</i>
Proportion of net pension liability	0.473264%	0.464860%	0.477711%	0.459644%	0.445634%	0.443395%
Proportionate share of net pension lia	\$80,865	\$78,623	\$125,570	\$144,336	\$82,606	\$49,126
Covered employee payroll	\$202,436	\$172,345	\$176,002	\$180,888	\$148,102	\$145,894
Proportionate share of the net pension liability as a percentage of its covered employee j	39.95%	45.62%	71.35%	79.79%	55.78%	33.67%
Plan Total Pension Liability	#####	#####	\$3,016,660,721	\$2,889,740,634	\$2,720,936,009	\$2,609,657,845
Plan Fiduciary Net Position	#####	#####	\$2,607,223,644	\$2,358,409,925	\$2,401,889,308	\$2,455,776,671
Plan Net Pension Liability	<u>\$305,663,509</u>	<u>\$273,677,365</u>	<u>\$409,437,077</u>	<u>\$531,330,709</u>	<u>\$319,046,701</u>	<u>\$153,881,174</u>
Plan Fiduciary Net Position as a % Of the Total Pension Liability	90.620%	91.143%	86.427%	81.613%	88.274%	94.103%
Plan Covered Employee Payroll	\$593,884,355	\$561,126,768	\$542,572,528	\$521,870,235	\$497,616,846	\$460,029,637
Plan Net Pension Liability as a % Of the Covered Employee Payroll	51.469%	48.773%	75.462%	101.813%	64.115%	33.450%

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

Schedule 2 - Schedule of Contribution

	School Portion:					
	Participating Local Districts Plan					
	<i>For the Fiscal Year Ended June 30, 2020</i>	<i>For the Fiscal Year Ended June 30, 2019</i>	<i>For the Fiscal Year Ended June 30, 2018</i>	<i>For the Fiscal Year Ended June 30, 2017</i>	<i>For the Fiscal Year Ended June 30, 2016</i>	<i>For the Fiscal Year Ended June 30, 2015</i>
Contractually required contribution	\$20,244	\$17,234	\$16,896	\$17,184	\$13,181	\$11,380
Contribution in relation to the contrac	(\$20,244)	(\$17,234)	(\$16,896)	(\$17,184)	(\$13,181)	(\$11,380)
Contribution deficiency	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered employee payroll	\$202,436	\$172,345	\$176,002	\$180,888	\$148,102	\$145,894
Contributions as a percentage of cove	10.00%	10.00%	9.60%	9.50%	8.90%	7.80%

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

TOWN OF BAR HARBOR
REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN SCHEDULES - LAST 10 FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2020

Schedule 1 - Proportionate Share of the Net Pension Liability:

	School Portion:					
	State Employees and Teachers Plan					
	<i>For the Fiscal Year Ended June 30, 2020</i>	<i>For the Fiscal Year Ended June 30, 2019</i>	<i>For the Fiscal Year Ended June 30, 2018</i>	<i>For the Fiscal Year Ended June 30, 2017</i>	<i>For the Fiscal Year Ended June 30, 2016</i>	<i>For the Fiscal Year Ended June 30, 2015</i>
Proportion of net pension liability	0.007380%	0.006941%	0.007103%	0.007829%	0.007559%	0.00647%
Proportionate share of net pension liability	\$108,182	\$93,651	\$103,174	\$138,312	\$102,069	\$69,897
Covered employee payroll	\$3,347,026	\$3,101,296	\$3,009,410	\$3,047,399	\$2,998,911	\$2,939,456
Proportionate share of the net pension liability as a percentage of its covered employee payroll	3.23%	3.02%	3.43%	4.54%	3.40%	2.38%
Plan Total Pension Liability	\$14,547,222,913	\$14,031,187,845	\$13,484,886,512	\$13,069,954,948	\$12,616,287,054	\$12,320,158,783
Plan Fiduciary Net Position	<u>\$12,035,563,047</u>	<u>\$11,632,192,771</u>	<u>\$10,893,291,864</u>	<u>\$9,960,335,390</u>	<u>\$10,242,097,022</u>	<u>\$10,337,615,927</u>
Plan Net Pension Liability	<u>\$2,511,659,866</u>	<u>\$2,398,995,074</u>	<u>\$2,591,594,648</u>	<u>\$3,109,619,558</u>	<u>\$2,374,190,032</u>	<u>\$1,982,542,856</u>
Plan Fiduciary Net Position as a % Of the Total Pension Liability	82.734%	82.902%	80.781%	76.208%	81.182%	83.908%
Plan Covered Employee Payroll	\$1,924,006,618	\$1,808,274,919	\$1,860,230,663	\$1,816,435,084	\$1,699,160,889	\$1,676,857,294
Plan Net Pension Liability as a % Of the Covered Employee Payroll	130.543%	132.668%	139.316%	171.194%	139.727%	118.230%

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

Schedule 2 - Schedule of Contributions:

	School Portion:					
	State Employees and Teachers Plan					
	<i>For the Fiscal Year Ended June 30, 2020</i>	<i>For the Fiscal Year Ended June 30, 2019</i>	<i>For the Fiscal Year Ended June 30, 2018</i>	<i>For the Fiscal Year Ended June 30, 2017</i>	<i>For the Fiscal Year Ended June 30, 2016</i>	<i>For the Fiscal Year Ended June 30, 2015</i>
Contractually required contribution	\$152,718	\$133,916	\$129,379	\$111,547	\$110,512	\$90,466
Contribution in relation to the contractually required contribution	<u>(\$152,718)</u>	<u>(\$133,916)</u>	<u>(\$129,379)</u>	<u>(\$111,547)</u>	<u>(\$110,512)</u>	<u>(\$90,466)</u>
Contribution deficiency	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered employee payroll	\$3,347,026	\$3,101,296	\$3,009,410	\$3,047,399	\$2,998,911	\$2,939,456
Contributions as a percentage of covered employee payroll	4.56%	4.32%	4.30%	3.66%	3.69%	3.08%

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

**TOWN OF BAR HARBOR
NOTES TO HISTORICAL PENSION INFORMATION
MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2019, is as follows:

A. Actuarial Cost Method

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

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

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

B. Asset Valuation Method

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

C. Amortization

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

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2019 are as follows:

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

For School Department and Town employees, the mortality rate is based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females. The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period June 30, 2012 to June 30, 2015. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. There were no changes in assumptions for the fiscal year ended June 30, 2019.

TOWN OF BAR HARBOR
 REQUIRED SUPPLEMENTARY INFORMATION
 OPEB SCHEDULES - LAST 10 FISCAL YEARS - MAINE MUNICIPAL EMPLOYEES HEALTH TRUST
 FOR THE YEAR ENDED JUNE 30, 2020

Exhibit J

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

	<i>For the Fiscal Year Ended 6/30/2020</i>	<i>For the Fiscal Year Ended 6/30/2019</i>	<i>For the Fiscal Year Ended 6/30/2018</i>
<u>Total OPEB Liability</u>			
Service Cost (BOY)	18,078	20,421	11,534
Interest (includes interest on service cost)	17,679	15,376	12,926
Changes of benefit terms	(9,814)	-	-
Differences between expected and actual experience	(43,074)	-	23,326
Changes in assumptions	80,249	(42,559)	151,326
Benefit payments, including refunds of member contributions	(6,811)	(6,549)	(4,295)
Net Change in total OPEB liability	56,307	(13,311)	194,817
Total OPEB liability - beginning	416,484	429,795	234,978
Total OPEB liability - ending	472,791	416,484	429,795
<u>Plan fiduciary net position</u>			
Contributions - employer	6,811	6,549	4,295
Contributions - member			
Net investment income			
Benefit payments, including refunds of member contributions	(6,811)	(6,549)	(4,295)
Administrative expense			
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position - beginning	-	-	-
Plan fiduciary net position - ending	-	-	-
Net OPEB liability - ending	472,791	416,484	429,795
Plan Fiduciary Net Position as a % Of the Total OPEB Liability	0.0%	0.0%	0.0%
Covered Employee Payroll	2,337,524	2,464,237	2,464,237
Net OPEB Liability as a % Of the Covered Employee Payroll	20.2%	16.9%	17.4%

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

Schedule 2 - Schedule of Contributions:

	<i>For the Fiscal Year Ended 6/30/2020</i>	<i>For the Fiscal Year Ended 6/30/2019</i>	<i>For the Fiscal Year Ended 6/30/2018</i>
Contractually required contribution	6,811	6,549	4,295
Contribution in relation to the contractually required contribution	(6,811)	(6,549)	(4,295)
Contribution deficiency	-	-	-

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

**TOWN OF BAR HARBOR
NOTES TO OPEB LIABILITY AND CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2020**

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

The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Changes of Assumptions

The discount rate was changed from 4.10% to 2.74% per GASB 75 discount rate selection. Other changes included the claim curves, trend assumptions and the repeal of the ACA Cadillac tax.

Net OPEB Liability

The Town’s net OPEB liability was measured as of January 1, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial cost method	Entry Age
Amortization method	Level Dollar
Amortization period	30 years
Discount Rate	2.74% per annum
Salary Increase Rate	2.75 per year
Administration and claims expense	3% per annum
Retirement Age	65

Healthcare cost trend rates:

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

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

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

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

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

TOWN OF BAR HARBOR
 REQUIRED SUPPLEMENTARY INFORMATION
 OPEB SCHEDULES - LAST 10 FISCAL YEARS - MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
 FOR THE YEAR ENDED JUNE 30, 2020

Exhibit K

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

	<i>For the Fiscal Year Ended 6/30/2020</i>	<i>For the Fiscal Year Ended 6/30/2019</i>	<i>For the Fiscal Year Ended 6/30/2018</i>
<u>Total OPEB Liability</u>			
Service Cost (BOY)	1,168	1,087	1,616
Interest (includes interest on service cost)	4,382	4,190	4,214
Changes of benefit terms	-	(4,822)	-
Differences between expected and actual experience	(2,329)	5,023	-
Changes in assumptions	2,137	3,816	(14,577)
Benefit payments, including refunds of member contributions	(3,781)	(3,758)	(3,636)
Net Change in total OPEB liability	1,577	5,536	(12,383)
Total OPEB liability - beginning	88,453	82,917	95,300
Total OPEB liability - ending	90,030	88,453	82,917
<u>Plan fiduciary net position</u>			
Contributions - employer	2,631	2,626	2,704
Contributions - member	(1,024)	(2,286)	-
Net investment income	2,481	3,274	4,533
Benefit payments, including refunds of member contributions	(3,781)	(3,758)	(3,636)
Administrative expense	(286)	(328)	(623)
Net change in plan fiduciary net position	21	(471)	2,979
Plan fiduciary net position - beginning	38,851	39,322	36,344
Plan fiduciary net position - ending	38,872	38,851	39,322
Net OPEB liability - ending	51,158	49,603	43,594
Plan Fiduciary Net Position as a % Of the Total OPEB Liability	43.18%	43.92%	47.42%
Covered Employee Payroll	678,718	678,417	679,282
Net OPEB Liability as a % Of the Covered Employee Payroll	7.54%	7.31%	6.42%

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

Schedule 2 - Schedule of Employer Contributions:

	<i>For the Fiscal Year Ended 6/30/2020</i>	<i>For the Fiscal Year Ended 6/30/2019</i>	<i>For the Fiscal Year Ended 6/30/2018</i>
Contractually required contribution	2,631	2,626	2,989
Contribution in relation to the contractually required contribution	(2,631)	(2,626)	(2,704)
Contribution deficiency	-	-	285
Covered employee payroll	678,718	678,417	679,282
Contributions as a percentage of covered employee payroll	0.39%	0.39%	0.40%

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

TOWN OF BAR HARBOR
NOTES TO OPEB LIABILITY AND CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2020

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

Actuarial Methods and Assumptions

The collective total OPEB liability for the plans was determined by an actuarial valuation as of June 30, 2019, using the following methods and assumptions, applied to all periods included in the measurement:

Benefit Changes

There were no significant changes in benefits during the year.

Changes of Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For the fiscal year ended June 30, 2019, the blended discount rate used for the PLD Consolidated Plan was reduced from 5.13% to 4.98%

Net OPEB Liability

The Town's net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Amortization period	11 years
Discount Rate	4.98%
Salary Increase Rate	2.75% - 9.00%
Administration and claims expense	3% per annum
Retirement Age	65

TOWN OF BAR HARBOR
REQUIRED SUPPLEMENTARY INFORMATION
OPEB SCHEDULES SCHOOL DEPARTMENT MEA BENEFITS TRUST- LAST 10 FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2020

Exhibit L

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

	<i>For the Fiscal Year Ended June 30, 2020</i>	<i>For the Fiscal Year Ended June 30, 2019</i>
<u>Total OPEB Liability</u>		
Service Cost (BOY)	\$5,744	\$6,264
Interest (includes interest on service cost)	\$32,795	\$31,450
Changes of benefits	\$0	\$0
Differences between expected and actual experience	\$0	\$0
Changes in assumptions	\$49,116	(\$38,456)
Benefit payments, including refunds of member contributions	(\$30,348)	(\$29,299)
Net Change in total OPEB liability	\$57,307	(\$30,041)
Total OPEB liability - beginning	\$856,700	\$886,741
Total OPEB liability - ending	\$914,007	\$856,700
<u>Plan fiduciary net position</u>		
Contributions - employer	\$30,348	\$29,299
Contributions - member		
Net investment income		
Benefit payments, including refunds of member contributions	(\$30,348)	(\$29,299)
Administrative expense		
Net change in plan fiduciary net position	-	-
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending	-	-
Net OPEB liability - ending	\$914,007	\$856,700
Plan Fiduciary Net Position as a % Of the Total OPEB Liability	0.000%	0.000%
Covered Employee Payroll	\$3,161,959	\$3,077,332
Net OPEB Liability as a % Of the Covered Employee Payroll	28.906%	27.839%

Schedule 2 - Schedule of Contributions:

	<i>For the Fiscal Year Ended June 30, 2020</i>	<i>For the Fiscal Year Ended June 30, 2019</i>
Contractually required contribution	\$30,348	\$29,299
Contribution in relation to the contractually required contribution	(\$30,348)	(\$29,299)
Contribution deficiency	\$0	\$0

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

TOWN OF BAR HARBOR
NOTES TO OPEB LIABILITY AND CONTRIBUTIONS-MEABT
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 – Actuarial Methods and Assumptions

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

Benefit Changes

Claims costs and retiree contributions were updated to reflect current healthcare costs.

Asset Valuation Method

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

Net OPEB Liability

The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Significant Actuarial Assumptions

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Amortization period	30 years
Discount Rate:	3.87% per annum
Salary Increases:	For the level percentage of pay entry method, total payroll is assumed to grow at 2.75% per year
Participation Rates for Future Retirees:	Retirement – 70% for member and 10% for spouse Disability – 100% for member and 20% for spouse
Trend Assumptions:	<i>Pre-Medicare:</i> Initial trend of 5.55% applied in FYE grading over 15 years to 3.73% pre annum <i>Medicare:</i> Initial trend of 3.72% applied to FYE 2018 grading over 15 years to 2.81% per annum

Rates of mortality for the different level of participants are described below:

Healthy Annuitants: based on 99% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table for both males and females using the RP-2014 Total Dataset Employee Mortality Table for ages prior to start of the Healthy Annuitant Table, respectively, both projected using the RPEC 2015 model, with an ultimate rate of .85% for ages 20-85, grading down to an ultimate rate of 0% for ages 111-120, and convergence to the ultimate rate in the year 2020.

Healthy Employees: based on 99% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table for both males and females using the RP-2014 Total Dataset Employee Mortality Table rates after the end of the Total Employee Mortality Table, respectively, both projected using the RPEC 2015 model, with an ultimate rate of .85% for ages 20-85, grading down to an ultimate rate of 0% for ages 111-120, and convergence to the ultimate rate in the year 2020.

Disabled Annuitants: based on 108% and 105% of the RP-2014 Total Dataset Disabled Annuitant Mortality Table, respectively, for males and females, projected from the 2006 base rates using the RPEC 2015 model, with an ultimate rate of .85% for ages 20-85, grading down to an ultimate rate of 0% for ages 111-120, and convergence to the ultimate rate in the year 2020.

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2020

Exhibit A-1
Page 1 of 2

	<i>Estimated</i>	<i>Actual</i>	<i>Over(Under)</i> <i>Budget</i>
Taxes			
Property	17,892,429	17,846,882	(45,547)
Auto Excise	960,000	1,017,580	57,580
Boat Excise	13,500	14,458	958
Interest/Fees on Taxes	61,500	90,821	29,321
	<hr/> 18,927,429	<hr/> 18,969,741	<hr/> 42,312
Intergovernmental Revenues			
State of Maine			
Municipal Revenue Sharing	178,000	219,972	41,972
General Assistance	400	280	(120)
Tree Growth	4,200	5,145	945
Veterans Reimbursement	2,100	1,942	(158)
Homestead Reimbursement	128,572	134,437	5,865
BETE Reimbursement	41,097	41,217	120
Federal			
Acadia National Park - PILT	42,000	42,657	657
	<hr/> 396,369	<hr/> 445,650	<hr/> 49,281
Departmental Revenues			
Ambulance/Fire			
Ambulance Service	333,200	203,184	(130,016)
Police			
Police Detail	11,592	7,931	(3,661)
Dispatch Mutual Aid	3,450	2,271	(1,179)
Mutual Aid Reimbursement	35,880	32,394	(3,486)
All Other	119,805	132,077	12,272
Planning / Code			
Building Permits	101,000	156,144	55,144
Plumbing Permits	20,000	30,942	10,942
Electrical Inspections	26,000	29,407	3,407
Vacation Rental Permits	175,000	125,450	(49,550)
Septic Permit	6,000	15,807	9,807
Plan Board/Subdivision & Rezoning	4,500	10,399	5,899
Site Plan Review	8,500	14,165	5,665
All Other	4,350	6,656	2,306
Harbor Fees			
Docking	39,000	46,204	7,204
Moorings	4,600	5,263	663
All Other	19,100	18,058	(1,042)
Solid Waste			
Sale of Recyclables	-	5,137	5,137
All Other	420	225	(195)
Public Works			
All Other	11,785	16,898	5,113
Parks and Recreation			
Park and Recreation Fees	800	800	-

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2020

Exhibit A-1
Page 2 of 2

	<i>Estimated</i>	<i>Actual</i>	<i>Over(Under)</i> <i>Budget</i>
Departmental Revenues (Continued)			
Finance			
Administrative Services	161,726	163,548	1,822
Auto Registrations	16,000	18,777	2,777
Boat/RV Registrations/Snowmobile Fees	1,670	1,205	(465)
Municipal Building Leases	33,000	35,612	2,612
Town Clerk			
Clerk's Fees	14,520	12,525	(1,995)
All Other	9,800	7,834	(1,966)
	1,161,698	1,098,913	(62,785)
Other Local Sources			
Interest on Investments	54,000	101,999	47,999
Kids Corner Lease	6,800	6,925	125
Island Explorer Lease	22,517	22,517	-
Other Rentals	3,093	5,093	2,000
Jackson Laboratory - PILT	91,165	104,500	13,335
Housing Authority - PILT	30,000	34,115	4,115
Other - PILT	16,100	17,724	1,624
Cable TV Franchise	84,000	95,143	11,143
Insurance Dividends	8,000	8,752	752
DA Restitution	-	8,635	8,635
All Other	500	(1,038)	(1,538)
	316,175	404,365	88,190
Operating Transfers In			
Cemetery Income	25	105	80
Cruise Ship Fund	369,821	369,822	1
Dog Control Reserve	2,900	3,249	349
Parking Fund	59,746	59,746	-
Shellfish Conservation	3,200	3,342	142
	435,692	436,264	572
Total Revenues, Operating Transfers and Other Financing Sources	21,237,363	21,354,933	117,570
Beginning Fund Balance Used	55,000		
Total	21,292,363		

TOWN OF BAR HARBOR

GENERAL FUND

STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES

FOR THE YEAR ENDED JUNE 30, 2020

Exhibit A-2

Page 1 of 2

	<i>Encumbered</i>		<i>Expenditures</i>	<i>Encumbered</i>	<i>(Over)</i>
	<i>From 6/30/19</i>	<i>Appropriations</i>	<i>Net of Refund</i>	<i>to 6/30/21</i>	<i>Under</i>
					<i>Budget</i>
General Government					
Town Council		39,992	36,324	3,500	168
Town Manager		131,109	127,035		4,074
Town Clerk	2,434	124,552	118,997		7,989
Finance		357,476	356,927	500	49
Legal Counsel		47,950	63,093		(15,143)
Elections		18,734	14,342	1,251	3,141
Technology	10,600	154,874	162,299	2,848	327
Municipal Building		79,511	72,925	2,380	4,206
Town Offices		42,745	53,444		(10,699)
Employee Benefits	7,995	1,598,164	1,612,776		(6,617)
Insurance		93,500	93,338		162
Assessing	3,070	148,088	144,099	2,400	4,659
Code Enforcement		101,923	102,286		(363)
Planning	11,332	209,871	202,303	10,831	8,069
27th Pay Period		16,000	28,240		(12,240)
Vacation Accruals		19,000	86,519		(67,519)
Contracted Services		8,700	8,220		480
Charter Commission		500	157		343
Contingency`		8,721	6,158		2,563
Abatements/Discount on Taxes		15,000	1,254		13,746
	35,431	3,216,410	3,290,736	23,710	(62,605)
Public Safety					
Ambulance		-	-		-
Fire Department	1,100	940,685	926,568	2,775	12,442
Public Fire Protection - Hydrants		585,602	585,604		(2)
Police Department		1,283,376	1,219,004	6,912	57,460
Public Safety Building		49,904	46,884		3,020
Street Lights	2,000	71,575	36,519		37,056
Dispatch		234,854	230,903		3,951
Harbor Division		129,558	121,402	4,618	3,538
	3,100	3,295,554	3,166,884	14,305	117,465
Health and Welfare					
General Assistance		1,187	624		563
Cooperating Agencies		57,681	57,681		-
Emergency Management/COVID-19		37,457	41,607		(4,150)
Comfort Station		99,728	95,962		3,766
	-	196,053	195,874	-	179

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
FOR THE YEAR ENDED JUNE 30, 2020

	<i>Encumbered From 6/30/19</i>	<i>Appropriations</i>	<i>Expenditures Net of Refund</i>	<i>Encumbered to 6/30/21</i>	<i>(Over) Under Budget</i>
Parks and Recreation					
Parks & Recreation		438,577	435,961		2,616
Island Explorer Shuttle Bus	-	40,517	40,517	-	-
Roads and Sanitation					
Public Works		153,081	130,961	4,000	18,120
Highway Division	13,445	1,111,669	1,061,683		63,431
Solid Waste	3,800	723,540	657,479		69,861
	17,245	1,988,290	1,850,123	4,000	151,412
Total Appropriations, Expenditures and Encumbrances	55,776	9,175,401	8,980,095	42,015	209,067
Assessments					
Regional School District		3,140,660	3,140,660		-
County Tax		735,028	735,028		-
Overlay		48,331	-		48,331
	-	3,924,019	3,875,688	-	48,331
Operating Transfers Out					
Elementary School		5,674,670	5,674,670		-
Capital Improvements Program		2,518,273	2,518,273		-
	-	8,192,943	8,192,943	-	-
Totals	55,776	21,292,363	21,048,726	42,015	257,398

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF CHANGES IN UNASSIGNED FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2020

Exhibit A-3

Unassigned Fund Balance, July 1	987,552	
Unassigned Fund Balance, June 30	<u>1,175,520</u>	
Increase (Decrease)		<u><u>187,968</u></u>
<i>Analysis of Change:</i>		
Budget Summary:		
Revenue Surplus	117,570	
Unexpended Balance of Appropriations	209,067	
Unexpended Balance (Overdraft) of Assessments and Operating Transfers	<u>48,331</u>	374,968
(Increase) Decrease in Assigned Fund Balances:		
Assigned for Working Capital		(132,000)
Fund Balance Used to Fund Appropriations		<u>(55,000)</u>
Increase (Decrease)		<u><u>187,968</u></u>

TOWN OF BAR HARBOR
GENERAL RESERVES, COMMITTED FUNDS & SCHOOL DEPARTMENT
COMBINING BALANCE SHEET
JUNE 30, 2020

Exhibit A-4

<i>Assets</i>	<i>Cruise Ship Fund</i>	<i>Parking Meter Fund</i>	<i>School Department</i>	<i>Total</i>
Cash		1,183,330		1,183,330
Accounts Receivable		10,990	8,329	19,319
Prepaid Expense		1,925		1,925
Due from Other Governments			122,828	122,828
Inventory			2,317	2,317
Due from Other School Funds			170,730	170,730
Due from Other Funds	398,569	7,097	1,566,137	1,971,803
Total Assets	398,569	1,203,342	1,870,341	3,472,252
 <i>Liabilities & Fund Balances</i>				
<i>Liabilities</i>				
Accounts Payable		14,188	121,925	136,113
Accrued Salaries Payable		8,828	503,480	512,308
Accrued Compensated Absences		4,337		4,337
Due to Students			8,581	8,581
Due to Other School Funds			170,730	170,730
Due to Other Funds	-			-
Total Liabilities	-	27,353	804,716	832,069
 <i>Fund Balances</i>				
Non-Spendable			2,317	2,317
Restricted		1,175,989	1,063,308	2,239,297
Assigned - Encumbrances	10,553			10,553
Assigned	388,016			388,016
Total Fund Balances	398,569	1,175,989	1,065,625	2,640,183
Total Liabilities & Fund Balances	398,569	1,203,342	1,870,341	3,472,252

TOWN OF BAR HARBOR
GENERAL RESERVES, COMMITTED FUNDS & SCHOOL DEPARTMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

Exhibit A-5

	<i>Dog Control Reserve</i>	<i>Shellfish Conservation Reserve</i>	<i>Cruise Ship Fund</i>	<i>Parking Meter Fund</i>	<i>School Department</i>	<i>Total</i>
Revenues						
Intergovernmental Revenues					1,432,615	1,432,615
Local Sources				10,833	129,955	140,788
Dog Fees	3,249					3,249
Shellfish Fees/Fines		3,342				3,342
Port Fees			414,092			414,092
Cruise Ship Passenger Fees			515,963			515,963
Parking Fees net of charges				1,342,286		1,342,286
Permit Fees net of charges				19,605		19,605
Total Revenues	3,249	3,342	930,055	1,372,724	1,562,570	3,871,940
Expenditures						
Public Safety						-
Education					7,167,622	7,167,622
Cruise Ship Operating			96,521			96,521
Parking Meter Operating				138,348		138,348
Total Expenditures	-	-	96,521	138,348	7,167,622	7,402,491
Excess of Revenues Over (Under) Expenditures	3,249	3,342	833,534	1,234,376	(5,605,052)	(3,530,551)
Other Financing Sources (Uses)						
Lease Proceeds					61,923	61,923
Transfers In					5,790,670	5,790,670
Transfers Out	(3,249)	(3,342)	(975,314)	(319,746)	(116,000)	(1,417,651)
Total Other Financing Sources (Uses)	(3,249)	(3,342)	(975,314)	(319,746)	5,736,593	4,434,942
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	-	-	(141,780)	914,630	131,541	904,391
Fund Balance - July 1	-	-	540,349	261,359	934,084	1,735,792
Fund Balance - June 30	-	-	398,569	1,175,989	1,065,625	2,640,183

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, 2020

	<i>General Fund</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
Revenues			
Intergovernmental Revenues	1,023,991	408,624	1,432,615
Local Sources	83,603	4,106	87,709
Lunch and Milk Sales		42,246	42,246
Total Revenues	1,107,594	454,976	1,562,570
Expenditures			
Regular Instruction	2,637,155		2,637,155
Student & Staff Support:			
Guidance	78,391		78,391
Health Services	88,876		88,876
Improvement of Instruction	21,109		21,109
Library and Audio Visual	129,589		129,589
Technology	103,832		103,832
Assessment for Administration-Student Support	126,691		126,691
Special Education	1,351,635		1,351,635
Co-Curricular Instruction	86,783		86,783
System Administration:			
School Committee	16,413		16,413
Assessment for Administration	135,559		135,559
Office of Principal	431,954		431,954
Operation/Maintenance-Plant	627,549		627,549
Student Transportation	303,844		303,844
State On-Behalf Contributions	475,524		475,524
Food Services		190,936	190,936
Federal/State Programs		350,139	350,139
Reserves/Grants	9,486	2,157	11,643
Total Expenditures	6,624,390	543,232	7,167,622
Excess of Revenues Over (Under)			
Expenditures	(5,516,796)	(88,256)	(5,605,052)
Other Financing Sources (Uses)			
Lease Proceeds	61,923		61,923
Transfers In	5,675,670	115,000	5,790,670
Transfers Out	(116,000)	-	(116,000)
Total Other Financing Sources (Uses)	5,621,593	115,000	5,736,593
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures	104,797	26,744	131,541
Fund Balance - July 1	796,362	137,722	934,084
Fund Balance - June 30	901,159	164,466	1,065,625

TOWN OF BAR HARBOR
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - CRUISE SHIP FUND
FOR THE YEAR ENDED JUNE 30, 2020

Exhibit A-7

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
Revenues				
Port Fees	508,448	508,448	414,092	(94,356)
Cruise Ship Passenger Fees	625,391	625,391	515,963	(109,428)
Total Revenues	<u>1,133,839</u>	<u>1,133,839</u>	<u>930,055</u>	<u>(203,784)</u>
Expenditures				
Cruise Ship Direct Expenses	170,549	170,549	96,521	74,028
Total Expenditures	<u>170,549</u>	<u>170,549</u>	<u>96,521</u>	<u>74,028</u>
Excess of Revenues Over (Under) Expenditures	<u>963,290</u>	<u>963,290</u>	<u>833,534</u>	<u>(129,756)</u>
Other Financing Sources (Uses)				
Transfers In				-
Transfers Out	(975,314)	(975,314)	(975,314)	-
Total Other Financing Sources (Uses)	<u>(975,314)</u>	<u>(975,314)</u>	<u>(975,314)</u>	<u>-</u>
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	<u>(12,024)</u>	<u>(12,024)</u>	<u>(141,780)</u>	<u>(129,756)</u>
Fund Balance - July 1			<u>540,349</u>	
Fund Balance - June 30			<u>398,569</u>	

TOWN OF BAR HARBOR
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - PARKING METER FUND
FOR THE YEAR ENDED JUNE 30, 2020

Exhibit A-8

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
Revenues				
Investment Interest	1,000	1,000	10,833	9,833
Parking Fees net of charges	495,000	495,000	1,342,286	847,286
Permit Fees net of charges	14,750	14,750	19,605	4,855
Total Revenues	510,750	510,750	1,372,724	861,974
Expenditures				
Wages and Benefits	62,251	62,251	89,036	(26,785)
Contracted Services	33,571	33,571	17,371	16,200
Supplies	12,263	12,263	23,291	(11,028)
Utilities	3,780	3,780	620	3,160
Repairs	3,000	3,000	2,270	730
Equipment	6,000	6,000	5,299	701
Advertising	3,000	3,000	-	3,000
Professional Dues and Licenses	600	600	-	600
Insurance	400	400	400	-
Postage & Shipping	-	-	36	(36)
Contingency	10,000	10,000	25	9,975
Island Explorer	8,000	8,000	-	8,000
Total Expenditures	142,865	142,865	138,348	(13,422)
Excess of Revenues Over (Under) Expenditures	367,885	367,885	1,234,376	848,552
Other Financing Sources (Uses)				
Transfers In				-
Transfers Out	(319,746)	(319,746)	(319,746)	-
Total Other Financing Sources (Uses)	(319,746)	(319,746)	(319,746)	-
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	48,139	48,139	914,630	848,552
Fund Balance - July 1			261,359	
Fund Balance - June 30			1,175,989	

TOWN OF BAR HARBOR
ALL SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020

Exhibit B-1

<i>Assets</i>	<i>Keep Me Healthy Grant</i>	<i>FEMA COVID-19 Grant</i>	<i>Total</i>
Due from Other Funds			-
Due from Other Governments	7,758	27,528	35,286
Total Assets	7,758	27,528	35,286
 <i>Liabilities & Fund Balances</i>			
<i>Liabilities</i>			
Due to Other Funds	7,758	27,528	35,286
Total Liabilities	7,758	27,528	35,286
 <i>Fund Balances</i>			
Restricted			-
Total Fund Balances	-	-	-
Total Liabilities & Fund Balances	7,758	27,528	35,286

TOWN OF BAR HARBOR
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
SPECIAL REVENUES/GRANTS
FOR THE YEAR ENDED JUNE 30, 2020

Exhibit B-2

	<i>Evidence Based Impaired Driving Grant</i>	<i>Keep Me Healthy Grant</i>	<i>FEMA COVID-19 Grant</i>	<i>Total</i>
Revenues				
Local Revenues				-
Intergovernmental	4,247	7,757	27,528	39,532
Total Revenues	4,247	7,757	27,528	39,532
Expenditures				
Public Safety	4,247			4,247
Emergency Management		7,757	27,528	35,285
Total Expenditures	4,247	7,757	27,528	39,532
Excess of Revenues Over (Under) Expenditures	-	-	-	-
Other Financing Sources (Uses)				
Transfers In				-
Transfers Out				-
Total Other Financing Sources (Uses)	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	-	-	-
Fund Balance - July 1	-	-	-	-
Fund Balance (Deficit) - June 30	-	-	-	-

**TOWN OF BAR HARBOR
CAPITAL IMPROVEMENTS PROGRAM
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2020**

*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	7,929	4,871			12,800		12,800
Fiber Engineering Study	26,125	-		(25,923)	202		202
Virtual Desktop Software-police department	5,000	10,000			15,000		15,000
Fire Protection System-Server Room	6,864	1,733			8,597		8,597
WAN & Cable TV System	9,366	7,500		(12,392)	4,474		4,474
Computer Servers	4,631	33,333		(7,703)	30,261		30,261
Website Improvements	8,751	2,917			11,668		11,668
Town Wide Phone System	24,600	5,455			30,055		30,055
Security camera System	29,076	2,214		(6,472)	24,818		24,818
Municipal Building							
Building Renovation	21,926	16,622		(17,406)	21,142		21,142
Code Enforcement							
Pickup Inspection Truck	22,805	1,917			24,722		24,722
Assessing							
GIS Wide Format Scanner	5,196	5,000		(3,922)	6,274		6,274
Property Tax Revaluation	51,666	20,000		(2,904)	68,762		68,762
Vehicle Purchase	11,020	2,800			13,820		13,820
Aerial Photography	28,212	8,000		(9,500)	26,712		26,712
Planning							
Comprehensive Plan	50,000	50,000			100,000		100,000
Lower Main Street Engineering	26,600	110,000		(5,138)	131,462		131,462
Cottage Street Streetscapes	20,000	110,000		(4,105)	125,895		125,895
Ambulance							
Ambulance Reserve	78,637	52,000			130,637		130,637
Defibrillators	33,668	7,600		(22,777)	18,491		18,491
Patient Simulator Dummy	-	688			688		688
Fire Department							
Turnout Gear	9,500	3,500		(8,808)	4,192		4,192
Hose & Couplings	7,000	3,500			10,500		10,500
Rescue Tools	5,615	1,867			7,482		7,482
Fire Engine #2	175,635	(155,005)		(13,659)	6,971		6,971
Fire Engine #4	36,865	(18,865)			18,000		18,000
Fire Engine #5	271,916	261,870		(515,180)	18,606		18,606
Portable Radios (20)	-	1,731			1,731		1,731
Fire Pickup Trucks and Trailer	7,763	8,244			16,007		16,007
Thermal Imaging Camera	5,139	1,500		(3,690)	2,949		2,949
SCBA's & Cascade System	56,106	9,608			65,714		65,714
Police Department							
Parking Meter Equipment	93,390	135,000		(143,550)	84,840		84,840
Cruiser Equipment	16,902	16,056		(16,734)	16,224		16,224
Port Security Boat	59,288	10,870			70,158		70,158
Cruiser Replacement	46,121	46,000		(39,316)	52,805		52,805
Solar X Lights-School	-	2,500	(2,500)		-		-
Records Management System - Spillman	8,333	1,765		(9,170)	928		928
Portable Radios	5,000	2,500			7,500		7,500
Tasers	10,012	8,000		(5,184)	12,828		12,828
Radio Base Station & Console	-	-			-		-
Firearms	13,300	5,400			18,700		18,700
Speed Trailer & Monitor	11,316	2,226		(9,925)	3,617		3,617
Dispatch							
Voice Recorder System	5,070	2,750			7,820		7,820
Radio Command Console	13,503	12,500			26,003		26,003
Ireson Hill Building & Generator	-	2,000		(798)	1,202		1,202
Radio Equipment Reserve	13,375	8,275		(3,115)	18,535		18,535

**TOWN OF BAR HARBOR
CAPITAL IMPROVEMENTS PROGRAM
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2020**

*Exhibit C-1
Page 2 of 3*

	<u>Balance July 1</u>	<u>Budget</u>	<u>Revenues and Transfers</u>	<u>Expenditures/ Transfers</u>	<u>Balance (Over) Under</u>	<u>Transfers From (To) Unassigned</u>	<u>Balance June 30</u>
Town Projects (Continued)							
Public Safety Building							
Public Safety Bldg. Generator	27,179	3,892			31,071		31,071
Building Renovations	16,492	24,870	3,415	(25,779)	18,998		18,998
Building Envelope Repairs	49,610	110,000		(160,502)	(892)	892	-
Harbor Department							
Harbor Master Boat & Trailer	31,744	3,000			34,744		34,744
Float Replacement	23,713	13,983		(48,889)	(11,193)	11,193	-
Gangway Replacement	25,918	1,763			27,681		27,681
Fishermen's Hoist(s)	6,131	2,103			8,234		8,234
Ferry Terminal Improvements	45,440	60,000		(11,405)	94,035		94,035
Port Security Office	6,870	5,000			11,870		11,870
Breakwater Repairs	10,000				10,000		10,000
Pier Renovations	39,876	13,333			53,209		53,209
Boat Pump Out System	-	2,600			2,600		2,600
H Comm. Ferry Terminal Consult	-	25,000		(4,825)	20,175		20,175
Parks & Recreation							
Museum in the Streets	992	4,000		(760)	4,232		4,232
Benches, Lights, Pergola, etc.	16,510	19,800		(2,385)	33,925		33,925
Albert Meadow-Grant's Park	6,000	6,000			12,000		12,000
Tree Planting	3,501	8,000			11,501		11,501
Park Irrigations Systems	7,200	3,000			10,200		10,200
Skate Park Reserve	8,040	5,516		(208)	13,348		13,348
Mt. Desert Cemetery	60,728				60,728		60,728
Park Equipment	5,800	10,800			16,600		16,600
Launch Ramp-Hadley Point	7,674	2,700			10,374		10,374
Tennis and Basketball Courts	15,536	90,000		(40)	105,496		105,496
Village Green Bandstand	10,800	1,467			12,267		12,267
Glen Mary Renovations	21,873	8,800			30,673		30,673
Harborview Park	75,000	5,000		(2,404)	77,596		77,596
Downtown Signage Reserve	24,486	12,000			36,486		36,486
Comfort Stations							
Restroom Renovation Reserve	73,260	22,042			95,302		95,302
Public Works / Highway							
Air Compressor	13,311	402			13,713		13,713
Backhoe Reserve (Cat & Deere)	127,201	11,917			139,118		139,118
Brush Chipper	177	2,950			3,127		3,127
Grader Reserve	61,094	4,600			65,694		65,694
Parking Meters	-				-		-
Hydraulic Lifts	21,092	11,000			32,092		32,092
Front End Loader Reserve	54,941	15,000			69,941		69,941
Excavator	34,230	9,167			43,397		43,397
Snowblower	8,600	4,300			12,900		12,900
Road Improvement Program	264,515	290,000		(262,404)	292,111		292,111
Fuel Pump System	6,300	6,300			12,600		12,600
Sidewalk Plow	87,288	13,818			101,106		101,106
Sidewalk Reconstruction Program	427,915	100,000		(11,120)	516,795		516,795
Washer, Steam Pressure	9,029	1,100			10,129		10,129
Route #3 Construction	321,875			(186,341)	135,534		135,534
LED Street Lights	3,000	3,000	372,762	(319,542)	59,220		59,220
Street Sweeper (Vacuum)	39,000	39,000			78,000		78,000
Public Works Complex	47,832	11,000		(1,294)	57,538		57,538
Tag Trailer	16,699	840			17,539		17,539
Brine Mixing Equipment	1,500	2,400			3,900		3,900
Water Truck	9,497	900			10,397		10,397
Street Lights-Main Street	15,760	7,917	2,500	(5,026)	21,151		21,151
Light Truck Purchase	99,712	42,423		(50,903)	91,232		91,232
Plow Truck Reserve	254,790	66,000		(71,952)	248,838		248,838
Bobcat Loader	5,340	4,700			10,040		10,040
Roller, Vibratory	41,514	1,426		(26,589)	16,351		16,351

**TOWN OF BAR HARBOR
CAPITAL IMPROVEMENTS PROGRAM
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2020**

*Exhibit C-1
Page 3 of 3*

	<i>Balance July 1</i>	<i>Budget</i>	<i>Revenues and Transfers</i>	<i>Expenditures/ Transfers</i>	<i>Balance (Over) Under</i>	<i>Transfers From (To) Unassigned</i>	<i>Balance June 30</i>
Town Projects (Continued)							
Solid Waste Division							
Waste Oil Furnace	2,769	757			3,526		3,526
Recycling Facility Reserve	25,624	12,000			37,624		37,624
Transfer Station Reserve	162,513	2,000		(53,350)	111,163		111,163
Storage	6,883	12,000			18,883		18,883
Compactor Unit with Hopper	3,333	3,333			6,666		6,666
Skid Steer	4,500	4,500			9,000		9,000
Solar Panels	10,000	10,000			20,000		20,000
3/4 Ton Truck	-	3,750			3,750		3,750
Debt Service							
Debt Service - Agamont Park	-	47,800		(47,800)	-		-
Debt Service - Municipal Building	-	168,025		(168,025)	-		-
Public Works - FY 13	-	231,688		(231,688)	-		-
Downtown Signs	-	21,350		(21,350)	-		-
Public Works - FY 10	-	258,075	1,940,271	(2,161,253)	37,093		37,093
Public Safety Building	-	31,200		(31,200)	-		-
Transfer Station	-	272,100		(272,100)	-		-
Ferry Terminal/Parking Meters	67,884	323,060		(341,509)	49,435		49,435
Ferry Terminal/Taxable	-	48,204		(48,204)	-		-
Town Total	4,219,312	3,391,113	2,316,448	(5,456,218)	4,470,655	12,085	4,482,740
School Projects							
ADA Act Renovations	2,284				2,284		2,284
Capital Outlay Reserve	14,409	7,286			21,695	(13,725)	7,970
Asbestos Removal	11,410	2,000			13,410		13,410
Furniture & Equipment	2,929	5,000		(6,861)	1,068		1,068
Computers & Technology	33,736	50,000		(14,378)	69,358		69,358
Copier Lease/Purchase	-	14,429		(14,429)	-		-
Floor Cover Replacement	-			(2,184)	(2,184)	2,184	-
Pickup Truck Replacement	27,904	5,986			33,890		33,890
Playground Equipment	2,000			(939)	1,061		1,061
Roof Repairs	13,757	11,500			25,257		25,257
Technology Infrastructure	15,000	15,000			30,000		30,000
Connors Water Main Replacement	-	250,000		(36,268)	213,732		213,732
Safety & Access Control	-	10,000			10,000		10,000
Building Concept Designs	54,391			(46,640)	7,751		7,751
Boiler Replacement	-			(11,197)	(11,197)	11,197	-
Tractor Plow Reserve	10,000	5,000			15,000		15,000
Security Panel	10,003				10,003		10,003
Debt Service - 2004 Heating System	-	60,453		(60,797)	(344)	344	-
School Total	197,823	436,654	-	(193,693)	440,784	-	440,784
Subtotal	4,417,135	3,827,767	2,316,448	(5,649,911)	4,911,439	12,085	4,923,524
Unassigned Balance	111,911	(3,827,767)	3,799,567		83,711	(12,085)	71,626
Totals	4,529,046	-	6,116,015	(5,649,911)	4,995,150	-	4,995,150

**TOWN OF BAR HARBOR
 COMBINING BALANCE SHEET
 ALL PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020**

Exhibit D-1

<i>Assets</i>	<i>Gurnee Scholarship</i>	<i>Cemetery Trusts</i>	<i>Total</i>
Cash and Equivalents	2,246	1,137	3,383
Investments	8,159	4,132	12,291
Total Assets	10,405	5,269	15,674
<i>Liabilities & Fund Balances</i>			
Liabilities			
Due to Other Funds			-
Total Liabilities	-	-	-
Fund Balances			
Nonspendable	6,488	5,269	11,757
Assigned	3,917	-	3,917
Total Fund Balances	10,405	5,269	15,674
 Total Liabilities & Fund Balances	 10,405	 5,269	 15,674

TOWN OF BAR HARBOR
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

Exhibit D-2

	<i>Gurnee Scholarship</i>	<i>Cemetery Trusts</i>	<i>Total</i>
Revenues			
New Funds			-
Investment Income	204	105	309
	204	105	309
Expenditures			
Scholarships			-
	-	-	-
Excess of Revenues Over Expenditures	204	105	309
Other Financing Sources (Uses)			
Transfers Out		(105)	(105)
Total Other Financing Sources (Uses)	-	(105)	(105)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	204	-	204
Fund Balance - July 1	10,201	5,269	15,470
Fund Balance - June 30	10,405	5,269	15,674

TOWN OF BAR HARBOR, MAINE
Operating Data
For the Fiscal Year Ended June 30, 2020

MUNICIPAL SERVICES

Public Works

Wastewater Division

<u>Largest Wastewater Customers</u>	<u>Type of Use</u>	<u>CY2019 Revenues</u>	<u>% of Total</u>
Jackson Laboratory	Genetic Research & Mice Prod	\$678,948	29.9%
Witham Family LTD Part	Hotels (7)	253,612	11.1%
Eden Street Trust	Hotel	53,692	2.4%
Golden Anchor, LC	Hotel	38,586	1.7%
Mt Desert Island Hospital	Hospital	33,426	1.5%
Bar Harbor Housing Authority	Low Income/Elderly Housing	30,745	1.3%
Frenchmans Bay Assoc	Hotel	25,686	1.1%
Town of Bar Harbor	Muni Bldgs, School, Comfort Stat's	25,423	1.1%
College of the Atlantic	Educational Institution	23,776	1.0%
BHTC 111, LLC	Tennis & Swim Club, Restaurant	22,739	<u>1.0%</u>
			52.1%

Water Division

<u>Largest Water Customers</u>	<u>Type of Use</u>	<u>CY2019 Revenues</u>	<u>% of Total</u>
Town of Bar Harbor	Parks, Bldgs, Schools & Hydrants	\$647,413	29.5%
Jackson Laboratory	Genetic Research & Mice Prod	235,170	10.7%
Witham Family LTD Part	Hotels (7)	127,989	5.8%
College of the Atlantic	College	30,035	1.3%
Golden Anchor, LC	Hotel	21,695	1.0%
Lafayette Bar Harbor, LLC	Hotel	20,983	1.0%
Kebo Valley Club	Golf Course	20,695	1.0%
Mount Desert Island Hospital	Hospital	19,344	0.9%
Bar Harbor Housing Authority	Low Income/Elderly Housing	15,807	0.7%
Eden Street Trust	Low Income Elderly Housing	16,583	<u>0.6%</u>
			50.5%

<u>Number of Water System Customers</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Residential	1,250	1,248	1,253	1,263	1,262
Commercial	515	516	516	517	520
Industrial (Jax Lab)	47	47	43	42	42
Governmental	56	57	60	59	59
Total	1868	1868	1,872	1,881	1,883

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

Cal Year Water Sales (Revenue)	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Residential	\$469,2332	\$565,386	\$553,026	\$593,948	\$572,003
Commercial	500,570	656,301	609,028	640,968	613,263
Industrial (Jax Lab)	139,336	156,378	159,184	164,825	209,097
Public Authorities	59,099	71,267	72,899	72,587	77,502
Public Fire Protection	480,468	585,604	585,604	585,604	585,604
Private Fire Protection	109,711	126,445	129,278	131,376	134,208
Total Water Sales	\$1,758,416	\$2,161,381	\$2,109,019	\$2,189,308	\$2,191,677

PUBLIC EDUCATION

Composition of MDI RSS

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

LABOR RELATIONS

The Town employs approximately 149 full-time personnel, approximately of whom 74 are employees of the Town including its utilities systems; and 75 of whom are employed by the School Department; and various part-time employees. Approximately 44 full-time Town employees, not included in the table below, are not represented by unions.

Union	Bargaining Unit	Date of Contract	
		Effective	<i>Expiration</i>
Teamsters Local No. 340	Highway & Wastewater Unit	July 1, 2020	June 30, 2022
IAFF (AFL/CIO)	Fire Department Unit	July 1, 2017	June 30, 2020
BHSEA (MEA)	School Support Unit	July 1, 2018	June 30, 2021
BHTA (MEA)	Teachers Unit	Sept.1, 2018	Aug. 31, 2021

BUILDING ACTIVITY

Calendar Year	Residential		Commercial		Total	
	# Permits	Est. Cost	# Permits	Est. Cost	# Permits	Est. Cost
2019	209	\$15,816,352	73	\$19,304,000	282	\$35,120,352
2018	184	11,386,405	93	7,624,886	277	19,011,291
2017	202	12,145,602	84	7,374,025	286	19,519,627
2016	217	16,236,458	95	17,105,863	312	33,342,321
2015	230	14,767,390	94	9,099,114	324	23,866,504

TOWN FINANCES

General Fund Budgets for Fiscal Year Ending June 30.

	2017	2018	2019	2020	2021
Revenues					
Taxes	\$16,886,945	\$17,412,251	\$18,433,1116	\$18,927,429	\$19,245,167
Intergovernmental	223,123	272,830	336,856	396,369	457,484
Departmental	1,039,580	1,050,809	1,052,125	1,157,898	1,142,888
Other local sources	549,174	637,764	648,846	751,867	698,838
Total Revenues	18,700,822	19,373,654	20,470,943	21,233,563	21,544,377
Expenditures					
General government	2,992,762	3,062,271	3,129,005	3,311,572	3,586,232
Public safety	2,912,896	3,104,172	3,213,377	3,284,565	3,357,414
Health & welfare	133,928	141,042	144,401	158,596	169,501
Parks & recreation	239,154	352,879	429,722	438,577	423,687
Roads & sanitation	1,829,810	1,899,222	1,962,695	1,988,290	2,017,388
Assessments & Overlay	3,629,13	3,807,302	3,935,692	3,924,020	4,192,418
Transfers to school fund	5,265,115	5,400,763	5,430,046	5,674,670	5,763,043
Transfers to CIP	1,773,144	1,691,003	2,296,005	2,508,273	2,089,694
Total Expenditures	\$18,805,822	\$19,458,654	\$20,540,943	\$21,288,563	\$21,599,377
Excess Exp. Over Revenues	\$105,000	\$85,000	\$70,000	\$55,000	\$55,000
Use of Fund Balance:					
Transfer to CIP	105,000	85,000	70,000	55,000	55,000
Total Use of Fund Balance	\$105,000	\$85,000	\$70,000	\$55,000	\$55,000

Property Tax Levy Limit

Fiscal year:	<u>2016/2017</u>	<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>	<u>2020/2021</u>
State Personal Income Factor:	2.67%	2.75%	2.61%	2.75%	2.89%
Town Prop Growth Factor:	1.21%	1.97%	1.67%	1.21%	0.86%
Growth Limitation Factor:	3.88%	4.72%	4.28%	3.96%	3.75%
Property Tax Levy Limit:	\$7,040,190	\$7,389,121	\$7,707,492	\$8,016,991	\$8,279,884
Property Tax Levy:	<u>6,897,817</u>	<u>7,201,186</u>	<u>8,052,378</u>	<u>8,293,739</u>	<u>8,238,598</u>
Over/(below) Prop Tax Levy Limit:	(\$142,373)	(\$187,935)	\$344,886	\$276,748	(\$41,286)

General Fund Balance as % Revenues

	Fiscal Year Ended June 30,				
	2015	2016	2017	2018	2019
Assigned and Unassigned General Fund Balance (exclude School FB)	\$2,796,140	\$3,050,140	\$3,357,037	\$3,652,000	\$4,116,677
Total Revenues (excl School Rev)	19,151,528	18,840,256	19,274,797	20,182,676	21,665,256
Fund Bal as % Revenues	14.6%	16.2%	17.4%	18.0%	19.0%

Tax Levy and Collections

Fiscal Yr. End June 30,	Equalized State Valuation (000)	Assessed Valuation (000)	Tax Rate (000)	Tax Levy	Collections (after Supplements and Abatements)		
					Year End	% of Levy	% of Levy A/O 6/30/20
2020	1,713,050	\$1,509,910	\$11.85	\$17,892,438	\$16,818,243	96.12%	96.12%
2019	1,633,550	1,506,757	11.56	17,418,116	16,818,243	96.56	98.66
2018	1,577,200	1,497,194	10.96	16,409,251	16,020,406	97.64	99.93
2017	1,493,600	1,481,606	10.73	15,896,513	15,503,505	97.53	99.98
2016	1,428,800	1,471,964	10.59	15,588,095	15,239,884	97.76	99.98

Largest Taxpayers

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

Revenues from the State

Fiscal Yr. End June 30,	State Revenue Sharing	Homestead Exemption	General Assistance	State School Subsidy*	Other State Aid**	Total From State
2019	\$135,186	\$115,289	\$347	\$463,669	\$99,472	\$813,963
2018	133,267	89,037	104	350,074	62,380	634,862
2017	128,220	64,565	1,253	290,474	60,631	545,143
2016	132,854	59,678	821	226,431	55,700	475,484
2015	124,871	35,399	1,028	257,349	55,132	473,779

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

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

DEBT - PRINCIPAL

Year Issued	Purpose	Amount Issued	Final Maturity	Balance on June 30, 2019			Balance on June 30, 2020	
				General	Proprietary	Total	(Payments)	Total
2002	Water Tank (SRF)	750,000	10/01/21		137,892	137,892	(44,755)	93,137
2004	School (MMBB)	805,000	11/01/24	\$325,833		325,833	(47,749)	278,084
2005	Beach Wall	800,000	10/15/24	240,000		240,000	(40,000)	200,000
2005	Sewer/Hulls Cove	800,000	10/15/27		405,000	405,000	(40,000)	365,000
2010	Roads & Sidewalks	3,700,000	05/01/30	2,035,000		2,035,000	(430,233)	1,604,767
2010	Water System	600,000	05/01/30		330,000	330,000	(69,767)	260,233
2011	Sewer System	1,316,000	12/01/31		918,008	918,008	(66,056)	851,952
2011	Water System	1,224,000	12/01/31		811,992	811,992	(33,944)	778,048
2011	Ref'd'g Water-01	2,515,000	12/01/21		815,000	815,000	(260,000)	555,000
2012	Water (SRF)	2,679,150	10/01/32		1,918,938	1,918,938	(128,379)	1,790,559
2013	Public Works Bldg	3,350,000	10/15/33	2,690,000		2,690,000	(140,000)	2,550,000
2014	Municipal Bldg	2,442,000	10/15/34	1,945,000		1,945,000	(125,000)	1,820,000
2015	PubSftyBldg/Wtr	2,100,000	10/15/35	340,000	1,445,000	1,785,000	(105,000)	1,680,000
2017	Transfer Station	3,070,000	10/15/36	2,910,000		2,910,000	(160,000)	2,750,000
2019	FerryTerm/PkMt	2,875,000	10/15/38	2,875,000		2,875,000	(230,000)	2,645,000
2019	FerryTerm-Tax	1,225,000	10/15/38	1,225,000		1,225,000	(0)	1,225,000
				14,585,833	6,781,830	21,367,663	(1,920,883)	19,446,780

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
2020	5,235	\$1,713,050	\$1,509,910	\$19,446,780	1.14%	\$3,714
2019	5,235	1,633,550	1,506,757	21,367,663	1.31%	4,082
2018	5,235	1,577,200	1,497,194	18,648,777	1.18%	3,562
2017	5,235	1,493,600	1,481,606	17,240,252	1.16%	3,293
2016	5,235	1,428,800	1,471,964	18,879,769	1.28%	3,606

Debt Obligations, by Fund Type

FY June 30,	General Fund Debt		Enterprise Fund Debt	Total Debt	Ent. Debt as % Total Debt
	(Town)	(School)			
2020	\$13,114,767	\$278,084	\$6,053,929	\$19,446,780	31.1%
2018	14,260,000	325,833	6,781,830	21,367,663	31.7%
2018	10,830,000	371,252	7,447,525	18,648,777	40.0%
2017	8,265,000	414,456	8,560,796	17,240,252	49.7%
2016	8,765,000	455,552	9,659,217	18,879,769	51.1%

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		
2020	0.77%	0.02%	0.35%	1.14%	\$2,505	\$53	\$1,156	\$3,714
2019	0.87	0.02	0.42	1.31	2,724	62	1,296	4,082
2018	0.69	0.02	0.47	1.18	2,069	71	1,423	3,562
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

Debt Service Component of Operating Expenses

	2016	2017	2018	2019	2020
Total Current Year Debt Service:	\$2,304,204	\$2,319,332	\$2,299,577	\$2,146,027	\$1,920,883
(less Enterprise Debt Service:)	(1,201,047)	(1,340,309)	(1,329,585)	(854,403)	(727,901)
Tax Supported Debt Service	\$833,157	\$979,023	\$969,992	\$1,291,624	\$1,192,982
Budgeted Operating Expense:	18,454,861	\$18,805,822	\$19,458,654	\$20,540,943	\$21,288,563
Debt Service as % Oper. Expense:	4.51%	5.21%	4.99%	6.29%	5.60%

Total General Obligation, Overlapping and Contingent Debt

	Direct Debt	Overlapping	Contingent	Total Debt
Town of Bar Harbor (CIP)	\$13,114,767			\$13,114,767
Town of Bar Harbor (School)	278,084			278,084
Town of Bar Harbor (Enterprise)	6,053,929			6,053,929
MDI Reg. School District (38.3%)		\$524,075		524,075
County of Hancock (12.0%)		0		0
Total A/O June 30, 2020	\$19,446,780	\$524,075	\$0	\$19,970,855
Debt as % Eq State Valuation	1.14%	0.03%	0.00%	1.17%
Per Capita Debt	\$3,714	\$100	\$0.00	\$3,814

COMPARATIVE BALANCE SHEET
GENERAL FUND
(As of June 30,)

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

Prepared from Audited Financial Statements – Exhibit C.

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

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

Prepared from Audited Financial Statements – Exhibit D.

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

James W. Wadman

CERTIFIED PUBLIC ACCOUNTANT

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

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

We have audited the financial statements of the Bar Harbor School Department for the year ended June 30, 2020.

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

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

Respectfully submitted,

James W. Wadman, CPA

James W. Wadman, CPA
December 17, 2020

TOWN OF BAR HARBOR
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

<i>Federal Grantor/Pass-Through Grantor/Program Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. Department of Education:				
Rural School Achievement Program	84.358		-	21,764
<i>Passed Through State Department of Education and Cultural Services:</i>				
Special Education Cluster (IDEA):				
Title VI, Part B - Local Entitlement	84.027	013-05A-3046	-	92,561
Title VI, Part B - Local Entitlement Preschool	84.173	013-05A-3009	-	755
Sub-total Special Education Cluster (IDEA):			-	<u>93,316</u>
ESEA Title 1A - Basic Disadvantaged Program	84.010	013-05A-3057	97,542	123,338
ESEA Title IV, Part A, SSAFE Program	84.424	013-05A-3345-66-6306-3345SSG	-	68,815
ESEA Title IIA - Improving Teacher Quality	84.367	013-05A-3042	-	42,906
Total U.S. Department of Education			<u>97,542</u>	<u>350,139</u>
U.S. Department of Agriculture:				
<i>Passed Through State Department of Education and Cultural Services:</i>				
Food Distribution	10.560	NONE	-	7,961
Child Nutrition Cluster:				
National School Lunch Program	10.555	013-05A-7128	-	14,061
Federal Performance Based Lunch	10.555	013-05A-7142	-	1,002
School Breakfast Program	10.553	013-05A-7127	-	2,585
CARES Grant Child Nutrition	10.559	013-05A-7008	-	1,789
CARES Grant Summer Food Service Program for Childre	10.559	013-05A-7009	-	15,163
Sub-total Child Nutrition Cluster			-	<u>34,600</u>
Total U.S. Department of Agriculture			-	<u>42,561</u>
U.S. Department of the Treasury:				
<i>Passed Through State Department of Health and Human Services</i>				
Keep Maine Healthy Grant	21.019	NONE	-	7,757
Total U.S. Department of the Treasury			-	<u>7,757</u>
U.S. Department of Homeland Security:				
2019 Evidence Based Impaired Driving HVE	97.036	NONE	-	27,528
Total U.S. Department of Homeland Security			-	<u>27,528</u>
U.S. Department of Transportation:				
2019 Evidence Based Impaired Driving HVE	20.616	013 16A 405D 012 6401 ID067	-	4,247
Total U.S. Department of Transportation			-	<u>4,247</u>
Total			-	<u><u>432,232</u></u>