

TOWN OF BAR HARBOR, MAINE

*FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORTS*

*FOR THE FISCAL YEAR
ENDED JUNE 30, 2023*

TOWN OF BAR HARBOR
FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2023

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James W. Wadman

CERTIFIED PUBLIC ACCOUNTANT

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Bar Harbor, Maine (the Town) as of and for the fiscal year ended June 30, 2023, including the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Town of Bar Harbor, Maine as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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 and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 4 through 10 and 60 through 71, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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 basic financial statements. The accompanying supplementary information and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2024 on our consideration of the Town of Bar Harbor, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Bar Harbor, Maine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Bar Harbor, Maine's internal control over financial reporting and compliance.

Respectfully Submitted,

James W. Wadman, CPA

James W. Wadman, CPA
Ellsworth, Maine
March 25, 2024

TOWN OF BAR HARBOR, MAINE
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

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, 2023. 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, 2023, by \$59,720,557 (presented as “net position”). Of this amount, \$16,757,621 was reported as “unrestricted net position”. Unrestricted net position represents the amount available to be used to meet the Town's ongoing obligations to citizens and creditors.

Changes in Net Position – The Town's total net position increased by \$2,217,630 (a 3.9% increase) for the fiscal year ended June 30, 2023. Net position of governmental activities increased by \$1,781,994 (a 4.7% increase), while net position of business-type activities showed an increase of \$435,636 (a 2.3% increase).

Fund Highlights:

Governmental Funds – Fund Balances – As of the close of the fiscal year ended June 30, 2023, the Town's governmental funds reported a combined ending fund balance of \$16,816,555, with \$2,476,986 being general unassigned fund balance. This unassigned fund balance represents approximately 9.6% of the total general fund expenditures for the year.

Long-term Debt:

The Town's total long-term debt obligations increased by \$1,266,844 (7.8%) during the current fiscal year. Long-term debt obligations for governmental activities increased by \$338,879 (2.9%) while long-term debt obligations for business-type activities increased by \$927,965 (20.0%). The priority infrastructure bond was approved at the 6/7/22 town meeting. As of 6/30/23, the Town recognized a total of \$2,806,951 in bond receivables with \$1,460,904 being the governmental activities portion and \$1,346,047 being the business-type activities portion. Existing debt obligations were retired according to schedule. Additional information on the Town's long-term debt can be found in Note 3h of this report on pages 34-37.

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 regard to inter-fund activity, payables and receivables. The government-wide financial statements can be found on pages 11-12 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 13-16 of this report. The basic proprietary fund financial statements can be found on pages 17-19 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 20-59 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 60-71 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

66.4% 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.

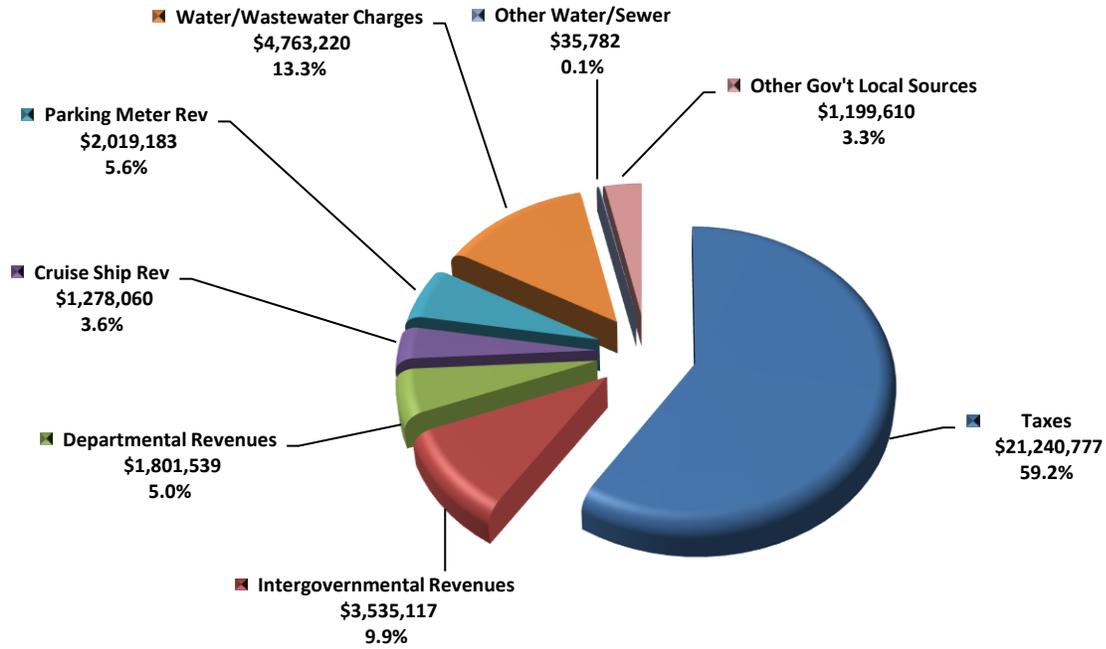
	Governmental Activities	Business-type Activities	Total 2023	Total 2022
Current Assets	17,573,112	7,220,965	24,794,077	24,764,673
Capital Assets	36,899,159	20,231,668	57,130,827	54,892,098
Total Assets	54,472,271	27,452,633	81,924,904	79,656,771
Related to OPEB	191,823		191,823	241,717
Related to Pensions	1,211,961	164,436	1,376,397	1,438,041
Total Deferred Outflows of Resources	1,403,784	164,436	1,568,220	1,679,758
Total Assets and Deferred Outflows of Resources	55,876,055	27,617,069	83,493,124	81,336,529
Current Liabilities	(219,132)	1,947,430	1,728,298	2,664,512
Long-Term Liabilities	14,920,824	5,840,356	20,761,180	18,101,432
Total Liabilities	14,701,692	7,787,786	22,489,478	20,765,944
Property Taxes Collected in Advance	34,707		34,707	34,318
Deferred Inflows of Resources from Leases	176,099		176,099	449,166
Related to OPEB	381,321		381,321	214,573
Related to Pensions	593,745	97,217	690,962	2,369,601
Total Deferred Inflows of Resources	1,185,872	97,217	1,283,089	3,067,658
Net Investment in Capital Assets	24,996,409	14,660,162	39,656,571	38,684,686
Restricted	3,306,365		3,306,365	3,501,532
Unrestricted	11,685,717	5,071,904	16,757,621	15,316,709
Total Net Position	39,988,491	19,732,066	59,720,557	57,502,927
Total Liabilities, Deferred Inflows of Resources and Net Position	55,876,055	27,617,069	83,493,124	81,336,529

Changes in Net Position

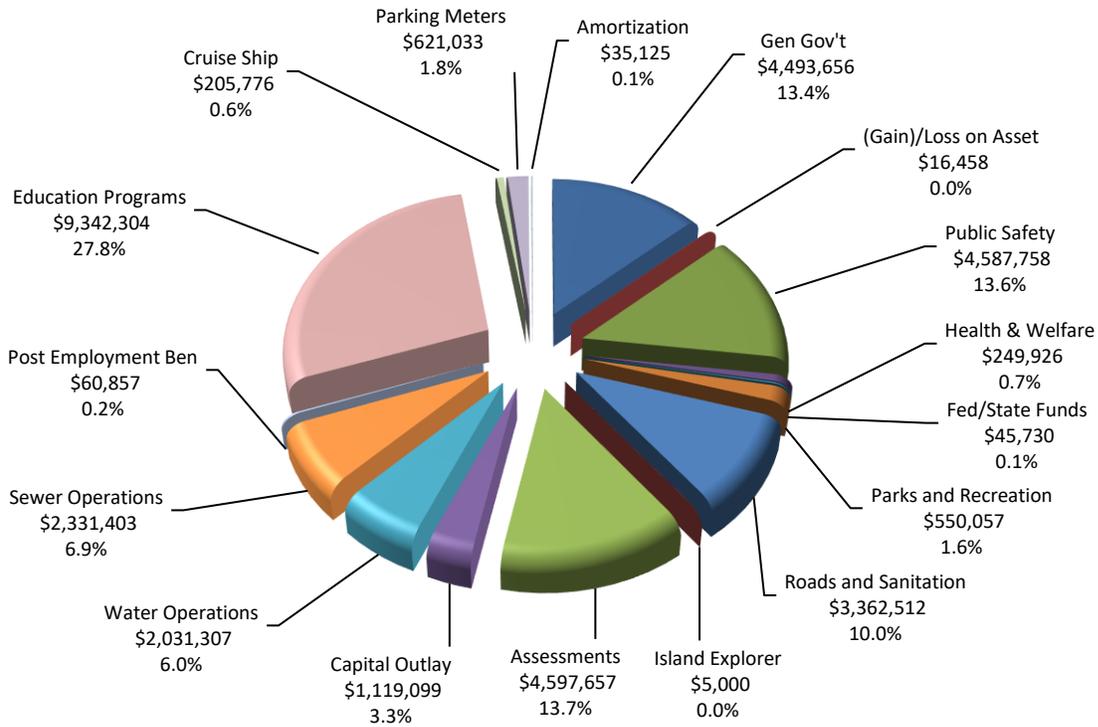
Approximately 59.2% of the Town’s total revenue came from property and excise taxes, approximately 9.9% came from Federal and State subsidies and grants, and approximately 30.9% came from services, investment earnings and other sources. Depreciation expense on the Town’s governmental and business-type activity assets represents \$2,638,904 of the total expenses for the fiscal year. Depreciation for governmental activities was \$1,720,894 while depreciation for business-type activities was \$918,010. The summary below includes the general, capital improvement, cruise ship, parking and school funds under governmental activities.

	Governmental Activities	Business-type Activities	Total 2023	Total 2022
Revenues:				
Taxes	21,240,777		21,240,777	20,070,806
Intergovernmental Revenues	3,535,117		3,535,117	3,510,243
Departmental Revenues	1,801,539	4,763,220	6,564,759	5,770,047
Cruise Ship Revenues	1,278,060		1,278,060	209,791
Parking Meter Revenues	2,019,183		2,019,183	2,132,015
Other Local Sources	1,199,610	35,782	1,235,392	884,843
Total	31,074,286	4,799,002	35,873,288	32,577,745
Expenses:				
General Government	4,493,656		4,493,656	3,605,564
Public Safety	4,587,758		4,587,758	3,757,152
Health & Welfare	249,926		249,926	264,110
Parks and Recreation	550,057		550,057	516,750
Island Explorer Shuttle Bus	5,000		5,000	13,500
Roads and Sanitation	3,362,512		3,362,512	2,797,290
Assessments	4,597,657		4,597,657	4,309,922
Capital Outlay	1,119,099		1,119,099	644,250
Water Operations		2,031,307	2,031,307	1,662,878
Sewer Operations		2,331,403	2,331,403	2,037,320
Education Programs	9,342,304		9,342,304	8,216,954
Cruise Ship	205,776		205,776	22,983
Parking Meters	621,033		621,033	298,418
Federal/State Funds	45,730		45,730	257,200
Post Employment Benefits	60,857		60,857	46,660
Amortization	35,125		35,125	35,125
(Gain)/Loss on Disposal of Assets	15,802	656	16,458	(58,205)
Total	29,292,292	4,363,366	33,655,658	28,427,871
Changes in Net Position	1,781,994	435,636	2,217,630	4,149,874

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 \$16,816,555, an increase of \$734,194 in comparison with the prior year. Approximately 14.7 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:

- \$151,229 positive variance in auto excise revenue resulting from higher manufacturer's suggested retail prices on vehicles.
- \$164,660 positive variance in municipal revenue sharing due to a change in the estimated funding after the budget was approved.
- \$293,559 negative variance in American Rescue Plan Act funds due to budgeting the revenue on the certificate of assessment under governmental funds when the revenues are recognized in the special revenue fund.

- \$19,821 negative variance in Ambulance Billings and Write Offs due to a decrease in revenues.
- \$136,735 positive variance in building permits due to several large commercial construction projects.
- \$238,144 positive variance in investment interest due to higher interest rates.

Expenditures:

- \$251,473 negative variance in legal counsel due to the ongoing cruise ship disembarkment suit.
- \$55,823 positive variance in employee benefits due in large part to the savings in health insurance and health opt out payments. The rate estimate for health insurance increases was conservative and fewer employees elected the health insurance opt out option.
- \$63,786 negative variance in vacation accruals due to union pay increases and increased staffing.
- \$49,101 negative variance in the fire department due in large part to increased overtime spending from increased training needs and increased wages from increased union overtime rates.
- \$73,988 negative variance in the highway division is related to an increase in wages/overtime wages, tree removal, an increase in the cost of fuel and an increase in the bid of material after the budget was approved.
- \$220,164 negative variance in solid waste due to the following:
 - Wages were under budget by \$41,600 due to being short staffed with open positions.
 - Disposal and hauling fees were over budget by \$92,949 due to an increase in the number of trips.
 - Single sort fees were over budget by \$86,118 due to increased trips.

Wastewater Fund

Revenues:

- \$31,481 positive variance in residential billings due to a rate increase.
- \$125,377 positive variance in food and lodging billings due to a rate increase.

Expenses:

- \$32,769, \$15,546 and \$22,275 positive variance in hourly wages, retirement and health insurance, respectively, due to open positions and enrollment lower than budgeted.
- \$18,654 negative variance in sludge disposal due to a new state surcharge.
- \$31,653 positive variance in magnesium hydrox due to expenditures being lower than anticipated in the budgeting process.
- Many capital expenditures were under budget due to many projects being delayed.

Water Fund

Revenues:

- \$10,206 positive variance metered commercial sales due to increased hotel consumption.
- \$10,368 positive variance in metered industrial sales due to conservative budgeting.

Expenses:

- \$70,663 and \$33,212 positive variance in salaries and hourly wages, respectively, due to the superintendent retiring and the interim being paid hourly.
- \$46,547 positive variance in engineering and surveying due to the downtown projects being paid by the priority infrastructure bond.
- \$94,191 and \$62,383 negative variance in repairs and maintenance for mains and services, respectively, due to emergency repairs being needed.
- The project for distribution mains has been delayed to fiscal year 2024.

CAPITAL ASSET ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental and business-like activities amounts to \$103,304,257, net of accumulated depreciation of \$46,173,430, leaving a net book value of \$57,130,827. Current year additions included Capital Improvements such as additions to the solar array, equipment, software, vehicles, paving and infrastructure improvements, 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, 2023

Exhibit A

	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
Assets:			
Cash and Equivalents	12,950,580	4,792,477	17,743,057
Investments	1,736,526		1,736,526
Receivables:			
Taxes and Liens	353,796	21,858	375,654
User Fees, net		713,288	713,288
Accounts	389,691	12,612	402,303
Ambulance	119,935		119,935
Accrued Interest	7,797		7,797
Bond Receivable	1,460,904	1,346,047	2,806,951
Prepaid Expense	-	15,702	15,702
Inventory	26,391	318,981	345,372
Due from Other Governments	196,292		196,292
Leases Receivable-Current	195,862		195,862
Leases Receivable-Non-Current	65,090		65,090
Right to use leased assets, net of accumulated amortization-School	70,248		70,248
Capital Assets:			
Land	6,213,075	164,126	6,377,201
Construction Work in Progress	1,911,279	3,867	1,915,146
Other Capital Assets, Net of Depreciation	28,774,805	20,063,675	48,838,480
Total Assets:	54,472,271	27,452,633	81,924,904
Deferred Outflows of Resources:			
Related to Other Post Employment Benefits	191,823		191,823
Related to Pensions	1,211,961	164,436	1,376,397
Total Deferred Outflows of Resources	1,403,784	164,436	1,568,220
Total Assets and Deferred Outflows of Resources	55,876,055	27,617,069	83,493,124
Liabilities, Deferred Inflows of Resources and Net Position:			
Liabilities:			
Accounts Payable	728,320	100,445	828,765
Retainage Payable	-	2,155	2,155
Payroll Taxes Deductible	63,964		63,964
Due to Students	6,949		6,949
Accrued Salaries Payable	752,654	20,778	773,432
Accrued Interest Payable		21,899	21,899
Internal Balances	(1,802,153)	1,802,153	-
Deposits Payable	31,134		31,134
Long-term Liabilities:			
Accrued Compensated Absences	429,957	41,564	471,521
Lease liability GASB 87 one year	28,117		28,117
Lease liability GASB 87 due in more than one year	29,031		29,031
Net Pension Liability	1,302,972	227,286	1,530,258
Net Post Employment Benefits Obligation	1,227,997		1,227,997
Debt Due Within One Year	2,468,413	1,770,453	4,238,866
Debt Due in More Than One Year	9,434,337	3,801,053	13,235,390
Total Liabilities	14,701,692	7,787,786	22,489,478
Deferred Inflows of Resources:			
Property Taxes Collected in Advance	34,707		34,707
Deferred Inflows of Resources from Leases	176,099	-	176,099
Related to Other Post Employment Benefits	381,321		381,321
Related to Pensions	593,745	97,217	690,962
Total Deferred Inflows of Resources	1,185,872	97,217	1,283,089
Net Position:			
Net Investment in Capital Assets	24,996,409	14,660,162	39,656,571
Restricted	3,306,365		3,306,365
Unrestricted	11,685,717	5,071,904	16,757,621
Total Net Position	39,988,491	19,732,066	59,720,557
Total Liabilities, Deferred Inflows of Resources and Net Position	55,876,055	27,617,069	83,493,124

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

TOWN OF BAR HARBOR
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

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	4,493,656	1,027,039		(3,466,617)		(3,466,617)
Public Safety	4,587,758	748,698		(3,839,060)		(3,839,060)
Health and Welfare	249,926			(249,926)		(249,926)
Parks & Recreation	550,057	825		(549,232)		(549,232)
Island Explorer Shuttle Bus	5,000			(5,000)		(5,000)
Roads and Sanitation	3,362,512	29,575		(3,332,937)		(3,332,937)
Assessments	4,597,657			(4,597,657)		(4,597,657)
Capital Outlay	1,119,099	-		(1,119,099)		(1,119,099)
Education	9,342,304	82,334	2,553,335	(6,706,635)		(6,706,635)
Parking Meters	621,033	2,019,183		1,398,150		1,398,150
Federal/State Funds	45,730		142,043	96,313		96,313
Other Special Revenue Funds			1,100	1,100		1,100
Cruise Ship	205,776	1,278,060		1,072,284		1,072,284
Post Employment Benefits	60,857			(60,857)		(60,857)
Amortization on Leases	35,125			(35,125)		(35,125)
<u>Total Governmental Activities</u>	<u>29,276,490</u>	<u>5,185,714</u>	<u>2,696,478</u>	<u>(21,394,298)</u>		<u>(21,394,298)</u>
<u>Business-type Activities:</u>						
Wastewater	2,331,403	2,486,527			155,124	155,124
Water	2,031,307	2,276,693			245,386	245,386
<u>Total Business-type Activities</u>	<u>4,362,710</u>	<u>4,763,220</u>			<u>400,510</u>	<u>400,510</u>
<u>Total Primary Government</u>	<u>33,639,200</u>	<u>9,948,934</u>	<u>2,696,478</u>	<u>(21,394,298)</u>	<u>400,510</u>	<u>(20,993,788)</u>
<u>General Revenues:</u>						
Taxes						
Property				19,972,266		19,972,266
Auto and Boat Excise				1,268,511		1,268,511
Intergovernmental Revenues				839,739		839,739
Other Local Sources				1,111,578	46,056	1,157,634
Contributions in Aid of Construction					(10,274)	(10,274)
Gain/(Loss) on Disposal of Assets				(15,802)	(656)	(16,458)
<u>Total Revenues, Special Items and Transfers</u>				<u>23,176,292</u>	<u>35,126</u>	<u>23,211,418</u>
<u>Changes in Net Position</u>				<u>1,781,994</u>	<u>435,636</u>	<u>2,217,630</u>
<u>Net Position - Beginning, as restated</u>				<u>38,206,497</u>	<u>19,296,430</u>	<u>57,502,927</u>
<u>Net Position - Ending</u>				<u>39,988,491</u>	<u>19,732,066</u>	<u>59,720,557</u>

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

	<i>General Fund</i>	<i>CIP Fund</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
Assets				
Cash and Equivalents	12,948,261		2,319	12,950,580
Investments	1,722,839		13,687	1,736,526
Receivables				
Taxes	37,792			37,792
Tax Liens	316,004			316,004
Accounts	389,691			389,691
Ambulance Fees	119,935			119,935
Accrued Interest	7,797			7,797
Bond Receivable		1,460,904		1,460,904
Leases Receivable-Current	13,677	182,185		195,862
Leases Receivable-Non-Current	65,090	-		65,090
Inventory	26,391			26,391
Due from Other Governments	196,292		-	196,292
Due from Other Funds	1,802,153	5,726,184	590,480	8,118,817
Total Assets	17,645,922	7,369,273	606,486	25,621,681
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts Payable	625,895	89,958	12,467	728,320
Payroll Taxes/Deductions	63,964			63,964
Accrued Salaries Payable	752,654			752,654
Accrued Compensated Absences	388,228			388,228
Due to Other Funds	6,316,664		-	6,316,664
Due to Students	6,949			6,949
Deposits Payable	31,134			31,134
Total Liabilities	8,185,488	89,958	12,467	8,287,913
Deferred Inflows of Resources:				
Property Taxes Collected in Advance	34,707			34,707
Deferred Inflows of Resources from Leases	74,211	101,888		176,099
Unavailable Property Taxes	304,026			304,026
Unavailable Revenue		2,381		2,381
Total Deferred Inflows of Resources	412,944	104,269	-	517,213
Fund Balances				
Nonspendable	2,657		11,757	14,414
Restricted	2,700,838		578,013	3,278,851
Committed		7,175,046		7,175,046
Assigned	3,867,009		4,249	3,871,258
Unassigned	2,476,986			2,476,986
Total Fund Balances	9,047,490	7,175,046	594,019	16,816,555
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	17,645,922	7,369,273	606,486	25,621,681

(Continued)

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

Total Fund Balance	16,816,555
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$26,668,787	36,899,159
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds:	
Unavailable Revenues	306,407
Right to use leased assets	70,248
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Bonds Payable	(11,902,750)
Lease Liabilities	(57,148)
Accrued Compensated Absences - School Department	(41,729)
Deferred Inflows/Outflows Related to Other Post Employment Benefits	(189,498)
Post Employment Benefits Obligations	(1,227,997)
Net Pension Liability	(1,302,972)
Deferred Inflows/Outflows Related to Pensions	618,216
	<u>(14,103,878)</u>
Net Position of Governmental Activities	<u><u>39,988,491</u></u>

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

TOWN OF BAR HARBOR
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

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	21,247,386			21,247,386
Intergovernmental Revenues	3,335,838	57,236	142,043	3,535,117
Departmental Revenues	5,098,782	-		5,098,782
Other Local Sources	797,512	410,091	1,272	1,208,875
Total Revenues	30,479,518	467,327	143,315	31,090,160
Expenditures				
Current:				
General Government	4,381,589		-	4,381,589
Public Safety	4,110,819			4,110,819
Health and Welfare	237,306			237,306
Parks and Recreation	477,893			477,893
Island Explorer Shuttle Bus	5,000			5,000
Roads and Sanitation	2,662,439		-	2,662,439
Education	9,172,673			9,172,673
Assessments	4,597,657			4,597,657
Cruise Ship	205,776			205,776
Parking Meters	557,085			557,085
Capital Outlay		5,272,903	-	5,272,903
Federal/State Funds			135,730	135,730
Total Expenditures	26,408,237	5,272,903	135,730	31,816,870
Excess of Revenues Over (Under) Expenditures	4,071,281	(4,805,576)	7,585	(726,710)
Other Financing Sources (Uses)				
Bond Proceeds		1,460,904		1,460,904
Transfers In	727,172	3,771,850	-	4,499,022
Transfers Out	(4,498,964)	-	(58)	(4,499,022)
Total Other Financing Sources (Uses)	(3,771,792)	5,232,754	(58)	1,460,904
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	299,489	427,178	7,527	734,194
Fund Balance - July 1	8,748,001	6,747,868	586,492	16,082,361
Fund Balance - June 30	9,047,490	7,175,046	594,019	16,816,555

(Continued)

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

TOWN OF BAR HARBOR
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Exhibit D
Page 2 of 2

Net change in fund balances - total governmental funds	734,194
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital asset purchases capitalized	3,109,160
Gain/(Loss) on Disposal of Assets	(15,802)
Depreciation expense	(1,720,895)
Amortization expense on leased asset	(7,893)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Unavailable Revenues	(9,265)
Unavailable Taxes	(6,609)
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	(1,460,904)
Capital lease obligation principal payments	127,361
General obligation bond principal payments	994,664
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	1,182
Post Employment Benefits Cost	(27,306)
Pension Plans (Deferred Outflows, Net Pension Liability, Deferred Inflows)	64,107
	<hr/>
Change in net position of governmental activities	<u><u>1,781,994</u></u>

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

TOWN OF BAR HARBOR
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2023

Exhibit E

<i>Assets</i>	<i>Wastewater Enterprise</i>	<i>Water Enterprise</i>	<i>Total</i>
<i>Current Assets:</i>			
Cash and Equivalents	2,460,155	2,332,322	4,792,477
Receivables			
User Fees, net	645,202	68,086	713,288
Liens Receivable	21,858	-	21,858
Accounts	9,183	3,429	12,612
Bond	943,276	402,771	1,346,047
Due From Other Funds	3,551		3,551
Inventory	53,882	265,099	318,981
Prepaid Expenses		15,702	15,702
<i>Total Current Assets</i>	4,137,107	3,087,409	7,224,516
<i>Noncurrent Assets:</i>			
Capital Assets, net	10,481,822	9,749,846	20,231,668
Bond Issuance Costs, net	-	-	-
<i>Total Noncurrent Assets</i>	10,481,822	9,749,846	20,231,668
<i>Total Assets</i>	14,618,929	12,837,255	27,456,184
<i>Deferred Outflows of Resources:</i>			
Related to Pensions	97,351	67,085	164,436
<i>Total Deferred Outflows of Resources</i>	97,351	67,085	164,436
<i>Total Assets and Deferred Outflows of Resources</i>	14,716,280	12,904,340	27,620,620
<i>Liabilities and Net Position</i>			
<i>Liabilities</i>			
Accounts Payable	82,218	18,227	100,445
Retainage Payable	2,155	-	2,155
Accrued Salaries and Benefits	11,835	8,943	20,778
Accrued Interest Payable	3,749	18,150	21,899
Due to Other Funds	1,259,341	546,363	1,805,704
Compensated Absences Payable	25,205	16,359	41,564
Bonds and Notes Payable	1,061,240	709,213	1,770,453
<i>Total Current Liabilities</i>	2,445,743	1,317,255	3,762,998
<i>Noncurrent Liabilities:</i>			
Net Pension (Asset)/Liability	119,467	107,819	227,286
Bonds and Notes Payable	766,612	3,034,441	3,801,053
<i>Total Noncurrent Liabilities</i>	886,079	3,142,260	4,028,339
<i>Total Liabilities</i>	3,331,822	4,459,515	7,791,337
<i>Deferred Inflows of Resources:</i>			
Related to Pensions	51,100	46,117	97,217
<i>Total Deferred Inflows of Resources</i>	51,100	46,117	97,217
<i>Net Position</i>			
Net Investment in Capital Assets	8,653,970	6,006,192	14,660,162
Retained Earnings			
Reserved	1,957,365	2,408,941	4,366,306
Unreserved	722,023	(16,425)	705,598
<i>Total Net Position</i>	11,333,358	8,398,708	19,732,066
<i>Total Liabilities, Deferred Inflows of Resources and Net Position</i>	14,716,280	12,904,340	27,620,620

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

TOWN OF BAR HARBOR
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

Exhibit F

	<u>Proprietary Fund Types</u>		<u>Total</u>
	<u>Wastewater Enterprise</u>	<u>Water Enterprise</u>	
Operating Revenues:			
Charges for Services	2,478,465	2,276,045	4,754,510
Interest - Late Penalties	8,062	648	8,710
Total Operating Revenues:	2,486,527	2,276,693	4,763,220
Operating Expenditures:			
Current:			
Salaries and Benefits	686,679	654,297	1,340,976
Contracted Services	376,988	396,495	773,483
Utilities & Commodities	246,174	58,219	304,393
Repairs & Maintenance	172,654	288,271	460,925
Equipment	5,714	4,757	10,471
Other Expenses	48,786	31,009	79,795
Depreciation and Amortization	579,796	327,940	907,736
Materials and Supplies	168,272	174,972	343,244
Total Operating Expenditures	2,285,063	1,935,960	4,221,023
Net Operating Income	201,464	340,733	542,197
Nonoperating Revenues (Expenses)			
Interest Revenue	15,958	18,657	34,615
Special Assessment	8,492		8,492
Jobbing Income, net of expense	-	2,949	2,949
Loss on Disposal of Assets	-	(656)	(656)
Contributions in Aid of Construction	-	(10,274)	(10,274)
Related to Pensions	(14,722)	(3,321)	(18,043)
Interest Expense	(31,618)	(92,026)	(123,644)
Total Nonoperating Revenue (Expenses)	(21,890)	(84,671)	(106,561)
Change in Net Position (net income)	179,574	256,062	435,636
Total Net Position - Beginning	11,153,784	8,142,646	19,296,430
Total Net Position - Ending	11,333,358	8,398,708	19,732,066

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

TOWN OF BAR HARBOR
STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2023

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	2,486,527	2,276,693	4,763,220
Payments to Suppliers	(969,802)	(922,714)	(1,892,516)
Payments to Employees	(686,679)	(654,297)	(1,340,976)
Other Receipts (Payments)	(40,294)	(38,334)	(78,628)
<i>Net Cash Provided by (Used in) Operating Activities</i>	789,752	661,348	1,451,100
<i>Cash Flows from Capital and Related Financing Activities</i>			
Purchases of Capital Assets	(1,269,431)	(523,880)	(1,793,311)
Bond proceeds	943,276	402,771	1,346,047
Principal Paid on Capital Debt	(115,661)	(302,422)	(418,083)
Proceeds from Sale of Land/Capital Assets	-	(656)	(656)
Interest Paid on Capital Debt	(31,618)	(92,026)	(123,644)
<i>Net Cash Used in Capital and Related Financing Activities</i>	(473,434)	(516,213)	(989,647)
<i>Cash Flows from Investing Activities</i>			
(Purchase)/Sale of Investments	1,561,436	(88,192)	1,473,244
Interest and Dividends	15,958	18,657	34,615
<i>Net Cash Provided by (Used in) Investing Activities</i>	1,577,394	(69,535)	1,507,859
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	1,893,712	75,600	1,969,312
<i>Balances - beginning of the year</i>	566,443	2,256,722	2,823,165
<i>Balances - end of the year</i>	2,460,155	2,332,322	4,792,477
<i>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</i>			
Net Operating Income (Loss)	201,464	340,733	542,197
Adjustment to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization	579,796	327,940	907,736
(Increase) Decrease in Accounts Receivable	(116,227)	(14,754)	(130,981)
(Increase) Decrease in Due To/From Other Funds	797,279	153,238	950,517
(Increase) Decrease in Inventory	(25,157)	(47,162)	(72,319)
(Increase) Decrease in Prepaid Expense	-	(3,000)	(3,000)
Increase (Decrease) in Accrued Wages Payable	(14,259)	(11,793)	(26,052)
Increase (Decrease) in Accrued Interest Payable	(551)	(1,663)	(2,214)
Increase (Decrease) in Compensated Absences Payable	5,159	8,264	13,423
Increase (Decrease) in Accounts Payable	(637,752)	(90,455)	(728,207)
<i>Net Cash Provided by (Used in) Operating Activities</i>	789,752	661,348	1,451,100

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

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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.

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.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position or Fund Equity (continued)

1. Deposits and Investments (continued)

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, \$304,026 has been so classified and reported on the general fund balance sheet.

Annual property taxes were levied on August 15, 2022, 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 4.0% 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.

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

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

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 property taxes collected in advance, unavailable property taxes, pensions, other post-employment benefits and leases. These amounts are considered unavailable and will be recognized as 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.

8. Leases Receivable

The Town's lease receivables are measured at the present value of lease payments expected to be received during the lease term. Under the lease agreements, the Town receives set monthly payments from lessees. The lease payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for each lease. The deferred inflows of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

9. Right to Use Assets

The School Department has recorded right to use leased assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

10. 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.

11. 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.

12. Long-term Obligations

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

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

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

13. 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.

Leases-portion of fund balance that is not an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource.

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.

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.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

13. Fund Balances/Net Position (Continued)

The Town has identified June 30, 2023 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><i>Nonspendable</i></u>				
School Lunch Inventory	2,657			2,657
Gurnee Principal			6,488	6,488
Cemetery Principal			5,269	5,269
	2,657	-	11,757	14,414
<u><i>Restricted</i></u>				
Parking Meter Fund	1,035,512			1,035,512
Coronavirus State and Local Fiscal Recovery Funds			453,071	453,071
Community Action Grant			123,842	123,842
Dog Park Donations			100	100
Connors Emerson Donations			1,000	1,000
School Restricted Funds	1,665,326			1,665,326
	2,700,838	-	578,013	3,278,851
<u><i>Committed</i></u>				
Capital Improvement Programs		7,175,046		7,175,046
	-	7,175,046	-	7,175,046
<u><i>Assigned</i></u>				
Reserve for Working Capital	2,412,500			2,412,500
Designated for Insurance	500,000			500,000
Designated for Fiber Lease	50,000			50,000
General Fund Encumbrances	198,315			198,315
Cruise Ship Fund	706,194			706,194
Gurnee Scholarship			4,249	4,249
	3,867,009	-	4,249	3,871,258
<u><i>Unassigned</i></u>				
General Fund	2,476,986			2,476,986
<u><i>Total Fund Balance</i></u>	<u>9,047,490</u>	<u>7,175,046</u>	<u>594,019</u>	<u>16,816,555</u>

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.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

13. Fund Balances/Net Position (Continued)

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.

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.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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 \$17,743,057 and the bank balance was \$17,609,829 plus \$294,229 cash included with the investment portfolio for a total of \$17,904,058. The Town has no uninsured or uncollateralized deposits as of June 30, 2023.

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, 2023:

- U.S. Treasury securities and corporate bonds in the amount of \$1,736,526 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.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (continued)

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.

B. Property Taxes

Property taxes were levied for the fiscal year as follows:

Assessed Value		2,136,861,800
Tax Rate (per \$1,000)		<u>9.32</u>
Commitment		<u><u>19,915,552</u></u>
Appropriations		38,785,049
Less:		
State Municipal Revenue Sharing	350,000	
Estimated Revenues	18,320,728	
BETE Reimbursement	43,307	
Homestead Reimbursement	<u>155,462</u>	
		<u>18,869,497</u>
Net Assessment for Commitment		<u><u>19,915,552</u></u>

Uncollected real estate taxes/liens and personal property taxes at June 30 for the current year commitment totaled \$240,221, which represents tax collection of approximately 99.82 % of the current year commitment, including supplemental taxes issued in the amount of \$20,913. The real estate portion of the total taxes due was placed on lien June 30, 2023. Unpaid prior year tax liens at June 28 totaled \$60,544.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

C. Interfund Receivables and Payables

Individual fund interfund receivable and payable balances at June 30, 2023 were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	1,802,153	6,316,664
Capital Project Funds	5,726,184	-
Community Action Grant	135,992	-
Dog Park Donations	100	
Connors Emerson Donations	1,000	
Coronavirus State and Local Fiscal Recovery Funds	453,388	-
Water Fund		546,363
Wastewater Fund	<u>3,551</u>	<u>1,259,341</u>
Totals	<u>8,122,368</u>	<u>8,122,368</u>

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, 2023, 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 \$3,551 is expected to be repaid during the next year. The remaining balance will be retired upon use of the funds.

D. Leases Receivable

The Town signed a lease with Downeast Transportation, Inc. (DTI) to extend the original lease that expired 10/31/21. Under the terms of the new lease, DTI is leasing premises consisting of the former “Village Green Comfort Station” located at 19 Firefly Lane, Bar Harbor, Maine. The terms of the lease shall be from 11/1/21-12/31/23. Annual rent for the leased premises shall be payable on July 1 of each year in the amount of \$8,000 for fiscal year 2023 and \$12,000 for fiscal year 2024. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3.25%, which such rate is not expressly stated in the lease, but deemed a reasonable rate of return. In fiscal year ending June 30, 2023, the Town recognized \$7,626 of lease revenue and \$496 of interest revenue under the lease.

The Town signed an amendment to an existing lease with Verizon Wireless for floor and antenna space. Under the terms of the lease, Verizon Wireless had the right to construct an equipment room for communications equipment, to use the space on the roof of the building for the installation of a flagpole to house the antennas, and use of space within the building for the installation, operation and maintenance of wires, cables, conduits and pipes. The agreement shall be in effect through 5/31/2024. The agreement could be automatically extended for 2 additional 5-year terms unless the lessee terminates it at the end of the then current term by giving the lessor written notice of the intent to terminate at least 6 months prior to the end of the then current term. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3.25%, which such rate is not expressly stated in the lease, but deemed a reasonable rate of return. In fiscal year ending June 30, 2023, the Town recognized \$27,292 of lease revenue and \$1,319 of interest revenue under the lease.

On 4/4/2017, the Town signed a lease with Kids’ Corner, Inc. Under the terms of the lease, the tenant is paying the Town for use of the land and building(s) located at 81 Mount Desert Street, Bar Harbor Maine. The lease is for 15 years. The tenant shall pay the Town monthly installments according to the schedule presented in the lease documents. Annual rent ranges from \$6,300 beginning 5/1/17 to \$10,500 beginning 5/1/31. The lease receivable

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

D. Leases Receivable (continued)

is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3.25%, which such rate is not expressly stated in the lease, but deemed a reasonable rate of return. In fiscal year ending June 30, 2023, the Town recognized \$7,588 of lease revenue and \$2,405 of interest revenue under the lease.

On 2/19/19, the Town signed a lease with Atlantic Fleet Services Corporation. Under the terms of the lease, the tenant will pay for the use of the premises (ferry terminal) located at 121 Eden Street, Bar Harbor, Maine. The landlord and tenant enter into the lease for the ferry terminal property in order for the tenant to provide services to Bay Ferries Limited. The terms of the agreement shall be from 2/19/19 through 10/31/23. The tenant shall have the option to renew this lease for a period of 1 year extending to 10/31/24. The tenant shall pay the Town monthly rent payments of \$4,500 from November through May and \$7,500 from June through October. On or before the 15th day of each October during the term, tenant shall pay to landlord the per-passenger, per-vehicle, and per-bus fees on Exhibit B that were incurred in the just completed operating season. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3.25%, which such rate is not expressly stated in the lease, but deemed a reasonable rate of return. In fiscal year ending June 30, 2023, the Town recognized \$230,611 of lease revenue and \$7,576 of interest revenue under the lease.

E. Capital Assets (Includes School)

Capital asset activity for the year ended June 30, 2023 was as follows:

	<i>Beginning</i>			<i>Ending</i>
	<i>Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Balance</i>
Governmental Activities;				
<i>Capital assets not being depreciated</i>				
Land	6,213,075			6,213,075
Construction Work in Progress	429,220	1,482,059		1,911,279
	<u>6,642,295</u>	<u>1,482,059</u>	<u>-</u>	<u>8,124,354</u>
<i>Capital assets being depreciated:</i>				
Buildings	19,350,751	290,919	(24,980)	19,616,690
Equipment	9,661,606	1,183,554	(739,433)	10,105,727
Infrastructure	26,540,830	274,343	(9,500)	26,805,673
	<u>55,553,187</u>	<u>1,748,816</u>	<u>(773,913)</u>	<u>56,528,090</u>
<i>Total capital assets being depreciated</i>				
<i>Less accumulated depreciation for:</i>				
Buildings	6,093,563	505,961	(19,984)	6,579,540
Equipment	5,205,604	686,168	(606,913)	5,284,859
Infrastructure	15,369,620	528,766	(9,500)	15,888,886
	<u>26,668,787</u>	<u>1,720,895</u>	<u>(636,397)</u>	<u>27,753,285</u>
<i>Total accumulated depreciation</i>				
	<u>28,884,400</u>	<u>27,921</u>	<u>(137,516)</u>	<u>28,774,805</u>
<i>Net capital assets being depreciated</i>				
Governmental Activities				
Capital Assets, net	<u>35,526,695</u>	<u>1,509,980</u>	<u>(137,516)</u>	<u>36,899,159</u>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. 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	206,403			206,403
<i>Capital assets being depreciated:</i>				
Water Fund	14,325,123	523,880	(10,577)	14,838,426
Wastewater Fund	22,359,936	1,261,051	(14,000)	23,606,987
<i>Total capital assets being depreciated</i>	<u>36,685,059</u>	<u>1,784,931</u>	<u>(24,577)</u>	<u>38,445,413</u>
<i>Less accumulated depreciation for:</i>				
Water Fund	4,901,239	338,214	(9,921)	5,229,532
Wastewater Fund	12,624,820	579,796	(14,000)	13,190,616
<i>Total accumulated depreciation</i>	<u>17,526,059</u>	<u>918,010</u>	<u>(23,921)</u>	<u>18,420,148</u>
<i>Net capital assets being depreciated</i>	<u>19,159,000</u>	<u>866,921</u>	<u>(656)</u>	<u>20,025,265</u>
<i>Business-type Activities Capital Assets, net</i>	<u>19,365,403</u>	<u>866,921</u>	<u>(656)</u>	<u>20,231,668</u>

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

Governmental Activities:

General Government	167,609
Public Safety	526,853
Health and Welfare	12,620
Parks and Recreation	72,164
Roads and Sanitation, including infrastructure	700,073
Education	177,628
Parking Fund	63,948
Total Depreciation Expense - Governmental Activities	<u><u>1,720,895</u></u>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

F. Right to Use Leased Assets

The School Department has recorded two right to use leased assets. The first asset is a right to use leased asset for copiers. The second is a right to use leased asset for laptops. The related leases are discussed in the leases subsection of the liabilities section of this note. The right to use lease assets are amortized on a straight-line basis over the terms of the related lease.

Right to use asset activity for the Town for the year ended June 30, 2023 is as follows:

	<i>Beginning</i>			<i>Ending</i>
	<i>Balance</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance</i>
<i>Right to use assets:</i>				
Leased Copiers	52,991	-		52,991
Leased Laptops	87,507	-	-	87,507
<i>Total Right to use assets</i>	140,498	-	-	140,498
 <i>Less Accumulated Amortization for:</i>				
Leased Copiers	13,248	13,248		26,496
Leased Laptops	21,877	21,877	-	43,754
<i>Total accumulated amortization</i>	35,125	35,125	-	70,250
 <i>Right to use assets, net</i>	 105,373	 (35,125)	 -	 70,248

G. Long-Term Liabilities

Long-Term Liability Schedule

	<i>Beginning</i>			<i>Ending</i>	<i>Current Portion</i>
	<i>Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Balance</i>	<i>Of Balance</i>
<i>Governmental activities:</i>					
General Obligation Bonds	11,436,510	1,460,904	(994,664)	11,902,750	2,468,413
Capital Leases	127,361	-	(127,361)	-	-
Lease Liabilities	84,380	-	(27,232)	57,148	28,117
Compensated Absences	369,509	60,448	-	429,957	-
Total OPEB Liability	1,417,333	-	(189,336)	1,227,997	-
Net Pension (Asset)/Liability	23,121	1,279,851	-	1,302,972	-
<i>Governmental Activity Long-Term Liabilities</i>	13,458,214	2,801,203	(1,338,593)	14,920,824	2,496,530
 <i>Business-Type Activities:</i>					
General Obligation Bonds	4,643,541	1,346,047	(418,082)	5,571,506	1,770,453
Compensated Absences	28,141	13,423	-	41,564	-
Net Pension (Asset)/Liability	(28,464)	255,750	-	227,286	-
<i>Business-Type Activity Long-Term Liabilities</i>	4,643,218	1,615,220	(418,082)	5,840,356	1,770,453
 <i>Total Long-Term Liabilities</i>	 18,101,432	 4,416,423	 (1,756,675)	 20,761,180	 4,266,983

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

H. 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, 2023:

	<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	175,115	-	(55,478)	119,637	58,323
2010 Capital Construction, Roads, Refinanced in 2020	1,286,395	-	(159,186)	1,127,209	159,186
2013 Public Works Complex	2,255,000	-	(155,000)	2,100,000	160,000
2014 Town Hall & Signage	1,570,000	-	(130,000)	1,440,000	130,000
2015 Refinanced Agamont Park & Seawall	120,000	-	(40,000)	80,000	40,000
2015 Public Safety Building	280,000	-	(20,000)	260,000	20,000
2018 Ladder Truck, Public Safety Building & Transfer Station Renovations	2,430,000	-	(160,000)	2,270,000	160,000
2019 Parking Meters, Ferry Terminal	2,185,000	-	(230,000)	1,955,000	230,000
2019 Ferry Terminal Taxable	1,135,000	-	(45,000)	1,090,000	50,000
2023 Priority Infrastructure Bond	-	1,460,904	-	1,460,904	1,460,904
Sub-Total Bonds Payable	11,436,510	-	(994,664)	11,902,750	2,468,413
<i>Other Governmental long-term activities:</i>					
Town LED Lights Lease	127,361	-	(127,361)	-	-
	127,361	-	(127,361)	-	-
Total Governmental Activities	11,563,871	-	(1,122,025)	11,902,750	2,468,413
<i>Business-Type Activities:</i>					
<i>Bonds payable:</i>					
<i>Water Department:</i>					
2010 Water Mains, Refinanced in 2020	208,605	-	(25,814)	182,791	25,814
2011 Water Refinance Mains Replacement & Duck Brook Pump Station	714,764	-	(59,339)	655,425	62,036
2012 Safe Drinking Revolving Water Loan	1,529,936	-	(132,268)	1,397,668	133,592
2015 Route 3 Water Main Project	1,190,000	-	(85,000)	1,105,000	85,000
2023 Priority Infrastructure Bond	-	402,771	-	402,771	402,771
Sub-Total Water Department	3,643,305	402,771	(302,421)	3,743,655	709,213

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

H. Long-Term Debt (Continued)

<i>Wastewater Department:</i>					
2011 Wastewater Mains Replacement & Scada System	715,236	-	(70,661)	644,575	72,964
2015 Refinanced Hulls Cove Wastewater Plant	285,000	-	(45,000)	240,000	45,000
2023 Priority Infrastructure Bond	-	943,276	-	943,276	943,276
<i>Sub-Total Wastewater Department</i>	<u>1,000,236</u>	<u>943,276</u>	<u>(115,661)</u>	<u>1,827,851</u>	<u>1,061,240</u>
Total Business-Type Activities	<u>4,643,541</u>	<u>1,346,047</u>	<u>(418,082)</u>	<u>5,571,506</u>	<u>1,770,453</u>
Total Debt	<u>16,207,412</u>	<u>1,346,047</u>	<u>(1,540,107)</u>	<u>17,474,256</u>	<u>4,238,866</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 \$61,723 in fiscal year 2023 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, 2023 was \$119,637.

In 2010, the Town was issued a bond for capital construction roads and sidewalks from Hutchinson, Shockey, Erly & 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 \$223,506 in fiscal year 2023 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, 2023 was \$1,127,209.

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 \$233,412 in fiscal year 2023 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, 2023 was \$2,100,000.

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 \$179,275 in fiscal year 2023 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, 2023 was \$1,440,000.

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 \$44,000 in fiscal year 2023 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, 2023 was \$80,000.

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 \$29,300 in fiscal year 2023 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, 2023 was \$260,000.

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 \$248,00 in fiscal year 2023 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, 2023 was \$2,270,000.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

H. Long-Term Debt (Continued)

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 \$308,200 in fiscal year 2023 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, 2023 was \$1,955,000.

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 \$86,150 in fiscal year 2023 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, 2023 was \$1,090,000.

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, 2023 was \$0.

In 2023, the Town began expending funds related to the priority infrastructure project. The projects were approved at the town meetings dated 6/1/21, 11/2/21 and 6/7/22. The bond was authorized but unissued as of 6/30/23. The bond was issued after year end, on 8/15/23 in the amount of \$49,810,000. The Town recognized bond receivable in the amount of \$1,460,904 for governmental expenditures, \$943,276 for wastewater expenditures and \$402,771 for water expenditures.

Business-Type Activities:

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 \$36,244 in fiscal year 2023 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, 2023 was \$182,791.

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 \$92,080 in fiscal year 2023 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, 2023 was \$644,575.

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 \$81,089 in fiscal year 2023 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, 2023 was \$655,425.

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 \$154,253 in fiscal year 2023 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, 2023 was \$1,397,668.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

H. Long-Term Debt (Continued)

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 \$124,525 in fiscal year 2023 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, 2023 was \$1,105,000.

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 \$55,750 in fiscal year 2023 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, 2023 was \$240,000.

In 2023, the Town began expending funds related to the priority infrastructure project. The projects were approved at the town meetings dated 6/1/21, 11/2/21 and 6/7/22. The bond was authorized but unissued as of 6/30/23. The bond was issued after year end, on 8/15/23 in the amount of \$49,810,000. The Town recognized bond receivable in the amount of \$1,460,904 for governmental expenditures, \$943,276 for wastewater expenditures and \$402,771 for water expenditures.

Annual debt service requirements to maturity including interest of \$2,994,562 (including fees) are as follows:

<i>Year Ended June 30,</i>	<i>Governmental Activities</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2024	2,468,413	374,295	2,842,708
2025	900,500	333,336	1,233,836
2026	822,093	297,854	1,119,947
2027	814,186	262,462	1,076,648
2028	824,186	228,078	1,052,264
2029-2033	3,708,372	691,769	4,400,141
2034-2038	2,160,000	178,618	2,338,618
2039	205,000	3,345	208,345
Total	11,902,750	2,369,757	14,272,507

<i>Year Ended June 30,</i>	<i>Business-Type Activities</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2024	1,770,454	114,064	1,884,518
2025	430,742	102,103	532,845
2026	444,184	89,206	533,390
2027	453,454	75,192	528,646
2028	434,830	63,019	497,849
2029-2033	1,782,842	169,746	1,952,588
2034-2038	255,000	11,475	266,475
2039	-	-	-
Total	5,571,506	624,805	6,196,311

Totals	17,474,256	2,994,562	20,468,818
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TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

I. Leases

The School Department has entered into an agreement to lease copiers and laptops. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The copier agreement was effective on 8/2/19, to lease copiers and requires 5 yearly payments of \$13,889.99. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 3.25%, which is not stated in the lease agreement. As a result of the lease, the School Department has recorded a right to use asset with a net book value of \$26,495 at June 30, 2023. The right to use asset is discussed in more detail in the receivables section D of this note.

The laptop agreement was effective on 8/16/21, to lease laptops and requires 4 yearly payments. The first payment is due 9/15/21 in the amount of \$42,228 and the remaining 3 payments are due on 7/15/22 through 7/15/24 in the amount of \$16,084.67 each. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 2.95%, which is stated in the lease agreement. As a result of the lease, the School Department has recorded a right to use asset with a net book value of \$43,753 at June 30, 2023. The right to use asset is discussed in more detail in the receivables section D of this note.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

<i>Year Ended</i> <i>June 30,</i>	<i>Principal</i> <i>Payments</i>	<i>Interest</i> <i>Payments</i>	<i>Total</i>
2024	28,117	1,858	29,975
2025	29,031	943	29,974
Total	57,148	2,801	59,949

J. Authorized, Unissued Debt

- 1) The following authorized, unissued bonds as of 6/30/23 were combined into the priority infrastructure bond and issued on 8/15/23 in the amount of \$49,810,000, plus \$5,425,000 in bond premium:
 - *Priority Infrastructure Improvements Bond – Approved by voters 6/7/22 to address combined sewer overflow (CSO) program mandates, sewer and stormwater collection system needs, water distribution and storage system needs, and streetscape and undergrounding needs. The bond was approved in the amount of \$43,897,600.
 - *Engineering, Design, Procurement, Construction, and Interconnection of a Free-Standing Solar Array – Approved by voters 6/7/22 to provide monies for engineering and construction of a free standing solar array on the Town owned lot known as Higgins Pit Solar Array, to offset municipal electrical demand. The bond was approved in the amount of \$4,350,000.
 - *Fiber buildout – Approved by voters 6/1/21 to build a fiber network to its Town facilities that will connect these facilities in a secure private network. The bond was approved in the amount of \$750,000.
 - *Connors Emerson Architectural and Engineering Plans – Approved by voters 11/2/21 to procure architectural and engineering plans for the Connors Emerson School. The bond was approved in the amount of \$3,000,000.
- 2) Connors Emerson New School Building – Approved by voters 6/13/23 for the construction and equipment of a new elementary school to replace existing structures. The bond was approved in the amount of \$58,538,288.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4 - OTHER INFORMATION

A. Contingent Liabilities

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

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

B. Permanent Funds

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

<u>Purpose</u>	<u>Nonspendable</u>	<u>Assigned</u>
Cemetery Care	5,269	-
Scholarships	6,488	4,249
Total	<u>11,757</u>	<u>4,249</u>

C. Pension Plans

Plan Description

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

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

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

Funding Policy

Under the ICMA plan, covered employees contribute a percentage of their salary to the plan with the Town contributing 6.5% to 10.0%. The Town’s costs for the fiscal years ended June 30, 2021, 2022 and 2023 were \$86,248, \$72,015 and \$77,789 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.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan

Plan Description

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

Pension Benefits

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

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

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, 2023, the SET Plan member contribution rate was 7.65% and the employer contribution rate was 3.84% of applicable member compensation. The employer (School portion) is also responsible for contributing 14.89% of all federally funded member compensation. The State of Maine, as a non-employer contributing entity, pays 14.29% of the applicable member compensation into the System.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (Continued)

For the year ended June 30, 2023, the PLD Plan member contribution rate was 7.6% for the regular AC-Age 60 Plan and 6.85% for the regular AC-Age 65 Plan; the employer contribution rate was 10.2% of applicable member compensation for the regular AC Plan and 5.0% for retirees who return to work. The member contribution rate was 8.1% for the Special 4C Plan-Public Safety Plan and the employer contribution rate was 10.3% for the Special 4C Plan of applicable members compensation.

The required contributions paid into the System for the year ended June 30, 2023 and the previous two years are as follows:

SET Plan:

<i>For the year ended June 30,</i>	<i>Employee Contributions</i>	<i>Employer Contributions</i>	<i>State of Maine Contributions</i>	<i>Applicable Member Compensation</i>	<i>Applicable Member Federal Compensation</i>
2023	\$ 297,177	\$ 175,089	\$ 530,246	\$ 3,884,673	\$ 174,062
2022	\$ 278,341	\$ 164,220	\$ 496,418	\$ 3,638,450	\$ 164,567
2021	\$ 264,926	\$ 179,323	\$ 462,486	\$ 3,463,083	\$ 235,685

PLD Plan SCHOOL PORTION:

<i>For the year ended June 30,</i>	<i>Employee Contributions</i>	<i>Employer Contributions</i>	<i>Applicable Member Compensation</i>
2023	\$ 23,171	\$ 31,098	\$ 304,883
2022	\$ 19,383	\$ 25,595	\$ 248,497
2021	\$ 12,844	\$ 16,015	\$ 158,564

PLD Plan - TOWN PORTION:

<i>For the year ended June 30,</i>	<i>Employee Contributions</i>	<i>Employer Contributions</i>	<i>Applicable Member Compensation</i>
2023	\$ 363,766	\$ 494,488	\$ 4,831,815
2022	\$ 288,353	\$ 377,512	\$ 3,742,142
2021	\$ 262,959	\$ 316,432	\$ 3,268,540

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.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (Continued)

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

As of June 30, 2023, the Town of Bar Harbor reported a net pension liability of \$168,107 for the SET Plan and a net pension (asset)/liability of 1,362,151 for the PLD Plan. The net pension (asset)/liability was measured as of June 30, 2022, and the total pension (asset)/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 (asset)/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, 2022, the Town of Bar Harbor's proportion of contributions was .011321% for the SET Plan and .512405% for the PLD Plan, which was a decrease of .006499% and an increase of .026756% respectively from its proportion measured at June 30, 2021.

For the fiscal year ended June 30, 2023, the Town of Bar Harbor recognized pension expense/(credit) of \$199,352 for the SET Plan and \$420,187 for the PLD plan for a total of \$619,539. At June 30, 2023, 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	8,375	-
Changes in Assumption	32,642	-
Net Difference between projected and actual earnings on pension plan investments	-	33,109
Changes in proportion and differences between employer contributions and proportionate share of contributions	55,257	75,220
Employer contributions made subsequent to measurement date	175,089	
	<u>271,363</u>	<u>108,329</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	253,147	-
Changes in Assumption	276,469	-
Net Difference between projected and actual earnings on pension plan investments	-	571,703
Changes in proportion and differences between employer contributions and proportionate share of contributions	49,832	10,930
Employer contributions made subsequent to measurement date	525,586	
	<u>1,105,034</u>	<u>582,633</u>
Totals	<u>1,376,397</u>	<u>690,962</u>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (Continued)

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

<i>Year Ended June 30,</i>	<i>SET Plan</i>	<i>PLD Plan</i>
2023	227,229	711,323
2024	(36,540)	(102,271)
2025	(43,270)	(355,173)
2026	15,616	268,522

Actuarial Assumptions

The collective total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u><i>SET Plan</i></u>	<u><i>PLD Plan</i></u>
Inflation	2.75%	2.75%
Investment Rate of Return:	6.50% per annum, compounded annually	6.50% per annum, compounded annually
Annual Salary Increases, Including Inflation	2.80% - 13.03%	2.75% - 11.48 %
Cost of Living Benefit Increases	2.20% per annum for Teachers	1.91% per annum
Mortality Rates	Based on the 2010 Public Plan Teacher Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.	Based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.

The actuarial assumptions used in the June 30, 2022 valuation were based on the Entry Age Normal actuarial funding method. 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 in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equities	6.0%
US Government	2.3%
Private Equity	7.6%
Real Assets:	
Real Estate	5.2%
Infrastructure	5.3%
Natural Resources	5.0%
Traditional Credit	3.2%
Alternative Credit	7.4%
Diversifiers	5.9%

Discount Rate

The discount rate used to measure the total pension liability was 6.50% for the SET Plan and 6.50% 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 6.50% for the SET Plan and 6.50% 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, 2023

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (Continued)

SET Plan:	<u>1% Decrease █ (5.50%)</u>	<u>Current Discount Rate (6.50%)</u>	<u>1% Increase █ (7.50%)</u>
Proportionate Share of the Net Pension Liability	\$ 329,193	\$ 168,107	\$ 33,986
 PLD Plan:	 <u>1% Decrease █ (5.50%)</u>	 <u>Current Discount Rate (6.50%)</u>	 <u>1% Increase █ (7.50%)</u>
Proportionate Share of the Net Pension Liability	\$ 4,024,182	\$ 1,362,151	\$ (838,112)

Pension Plan Financial and Actuarial Information

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

E. Risk Management

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

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

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

Based on the coverage provided by the pools described above, the town is not aware of any material actual or potential claim liabilities, which should be recorded at June 30, 2023.

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, 2023

NOTE 4 - OTHER INFORMATION (Continued)

F. Other Postemployment Benefits (OPEB)-MPERS Retiree 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, 2022 there were 228 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, 2022, there were 139 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, 2023, the Town of Bar Harbor reported a net OPEB liability of \$34,562 for the PLD Plan. The net OPEB liability was measured as of June 30, 2022, 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, 2022, the Town of Bar Harbor's proportion of contributions was .238638% for the PLD Plan, which was a decrease of .008074% from its proportion measured at June 30, 2021.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4 - OTHER INFORMATION (Continued)

F. Other Postemployment Benefits (OPEB)-MPERS Retiree 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, 2023, the Town of Bar Harbor recognized OPEB expense/(credit) of (\$2,452) for the PLD Plan. At June 30, 2023, 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	1,681	306
Changes of Assumptions	2,874	10,792
Difference between projected and actual Investment		
Earnings on OPEB Plan Investments	2,988	-
Changes in proportion and differences between employer premiums and proportionate share of premiums	937	2,249
	<u>8,480</u>	<u>13,347</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>
2023	(1,747)
2024	(2,492)
2025	(2,765)
2026	2,249
2027	142
Thereafter	(253)

Actuarial Methods and Assumptions

The collective total OPEB liability for the plans was determined by an actuarial valuation as of June 30, 2022, 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, 2023

NOTE 4 - OTHER INFORMATION (Continued)

F. Other Postemployment Benefits (OPEB)-MPERS Retiree 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, 2022, there were 15 years remaining in the amortization schedule for the SET Plan and 8 years remaining for the PLD Plan. The actuarial assumptions used in the June 30, 2022 actuarial valuation was based on the results of an actuarial experience study conducted for the period of June 30, 2015 to June 30, 2020.

Significant Actuarial Assumptions

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2022 are as follows:

	<u>SET Plan</u>	<u>PLD Plan</u>
Investment Rate of Return:	6.50% per annum, compounded annually	6.50% per annum, compounded annually
Inflation	2.75%	2.75%
Annual Salary Increases, Including Inflation	2.80% - 13.03%	2.75% - 11.48 %
Participation Rate for future retirees	100% of those currently enrolled	100% of those currently enrolled
Mortality Rates	Based on the 2010 Public Plan Teacher Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.	Based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.
Conversion Charges	Apply to the cost of active group life insurance, not retiree group life insurance.	Apply to the cost of active group life insurance, not retiree group life insurance.
Form of Benefit Payment	Lump Sum	Lump Sum

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, 2022 are summarized in the following table:

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4 - OTHER INFORMATION (Continued)

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

Actuarial Methods and Assumptions (continued)

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equities	6.0%
Real Estate	5.2%
Traditional Credit	3.0%
US Government	2.3%

Discount Rate

The discount rate used to measure the collective total OPEB liability was 6.50% for 2022 for the Plans. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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 6.50% 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:

	<u>1% Decrease (5.50%)</u>	<u>Current Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Proportionate Share of the Net OPEB Liability	\$ 46,909	\$ 34,562	\$ 24,649

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4 - OTHER INFORMATION (Continued)

F. Other Postemployment Benefits (OPEB)-MPERS Retiree 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>
2022	\$10,870	\$9,690	\$91,200

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, 2023

NOTE 4 - OTHER INFORMATION (Continued)

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

Employees covered by benefit terms:

At June 30, 2023, the following employees were covered under the benefit terms:

Active employees	43
Average age	43.80
Average service	8.40
Retirees Under 65	1
Average Age	56.36
Retirees Over 65	1
Average Age	70.82
Spouses Under 65	0
Average Age	N/A
Spouses Over 65	1
Average Age	70.37

Net OPEB Liability

The Town’s net OPEB liability was measured as of January 1, 2023, 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, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.72% 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 2023_f1 was used for this valuation. The following assumptions were input into this model:

Trend Assumption Inputs

Variable	Rate
Rate of Inflation	3.00%
Rate of Growth in Real Income/GDP per capita 2032+	1.50%
Extra Trend due to Taste/Technology 2032+	0.80%
Expected Health Share of GDP 2032	19.80%
Health Share of GDP Resistance Point	19.00%
Year for Limiting Cost Growth to GDP Growth	2043

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.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4 - OTHER INFORMATION (Continued)

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

Actuarial assumptions (continued)

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

Healthy Annuitant:

Rates of mortality are based on 112.1% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females. The proposed rates are projected generationally using the RPEC_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95, and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC_2020 model are those included in the published MP-2020 scale. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

Active Employees:

Rates of mortality are based on 83.5% and 88.6% of the 2010 Public Plan General Benefits- Weighted Employee Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC_2020 model as described in the healthy annuitant mortality. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

The actuarial assumptions are the assumptions that were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2021 and based on the experience study covering the period from June 30, 2016 through June 30, 2020.

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 through June 30, 2021 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, 2022 is based upon an earlier measurement date, as of December 31, 2021 and is 2.06% per annum. The discount rate as of June 30, 2023 is based upon an earlier measurement date, as of December 29, 2022 and is 3.72% 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, 2023

NOTE 4 - OTHER INFORMATION (Continued)

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

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Plan		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a)-(b)
Balances at 6/30/22	456,250	-	456,250
Changes for the year:			-
Service Cost	24,811		24,811
Interest	9,847		9,847
Changes of benefits	-		-
Differences between expected and actual experience	-		-
Changes of assumptions	(55,135)		(55,135)
Contributions - employer		6,103	(6,103)
Contributions - member			-
Net investment income			-
Benefit payments	(6,103)	(6,103)	-
Administrative expense			-
Net Change	(26,580)	-	(26,580)
Balances at 6/30/23	429,670	-	429,670

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 (2.72%) or 1 percentage point higher (4.72%) than the current discount rate:

	<u>1% Decrease</u> <u>(2.72%)</u>	<u>Current Discount</u> <u>Rate (3.72%)</u>	<u>1% Increase</u> <u>(4.72%)</u>
Net OPEB liability (asset)	\$ 506,555	\$ 429,670	\$ 367,994

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:

	<u>1% Decrease</u>	<u>Healthcare</u> <u>Trend Rates</u>	<u>1% Increase</u>
Net OPEB liability (asset)	\$ 506,555	\$ 429,670	\$ 367,994

A 1% decrease in the healthcare trend rate decreases the TOL by approximately 16.5%. A 1% increase in the healthcare trend rate increases the TOL by approximately 21.5%.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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 10 years.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	7,774	133,340
Changes in Assumption	101,498	69,037
Net Difference between projected between projected and actual earnings on pension plan investments	-	
	<u>109,272</u>	<u>202,377</u>

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

2024	(3,670)
2025	(3,670)
2026	(3,676)
2027	(12,232)
2028	(7,509)
Thereafter	(62,348)

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

Plan Description

The MEA Benefits Trust (MEABT) is a single employer OPEB plan and 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, 2023

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.

Cost Sharing Provisions

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

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

Funding Policy

Since the plan is pay as you go and is not funded, the discount rate will be based on a 20-year, tax-exempt general obligation municipal bond index. Using the Bond Buyer 20-Bond GO Index, the discount rate as of June 30, 2021 is 2.16% per annum. The discount rate as of June 30, 2022 is 3.54% 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.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4 - OTHER INFORMATION (Continued)

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

Member Data, Actuarial Methods and Assumptions

Membership Information:

Active Count	60
Active Average Age	49.45
Active Average Service	13.94

Inactive Membership Information:

Members Enrolled in Non-Medicare (NME) Health Insurance

Retirees Under 65	2	Spouses Under 65	1
Average Age	63.00	Average Age	62.00
Retirees Over 65	1	Spouses Over 65	-
Average Age	65.00	Average Age	N/A
Total Retirees	3	Total Spouses	1
Total Average Age	63.67	Total Average Age	62.00

Members Enrolled in Medicare Advantage (MAPD) Health Insurance

Count	28	Spouses Count	6
Average Age	76.04	Average Age	79

Total Retirees

Count	31
Average Age	74.84

Total Spouses

Count	7
Average Age	76.57

Actuarial Assumptions

The collective total OPEB liability for the plan was determined by an actuarial valuation with a measurement date of June 30, 2022, using the following methods and assumptions, applied to all periods included in the measurement:

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, 2020. 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, 2023

NOTE 4 - OTHER INFORMATION (Continued)

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

This report does not reflect future changes in benefits, subsidies, penalties, taxes, or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 related legislation and regulations. The potential impact of changes in Medicare from the Inflation Reduction Act has not been reflected in this valuation.

Changes Since Last Valuation:

This report reflects updated census, economic, and health cost assumptions as listed and described above.

Significant Actuarial Assumptions

Discount Rate:	3.54% per annum for yearend 2022 reporting 2.16% per annum for yearend 2021 reporting
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:	Health care trend assumptions used were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model version 2023_f. The following assumptions were applied in this model as below:
Rate of Inflation	2.70%
Rate of Growth in Real Income/GDP per capita 2032+	1.40%
Extra Trend due to Taste/Technology 2032+	0.80%
Expected Health Share of GDP 2032	19.80%
Health Share of GDP Resistance Point	19.00%
Year for Limiting Cost Growth to GDP Growth	2042
<i>Pre-Medicare:</i>	
Initial trend of 7.95% applied in FYE 2023 grading over 19 years to 4.00% pre annum	
<i>Medicare:</i>	
Initial trend of 0.00% applied to FYE 2023 and 5.62% applied in FYE 2024 grading over 18 years to 4.29% per annum	

Rate of Mortality:	Healthy Annuitants: Based on the 2010 Public Plan Teacher Benefits Weighted Healthy Retiree Mortality Table adjusted as follows: <ul style="list-style-type: none"> • 98.1% and 87.5% respectively of the rates for males before age 85 and females before age 80 • 106.4% and 122.3% respectively of the rates for males on and after age 85 and females on and after age 80
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TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4 - OTHER INFORMATION (Continued)

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

Discount Rate

The discount rate used to measure the total OPEB liability was 3.54%. 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:

Sensitivity of Net OPEB Liability to Changes in Discount Rate

	<i>1% Decrease</i> █ (2.54%)	<i>Current Discount</i> Rate (3.54%)	<i>1% Increase</i> █ (4.54%)
Total OPEB Liability	\$ 895,746	\$ 763,765	\$ 656,611
Plan Fiduciary Net Position	0	0	0
Net OPEB Liability	<u>\$ 895,746</u>	<u>\$ 763,765</u>	<u>\$ 656,611</u>

A 1% decrease in the discount rate increases the Net OPEB Liability by approximately 17.3%. A 1% increase in the discount rate decreases the Net OPEB Liability by approximately 14.0%.

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:

Sensitivity of Net OPEB Liability to Changes in Healthcare Cost Trend Rates

	<i>1% Decrease</i>	<i>Healthcare Cost</i> <i>Trend Rates</i>	<i>1% Increase</i>
Total OPEB Liability	\$ 646,480	\$ 763,765	\$ 911,090
Plan Fiduciary Net Position	0	0	0
Net OPEB Liability	<u>\$ 646,480</u>	<u>\$ 763,765</u>	<u>\$ 911,090</u>

A 1% decrease in the healthcare trend rates decreases the Net OPEB Liability by approximately 15.4%. A 1% increase in the healthcare trend rate increases the Net OPEB Liability by approximately 19.3%.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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	\$ 18,036		\$ 18,036
Interest	\$ 20,392		\$ 20,392
Changes of benefits	\$ -		\$ -
Differences between expected and actual experience	\$ (132,709)		\$ (132,709)
Changes of assumptions	\$ (58,314)		\$ (58,314)
Contributions - employer		\$ 19,253	\$ (19,253)
Contributions - member			\$ -
Net investment income			\$ -
Benefit payments	\$ (19,253)	\$ (19,253)	\$ -
Administrative expense	\$ -		\$ -
Net change in total OPEB liability	\$ (171,848)	\$ -	\$ (171,848)
Net OPEB liability beginning	\$ 935,613	\$ -	\$ 935,613
Net OPEB liability ending	<u>\$ 763,765</u>	<u>\$ -</u>	<u>\$ 763,765</u>

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

For the year ended June 30, 2023, Bar Harbor School Department recognized OPEB expense of \$27,175. At June 30, 2023, 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:

	<u><i>Deferred Outflows</i></u>	<u><i>Deferred Inflows</i></u>
Differences between expected and actual experience	\$ 44,726	\$ 110,591
Changes in Assumptions	\$ 29,345	\$ 55,006
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$ -
Total	<u>\$ 74,071</u>	<u>\$ 165,597</u>

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

Year ended June 30,:	
2023	\$ (11,255)
2024	\$ (4,844)
2025	\$ (13,026)
2026	\$ (30,563)
2027	\$ (31,838)
Thereafter	\$ -

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, 2023

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes	21,092,552	21,092,552	21,247,386	154,834
Intergovernmental Revenues	891,228	891,228	782,503	(108,725)
Departmental Revenues	1,500,445	1,500,445	1,801,539	301,094
Other Local Sources	351,499	351,499	666,883	315,384
Total Revenues	23,835,724	23,835,724	24,498,311	662,587
Expenditures				
General Government	4,273,610	4,168,335	4,315,329	(146,994)
Public Safety	3,946,661	4,004,536	4,095,564	(91,028)
Health and Welfare	245,369	245,369	237,306	8,063
Parks and Recreation	481,899	481,899	477,893	4,006
Island Explorer Shuttle Bus	13,500	13,500	5,000	8,500
Roads and Sanitation	2,487,986	2,535,386	2,774,594	(239,208)
Assessments	4,670,328	4,670,328	4,597,657	72,671
Total Expenditures	16,119,353	16,119,353	16,503,343	(383,990)
Excess Revenues Over Expenditures	7,716,371	7,716,371	7,994,968	278,597
Other Financing Sources				
Transfers In	633,521	633,521	632,172	(1,349)
Transfers Out	(8,761,392)	(8,761,392)	(8,761,392)	-
Total Other Financing Sources	(8,127,871)	(8,127,871)	(8,129,220)	(1,349)
Net Change in Fund Balance	(411,500)	(411,500)	(134,252)	277,248
Beginning Fund Balance - Unassigned			2,675,738	
(Increase) Decrease in Assigned Fund Balances			(64,500)	
Ending Fund Balance - Unassigned			2,476,986	

Reconciliation to Exhibit C:

Unassigned Fund Balance per above	2,476,986
Encumbrances	198,315
Reserve for Working Capital	2,412,500
Reserve for Insurance	500,000
Reserved for Fiber Lease	50,000
School Department	1,035,512
Cruise Ship Fund	1,667,983
Parking Meter Fund	706,194
Total Fund Balance Exhibit C	9,047,490

Reconciliation to Exhibit D:

Total Revenues per above	24,498,311
Dog Control Reserve	1,988
Shellfish Conservation Reserve	2,610
School Department	2,635,669
Cruise Ship Fund	1,278,060
Parking Meter Fund	2,062,880
Total General Fund Revenues per Exhibit D:	30,479,518

Reconciliation to Exhibit D:

Total Expenditures per above	16,503,343
Encumbrances	(31,095)
Dog Control Reserve	455
School Department	9,172,673
Cruise Ship Fund	205,776
Parking Meter Fund	557,085
Total General Fund Expenditures per Exhibit D:	26,408,237

TOWN OF BAR HARBOR
REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN SCHEDULES - LAST 10 FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2023

Exhibit 1
Page 1 of 3

Schedule 1 - Proportionate Share of the Net Pension Liability:

	Town Portion:								
	Participating Local Districts Plan								
	<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>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>	<i>Year Ended</i>	<i>Year Ended</i>	<i>Year Ended</i>
	<i>June 30, 2023</i>	<i>June 30, 2022</i>	<i>June 30, 2021</i>	<i>June 30, 2020</i>	<i>June 30, 2019</i>	<i>June 30, 2018</i>	<i>June 30, 2017</i>	<i>June 30, 2016</i>	<i>June 30, 2015</i>
Proportion of net pension (asset)/liability	0.512405%	0.485649%	0.494965%	0.473264%	0.464860%	0.477711%	0.459644%	0.445634%	0.443395%
Proportionate share of net pension (asset)/liability	\$1,277,289	(\$148,843)	\$1,846,604	\$1,365,730	\$1,193,594	\$1,830,356	\$2,297,894	\$1,339,178	\$633,175
Covered employee payroll	\$4,831,815	\$3,742,142	\$3,268,541	\$3,114,383	\$2,911,360	\$2,671,400	\$2,636,895	\$2,356,080	\$2,364,202
Proportionate share of the net pension (asset)/liability as a percentage of its covered employee payroll	26.43%	-3.98%	56.50%	43.85%	41.00%	68.52%	87.14%	56.84%	26.78%
Plan Total Pension (Asset)/Liability	\$3,943,572,890	\$3,719,016,414	\$3,409,741,367	\$3,258,819,605	\$3,089,857,220	\$3,016,660,721	\$2,889,740,634	\$2,720,936,009	\$2,609,657,845
Plan Fiduciary Net Position	<u>\$3,677,737,551</u>	<u>\$3,751,152,623</u>	<u>\$3,012,428,367</u>	<u>\$2,953,156,096</u>	<u>\$2,816,179,855</u>	<u>\$2,607,223,644</u>	<u>\$2,358,409,925</u>	<u>\$2,401,889,308</u>	<u>\$2,455,776,671</u>
Plan Net Pension (Asset)/Liability	<u>\$265,835,339</u>	<u>(\$32,136,209)</u>	<u>\$397,313,000</u>	<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 (Asset)/Liability	93.259%	100.864%	88.348%	90.620%	91.143%	86.427%	81.613%	88.274%	94.103%
Plan Covered Employee Payroll	\$744,218,538	\$646,287,594	\$641,523,784	\$593,884,355	\$561,126,768	\$542,572,528	\$521,870,235	\$497,616,846	\$460,029,637
Plan Net Pension (Asset)/Liability as a % Of the Covered Employee Payroll	35.720%	-4.972%	61.933%	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 Contributions:

	Town Portion:								
	Participating Local Districts Plan								
	<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>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>	<i>Year Ended</i>	<i>Year Ended</i>	<i>Year Ended</i>
	<i>June 30, 2023</i>	<i>June 30, 2022</i>	<i>June 30, 2021</i>	<i>June 30, 2020</i>	<i>June 30, 2019</i>	<i>June 30, 2018</i>	<i>June 30, 2017</i>	<i>June 30, 2016</i>	<i>June 30, 2015</i>
Contractually required contribution	\$494,488	\$377,512	\$316,432	\$296,904	\$274,535	\$241,823	\$229,599	\$192,895	\$176,184
Contribution in relation to the contractually required contribution	<u>(\$494,488)</u>	<u>(\$377,512)</u>	<u>(\$316,432)</u>	<u>(\$296,904)</u>	<u>(\$274,535)</u>	<u>(\$241,823)</u>	<u>(\$229,599)</u>	<u>(\$192,895)</u>	<u>(\$176,184)</u>
Contribution deficiency	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered employee payroll	\$4,831,815	\$3,742,142	\$3,268,541	\$3,114,383	\$2,911,360	\$2,671,400	\$2,636,895	\$2,356,080	\$2,364,202
Contributions as a percentage of covered employee payroll	10.23%	10.09%	9.68%	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, 2023

Schedule 1 - Proportionate Share of the Net Pension Liability:

	School Portion:								
	Participating Local Districts Plan								
	<i>For the Fiscal Year Ended June 30, 2023</i>	<i>For the Fiscal Year Ended June 30, 2022</i>	<i>For the Fiscal Year Ended June 30, 2021</i>	<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 (asset)/liability	0.512405%	0.485649%	0.494965%	0.473264%	0.464860%	0.477711%	0.459644%	0.445634%	0.443395%
Proportionate share of net pension (asset)/liability	\$84,862	(\$7,226)	\$119,960	\$80,865	\$78,623	\$125,570	\$144,336	\$82,606	\$49,126
Covered employee payroll	\$304,883	\$248,497	\$158,564	\$202,436	\$172,345	\$176,002	\$180,888	\$148,102	\$145,894
Proportionate share of the net pension (asset)/liability as a percentage of its covered employee payroll	27.83%	-2.91%	75.65%	39.95%	45.62%	71.35%	79.79%	55.78%	33.67%
Plan Total Pension (Asset)/Liability	\$3,943,572,890	\$3,719,016,414	\$3,409,741,367	\$3,258,819,605	\$3,089,857,220	\$3,016,660,721	\$2,889,740,634	\$2,720,936,009	\$2,609,657,845
Plan Fiduciary Net Position	<u>\$3,677,737,551</u>	<u>\$3,751,152,623</u>	<u>\$3,012,428,367</u>	<u>\$2,953,156,096</u>	<u>\$2,816,179,855</u>	<u>\$2,607,223,644</u>	<u>\$2,358,409,925</u>	<u>\$2,401,889,308</u>	<u>\$2,455,776,671</u>
Plan Net Pension (Asset)/Liability	<u>\$265,835,339</u>	<u>(\$32,136,209)</u>	<u>\$397,313,000</u>	<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 (Asset)/Liability	93.259%	100.864%	88.348%	90.620%	91.143%	86.427%	81.613%	88.274%	94.103%
Plan Covered Employee Payroll	\$744,218,538	\$646,287,594	\$641,523,784	\$593,884,355	\$561,126,768	\$542,572,528	\$521,870,235	\$497,616,846	\$460,029,637
Plan Net Pension (Asset)/Liability as a % Of the Covered Employee Payroll	35.720%	-4.972%	61.933%	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 Contributions:

	School Portion:								
	Participating Local Districts Plan								
	<i>For the Fiscal Year Ended June 30, 2023</i>	<i>For the Fiscal Year Ended June 30, 2022</i>	<i>For the Fiscal Year Ended June 30, 2021</i>	<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	\$31,098	\$25,595	\$16,015	\$20,244	\$17,234	\$16,896	\$17,184	\$13,181	\$11,380
Contribution in relation to the contractually required contribution	<u>(\$31,098)</u>	<u>(\$25,595)</u>	<u>(\$16,015)</u>	<u>(\$20,244)</u>	<u>(\$17,234)</u>	<u>(\$16,896)</u>	<u>(\$17,184)</u>	<u>(\$13,181)</u>	<u>(\$11,380)</u>
Contribution deficiency	<u>\$0</u>								
Covered employee payroll	\$304,883	\$248,497	\$158,564	\$202,436	\$172,345	\$176,002	\$180,888	\$148,102	\$145,894
Contributions as a percentage of covered employee payroll	10.20%	10.30%	10.10%	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, 2023

Exhibit I
Page 3 of 3

Schedule 1 - Proportionate Share of the Net Pension Liability:

	School Portion:								
	State Employees and Teachers Plan								
	<i>For the Fiscal Year Ended June 30, 2023</i>	<i>For the Fiscal Year Ended June 30, 2022</i>	<i>For the Fiscal Year Ended June 30, 2021</i>	<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 (asset)/liability	0.011321%	0.017820%	0.007104%	0.007380%	0.006941%	0.007103%	0.007829%	0.007559%	0.00647%
Proportionate share of net pension (asset)/liability	\$168,107	\$150,726	\$115,955	\$108,182	\$93,651	\$103,174	\$138,312	\$102,069	\$69,897
Covered employee payroll	\$3,884,673	\$3,638,450	\$3,463,083	\$3,347,026	\$3,101,296	\$3,009,410	\$3,047,399	\$2,998,911	\$2,939,456
Proportionate share of the net pension (asset)/liability as a percentage of its covered employee payroll	4.33%	4.14%	3.35%	3.23%	3.02%	3.43%	4.54%	3.40%	2.38%
Plan Total Pension (Asset)/Liability	\$16,981,792,082	\$16,392,351,328	\$14,865,460,130	\$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>\$14,568,691,334</u>	<u>\$14,900,644,020</u>	<u>\$12,044,916,279</u>	<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 (Asset)/Liability	<u>\$2,413,100,748</u>	<u>\$1,491,707,308</u>	<u>\$2,820,543,851</u>	<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 (Asset)/Liability	85.790%	90.900%	81.026%	82.734%	82.902%	80.781%	76.208%	81.182%	83.908%
Plan Covered Employee Payroll	\$2,221,410,193	\$2,096,365,332	\$2,003,075,813	\$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 (Asset)/Liability as a % Of the Covered Employee Payroll	108.629%	71.157%	140.811%	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, 2023</i>	<i>For the Fiscal Year Ended June 30, 2022</i>	<i>For the Fiscal Year Ended June 30, 2021</i>	<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	\$175,089	\$164,220	\$179,323	\$152,718	\$133,916	\$129,379	\$111,547	\$110,512	\$90,466
Contribution in relation to the contractually required contribution	<u>(\$175,089)</u>	<u>(\$164,220)</u>	<u>(\$179,323)</u>	<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>								
Covered employee payroll	\$3,884,673	\$3,638,450	\$3,463,083	\$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	4.51%	4.51%	5.18%	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.

**BAR HARBOR SCHOOL DEPARTMENT
NOTES TO HISTORICAL PENSION INFORMATION
MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2022, 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 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 recognizes in a given year one-third of the investment return that is different from the actuarial assumption for investment return.

C. Amortization

The IUAL of the SET Plan is amortized on a level percentage of payroll 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. The net pension liability of the PLD Consolidated Plan is amortized on a level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gain or loss for that year.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2021 are as follows:

Inflation	2.75%
Salary Increases	2.75%-11.48% at selected years of service
Investment Rate of Return	6.50%, net of administrative and pension plan investment expense
Cost of Living Benefit Increases	1.91%

For the School Department employees, the mortality rate is Based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.

REQUIRED SUPPLEMENTARY INFORMATION

OPEB SCHEDULES - LAST 10 FISCAL YEARS - MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

FOR THE YEAR ENDED JUNE 30, 2023

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

	For the Fiscal Year Ended 6/30/2023	For the Fiscal Year Ended 6/30/2022	For the Fiscal Year Ended 6/30/2021	For the Fiscal Year Ended 6/30/2020	For the Fiscal Year Ended 6/30/2019	For the Fiscal Year Ended 6/30/2018
Total OPEB Liability						
Service Cost (BOY)	24,811	31,086	26,862	18,078	20,421	11,534
Interest (includes interest on service cost)	9,847	11,912	13,558	17,679	15,376	12,926
Changes of benefit terms	-	-	-	(9,814)	-	-
Differences between expected and actual experience	-	(133,724)	-	(43,074)	-	23,326
Changes in assumptions	(55,135)	21,283	32,386	80,249	(42,559)	151,326
Benefit payments, including refunds of member contributions	(6,103)	(10,147)	(9,757)	(6,811)	(6,549)	(4,295)
Net Change in total OPEB liability	(26,580)	(79,590)	63,049	56,307	(13,311)	194,817
Total OPEB liability - beginning	456,250	535,840	472,791	416,484	429,795	234,978
Total OPEB liability - ending	429,670	456,250	535,840	472,791	416,484	429,795
Plan fiduciary net position						
Contributions - employer	6,103	10,147	9,757	6,811	6,549	4,295
Contributions - member	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(6,103)	(10,147)	(9,757)	(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	429,670	456,250	535,840	472,791	416,484	429,795
Plan Fiduciary Net Position as a % Of the Total OPEB Liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Covered Employee Payroll	2,541,069	2,541,069	2,337,524	2,337,524	2,464,237	2,464,237
Net OPEB Liability as a % Of the Covered Employee Payroll	16.9%	18.0%	22.9%	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:

	For the Fiscal Year Ended 6/30/2023	For the Fiscal Year Ended 6/30/2022	For the Fiscal Year Ended 6/30/2021	For the Fiscal Year Ended 6/30/2020	For the Fiscal Year Ended 6/30/2019	For the Fiscal Year Ended 6/30/2018
Contractually required contribution	6,103	10,147	9,757	6,811	6,549	4,295
Contribution in relation to the contractually required contribution	(6,103)	(10,147)	(9,757)	(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, 2023**

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

The total OPEB liability in the January 1, 2023 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 2.06% to 3.72% per GASB 75 discount rate selection. In addition, ultimate medical trends were aligned to the higher inflation environment for the roll forward as of this measurement date.

Net OPEB Liability

The City’s net OPEB liability was measured as of January 1, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

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 2023_f1 was used for this valuation. The following assumptions were input into this model:

<i>Trend Assumption Inputs</i>	
Variable	Rate
Rate of Inflation	3.00%
Rate of Growth in Real Income/GDP per capita 2032+	1.50%
Extra Trend due to Taste/Technology 2032+	0.80%
Expected Health Share of GDP 2032	19.80%
Health Share of GDP Resistance Point	19.00%
Year for Limiting Cost Growth to GDP Growth	2043

For medical and pharmacy, historical claims and census records assembled and provided by Maine Municipal through June 30, 2021 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.

Healthy Annuitant:

Rates of mortality are based on 112.1% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females. The proposed rates are projected generationally using the RPEC_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95, and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC_2020 model are those included in the published MP-2020 scale. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

Active Employees:

Rates of mortality are based on 83.5% and 88.6% of the 2010 Public Plan General Benefits- Weighted Employee Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC_2020 model as described in the healthy annuitant mortality. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

OPEB SCHEDULES - LAST 10 FISCAL YEARS - MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

FOR THE YEAR ENDED JUNE 30, 2023

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

	For the Fiscal Year Ended 6/30/2023	For the Fiscal Year Ended 6/30/2022	For the Fiscal Year Ended 6/30/2021	For the Fiscal Year Ended 6/30/2020	For the Fiscal Year Ended 6/30/2019	For the Fiscal Year Ended 6/30/2018
Total OPEB Liability						
Service Cost (BOY)	736	764	1,273	1,168	1,087	1,616
Interest (includes interest on service cost)	5,064	4,841	4,732	4,382	4,190	4,214
Changes of benefit terms	(2,546)	894	183	(2,329)	(4,822)	-
Differences between expected and actual experience	(357)	-	1,772	-	5,023	-
Changes in assumptions	-	2,236	(22,042)	2,137	3,816	(14,577)
Benefit payments, including refunds of member contributions	(2,359)	(3,019)	(3,873)	(3,781)	(3,758)	(3,636)
Net Change in total OPEB liability	539	5,716	(17,955)	1,577	5,536	(12,383)
Total OPEB liability - beginning	77,791	72,075	90,030	88,453	82,917	95,300
Total OPEB liability - ending	78,330	77,791	72,075	90,030	88,453	82,917
Plan fiduciary net position						
Contributions - employer	3,049	2,927	2,746	2,631	2,626	2,704
Contributions - member	(1,712)	495	749	(1,024)	(2,286)	-
Net investment income	(7,234)	12,305	1,834	2,481	3,274	4,533
Benefit payments, including refunds of member contributions	(2,359)	(3,019)	(3,873)	(3,781)	(3,758)	(3,636)
Administrative expense	(297)	(315)	(401)	(286)	(328)	(623)
Net change in plan fiduciary net position	(8,553)	12,394	1,055	21	(471)	2,979
Plan fiduciary net position - beginning	52,321	39,927	38,872	38,851	39,322	36,344
Plan fiduciary net position - ending	43,768	52,321	39,927	38,872	38,851	39,322
Net OPEB liability - ending	34,562	25,471	32,148	51,158	49,603	43,594
Plan Fiduciary Net Position as a % Of the Total OPEB Liability	55.88%	67.26%	55.40%	43.18%	43.92%	47.42%
Covered Employee Payroll	718,395	739,562	710,949	678,718	678,417	679,282
Net OPEB Liability as a % Of the Covered Employee Payroll	4.81%	3.44%	4.52%	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:

	For the Fiscal Year Ended 6/30/2023	For the Fiscal Year Ended 6/30/2022	For the Fiscal Year Ended 6/30/2021	For the Fiscal Year Ended 6/30/2020	For the Fiscal Year Ended 6/30/2019	For the Fiscal Year Ended 6/30/2018
Contractually required contribution	3,049	2,927	2,746	2,631	2,626	2,989
Contribution in relation to the contractually required contribution	(3,049)	(2,927)	(2,746)	(2,631)	(2,626)	(2,704)
Contribution deficiency	-	-	-	-	-	285
Covered employee payroll	718,395	739,562	710,949	678,718	678,417	679,282
Contributions as a percentage of covered employee payroll	0.42%	0.40%	0.39%	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, 2023

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, 2022, using the following methods and assumptions, applied to all periods included in the measurement:

Benefit Changes

The plans provided are those described including the newly introduced Medicare Advantage Plan, effective July 1, 2020.

Changes of Assumptions

The report reflects updated census, demographic and economic assumptions.

Net OPEB Liability

The Town’s net OPEB liability was measured as of June 30, 2022, 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 Normal
Amortization method	Level Percentage of Payroll over a 30-year period on a closed basis
Amortization period	8 years
Discount Rate	6.50%
Salary Increase Rate	2.75% - 11.48%
Administration and claims expense	3% per annum
Retirement Age	65
Inflation Rate	2.75%
Form of Benefit Payment	Lump Sum

Rates of mortality – 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 RP2020 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.

TOWN OF BAR HARBOR
REQUIRED SUPPLEMENTARY INFORMATION
OPEB SCHEDULES SCHOOL DEPARTMENT MEA BENEFITS TRUST- LAST 10 FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2023

Exhibit L

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

	<i>For the Fiscal Year Ended June 30, 2023</i>	<i>For the Fiscal Year Ended June 30, 2022</i>	<i>For the Fiscal Year Ended June 30, 2021</i>	<i>For the Fiscal Year Ended June 30, 2020</i>	<i>For the Fiscal Year Ended June 30, 2019</i>
Total OPEB Liability					
Service Cost (BOY)	\$18,036	\$16,692	\$6,977	\$5,744	\$6,264
Interest (includes interest on service cost)	\$20,392	\$20,169	\$31,590	\$32,795	\$31,450
Changes of benefits	\$0	\$0	(\$119,930)	\$0	\$0
Differences between expected and actual experience	(\$132,709)	\$0	\$89,450	\$0	\$0
Changes in assumptions	(\$58,314)	\$7,639	\$15,758	\$49,116	(\$38,456)
Benefit payments, including refunds of member contributions	(\$19,253)	(\$9,578)	(\$37,161)	(\$30,348)	(\$29,299)
Net Change in total OPEB liability	(\$171,848)	\$34,922	(\$13,316)	\$57,307	(\$30,041)
Total OPEB liability - beginning	\$935,613	\$900,691	\$914,007	\$856,700	\$886,741
Total OPEB liability - ending	\$763,765	\$935,613	\$900,691	\$914,007	\$856,700
Plan fiduciary net position					
Contributions - employer	\$19,253	\$9,578	\$37,161	\$30,348	\$29,299
Contributions - member					
Net investment income					
Benefit payments, including refunds of member contributions	(\$19,253)	(\$9,578)	(\$37,161)	(\$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	\$763,765	\$935,613	\$900,691	\$914,007	\$856,700
Plan Fiduciary Net Position as a % Of the Total OPEB Liability	0.000%	0.000%	0.000%	0.000%	0.000%
Covered Employee Payroll	\$2,877,732	\$3,080,420	\$3,005,288	\$3,161,959	\$3,077,332
Net OPEB Liability as a % Of the Covered Employee Payroll	26.541%	30.373%	29.970%	28.906%	27.839%

Schedule 2 - Schedule of Contributions:

	<i>For the Fiscal Year Ended June 30, 2023</i>	<i>For the Fiscal Year Ended June 30, 2022</i>	<i>For the Fiscal Year Ended June 30, 2021</i>	<i>For the Fiscal Year Ended June 30, 2020</i>	<i>For the Fiscal Year Ended June 30, 2019</i>
Contractually required contribution	\$19,253	\$9,578	\$37,161	\$30,348	\$29,299
Contribution in relation to the contractually required contribution	(\$19,253)	(\$9,578)	(\$37,161)	(\$30,348)	(\$29,299)
Contribution deficiency	\$0	\$0	\$0	\$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, 2023

NOTE 1 – Actuarial Methods and Assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Benefit Changes

Effective July 1, 2022, the MEABT implemented several Plan updates for the MEA Choice Plus, Standard, Standard 500 and Standard 1000 Plans.

Changes of Assumptions

The report reflects updated census, economic and health cost assumptions.

Net OPEB Liability

The School Department’s net OPEB liability was measured as of June 30, 2022, 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, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.54% per annum.
Salary Increase Rate	2.75% per year.
Administration and claims expense	Included in per capita claims cost

Trend assumptions:

Health care trend assumptions used were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model version 2023_1f. The following assumptions were applied in this model as below:

Trend Assumption Inputs	
Variable	Rate
Rate of Inflation	2.70%
Rate of Growth in Real Income/GDP per capita 2032+	1.40%
Extra Trend due to Taste/Technology 2032+	80.00%
Expected Health Share of GDP 2032	19.80%
Health Share of GDP Resistance Point	19.00%
Year of Limiting Cost Growth to GDP Growth	2042

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgments of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group.

TOWN OF BAR HARBOR
NOTES TO OPEB LIABILITY AND CONTRIBUTIONS-MEABT
FOR THE YEAR ENDED JUNE 30, 2023

Pre-Medicare Medical: Initial trend of 7.95% applied in FYE 2023 grading over 19 years to 4.00% per annum.

Medicare Medical: Initial trend of 0% applied in FYE 2023 and 5.62% applied in FYE 2024 grading over 18 years to 4.29% per annum.

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

Healthy Annuitants: based on 2010 Public Plan Teacher Benefits Weighted Healthy Retiree Mortality Table adjusted as follows:

-98.1% and 87.5% respectively of the rates for males before age 85 and females before age 80

-106.4% and 122.3% respectively of the rates for males on and after age 85 and females on and after age 80

Healthy Employees: based on 93.1% and 91.9% of the 2010 Public Plan Teacher Benefits-Weighted Employee Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC_2020 model as described in the healthy annuitant mortality.

Disabled Annuitants: based on 94.2% and 123.8% of the 2010 Public Plan Non-Safety Benefits-Weighted Disabled Retiree Mortality Table, respectively males and females. These rates are generationally projected using the same version of the RPEC_2020 model described in the healthy annuitant mortality.

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2023

Exhibit A-1
Page 1 of 2

	<i>Estimated</i>	<i>Actual</i>	<i>Over(Under)</i> <i>Budget</i>
Taxes			
Property	19,915,552	19,943,074	27,522
Auto Excise	1,100,000	1,251,229	151,229
Boat Excise	16,000	17,282	1,282
Interest/Fees on Taxes	61,000	35,801	(25,199)
	<u>21,092,552</u>	<u>21,247,386</u>	<u>154,834</u>
Intergovernmental Revenues			
State of Maine			
Municipal Revenue Sharing	350,000	514,660	164,660
General Assistance	400	2,943	2,543
Tree Growth	4,400	8,178	3,778
Veterans Reimbursement	2,100	1,432	(668)
Homestead Reimbursement	155,462	167,084	11,622
BETE Reimbursement	43,307	43,415	108
American Rescue Plan Act Funds	293,559	-	(293,559)
Acadia National Park - PILT	42,000	44,791	2,791
	<u>891,228</u>	<u>782,503</u>	<u>(108,725)</u>
Departmental Revenues			
Ambulance/Fire			
Ambulance Service	325,200	305,379	(19,821)
Police			
Police Detail	12,400	8,363	(4,037)
Dispatch Mutual Aid	10,000	-	(10,000)
Mutual Aid Reimbursement	86,298	60,661	(25,637)
All Other	146,400	204,951	58,551
Planning / Code			
Building Permits	105,000	241,735	136,735
Plumbing Permits	20,000	32,420	12,420
Electrical Inspections	30,000	81,176	51,176
Vacation Rental Permits	135,000	156,250	21,250
Septic Permit	7,000	11,434	4,434
Plan Board/Subdivision & Rezoning	6,000	5,607	(393)
Site Plan Review	8,400	16,351	7,951
Parklet Permits	-	2,830	2,830
All Other	4,750	10,699	5,949
Harbor Fees			
Docking	55,000	75,975	20,975
Moorings	10,200	10,044	(156)
All Other	24,050	34,581	10,531
Solid Waste			
Sale of Recyclables	1,000	15,126	14,126
All Other	420	340	(80)
Public Works			
All Other	9,739	14,109	4,370
Parks and Recreation			
Park and Recreation Fees	800	825	25
Fire Department	46,482	44,146	(2,336)

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2023

	<i>Estimated</i>	<i>Actual</i>	<i>Over(Under)</i> <i>Budget</i>
Departmental Revenues (Continued)			
Finance			
Administrative Services	336,866	336,866	-
Auto Registrations	18,500	24,243	5,743
Boat/RV Registrations/Snowmobile Fees	1,770	1,219	(551)
Mutual Aid Human Resource Manager	40,320	30,025	(10,295)
Municipal Building Leases	34,000	45,062	11,062
Town Clerk			
Clerk's Fees	15,350	20,602	5,252
All Other	9,500	10,520	1,020
	<u>1,500,445</u>	<u>1,801,539</u>	<u>301,094</u>
Other Local Sources			
Interest on Investments	62,000	300,144	238,144
Kids Corner Lease	7,000	9,993	2,993
Island Explorer Lease	8,000	8,122	122
Other Rentals	5,100	3,282	(1,818)
Jackson Laboratory - PILT	112,409	115,781	3,372
Housing Authority - PILT	34,790	36,695	1,905
Other - PILT	23,500	24,925	1,425
Cable TV Franchise	90,000	100,419	10,419
Insurance Dividends	8,200	16,954	8,754
Sale of Capital Assets	-	51,695	51,695
All Other	500	(1,127)	(1,627)
	<u>351,499</u>	<u>666,883</u>	<u>315,384</u>
Operating Transfers In			
Cemetery Income	50	58	8
Cruise Ship Fund	238,656	238,656	-
Dog Control Reserve	2,400	1,533	(867)
Parking Fund	389,315	389,315	-
Shellfish Conservation	3,100	2,610	(490)
	<u>633,521</u>	<u>632,172</u>	<u>(1,349)</u>
Total Revenues, Operating Transfers and Other Financing Sources	24,469,245	<u>25,130,483</u>	<u>661,238</u>
Beginning Fund Balance Used	<u>411,500</u>		
Total	<u>24,880,745</u>		

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
FOR THE YEAR ENDED JUNE 30, 2023

Exhibit A-2
Page 1 of 2

	<i>Encumbered</i> <i>From 6/30/22</i>	<i>Appropriations</i>	<i>Expenditures</i> <i>Net of Refund</i>	<i>Encumbered</i> <i>to 6/30/24</i>	<i>(Over)</i> <i>Under</i> <i>Budget</i>
General Government					
Town Council		39,490	46,172		(6,682)
Town Manager		244,400	234,545		9,855
Town Clerk		137,025	139,234		(2,209)
Finance		458,904	432,256		26,648
Legal Counsel		61,750	313,223		(251,473)
Elections		16,777	18,179		(1,402)
Technology	9,950	205,893	208,908		6,935
Municipal Building		91,210	89,064		2,146
Town Offices		47,166	70,018		(22,852)
Employee Benefits		2,055,479	2,000,656		54,823
Insurance		99,500	94,274		5,226
Assessing	3,970	154,389	139,212		19,147
Code Enforcement	800	149,976	146,420		4,356
Planning	26,300	291,876	275,551	34,760	7,865
27th Pay Period		17,000	23,213		(6,213)
Vacation Accruals		27,500	91,286		(63,786)
Contracted Services	20,000	-	11,200		8,800
Climate Change Task Force	20,000	10,000	1,360		28,640
Contingency`	20,000	40,000	18,246		41,754
Abatements/Discount on Taxes		20,000	28,572		(8,572)
	101,020	4,168,335	4,381,589	34,760	(146,994)
Public Safety					
Fire Department	1,500	1,529,034	1,579,635		(49,101)
Public Fire Protection - Hydrants		585,604	585,604		-
Police Department	13,300	1,424,452	1,450,928		(13,176)
Public Safety Building		50,080	54,707		(4,627)
Street Lights		15,370	20,800		(5,430)
Dispatch		284,564	292,988		(8,424)
Harbor Division		115,432	125,702		(10,270)
	14,800	4,004,536	4,110,364	-	(91,028)
Health and Welfare					
General Assistance		2,670	4,405		(1,735)
Cooperating Agencies		75,867	76,036		(169)
Emergency Management/COVID-19		41,900	16,268		25,632
Comfort Station		124,932	140,597		(15,665)
	-	245,369	237,306	-	8,063

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
FOR THE YEAR ENDED JUNE 30, 2023

Exhibit A-2
Page 2 of 2

	<i>Encumbered From 6/30/22</i>	<i>Appropriations</i>	<i>Expenditures Net of Refund</i>	<i>Encumbered to 6/30/24</i>	<i>(Over) Under Budget</i>
Parks and Recreation					
Parks & Recreation		481,899	477,893		4,006
Island Explorer Shuttle Bus	-	13,500	5,000	-	8,500
Roads and Sanitation					
Public Works		420,505	202,006	163,555	54,944
Highway Division	51,400	1,296,811	1,422,199		(73,988)
Solid Waste		818,070	1,038,234		(220,164)
	51,400	2,535,386	2,662,439	163,555	(239,208)
Total Appropriations, Expenditures and Encumbrances	167,220	11,449,025	11,874,591	198,315	(456,661)
Assessments					
Regional School District		3,701,291	3,701,291		-
County Tax		896,366	896,366		-
Overlay		72,671	-		72,671
	-	4,670,328	4,597,657	-	72,671
Operating Transfers Out					
Elementary School		6,782,772	6,782,772		-
Capital Improvements Program		1,978,620	1,978,620		-
	-	8,761,392	8,761,392	-	-
Totals	167,220	24,880,745	25,233,640	198,315	(383,990)

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF CHANGES IN UNASSIGNED FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2023

Exhibit A-3

Unassigned Fund Balance, July 1	2,675,738	
Unassigned Fund Balance, June 30	<u>2,476,986</u>	
Increase (Decrease)		<u><u>(198,752)</u></u>
 <i>Analysis of Change:</i>		
Budget Summary:		
Revenue Surplus	661,238	
Unexpended Balance of Appropriations	(383,990)	
Unexpended Balance (Overdraft) of Assessments and Operating Transfers	<u>-</u>	277,248
(Increase) Decrease in Assigned Fund Balances: Assigned for Working Capital		(64,500)
Fund Balance Used to Fund Appropriations		<u>(411,500)</u>
Increase (Decrease)		<u><u>(198,752)</u></u>

TOWN OF BAR HARBOR
GENERAL RESERVES, COMMITTED FUNDS & SCHOOL DEPARTMENT
COMBINING BALANCE SHEET
JUNE 30, 2023

Exhibit A-4

<i>Assets</i>	<i>School Department</i>	<i>Cruise Ship Fund</i>	<i>Parking Meter Fund</i>	<i>Total</i>
Cash	33,187		2,724,700	2,757,887
Accounts Receivable	1,296	138,440	27,494	167,230
Due from Other Governments	196,292			196,292
Inventory	2,657			2,657
Due from Other Funds (School)	325,820			325,820
Due from Other Funds (Town)	2,259,842	573,718		2,833,560
Total Assets	2,819,094	712,158	2,752,194	6,283,446
 <i>Liabilities & Fund Balances</i>				
<i>Liabilities</i>				
Accounts Payable	190,390	5,964	59,997	256,351
Accrued Salaries Payable	627,952		19,672	647,624
Accrued Compensated Absences			3,704	3,704
Due to Students	6,949			6,949
Due to Other Funds (School)	325,820			325,820
Due to Other Funds (Town)			1,633,309	1,633,309
Total Liabilities	1,151,111	5,964	1,716,682	2,873,757
 <i>Fund Balances</i>				
Non-Spendable	2,657			2,657
Restricted	1,665,326		1,035,512	2,700,838
Assigned		706,194		706,194
Total Fund Balances	1,667,983	706,194	1,035,512	3,409,689
Total Liabilities & Fund Balances	2,819,094	712,158	2,752,194	6,283,446

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, 2023

Exhibit A-5

	<i>Dog Control Reserve</i>	<i>Shellfish Conservation Reserve</i>	<i>School Department (A-6)</i>	<i>Cruise Ship Fund (A-7)</i>	<i>Parking Meter Fund (A-8)</i>	<i>Total</i>
Revenues						
Intergovernmental Revenues			2,553,335			2,553,335
Local Sources			82,334		43,697	126,031
Dog Fees	1,988					1,988
Shellfish Fees/Fines		2,610				2,610
Port Fees				657,428		657,428
Cruise Ship Passenger Fees				620,632		620,632
Parking Fees net of charges					1,986,042	1,986,042
Permit Fees net of charges					33,141	33,141
Total Revenues	1,988	2,610	2,635,669	1,278,060	2,062,880	5,981,207
Expenditures						
Public Safety	455					455
Education			9,172,673			9,172,673
Cruise Ship Operating				205,776		205,776
Parking Meter Operating					557,085	557,085
Total Expenditures	455	-	9,172,673	205,776	557,085	9,935,989
Excess of Revenues Over (Under) Expenditures	1,533	2,610	(6,537,004)	1,072,284	1,505,795	(3,954,782)
Other Financing Sources (Uses)						
Transfers In			6,877,772			6,877,772
Transfers Out	(1,533)	(2,610)	(95,000)	(474,951)	(1,946,250)	(2,520,344)
Total Other Financing Sources (Uses)	(1,533)	(2,610)	6,782,772	(474,951)	(1,946,250)	4,357,428
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	-	-	245,768	597,333	(440,455)	402,646
Fund Balance - July 1	-	-	1,422,215	108,861	1,475,967	3,007,043
Fund Balance - June 30	-	-	1,667,983	706,194	1,035,512	3,409,689

TOWN OF BAR HARBOR
SCHOOL DEPARTMENT

Exhibit A-6

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Federal/ State Funds	Other Governmental Funds	Total Governmental Funds
Revenues				
Intergovernmental Revenues	1,205,390	1,147,613	200,332	2,553,335
Local Sources	6,387		74,250	80,637
Lunch and Milk Sales	-		1,697	1,697
Total Revenues	1,211,777	1,147,613	276,279	2,635,669
Expenditures				
Regular Instruction	3,047,992			3,047,992
Student & Staff Support:				
Guidance	87,826			87,826
Health Services	172,717			172,717
Improvement of Instruction	22,215			22,215
Library and Audio Visual	146,697			146,697
Technology	124,668			124,668
Assessment for Administration-Student Support	131,464			131,464
Special Education	1,508,598			1,508,598
Other Instruction	105,567			105,567
System Administration:				
School Committee	18,837			18,837
Assessment for Administration	183,677			183,677
Office of Principal	421,969			421,969
Operation/Maintenance-Plant	804,654			804,654
Student Transportation	374,585			374,585
State On-Behalf Contributions	541,116			541,116
Food Services			244,482	244,482
Federal/State Programs		1,169,079		1,169,079
Student Activity Funds			62,818	62,818
Reserves/Grants	3,512		200	3,712
Total Expenditures	7,696,094	1,169,079	307,500	9,172,673
Excess of Revenues Over (Under) Expenditures	(6,484,317)	(21,466)	(31,221)	(6,537,004)
Other Financing Sources (Uses)				
Transfers In	6,782,772	-	95,000	6,877,772
Transfers Out	(95,000)	-	-	(95,000)
Total Other Financing Sources (Uses)	6,687,772	-	95,000	6,782,772
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures	203,455	(21,466)	63,779	245,768
Fund Balance - July 1	1,109,813	37,649	274,753	1,422,215
Fund Balance - June 30	1,313,268	16,183	338,532	1,667,983

TOWN OF BAR HARBOR
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - CRUISE SHIP FUND
FOR THE YEAR ENDED JUNE 30, 2023

Exhibit A-7

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Port Fees	500,574	500,574	657,428	156,854
Cruise Ship Passenger Fees	<u>412,350</u>	<u>412,350</u>	<u>620,632</u>	<u>208,282</u>
Total Revenues	<u>912,924</u>	<u>912,924</u>	<u>1,278,060</u>	<u>365,136</u>
Expenditures				
Cruise Ship Direct Expenses	<u>179,606</u>	<u>179,606</u>	<u>205,776</u>	<u>(26,170)</u>
Total Expenditures	<u>179,606</u>	<u>179,606</u>	<u>205,776</u>	<u>(26,170)</u>
Excess of Revenues Over (Under) Expenditures	<u>733,318</u>	<u>733,318</u>	<u>1,072,284</u>	<u>338,966</u>
Other Financing Sources (Uses)				
Transfers In				-
Transfers Out	<u>(474,951)</u>	<u>(474,951)</u>	<u>(474,951)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(474,951)</u>	<u>(474,951)</u>	<u>(474,951)</u>	<u>-</u>
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	<u>258,367</u>	<u>258,367</u>	597,333	<u>338,966</u>
Fund Balance - July 1			<u>108,861</u>	
Fund Balance - June 30			<u>706,194</u>	

TOWN OF BAR HARBOR
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - PARKING METER FUND
FOR THE YEAR ENDED JUNE 30, 2023

Exhibit A-8

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
Revenues				
Investment Interest	2,500	2,500	43,697	41,197
Parking Fees net of charges	1,819,000	1,819,000	1,986,042	167,042
Permit Fees net of charges	18,000	18,000	33,141	15,141
	<u>1,839,500</u>	<u>1,839,500</u>	<u>2,062,880</u>	<u>223,380</u>
Total Revenues				
Expenditures				
Wages and Benefits	295,390	295,390	277,838	17,552
Contracted Services	38,777	38,777	18,164	20,613
Supplies	18,500	18,500	20,099	(1,599)
Utilities	1,100	1,100	2,772	(1,672)
Repairs	3,500	3,500	2,153	1,347
Equipment	6,500	6,500	7,456	(956)
Advertising	1,500	1,500	-	1,500
Professional Dues and Licenses	600	600	-	600
Insurance	1,200	1,200	2,165	(965)
Postage & Shipping	200	200	-	200
Contingency	10,000	10,000	10,000	-
Island Explorer	216,438	216,438	216,438	-
	<u>593,705</u>	<u>593,705</u>	<u>557,085</u>	<u>36,420</u>
Total Expenditures				
Excess of Revenues Over (Under)				
Expenditures	<u>1,245,795</u>	<u>1,245,795</u>	<u>1,505,795</u>	<u>259,800</u>
Other Financing Sources (Uses)				
Transfers In				-
Transfers Out	<u>(1,946,250)</u>	<u>(1,946,250)</u>	<u>(1,946,250)</u>	<u>-</u>
Total Other Financing				
Sources (Uses)	<u>(1,946,250)</u>	<u>(1,946,250)</u>	<u>(1,946,250)</u>	<u>-</u>
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures				
	<u>(700,455)</u>	<u>(700,455)</u>	<u>(440,455)</u>	<u>259,800</u>
Fund Balance - July 1				
			<u>1,475,967</u>	
Fund Balance - June 30				
			<u><u>1,035,512</u></u>	

TOWN OF BAR HARBOR
 ALL SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2023

Exhibit B-1

<i>Assets</i>	<i>Coronavirus State and Local Fiscal Recovery Funds (ACE)</i>	<i>Dog Park Donations</i>	<i>Connors Emerson Donations</i>	<i>Community Action Grant</i>	<i>Total</i>
Due from Other Funds	453,388	100	1,000	135,992	590,480
Due from Other Governments					-
Total Assets	453,388	100	1,000	135,992	590,480
 <i>Liabilities & Fund Balances</i>					
Liabilities					
Accounts Payable	317			12,150	12,467
Due to Other Funds					-
Total Liabilities	317	-	-	12,150	12,467
Fund Balances					
Restricted	453,071	100	1,000	123,842	578,013
Total Fund Balances	453,071	100	1,000	123,842	578,013
Total Liabilities & Fund Balances	453,388	100	1,000	135,992	590,480

TOWN OF BAR HARBOR
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
SPECIAL REVENUES/GRANTS
FOR THE YEAR ENDED JUNE 30, 2023

Exhibit B-2

	<i>Coronavirus State and Local Fiscal Recovery Funds (ACE)</i>	<i>Dog Park Donations</i>	<i>Connors Emerson Donations</i>	<i>Community Action Grant</i>	<i>Total</i>
Revenues					
Local Revenues		100	1,000		1,100
Intergovernmental	321			141,722	142,043
Total Revenues	321	100	1,000	141,722	143,143
Expenditures					
Equipment	90,000				90,000
Capital Costs/Professional Services	27,850			17,880	45,730
Total Expenditures	117,850	-	-	17,880	135,730
Excess of Revenues Over (Under) Expenditures	(117,529)	100	1,000	123,842	7,413
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	(117,529)	100	1,000	123,842	7,413
Fund Balance - July 1	570,600	-	-	-	570,600
Fund Balance - June 30	453,071	100	1,000	123,842	578,013

**TOWN OF BAR HARBOR
CAPITAL IMPROVEMENTS PROGRAM
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2023**

*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	17,802	3,471		(21,220)	53		53
Fiber Engineering Study	7,678	20,000	43,856	(71,534)	-		-
Virtual Desktop Software-police department	35,000	(15,000)			20,000		20,000
Fire Protection System-Server Room	12,063	1,733			13,796		13,796
WAN & Cable TV System	15,533	5,833		(7,317)	14,049		14,049
Computer Servers	65,987	40,000		(100,680)	5,307		5,307
Website Improvements	2,460	4,375			6,835		6,835
Town Wide Phone System	37,100	4,545		(1,542)	40,103		40,103
Security camera System	2,517	2,857		(2,340)	3,034		3,034
Municipal Building							
Building Renovation	65,869	30,000			95,869		95,869
Building Energy Audit Improvements	12,000				12,000		12,000
Code Enforcement							
Pickup Inspection Truck	7,818	3,200			11,018		11,018
Assessing							
GIS Wide Format Scanner	11,735	3,433		(14,427)	741		741
Property Tax Revaluation	16,368	16,000			32,368		32,368
Vehicle Purchase	23,414	1,000			24,414		24,414
Aerial Photography	13,942	2,400		(10,835)	5,507		5,507
Planning							
Comprehensive Plan	40,847	50,000		(84,222)	6,625		6,625
Lower Main Street Engineering	232,568	100,000		(275)	332,293		332,293
Cottage Street Streetscapes	227,001	100,000		(275)	326,726		326,726
Ambulance							
Ambulance Reserve	196,347	58,000		(167,804)	86,543		86,543
Defibrillators	30,024	8,000		(472)	37,552		37,552
Patient Simulator Dummy	3,964	2,588			6,552		6,552
Fire Department							
Turnout Gear	19,894	13,000		(12,047)	20,847		20,847
Hose & Couplings	17,500	3,500		(3,506)	17,494		17,494
Rescue Tools	11,216	1,867		(1,000)	12,083		12,083
Fire Engine #2	146,971	75,000			221,971		221,971
Fire Engine #4	90,728	36,364		(2,222)	124,870		124,870
Fire Engine #5	35,855	20,200			56,055		56,055
Portable Radios (20)	440	4,000			4,440		4,440
Fire Pickup Trucks and Trailer	34,779	11,396		(40,660)	5,515		5,515
Thermal Imaging Camera	7,749	2,400		(6,071)	4,078		4,078
SCBA's & Cascade System	73,126	9,608		(48,507)	34,227		34,227
Police Department							
Parking Meter Vehicle	11,000	80,000		(32,586)	58,414		58,414
Parking Meter Equipment	141,465	40,435			181,900		181,900
Cruiser Equipment	9,740	14,063		(27,097)	(3,294)	3,294	-
Electronic Fingerprint Scanner	9,500	4,750			14,250		14,250
Port Security Boat	81,028	5,870			86,898		86,898
Cruiser Replacement	60,853	46,375		(78,707)	28,521		28,521
Records Management System - Spillman	3,928	1,500			5,428		5,428
Portable Radios	16,500	4,500			21,000		21,000
Tasers	29,644	11,000			40,644		40,644
Firearms	13,978	2,700			16,678		16,678
Speed Trailer & Monitor	8,817	2,600			11,417		11,417
Planning & Public Safety Collaboration	-	42,000		(4,500)	37,500		37,500
Dispatch							
Voice Recorder System	11,945	2,000		(14,264)	(319)	319	-
Radio Command Console	-	6,600		(6,150)	450		450
Ireson Hill Building & Generator	2,998	6,000			8,998		8,998
Radio Equipment Reserve	17,347	20,000			37,347		37,347

**TOWN OF BAR HARBOR
CAPITAL IMPROVEMENTS PROGRAM
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2023**

*Exhibit C-1
Page 2 of 3*

	<i>Balance July 1</i>	<i>Budget</i>	<i>Revenues and Transfers</i>	<i>Expenditures/ Transfers</i>	<i>Balance (Over) Under</i>	<i>Transfers From (To) Unassigned</i>	<i>Balance June 30</i>
Town Projects (Continued)							
Public Safety Building							
Public Safety Bldg. Generator	38,855	3,892			42,747		42,747
Building Renovations (FD)	34,318	48,566		(47,478)	35,406		35,406
Building Renovations (PD)	12,320	5,000		(12,320)	5,000		5,000
Workout Equipment (FD & PD)	3,000	1,500			4,500		4,500
Harbor Department							
Harbor Master Boat & Trailer	39,944	1,500		(12,250)	29,194		29,194
Float Replacement	37,000	25,000			62,000		62,000
Gangway Replacement	31,981				31,981		31,981
Fishermen's Hoist(s)	12,440	2,103			14,543		14,543
Ferry Terminal Improvements	342,951	100,000		(99,300)	343,651		343,651
Port Security Office	12,382	10,000			22,382		22,382
Breakwater Repairs	10,000				10,000		10,000
Pier Renovations	64,885	13,079		(58,535)	19,429		19,429
Boat Pump Out System	6,800	2,600			9,400		9,400
Harbor Pickup Truck	-	10,000			10,000		10,000
Parks & Recreation							
Museum in the Streets	10,232	2,000			12,232		12,232
Benches, Lights, Pergola, etc.	9,378	10,000	3,425	(857)	21,946		21,946
Albert Meadow-Grant's Park	14,000	1,000			15,000		15,000
Tree Planting	18,299				18,299		18,299
Park Irrigations Systems	15,200	3,000			18,200		18,200
Skate Park Reserve	21,723	4,516			26,239		26,239
Mt. Desert Cemetery	60,728			(37,400)	23,328		23,328
Park Equipment	33,200	10,800			44,000		44,000
Launch Ramp-Hadley Point	15,774	2,700			18,474		18,474
Tennis and Basketball Courts	5,586	5,000			10,586		10,586
Village Green Bandstand	13,735	45,000			58,735		58,735
Glen Mary Renovations	43,073	75,000		(9,834)	108,239		108,239
Harborview Park	-	5,000			5,000		5,000
Downtown Signage Reserve	31,045	10,000		(527)	40,518		40,518
Comfort Stations							
Restroom Renovation Reserve	129,344	75,000			204,344		204,344
Public Works / Highway							
Air Compressor	14,517	402		(8,739)	6,180		6,180
Backhoe Reserve (Cat & Deere)	36,034	70,000		(684)	105,350		105,350
Brush Chipper	8,327	2,600			10,927		10,927
Bikeway/Ped Improvements	60,000	40,000			100,000		100,000
Grader Reserve	130,694	15,000			145,694		145,694
Parking Lot Land Acquisition	25,000	20,000			45,000		45,000
Hydraulic Lifts	55,092	16,000		(55,419)	15,673		15,673
Front End Loader Reserve	99,941	16,500			116,441		116,441
Excavator	61,731	9,167			70,898		70,898
Snowblower	21,500	4,300			25,800		25,800
Road Improvement Program	716,726	350,000		(170,493)	896,233		896,233
Fuel Pump System	23,150	5,250			28,400		28,400
Sidewalk Plow	153,106	26,000		(145,852)	33,254		33,254
Sidewalk Reconstruction Program	347,462	150,000		(282,345)	215,117		215,117
Pellet Boiler System	-	20,000			20,000		20,000
Washer, Steam Pressure	11,529	500			12,029		12,029
LED Street Lights	99,220	10,000			109,220		109,220
Street Sweeper (Vacuum)	152,000	43,000		(224,400)	(29,400)	29,400	-
Public Works Complex	78,038	11,000			89,038		89,038
School Satellite Park Lot	75,000	50,000			125,000		125,000
Tag Trailer	19,219	2,500			21,719		21,719
Brine Mixing Equipment	8,500	2,200			10,700		10,700

**TOWN OF BAR HARBOR
CAPITAL IMPROVEMENTS PROGRAM
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2023**

*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)							
Public Works / Highway							
Water Truck	12,197	900			13,097		13,097
Street Lights-Main Street	31,558	133,000		(131,408)	33,150		33,150
Light Truck Purchase	76,393	52,000		(7,467)	120,926		120,926
Plow Truck Reserve	190,727	66,000			256,727		256,727
Bobcat Loader	19,440	4,700			24,140		24,140
Roller, Vibratory	18,551	1,000			19,551		19,551
Solar Array - Higgins Point	-	-	1,070,801	(1,070,801)	-		-
Priority Infrastructure-Bond	(1,740)		48,273	(46,533)	-		-
Solid Waste Division							
Waste Oil Furnace	5,040	757			5,797		5,797
Recycling Facility Reserve	39,624	2,167			41,791		41,791
Transfer Station Reserve	33,106	3,000			36,106		36,106
Storage	21,428	12,000		(9,070)	24,358		24,358
Compactor Unit with Hopper	13,332	3,333		(7,127)	9,538		9,538
Skid Steer	16,000	4,500			20,500		20,500
Hi Pressure Washer	-	6,000			6,000		6,000
Solar Panels	110,157				110,157		110,157
3/4 Ton Truck	10,550	3,800			14,350		14,350
Debt Service							
Debt Service - Agamont Park	-	44,000		(44,000)	-		-
Debt Service - Municipal Building	-	154,825		(154,825)	-		-
Public Works - FY 13	-	233,413		(233,413)	-		-
Downtown Signs	-	24,450		(24,450)	-		-
Public Works - FY 10	-	241,055		(223,506)	17,549	(17,549)	-
Public Safety Building	-	29,300		(29,300)	-		-
Transfer Station	-	248,100		(248,100)	-		-
Ferry Terminal/Parking Meters	(1)	308,200		(308,199)	-		-
Ferry Terminal/Taxable	-	86,150		(86,150)	-		-
Town Total	5,796,379	3,909,488	1,166,355	(4,551,042)	6,321,180	15,464	6,336,644
School Projects							
Capital Outlay Reserve	17,223	10,000			27,223		27,223
Asbestos Removal	15,410				15,410		15,410
Furniture & Equipment	5,117	5,000		(3,906)	6,211		6,211
Computers & Technology	112,094			(57,672)	54,422		54,422
Copier Lease/Purchase	539	13,890		(13,890)	539		539
Pickup Truck Replacement	6,882	6,000			12,882		12,882
Playground Equipment	-				-		-
Roof Repairs	26,300	10,000			36,300		36,300
Technology Infrastructure	50,000	18,000		(4,548)	63,452		63,452
Safety & Access Control	27,740				27,740		27,740
Building Concept Designs	617,866	150,000		(282,148)	485,718		485,718
Architectural Design	-	-	297,974	(297,974)	-		-
Tractor Plow Reserve	25,000	5,000			30,000		30,000
Debt Service - 2004 Heating System	-	61,723		(61,723)	-		-
School Total	904,171	279,613	297,974	(721,861)	759,897	-	759,897
Subtotal	6,700,550	4,189,101	1,464,329	(5,272,903)	7,081,077	15,464	7,096,541
Unassigned Balance	47,318	(4,189,101)	4,235,752		93,969	(15,464)	78,505
Totals	6,747,868	-	5,700,081	(5,272,903)	7,175,046	-	7,175,046

TOWN OF BAR HARBOR
COMBINING BALANCE SHEET
ALL PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

Exhibit D-1

<i>Assets</i>	<i>Gurnee Scholarship</i>	<i>Cemetery Trusts</i>	<i>Total</i>
Cash and Equivalents	1,556	763	2,319
Investments	9,181	4,506	13,687
Total Assets	10,737	5,269	16,006
<i>Liabilities & Fund Balances</i>			
Liabilities			
Due to Other Funds			-
Total Liabilities	-	-	-
Fund Balances			
Nonspendable	6,488	5,269	11,757
Assigned	4,249	-	4,249
Total Fund Balances	10,737	5,269	16,006
Total Liabilities & Fund Balances	10,737	5,269	16,006

TOWN OF BAR HARBOR
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

Exhibit D-2

	<i>Gurnee Scholarship</i>	<i>Cemetery Trusts</i>	<i>Total</i>
Revenues			
New Funds			-
Investment Income	114	58	172
	114	58	172
Expenditures			
Scholarships			-
	-	-	-
Excess of Revenues Over Expenditures	114	58	172
Other Financing Sources (Uses)			
Transfers Out		(58)	(58)
Total Other Financing Sources (Uses)	-	(58)	(58)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	114	-	114
Fund Balance - July 1	10,623	5,269	15,892
Fund Balance - June 30	10,737	5,269	16,006

TOWN OF BAR HARBOR, MAINE
Operating Data
For the Fiscal Year Ended June 30, 2023

MUNICIPAL SERVICES

Public Works

Wastewater Division

<u>Largest Wastewater Customers</u>	<u>Type of Use</u>	<u>CY2022 Revenues</u>	<u>% of Total</u>
Jackson Laboratory	Genetic Research & Mice Prod	\$495,417	23.5%
Eden Street Trust	Hotel & Restaurant	69,058	3.3%
Witham Family LLC	Hotel & Restaurant	59,563	2.8%
Witham Family LLC	Hotel	47,776	2.3%
Golden Anchor LLC	Hotel	46,674	2.2%
West St. Properties, LLC	Hotel	31,863	1.5%
College of the Atlantic	Educational Institution	29,209	1.4%
Mount Desert Island Hospital	Hospital	28,250	1.3%
Bar Harbor Housing Authority	Low Income Housing	26,467	1.3%
Birch Bay Retirement Village	Senior Housing	26,019	1.2%
			<u>40.8%</u>

Water Division

<u>Largest Water Customers</u>	<u>Type of Use</u>	<u>CY2022 Revenues</u>	<u>% of Total</u>
Town of Bar Harbor	Parks, Bldgs, Schools & Hydrants	\$636,706	28.4%
Jackson Laboratory	Genetic Research & Mice Prod	217,212	9.7%
College of the Atlantic	Educational Institution	39,309	1.8%
Witham Family LLC	Hotel & Restaurant	31,493	1.4%
Golden Anchor, LLC	Hotel	24,707	1.1%
Witham Family LLC	Hotel & Event Center	24,133	1.1%
Lafayette Bar Harbor, LLC	Hotel	21,899	1.0%
Kebo Valley Club	Golf Course	18,470	0.8%
Eden Street Trust	Hotel & Event Center	16,555	0.7%
Mount Desert Island Hospital	Hospital	16,167	0.7%
			<u>46.7%</u>

<u>Number of Water System Customers</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Residential	1263	1,262	1,251	1,271	1,280
Commercial	517	520	499	506	509
Industrial (Jax Lab)	42	42	42	42	42
Governmental	59	59	59	50	50
Total	1881	1883	1,851	1,869	1,881

<u>Water Sales (per 1,000 gallons)</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Residential	66,745	55,633	61,274	62,681	60,832
Commercial	128,798	114,587	97,312	113,965	118,499
Industrial (Jax Lab)	65,155	73,590	66,962	61,439	62,538
Public Authorities	15,548	17,821	19,915	13,379	14,546
Total Water Sales	276,246	261,631	245,463	251,464	256,415

Cal Year Water Sales (Revenue)	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Residential	\$593,948	\$572,003	\$601,167	\$600,781	\$610,263
Commercial	640,968	613,263	527,107	620,845	631,327
Industrial (Jax Lab)	164,825	209,097	174,290	182,118	180,684
Public Authorities	72,587	77,502	82,126	69,143	70,584
Public Fire Protection	585,604	585,604	585,604	585,604	585,604
Private Fire Protection	131,376	134,208	137,297	148,332	153,853
Total Water Sales	\$2,189,308	\$2,191,677	\$2,107,591	\$2,206,823	\$2,232,315

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, 2022)
AOS #91	Bar Harbor	Connors-Emerson School	K-8	334
AOS #91	Cranberry Isles	Ashley Bryan School	K-8	7
AOS #91	Frenchboro	Frenchboro Elementary	K-8	5
AOS #91	Mount Desert	Mt Desert Elementary	PK-8	153
AOS #91	Southwest Harbor	Pemetic Elementary	PK-8	142
AOS #91	Tremont	Tremont Consolidated	K-8	118
AOS #91	Trenton	Trenton Elementary	PK-8	140
MSAD No. 76	Swan's Island	Swan's Island Elementary	K-8	25
C.S.D. No. 7	Members of Union #98	Mt Desert Island High	9-12	<u>497</u>
		Total Enrollment		1,421

LABOR RELATIONS

The Town employs approximately 171 full-time personnel, approximately of whom 94 are employees of the Town including its utilities systems; and 77 of whom are employed by the School Department; and various part-time employees. Approximately 45 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, 2022	June 30, 2025
IAFF (AFL/CIO)	Fire Department Unit	July 1, 2022	June 30, 2025
BHSEA (MEA)	School Support Unit	July 1, 2021	June 30, 2024
BHTA (MEA)	Teachers Unit	Sept.1, 2021	Aug. 31, 2024

BUILDING ACTIVITY

Calendar Year	Residential		Commercial		Total	
	# Permits	Est. Cost	# Permits	Est. Cost	# Permits	Est. Cost
2023	243	27,942,739	117	40,116,519	360	68,059,258
2022	228	26,072,933	99	22,496,113	327	48,569,046
2021	227	28,923,280	98	10,971,996	325	39,895,276
2020	227	15,725,752	91	18,480,000	318	34,205,752
2019	209	15,816,352	73	19,304,000	282	35,120,352

TOWN FINANCES

General Fund Budgets for Fiscal Year Ending June 30.

	2020	2021	2022	2023	2024
Revenues					
Taxes	\$18,927,429	\$19,245,429	\$19,914,622	\$21,098,439	\$23,369,134
Intergovernmental	396,369	457,484	601,634	902,459	706,816
Departmental	1,157,898	1,142,888	1,148,916	1,500,445	1,616,293
Other local sources	751,867	698,838	788,441	985,0201	1,161,518
Total Revenues	21,233,563	21,544,377	22,453,113	24,486,363	26,853,761
Expenditures					
General government	3,311,572	3,586,232	3,762,207	4,287,110	4,941,466
Public safety	3,284,565	3,357,414	3,438,057	3,946,661	4,421,907
Health & welfare	158,596	169,501	218,366	245,369	236,058
Parks & recreation	438,577	423,687	463,090	481,899	515,609
Roads & sanitation	1,988,290	2,017,388	2,086,551	2,487,986	2,731,053
Assessments & Overlay	3,924,020	4,192,418	4,399,711	4,687,446	5,042,620
Transfers to school fund	5,674,670	5,763,043	6,112,039	6,782,772	6,898,400
Transfers to CIP	2,508,273	2,089,694	2,073,092	1,978,620	2,195,148
Total Expenditures	\$21,288,563	\$21,599,377	\$22,553,113	\$24,897,863	\$26,982,261
Excess Exp. Over Revenues	\$55,000	\$55,000	\$100,000	\$411,500	\$128,500
Use of Fund Balance:					
Transfer to CIP	55,000	55,000	100,000	411,500	128,500
Total Use of Fund Balance	\$55,000	\$55,000	\$100,000	\$411,500	\$128,500

Property Tax Levy Limit (LD1)

Fiscal year:	<u>2019/2020</u>	<u>2020/2021</u>	<u>2021/2022</u>	<u>2022/2023</u>	<u>2023/2024</u>
State Personal Income Factor:	2.75%	2.89%	3.30%	1.70%	4.31%
Town Prop Growth Factor:	<u>1.21%</u>	<u>0.86%</u>	<u>1.90%</u>	<u>1.09%</u>	<u>1.65%</u>
Growth Limitation Factor:	3.96%	3.75%	5.20%	2.79%	5.96%
Property Tax Levy Limit:	\$8,016,991	\$8,279,884	\$8,709,829	\$8,982,008	\$9,481,096
Property Tax Levy:	<u>8,293,739</u>	<u>8,254,606</u>	<u>8,305,872</u>	<u>8,451,220</u>	<u>11,674,387</u>
Over/(below) Prop Tax Levy Limit:	\$276,748	(\$25,278)	(\$403,957)	(\$530,788)	2,193,293

General Fund Balance as % Revenues (excludes School)

	Fiscal Year Ended June 30,				
	2018	2019	2020	2021	2022
Assigned and Unassigned General Fund Balance (excludes restricted FB)	\$3,652,000	\$4,116,677	\$4,281,104	\$5,212,002	\$5,849,819
Total Revenues (GF & CrShip)-A1&A7	20,182,676	21,707,396	22,284,988	22,365,779	23,134,148
Fund Bal as % Revenues	18.0%	19.0%	19.3%	23.3%	25.3%

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 June 30,	% of Levy June 30,	% of Levy A/O 6/30/23
2023	2,040,000	\$2,040,000	\$8.68	\$19,915,552	\$19,670,460	98.80%	98.59%
2022	1,903,400	1,931,994	9.74	18,817,622	18,549,473	98.58	98.58
2021	1,781,800	1,530,258	11.90	18,210,067	17,885,643	98.22	99.59
2020	1,713,550	1,509,910	11.85	17,892,438	17,197,318	96.12	99.90
2019	1,633,550	1,506,757	10.56	17,418,116	16,818,243	96.56	99.99

Largest Taxpayers

Taxpayer	As of April 1, 2023			
	Type of Business	Assessed Value	Tax	% of Levy
Witham Family, LLC	Hotels	75,949,399	\$659,241	3.02%
Golden Anchor, LC	Hotel-Harborside	34,983,400	303,656	1.39%
Versant	Electric Utility	30,509,100	264,819	1.21%
Eden Street Trust	Hotel-Regency	29,889,301	259,439	1.19%
West Street Properties, LLC	Hotel-West St	22,127,000	192,062	0.88%
WS Atlantic LLC	Hotel-Hampton Inn	16,185,901	140,494	0.64%
BHTC 111, LLC	Rest/Club	14,682,300	127,442	0.58%
Jackson Laboratory	Resid Housing	13,424,000	116,520	0.53%
Kampground of America Inc	Campground	12,845,400	111,498	0.51%
Colket, Ruth M et als Trustees	Residential	11,722,501	<u>101,751</u>	<u>0.47%</u>
	Top ten taxpayers		\$2,276,923	10.42%

Recurring 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
2022	\$473,452	\$152,647	\$1,051	\$616,600	\$116,699	\$1,360,449
2021	312,117	157,239	2,296	585,536	65,094	1,122,282
2020	219,972	134,437	280	545,467	105,448	1,005,624
2019	135,186	115,289	347	463,669	99,472	813,963
2018	133,267	89,037	104	350,074	62,380	634,862

-----* 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, 2022			Balance on June 30, 2023	
				General	Proprietary	Total	(Payments)	Total
2004	School (MMBB)	805,000	11/01/24	175,115		175,115	(55,478)	119,637
2005	Beach Wall	800,000	10/15/24	120,000		120,000	(40,000)	80,000
2005	Sewer/Hulls Cove	800,000	10/15/27		285,000	285,000	(45,000)	240,000
2010	Roads & Sidewalks	3,700,000	05/01/30	1,286,395		1,286,395	(159,186)	1,127,209
2010	Water System	600,000	05/01/30		208,605	208,605	(25,814)	182,791
2011	Sewer System	1,316,000	12/01/31		715,236	715,236	(70,661)	644,575
2011	Water System	1,224,000	12/01/31		714,764	714,764	(59,339)	655,425
2012	Water (SRF)	2,679,150	10/01/32		1,529,936	1,529,936	(132,269)	1,397,667
2013	Public Works Bldg	3,350,000	10/15/33	2,255,000		2,255,000	(155,000)	2,100,000
2014	Municipal Bldg	2,442,000	10/15/34	1,570,000		1,570,000	(130,000)	1,440,000
2015	PubSftyBldg/Wtr	2,100,000	10/15/35	280,000	1,190,000	1,470,000	(105,000)	1,365,000
2017	Transfer Station	3,070,000	10/15/36	2,430,000		2,430,000	(160,000)	2,270,000
2019	FerryTerm/PkMt	2,875,000	10/15/38	2,185,000		2,185,000	(230,000)	1,955,000
2019	FerryTerm-Tax	1,225,000	10/15/38	1,135,000		1,135,000	(45,000)	1,090,000
				11,436,510	4,643,541	16,080,051	(1,412,747)	14,667,304

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
2023	5,020	\$2,040,000	\$2,136,862	\$14,667,304	0.72%	\$2,922
2022	5,020	\$1,903,400	\$1,931,994	\$16,080,051	0.84%	\$3,203
2021	5,020	1,781,800	1,530,258	17,770,967	1.00%	3,540
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%	3,082

Debt Obligations, by Fund Type

FY June 30,	General Fund Debt		Enterprise Fund Debt	Total Debt	Ent. Debt as % Total Debt
	(Town)	(School)			
2023	\$10,062,209	\$119,637	\$4,485,458	\$14,667,304	30.6%
2022	\$11,261,395	\$175,115	\$4,643,541	\$16,080,051	28.9%
2021	12,190,581	227,887	5,352,499	17,770,967	30.1%
2020	13,114,767	278,084	6,053,929	19,446,780	31.1%
2019	14,260,000	325,833	6,781,830	21,367,663	31.7%

Debt Ratios, by Fund Type

Fiscal Year End June 30,	Debt as % of Equalized State Val.				Per Capita Debt			
	General Fund		Enterprise Fund	Total	General Fund		Enterprise Fund	Total
	Town	School			Town	School		
2023	0.49%	0.01%	0.22%	0.72%	\$2,004	\$24	\$894	\$2,922
2022	0.59%	0.01%	0.24%	0.84%	\$2,243	\$35	\$925	\$3,203
2021	0.68	0.01	0.31	1.00	2,428	46	1,066	3,540
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

Debt Service Component of Operating Expenses

	2019	2020	2021	2022	2023
Total Current Year Debt Service:	\$2,146,027	\$1,920,883	\$1,675,813	\$1,690,916	\$1,412,747
(less Enterprise Debt Service:)	(854,403)	(727,901)	(701,430)	(708,958)	(438,083)
Tax Supported Debt Service	\$1,291,624	\$1,192,982	\$974,383	\$981,958	\$947,664
Budgeted Operating Expense:	\$20,594,443	\$21,288,563	\$21,599,377	\$22,553,113	\$24,880,745
Debt Service as % Oper. Expense:	6.29%	5.60%	4.51%	4.36%	3.81%

Total General Obligation, Overlapping and Contingent Debt

	Direct Debt	Overlapping	Contingent	Total Debt
Town of Bar Harbor (CIP)	\$10,062,209			\$10,062,209
Town of Bar Harbor (School)	119,637			119,637
Town of Bar Harbor (Enterprise)	4,485,458			4,485,125
MDI Reg. School District (38.3%)		\$180,789		180,789
County of Hancock (12.0%)		0		0
Total A/O June 30, 2023	\$14,667,304	\$180,789	\$0	\$14,848,093
Debt as % Eq State Valuation	0.72%	0.01%	0.00%	0.73%
Per Capita Debt	\$2,922	\$36	\$0.00	\$2,958

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

	2022	2021	2020	2019	2018
ASSETS					
Cash and equivalents	\$15,513,465	\$12,778,236	\$10,679,174	\$8,759,252	\$8,470,956
Investments	1,830,953	1,765,132	1,672,254	1,801,734	1,755,630
Receivables:					
Taxes	36,111	23,432	40,530	53,851	36,943
Tax liens	360,162	431,574	932,028	742,385	497,414
Accounts	262,573	32,924	33,173	209,107	126,750
Ambulance fees	162,850	167,711	168,653	226,751	178,634
Accrued interest	3,398	8,183	8,654	9,650	8,093
Leases Receivable	91,716				
Prepaid expenses	0	0	2,348	0	0
Inventory	41,282	21,922	12,548	19,036	19,436
Due from other governments	183,516	476,577	122,828	82,017	89,606
Due from other funds	17,492	6,562	35,286	32,763	3,240
TOTAL ASSETS	18,506,518	15,712,253	13,707,476	11,936,546	11,186,702
LIABILITIES					
Accounts payable	687,813	656,390	382,890	340,843	316,029
Payroll taxes/Deductions	21,659	42,551	18,746	23,829	16,005
Accrued salaries	859,344	800,011	719,844	647,204	634,812
Accrued compensated absences	326,598	328,226	362,642	288,825	276,178
Due to other funds	7,386,449	5,824,021	4,998,302	4,689,613	4,881,654
Due to students	6,948	6,949	8,581	4,922	4,271
Deposits payable	26,113	12,447	15,015	12,065	14,239
TOTAL LIABILITIES	9,314,924	7,670,595	6,506,020	6,007,301	6,143,188
DEFERRED REVENUES					
Prepaid taxes	34,318	38,491	21,381	28,902	150,160
Property tax	310,635	291,879	656,357	586,153	408,305
Other	9,265	2,785	1,000	2,070	3,874
Deferred Inflows of Resources from leases	89,375	0	0	0	0
TOTAL DEFERRED REVENUES	443,593	333,155	678,738	617,125	562,339
FUND EQUITY					
Non-spendable	2,206	1,444	2,317	865	1,986
Restricted	2,895,976	2,495,057	2,239,297	1,194,578	827,189
Committed	0	0	0	0	0
Assigned	3,174,081	3,013,982	3,105,584	3,129,125	2,891,050
Unassigned	2,675,738	2,198,020	1,175,520	987,552	760,950
TOTAL FUND EQUITY	8,748,001	7,708,503	6,522,718	5,312,120	4,481,175
TOTAL LIABILITIES AND FUND EQUITY	\$18,506,518	\$15,712,253	\$13,707,476	\$11,936,546	\$11,186,702

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,)

	2022	2021	2020	2019	2018
REVENUES					
Taxes	\$20,052,050	\$19,880,780	\$18,969,741	\$18,409,625	\$17,543,563
Intergovernmental revenue	2,624,891	2,834,258	1,878,265	1,546,452	1,317,452
Departmental revenue	3,743,117	2,736,302	3,390,859	2,480,957	2,000,752
Other local sources	415,781	456,077	551,744	642,140	451,585
TOTAL REVENUES	26,835,839	25,907,417	24,790,609	23,079,174	21,313,351
EXPENDITURES					
General government	3,531,708	3,331,000	3,290,736	2,988,113	3,027,155
Public safety	3,439,761	3,179,446	3,166,884	3,202,696	3,083,681
Health and welfare	251,490	230,614	195,874	145,956	144,450
Parks and recreation	445,480	414,908	435,961	416,358	352,720
Island Explorer	13,500	-	40,517	40,157	39,823
Roads and sanitation	2,122,720	1,997,094	1,850,123	2,004,343	1,927,802
Education	8,217,445	7,824,618	7,167,622	6,746,559	6,556,034
Assessments	4,309,922	4,125,490	3,875,688	3,850,673	3,763,224
Cruise ship- <i>direct exp</i>	22,983	17,748	96,521	121,039	142,695
Parking meters- <i>direct exp</i>	237,346	208,131	138,348	54,406	-
TOTAL EXPENDITURES	22,592,355	21,329,049	20,258,274	19,570,300	19,037,584
Excess of Revenue Over (Under) Expenditures	4,243,484	4,578,368	4,532,335	3,508,874	2,275,767
OTHER FINANCING SOURCES					
Lease Liabilities Issued	140,498	-	61,923	7,504	-
Transfers in	536,961	514,324	552,264	483,941	481,922
Transfers out	(3,881,445)	(3,939,995)	(3,935,924)	(3,169,374)	(2,487,322)
TOTAL OTHER FINANCING SOURCES (USES)	(3,203,986)	(3,425,671)	(3,321,737)	(2,677,929)	(2,005,400)
EXCESS OF REVENUES & OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES	1,039,498	1,152,697	1,210,598	830,945	270,367
FUND BALANCE - JULY 1	7,708,503	6,555,806	5,312,120	4,481,175	4,210,808
FUND BALANCE - JUNE 30	\$8,748,001	\$7,708,503	\$6,522,718	\$5,312,120	\$4,481,175

Prepared from Audited Financial Statements – Exhibit D.

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.

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, 2023.

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 is materially correct.
4. The Bar Harbor School Department has complied with the applicable provisions of the Maine Essential Programs and Services Funding Act.
5. The Bar Harbor School Department has complied with the transfer limitations between budget cost centers.
6. The Bar Harbor School Department has complied with the statutory budget content requirements.
7. The Bar Harbor School Department has not exceeded its authority to expend funds as provided with the total budget summary articles, except for operations and maintenance and transportation.

Respectfully submitted,

James W. Wadman, CPA

James W. Wadman, CPA
March 25, 2024

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.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2023, and the related notes to the financial statements, which collectively comprise the Town of Bar Harbor, Maine's basic financial statements and have issued our report thereon dated March 25, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Bar Harbor, Maine's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Bar Harbor, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Bar Harbor, Maine's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Bar Harbor, Maine’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

James W. Wadman, CPA

James W. Wadman, CPA
Ellsworth, Maine
March 25, 2024

***INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE***

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Bar Harbor, Maine's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Bar Harbor, Maine's major federal programs for the year ended June 30, 2023. The Town of Bar Harbor, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Bar Harbor, Maine complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town of Bar Harbor, Maine and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town of Bar Harbor, Maine's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town of Bar Harbor, Maine's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town of Bar Harbor, Maine's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town of Bar Harbor, Maine's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town of Bar Harbor, Maine's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town of Bar Harbor, Maine's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town of Bar Harbor, Maine's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

James W. Wadman, CPA

James W. Wadman, CPA
Ellsworth, Maine
March 25, 2024

SCHEDULE I
TOWN OF BAR HARBOR
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

FINDINGS – FINANCIAL STATEMENT AUDIT

2022-001 Material Weakness over reconciling withholding/liability accounts

Condition: The Town did not reconcile payroll withholding and liability accounts before the start of fieldwork. The reconciliations were performed during and after the time of audit field work.

Criteria: Payroll withholding accounts and liability accounts should be reconciled timely to ensure accurate financial reporting and timely adjustments when necessary.

Cause: The Town experienced several changes in personnel and positions, creating additional time necessary for training. Personnel did not have the time to reconcile these accounts.

Effect: Payroll withholding, liability, and employer expenditure accounts were inaccurate. This resulted in additional audit work and adjustments for year-end.

Recommendation: We recommend that payroll/withholding accounts be reconciled monthly.

Response: Management concurs with the recommendation. A newly hired supervisor has implemented procedures for reconciling payroll withholdings and liability accounts on a monthly basis.

Current year status: The reconciliations for payroll withholding and liability accounts were completed for the audit fieldwork.

2022-002 Material Weakness over capital asset accounting

Condition: The Town had a significant number of post-close adjustments to its capital assets to correct the year-end reporting. Such adjustments relate to errors (both material and immaterial). Additional errors were detected in the depreciation calculations, resulting in additional adjustments.

Criteria: The Town must maintain an adequate system of internal control over financial reporting in order to initiate, authorize, record, process and report financial data reliably in accordance with generally accepted accounting principles, which includes the proper capitalization and recordation of capital assets.

Cause: The Town experienced several changes in personnel and positions, creating additional time necessary for training. The spreadsheets used to track capital assets are complicated with all the formulas used.

Effect: The Town had significant audit adjustments and audit work on the capital asset spreadsheets. The Town is not able to establish accurate balances of capital assets and depreciation.

Recommendation: We recommend that the Town establish procedures for accounting for capital assets throughout the year and consider updating to a capital asset management software instead of excel spreadsheets.

Response: Management concurs with the recommendation. The Town has entered into a contract to purchase new software for capital asset and depreciation management, replacing the manual spreadsheets.

Current year status: The Town has invested in a capital asset management software system and is in the process of implementation. The current year capital assets and depreciation were completed on the excel spreadsheets with immaterial adjustments being made after audit fieldwork began.

2022-003 Material Weakness over Grant Accounting-School Department

Condition: Grant revenues were not completely reconciled with grant expenditures. Reimbursements for several grants were not recorded as accounts receivable and prior year accounts receivable/payable were not reconciled with current year activity. Grants were not reconciled within the 10 separate school department records.

Criteria: The School Department is responsible for properly tracking and accounting for State, Federal and other grants in accordance with accounting principles generally accepted in the United States of America.

Cause: The finance department reports grant revenue, grant accounts receivable and grant balances based on the information provided and maintained within 10 separate school department records. The structure of the AOS #91 system requires additional work to account for each individual school department's grants. Expenditures and payroll are charged to each individual school and grant revenue from Bar Harbor school is used to reimburse those schools. Staff time is not always available to perform these tasks completely.

Effect: The School Department is not able to establish accurate balances of grant accounts receivable and grant account balances; expenditures reported on the Schedule of Federal Awards could be misstated.

Recommendation: We recommend timely and proper reconciliation of grant account balances within all 10 school departments.

Response: Management concurs with the recommendation.

Current year status: There were no material findings related to grant accounting.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE

SCHEDULE II
TOWN OF BAR HARBOR, MAINE
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

A. *SUMMARY OF AUDITOR'S RESULTS*

1. The auditor's report expresses an unmodified opinion on the financial statements of the Town of Bar Harbor, Maine.
2. No material weaknesses or significant deficiencies relating to the audit of the financial statements are reported in the *Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Town of Bar Harbor were disclosed during the audit.
4. No material weaknesses or significant deficiencies relating to the audit of the major federal award programs are reported in the *Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance*.
5. The auditor's report on compliance for the major federal award programs for the Town of Bar Harbor expresses an unmodified opinion.
6. Audit findings relative to the major federal award programs for the Town of Bar Harbor are reported in Part C of this schedule.
7. The programs tested as major programs include:

Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act, ALN #84.425C, #84.425D, #84.425U
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The Town of Bar Harbor was not determined to be a low-risk auditee.

B. *FINDINGS – FINANCIAL STATEMENT AUDIT*

NONE

C. *FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT*

NONE

TOWN OF BAR HARBOR
SCHEDULE III
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

<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 Education Achievement Program	84.358	NONE	-	28,303
<i>Passed Through Maine State Department of Education:</i>				
Special Education Cluster (IDEA):				
Title VI, Part B - Local Entitlement	84.027	013-0346	-	100,103
Title VI, Part B - ARPA Local Entitlement	84.027	025-7170	-	18,814
Title VI, Part B - Local Entitlement Preschool	84.173	013-6247	-	698
Title VI, Part B - ARPA Local Entitlement Preschool	84.173	025-7171	-	2,192
Sub-total Special Education Cluster (IDEA):			-	121,807
ESSA Title 1A - Basic Disadvantaged Program	84.010	013-3107	108,778	131,405
ESSA Title 1A - Program Improvement	84.010	013-3106		20,180
ESSA Title 1A - Summer Reallocation	84.010	NONE		7,915
ESSA Title IV, Part A, SSAE Program	84.424	013-3345	-	60,742
ESSA Title IIA - Improving Teacher Quality	84.367	013-05A-3042-11-6306-3042ITG	-	51,394
Elementary and Secondary School Emergency Relief Fund -GEER Gran	*84.425C	013-7042	-	48,378
Elementary and Secondary School Emergency Relief Fund I	*84.425D	013-7006	-	11,853
Elementary and Secondary School Emergency Relief Fund II	*84.425D	013-7041	-	74,007
ARP Elementary and Secondary School Emergency Relief Fund 3	*84.425U	025-7071	-	613,095
Total U.S. Department of Education			108,778	1,169,079
U.S. Department of Agriculture:				
<i>Passed Through Maine State Department of Education:</i>				
State Pandemic Electronic Benefit Transfer Administrative Costs	10.649	NONE	-	628
State Administrative Expenses	10.560	NONE	-	18,085
Food Distribution Cluster:				
Food Distribution	10.565	NONE	-	8,894
Sub-total Food Distribution Cluster			-	8,894
Child Nutrition Cluster:				
Federal Performance Based Lunch	10.555	013-05A-7142	-	42,553
School Breakfast Program	10.553	013-05A-7127	-	7,736
Sub-total Child Nutrition Cluster			-	50,289
Total U.S. Department of Agriculture			-	77,896
U.S. Department of the Treasury:				
Coronavirus State and Local Fiscal Recovery Funds (ACE)	21.027	NONE	-	117,850
Total U.S. Department of the Treasury			-	117,850
Total			-	1,364,825

TOWN OF BAR HARBOR
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the Town of Bar Harbor, Maine under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Bar Harbor, Maine, it is not intended to and does not present the financial position or changes in net position of the Town of Bar Harbor, Maine.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE C – INDIRECT COST RATE

The Town of Bar Harbor, Maine has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE E – NONMONETARY ASSISTANCE

Nonmonetary assistance is reported on the Schedule of Expenditures of Federal Awards totaling \$8,894. This assistance consists of U.S.D.A Donated Commodities which are reported at their fair value.

NOTE D – PASS-THROUGH AWARDS

The Town of Bar Harbor, Maine receives certain federal awards in the form of pass-through awards from the State of Maine. Such amounts received as pass-through awards are specifically identified on the Schedule.