



In the opinion of Bernstein Shur Sawyer & Nelson, P.A., of Augusta, Maine, Bond Counsel ("Bond Counsel"), and assuming continuing compliance with certain provisions of the Internal Revenue Code of 1986, as amended (the "Code") and with certain tax covenants, under existing statutes, regulations and court decisions, interest on the Bonds (as defined below) is excludable from the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. In addition, such interest is not an item of tax preference for purposes of calculating the alternative minimum tax under the Code; however, for tax years beginning after December 31, 2023, such interest will be taken into account in determining the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Bond Counsel is also of the opinion that pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended, interest paid on the Bonds is exempt from taxation within the State of Maine (the "State. **The Town will not designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. See "THE BONDS—TAX MATTERS" and "APPENDIX B" herein.**

TOWN OF BAR HARBOR, MAINE
\$49,810,000
2023 GENERAL OBLIGATION BONDS

Dated: Date of Delivery

Due: October 15, as shown below

Year of				Year of			
<u>Maturity</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>Maturity</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>
2023	\$140,000	5.000%	3.28	2034	\$2,340,000	5.000%	2.91 ^(†)
2024	2,615,000	5.000	3.26	2035	2,340,000	5.000	3.01 ^(†)
2025	2,630,000	5.000	3.08	2036	2,340,000	5.000	3.13 ^(†)
2026	2,645,000	5.000	2.95	2037	2,340,000	5.000	3.27 ^(†)
2027	2,635,000	5.000	2.83	3038	2,340,000	5.000	3.38 ^(†)
2028	2,650,000	5.000	2.78	2039	2,340,000	5.000	3.42 ^(†)
2029	2,660,000	5.000	2.74	2040	2,335,000	5.000	3.50 ^(†)
2030	2,680,000	5.000	2.71	2041	2,330,000	5.000	3.57 ^(†)
2031	2,690,000	4.000	2.69	2042	2,330,000	5.000	3.63 ^(†)
2032	2,545,000	4.000	2.72	2043	2,325,000	5.000	3.69 ^(†)
2033	2,560,000	5.000	2.82				

The Town of Bar Harbor, Maine 2023 General Obligation Bonds (the "Bonds") will be issued as fully-registered certificates without coupons and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the minimum denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. See "THE BONDS—BOOK-ENTRY-ONLY SYSTEM" herein. Principal and interest on the Bonds will be paid to DTC by U.S. Bank Trust Company, National Association, Boston, Massachusetts, as Paying Agent. Interest on the Bonds will be payable on October 15, 2023 and semi-annually on each April 15 or October 15 thereafter until maturity, or redemption prior to maturity.

The legal opinion of Bond Counsel will be provided to the original purchaser and will indicate that the Bonds are valid general obligations of the Town of Bar Harbor, Maine (the "Town") and, unless paid from other sources are payable as to both principal and interest from ad valorem taxes that are subject to limitation unless certain procedural requirements under Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, are met, in which case such ad valorem taxes may then be levied, without limit as to rate or amount upon all the property within the territorial limits of the Town and taxable by it (see "THE BONDS—SOURCE OF PAYMENTS AND REMEDIES - Limitation on Municipal Property Tax Levy" herein), except to the extent that the Town may enter into an agreement under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality and except to the extent that the Town establishes or has established development districts either as tax increment financing districts or affordable housing development districts (collectively, "development districts") pursuant to Title 30-A, Chapter 206 and former (now repealed) Chapter 207 of the Maine Revised Statutes, as amended, the captured tax increment of which may not be available for payment of debt service on the Bonds (see "TOWN FINANCES—TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS" herein). The Town's Treasurer has certified that the Town has no agreements under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share assessed valuation with another municipality Bonds issued for school improvements that will be included in the school budget, governed by and appropriated in accordance with Title 20-A, Chapter 606-B. Within the limits established by statute, the Town has the right to designate development districts pursuant to Title 30-A, Chapter 206 of the Maine Revised Statutes, as amended. Bond Counsel's opinion will indicate that the enforceability of the obligations of the Town, including the Bonds, is subject to and may be limited by bankruptcy, insolvency, moratorium and other laws affecting the rights and remedies of creditors generally, and are subject to general principles of equity. The opinion will be dated and given on and will speak as of the date of original delivery of the Bonds to the original purchasers.

Bonds maturing on and before October 15, 2033 are not subject to redemption prior to their stated dates of maturity. Bonds maturing on and after October 15, 2034 are subject to redemption prior to their stated dates of maturity, at the option of the Town, on and after October 15, 2033 as more fully set forth herein (see "THE BONDS—OPTIONAL REDEMPTION PRIOR TO MATURITY" herein).

The Bonds are offered when, as and if issued, subject to the approval of legality by Bernstein Shur Sawyer & Nelson, P.A., of Augusta, Maine, Bond Counsel. Certain legal matters will be passed on for the Underwriter by its counsel, Jensen Baird Gardner & Henry, P.A., of Portland, Maine. Moors & Cabot, Inc., Boston, Massachusetts, serves as Municipal Advisor to the Town. It is expected that the Bonds in definitive form will be available for delivery to DTC in New York City, New York on or about August 15, 2023.

Raymond James

NOTE: ^(†) Priced at the stated yield to the October 15, 2033 optional redemption date at a redemption price of 100%.

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

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

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

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**CERTIFICATE
CONCERNING OFFICIAL STATEMENT**

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

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

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

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

Sarah Gilbert
Treasurer
Town of Bar Harbor, Maine

**OFFICIAL STATEMENT
TOWN OF BAR HARBOR, MAINE
\$49,810,000
2023 GENERAL OBLIGATION BONDS**

This Official Statement is provided for the purpose of presenting certain information relating to the Town of Bar Harbor, Maine (the “Town” or “Bar Harbor”) in connection with the sale of its 2023 General Obligation Bonds (the “Bonds”).

THE BONDS

DESCRIPTION OF THE BONDS

The Bonds will be issued only as fully-registered bonds without coupons, one certificate per maturity, and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York City, New York (“DTC” or the “Securities Depository”). DTC will act as the securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the minimum denomination of \$5,000, or any integral multiple thereof. The Bonds will be dated on the date of delivery and will bear interest (accrued on the basis of a 360-day year with twelve 30-day months) payable on October 15, 2023, and semi-annually thereafter on April 15 or October 15 of each year until maturity, or redemption prior to maturity. It is expected that the Bonds will be available for delivery at DTC on or about August 15, 2023. The Bonds will mature as follows:

<u>Amount</u>	<u>October 15,</u>	<u>CUSIP®</u>	<u>Amount</u>	<u>October 15,</u>	<u>CUSIP®</u>
\$140,000	2023	066878LV9	\$2,340,000	2034	066878MG1
2,615,000	2024	066878LW7	2,340,000	2035	066878MH9
2,630,000	2025	066878LX5	2,340,000	2036	066878MJ5
2,645,000	2026	066878LY3	2,340,000	2037	066878MK2
2,635,000	2027	066878LZ0	2,340,000	2038	066878ML0
2,650,000	2028	066878MA4	2,340,000	2039	066878MM8
2,660,000	2029	066878MB2	2,335,000	2040	066878MN6
2,680,000	2030	066878MC0	2,330,000	2041	066878MP1
2,690,000	2031	066878MD8	2,330,000	2042	066878MQ9
2,545,000	2032	066878ME6	2,325,000	2043	066878MR7
2,560,000	2033	066878MF3			

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

OPTIONAL REDEMPTION PRIOR TO MATURITY

Bonds maturing on and before October 15, 2033 are not subject to optional redemption prior to their stated dates of maturity. Bonds maturing on or after October 15, 2034 are subject to redemption prior to their stated dates of maturity, at the option of the Town, on and after October 15, 2033, as a whole or in part at any time, in such order of maturity as the Town, in its discretion, may determine at a price of par (100% of original stated amount of value at maturity), together with interest accrued and unpaid to the redemption date, if any.

GENERAL PROVISIONS REGARDING REDEMPTION

Notice of Redemption

In the case of every redemption of the Bonds, the Town shall cause notice of such redemption to be given to the registered owner of any Bonds designated for redemption in whole or in part, at his or her address as the same shall last appear upon the registration books kept by the Paying Agent by mailing a copy of the redemption notice by first class mail not less than thirty (30) days prior to the redemption date. Any notice mailed shall be conclusively presumed to have been duly given, whether or not the Bondholder actually receives notice. The failure of the Town to give notice to a Bondholder or any defect in such notice shall not affect the validity of the redemption of any Bond of any other owner. Each notice of redemption shall specify the date fixed for redemption, the place or places of payment, that payment will be made upon presentation and surrender of the Bonds to be redeemed, that interest, if any, accrued to the date fixed for redemption will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue. If less than all the Bonds outstanding are to be redeemed, the notice of redemption shall specify the numbers of the Bonds or portions thereof (in denominations of \$5,000 or any integral multiple thereof) to be redeemed.

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

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

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

Cancellation

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

Partial Redemption of Bonds

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

RECORD DATE; PAYMENT

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

AUTHORIZATION AND PURPOSE

Authorization for the Bonds

The Town’s 2023 Bonds (the “2023 Bonds”) are being issued pursuant to Article II, Section C-6.B(1) of the Town’s Charter; by action of the voters of the Town at Annual Town Meetings, shown below; and by Title 30-A, Section 5772 of the Maine Revised Statutes, as amended.

<u>Projects</u>	<u>Amount⁽¹⁾</u>	<u>Date</u>	<u>Article</u>	<u>Source of Payment</u>	
				<u>Tax Base</u>	<u>User Fees</u>
Fiber Buildout	\$750,000	June 1, 2021	Article Q	Yes	No
School Plans	3,000,000	Nov. 2, 2021	Article 2	Yes	No
Sewer	30,580,000	June 7, 2022	Article Q	No	Yes
Water	5,440,000	June 7, 2022	Article Q	No	Yes
Storm Sewer	7,875,000	June 7, 2022	Article Q	Yes	No
Solar Array	<u>4,350,000</u>	June 7, 2022	Article R	Yes	No
Sub-Total	\$51,995,000				
Refund 2011 Bonds	1,300,000	Mar. 21, 2023	Article VII(B)	No	Yes
Refund 2013 Bonds	<u>1,940,000</u>	Mar. 21, 2023	Article VII(B)	Yes	No
The Bonds	\$55,235,000				

NOTE: ⁽¹⁾ Amount(s) not to exceed. Reflects the \$49,810,000 par amount of Bonds, plus allocable net Original Issue Premium in the amount of \$5,425,000 to finance the projects. Does not include Costs of Issuance. See “THE BONDS - AMORTIZATION OF THE BONDS” herein.

Original Authorizations for the Refunded Bonds

The Town’s 2011 Bonds (the “2011 Bonds”) were issued pursuant to Article II, Section C-6.B(1) of the Town’s Charter; by action of the voters of the Town at its Annual Town Meeting held on June 7, 2011; and by Title 30-A, Section 5772 of the Maine Revised Statutes, as amended. The 2011 Bonds were issued for renovations of and improvements to water mains and the Duck Brook Pump Station. These projects were approved by an *Order(s) Approving Issue of Securities*, consented by the Maine Public Utilities Commission (“MPUC”) at its meeting held on August 9, 2011 (Docket #2011-251). The Town’s 2013 Bonds (the “2013 Bonds”) were issued pursuant to Article II, Section C-6.B(1) of the Town’s Charter; by action of the voters of the Town at an Annual Town Meeting held on June 5, 2012; and by Title 30-A, Section 5772 of the Maine Revised Statutes, as amended. The 2013 Bonds were issued to provide funds to build a new Public Works Garage and Office complex to be located in Hulls Cove, in the Town to house the Town’s Water Division, its Highway Division, as well as be the Public Works office’s new location. The Town owns the building and leases approximately 1/3 of the facility to the Water Division, that portion of which is expected to be paid from water user charges. MPUC approval was not necessary and, therefore, was not applied for.

The Refunded Bonds

The Town issued \$5,055,000 2011 Bonds on September 15, 2011. The remaining 2011 Bonds (the “Refunded 2011 Bonds”, in the amount of \$1,300,000 due December 1, 2023 to the December 1, 2031 final maturity are callable, at the option of the Town, on or after December 1, 2021 @ 100% together with interest accrued and unpaid to the redemption date, as shown below.

The Refunded 2011 Bonds

<u>Date of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>CUSIP</u>	<u>Date of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>CUSIP</u>
Dec. 1, 2023	\$135,000	3.00%	066878FR5	Dec. 1, 2028	\$140,000	3.25%	066878FW4
Dec. 1, 2024	140,000	3.00	066878FS3	Dec. 1, 2029	145,000	3.25	066878FX2
Dec. 1, 2025	145,000	3.00	066878FT1	Dec. 1, 2030	150,000	3.375	066878FY0
Dec. 1, 2026	155,000	3.00	066878FU8	Dec. 1, 2031	155,000	3.50	066878FZ7
Dec. 1, 2027	135,000	3.125	066878FV6				

The Refunded 2013 Bonds

The Town issued \$3,350,000 2013 Bonds on August 29, 2013. The remaining 2013 Bonds (the “Refunded 2013 Bonds”, in the amount of \$1,940,000 due October 15, 2024 to the October 15, 2033 final maturity are callable, at the option of the Town, on or after October 15, 2023 @ 100% together with interest accrued and unpaid to the redemption date, as shown below.

<u>Date of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>CUSIP</u>	<u>Date of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>CUSIP</u>
2024	\$165,000	3.00%	066878GL7	2029	\$195,000	4.00%	066878GR4
2025	170,000	3.00	066878GM5	2030	205,000	4.00	066878GS2
2026	175,000	3.50	066878GN3	2031	210,000	4.00	066878GT0
2027	180,000	3.50	066878GP8	2032	220,000	4.00	066878GU7
2028	190,000	3.375	066878GQ6	2033	230,000	4.00	066878GV5

When collectively, the Refunded 2011 Bonds and the Refunded 2013 Bonds are the “Refunded Bonds”.

SOURCES AND USES OF FUNDS

	<u>Sources</u>
Par Amount:	\$49,810,000.00
Net Original Issue Premium/Discount	<u>5,871,768.25</u>
Total Sources	\$55,681,768.25

	<u>Uses</u>
Deposit to Town:	
2023 (New Money Project Fund) Proceeds	\$51,995,000.00
Deposit to Refunding 2011 & 2013 Escrow Fund	3,255,541.73
Costs of Issuance ^(*)	<u>431,226.52</u>
Total Uses	\$55,681,768.25

NOTE: (*) Costs of issuance includes Underwriter’s Discount.

AMORTIZATION OF THE BONDS

Oct 15,	Fiber Build	School Plans	Downtown Infrastructure			Solar Array	New Money	Refunding Bonds		Total Bonds
			Sewer	Water	CSO			2011	2013	
2023	0	0	0	0	0	0	0	135,000	5,000	140,000
2024	35,000	135,000	1,380,000	245,000	355,000	200,000	2,350,000	125,000	140,000	2,615,000
2025	35,000	135,000	1,380,000	245,000	355,000	200,000	2,350,000	130,000	150,000	2,630,000
2026	35,000	135,000	1,380,000	245,000	355,000	200,000	2,350,000	140,000	155,000	2,645,000
2027	35,000	135,000	1,380,000	245,000	355,000	200,000	2,350,000	125,000	160,000	2,635,000
2028	35,000	135,000	1,380,000	245,000	355,000	195,000	2,345,000	130,000	175,000	2,650,000
2029	35,000	135,000	1,375,000	245,000	355,000	195,000	2,340,000	140,000	180,000	2,660,000
2030	35,000	135,000	1,375,000	245,000	355,000	195,000	2,340,000	145,000	195,000	2,680,000
2031	35,000	135,000	1,375,000	245,000	355,000	195,000	2,340,000	150,000	200,000	2,690,000
2032	35,000	135,000	1,375,000	245,000	355,000	195,000	2,340,000		205,000	2,545,000
2033	35,000	135,000	1,375,000	245,000	355,000	195,000	2,340,000		220,000	2,560,000
2034	35,000	135,000	1,375,000	245,000	355,000	195,000	2,340,000			2,340,000
2035	35,000	135,000	1,375,000	245,000	355,000	195,000	2,340,000			2,340,000
2036	35,000	135,000	1,375,000	245,000	355,000	195,000	2,340,000			2,340,000
2037	35,000	135,000	1,375,000	245,000	355,000	195,000	2,340,000			2,340,000
2038	35,000	135,000	1,375,000	245,000	355,000	195,000	2,340,000			2,340,000
2039	35,000	135,000	1,375,000	245,000	355,000	195,000	2,340,000			2,340,000
2040	30,000	135,000	1,375,000	245,000	355,000	195,000	2,335,000			2,335,000
2041	30,000	135,000	1,375,000	245,000	350,000	195,000	2,330,000			2,330,000
2042	30,000	135,000	1,375,000	245,000	350,000	195,000	2,330,000			2,330,000
2043	30,000	135,000	1,375,000	240,000	350,000	195,000	2,325,000			2,325,000
Bonds:	\$680,000	\$2,700,000	\$27,525,000	\$4,895,000	\$7,085,000	\$3,920,000	\$46,805,000	\$1,220,000	\$1,785,000	\$49,810,000
Premium^(*):	\$70,000	\$300,000	\$3,055,000	\$545,000	\$790,000	\$430,000	\$5,190,000	\$80,000	\$155,000	\$5,425,000
Project:	\$750,000	\$3,000,000	\$30,580,000	\$5,440,000	\$7,875,000	\$4,350,000	\$51,995,000	\$1,300,000	\$1,940,000	\$55,235,000

NOTE: (*) Allocable Bid Premium. Does not include Bid Premium used for a portion of the purchase for the Escrow Deposit and Costs of Issuance.

SOURCE OF PAYMENT AND REMEDIES

General

The Bonds are general obligations of the Town and their payment is not limited to a particular fund or revenue source. Municipalities in the State of Maine (the “State”) have the right to tax their inhabitants to pay municipal indebtedness. The Bonds are payable as to both principal and interest from ad valorem taxes that are subject to limitation unless the Town follows certain procedural requirements under Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, in which case the Town has the power to levy such ad valorem taxes without limit as to rate or amount upon all the taxable property within its territorial limits (see “THE BONDS – SOURCE OF PAYMENT AND REMEDIES – Limitation on Municipal Property Tax Levy” herein), except to the extent that the Town may enter into an agreement under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality, and except to the extent that the Town establishes or has established development districts as tax increment financing districts or affordable housing development districts pursuant to Title 30-A, Chapter 206 and former (now repealed) Chapter 207 of the Maine Revised Statutes, as amended, the captured tax increment of which may not be available for payment of debt service on the Bonds (see “TOWN FINANCES – PROPERTY TAXATION - Tax Increment Financing Districts and Affordable Housing Development Districts” herein). The Finance Director of the Town has certified that no tax base sharing agreement now exists. The Town has not established certain tax increment financing districts but may elect to designate development districts pursuant to Chapter 206 of Title 30-A of the Maine Revised Statutes, as amended, in the future, including the retention of a portion of the tax increment on the captured assessed value of the property in these districts to pay costs of the development project within the

districts. There is no statutory provision for a lien on any portion of the tax levy to secure bonds or notes, or judgments thereon, in priority to other claims.

The Town is subject to suit on the Bonds. Title 14, Section 4951 of the Maine Revised Statutes, as amended, provides that executions against a town shall be issued against the personal property of the residents of that town and real estate within its boundaries, whether or not owned by the town. Only town real estate not used for public purposes, however, is subject to such execution. In addition, Title 30-A, Section 5701 of the Maine Revised Statutes, as amended, provides that the personal property of the residents and the real estate within the boundaries of a municipality may be taken to pay any debt due from the municipality. There has been no judicial determination as to whether the statutory remedy of taking property of residents to satisfy debts of or judgments against, a municipality is constitutional under current due process and equal protection standards and Bond Counsel expresses no opinion thereon. There has been no judicial determination as to whether statutory remedies available against towns are applicable to cities and Bond Counsel expresses no opinion thereon.

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

Limitation on Municipal Property Tax Levy

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

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

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

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

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

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

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

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

TAX MATTERS

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

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

In the opinion of Bernstein Shur Sawyer & Nelson, P.A., Bond Counsel (“Bond Counsel”), under existing statutes, regulations and court decisions interest on the Bonds is excludable from the gross income of the owners of the Bonds for purposes of federal income taxation pursuant to Section 103 of the Code. In addition, such interest is not an item of tax preference under the Code; however, for tax years beginning after December 31, 2023, such interest will be taken into account in determining the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In rendering its opinion, Bond Counsel will rely upon the Town’s representations made with respect to the use of the proceeds of the Bonds, and the projects financed with the Bonds, and the Town’s covenant that it will comply with the Code. See “PROPOSED FORM OF LEGAL OPINION” in APPENDIX B herein.

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

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

Not Designated as Qualified Tax-Exempt Obligations

The Town *will not* designate the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

Original Issue Discount

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

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

Original Issue Premium

Certain maturities of the Bonds may be sold at a purchase price in excess of the amount payable on such Bonds after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) (the “Premium Bonds”). The excess, if any, of the tax basis of the Premium Bonds to a purchaser (other than a purchaser who holds such Premium Bonds as inventory, stock

in trade or for sale to customers in the ordinary course of business) over the amount payable at maturity (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) is amortizable bond premium, which is not deductible from gross income for federal income tax purposes. Amortizable bond premium, as it amortizes, will reduce the owner’s tax cost of the Premium Bonds used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Premium Bonds. Accordingly, an owner of a Premium Bond may have taxable gain from the disposition of the Premium Bond, even though the Premium Bond is sold, or disposed of, for a price equal to the owner’s original cost of acquiring the Premium Bond. Bond premium amortizes over the term of the Premium Bonds under the “constant yield method” described in regulations interpreting Section 1272 of the Code.

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

Additional Federal Income Tax Consequences

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

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

Changes in Federal Tax Law

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

Opinion of Bond Counsel

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

Extent of Opinion

Bond Counsel expresses no opinion regarding any tax consequences of holding the Bonds other than its opinion with regard to (a) the exclusion of interest on the Bonds from gross income pursuant to Section 103 of the Code, (b) interest on the Bonds not constituting an item of tax preference pursuant to Section 57 of the Code, but that for tax years beginning after December 31, 2023, such interest will be taken into account included in determining the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code (c) the exemption of interest on the Bonds from taxation within the State pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended. Prospective purchasers of the Bonds should consult their tax advisors with respect to all other tax consequences (including but not limited to those described above) of holding the Bonds.

BOOK-ENTRY-ONLY SYSTEM

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

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated securities. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to DTC. If less than all of a maturity is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

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

DTC may discontinue providing its services as depository with respect to securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

RATINGS

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

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

CONTINUING DISCLOSURE

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

Except for a one-day “late filing” and incomplete financial statements thereon for the fiscal year ended June 30, 2012, the Town has never failed to comply in all material respects with any previous undertakings to provide Financial Information or Notices of Material Events in accordance with the Rule. However, prior to the fiscal year ended 2014, the Town failed to file Operating Data “for the preceding fiscal year of the type presented in the Town’s Official Statements prepared in connection with the sale of its Bonds” for the fiscal years June 30, 2009 through 2013. To remedy this oversight, the Town has developed and, since the fiscal year ended June 30, 2014, incorporated operating data of the type presented in the Town’s Official Statements, as an exhibit addended to its annual financial statements. The Town made corrective filings and posted a “Failure to File” Notice on April 17, 2020 for the fiscal years ended 2017, 2018 and 2019 as those filings did not incorporate certain items of operating data, since remedied for its fiscal year 2020 through 2022 filings; and the Town made corrective filings and posted a “Failure to File” Notice on July 20, 2023 for the fiscal years ended 2020, 2021 and 2022 as those filings did not incorporate certain items of operating data. The following list summarizes recent financial filings by the Town:

<u>Financial Statements & Operating Data</u>	<u>Date Filed</u>	<u>Days after prior FY end</u>
06/30/2022	03/27/2023	270
06/30/2021	03/26/2022	269
06/30/2020	02/01/2021	216
06/30/2019	01/10/2020	194
06/30/2018	12/26/2018	179

CUSIP® IDENTIFICATION NUMBERS

It is anticipated that CUSIP® (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Bonds. All expenses in relation to the printing of CUSIP® numbers on the Bonds will be paid for by the Town provided, however, that the Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

MUNICIPAL ADVISOR

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

UNDERWRITING

The Bonds are being purchased by the Underwriter. The Underwriter has agreed, subject to certain conditions, to purchase all (but not less than all) of the \$49,810,000 2023 General Obligation Bonds (the “Bonds”) at the aggregate purchase price of \$55,419,390.02, which purchase price reflects an Underwriter’s discount from the public offering price of the Bonds in the amount of \$262,378.23 and a net premium in the amount of \$5,871,768.25, plus accrued interest, if any. The initial public offering prices of the Bonds may be changed, from time to time, by the Underwriter. The Town has been advised by the Underwriter that (i) it presently intends to make a market in the Bonds, (ii) it is not, however, obligated to do so, (iii) any market making may be discontinued at any time and (iv) there can be no assurance that an active public market for the Bonds will develop. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts, certain of which may be sponsored or managed by the Underwriter) and others at prices lower than the public offering prices stated on the cover page hereof.

LEGAL MATTERS

Legal matters incident to the authorization, issuance, sale and delivery of the Bonds are subject to the approval of Bond Counsel. Certain legal matters will be passed on for the Underwriter by its counsel, Jensen Baird Gardner & Henry, P.A., of Portland, Maine.

STATUTORY REFERENCES

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

CONDITIONS PRECEDENT TO DELIVERY

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

No Litigation

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

Approval of Legality

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

Certification of the Bonds

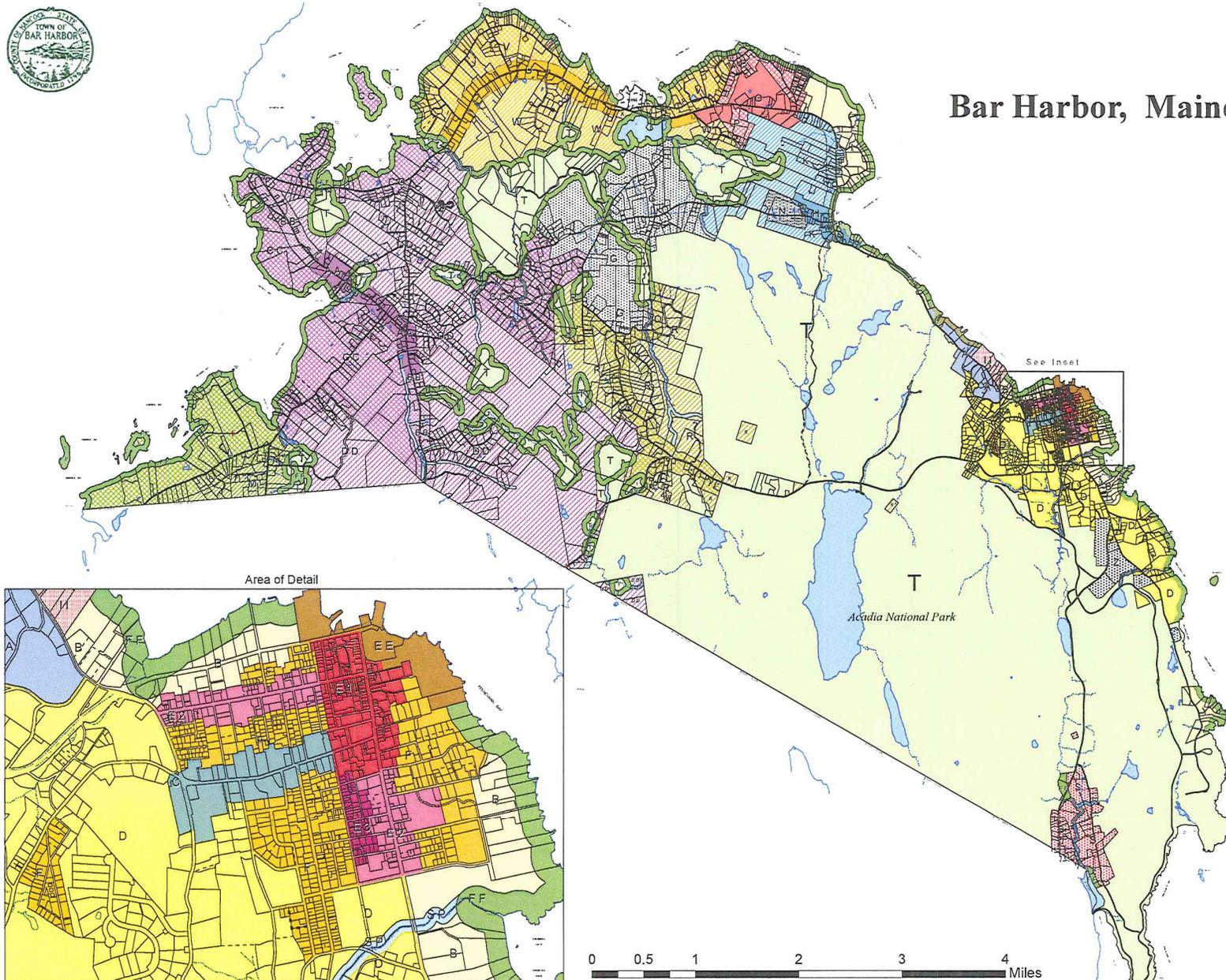
The Bonds will be certified as to their genuineness by U.S. Bank Trust Company, National Association, Boston, Massachusetts, which certificate will appear on the Bonds.

Certificate With Respect to Official Statement

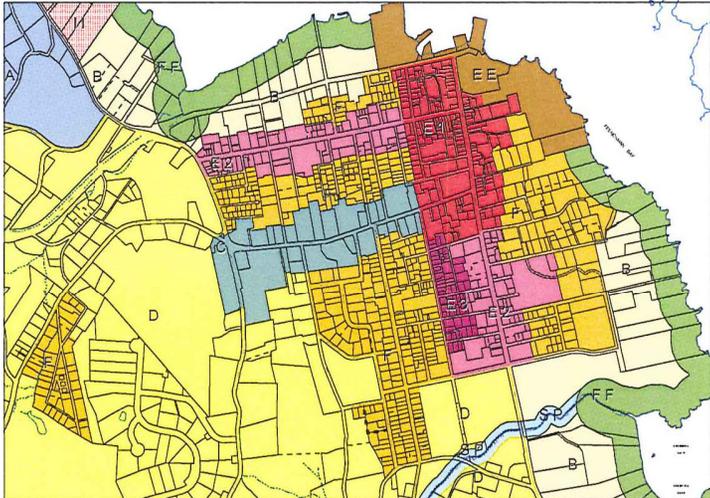
At the time of the original delivery of, and payment for, the Bonds, the Town will deliver a certificate of the Finance Director to the effect that she has examined this Official Statement and the financial and other data contained therein and that, to the best of her knowledge and belief, both as of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



Bar Harbor, Maine



Area of Detail



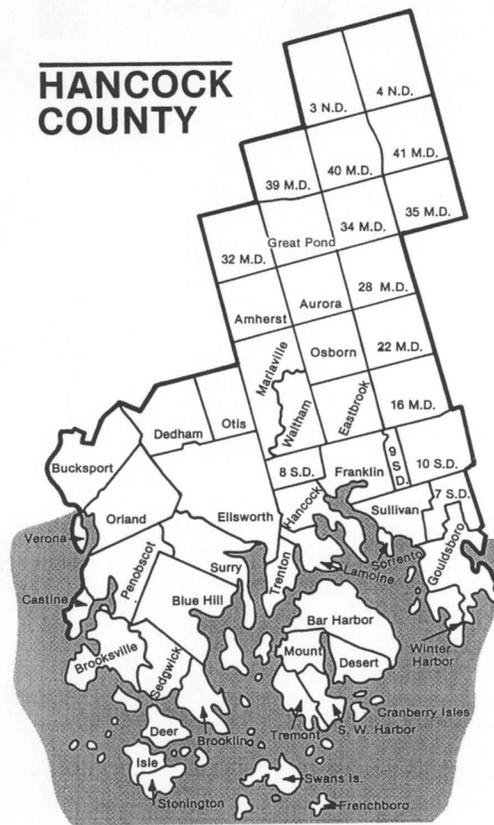
Legend

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

TOWN OF BAR HARBOR

GENERAL

The Town of Bar Harbor (hereinafter sometimes the “Town” or “Bar Harbor”) is located on the coast of Maine in the southern section of the County of Hancock, approximately 21 miles south - southeast of the City of Ellsworth and 45 miles southeast of the City of Bangor. The Town encompasses the entire northern and northeastern section of Mount Desert Island. Mount Desert Island is comprised of 114 square miles, being the sixth largest island in the continental United States. The island is surrounded by Frenchman Bay to its northeast, Blue Hill Bay to its southwest and the Atlantic Ocean to its southeast. The Town is bordered from east to north to west by Frenchman Bay, Eastern Bay and Western Bay, respectively, with the Town of Mount Desert contiguous to Bar Harbor, forming its southern border. Access for ground transportation to Bar Harbor is provided by U.S. Interstate Route 95 in Bangor, to State Route 1A to Ellsworth with continuation on State Route 3 to the Town. Air service is provided by Bangor International Airport, in Bangor, and the Bar Harbor/Hancock County Airport, located in Trenton, on the mainland just before Mount Desert Island.



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

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

Today, the palatial summer “cottages” and hotels have become foundations for motor courts, campgrounds and a thriving lodging industry. Many of the summer homes and clubs have become inns or B&Bs, retaining the previous décor of the Gilded Age era. Hotels, motels, inns and guest cottages provide over 3,540 rooms in the Town and the Town offers approximately 1,000 campsites for tents or camping vehicles. In addition to an economy enhanced by tourism, the Town of Bar Harbor is the home of The Jackson Laboratory, the College of the Atlantic, the Mount Desert Island Hospital, the Mount Desert Island Biological Laboratory, the Abbe Museum and is the urban hub for Acadia National Park.

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

GOVERNMENT

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

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

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

MUNICIPAL SERVICES

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

Climate Change Initiatives

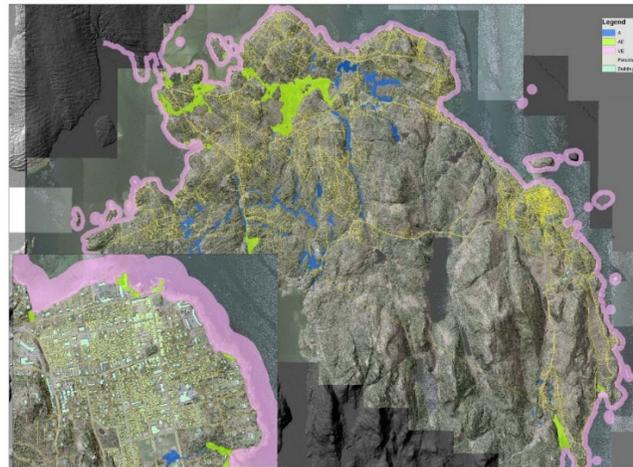
In 2020, the Town created a Task Force for Climate Emergency (the "Task Force") to better optimize its efforts to recognize and respond to climate change with goals to reduce its carbon footprint as well as make improvements towards energy efficiencies, use of renewables, less fossil fuel dependence, and safeguard its infrastructure from possible sea level rise. The Task Force developed a five-year action plan (*Town of Bar Harbor Climate Action Plan*) where they developed goals and strategies to work towards the goal of becoming a net-zero emissions community. In order to implement the *Town of Bar Harbor Climate Action*

Plan, the Town created and staffs a Sustainability Coordinator position to coordinate the actions necessary to meeting these goals. A few of the major projects currently underway are the planning and construction of a 1.5 MW municipal solar array at Higgins Pit, overseeing the administration of the existing solar power purchase agreement and maintenance of the Public Works solar array, and using software to research, collect, and analyze data to conduct municipal and community-wide greenhouse gas audits.

Geological Profile and Coastal Warming

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

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



Technology Initiative

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

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

Public Safety

The combined Police and Dispatch departments are currently staffed with 21 sworn officers (14 Bar Harbor and seven Mount Desert) which includes a Police Chief, one Captain, two Lieutenants, three Sergeants and fourteen full time Patrol Officers. The Dispatch department is staffed with 7 dispatchers (four Bar Harbor and three Mount Desert) and a Dispatch Supervisor. In addition, the Police and Dispatch departments have an Administrative Assistant and a Harbormaster Assistant. Seasonally, the department employs several staff members for parking enforcement and cruise ship activities. A new five-year agreement was implemented in 2022, in which the Police Chief, Administrative Assistant, and Captain are successfully shared with the neighboring Town of Mount Desert on a 60/40% funding basis; with officers in both communities deputized for any mutual aid related coverage. This agreement is expected to continue until 2027. The Police Department maintains six Bar Harbor patrol cruisers, two parking enforcement vehicles, one Harbormaster vehicle, a 27-foot Police Boat for cruise ship and port security, and a 16-foot Harbormaster Boat.

The Fire and Ambulance Departments are operated by a Fire Chief, one Deputy Fire Chief, three Captains, 12 full-time firefighters with six licensed to the paramedic level, and approximately 13 volunteers operating from one main fire station, one sub-station, and maintaining four fire apparatus and three ambulances. The Ambulance Department bills approximately 900 runs per year in the effort to maintain 24-hour paramedic coverage and is partly self-sustained through user fees. The Town’s Insurance Service Organization classification rating is 4/4X, with a rating of 4 in our downtown, and 4X in our rural areas.

The Town has a Harbor Master, one seasonal assistant, a Harbor Committee and a Marine Resources Committee. The Harbor Master coordinates all harbor activity, cruise ship reservations, assigning anchorage and initiating the billing fees, and serves as the Shellfish Conservation Warden. The Harbor Committee was expanded to 11 members to work on developing the Ferry Terminal property. Any recommendations will be made to the Town Council and, if accepted, will be entered into the budgetary process for Town meeting approval. The Harbor Committee also recommends improvements to and provides planning for the Municipal Pier, the Town’s moorings, its harbor as well as Ferry Terminal lot. A separate Marine Resources Committee of seven members is also in place to monitor all the critical harbor resources. The Marine Resources Committee works with the Harbormaster and COA to reseed clam flats and also works generally to improve water quality. The Committee does suggest updated ordinances and licenses for shellfish harvesting and brings those to the Town Council for approval.

Public Works

The Public Works Department is managed by a Public Works Director who oversees approximately 30 personnel in four divisions: Highway, Wastewater, Water and Solid Waste (three of which are discussed in greater detail below); and Parks & Ground and Comfort Stations. The Highway Division has five large plow trucks and is housed in the Public Works facility, built in 2013.

Solid Waste Division

Acceptance of Waste

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

Disposal of Waste

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

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

In February 2016, Bar Harbor's Town Council voted to enter into a Joinder Agreement with the MRC, pursuant to which waste would be delivered to the new facility for processing in accordance with the master waste supply agreement and other associated agreements. The Joinder Agreement has an initial term of 15 years from the commercial operations date of the new facility, with provisions to extend the agreement term by five extension terms of five-year each. The tipping fee for waste disposal at the new facility is currently at \$77 per ton as of 2022, and escalates each January 1 thereafter. The MRC has set aside cash reserve funds to provide a rebate back to the Town, and to other MRC members, that will bring the net tipping fee down to a value of \$72 per ton.

Wastewater Division

The Wastewater Division is established as an Enterprise Activity in that the intent of the Town is for the department to provide services on a continuing basis, financed entirely through user charges. The department is staffed by one superintendent and eight full-time employees. The Division maintains three treatment plants, 11 pump stations and 20 miles of mains. The main wastewater plant is a Class IV treatment facility. The facilities and flow (in "MGD" or million gallons per day) are:

<u>Facility</u>	<u>Designed Capacity</u>	<u>Average Flow Treated</u>	<u>Maximum Daily Flow</u>
Main Wastewater Plant	2.000 MGD	1.1470 MGD	4.3710 MGD
Hulls Cove	0.150 MGD	0.0830 MGD	0.4110 MGD
Degregoire Park	0.012 MGD	0.0066MGD	0.0461 MGD

The Town currently has removed all but the final 1% of its infiltration and inflow (“I&I”) problems and is actively pursuing ways to either remove or treat the remaining I&I occurring during heavy storms. In fiscal year 2019, the Division received a State grant to review and revise its Combined Sewer Overflow (“CSO”) master plan during fiscal year 2020. The main treatment plant was rebuilt in 1997 and part of any future capital construction planning and funding will involve replacing/upgrading certain equipment, but only after a thorough engineering review as new treatment options are investigated and coordinated with any related recommendations of the revised CSO plan.

<u>Largest Wastewater Customers</u>	<u>Type of Use</u>	<u>2021 Revenues</u>	<u>% of Total</u>
Jackson Laboratory	Genetic Research & Mice Prod	\$542,926	25.2%
Witham Family LTD Part	Hotels (7)	215,097	9.8
Eden Street Trust	Hotel	60,802	2.9
Golden Anchor LC	Hotel	47,068	2.2
Mount Desert Island Hospital	Hospital	36,843	1.7
West St. Properties, LLC	Hotel	31,877	1.5
Bar Harbor Housing Authority	Low Income/Elderly Housing	29,915	1.3
WS Atlantic, LLC	Hotel	23,448	1.2
College of the Atlantic	Educational Institution	22,408	1.2
Town of Bar Harbor	Muni Bldg, School, Comfort Stations	22,611	<u>1.1</u>
			48.0%

Water Division

The Water Division, formerly the Bar Harbor Water Company acquired by the Town in 2001, is established as an Enterprise Activity with the intent of the Town is for the department to provide services on a continuing basis, financed entirely through user fees. In 2019 the Town again invested in a water system master plan to evaluate the treatment and distribution system; to consider potential needs of the system which may be driven by growth, storage capacity, firefighting needs, protection of the public water supply, regulatory changes and equipment and piping deterioration with a comprehensive vision that the Town can utilize for its capital improvement program, coordinating pipe replacement with wastewater and road construction and maintaining its filtration waiver. The division has been actively investing in pipe replacement projects coordinating those projects with wastewater and road construction projects. In December of 2022, the Town was awarded a \$1,400,000 Congressional Discretionary Spending Grant from US Senator Angus King’s office. This grant will fund replacing current up island water tank that holds both public water supply and a fire suppression systems.

The former Bar Harbor Water Company was originally established under Chapter 449 of the Private and Special Laws of Maine (1874), as amended; and, pursuant to Chapter 16 of the Private and Special Laws of Maine (2001). On October 4, 2001, the Town acquired stock of the company (), and on June 25, 2003, dissolved the corporation. On July 1, 2003, the Town initiated operation of water system services as a department of the Town (the “Water System”).

The current source of the system’s water supply is entirely from surface water located at Eagle Lake, a 3.6-mile watershed in Acadia National Park, with usable storage capacity estimated at 2,130.920 MGD with an estimated “Dry Year” daily yield of 251 million gallons. The average daily draft of the watershed for the 2022 period was 0.978 MGD, (or 0.05% of storage capacity) with maximum daily draft of 2.0845 gallons per day (or 0.10% of storage capacity) and peak hour demand of 2.39 MGD on September 20, 2022. The Water System is a Class III Distribution System and Class III Treatment System. For calendar year ended December 31, 2022 the Water System serves approximately 1,889 metered customers in a territory serving the major part of the Town, consisting principally of the villages of Bar Harbor, Hulls Cove and Salisbury Cove, with a population of approximately 3,300 inhabitants.

<u>Largest Water Customers</u>	<u>Type of Use</u>	<u>2021 Revenues</u>	<u>% of Total</u>
Town of Bar Harbor	Parks, Bldgs, Schools, & Hydrants	\$637,206	30.1%
Jackson Lab	Genetic Research & Mice Prod	223,918	10.6
Witham Family LTD Part	Hotels (7)	101,989	4.8
Kebo Valley Club	Golf Course	36,614	1.5
College of the Atlantic	Educational Institution	31,466	1.5
Golden Anchor, LLC	Hotel	19,689	0.9
Mount Desert Island Hospital	Hospital	19,443	0.9
Lafayette Bar Harbor, LLC	Hotel	19,281	0.9
Bar Harbor Housing Authority	Low Income/Elderly Housing	15,919	0.8
BHTC 111, LLC	Hotel	14,022	0.7
			52.7%

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

<u>Number of Water System Customers</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Residential	1,263	1,262	1,251	1,271	1,279
Commercial	517	520	499	506	512
Industrial (Jax Lab)	42	42	42	42	48
Governmental	59	59	59	50	50
Total	1,881	1,883	1,851	1,869	1,889

<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

<u>Water Sales (Revenue)</u>	<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	40,584
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

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

PUBLIC EDUCATION

AOS 91/CSD No. 7

AOS 91 (see “MUNICIPAL SERVICES – PUBLIC EDUCATION - Alternative Organizational Structures”, below) is comprised of members of the former School Union #98, Community School District #7, MSAD No. 76 and a member of the former School Union #92 and provides for education for grades K through 8. Individually, each School Administrative Unit (“SAU”) is governed by the respective SAU for local purposes, but reports to the State as a single unit. Alternatively, CSD No. 7 is comprised of the six communities of the former School Union #98 (see “MUNICIPAL SERVICES – PUBLIC EDUCATION – School Unions”, below), to attend Mount Desert Island High School (“Mt Desert CSD”; (see “MUNICIPAL SERVICES – PUBLIC EDUCATION – Community School Districts”, below) and provides education for students in grades 9 through 12. The d AOS 91, including CSD No. 7, became operational on July 1, 2009 as Mount Desert Island Regional School System (“MDI RSS”).

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

<u>Town</u>	<u>Population</u>	<u># Board Members</u>	<u>Votes per Member</u>	<u>Number of Students</u>	<u>% of Member Students</u>
Bar Harbor	5,089	5	1	500	37.94%
Mount Desert	2,146	5	1	221	16.77
Southwest Harbor	1,756	5	1	187	14.19
Tremont	1,544	5	1	172	13.05
Cranberry Isles	160	3	1	9	0.68
Frenchboro	29	3	1	5	0.38
Trenton	1,584	5	1	185	14.04
Swan’s Island	<u>355</u>	<u>5</u>	<u>1</u>	<u>39</u>	<u>2.95</u>
	12,630	36	8	1,318	100.00%

Alternative Organizational Structures

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

and assessment. An AOS files reports with the State as a single unit and adopts consistent school policies, school calendars and a plan for achieving consistent collective bargaining agreements. The plan for an AOS must also include one or more inter-local agreements and a plan for presenting, approving, and validating the annual school budget that ensures K-12 budget transparency for its members and their voters.

School Unions

School Unions in Maine were a combination of two or more municipalities joined together for administrative purposes only to better cost justify the employment of a superintendent of schools. A superintendent’s services and office expense are apportioned to each community on a pro rata share of the superintendent’s services. As such, the individual community maintained its own budget, had its own school committee and operated independently as a separate unit, except for the superintendent expenses;

Community School Districts

Community School Districts (“CSD”) in Maine were a combination of two or more municipalities who form to build, maintain and operate a school or schools to educate certain grades (e.g., grades 9 through 12). The member towns maintain individual control for the education of their students for grades not included in a CSD.

<u>Composition of MDI RSS</u>				<u>Attending Enrollment (Oct. 1, 2022)</u>
<u>Former SAU</u>	<u>Community</u>	<u>School</u>	<u>Grade</u>	
School Union #98 ^(†)	Bar Harbor	Connors-Emerson	K-8	334
School Union #98	Cranberry Isles	Islesford	K-8	7
School Union #98	Frenchboro	Frenchboro Elem	K-8	5
School Union #98 ^(†)	Mount Desert	Mt Desert Elem	K-8	153
School Union #98 ^(†)	Southwest Harbor	Pemetic Elem	K-8	142
School Union #98 ^(†)	Tremont	Tremont Consol	K-8	118
School Union #92	Trenton	Trenton Elem	K-8	140
MSAD No. 76	Swan’s Island	Swan’s Island Elem	K-8	25
C.S.D. No. 7	School Union #98	Mt Desert Island High	9-12	<u>497</u>
Total Enrollment				1,421

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

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

<u>Oct 1,</u>	<u>Resident⁽¹⁾ Enrollment</u>	<u>Attending⁽²⁾ Enrollment</u>	<u>Total Enrollment</u>
2021	318	16	334
2020	313	18	331
2019	316	14	330
2018	325	12	337
2017	342	17	359

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

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

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

<u>Oct 1,</u>	<u>Bar Harbor</u>	<u>Resident Enrollment</u>		<u>Attending Enrollment</u>	<u>Total Enrollment</u>
		<u>All Other CSD</u>	<u>Total CSD</u>		
2021	167	277	444	63	507
2020	184	279	463	73	536
2019	194	264	458	78	536
2018	207	197	404	147	551
2017	198	192	390	149	539

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

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

LABOR RELATIONS

The Town employs approximately 153 full-time personnel, approximately of whom 77 are employees of the Town including its utilities systems; and 76 of whom are employed by the School Department; and various part-time employees. The following table lists the various bargaining units that are represented by a union, and the status of its current contract. Approximately 37 full-time Town employees, not included in the table below, are not represented by unions.

<u>Union ⁽¹⁾</u>	<u>Bargaining Unit</u>	<u>Date of Contract</u>	
		<u>Effective</u>	<u>Expiration</u>
Teamsters Local No. 340	Highway & Wastewater Unit	July 1, 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	August 31, 2024

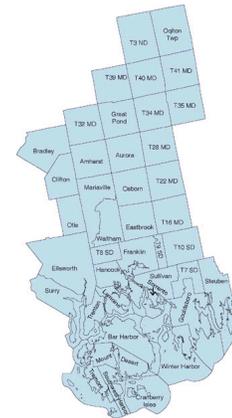
NOTE:⁽¹⁾ “Teamsters” indicates the International Brotherhood of Teamsters; “IAFF” indicates the International Association of Firefighters affiliated with the American Federation of Labor & Congress of Industrial Organizations (“AFL/CIO”); “BHSEA” indicates The Bar Harbor Support Educators Association,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

BUILDING ACTIVITY

Calendar Year	Residential		Commercial		Total	
	# Permits	Est. Cost	# Permits	Est. Cost	# Permits	Est. Cost
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	253	29,028,996	65	5,176,756	318	34,205,752
2019	209	15,816,352	73	19,304,000	282	35,120,552
2018	184	11,386,405	93	7,624,886	277	19,011,291
2017	202	12,145,602	84	7,374,025	286	19,519,627
2016	217	16,236,458	95	17,105,863	312	33,342,321
2015	230	14,767,390	94	9,099,114	324	23,866,504
2014	186	10,730,656	93	4,289,181	279	15,019,837
2013	195	11,067,509	112	21,401,296	307	32,486,805
2012	218	8,818,995	104	18,278,880	322	27,097,875

FORMER ELLSWORTH-BAR HARBOR MSA

The U.S. Department of Commerce, Bureau of the Census formerly defined a metropolitan statistical area (“MSA”) as an area that includes at least one city with 50,000 or more inhabitants, or a Census Bureau-defined urbanized area (of at least 50,000 inhabitants) and a total metropolitan population of at least 75,000 (in New England). Additional cities and towns are included in the MSA if they meet specified requirements of commuting to the central area and other selected requirements of metropolitan character (such as population density and percent urban). A MSA is also considered a labor market area (“LMA”). The map displays the one city, 26 towns or townships and 14 parcels of unorganized territory that comprise the Ellsworth-Bar Harbor MSA.



SOURCE: Maine Department of Labor, Labor Market Information Services

EMPLOYMENT

<u>Representative Employers</u>	<u>Type of Business</u>	<u>Approximate Number of Employees</u>			
		<u>Full-Time</u>	<u>Part-Time</u>	<u>Seasonal</u>	<u>Total</u>
The Jackson Laboratory	Genetic Research	1,529	0	0	1,529
Mount Desert Island Hospital	Hospital	401	125	0	526
National Park Service	Acadia National Park	90	0	150	240
Town of Bar Harbor	Municipal/School	153	9	5	167
Hannaford's Shop and Safe	Grocery Store	33	43	60	136
College of the Atlantic	College	85	20	0	115
MDI Biological Laboratory	Medical	70	3	5	78
Bar Harbor Banking & Trust Co.	Bank	42	0	0	42

Commuters

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

Bar Harbor Residents			Commuters to Bar Harbor		
<u>Work in:</u>	<u>Workers</u>		<u>Live in:</u>	<u>Workers</u>	
Bar Harbor	2,425	83.88%	Bar Harbor	2,425	45.70%
Mount Desert	191	6.61%	Mount Desert	419	7.90%
Southwest Harbor	99	3.42%	Ellsworth	417	7.86%
Ellsworth	97	3.36%	Trenton	300	5.65%
Castine	29	1.00%	Tremont	214	4.03%
Newington	21	0.73%	Southwest Harbor	207	3.90%
Trenton	12	0.42%	Lamoine	157	2.96%
Auburn	11	0.38%	Hancock	130	2.45%
Scarborough	<u>6</u>	<u>0.21%</u>	Sullivan	99	1.87%
	2,891	100.00%	Franklin	81	1.53%
			Gouldsboro	71	1.34%
			Brewer	69	1.30%
			Otis	68	1.28%
			Blue Hill	45	0.85%
			Mariaville	40	0.75%
			Surry	38	0.72%
			Orland	37	0.70%
			Hermon	32	0.60%
			Bangor	31	0.58%
			Brooklin	28	0.53%
			All Other	<u>398</u>	<u>7.50%</u>
				5,306	100.00%

SOURCE: U.S. Department of Commerce, Bureau of Census - Tables 3 & 4. Residence MCD/County to Workplace MCD/County Commuting Flows for the United States: 5-Year ACS, 2011-2015, the latest information available.

RETAIL TRADE

Calendar Year	Retail Sales by Product Group and Consumer Sales						
	Food Store	General Mdse.	Other Retail	Rest. & Lodging	Group Total	Restaurant	Lodging
2022	\$18,006,776	\$8,126,911	\$39,650,636	\$258,274,960	\$365,936,512	\$116,136,808	\$142,138,144
2021	17,180,204	6,757,049	39,112,108	236,632,368	334,796,864	101,829,584	134,802,784
2020	15,211,029	3,095,054	20,604,416	114,351,296	185,659,664	52,133,112	62,218,188
2019	15,245,368	5,063,679	32,665,554	174,903,312	260,394,960	80,449,176	94,454,136
2018	15,080,166	4,915,009	32,037,028	172,715,952	252,928,992	76,898,944	95,817,016
2017	15,234,396	4,125,522	30,454,804	164,558,000	242,011,232	71,123,792	93,434,200
2016	15,647,731	4,625,434	29,218,164	159,846,240	238,045,888	67,657,944	92,188,304
2015	12,370,176	4,014,926	27,239,092	141,221,392	212,021,040	61,510,520	79,710,880
2014	11,663,403	4,195,708	25,460,584	127,898,592	194,350,384	57,164,072	70,734,520
2013	10,788,881	4,622,488	24,825,352	121,669,912	185,307,120	54,617,432	67,052,480

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

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

LOCAL ECONOMY

Economic Development

The Town's economic development strategy is to empower, or partner with, private, non-profit organizations to encourage improvements to private business. Leading this effort is the *Bar Harbor Chamber of Commerce*, which functions as the development arm of Town government. Chamber public relations and visitor information activities are subsidized by the Town, particularly with cruise ship industry relations and hosting the hundreds of thousands of visitors they bring to Bar Harbor every year. Perhaps a reasonable example of fostering limited economic development through collaboration with the business community is the Town's Cruise Ship Committee, a 17-member group representing all the stakeholders interested in a sustainable cruise ship industry in Bar Harbor balanced with a goal of maintaining the "small town" atmosphere that local residents enjoy. The cruise ship business taps into a non-tax revenue source that enable the Town to fund infrastructure which also supports private business development. Parking Fund, which utilizes parking meter revenues also supplies a new source of non-tax revenue that funds (within its statutory guidelines) critical infrastructure improvements in the downtown landscape and paving of Town roads.

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

The Waterfront

The Town's waterfront area is comprised of approximately 4.25 acres including the municipally owned and operated Town Pier, located at the base of the village, along with three privately-owned piers which skirt the harbor, that are hubs for sightseeing, windjammer, whale watching and nature cruises as well as private yachts, deep sea and lobster fishing boats. The office of the Harbor Master is located on the Town Pier in a Port Security Building, built in 2013. The Town-owned Ferry Terminal is located at the entrance to the Bar Harbor village and resumed service to Nova Scotia in 2022 (see "TOWN OF BAR HARBOR – LOCAL ECONOMY – Ferry Terminal" herein). The Atlantic Fleet leases a portion of this property from the Town, where its operations are conducted. The leased portion of the property also includes a fully-operational U.S. Customs port of entry to handle ferry passengers re-entering the United States from Canada. The remainder of the property is currently utilized as free satellite while the Town is undergoing a facilitated planning process to determine the next course of action for the redevelopment of the property.

Cruise ships have called at Bar Harbor for many years, and the Town has become an active port-of-call for various lines. In the 2021/2022 fiscal year Bar Harbor was the port-of-call for 169 passenger ships, of which 149 were "large" vessels, which disembarked approximately 117,000 passengers. Cruise ship traffic in Bar Harbor provides a unique economic benefit from the direct and indirect spending of the line, its passengers and crew with an estimated \$12 to \$15 million annual economic impact on Mount Desert Island. Furthermore, this revenue does not arrive by automobile and does not require significant municipal services for its support. From recommendations in a May 2007, *Cruise Ship Study* the Town created a Cruise Ship Task Force and, with the industry's cooperation, adopted cruise ship fees based on number of passengers.

The Town established the Cruise Ship Fund, as an enterprise activity within its General Fund, to account for fees collected by the visiting cruise ships, currently at \$5.21 per passenger. For the fiscal year ended June 30, 2022, collected fees exceeded \$205,000, with a projected fiscal year 2023 amount of over \$1,000,000. The fees are used to support operations on the waterfront that enhance the visitor experience, the chamber of commerce, associated debt service, if any, and portions transferred to the Town's capital improvement fund to finance infrastructure renovations, downtown parks or improvements for facilities that are impacted by the cruise ship passengers and the general public. Over \$7.65 million in fees have been collected since the fiscal year ended June 30, 2010, when the initial \$4.00 per passenger fee was implemented. The fee is adjusted for cost of living each year. Cruise ships tender to privately owned docks and not to Town owned property.

Ferry Terminal

The existing structures at the Bar Harbor Ferry Terminal (the "Ferry Terminal") were built in 1956, serving as a U.S. port for the MV Bluenose, a ferry service between Bar Harbor, Maine, and Yarmouth, Nova Scotia, Canada. The ferry operated until 2009, and was not scheduled for future operations until 2019, when the Town acquired the property.



The Ferry Terminal

On February 19, 2019, the Town entered a five-year lease with Atlantic Fleet Services Corp., a Maine corporation, representing Bay Ferries Limited, a Canadian corporation to provide ferry service to the public from Bar Harbor to Yarmouth, Nova Scotia on a seasonal basis. The lease accepts all leasehold improvements to remain with the Town after any termination of the lease, within terms. The lease allows exclusive use of the Ferry Terminal property at approximately 1/3rd of the total area. The lessee will be solely responsible for interfacing with all federal agencies and accommodating the security requirements of the facility. The Town will maintain and develop the remaining land area and also determine if the pier structure is viable for use. The 2019 season was cancelled due to the status of the facilities, later followed by the cancellation of the 2020 and 2021 seasons, due to the COVID-19 pandemic.

Mandatory renovations ordered by U.S. Customs and Border Protection began in 2019. These renovations, were required before agents would be placed to process passengers and included the demolition of existing buildings and several outbuildings, portions of the interior, the construction of customs plaza facilities and the reinstallation of security equipment.

In 2020, the Town hired GEI Consultants to inspect and assess the current status and condition of the existing marine structures at the Ferry Terminal. They conducted an above and underwater inspection of the facility, hydrographic survey of the harbor, drone-based topographic survey of the adjacent land, structural analysis and evaluation of the existing structures, and then made recommendations for the rehabilitation of existing structures and subsequent demolition of aging wharf, in addition to conceptual layouts for possible future development as a recreational marina.

Operations at the Ferry terminal resumed in spring 2022, with four days a week service, then increasing to seven days a week during the summer of 2022, and returning to five days a week in the fall of 2022. The Harbor Committee continues to consider plans for the future development of the Ferry Terminal.

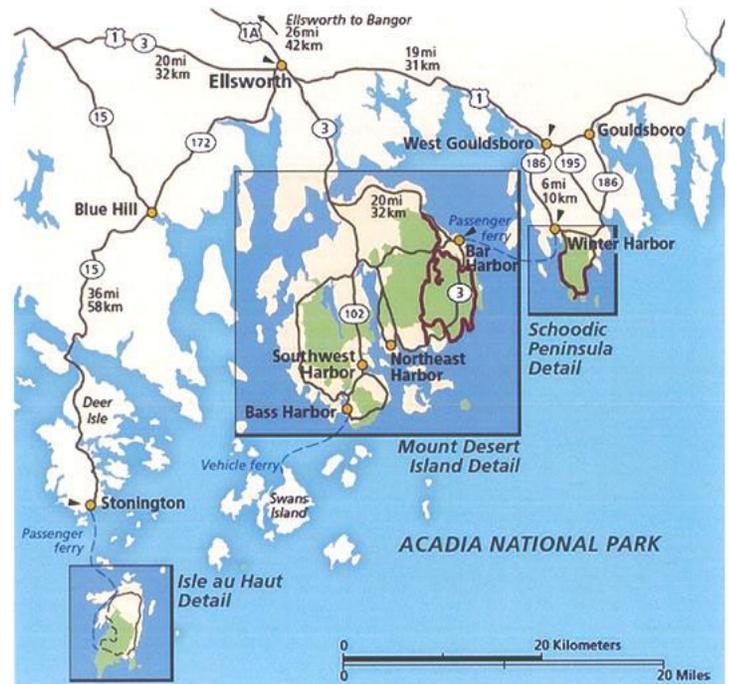
Parking Fund

In the summer season of 2019, the Town implemented a pay-for-parking system using 320 meters and 29 kiosks covering approximately 900 downtown parking spaces. The system collected \$2.2 million gross revenues during the 2022 calendar year with 95% of the fees collected through a credit/debit-card based process; the remaining 5% being received in coin. This fund is a component of the Town's General Fund, overseen currently by a Parking Solutions Task Force. Authorized appropriation spending is voted on at the annual Town Meeting budget process, similar to the Cruise Ship Fund. Spending of parking fee revenue is restricted by Title 30-A, Chapter 141, Section 3009 of the Maine Revised Statutes, as amended, to maintain meter equipment, its software, to construct and maintain the public ways and to acquire, construct and operate public parking areas. Accordingly, through the budgetary process, the Town proposed to use most of its parking funds for capital purposes within these regulatory guidelines beyond the operational expenses needed to run the parking system. One result from this fund is an anticipated reduction of the mill rate impact because of funding for new and existing infrastructure improvements that were previously funded solely through taxation.

Acadia National Park

Established originally as Sieur de Monts National Monument in 1916, Acadia National Park (the "Park") encompasses nearly 50,000 acres on Mount Desert Island, Schoodic Peninsula, Isle Au Haut, and many smaller coastal islands. The major portion of the Park (30,500 acres) is located on Mount Desert Island including protection of about 11,000 acres in the Town (41% of the land), including the entire watershed of Eagle Lake and Bubble Pond, which serve as the Town's drinking water supply.

The Park receives approximately 4 million visits per year with 75% of the visitation occurring between July and October. The Park offers recreational opportunities to visitors and residents alike, including hiking, swimming, horseback and carriage riding, bicycling, kayaking, canoeing, camping, and sightseeing. People of all ages can participate in a variety of interpretive activities, including guided walks, amphitheater presentations, and educational outreach activities at local schools.



Acadia National Park

An extensive, well-maintained system of paved roads, including the historic 27-mile Park Loop Road, provides access to the shoreline and interior lakes and forests. The Park also offers 120 miles of hiking trails and 45 miles of gravel carriage roads enhanced by 16 stone bridges. The Park maintains two campgrounds (520 sites) and five picnic areas on Mount Desert Island. Special attractions include Sand Beach, Thunder Hole, and a scenic road to the summit of Cadillac Mountain (1,530 feet), which is the highest point on the east coast of the United States. In 2021, the Park instituted a vehicle reservation system for Cadillac Summit Road from May through October to alleviate severe traffic and parking congestion.

In early 2023, the National Park Service was awarded a \$33 million contract, funded by the *Great American Outdoors Act*, to be used towards the demolition of the existing National Park headquarters built in the

1960s, and the construction of a new maintenance facility at the Park headquarters. The new facility is designed to improve efficiencies, lower heating and cooling costs, protect equipment, and enhance operations and is expected to be completed in fall 2024.

Downeast Transportation – Island Explorer

Downeast Transportation, Inc. (“DTI”), a non-profit organization that provides public transportation in Hancock County through a contract agreement with the State Department of Transportation, provides year-round, fixed-route, midday service to 17 towns in the County plus subscription commuter service to Jackson Laboratory. To mitigate summer months’ traffic congestion, DTI provides a seasonal, propane-powered shuttle service, the “Island Explorer”, for transportation throughout Acadia National Park and surrounding communities with a passenger hub located in Bar Harbor. The Island Explorer currently operates 32 seasonal vehicles and carry over 400,000 passengers on a no-fee basis from late June through mid-October. Financial support for the buses and the operations are provided by the United States National Park Service, federal and State grants, and contributions from local municipalities, businesses and non-profit agencies. In 2017, L.L. Bean committed to a renewable \$1.5 million grant over five years to support the Island Explorer operations. The State Department of Transportation, Acadia National Park and Friends of Acadia recently partnered to build a new transit hub in Trenton on the Route 3 approach to Acadia which opened in February 2012. In July 2022, the Island Explorer recorded its 9 millionth passenger riding on the line since shuttle service started in June 1999.

The Jackson Laboratory

The Jackson Laboratory is an independent, 501(c)3, nonprofit biomedical research institution and National Cancer Institute-designed Cancer Center with 2,479 employees domestically in four locations. Headquartered in Bar Harbor, Maine, the institution also has facilities in Sacramento, California, Farmington, Connecticut and Ellsworth, Maine. The Laboratory’s mission is to discover precise genomic solutions to disease and empower the global biomedical community in the shared quest to improve human health.

Dr. Clarence Cook Little founded The Jackson Laboratory (“JAX” or “Laboratory”) in 1929 on the premise that the causes of cancer and other diseases could be discovered through mammalian research. Two affluent summer residents, Roscoe B. Jackson, head of the Hudson Motorcar Company, and Edsel Ford, son of Ford Motor Company founder Henry Ford, provided initial funds for the building of the Laboratory on 13 acres donated by George Dorr, a major benefactor of the development of Acadia National Park. JAX has made profound contributions to research and medicine through the years and its creative, collaborative research.



The Jackson Laboratory

As of December 31, 2021, JAX employed 1,529 employees at the Bar Harbor facilities, including 400 Ph.D.s, M.D.s and D.V.M.s, investigating the genetic basis of cancers, heart disease, osteoporosis, Alzheimer’s Disease, glaucoma, diabetes and many other human diseases and disorders, as well as normal development, reproduction and aging. JAX is the world’s source for more than 11,000 strains of genetically defined mice and is home to Mouse Genome Informatics, the international database resource for the laboratory mouse, providing integrated genetic, genomic and biological data. JAX distributes about

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

JAX is situated at an 80-acre main campus with 54 buildings. The institution owns a total of 67 buildings on 157 acres adjacent to or near the main campus, including guest houses and two estates that support its teaching and educational mission, for a total of 784,000 building square feet. In November 2012, JAX purchased the former Lowe's building in Ellsworth, Maine, and completed its initial development of the site in August 2018. Final phases of development are under way and expected to be complete in the third quarter of 2023. The Route 3 housing project on Hemlock Lane began in 2021 and opened in 2022. At the end of 2022, JAX broke ground for the construction of their new daycare center, which will accommodate more than 50 children, and is expected to open in 2024.

In fiscal year 2021, JAX had an operating revenue of \$545 million with approximately \$419 million received from the mouse sales and service division. Government grants and support provided \$109 million, with the balance from private gifts, grants and other revenue. The Laboratory's endowment is approximately \$445 million as of December 31, 2021. JAX buildings, land and equipment in Bar Harbor cost approximately \$500 million.

College of the Atlantic



College of the Atlantic

College of the Atlantic (“COA”) is premised on the belief that education should go beyond understanding the world as it is to enabling students to actively shape the future. Founded in 1969, COA is a leader in interdisciplinary, project-based, experiential learning and environmental stewardship, and was named the #1 Green College in the U.S. by The Princeton Review for the past seven years.. Every COA student designs their own major in human ecology, which integrates knowledge from across academic disciplines and seeks to understand and improve the relationships between humans and their natural, built, and social environments and sets their own path toward a degree. The intentionally small school of 350

students and 35 staff members offers Bachelor of Arts and Master of Philosophy degree. Students come from 50 different countries and almost every US state.

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

In spring 2021, COA opened *The Davis Center for Human Ecology*, their newest academic building. The 29,000-square-foot facility is home to laboratories, classrooms, lecture halls, faculty offices, art studios, and a greenhouse. The building was constructed to a high standard of energy efficiency and was designed to consume 80% less energy than a comparable code-compliant building. The nearly all-wood building was constructed using locally sourced materials, including wood fiber insulation, making it the largest wood fiber-insulated building in the country. It also contains 323 rooftop solar panels, which provide 70% of the facilities energy requirements, and triple insulated, bird-safe windows to alleviate collisions. The \$13 million construction is only the first of COA's projects aimed at transforming the north end of the campus.

In September 2021, COA began the planning stages for the development of a 12,000 square foot residence hall, which are funded by the \$55 million Broad Reach Capital Campaign. The installation of a 36KW rooftop solar array would allow the dorm to achieve net-zero energy usage. The facility will contain double- and single-occupancy rooms, a community kitchen, and a common area, to accommodate 46 students. The project is currently underway with hopes to have students living in the facility by fall 2023.

Mount Desert Island Biological Laboratory

The Mount Desert Island Biological Laboratory (the “MDI Biological Laboratory”), located in Salisbury Cove, is a vibrant, non-profit biomedical research institution that seeks to improve human health by discovering novel mechanisms of tissue repair, aging, and regeneration . This research is supported in part by a \$13 million grant from the National Institutes of Health (NIH), which has recognized the institution as a Center of Biomedical Research Excellence.

The MDI Biological Laboratory is also a world-class science education institution. More than 30 biomedical courses are offered annually by lab faculty and visiting scholars to hundreds of students at all levels. The MDI Biological Laboratory also leads the Maine IDEa Network of Biomedical Research Excellence (“INBRE”), a federally funded biomedical research network 14 academic and research institutions around the State. Since 2001, the institution has provided research experiences through Maine INBRE to more than 2,400 Maine undergraduates. In 2019, the National Institute of General Medical Sciences (“NIH”) awarded the institution a five-year, \$18 million grant in support of the INBRE program, bringing total federal support for the program to \$87 million since it was founded in 2001. In 2017, the institution celebrated the completion of its new Maine Center for Biomedical Innovation, which provides innovation-based training for Maine students with the goal of building a robust science and technology sector that creates jobs for Maine STEM (science, technology, engineering and math) graduates.

Founded in 1898, in South Harpswell, Maine as a summer school for Tufts College, the institution relocated to Bar Harbor in the 1920s at the invitation of George B. Dorr, one of the founders of Acadia National Park. Today the MDI Biological Laboratory employs over 70 full-time professional personnel and staff. The current annual operating budget exceeds \$16 million.

Mount Desert Island Hospital Organization

Mount Desert Island Hospital (“MDI Hospital”) is a modern, non-profit, Critical Access Hospital, providing treatment for a wide variety of acute and chronic health conditions. Located in Bar Harbor, MDI Hospital has served the MDI region with compassionate, high-quality care since 1897. Designated a Critical Access Hospital in 2000, MDI Hospital is licensed for 25 beds, which serve both acute and “swing bed” patients. A “swing bed” allows the transfer of qualifying acute care patients into a skilled rehabilitation program within the hospital which is a benefit to the community member as they can rehabilitate closer to their home. MDI Hospital provides a full range of inpatient and outpatient medical services, including 24 hour emergency care, walk-in care, weekend/holiday urgent care, surgery, cardiac intensive care, laboratory services, respiratory therapy, physical therapy, occupational therapy, chemical dependency treatment, counseling, radiology, oncology, cardiac rehabilitation and integrated care coordination. MDI Hospital employs over 526 people (401 full time and 125-part time), and has an active medical staff of 39, that includes specialists in family practice, general surgery, urogynecology, obstetrics, internal medicine, ophthalmology, rehab medicine, orthopedics, pathology and radiology. The 123 members of its courtesy and consulting medical staff, and allied health professionals include specialists in anesthesiology, dentistry, gastroenterology, gynecology, neurology, obstetrics, oncology, pediatrics, podiatry, psychiatry, and urology. With a primary service area population of approximately 12,000, MDI Hospital had 854 admissions, comprising a total of 4,241 patient days for acute, swing bed (short-term rehabilitation), nursery, obstetrics and observations, with an average stay of approximately four days during the fiscal year that ended April 30, 2022. The hospital’s surgical team performed 1,516 surgeries, 14,273 radiology tests

and 4,126 mammograms, and had 6,333 Emergency Room visits. MDI Hospital also owns or leases facilities to four communities whereby approximately 61,440 “health center visits” are recorded annually. MDI Hospital provides to its’ community over \$3.6 million dollars in free and uncompensated care. MDI Hospital owns and sponsors Birch Bay Retirement Village, a retirement community comprised of cottages and an Inn with 23 independent living apartments and 32 assisted living suites which experience occupancy of 95% in fiscal year 2019. Birch Bay Retirement Village also supports an adult day center, The Straus Center, for the surrounding community as well as a secured Dementia and Alzheimer service in its Safe Harbor unit.

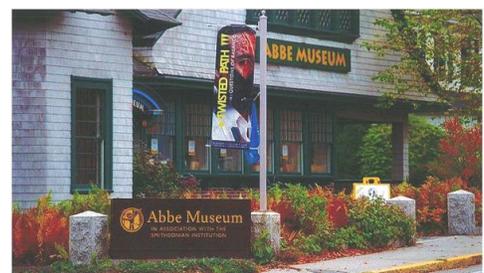
Jesup Memorial Library

The Bar Harbor Village Library was first established in 1875. The library was moved when, in 1911, Mrs. Morris K. Jesup gave the present library (the “Library”) to the Town of Bar Harbor in memory of her husband, a New York financier and philanthropist, who had spent many summers in Bar Harbor. The Library, located in the downtown village, is a handsome brick structure, designed by Delano and Aldrich, architects from New York. The interior of the building is richly decorated with cut marble and oak paneling throughout. In April, 1991 the Jesup Memorial Library was entered in the National Register of Historic Places. Currently the Library has fund-raised over 12.5 million dollars in a capital campaign to construct an additional building, adjacent to current building, which will house additional children and young adult spaces as well as a community room and event rooms.

The Library is a private nonprofit organization, separate from the Town, and is operated by a Board of Directors. Funding is provided by endowment incomes, gifts, fundraising, an annual book sale, and contributions from the Town on a year-to-year basis at the Town’s pleasure. In 2022 the Town contributed \$160,680, or 27% of the Library’s operating funds. The Library’s collection includes approximately 40,000 books, DVDs, audiobooks, subscriptions to about 60 periodicals, microfilm of the local weekly paper from 1881 to 2003, and many other historical resources. The Library offers six computers for public use at no charge and also provides free Wi-Fi service. Current circulation is about 43,000 items and, in 2022, more than 4,000 people attended 228 programs, The library currently has over 5,000 cardholders. The Library is managed by a professional librarian as Director, and is also served by four additional full-time staff members and five part-time staff.

The Abbe Museum

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



Abbe Museum

Founded by Dr. Robert Abbe, a noted New York surgeon and Bar Harbor summer resident, the museum first opened to the public in 1928. The original museum at Sieur de Monts Spring is open seasonally, from Memorial Day until Columbus Day. A second, \$6 million year-round facility opened in downtown Bar Harbor in September 2001. In 2013, the Abbe Museum was named Maine’s first *Smithsonian Affiliate*.

ECONOMIC CHARACTERISTICS

Population	Change Since Prior Census			
	Town of Bar Harbor	Town	State	USA
1980	4,124	11.0%	13.4%	11.4%
1990	4,443	7.7	9.2	9.8
2000	4,820	8.5	3.8	13.2
2010	5,235	8.6	4.2	8.9
2020	5,089	(2.9)	1.2	6.3

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

Population Characteristics	Town of Bar Harbor	Hancock County	State of Maine	USA
Median age (years)	48.3	49.2	44.8	38.6
% school age	12.0%	12.7%	13.9%	16.5%
% working age	61.2%	57.3%	49.9%	61.0%
% 65 and over	22.6%	26.1%	21.7%	16.8%
Persons/household	2.13	2.23	2.31	2.60

Income	Town of Bar Harbor	Hancock County	State of Maine	USA
Median household income	\$71,900	\$60,534	\$63,182	\$69,021
Per capita income	\$40,636	435,975	\$36,171	\$37,638
% below poverty level	10.1%	11.0%	11.5%	11.6%

Housing	Town of Bar Harbor	Hancock County	State of Maine	USA
% owner occupied	68.7%	78.0%	73.4%	64.6%
Owner occupied med. value	\$342,700	\$228,700	\$212,100	\$244,900
Median gross rent	\$924	\$865	\$927	\$1,163

SOURCE: 2020 Census, U.S. Department of Commerce, Bureau of the Census (2017-2021).

Unemployment	Town of Bar Harbor	Hancock County	State of Maine	USA
2022	4.2%	3.5%	3.0%	3.6%
2021	5.4	5.0	5.5	4.6
2020	6.7	5.7	5.4	8.1
2019	3.9	3.5	3.0	3.7
2018	4.0	3.8	3.4	3.9
2017	4.3	3.8	3.3	4.4
2016	5.5	4.7	3.9	4.9
2015	6.7	5.7	4.4	5.3
2014	8.6	7.0	5.7	6.2
2013	10.4	8.1	6.7	7.4

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

TOWN FINANCES

BUDGETARY PROCESS

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

General Fund Budgets for Fiscal Year Ending June 30,

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Revenues					
Taxes	\$18,433,116	\$18,927,429	\$19,245,167	\$19,914,1622	\$21,098,439
Inter-governmental	336,856	396,369	457,484	601,634	902,459
Departmental	1,052,125	1,157,898	1,142,888	1,148,916	1,500,445
Other local sources	<u>648,846</u>	<u>751,867</u>	<u>698,838</u>	<u>788,441</u>	<u>985,020</u>
Total Revenues	20,470,943	21,233,563	21,544,377	22,453,113	24,486,363
Expenditures					
General government	3,129,005	3,311,572	3,586,232	3,762,207	4,287,110
Public safety	3,213,377	3,284,565	3,357,414	3,438,057	3,946,661
Health & welfare	144,401	158,596	169,501	218,366	245,369
Parks & recreation	429,722	438,578	423,687	463,090	481,899
Roads & sanitation	1,962,695	1,988,290	2,017,388	2,086,551	2,487,986
Assessments	3,935,692	3,924,019	4,192,418	4,399,711	4,687,446
Transfers to school fund	5,430,046	5,674,670	5,763,043	6,112,039	6,782,772
Transfers to CIP	<u>2,296,005</u>	<u>2,508,273</u>	<u>2,089,694</u>	<u>2,073,092</u>	<u>1,978,620</u>
Total Expenditures	\$20,540,943	\$21,288,563	\$21,599,377	\$22,553,113	\$24,897,863
Excess Exp. Over Revenues	\$70,000	\$55,000	\$55,000	\$100,000	\$411,500
Use of Fund Balance:					
Transfer to CIP	70,000	55,000	55,000	100,000	411,500
Increase GF Bal	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Use of Fund Balance	\$70,000	\$55,000	\$55,000	\$100,000	\$411,500

CAPITAL IMPROVEMENT PLAN

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

Capital Improvement Spending Plan Fiscal Year Ending June 30,

	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>Totals</u>
CIP						
General Government	\$164,000	\$54,000	\$116,900	\$161,800	\$33,000	\$529,700
Amb/Fire Department	40,000	0	228,000	75,000	30,000	373,000
Police Department	143,500	105,500	245,240	226,040	177,740	898,020
Public Safety Depart	35,000	25,000	42,500	40,000	45,000	187,500
Harbor Department	339,885	75,000	134,000	100,000	112,000	760,885
Parks, Rec & ComfrtS	256,328	413,000	43,000	43,000	13,000	768,328
Highway/PubWrks	1,575,457	5,162,500	5,036,000	4,095,001	1,435,001	17,303,959
All Debt Service	1,369,493	1,713,568	2,280,187	3,633,512	4,070,413	13,067,173
School CIP	320,613	2,310,910	1,282,628	5,828,390	25,583,390	35,325,931
Annual Totals	\$4,244,276	\$9,859,478	\$9,408,455	\$14,202,743	\$31,499,544	\$69,214,496
Funding Sources						
Current/Past Taxes	\$1,828,620	\$2,195,148	\$2,798,373	\$2,820,487	\$2,938,766	\$12,581,394
CIP Revenues	467,251	16,407,248	58,397,000 ⁽¹⁾	305,000	308,000	75,884,499
CIP Transfers In	1,963,229	3,215,985	3,200,000	2,700,000	2,675,000	13,754,214
Total Funding Sources	\$4,259,100	\$21,818,381	\$64,395,373	\$5,825,487	\$5,921,766	\$102,220,107

NOTE: Annual taxpayer funding for CIP is approximately \$2.0 million/year as is displayed on Transfers to CIP item in the Town’s Annual Budget. See the table in “TOWN FINANCES – BUDGETARY PROCESS” herein.

⁽¹⁾ See TOWN FINANCES – FUTURE FINANCING - New Elementary School in Bar Harbor” herein.

PROPERTY TAX LEVY LIMIT

As previously discussed, unless the Town follows certain procedural requirements under Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended the Town is limited to an increase in the Town’s property tax levy from one year to the next to an amount not more than its Municipal Property Tax Levy

Limit (see “THE BONDS - SOURCE OF PAYMENT AND REMEDIES - Limitation on Municipal Property Tax Levy” herein). The Municipal Property Tax Limit for subsequent fiscal years is the Municipal Property Tax Levy Limit for the preceding year multiplied by the Growth Limitation Factor. Therefore, in cases where the amount of the prior year’s Municipal Property Tax Levy Limit exceeds the amount of the Town’s actual property tax levy (“Property Tax Levy”), the Town may carry-forward that difference in establishing its future years’ property tax levy.

Fiscal year:	<u>2018/2019</u>	<u>2019/2020</u>	<u>2020/2021</u>	<u>2021/2022</u>	<u>2022/2023</u>
State Personal Income Factor:	2.61%	2.75%	2.89%	3.30%	1.70%
Town Prop Growth Factor:	<u>1.67%</u>	<u>1.21%</u>	<u>0.86%</u>	<u>1.90%</u>	<u>1.09%</u>
Growth Limitation Factor:	4.28%	3.96%	3.75%	5.20%	2.79%
Property Tax Levy Limit:	\$7,707,492	\$8,016,991	\$8,279,884	\$8,709,829	\$8,982,008
Property Tax Levy:	<u>8,052,378</u>	<u>8,293,739</u>	<u>8,254,606</u>	<u>8,305,872</u>	<u>8,451,220</u>
Over/(below) Prop Tax Levy Limit:	\$344,886	\$276,748	(\$25,278)	(\$403,957)	(\$530,788)

FUND BALANCE POLICY

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

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

Fund Balance as % Revenues

	Fiscal Year Ended June 30,				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Assigned and Unassigned General Fund Balance (exclude School)	\$3,652,000	\$4,116,677	\$4,281,104	\$5,212,002	\$5,849,819
Total Revenues (excluding School)	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%

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

INVESTMENT POLICY

The Town has established, and follows, a formal Investment Policy since November 18, 2008, pursuant to applicable Maine law [Title 30-A, Section 5706 et seq. of the Maine Revised Statutes, as amended (the “Act”)] all investments of the Town must be made with the judgment and care that persons of prudence,

discretion and intelligence, under circumstances then prevailing, exercise in the management of their own affairs, not for speculation but for investment considering (i) safety of principal and maintenance of capital, (ii) maintenance of sufficient liquidity to meet all operating and cash requirements with which a fund is charged, that is reasonably expected, and (iii) return of income commensurate with avoidance of unreasonable risk. Under its policy, the Town's investment practice is to maintain a cash and investment pool that is available for use by all funds and consists of short-term investments. The Town is invested principally in direct obligations of the United States government and its agencies. The Town is not invested in any obligations typically referred to as derivatives, meaning obligations created from, or whose value depends on or is derived from the value of one or more underlying assets or indexes of asset values in which the municipality owns no direct interest. See "NOTE 3(A) – Investments" on page 31 of APPENDIX A, herein.

DEBT MANAGEMENT POLICY

On May 19, 2010, the Town enacted a formal Debt Management Policy that established conditions for the managed use of debt and to create procedures and policies that minimize the Town's debt service and issuance costs, with the objective to obtain and then retain the highest credit rating and to maintain full and complete financial disclosure and reporting. The policy includes adoption and periodic adjustment of five-year CIP for its Municipal, Wastewater and Water funds. In the policy, the Town sets a maximum target for the Town's outstanding debt at 2/3rds of the limit prescribed by State statute (see "INDEBTEDNESS - LIMITATIONS AND EXCLUSIONS" herein), or five percent ($7\frac{1}{2}\% \times 66.7\%$) of equalized state valuation of property of the Town; but excluding school, storm or sanitary sewer debt. Among other common benchmarks, the policy has set a measurement standard of *annual debt service* (less self-supporting) calculated as a percent of current year's budgeted expenditures, excluding assessments with 2 to 7% considered low; 8 to 12% medium; and over 12% considered high. Debt will be issued for capital projects only when it is an appropriate means to achieve a fair allocation of costs between current and future beneficiaries or users, or in the case of an emergency capital need and debt will not be issued for a period that exceeds 120% of the useful life or average useful life of the project or projects to be financed. As a guideline, the Town strives to repay from 30 to 50% of the principal amount of its general obligation debt within five years (currently being 32.3%); at least 60% within ten years (currently being 64.5%); and will seek to structure its debt with *level principal payments* recommended for *tax supported debt*, but *level principal & interest* may be used for *fee based debt* to maintain rate stabilization goals.

POST-ISSUANCE COMPLIANCE POLICY

Post-issuance federal tax requirements generally fall into two categories: (1) qualified use of proceeds and financed property; and (2) arbitrage yield restriction and rebate. On May 21, 2013, the Town enacted a formal Post-Issuance Compliance Policy. The Town issues tax-exempt bonds from time to time to finance various capital improvements. As an issuer of tax-exempt bonds, the Town is required by the federal tax Code, and regulations promulgated by the United States Treasury Department ("Treasury Regulations"), to take certain actions subsequent to the issuance of bonds to ensure their continued tax-exempt status. The Town recognizes that compliance with applicable provisions of the Code and Treasury Regulations is an on-going process, necessary during the entire term of a bond issue, and is an integral component of the Town's overall debt-management responsibilities. These requirements also apply equally to capital leases. Accordingly, the implementation of these requirements will require on-going monitoring and consultation with Bond Counsel the Financial Advisor, Paying Agent(s) and the Rebate Specialist, if any, (collectively the "Consultants") each or all of which assisted in the origination of respective bonds.

The policy requires the Compliance Officer to accumulate and maintain a full and complete record for the principal documents of each issue; ensure that the Internal Revenue Service (IRS) forms 8038 are properly filed within the time limits imposed by Section 149(e) of the Code; account and record the allocation of bond proceeds; determine, in consultation with its Consultants, determine rebate requirements of Section

148(f) of the Code and related Treasury Regulations (“Rebate”), if any, with respect to each issue; arrange for calculation of Rebate, if needed, and payment, if required.

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

FINANCIAL STATEMENTS

Title 30-A, Chapter 223, Subchapter VIII of the Maine Revised Statutes, as amended, and Article III, Section C10.A(7) of the Town’s Charter provide for independent annual audits of the Town’s accounts and establishes procedures for such audits. The Town of Bar Harbor, in conformance with this statute and its Charter, currently engages the services of the firm of James W. Wadman, Certified Public Accountant. The Town’s fiscal year 2022 Annual Report is presented as APPENDIX A to this Official Statement. The consent of James W. Wadman, Certified Public Accountant for the incorporation of the Financial Statements included in APPENDIX A has not been requested by the Town, nor has it been received.

FUNDS

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

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

General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund includes Cruise Ship Funds and Parking Funds.

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

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

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

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

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

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

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
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	6,398	8,183	8,654	9,650	8,093
Leases receivable	91,716	0	0	0	0
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	<u>17,492</u>	<u>6,562</u>	<u>35,286</u>	<u>32,763</u>	<u>3,240</u>
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	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	<u>26,113</u>	<u>12,447</u>	<u>15,015</u>	<u>12,065</u>	<u>14,239</u>
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
Deferred lease inflows	89,375				
Unavailable Property Taxes	310,635	291,879	656,357	586,153	408,305
Unavailable rental income	9,265	0	0	0	0
Other	<u>0</u>	<u>2,785</u>	<u>1,000</u>	<u>2,070</u>	<u>3,874</u>
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	<u>2,675,738</u>	<u>2,198,020</u>	<u>1,175,520</u>	<u>987,552</u>	<u>760,950</u>
TOTAL FUND EQUITY	8,748,001	7,708,503	6,522,718	5,312,120	4,481,175
TOTAL LIABILITIES AND FUND EQUITY	<u>\$18,506,518</u>	<u>\$15,712,253</u>	<u>\$13,707,476</u>	<u>\$11,936,546</u>	<u>\$8,470,956</u>

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,)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
REVENUES					
Taxes	\$20,052,050	\$19,880,780	\$18,969,741	\$18,409,625	\$17,543,562
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	<u>415,781</u>	<u>456,077</u>	<u>551,744</u>	<u>642,140</u>	<u>451,585</u>
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	22,983	17,748	96,521	121,039	142,695
Parking meters ⁽¹⁾	<u>237,346</u>	<u>208,131</u>	<u>138,348</u>	<u>54,406</u>	-
TOTAL EXPENDITURES	22,592,355	21,329,049	20,258,274	19,570,300	19,037,584
Excess of Revenue Over (Under) Expenditures	<u>4,243,484</u>	<u>4,578,368</u>	<u>4,532,335</u>	<u>3,508,874</u>	<u>2,275,767</u>
OTHER FINANCING SOURCES					
Lease/Bond proceeds	140,498	-	61,923	7,504	-
Transfers in	536,961	514,324	552,264	483,941	481,922
Transfers out	<u>(3,881,445)</u>	<u>(3,939,995)</u>	<u>(3,935,924)</u>	<u>(3,169,374)</u>	<u>(2,487,322)</u>
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	<u>7,708,503</u>	<u>6,555,806</u>	<u>5,312,120</u>	<u>4,481,175</u>	<u>4,210,808</u>
FUND BALANCE - JUNE 30	<u>\$8,748,001</u>	<u>\$7,708,503</u>	<u>\$6,522,718</u>	<u>\$5,312,120</u>	<u>\$4,481,175</u>

Prepared from Audited Financial Statements – Exhibit D.

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

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

PROPERTY TAXATION

The principal tax of the Town is the tax on real and personal property. A single tax rate applies for each fiscal year to the assessed value of the taxable real or personal property. The Town's Tax Collector receives the tax commitment from the Town Assessor, with assessed values as of April 1 of each year, after which time the tax bills are mailed. For fiscal 2023/2024 the tax due dates are September 30, 2023 and March 31, 2024. All taxes paid after the due dates are subject to interest, established under Title 36, Section 186 of the Maine Revised Statutes, as amended, currently at the maximum rate of 4.00% per annum as set by the Town.

Real Estate Tax

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

Personal Property Tax

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

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

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

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

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

Tax Levy and Collections

Fiscal Yr. End June 30,	Equalized State Valuation (000)	Assessed Valuation (000)	Tax Rate (000)	Tax Levy	Collections (after Supplements and Abatements)		
					Year End	% of Levy	Pick-up
2023	\$2,040,000	\$2,136,862	\$9.32	\$19,915,552	--- In Process ---		
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	1,713,050	1,509,910	11.85	17,892,429	17,197,318	96.12	99.90
2019	1,633,550	1,506,757	11.56	17,418,116	16,818,243	96.56	99.98
2018	1,577,200	1,497,194	10.96	16,409,251	16,020,406	97.64	99.98
2017	1,493,600	1,481,502	10.73	15,896,513	15,503,505	97.53	99.98
2016	1,428,800	1,471,964	10.59	15,588,095	15,239,884	97.76	99.98
2015	1,404,100	1,449,121	10.22	14,810,016	14,334,981	96.79	99.98
2014	1,390,700	1,435,775	10.01	14,372,104	13,918,708	96.86	99.98
2013	1,383,750	1,423,245	9.84	14,004,735	13,469,426	96.18	99.98

Largest Taxpayers

Taxpayer	As of April 1, 2022			
	Type of Business	Assessed Value	Tax	% of Levy
Witham Family, LLC	Hotels	\$62,931,000	\$586,517	2.94%
Golden Anchor, LC	Hotel (Harborside)	29,601,400	275,885	1.38%
Eden Street Trust	Hotel (Regency)	26,229,200	244,456	1.23%
Versant Power	Electric Utility	24,042,100	224,072	1.12%
West Street Properties, LLC	Hotel\-(West St)	24,040,700	224,059	1.12%
WS Atlantic LLC	Hotel (Hampton Inn)	13,114,600	122,228	0.61%
BHTC 111, LLC	Restaurant/Club	12,423,400	115,786	0.58%
Colket, Ruth M EtAls Trustees	Residential	9,918,900	92,444	0.46%
Northerly, LLC	Residential	8,438,700	78,649	0.39%
Jackson Laboratory	Housing	7,971,400	<u>74,293</u>	<u>0.37%</u>
Top Ten Taxpayers			\$2,038,389	10.21%

Tax Increment Financing Districts and Affordable Housing Districts

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

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

REVENUES FROM THE STATE

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

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

In fiscal year ended June 30, 2022, governmental revenues received by the Town were less than 5% of total revenues. The following displays revenues received by the Town from the State for the last five audited fiscal periods:

Fiscal Yr. End June 30,	State Revenue Sharing	Reimbursements		State School Subsidy ⁽¹⁾	Other State Aid ⁽²⁾	Total From State
		Homestead Exemption	General Assistance			
2022	\$473,452	\$152,647	\$1,051	\$616,600	\$48,304	\$1,292,054
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

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

⁽²⁾ Local Roads Assistance Program (“LRAP”), BETE, Veterans & Tree Growth programs

INDEBTEDNESS

LIMITATIONS AND EXCLUSIONS

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

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

On January 1, 2023 the Town’s equalized state valuation (“equalized State Valuation”) was \$2,040,000,000. The 15% debt limit is \$306,000,000. As of June 30, 2022 the Town’s long-term debt outstanding was \$16,080,051 or 0.78% of the 2023 equalized State Valuation. The Town will certify on the date of issue of the Bonds that the Town has not exceeded the foregoing debt limits and that issuance of the Bonds will not cause the Town to exceed such debt limits.

DEBT SUMMARY

Year Issued	Purpose	Amount Issued	Final Maturity	Balance on June 30, 2022			Balance on June 30, 2023		Aug. 15, 2023 (estimated)
				General	Proprietary	Total	(Payments)	Total	
2004	School (MMBB)	\$805,000	\$45,597	\$175,115		\$175,115	(\$55,478)	\$119,637	
2011	Sewer System	1,316,000	12/1/2031		715,236	715,236	(70,661)	644,575	(644,575)
2011	Water System	1,224,000	12/1/2031		714,764	714,764	(59,339)	655,425	(655,425)
2012	Water (SRF)	2,679,150	10/1/2032		1,529,936	1,529,936	(132,269)	1,397,667	
2013	Public Works Bldg	3,350,000	10/15/2033	2,255,000		2,255,000	(155,000)	2,100,000	(2,100,000)
2014	Municipal Bldg	2,442,000	10/15/2034	1,570,000		1,570,000	(130,000)	1,440,000	
2015	Beach Wall	800,000	10/15/2024	120,000		120,000	(40,000)	80,000	
2015	Sewer/Hulls Cove	800,000	10/15/2027		285,000	285,000	(45,000)	240,000	
2015	PubSftyBldg/Wtr	2,100,000	10/15/2035	280,000	1,190,000	1,470,000	(105,000)	1,365,000	
2018	Transfer Station	3,070,000	10/15/2036	2,430,000		2,430,000	(160,000)	2,270,000	
2019	FerryTerm/PkMt	2,875,000	10/15/2038	2,185,000		2,185,000	(230,000)	1,955,000	
2019	FerryTerm-Tax	1,225,000	10/15/2038	1,135,000		1,135,000	(45,000)	1,090,000	
2020	Refunding 2010	1,865,000	5/1/2030	<u>1,286,395</u>	<u>208,605</u>	<u>1,495,000</u>	<u>(185,000)</u>	<u>1,310,000</u>	
	Sub-totals			\$11,436,510	\$4,434,936	\$16,080,051	(\$1,412,747)	\$14,667,304	\$11,267,304
2023	Var Projects	46,805,000	10/15/2042			0			46,805,000
2023	Refunding 2011	1,220,000	10/15/2031			0			1,220,000
2023	Refunding 2013	1,785,000	10/15/2033			<u>0</u>			<u>1,785,000</u>
	Projected Totals					\$16,080,051			\$61,077,304

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

PROJECTED PRINCIPAL PAYMENTS, BY YEAR OF ISSUE

Fiscal Y/E June 30,	2004 Issues	2011 Issues	2012 DWSRF	2013 Issue	2014 Issue	2015 Issue	2017 Issue	2019 Sr A	2019 Sr B	2020 Issue	2023 Projects	2023 Refundings	Total Debt
2023	\$55,478	\$130,000	\$132,269	\$155,000	\$130,000	\$190,000	\$160,000	\$230,000	\$45,000	\$185,000	\$0	\$140,000	\$1,552,747
2024	58,323	135,000	133,592	160,000	130,000	190,000	160,000	230,000	50,000	185,000	2,350,000	265,000	3,911,915
2025	61,314	140,000	134,928	165,000	130,000	190,000	160,000	115,000	50,000	185,000	2,350,000	280,000	3,656,242
2026		145,000	136,277	170,000	130,000	155,000	160,000	115,000	55,000	200,000	2,350,000	295,000	3,596,277
2027		155,000	137,640	175,000	130,000	155,000	160,000	115,000	55,000	185,000	2,350,000	285,000	3,572,640
2028		135,000	139,016	180,000	130,000	155,000	160,000	115,000	60,000	185,000	2,345,000	305,000	3,594,016
2029		140,000	140,406	190,000	130,000	105,000	160,000	115,000	60,000	185,000	2,340,000	320,000	3,555,406
2030		145,000	141,811	195,000	110,000	105,000	160,000	115,000	65,000	185,000	2,340,000	340,000	3,561,811
2031		150,000	143,229	205,000	110,000	105,000	160,000	115,000	65,000		2,340,000	350,000	3,388,229
2032		155,000	144,660	210,000	110,000	105,000	160,000	115,000	70,000		2,340,000	205,000	3,249,660
2033			146,108	220,000	110,000	105,000	155,000	115,000	70,000		2,340,000	220,000	3,261,108
2034				230,000	110,000	105,000	135,000	115,000	75,000		2,340,000		2,880,000
2035					110,000	105,000	135,000	115,000	75,000		2,340,000		2,880,000
2036						105,000	135,000	115,000	80,000		2,340,000		2,775,000
2037							135,000	115,000	85,000		2,340,000		2,675,000
2038							135,000	115,000	85,000		2,340,000		2,675,000
2039								115,000	90,000		2,340,000		2,545,000
2040											2,335,000		2,335,000
2041											2,330,000		2,330,000
2042											2,330,000		2,330,000
2043											2,325,000		2,325,000
	<u>\$175,115</u>	<u>\$130,000</u>	<u>\$1,529,936</u>	<u>\$315,000</u>	<u>\$1,570,000</u>	<u>\$1,875,000</u>	<u>\$2,430,000</u>	<u>\$2,185,000</u>	<u>\$1,135,000</u>	<u>\$1,495,000</u>	<u>\$46,805,000</u>	<u>\$3,005,000</u>	<u>\$62,650,051</u>

NOTE: Gray shaded rows or columns indicate the Refunded Bonds.

DEBT RATIOS

Fiscal Yr. End June 30,	Population	Equalized State Val. (000)	Assessed Valuation (000)	Total Debt	Debt as Eq. Val.	Per Capita Debt
2023	5,089	\$2,040,000	\$2,136,862	\$14,827,079	0.69%	\$2,913
2022	5,089	1,903,400	1,931,994	16,080,051	0.84	3,203
2021	5,089	1,781,800	1,530,258	17,770,967	1.00	3,540
2020	5,089	1,713,050	1,509,910	19,446,780	1.14	3,714
2019	5,235	1,633,550	1,506,757	21,367,663	1.31	4,082
2018	5,235	1,577,200	1,497,194	18,648,777	1.18	3,562
2017	5,235	1,493,600	1,481,502	17,240,252	1.16	3,293
2016	5,235	1,428,800	1,471,964	18,879,769	1.28	3,606
2015	5,235	1,404,100	1,449,121	18,285,088	1.30	3,493
2014	5,235	1,390,700	1,435,775	17,196,067	1.24	3,285

DEBT OBLIGATIONS, BY FUND TYPE

FY June 30,	General Fund Debt		Enterprise Fund Debt	Total Debt	Ent. Debt as Total Debt
	(Town)	(School)			
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
2018	10,830,000	371,252	7,447,525	18,648,777	40.0
2017	8,265,000	414,456	8,560,796	17,240,252	49.7
2016	8,765,000	455,552	9,659,217	18,879,769	51.1
2015	8,842,000	494,644	8,948,444	18,285,088	48.9
2014	6,750,000	531,965	9,914,102	17,196,067	57.7
2013	7,006,919	637,602	10,856,787	18,501,308	58.7

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		
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
2018	0.69	0.02	0.47	1.18	2,069	71	1,423	3,563
2017	0.56	0.03	0.57	1.16	1,579	79	1,635	3,293
2016	0.61	0.03	0.68	1.32	1,674	87	1,845	3,606
2015	0.63	0.04	0.63	1.30	1,689	95	1,709	3,493
2014	0.49	0.04	0.71	1.24	1,289	102	1,894	3,285
2013	0.51	0.05	0.78	1.34	1,338	122	2,074	3,535

DEBT SERVICE COMPONENT OF OPERATING EXPENSES

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total Current Year Debt Service:	\$2,299,577	\$2,146,027	\$1,920,883	\$1,675,813	\$1,690,916
(less Enterprise Debt Service):	<u>(1,329,585)</u>	<u>(854,403)</u>	<u>(727,901)</u>	<u>(701,430)</u>	<u>(708,958)</u>
Tax Supported Debt Service:	\$969,992	\$1,291,624	\$1,192,982	\$974,383	\$981,958
Budgeted Operating Expense:	\$19,458,654	\$20,540,943	\$21,288,563	\$21,599,377	\$22,553,113
Debt Service as % Oper. Expense:	4.99%	6.29%	5.60%	4.51%	4.36%

PROJECTED DEBT SERVICE REQUIREMENTS

FY June 30,	Prior Debt				Projected Debt (This Issue)			Total
	Principal	Interest	(less Refunded)	Total	Principal	Interest	Total	
2023	\$1,412,747	\$551,128	\$0	\$1,963,875	\$0	\$0	\$0	\$1,963,875
2024	1,431,915	494,246	(245,481)	1,680,680	140,000	1,621,933	1,761,933	3,442,613
2025	1,331,242	440,915	(408,881)	1,363,276	2,615,000	2,365,775	4,980,775	6,344,051
2026	1,266,277	391,420	(409,581)	1,248,116	2,630,000	2,234,650	4,864,650	6,112,766
2027	1,267,640	341,325	(414,469)	1,194,496	2,645,000	2,102,775	4,747,775	5,942,271
2028	1,259,016	294,100	(388,822)	1,164,294	2,635,000	1,970,775	4,605,775	5,770,069
2029	1,225,406	250,310	(393,081)	1,082,635	2,650,000	1,838,650	4,488,650	5,571,285
2030	1,221,811	208,815	(391,344)	1,039,282	2,660,000	1,705,900	4,365,900	5,405,182
2031	1,053,229	167,661	(393,456)	827,434	2,680,000	1,572,400	4,252,400	5,079,834
2032	1,069,660	135,083	(389,913)	814,831	2,690,000	1,451,600	4,141,600	4,956,431
2033	921,108	105,067	(233,600)	792,575	2,545,000	1,346,900	3,891,900	4,684,475
2034	770,000	71,215	(234,600)	606,615	2,560,000	1,232,000	3,792,000	4,398,615
2035	540,000	49,803		589,803	2,340,000	1,109,500	3,449,500	4,039,303
2036	435,000	34,575		469,575	2,340,000	992,500	3,332,500	3,802,075
2037	335,000	22,530		357,530	2,340,000	875,500	3,215,500	3,573,030
2038	335,000	11,970		346,970	2,340,000	758,500	3,098,500	3,445,470
2039	205,000	3,345		208,345	2,340,000	641,500	2,981,500	3,189,845
2040	0	0		0	2,340,000	524,500	2,864,500	2,864,500
2041	0	0		0	2,335,000	407,625	2,742,625	2,742,625
2042	0	0		0	2,330,000	291,000	2,621,000	2,621,000
2043	0				2,330,000	174,500	2,504,500	2,504,500
2044	0				2,325,000	58,125	2,383,125	2,383,125
TOTAL	\$16,080,051	\$3,573,508	(\$3,903,228)	\$15,750,332	\$49,810,000	\$25,276,608	\$75,086,608	\$90,836,940

OVERLAPPING DEBT

County of Hancock

The Town is subject to an annual assessment of its proportional share of the County of Hancock’s (the “County”) expenses, including debt repayment, as determined by the percentage of the Town’s equalized State Valuation to the County’s equalized State Valuation. At January 1, 2023 the Town’s equalized State Valuation of \$2,040,000,000 is 12.72% of the County’s equalized State Valuation of \$16,031,800,000. As of December 31, 2022 the County had \$0 long-term debt outstanding.

AOS 91/CSD No. 7

As previously discussed, each SAU component of AOS 91 for grades K through 8 are obligations of the respective SAU, including any debt obligations. Therefore, AOS 91 has \$0 debt. However, the Town is responsible for its proportionate share of CSD No. 7’s long term debt. The debt service is included in the annual assessment to the Town. As of June 30, 2022, CSD No. 7 had total bonded debt outstanding of

\$527,311. For the 2022/2023 fiscal period, CSD No. 7 assesses the Town \$3,701,291 of the total CSD assessment of \$9,671,520, or 38.27% of the total assessment. The Town is, therefore, responsible for \$201,803 of CSD No. 7's current debt

CONTINGENT DEBT

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

TOTAL GENERAL OBLIGATION, OVERLAPPING AND CONTINGENT DEBT

	<u>Direct Debt</u>	<u>Overlapping</u>	<u>Contingent</u>	<u>Total Debt</u>
Town of Bar Harbor (CIP)	\$11,261,395			\$11,261,395
Town of Bar Harbor (School)	175,115			175,115
Town of Bar Harbor (Enterprise)	4,643,541			4,643,541
C.S.D. No. 7 (@38.3%)		\$201,803		201,803
County of Hancock (@12.7%) ⁽¹⁾		0		0
Total A/O June 30, 2022	\$16,080,051	\$201,803	\$0	\$16,281,854
Debt as % Eq State Valuation	0.84%	0.02%	0.00%	0.86%
Per Capita Debt	\$3,203	\$40	\$0.00	\$3,243

NOTE: ⁽¹⁾ Projected as of December 31, 2022.

FUTURE FINANCING

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

New Elementary School in Bar Harbor

In November 2021, Bar Harbor taxpayers voted to approve a \$3 million bond to fund designs for Connors Emerson School's renovation or remodel to address the conditions of the aging buildings and create infrastructure that supports the students' basic educational needs. Current inadequacies addressed include, but are not limited to, separate buildings with shared program spaces, insufficient gymnasium space, lack of program spaces, inadequate special education, staff, meeting, and nurse spaces, and dispersed administrations space.

From July 2022 to March 2023, the School Board was in the concept/schematic design stage where they conducted a four-month long new vs. renovation study. The School Board accepted the study, and decided to pursue the new construction option and to issue an approximately \$58 million bond to replace the existing Connors Emerson school buildings with a three-story, 92,000 square foot school facility (the "New School Project"). Plans and designs were developed and presented to the Town Council, and at its meeting held on May 16, 2023, the Town Council voted to place the initiative on the June 13, 2023 Town Meeting ballot for voter action. The New School Project was approved by the Town's voters at that meeting. The Town expects that the New School Project will be completed in June 2026.

Other than the above discussion, the Town has no authorized but unissued debt.

RETIREMENT

A. DEFERRED COMPENSATION PLAN

The Town offers its employees not participating in MainePERS (as defined below) a deferred compensation plan covered under the International City Management Association Retirement Corporation (“ICMA”). The ICMA RC is accreted in accordance with Section 457(k) of the Internal Revenue Code, as amended. The plan, available to all Town employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. In applying the provisions of Governmental Accounting Standards Board Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the Town has determined that effective July 1, 1997 it is no longer required to record assets and associated liability of the plan.

Under the ICMA plan, covered employees contribute a percentage of their salary to the plan with the Town contributing 6.5% to 10.0%. The Town’s costs for the fiscal years ended June 30, 2020, 2021 and 2022 were \$75,010, \$86,248 and \$72,015 respectively.

B. 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.

C. DEFINED BENEFIT PENSION PLAN

Qualifying personnel of the Town participate in the Maine Public Employees Retirement System (“Maine PERS”) 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 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.

SET benefit terms are established in State 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

The Town reports on the benefits provided and the contributions to the pension plans, associated pension liabilities, pension expense, deferred outflows and deferred inflows of resources related to pensions, as well as the actuarial methodology and assumptions in its Annual Financial Report. Please see “APPENDIX A – TOWN OF BAR HARBOR, MAINE, ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2022”, page 39 *et seq.* herein.

D. OTHER POST-EMPLOYMENT BENEFITS

Qualifying personnel of the School Department participate in the Group Life Insurance Plan for Retired State Employees and Teachers as provided by the Maine PERS SET Plan. The Plan is a multiple-employer, cost sharing plan with a special funding situation. As of June 30, 2021 there were 228 employers, including the State, participating in the plan. The State is also a non-employer contributing entity in that the State pays contributions for retired public school teachers in the Plan. The Group Life Insurance Plan for Retired PLD Consolidated Plan employees is a multiple-employer cost sharing plan. As of June 30, 2021, there were 137 employers participating in the plan.

The Town reports on the benefits provided and the contributions for these OPEB plans, as well as the actuarial methodology and assumptions in its Annual Financial Report. Please see “APPENDIX A – TOWN OF BAR HARBOR, MAINE, ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2022”, page 45 *et seq.* herein.

ENVIRONMENTAL MATTERS

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

The Town is not subject to any pending or threatened proceedings or actions involving environmental matters that, if adversely decided, would have a material adverse impact upon the Town’s financial condition or ability to pay debt service on the Bonds as and when due.

LITIGATION

Association to Preserve and Protect Local Livelihoods Suit

In September 2022, the Town Council adopted regulations that called for a limit of between 3,500 and 3,800 passengers per day from no more than three cruise ships. Monthly limits ranged between 30,000 and 40,000 passengers and rose to 65,000 during the peak months of September and October. At the November 8, 2022 Special Town Meeting the voters of the Town rejected the Town Council’s numbers and instead adopted a citizens petition that limits the total daily number of cruise ship passengers to 1,000 people and provides for a fine of \$100 per passenger for each disembarking person exceeding the daily limit. The ordinance was scheduled to go into effect December 8, 2022.

On December 29, 2022, the Association to Preserve and Protect Local Livelihoods (“APPLL”), a group of Bar Harbor businesses, pier operators and tour companies, sued the Town over the ordinance arguing that the new policy approved by the voters violates federal maritime law and several clauses of the U.S. Constitution. The Town has put in abeyance enforcement of the ordinance until the federal court has ruled on its merits. The trial portion of the lawsuit between APPLL and the Town began on Tuesday, July 11, 2023 at the Maine District Court in Bangor. The suit does not seek damages. The Town is unable to comment on the suit, or its ramifications, at this time.

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

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APPENDIX A

**TOWN OF BAR HARBOR, MAINE
ANNUAL FINANCIAL STATEMENTS
AND SUPPORTING SCHEDULES
FOR THE
YEAR ENDED JUNE 30, 2022**

(With Report of Independent Auditors' Thereon)

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**TOWN OF BAR HARBOR
 FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
 FOR THE YEAR ENDED JUNE 30, 2022**

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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 Financial Statements

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 year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's 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 the Town of Bar Harbor, Maine, as of June 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 of Bar Harbor, Maine, 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 of Bar Harbor, Maine's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of 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, 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 of Bar Harbor, Maine'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 of Bar Harbor, Maine'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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Bar Harbor, Maine's 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 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 27, 2023, on our consideration of the Town of Bar Harbor, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. 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, C.P.A.

James W. Wadman, C.P.A.
Ellsworth, Maine
March 27, 2023

TOWN OF BAR HARBOR, MAINE
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

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, 2022. 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, 2022 by \$57,502,927 (presented as “net position”). Of this amount, \$15,316,709 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 \$4,149,874 (a 7.8% increase) for the fiscal year ended June 30, 2022. Net position of governmental activities increased by \$3,414,690 (a 9.8% increase), while net position of business-type activities showed an increase of \$735,184 (a 4.0% increase).

Fund Highlights:

Governmental Funds – Fund Balances – As of the close of the fiscal year ended June 30, 2022, the Town's governmental funds reported a combined ending fund balance of \$16,082,361 with \$2,675,738 being general unassigned fund balance. This unassigned fund balance represents approximately 11.8% of the total general fund expenditures for the year.

Long-term Debt:

The Town's total long-term debt obligations decreased by 1,864,937 (10.3%) during the current fiscal year. Long-term debt obligations for governmental activities decreased by \$1,155,980 (9.1%) while long-term debt obligations for business-type activities decreased by \$708,957 (13.2%). 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 regards 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

67.2% 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.

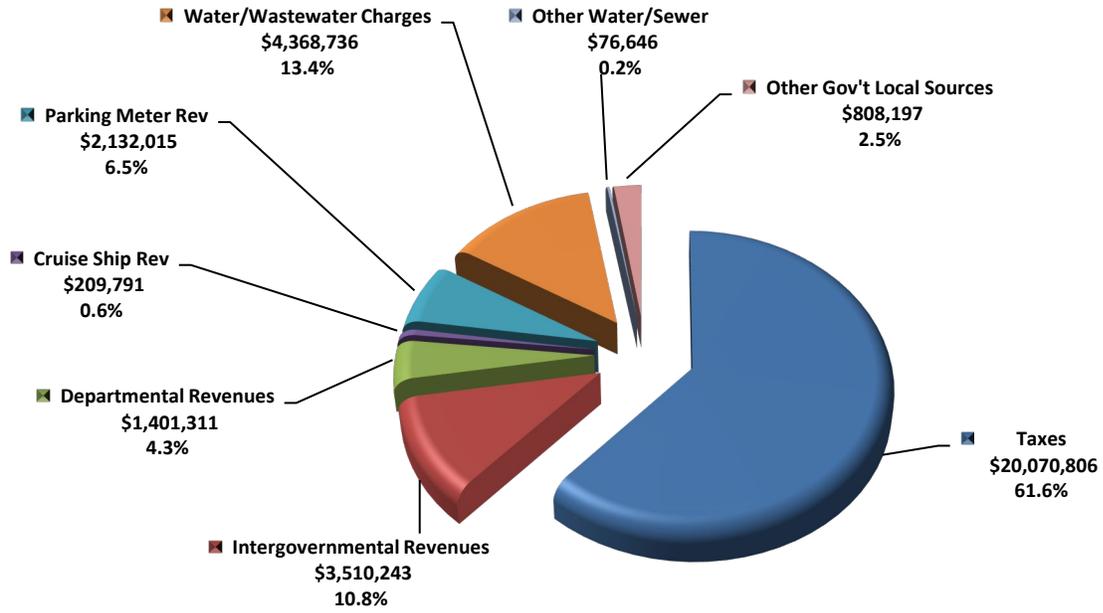
	Governmental Activities	Business-type Activities	Total 2022	Total 2021
Current Assets	19,065,367	5,699,306	24,764,673	21,101,982
Capital Assets	35,526,696	19,365,402	54,892,098	55,255,897
Total Assets	54,592,063	25,064,708	79,656,771	76,357,879
Related to OPEB	241,717		241,717	262,593
Related to Pensions	1,249,956	188,085	1,438,041	828,670
Total Deferred Outflows of Resources	1,491,673	188,085	1,679,758	1,091,263
Total Assets and Deferred Outflows of Resources	56,083,736	25,252,793	81,336,529	77,449,142
Current Liabilities	1,745,270	919,242	2,664,512	4,137,416
Long-Term Liabilities	13,458,214	4,643,218	18,101,432	19,797,191
Total Liabilities	15,203,484	5,562,460	20,765,944	23,934,607
Property Taxes Collected in Advance	34,318		34,318	38,491
Deferred Inflows of Resources from Leases	449,166		449,166	-
Related to OPEB	214,573		214,573	109,447
Related to Pensions	1,975,698	393,903	2,369,601	26,869
Total Deferred Inflows of Resources	2,673,755	393,903	3,067,658	174,807
Net Investment in Capital Assets	23,962,825	14,721,861	38,684,686	37,184,108
Restricted	3,501,532		3,501,532	2,508,258
Unrestricted	10,742,140	4,574,569	15,316,709	13,647,362
Total Net Position	38,206,497	19,296,430	57,502,927	53,339,728
Total Liabilities, Deferred Inflows of Resources and Net Position	56,083,736	25,252,793	81,336,529	77,449,142

Changes in Net Position

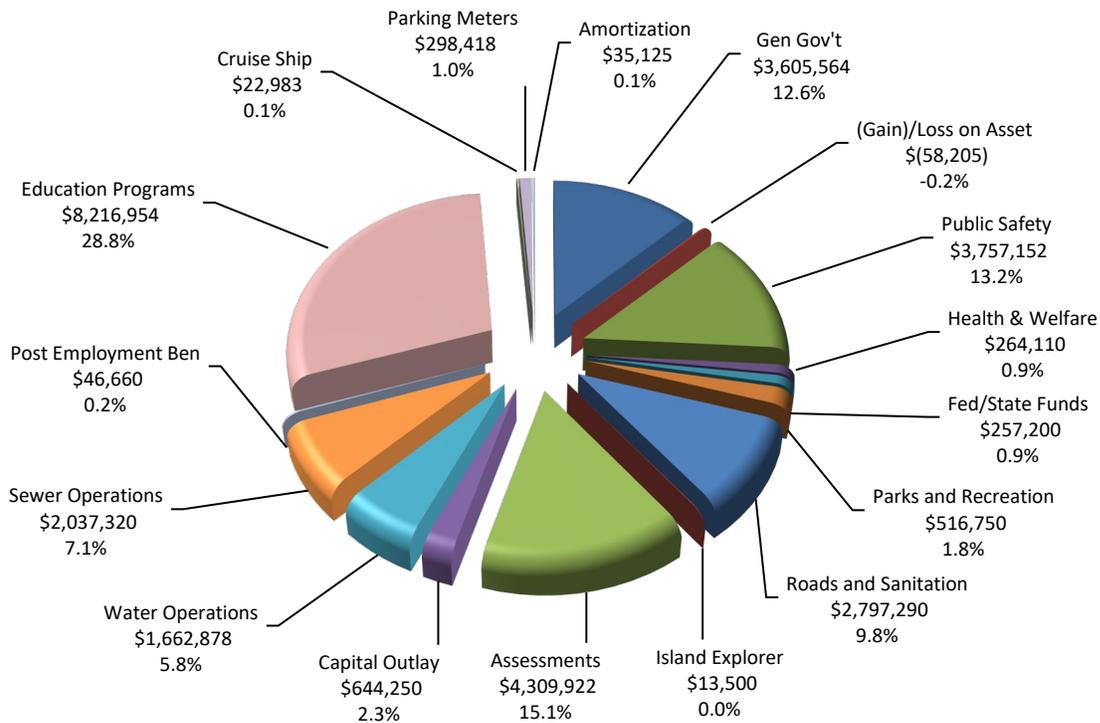
Approximately 61.6% of the Town’s total revenue came from property and excise taxes, approximately 10.8% came from Federal and State subsidies and grants, and approximately 27.6% came from services, investment earnings and other sources. Depreciation expense on the Town’s governmental and business-type activity assets represents \$2,527,920 of the total expenses for the fiscal year. Depreciation for governmental activities was \$1,666,048 while depreciation for business-type activities was \$861,872. The summary below includes the general, capital improvement, cruise ship, parking and school funds under governmental activities.

	Governmental Activities	Business-type Activities	Total 2022	Total 2021
Revenues:				
Taxes	20,070,806		20,070,806	19,516,302
Intergovernmental Revenues	3,510,243		3,510,243	3,037,899
Departmental Revenues	1,401,311	4,368,736	5,770,047	5,351,402
Cruise Ship Revenues	209,791		209,791	1,820
Parking Meter Revenues	2,132,015		2,132,015	1,602,271
Other Local Sources	808,197	76,646	884,843	854,389
Donated Capital Assets	-		-	5,829,360
Internal Transfers	10,000	(10,000)	-	-
Total	28,142,363	4,435,382	32,577,745	36,193,443
Expenses:				
General Government	3,605,564		3,605,564	3,580,498
Public Safety	3,757,152		3,757,152	3,612,281
Health & Welfare	264,110		264,110	393,439
Parks and Recreation	516,750		516,750	486,544
Island Explorer Shuttle Bus	13,500		13,500	-
Roads and Sanitation	2,797,290		2,797,290	2,653,096
Assessments	4,309,922		4,309,922	4,125,490
Capital Outlay	644,250		644,250	985,665
Water Operations		1,662,878	1,662,878	1,601,086
Sewer Operations		2,037,320	2,037,320	1,993,968
Education Programs	8,216,954		8,216,954	7,857,158
Cruise Ship	22,983		22,983	17,748
Parking Meters	298,418		298,418	269,203
Federal/State Funds	257,200		257,200	
Post Employment Benefits	46,660		46,660	(56,910)
Amortization	35,125		35,125	
(Gain)/Loss on Disposal of Assets	(58,205)		(58,205)	25,761
Total	24,727,673	3,700,198	28,427,871	27,545,027
Changes in Net Position	3,414,690	735,184	4,149,874	8,648,416

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 \$16,082,361, an increase of \$2,619,650 in comparison with the prior year. Approximately 16.6 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:

- \$160,2883 positive variance in auto excise revenue resulting from conservative budgeting.
- \$123,452 positive variance in municipal revenue sharing due to a change in the estimated funding after the budget was approved.
- \$80,676 negative variance in Ambulance Billings and Write Offs due to staff shortages resulting in fewer runs.
- \$50,810 positive variance in electrical permits due to an increase in activity from Jackson Lab new housing units.
- \$101,780 positive variance in vacation rental permits due to a new ordinance requiring rental permits to be grandfathered.

-\$110,297 negative variance in investment interest due to changes in the market resulting in a decrease in fair market values.

Expenditures:

- \$30,949 negative variance in legal counsel due to an ongoing suit related to vacation rental fees and land use ordinance issues and the new cruise ship ordinance.
- \$26,836 negative variance in the 27th pay period due to low budgeting
- \$27,857 negative variance in vacation accruals due to payout of two long term staff retirements.
- \$66,097 negative variance in abatements/discount on taxes due to the statistical revaluation and an increase in abatement requests granted.
- There are several general government accounts including contracted services, climate change task force and planning department that have incomplete projects and are encumbering these funds to the following year.
- \$246,244 positive variance in employee benefits due to the following:
 - Health insurance was under budget by \$184,246 due to unfilled positions and other health insurance options available.
 - Health insurance opt-out costs were under budget by \$23,515 due to lower participation and staff terminations.
 - HRA employer costs were under budget by \$25,185 due to fluctuations based on the use of health insurance and the fees being unpredictable.
- \$40,407 positive variance in police department due to the following:
 - Police wages were under budget by \$52,608 due to staff retirements and unfilled positions.
 - Police cruise ship detail was under budget by \$31,006 due a reduction in cruise ship visits.
 - Contracted services for mutual aid were over budget by \$47,421 due to a low budget and the Town of Mount Desert being short staffed and requiring more mutual aid.
- \$16,635 negative variance in emergency management/covid-19 costs due to increased personal protection equipment.
- \$16,235 negative variance in comfort station due to increased cleaning necessary and an increase in the cost of supplies.
- \$83,673 positive variance in the highway division due to the following:
 - Wages were under budget by \$46,732 due to several positions being unfilled, along with the Superintendent position being vacant.
 - Contracted services for line striping were under budget by \$12,160 due to the contractor being short-staffed and not being able to fulfill the agreement. Funds are encumbered to the following year to complete the contract.
 - Repairs and maintenance accounts are under budget by 25,216 due to unfinished projects. Funds are encumbered to the following year to complete the work.
- \$100,659 negative variance in solid waste due to the following:
 - Wages were under budget by \$15,000 due to being short staffed in 2 positions.
 - Disposal and hauling fees were over budget by \$65,134 due to an increase in vendor costs.
 - Single sort fees were over budget by \$59,221 due to increased fees.
 - MSW was under budget by \$21,860 due to an increase in recycling.

Wastewater Fund

Revenues:

- \$21,079 positive variance in residential billings due to a lower budget.
- \$71,110 positive variance in food and lodging billings due a lower budget.
- \$13,475 positive variance in septic tank dumping due to an increase in use by island wide vendors.

Expenses:

- \$53,802 positive variance in hourly and salary employees due to staff vacancies and the half-time superintendent resignation.
- \$37,511 and \$11,701 positive variance in health insurance and health insurance opt out option respectively due to staff vacancies and long-time staff who resigned or retired.
- \$49,004 positive variance in supplies for magnesium hydroxide due to a budget based on prior year spending, but current year requirements below the prior year.
- \$134,497 negative variance in repairs and maintenance of mains & services and equipment due to emergency breaks and electrical and machinery repairs.

Water Fund

Revenues:

- \$34,592 positive variance residential sales due to conservative budgeting.
- \$25,261 positive variance in commercial sales due to conservative budgeting.

Expenses:

- \$27,001 positive variance in hourly and salary wages due to staff vacancies and the half-time superintendent resignation.
- \$38,444 positive variance in repairs and maintenance for meters due to a decrease in work orders.
- \$28,940 negative variance in repairs and maintenance for services due to downtown services emergency repairs.
- \$31,106 positive variance in equipment purchasing, operating due to the SCADA system upgrade being delayed until the following fiscal year.
- The budget for water cip has been included in the bond approved at the annual town meeting in June 2022.

CAPITAL ASSET ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental and business-like activities amounts to \$99,086,942, net of accumulated depreciation of \$44,194,844, leaving a net book value of \$54,892,098. Current year additions included Capital Improvements such as fire and police department equipment, dispatch console, technology and code enforcement equipment and 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, 2022

Exhibit A

	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
Assets:			
Cash and Equivalents	15,514,807	4,823,165	20,337,972
Investments	1,845,503		1,845,503
Receivables:			
Taxes and Liens	396,273	7,104	403,377
User Fees, net		598,904	598,904
Accounts	262,573	10,769	273,342
Ambulance	162,850		162,850
Accrued Interest	6,398		6,398
Lease Receivable	53,220		53,220
Prepaid Expense	-	12,702	12,702
Inventory	41,282	246,662	287,944
Due from Other Governments	183,516		183,516
Leases Receivable-Current	232,620		232,620
Leases Receivable-Non-Current	260,952		260,952
Right to use leased assets, net of accumulated amortization-School	105,373		105,373
Capital Assets:			
Land	6,213,075	164,126	6,377,201
Construction Work in Progress	429,220	3,867	433,087
Other Capital Assets, Net of Depreciation	28,884,401	19,197,409	48,081,810
Total Assets:	54,592,063	25,064,708	79,656,771
Deferred Outflows of Resources:			
Related to Other Post Employment Benefits	241,717		241,717
Related to Pensions	1,249,956	188,085	1,438,041
Total Deferred Outflows of Resources	1,491,673	188,085	1,679,758
Total Assets and Deferred Outflows of Resources	56,083,736	25,252,793	81,336,529
Liabilities, Deferred Inflows of Resources and Net Position:			
Liabilities:			
Accounts Payable	837,728	830,807	1,668,535
Retainage Payable	10,970	-	10,970
Payroll Taxes Deductible	21,659		21,659
Due to Students	6,948		6,948
Accrued Salaries Payable	859,344	46,830	906,174
Accrued Interest Payable		24,113	24,113
Internal Balances	(17,492)	17,492	-
Deposits Payable	26,113		26,113
Long-term Liabilities:			
Accrued Compensated Absences	369,509	28,141	397,650
Lease liability GASB 87 one year	27,232		27,232
Lease liability GASB 87 due in more than one year	57,148		57,148
Net Pension Liability	23,121	(28,464)	(5,343)
Net Post Employment Benefits Obligation	1,417,333		1,417,333
Debt Due Within One Year	1,122,025	418,083	1,540,108
Debt Due in More Than One Year	10,441,846	4,225,458	14,667,304
Total Liabilities	15,203,484	5,562,460	20,765,944
Deferred Inflows of Resources:			
Property Taxes Collected in Advance	34,318		34,318
Deferred Inflows of Resources from Leases	449,166	-	449,166
Related to Other Post Employment Benefits	214,573		214,573
Related to Pensions	1,975,698	393,903	2,369,601
Total Deferred Inflows of Resources	2,673,755	393,903	3,067,658
Net Position:			
Net Investment in Capital Assets	23,962,825	14,721,861	38,684,686
Restricted	3,501,532		3,501,532
Unrestricted	10,742,140	4,574,569	15,316,709
Total Net Position	38,206,497	19,296,430	57,502,927
Total Liabilities, Deferred Inflows of Resources and Net Position	56,083,736	25,252,793	81,336,529

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, 2022

Exhibit B

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>Primary Government</u>						
<u>Governmental Activities:</u>						
General Government	3,605,564	806,705		(2,798,859)		(2,798,859)
Public Safety	3,757,152	583,283		(3,173,869)		(3,173,869)
Health and Welfare	264,110			(264,110)		(264,110)
Parks & Recreation	516,750	900		(515,850)		(515,850)
Island Explorer Shuttle Bus	13,500			(13,500)		(13,500)
Roads and Sanitation	2,797,290	18,607		(2,778,683)		(2,778,683)
Assessments	4,309,922			(4,309,922)		(4,309,922)
Capital Outlay	644,250	-		(644,250)		(644,250)
Education	8,216,954	110,248	1,896,140	(6,210,566)		(6,210,566)
Parking Meters	298,418	2,129,080		1,830,662		1,830,662
Federal/State Funds	257,200		827,800	570,600		570,600
Cruise Ship	22,983	209,791		186,808		186,808
Post Employment Benefits	46,660			(46,660)		(46,660)
Amortization on Leases	35,125			(35,125)		(35,125)
Total Governmental Activities	24,785,878	3,858,614	2,723,940	(18,203,324)		(18,203,324)
<u>Business-type Activities:</u>						
Wastewater	2,037,320	2,162,556			125,236	125,236
Water	1,652,604	2,206,180			553,576	553,576
Total Business-type Activities	3,689,924	4,368,736			678,812	678,812
Total Primary Government	28,475,802	8,227,350	2,723,940	(18,203,324)	678,812	(17,524,512)
<u>General Revenues:</u>						
Taxes						
Property				18,867,576		18,867,576
Auto and Boat Excise				1,203,230		1,203,230
Intergovernmental Revenues				786,303		786,303
Other Local Sources				692,700	76,646	769,346
Contributions in Aid of Construction					(10,274)	(10,274)
Internal Transfers				10,000	(10,000)	-
Gain/(Loss) on Disposal of Assets				58,205	-	58,205
Total Revenues, Special Items and Transfers				21,618,014	56,372	21,674,386
Changes in Net Position				3,414,690	735,184	4,149,874
Net Position - Beginning				34,791,807	18,561,246	53,353,053
Net Position - Ending				38,206,497	19,296,430	57,502,927

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	15,513,465		1,342	15,514,807
Investments	1,830,953		14,550	1,845,503
Receivables				
Taxes	36,111			36,111
Tax Liens	360,162			360,162
Accounts	262,573			262,573
Ambulance Fees	162,850			162,850
Accrued Interest	6,398			6,398
Lease Receivable		53,220		53,220
Leases Receivable-Current	12,949	219,671		232,620
Leases Receivable-Non-Current	78,767	182,185		260,952
Inventory	41,282			41,282
Due from Other Governments	183,516		-	183,516
Due from Other Funds	17,492	6,815,849	570,600	7,403,941
Total Assets	18,506,518	7,270,925	586,492	26,363,935
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts Payable	687,813	149,915		837,728
Retainage Payable		10,970		10,970
Payroll Taxes/Deductions	21,659			21,659
Accrued Salaries Payable	859,344			859,344
Accrued Compensated Absences	326,598			326,598
Due to Other Funds	7,386,449		-	7,386,449
Due to Students	6,948			6,948
Deposits Payable	26,113			26,113
Total Liabilities	9,314,924	160,885	-	9,475,809
Deferred Inflows of Resources:				
Property Taxes Collected in Advance	34,318			34,318
Deferred Inflows of Resources from Leases	89,375	359,791		449,166
Unavailable Property Taxes	310,635			310,635
Unavailable Revenue		2,381		2,381
Unavailable Rental Income	9,265			9,265
Total Deferred Inflows of Resources	443,593	362,172	-	805,765
Fund Balances				
Nonspendable	2,206		11,757	13,963
Restricted	2,895,976		570,600	3,466,576
Committed		6,747,868		6,747,868
Assigned	3,174,081		4,135	3,178,216
Unassigned	2,675,738			2,675,738
Total Fund Balances	8,748,001	6,747,868	586,492	16,082,361
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	18,506,518	7,270,925	586,492	26,363,935

(Continued)

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

TOWN OF BAR HARBOR
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

Exhibit C
Page 2 of 2

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

Total Fund Balance	16,082,361
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	35,526,696
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds:	
Unavailable Revenues	322,281
Right to use leased assets	105,373
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Bonds Payable	(11,436,510)
Lease Liabilities	(84,380)
Town Leases Payable	(127,361)
Accrued Compensated Absences - School Department	(42,911)
Deferred Inflows/Outflows Related to Other Post Employment Benefits	27,144
Post Employment Benefits Obligations	(1,417,333)
Net Pension Liability	(23,121)
Deferred Inflows/Outflows Related to Pensions	(725,742)
	<u>(13,830,214)</u>
Net Position of Governmental Activities	<u><u>38,206,497</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, 2022

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	20,052,050			20,052,050
Intergovernmental Revenues	2,624,891	57,552	827,800	3,510,243
Departmental Revenues	3,743,117	-		3,743,117
Other Local Sources	415,781	385,808	128	801,717
Total Revenues	26,835,839	443,360	827,928	28,107,127
Expenditures				
Current:				
General Government	3,531,708			3,531,708
Public Safety	3,439,761		-	3,439,761
Health and Welfare	251,490			251,490
Parks and Recreation	445,480			445,480
Island Explorer Shuttle Bus	13,500			13,500
Roads and Sanitation	2,122,720		-	2,122,720
Education	8,217,445			8,217,445
Assessments	4,309,922			4,309,922
Cruise Ship	22,983			22,983
Parking Meters	237,346			237,346
Capital Outlay		2,788,420	-	2,788,420
Federal/State Funds			257,200	257,200
Total Expenditures	22,592,355	2,788,420	257,200	25,637,975
Excess of Revenues Over (Under) Expenditures	4,243,484	(2,345,060)	570,728	2,469,152
Other Financing Sources (Uses)				
Lease Liabilities Issued	140,498			140,498
Transfers In	536,961	3,354,527	-	3,891,488
Transfers Out	(3,881,445)	-	(43)	(3,881,488)
Total Other Financing Sources (Uses)	(3,203,986)	3,354,527	(43)	150,498
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	1,039,498	1,009,467	570,685	2,619,650
Fund Balance - July 1	7,708,503	5,738,401	15,807	13,462,711
Fund Balance - June 30	8,748,001	6,747,868	586,492	16,082,361

(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, 2022

Net change in fund balances - total governmental funds 2,619,650

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:

Right to use leased assets addition	140,498
Capital asset purchases capitalized	1,062,816
Gain/(Loss) on Disposal of Assets	58,205
Depreciation expense	(1,666,047)
Amortization expense on leased asset	(35,125)

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

Unavailable Revenues	6,480
Unavailable Taxes	18,756

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:

Capital lease obligation principal payments	123,543
General obligation bond principal payments	981,958
Lease Liabilities Issued	(84,380)

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

Accrued compensated absences	3,937
Post Employment Benefits Cost	(74,656)
Pension Plans (Deferred Outflows, Net Pension Liability, Deferred Inflows)	259,055

Change in net position of governmental activities 3,414,690

TOWN OF BAR HARBOR
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2022

Exhibit E

<i>Assets</i>	<i>Wastewater Enterprise</i>	<i>Water Enterprise</i>	<i>Total</i>
<i>Current Assets:</i>			
Cash and Equivalents	2,566,443	2,256,722	4,823,165
Receivables			
User Fees, net	542,716	56,188	598,904
Liens Receivable	7,104	-	7,104
Accounts	10,196	573	10,769
Due From Other Funds	76,372		76,372
Inventory	28,725	217,937	246,662
Prepaid Expenses		12,702	12,702
<i>Total Current Assets</i>	3,231,556	2,544,122	5,775,678
<i>Noncurrent Assets:</i>			
Capital Assets, net	9,800,566	9,564,836	19,365,402
Bond Issuance Costs, net	-	-	-
<i>Total Noncurrent Assets</i>	9,800,566	9,564,836	19,365,402
<i>Total Assets</i>	13,032,122	12,108,958	25,141,080
<i>Deferred Outflows of Resources:</i>			
Related to Pensions	104,653	83,432	188,085
<i>Total Deferred Outflows of Resources</i>	104,653	83,432	188,085
<i>Total Assets and Deferred Outflows of Resources</i>	13,136,775	12,192,390	25,329,165
<i>Liabilities and Net Position</i>			
<i>Liabilities</i>			
Accounts Payable	722,125	108,682	830,807
Accrued Salaries and Benefits	26,094	20,736	46,830
Accrued Interest Payable	4,300	19,813	24,113
Due to Other Funds	397	93,467	93,864
Compensated Absences Payable	20,046	8,095	28,141
Bonds and Notes Payable	115,661	302,422	418,083
<i>Total Current Liabilities</i>	888,623	553,215	1,441,838
<i>Noncurrent Liabilities:</i>			
Net Pension (Asset)/Liability	(16,341)	(12,123)	(28,464)
Bonds and Notes Payable	884,575	3,340,883	4,225,458
<i>Total Noncurrent Liabilities</i>	868,234	3,328,760	4,196,994
<i>Total Liabilities</i>	1,756,857	3,881,975	5,638,832
<i>Deferred Inflows of Resources:</i>			
Related to Pensions	226,134	167,769	393,903
<i>Total Deferred Inflows of Resources</i>	226,134	167,769	393,903
<i>Net Position</i>			
Net Investment in Capital Assets	8,800,330	5,921,531	14,721,861
Retained Earnings			
Reserved	2,295,027	1,875,441	4,170,468
Unreserved	58,427	345,674	404,101
<i>Total Net Position</i>	11,153,784	8,142,646	19,296,430
<i>Total Liabilities, Deferred Inflows of Resources and Net Position</i>	13,136,775	12,192,390	25,329,165

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, 2022

Exhibit F

	<u>Proprietary Fund Types</u>		<u>Total</u>
	<u>Wastewater Enterprise</u>	<u>Water Enterprise</u>	
Operating Revenues:			
Charges for Services	2,157,178	2,205,581	4,362,759
Interest - Late Penalties	5,378	599	5,977
Total Operating Revenues:	<u>2,162,556</u>	<u>2,206,180</u>	<u>4,368,736</u>
Operating Expenditures:			
Current:			
Salaries and Benefits	697,402	516,277	1,213,679
Contracted Services	221,100	266,120	487,220
Utilities & Commodities	264,074	65,504	329,578
Repairs & Maintenance	243,290	202,736	446,026
Equipment	16,546	9,664	26,210
Other Expenses	46,765	55,598	102,363
Depreciation and Amortization	526,352	325,806	852,158
Materials and Supplies	111,914	129,390	241,304
Total Operating Expenditures	<u>2,127,443</u>	<u>1,571,095</u>	<u>3,698,538</u>
Net Operating Income	<u>35,113</u>	<u>635,085</u>	<u>670,198</u>
Nonoperating Revenues (Expenses)			
Interest Revenue	15,212	13,167	28,379
Special Assessment	46,484		46,484
Jobbing Income, net of expense	-	1,783	1,783
Transfer to CIP Program		(10,000)	(10,000)
Contributions in Aid of Construction	-	(10,274)	(10,274)
Related to Pensions	125,456	19,629	145,085
Interest Expense	(35,333)	(101,138)	(136,471)
Total Nonoperating Revenue (Expenses)	<u>151,819</u>	<u>(86,833)</u>	<u>64,986</u>
<i>Change in Net Position (net income)</i>	186,932	548,252	735,184
<i>Total Net Position - Beginning</i>	<u>10,966,852</u>	<u>7,594,394</u>	<u>18,561,246</u>
<i>Total Net Position - Ending</i>	<u><u>11,153,784</u></u>	<u><u>8,142,646</u></u>	<u><u>19,296,430</u></u>

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, 2022

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	2,162,556	2,206,180	4,368,736
Payments to Suppliers	(856,924)	(673,414)	(1,530,338)
Payments to Employees	(697,402)	(516,277)	(1,213,679)
Other Receipts (Payments)	(281)	(74,089)	(74,370)
<i>Net Cash Provided by (Used in) Operating Activities</i>	607,949	942,400	1,550,349
<i>Cash Flows from Capital and Related Financing Activities</i>			
Purchases of Capital Assets	(1,048,369)	(31,884)	(1,080,253)
Principal Paid on Capital Debt	(108,358)	(600,600)	(708,958)
Interest Paid on Capital Debt	(35,333)	(101,138)	(136,471)
<i>Net Cash Used in Capital and Related Financing Activities</i>	(1,192,060)	(733,622)	(1,925,682)
<i>Cash Flows from Investing Activities</i>			
(Purchase)/Sale of Investments	587,814	75,788	663,602
Interest and Dividends	15,212	13,167	28,379
<i>Net Cash Provided by (Used in) Investing Activities</i>	603,026	88,955	691,981
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	18,915	297,733	316,648
<i>Balances - beginning of the year</i>	2,547,528	1,958,989	4,506,517
<i>Balances - end of the year</i>	2,566,443	2,256,722	4,823,165
<i>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</i>			
Net Operating Income (Loss)	35,113	635,085	670,198
Adjustment to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization	526,352	325,806	852,158
(Increase) Decrease in Accounts Receivable	(10,525)	13,288	2,763
(Increase) Decrease in Due To/From Other Funds	(538,684)	(10,101)	(548,785)
(Increase) Decrease in Inventory	(6,523)	(53,187)	(59,710)
(Increase) Decrease in Prepaid Expense	-	(673)	(673)
Increase (Decrease) in Accrued Wages Payable	(1,273)	(2,636)	(3,909)
Increase (Decrease) in Accrued Interest Payable	(421)	(6,579)	(7,000)
Increase (Decrease) in Compensated Absences Payable	(5,749)	(7,106)	(12,855)
Increase (Decrease) in Accounts Payable	609,659	48,503	658,162
<i>Net Cash Provided by (Used in) Operating Activities</i>	607,949	942,400	1,550,349

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

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022

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, 2022

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, \$310,635 has been so classified and reported on the general fund balance sheet.

Annual property taxes were levied on August 17, 2021, 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 6.0% 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, 2022

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, 2022

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, 2022

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, 2022

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, 2022 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	2,206			2,206
Gurnee Principal			6,488	6,488
Cemetery Principal			5,269	5,269
	2,206	-	11,757	13,963
<u><i>Restricted</i></u>				
Parking Meter Fund	1,475,967			1,475,967
Coronavirus State and Local Fiscal Recovery Funds	570,600			570,600
School Restricted Funds	1,420,009			1,420,009
	3,466,576	-	-	3,466,576
<u><i>Committed</i></u>				
Capital Improvement Programs		6,747,868		6,747,868
	-	6,747,868	-	6,747,868
<u><i>Assigned</i></u>				
Reserve for Working Capital	2,348,000			2,348,000
Designated for Insurance	500,000			500,000
Designated for Fiber Lease	50,000			50,000
General Fund Encumbrances	167,220			167,220
Cruise Ship Fund	108,861			108,861
Gurnee Scholarship			4,135	4,135
	3,174,081	-	4,135	3,178,216
<u><i>Unassigned</i></u>				
General Fund	2,675,738			2,675,738
<u><i>Total Fund Balance</i></u>	<u>9,318,601</u>	<u>6,747,868</u>	<u>15,892</u>	<u>16,082,361</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, 2022

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, 2022

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 \$20,337,972 and the bank balance was \$20,711,548 plus \$170,256 cash included with the investment portfolio for a total of \$20,881,804. The Town has no uninsured or uncollateralized deposits as of June 30, 2022.

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, 2022:

- U.S. Treasury securities and corporate bonds in the amount of \$1,845,503 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, 2022

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		1,931,994,100
Tax Rate (per \$1,000)		<u>9.74</u>
Commitment		<u><u>18,817,623</u></u>
Appropriations		28,020,732
Less:		
State Municipal Revenue Sharing	350,000	
Estimated Revenues	8,650,176	
BETE Reimbursement	49,699	
Homestead Reimbursement	<u>153,234</u>	
		<u>9,203,109</u>
Net Assessment for Commitment		<u><u>18,817,623</u></u>

Uncollected real estate taxes/liens and personal property taxes at June 30 for the current year commitment totaled \$268,149, which represents tax collection of approximately 99.98 % of the current year commitment, including supplemental taxes issued in the amount of \$5,169. The real estate portion of the total taxes due was placed on lien June 30, 2022. Unpaid prior year tax liens at June 30 totaled \$102,249.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

C. Interfund Receivables and Payables

Individual fund interfund receivable and payable balances at June 30, 2022 were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	17,492	7,386,449
Capital Project Funds	6,815,849	-
Coronavirus State and Local Fiscal Recovery Funds	570,600	-
Water Fund	-	93,467
Wastewater Fund	<u>76,372</u>	<u>397</u>
Totals	<u>7,480,313</u>	<u>7,480,313</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, 2022, 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 \$17,492 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, 2022, the Town recognized \$0 of lease revenue and \$0 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, 2022, the Town recognized \$27,292 of lease revenue and \$1,974 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 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

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

D. Leases Receivable (continued)

return. In fiscal year ending June 30, 2022, the Town recognized \$7,538 of lease revenue and \$2,353 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, 2022, the Town recognized \$230,611 of lease revenue and \$13,753 of interest revenue under the lease.

E. Capital Assets (Includes School)

Capital asset activity for the year ended June 30, 2022 was as follows:

	<u>Beginning</u>			<u>Ending</u>
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Governmental Activities;				
<i>Capital assets not being depreciated</i>				
Land	6,213,075			6,213,075
Construction Work in Progress	365,162	145,084	(81,026)	429,220
	<u>6,578,237</u>	<u>145,084</u>	<u>(81,026)</u>	<u>6,642,295</u>
<i>Capital assets being depreciated:</i>				
Buildings	19,341,852	8,900	-	19,350,752
Equipment	9,084,724	882,481	(305,599)	9,661,606
Infrastructure	26,370,567	173,763	(3,500)	26,540,830
	<u>54,797,143</u>	<u>1,065,144</u>	<u>(309,099)</u>	<u>55,553,188</u>
<i>Total capital assets being depreciated</i>				
<i>Less accumulated depreciation for:</i>				
Buildings	5,595,175	498,388	-	6,093,563
Equipment	4,857,193	645,829	(297,418)	5,205,604
Infrastructure	14,851,290	521,830	(3,500)	15,369,620
	<u>25,303,658</u>	<u>1,666,047</u>	<u>(300,918)</u>	<u>26,668,787</u>
<i>Total accumulated depreciation</i>				
	<u>29,493,485</u>	<u>(600,903)</u>	<u>(8,181)</u>	<u>28,884,401</u>
<i>Net capital assets being depreciated</i>				
Governmental Activities				
Capital Assets, net	<u>36,071,722</u>	<u>(455,819)</u>	<u>(89,207)</u>	<u>35,526,696</u>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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	14,350,830	31,885	(57,592)	14,325,123
Wastewater Fund	21,311,566	1,048,369		22,359,935
<i>Total capital assets being depreciated</i>	<u>35,662,396</u>	<u>1,080,254</u>	<u>(57,592)</u>	<u>36,685,058</u>
<i>Less accumulated depreciation for:</i>				
Water Fund	4,623,311	335,520	(57,592)	4,901,239
Wastewater Fund	12,098,467	526,353		12,624,820
<i>Total accumulated depreciation</i>	<u>16,721,778</u>	<u>861,873</u>	<u>(57,592)</u>	<u>17,526,059</u>
<i>Net capital assets being depreciated</i>	<u>18,940,618</u>	<u>218,381</u>	<u>-</u>	<u>19,158,999</u>
<i>Business-type Activities Capital Assets, net</i>	<u>19,147,021</u>	<u>218,381</u>	<u>-</u>	<u>19,365,402</u>

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

Governmental Activities:

General Government	180,155
Public Safety	502,181
Health and Welfare	12,620
Parks and Recreation	71,270
Roads and Sanitation, including infrastructure	674,570
Education	164,179
Parking Fund	61,072
Total Depreciation Expense - Governmental Activities	<u><u>1,666,047</u></u>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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 City for the year ended June 30, 2022 is as follows:

<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
Leased Laptops	-	21,877	-	21,877
<i>Total accumulated amortization</i>	-	35,125	-	35,125
<i>Right to use assets, net</i>	-	105,373	-	105,373

G. Long-Term Liabilities

Long-Term Liability Schedule

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>	<i>Current Portion Of Balance</i>
<i>Governmental activities:</i>					
General Obligation Bonds	12,418,468	-	(981,958)	11,436,510	994,664
Capital Leases	250,904	-	(123,543)	127,361	127,361
Lease Liabilities	-	140,498	(56,118)	84,380	27,232
Compensated Absences	375,074	-	(5,565)	369,509	-
Total OPEB Liability	1,468,679	-	(51,346)	1,417,333	-
Net Pension (Asset)/Liability	1,689,720	-	(1,666,599)	23,121	-
<i>Governmental Activity Long-Term Liabilities</i>	16,202,845	140,498	(2,885,129)	13,458,214	1,149,257
<i>Business-Type Activities:</i>					
General Obligation Bonds	5,352,498	-	(708,957)	4,643,541	418,083
Compensated Absences	45,418	-	(17,277)	28,141	-
Net Pension (Asset)/Liability	392,798	-	(421,262)	(28,464)	-
<i>Business-Type Activity Long-Term Liabilities</i>	5,790,714	-	(1,147,496)	4,643,218	418,083
<i>Total Long-Term Liabilities</i>	21,993,559	140,498	(4,032,625)	18,101,432	1,567,340

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022:

	<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	227,887	-	(52,772)	175,115	55,478
2010 Capital Construction, Roads, Refinanced in 2020	1,445,581	-	(159,186)	1,286,395	159,186
2013 Public Works Complex	2,405,000	-	(150,000)	2,255,000	155,000
2014 Town Hall & Signage	1,695,000	-	(125,000)	1,570,000	130,000
2015 Refinanced Agamont Park & Seawall	160,000	-	(40,000)	120,000	40,000
2015 Public Safety Building	300,000	-	(20,000)	280,000	20,000
2018 Ladder Truck, Public Safety Building & Transfer Station Renovations	2,590,000	-	(160,000)	2,430,000	160,000
2019 Parking Meters, Ferry Terminal	2,415,000	-	(230,000)	2,185,000	230,000
2019 Ferry Terminal Taxable	1,180,000	-	(45,000)	1,135,000	45,000
<i>Sub-Total Bonds Payable</i>	<u>12,418,468</u>	<u>-</u>	<u>(981,958)</u>	<u>11,436,510</u>	<u>994,664</u>
<i>Other Governmental long-term activities:</i>					
Town LED Lights Lease	250,904	-	(123,543)	127,361	127,361
	<u>250,904</u>	<u>-</u>	<u>(123,543)</u>	<u>127,361</u>	<u>127,361</u>
Total Governmental Activities	<u>12,669,372</u>	<u>-</u>	<u>(1,105,501)</u>	<u>11,563,871</u>	<u>1,122,025</u>
<i>Business-Type Activities:</i>					
<i>Bonds payable:</i>					
<i>Water Department:</i>					
2002 Water Tank Purchase	47,184	-	(47,184)	-	-
2010 Water Mains, Refinanced in 2020	234,419	-	(25,814)	208,605	25,814
2011 Water Refinance Mains Replacement & Duck Brook Pump Station	1,026,406	-	(311,642)	714,764	59,339
2012 Safe Drinking Revolving Water Loan	1,660,896	-	(130,960)	1,529,936	132,269
2015 Route 3 Water Main Project	1,275,000	-	(85,000)	1,190,000	85,000
<i>Sub-Total Water Department</i>	<u>4,243,905</u>	<u>-</u>	<u>(600,600)</u>	<u>3,643,305</u>	<u>302,422</u>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

H. Long-Term Debt (Continued)

<i>Wastewater Department:</i>					
2011 Wastewater Mains Replacement & Scada System	783,594	-	(68,358)	715,236	70,661
2015 Refinanced Hulls Cove Wastewater Plant	325,000	-	(40,000)	285,000	45,000
<i>Sub-Total Wastewater Department</i>	<u>1,108,594</u>	<u>-</u>	<u>(108,358)</u>	<u>1,000,236</u>	<u>115,661</u>
Total Business-Type Activities	<u>5,352,499</u>	<u>-</u>	<u>(708,958)</u>	<u>4,643,541</u>	<u>418,083</u>
Total Debt	<u>18,021,871</u>	<u>-</u>	<u>(1,814,459)</u>	<u>16,207,412</u>	<u>1,540,108</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 \$61,421 in fiscal year 2022 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, 2022 was \$175,115.

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 \$231,465 in fiscal year 2022 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, 2022 was \$1,286,395.

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 \$232,988 in fiscal year 2022 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, 2022 was \$2,255,000.

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 \$179,375 in fiscal year 2022 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, 2022 was \$1,570,000.

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 \$45,400 in fiscal year 2022 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, 2022 was \$120,000.

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 \$30,000 in fiscal year 2022 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, 2022 was \$280,000.

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 \$256,100 in fiscal year 2022 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, 2022 was \$2,430,000.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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 \$319,700 in fiscal year 2022 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, 2022 was \$2,185,000.

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 \$88,400 in fiscal year 2022 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, 2022 was \$1,135,000.

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, 2022 was \$127,361.

Business-Type Activities:

In 2002, the Town was issued a bond for the water tank purchase from Maine Municipal Bond Bank. The loan was issued for \$750,000 with annual principal and interest payments of \$50,066 in fiscal year 2022. Interest is payable semi-annually at a rate of 2.67%. The balance at June 30, 2022 was \$0.

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 \$37,535 in fiscal year 2022 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, 2022 was \$208,605.

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 \$91,862 in fiscal year 2022 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, 2022 was \$715,236.

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 \$338,956 in fiscal year 2022 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, 2022 was \$714,764.

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 \$154,260 in fiscal year 2022 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, 2022 was \$1,529,936.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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 \$127,500 in fiscal year 2022 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, 2022 was \$1,190,000.

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 \$52,250 in fiscal year 2022 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, 2022 was \$285,000.

Annual debt service requirements to maturity including interest of \$3,543,358 (including fees) are as follows:

<i>Year Ended June 30,</i>	<i>Governmental Activities</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2023	1,122,025	422,937	1,544,962
2024	1,007,509	374,295	1,381,804
2025	900,500	333,336	1,233,836
2026	822,093	297,854	1,119,947
2027	814,186	262,462	1,076,648
2028-2032	3,842,558	831,777	4,674,335
2033-2037	2,515,000	254,718	2,769,718
2038-2039	540,000	15,315	555,315
Total	11,563,871	2,792,694	14,356,565

<i>Year Ended June 30,</i>	<i>Business-Type Activities</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2023	418,083	125,858	543,941
2024	424,406	114,064	538,470
2025	430,742	102,103	532,845
2026	444,184	89,206	533,390
2027	453,454	75,192	528,646
2028-2032	1,986,564	215,769	2,202,333
2033-2037	486,108	28,472	514,580
2038-2039	-	-	-
Total	4,643,541	750,664	5,394,205
Totals	16,207,412	3,543,358	19,750,770

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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 \$39,743 at June 30, 2022. 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 \$39,743 at June 30, 2022. 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 June 30,</i>	<i>Principal Payments</i>	<i>Interest Payments</i>	<i>Total</i>
2023	27,232	2,743	29,975
2024	28,117	1,858	29,975
2025	29,031	943	29,974
Total	84,380	5,544	89,924

J. Authorized, Unissued Debt

The Town approved the following bonds at its annual town meeting on 6/7/22. They are authorized but unissued at 6/30/22:

- 1) Priority Infrastructure Improvements Bond – Approved by voters 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.
- 2) Engineering, Design, Procurement, Construction, and Interconnection of a Free Standing Solar Array – Approved by voters 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.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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	4,135
Total	<u>11,757</u>	<u>4,135</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, 2020, 2021 and 2022 were \$75,010, \$86,248 and \$72,015 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, 2022

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, 2022, 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, 2022

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (Continued)

For the year ended June 30, 2022, the PLD Plan member contribution rate was 7.8% for the regular AC-Age 60 Plan and 7.05% for the regular AC-Age 65 Plan; the employer contribution rate was 10.3% of applicable member compensation for the regular AC Plan and 5.0% for retirees who return to work. The member contribution rate was 8.3% for the Special 4C Plan-Public Safety Plan and the employer contribution rate was 9.8% for the Special 4C Plan of applicable members compensation.

The required contributions paid into the System for the year ended June 30, 2022 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>
2022	\$ 278,341	\$ 164,221	\$ 496,418	\$ 3,638,450	\$ 164,567
2021	\$ 264,926	\$ 179,323	\$ 462,486	\$ 3,463,083	\$ 235,685
2020	\$ 256,047	\$ 152,718	\$ 466,706	\$ 3,347,026	\$ 90,180

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>
2022	\$ 20,625	\$ 25,595	\$ 248,497
2021	\$ 12,844	\$ 16,015	\$ 158,564
2020	\$ 16,397	\$ 20,244	\$ 202,436

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>
2022	\$ 288,353	\$ 377,512	\$ 3,742,142
2021	\$ 262,959	\$ 316,432	\$ 3,268,540
2020	\$ 257,224	\$ 296,904	\$ 3,114,383

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, 2022

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, 2022, the Town of Bar Harbor reported a net pension liability of \$150,726 for the SET Plan and a net pension asset of (\$156,069) for the PLD Plan. The net pension (asset)/liability was measured as of June 30, 2021, 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, 2021, the Town of Bar Harbor's proportion of contributions was .01782% for the SET Plan and .4856% for the PLD Plan, which was an increase of .010716% and a decrease of .009316% respectively from its proportion measured at June 30, 2020.

For the fiscal year ended June 30, 2022, the Town of Bar Harbor recognized pension expense/(credit) of \$213,789 for the SET Plan and (\$1,111) for the PLD plan for a total of \$212,678. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<i>SET Plan:</i>	
	<u><i>Deferred Outflows of Resources</i></u>	<u><i>Deferred Inflows of Resources</i></u>
Differences between expected and actual experience	2,234	3,081
Changes in Assumption	102,763	-
Net Difference between projected and actual earnings on pension plan investments	-	205,377
Changes in proportion and differences between employer contributions and proportionate share of contributions	110,515	1,395
Employer contributions made subsequent to measurement date	164,220	
	<u>379,732</u>	<u>209,853</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	100,957	10,608
Changes in Assumption	524,067	-
Net Difference between projected and actual earnings on pension plan investments	-	2,127,280
Changes in proportion and differences between employer contributions and proportionate share of contributions	30,178	21,861
Employer contributions made subsequent to measurement date	403,107	
	<u>1,058,309</u>	<u>2,159,749</u>
Totals	<u>1,438,041</u>	<u>2,369,602</u>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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:

<u>Year Ended June 30,</u>	<u>SET Plan</u>	<u>PLD Plan</u>
2022	212,561	185,780
2023	61,215	(211,845)
2024	(46,652)	(484,245)
2025	(57,246)	(591,129)

Actuarial Assumptions

The collective total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

The actuarial assumptions used in the June 30, 2021 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.

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, 2021 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	3.0%
Alternative Credit	7.2%
Diversifiers	5.9%

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.50% 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:

SET Plan:	<i>1% Decrease</i> ▼ (5.50%)	<i>Current Discount</i> <u>Rate (6.50%)</u>	<i>1% Increase</i> ▼ (7.50%)
Proportionate Share of the Net Pension Liability	\$ 395,824	\$ 150,726	\$ (53,343)
PLD Plan:	<i>1% Decrease</i> ▼ (5.50%)	<i>Current Discount</i> <u>Rate (6.50%)</u>	<i>1% Increase</i> ▼ (7.50%)
Proportionate Share of the Net Pension Liability	\$ 2,220,955	\$ (156,069)	\$ (2,122,181)

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.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 - OTHER INFORMATION (Continued)

E. Risk Management (continued)

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, 2022.

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.

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, 2021 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, 2021, there were 137 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.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 - OTHER INFORMATION (Continued)

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

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, 2022, the Town of Bar Harbor reported a net OPEB liability of \$25,470 for the PLD Plan. The net OPEB liability was measured as of June 30, 2021, 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, 2021, the Town of Bar Harbor’s proportion of contributions was .246711% for the PLD Plan, which was an increase of .003023% from its proportion measured at June 30, 2020.

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, 2022, the Town of Bar Harbor recognized OPEB expense/(credit) of (\$4,475) for the PLD Plan. At June 30, 2022, the Town of Bar Harbor’s reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources were:

	<i>PLD Plan:</i>	
	<u><i>Deferred Outflows of Resources</i></u>	<u><i>Deferred Inflows of Resources</i></u>
Differences between expected and actual experience	2,878	-
Changes of Assumptions	4,297	17,176
Difference between projected and actual Investment		
Earnings on OPEB Plan Investments	-	7,818
Changes in proportion and differences between employer premiums and proportionate share of premiums	1,192	2,833
	<u>8,367</u>	<u>27,827</u>

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

<u><i>Year Ended June 30,</i></u>	<u><i>PLD Plan</i></u>
2022	(7,289)
2023	(3,705)
2024	(4,494)
2025	(4,784)
2026	405
Thereafter	405

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 - OTHER INFORMATION (Continued)

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

Actuarial Methods and Assumptions

The collective total OPEB liability for the plans was determined by an actuarial valuation as of June 30, 2021, 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.

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, 2021, there were 16 years remaining in the amortization schedule for the SET Plan and 9 years remaining for the PLD Plan. The actuarial assumptions used in the June 30, 2021 actuarial valuation was based on the results of an actuarial experience study conducted for the period of June 30, 2016 to June 30, 2020.

Significant Actuarial Assumptions

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

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 - OTHER INFORMATION (Continued)

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

Actuarial Methods and Assumptions (continued)

Assets of the Plans are pooled for investment purposes and are allocated to each Plan based on each Plan's fiduciary net position. The long-term expected rate of return on the Plan's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of long-term real rates of return for each major asset class included in the target asset allocation as of June 30, 2021 are summarized in the following table:

<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 2021 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	\$ 37,810	\$ 25,470	\$ 15,572

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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>	
2021	\$9,410	\$504	\$40,170

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, 2022

NOTE 4 - OTHER INFORMATION (Continued)

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

Employees covered by benefit terms:

At June 30, 2022, 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, 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 January 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.06% per annum.
Salary Increase Rate	2.75% per year
Administration and claims expense	3% per annum.

Trend Assumptions:

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

Trend Assumption Inputs

Variable	Rate
Rate of Inflation	2.04%
Rate of Growth in Real Income/GDP per capita 2031+	1.10%
Extra Trend due to Taste/Technology 2029+	1.00%
Expected Health Share of GDP 2031	19.00%
Health Share of GDP Resistance Point	20.00%
Year for Limiting Cost Growth to GDP Growth	2042

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, 2022

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, 2021 is based upon an earlier measurement date, as of December 31, 2020 and is 2.12% per annum. 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 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, 2022

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 6/30/21	535,840	-	535,840
Changes for the year:			-
Service Cost	31,086		31,086
Interest	11,912		11,912
Changes of benefits	-		-
Differences between expected and actual experience	(133,724)		(133,724)
Changes of assumptions	21,283		21,283
Contributions - employer		10,147	(10,147)
Contributions - member			-
Net investment income			-
Benefit payments	(10,147)	(10,147)	-
Administrative expense			-
Net Change	(79,590)	-	(79,590)
Balances at 6/30/22	456,250	-	456,250

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

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.06%) or 1 percentage point higher (3.06%) than the current discount rate:

	<i>1% Decrease</i> <i>(1.06%)</i>	<i>Current Discount</i> <i>Rate (2.06%)</i>	<i>1% Increase</i> <i>(3.06%)</i>
Net OPEB liability (asset)	\$ 381,436	\$ 456,250	\$ 554,093

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

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

	<i>1% Decrease</i>	<i>Healthcare</i> <i>Trend Rates</i>	<i>1% Increase</i>
Net OPEB liability (asset)	\$ 381,436	\$ 456,250	\$ 554,093

A 1% decrease in the healthcare trend rate decreases the TOL by approximately 16.4%. A 1% increase in the healthcare trend rate increases the TOL by approximately 21.4%.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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	10,366	150,283
Changes in Assumption	121,920	23,643
Net Difference between projected between projected and actual earnings on pension plan investments	-	
	<u>132,286</u>	<u>173,926</u>

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

2023	1,342
2024	1,342
2025	1,342
2026	1,336
2027	(7,220)
Thereafter	(39,782)

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, 2022

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.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 - OTHER INFORMATION (Continued)

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

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, 2019 is 3.50% per annum. The discount rate as of June 30, 2020 is 2.21% 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.

Member Data, Actuarial Methods and Assumptions

Membership Information:

	Active Count		62
	Active Average Age		49.53
	Active Average Service		14.51
<i>Inactive:</i>			
Retirees Under 65	1	Spouses Under 65	-
Average Age	62	Average Age	N/A
Retirees Over 65	32	Spouses Over 65	5
Average Age	77.53	Average Age	76
Total Retirees	33	Total Spouses	5
Total Average Age	77.06	Total Average Age	76

Actuarial Assumptions

The collective total OPEB liability for the plan was determined by an actuarial valuation with a measurement date of June 30, 2021, 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, 2018. We analyzed participation experience for Medicare eligible (ME) and non-Medicare eligible (NME) (actives and retired covered persons). We assumed that the current enrollment distribution of Benefit Options will remain constant in the future for retirees. We distributed the cost based on the current covered population and Cheiron's standard age curves which vary by age, gender, and Medicare status. Children costs are converted to a load on the non-Medicare (NME) retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

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.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 - OTHER INFORMATION (Continued)

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

Changes Since Last Valuation:

This is a roll forward valuation. The changes that are provided in the deferred inflows and outflows are related to the change in the discount rate between the beginning of the measurement date and the end of the measurement date. No other changes in assumptions were made.

Significant Actuarial Assumptions

Discount Rate:	2.16% per annum for yearend 2021 reporting 2.21% per annum for yearend 2020 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 2021_b. The following assumptions were applied in this model as below:
Rate of Inflation	2.00%
Rate of Growth in Real Income/GDP per capita 2030+	1.23%
Extra Trend due to Taste/Technology 2030+	1.10%
Expected Health Share of GDP 2030	20.00%
Health Share of GDP Resistance Point	25.00%
Year for Limiting Cost Growth to GDP Growth	2040
 <i>Pre-Medicare:</i>	
Initial trend of 6.21% applied in FYE 2020 and 6.83% applied in FYE 2022 grading over 18 years to 3.25% pre annum	
<i>Medicare:</i>	
Initial trend of 0.00% applied to FYE 2021 and 6.30% applied in FYE 2022 grading over 18 years to 3.25% per annum	
 Rate of Mortality:	 Healthy Annuitants: Based on the 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

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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 2.16%. 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		
	1% Decrease	Current Discount	1% Increase
	(1.16%)	Rate (2.16%)	(3.16%)
Total OPEB Liability	\$ 1,107,351	\$ 935,613	\$ 797,451
Plan Fiduciary Net Position	0	0	0
Net OPEB Liability	<u>\$ 1,107,351</u>	<u>\$ 935,613</u>	<u>\$ 797,451</u>

A 1% decrease in the discount rate increases the Net OPEB Liability by approximately 18.4%. A 1% increase in the discount rate decreases the Net OPEB Liability by approximately 14.8%.

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		
	1%	Healthcare Cost	1%
	Decrease	Trend Rates	Increase
Total OPEB Liability	\$ 778,670	\$ 935,613	\$ 1,136,650
Plan Fiduciary Net Position	0	0	0
Net OPEB Liability	<u>\$ 778,670</u>	<u>\$ 935,613</u>	<u>\$ 1,136,650</u>

A 1% decrease in the healthcare trend rates decreases the Net OPEB Liability by approximately 16.8%. A 1% increase in the healthcare trend rate increases the Net OPEB Liability by approximately 21.5%.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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	\$ 16,692		\$ 16,692
Interest	\$ 20,169		\$ 20,169
Changes of benefits	\$ -		\$ -
Differences between expected and actual experience	\$ -		\$ -
Changes of assumptions	\$ 7,639		\$ 7,639
Contributions - employer		\$ 9,578	\$ (9,578)
Contributions - member			\$ -
Net investment income			\$ -
Benefit payments	\$ (9,578)	\$ (9,578)	\$ -
Administrative expense	\$ -		\$ -
Net change in total OPEB liability	\$ 34,922	\$ -	\$ 34,922
Net OPEB liability beginning	\$ 900,691	\$ -	\$ 900,691
Net OPEB liability ending	<u>\$ 935,613</u>	<u>\$ -</u>	<u>\$ 935,613</u>

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

For the year ended June 30, 2022, Bar Harbor School Department recognized OPEB expense of \$57,445. At June 30, 2022, Bar Harbor School Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Schedule of Deferred Inflows and Outflows:

	<i>Deferred Outflows</i>	<i>Deferred Inflows</i>
Differences between expected and actual experience	\$ 59,634	\$ -
Changes in Assumptions	\$ 41,430	\$ 12,820
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$ -
Total	<u>\$ 101,064</u>	<u>\$ 12,820</u>

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

Year ended June 30,:	
2022	\$ 20,584
2023	\$ 20,582
2024	\$ 26,993
2025	\$ 18,811
2026	\$ 1,274
Thereafter	\$ -

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 - OTHER INFORMATION (Continued)

I. Adjustment to Beginning Net Position

The following adjustment was made at July 1, 2021 to restate fund balance and net position:

	Governmental Activities	Business-Type Activities	Total Government-Wide
Reclassify School Department Copier Capital Asset and related Lease	13,325	-	13,325
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Government-Wide</u>
Net Position, as previously stated 6/30/21	34,778,482	18,561,246	53,339,728
Net Position, as restated 7/1/21	34,791,807	18,561,246	53,353,053

The copier lease capital asset and corresponding lease was reclassified as operating leases to comply with GASB Statement #87.

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, 2022

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes	19,914,122	19,914,122	20,052,050	137,928
Intergovernmental Revenues	596,834	601,634	728,751	127,117
Departmental Revenues	1,148,916	1,148,916	1,404,246	255,330
Other Local Sources	345,787	345,787	297,349	(48,438)
Total Revenues	22,005,659	22,010,459	22,482,396	471,937
Expenditures				
General Government	3,721,306	3,721,306	3,567,853	153,453
Public Safety	3,433,257	3,438,057	3,416,643	21,414
Health and Welfare	218,366	218,366	251,490	(33,124)
Parks and Recreation	463,090	463,090	445,480	17,610
Roads and Sanitation	2,086,551	2,086,551	2,154,620	(68,069)
Assessments	4,399,710	4,399,710	4,309,922	89,788
Total Expenditures	14,363,182	14,367,982	14,159,508	208,474
Excess Revenues Over Expenditures	7,642,477	7,642,477	8,322,888	680,411
Other Financing Sources				
Transfers In	442,654	442,654	441,961	(693)
Transfers Out	(8,185,131)	(8,185,131)	(8,185,131)	-
Total Other Financing Sources	(7,742,477)	(7,742,477)	(7,743,170)	(693)
Net Change in Fund Balance	(100,000)	(100,000)	579,718	679,718
Beginning Fund Balance - Unassigned			2,198,020	
(Increase) Decrease in Assigned Fund Balances			(102,000)	
Ending Fund Balance - Unassigned			2,675,738	
Reconciliation to Exhibit C:				
Unassigned Fund Balance per above			2,675,738	
Encumbrances			167,220	
Reserve for Working Capital			2,348,000	
Reserve for Insurance			500,000	
Reserved for Fiber Lease			50,000	
School Department			1,475,967	
Cruise Ship Fund			1,422,215	
Parking Meter Fund			108,861	
Total Fund Balance Exhibit C			8,748,001	
Reconciliation to Exhibit D:				
Total Revenues per above			22,482,396	
Dog Control Reserve			2,319	
Shellfish Conservation Reserve			2,930	
School Department			2,006,388	
Cruise Ship Fund			209,791	
Parking Meter Fund			2,132,015	
Total General Fund Revenues per Exhibit D:			26,835,839	
Reconciliation to Exhibit D:				
Total Expenditures per above			14,159,508	
Encumbrances			(45,360)	
Dog Control Reserve			433	
School Department			8,217,445	
Cruise Ship Fund			22,983	
Parking Meter Fund			237,346	
Total General Fund Expenditures per Exhibit D:			22,592,355	

TOWN OF BAR HARBOR
REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN SCHEDULES - LAST 10 FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2022

Schedule 1 - Proportionate Share of the Net Pension Liability:

	Town Portion:							
	<i>Year Ended June 30, 2022</i>	<i>Year Ended June 30, 2021</i>	<i>For the Fiscal Year Ended June 30, 2020</i>	Participating Local Districts Plan				
			<i>For the Fiscal Year Ended June 30, 2019</i>	<i>For the Fiscal Year Ended June 30, 2018</i>	<i>For the Fiscal Year Ended June 30, 2017</i>	<i>For the Fiscal Year Ended June 30, 2016</i>	<i>For the Fiscal Year Ended June 30, 2015</i>	
Proportion of net pension (asset)/liability	0.485649%	0.494965%	0.473264%	0.464860%	0.477711%	0.459644%	0.445634%	0.443395%
Proportionate share of net pension (asset)/liability	(\$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	\$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	-3.98%	56.50%	43.85%	41.00%	68.52%	87.14%	56.84%	26.78%
Plan Total Pension (Asset)/Liability	\$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	\$3,751,152,623	\$3,012,428,367	\$2,953,156,096	\$2,816,179,855	\$2,607,223,644	\$2,358,409,925	\$2,401,889,308	\$2,455,776,671
Plan Net Pension (Asset)/Liability	(\$32,136,209)	\$397,313,000	\$305,663,509	\$273,677,365	\$409,437,077	\$531,330,709	\$319,046,701	\$153,881,174
Plan Fiduciary Net Position as a % Of the Total Pension (Asset)/Liability	100.864%	88.348%	90.620%	91.143%	86.427%	81.613%	88.274%	94.103%
Plan Covered Employee Payroll	\$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	-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 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	\$377,512	\$316,432	\$296,904	\$274,535	\$241,823	\$229,599	\$192,895	\$176,184
Contribution in relation to the contractually required contribution	(\$377,512)	(\$316,432)	(\$296,904)	(\$274,535)	(\$241,823)	(\$229,599)	(\$192,895)	(\$176,184)
Contribution deficiency	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Covered employee payroll	\$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	10.09%	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, 2022

Schedule 1 - Proportionate Share of the Net Pension Liability:

	School Portion:							
	Participating Local Districts Plan							
	<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	0.485649%	0.494965%	0.473264%	0.464860%	0.477711%	0.459644%	0.445634%	0.443395%
Proportionate share of net pension (asset)/liability	(\$7,226)	\$119,960	\$80,865	\$78,623	\$125,570	\$144,336	\$82,606	\$49,126
Covered employee payroll	\$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	-2.91%	75.65%	39.95%	45.62%	71.35%	79.79%	55.78%	33.67%
Plan Total Pension (Asset)/Liability	\$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	\$3,751,152,623	\$3,012,428,367	\$2,953,156,096	\$2,816,179,855	\$2,607,223,644	\$2,358,409,925	\$2,401,889,308	\$2,455,776,671
Plan Net Pension (Asset)/Liability	(\$32,136,209)	\$397,313,000	\$305,663,509	\$273,677,365	\$409,437,077	\$531,330,709	\$319,046,701	\$153,881,174
Plan Fiduciary Net Position as a % Of the Total Pension (Asset)/Liability	100.864%	88.348%	90.620%	91.143%	86.427%	81.613%	88.274%	94.103%
Plan Covered Employee Payroll	\$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	-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, 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	\$25,595	\$16,015	\$20,244	\$17,234	\$16,896	\$17,184	\$13,181	\$11,380
Contribution in relation to the contractually required contribution	(\$25,595)	(\$16,015)	(\$20,244)	(\$17,234)	(\$16,896)	(\$17,184)	(\$13,181)	(\$11,380)
Contribution deficiency	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Covered employee payroll	\$248,497	\$158,564	\$202,436	\$172,345	\$176,002	\$180,888	\$148,102	\$145,894
Contributions as a percentage of covered employee payroll	10.30%	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, 2022

Schedule 1 - Proportionate Share of the Net Pension Liability:

	<i>School Portion:</i>							
	<i>State Employees and Teachers Plan</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	0.017820%	0.007104%	0.007380%	0.006941%	0.007103%	0.007829%	0.007559%	0.00647%
Proportionate share of net pension (asset)/liability	\$150,726	\$115,955	\$108,182	\$93,651	\$103,174	\$138,312	\$102,069	\$69,897
Covered employee payroll	\$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	4.14%	3.35%	3.23%	3.02%	3.43%	4.54%	3.40%	2.38%
Plan Total Pension (Asset)/Liability	\$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	\$14,900,644,020	\$12,044,916,279	\$12,035,563,047	\$11,632,192,771	\$10,893,291,864	\$9,960,335,390	\$10,242,097,022	\$10,337,615,927
Plan Net Pension (Asset)/Liability	\$1,491,707,308	\$2,820,543,851	\$2,511,659,866	\$2,398,995,074	\$2,591,594,648	\$3,109,619,558	\$2,374,190,032	\$1,982,542,856
Plan Fiduciary Net Position as a % Of the Total Pension (Asset)/Liability	90.900%	81.026%	82.734%	82.902%	80.781%	76.208%	81.182%	83.908%
Plan Covered Employee Payroll	\$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	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:

	<i>School Portion:</i>							
	<i>State Employees and Teachers Plan</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	\$164,220	\$179,323	\$152,718	\$133,916	\$129,379	\$111,547	\$110,512	\$90,466
Contribution in relation to the contractually required contribution	(\$164,220)	(\$179,323)	(\$152,718)	(\$133,916)	(\$129,379)	(\$111,547)	(\$110,512)	(\$90,466)
Contribution deficiency	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Covered employee payroll	\$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%	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.

**TOWN OF BAR HARBOR
NOTES TO HISTORICAL PENSION INFORMATION
MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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, 2021, is as follows:

A. Actuarial Cost Method

The Entry Age Normal cost 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 actual 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.

TOWN OF BAR HARBOR
REQUIRED SUPPLEMENTARY INFORMATION
OPEB SCHEDULES - LAST 10 FISCAL YEARS - MAINE MUNICIPAL EMPLOYEES HEALTH TRUST
FOR THE YEAR ENDED JUNE 30, 2022

Exhibit J

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

	<i>For the Fiscal Year Ended 6/30/2022</i>	<i>For the Fiscal Year Ended 6/30/2021</i>	<i>For the Fiscal Year Ended 6/30/2020</i>	<i>For the Fiscal Year Ended 6/30/2019</i>	<i>For the Fiscal Year Ended 6/30/2018</i>
Total OPEB Liability					
Service Cost (BOY)	31,086	26,862	18,078	20,421	11,534
Interest (includes interest on service cost)	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	21,283	32,386	80,249	(42,559)	151,326
Benefit payments, including refunds of member contributions	(10,147)	(9,757)	(6,811)	(6,549)	(4,295)
Net Change in total OPEB liability	(79,590)	63,049	56,307	(13,311)	194,817
Total OPEB liability - beginning	535,840	472,791	416,484	429,795	234,978
Total OPEB liability - ending	456,250	535,840	472,791	416,484	429,795
Plan fiduciary net position					
Contributions - employer	10,147	9,757	6,811	6,549	4,295
Contributions - member	-	-	-	-	-
Net investment income	-	-	-	-	-
Benefit payments, including refunds of member contributions	(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 OBEB liability - ending	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%
Covered Employee Payroll	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	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:

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

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

The total OPEB liability in the January 1, 2022 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 2.12% to 2.06% per GASB 75 discount rate selection. In addition, medical and prescription drug trend arrays and claims curves and trend assumptions were updated since the last valuation.

Net OPEB Liability

The Town’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 2022_f4 was used for this valuation. The following assumptions were input into this model:

Trend Assumption Inputs

Variable	Rate
Rate of Inflation	2.40%
Rate of Growth in Real Income/GDP per capita 2031+	1.10%
Extra Trend due to Taste/Technology 2031+	1.00%
Expected Health Share of GDP 2031	19.00%
Health Share of GDP Resistance Point	20.00%
Year for Limiting Cost Growth to GDP Growth	2042

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.

TOWN OF BAR HARBOR
 REQUIRED SUPPLEMENTARY INFORMATION
 OPEB SCHEDULES - LAST 10 FISCAL YEARS - MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
 FOR THE YEAR ENDED JUNE 30, 2022

Exhibit K

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

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

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

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, 2021, using the following methods and assumptions, applied to all periods included in the measurement:

Benefit Changes

There were no significant changes in benefits during the year.

Changes of Assumptions

Assumptions for salary increase, termination, mortality, disability, and retirement were changed based on results of the most recent experience study. The discount rate was also lowered to 6.50%.

Net OPEB Liability

The Town’s net OPEB liability was measured as of June 30, 2021, 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	9 years
Discount Rate	6.50%
Salary Increase Rate	2.75% - 9.00%
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 RP2014 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, 2022

Exhibit L

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

	<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)	\$16,692	\$6,977	\$5,744	\$6,264
Interest (includes interest on service cost)	\$20,169	\$31,590	\$32,795	\$31,450
Changes of benefits	\$0	(\$119,930)	\$0	\$0
Differences between expected and actual experience	\$0	\$89,450	\$0	\$0
Changes in assumptions	\$7,639	\$15,758	\$49,116	(\$38,456)
Benefit payments, including refunds of member contributions	(\$9,578)	(\$37,161)	(\$30,348)	(\$29,299)
Net Change in total OPEB liability	\$34,922	(\$13,316)	\$57,307	(\$30,041)
Total OPEB liability - beginning	\$900,691	\$914,007	\$856,700	\$886,741
Total OPEB liability - ending	\$935,613	\$900,691	\$914,007	\$856,700
Plan fiduciary net position				
Contributions - employer	\$9,578	\$37,161	\$30,348	\$29,299
Contributions - member				
Net investment income				
Benefit payments, including refunds of member contributions	(\$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	\$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%
Covered Employee Payroll	\$3,080,420	\$3,005,288	\$3,161,959	\$3,077,332
Net OPEB Liability as a % Of the Covered Employee Payroll	30.373%	29.970%	28.906%	27.839%

Schedule 2 - Schedule of Contributions:

	<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	\$9,578	\$37,161	\$30,348	\$29,299
Contribution in relation to the contractually required contribution	(\$9,578)	(\$37,161)	(\$30,348)	(\$29,299)
Contribution deficiency	\$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, 2022**

NOTE 1 – Actuarial Methods and Assumptions

The total OPEB liability in the June 30, 2021 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, 2021, the MEABT implemented several Plan updates for the MEA Choice Plus, Standard, Standard 500 and Standard 1000 Plans.

Changes of Assumptions

This is a roll forward valuation. The changes that are provided in the deferred inflows and outflows are related to the change in the discount rate between the beginning of the measurement date and the end of the measurement date. No other changes in assumptions were made.

Net OPEB Liability

The School Department’s net OPEB liability was measured as of June 30, 2021, 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, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.16% 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 2021_b. The following assumptions were applied in this model as below:

Trend Assumption Inputs	
Variable	Rate
Rate of Inflation	2.00%
Rate of Growth in Real Income/GDP per capita 2030+	1.23%
Extra Trend due to Taste/Technology 2030+	1.10%
Expected Health Share of GDP 2030	20.00%
Health Share of GDP Resistance Point	25.00%
Year of Limiting Cost Growth to GDP Growth	2040

TOWN OF BAR HARBOR
NOTES TO OPEB LIABILITY AND CONTRIBUTIONS-MEABT
FOR THE YEAR ENDED JUNE 30, 2022

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.

Pre-Medicare Medical: Initial trend of 6.21% applied in FYE 2020 and 6.83% applied in FYE 2022 grading over 18 years to 3.25% per annum.

Medicare Medical: Initial trend of 0% applied in FYE 2021 and 6.30% applied in FYE 2022 grading over 18 years to 3.25% 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, 2022

Exhibit A-1
Page 1 of 2

	<i>Estimated</i>	<i>Actual</i>	<i>Over(Under)</i> <i>Budget</i>
Taxes			
Property	18,817,622	18,804,036	(13,586)
Auto Excise	1,024,000	1,184,288	160,288
Boat Excise	14,000	18,942	4,942
Interest/Fees on Taxes	58,500	44,784	(13,716)
	<hr/> 19,914,122	<hr/> 20,052,050	<hr/> 137,928
Intergovernmental Revenues			
State of Maine			
Municipal Revenue Sharing	350,000	473,452	123,452
General Assistance	400	1,051	651
Tree Growth	4,200	7,711	3,511
Veterans Reimbursement	2,100	1,617	(483)
Homestead Reimbursement	153,235	152,647	(588)
BETE Reimbursement	49,699	49,819	120
Federal			
Acadia National Park - PILT	42,000	42,454	454
	<hr/> 601,634	<hr/> 728,751	<hr/> 127,117
Departmental Revenues			
Ambulance/Fire			
Ambulance Service	324,200	243,524	(80,676)
Police			
Police Detail	12,400	13,238	838
Dispatch Mutual Aid	3,450	-	(3,450)
Mutual Aid Reimbursement	37,000	58,267	21,267
All Other	141,025	152,879	11,854
Planning / Code			
Building Permits	105,000	151,238	46,238
Plumbing Permits	20,000	32,492	12,492
Electrical Inspections	26,000	76,810	50,810
Vacation Rental Permits	129,500	231,280	101,780
Septic Permit	6,000	6,163	163
Plan Board/Subdivision & Rezoning	4,600	9,030	4,430
Site Plan Review	8,400	16,242	7,842
Parklet Permits	4,000	11,060	7,060
All Other	4,350	16,121	11,771
Harbor Fees			
Docking	45,000	67,351	22,351
Moorings	6,000	10,357	4,357
All Other	15,050	26,102	11,052
Solid Waste			
Sale of Recyclables	-	7,446	7,446
All Other	420	300	(120)
Public Works			
All Other	9,730	10,861	1,131
Parks and Recreation			
Park and Recreation Fees	800	900	100
Fire Department		6,316	6,316

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2022

	<i>Estimated</i>	<i>Actual</i>	<i>Over(Under)</i> <i>Budget</i>
Departmental Revenues (Continued)			
Finance			
Administrative Services	168,051	168,051	-
Auto Registrations	18,500	23,900	5,400
Boat/RV Registrations/Snowmobile Fees	1,670	1,246	(424)
Municipal Building Leases	34,000	34,560	560
Town Clerk			
Clerk's Fees	13,970	19,741	5,771
All Other	9,800	8,771	(1,029)
	<u>1,148,916</u>	<u>1,404,246</u>	<u>255,330</u>
Other Local Sources			
Interest on Investments	62,000	(48,297)	(110,297)
Kids Corner Lease	6,950	7,538	588
Interst on Leases	-	2,353	2,353
Island Explorer Lease	23,402	8,000	(15,402)
Other Rentals	3,100	6,123	3,023
Jackson Laboratory - PILT	107,635	112,409	4,774
Housing Authority - PILT	33,000	34,790	1,790
Other - PILT	16,100	28,887	12,787
Cable TV Franchise	85,000	99,673	14,673
Insurance Dividends	8,100	15,720	7,620
Sale of Tax Acquired Property	-	31,074	31,074
All Other	500	(921)	(1,421)
	<u>345,787</u>	<u>297,349</u>	<u>(48,438)</u>
Operating Transfers In			
Cemetery Income	50	43	(7)
Cruise Ship Fund	97,570	97,569	(1)
Dog Control Reserve	2,400	1,886	(514)
Parking Fund	339,534	339,533	(1)
Shellfish Conservation	3,100	2,930	(170)
	<u>442,654</u>	<u>441,961</u>	<u>(693)</u>
Total Revenues, Operating Transfers and Other Financing Sources	22,453,113	<u>22,924,357</u>	<u>471,244</u>
Beginning Fund Balance Used	<u>100,000</u>		
Total	<u><u>22,553,113</u></u>		

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
FOR THE YEAR ENDED JUNE 30, 2022

Exhibit A-2
Page 1 of 2

	<i>Encumbered</i> <i>From 6/30/21</i>	<i>Appropriations</i>	<i>Expenditures</i> <i>Net of Refund</i>	<i>Encumbered</i> <i>to 6/30/23</i>	<i>(Over)</i> <i>Under</i> <i>Budget</i>
General Government					
Town Council	3,500	37,312	38,475		2,337
Town Manager	6,200	136,881	133,902		9,179
Town Clerk		129,579	116,278		13,301
Finance		373,945	371,566		2,379
Legal Counsel		52,950	83,899		(30,949)
Elections		16,777	13,261		3,516
Technology		180,285	170,317	9,950	18
Municipal Building		83,808	82,492		1,316
Town Offices		46,266	48,635		(2,369)
Employee Benefits		1,893,100	1,646,856		246,244
Insurance		99,500	93,199		6,301
Assessing	2,875	140,947	127,437	3,970	12,415
Code Enforcement		141,310	144,983	800	(4,473)
Planning	2,300	245,046	217,593	26,300	3,453
27th Pay Period		17,000	43,836		(26,836)
Vacation Accruals		20,500	48,357		(27,857)
Contracted Services	8,000	16,100	-	20,000	4,100
Climate Change Task Force	15,000	15,000	6,268	20,000	3,732
Contingency`	27,000	55,000	58,257	20,000	3,743
Abatements/Discount on Taxes		20,000	86,097		(66,097)
	<u>64,875</u>	<u>3,721,306</u>	<u>3,531,708</u>	<u>101,020</u>	<u>153,453</u>
Public Safety					
Fire Department	37,485	1,041,192	1,075,204	1,500	1,973
Public Fire Protection - Hydrants		585,604	585,604		-
Police Department		1,344,585	1,304,178	13,300	27,107
Public Safety Building		46,232	47,358		(1,126)
Street Lights		21,370	24,551		(3,181)
Dispatch		259,226	274,050		(14,824)
Harbor Division		139,848	128,383		11,465
	<u>37,485</u>	<u>3,438,057</u>	<u>3,439,328</u>	<u>14,800</u>	<u>21,414</u>
Health and Welfare					
General Assistance		2,670	2,924		(254)
Cooperating Agencies		75,023	75,023		-
Emergency Management/COVID-19		36,400	53,035		(16,635)
Comfort Station		104,273	120,508		(16,235)
	<u>-</u>	<u>218,366</u>	<u>251,490</u>	<u>-</u>	<u>(33,124)</u>

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
FOR THE YEAR ENDED JUNE 30, 2022

Exhibit A-2
Page 2 of 2

	<i>Encumbered From 6/30/21</i>	<i>Appropriations</i>	<i>Expenditures Net of Refund</i>	<i>Encumbered to 6/30/23</i>	<i>(Over) Under Budget</i>
Parks and Recreation					
Parks & Recreation		463,090	445,480		17,610
Island Explorer Shuttle Bus	-	40,902	13,500	-	27,402
Roads and Sanitation					
Public Works		163,614	163,297		317
Highway Division	19,500	1,163,871	1,099,698	51,400	32,273
Solid Waste		759,066	859,725		(100,659)
	19,500	2,086,551	2,122,720	51,400	(68,069)
Total Appropriations, Expenditures and Encumbrances	121,860	9,968,272	9,804,226	167,220	118,686
Assessments					
Regional School District		3,476,450	3,476,450		-
County Tax		833,472	833,472		-
Overlay		89,788	-		89,788
	-	4,399,710	4,309,922	-	89,788
Operating Transfers Out					
Elementary School		6,112,039	6,112,039		-
Capital Improvements Program		2,073,092	2,073,092		-
	-	8,185,131	8,185,131	-	-
Totals	121,860	22,553,113	22,299,279	167,220	208,474

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF CHANGES IN UNASSIGNED FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2022

Exhibit A-3

Unassigned Fund Balance, July 1	2,198,020	
Unassigned Fund Balance, June 30	<u>2,675,738</u>	
Increase (Decrease)		<u><u>477,718</u></u>
 <i>Analysis of Change:</i>		
Budget Summary:		
Revenue Surplus	471,244	
Unexpended Balance of Appropriations	208,474	
Unexpended Balance (Overdraft) of Assessments and Operating Transfers	<u>-</u>	679,718
(Increase) Decrease in Assigned Fund Balances:		
Assigned for Working Capital		(102,000)
Fund Balance Used to Fund Appropriations		<u>(100,000)</u>
Increase (Decrease)		<u><u>477,718</u></u>

TOWN OF BAR HARBOR
GENERAL RESERVES, COMMITTED FUNDS & SCHOOL DEPARTMENT
COMBINING BALANCE SHEET
JUNE 30, 2022

Exhibit A-4

<i>Assets</i>	<i>School Department</i>	<i>Cruise Ship Fund</i>	<i>Parking Meter Fund</i>	<i>Total</i>
Cash	22,898		1,598,719	1,621,617
Accounts Receivable	8,224	146,063	32,425	186,712
Due from Other Governments	183,516			183,516
Inventory	2,206			2,206
Due from Other Funds (School)	294,246			294,246
Due from Other Funds (Town)	1,973,410			1,973,410
Total Assets	2,484,500	146,063	1,631,144	4,261,707
 <i>Liabilities & Fund Balances</i>				
<i>Liabilities</i>				
Accounts Payable	191,553		53,002	244,555
Accrued Salaries Payable	569,538		18,704	588,242
Accrued Compensated Absences			1,474	1,474
Due to Students	6,948			6,948
Due to Other Funds (School)	294,246			294,246
Due to Other Funds (Town)		37,202	81,997	119,199
Total Liabilities	1,062,285	37,202	155,177	1,254,664
 <i>Fund Balances</i>				
Non-Spendable	2,206			2,206
Restricted	1,420,009		1,475,967	2,895,976
Assigned		108,861		108,861
Total Fund Balances	1,422,215	108,861	1,475,967	3,007,043
Total Liabilities & Fund Balances	2,484,500	146,063	1,631,144	4,261,707

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, 2022

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			1,896,140			1,896,140
Local Sources			110,248		2,935	113,183
Dog Fees	2,319					2,319
Shellfish Fees/Fines		2,930				2,930
Port Fees				89,660		89,660
Cruise Ship Passenger Fees				120,131		120,131
Parking Fees net of charges					2,103,018	2,103,018
Permit Fees net of charges					26,062	26,062
Total Revenues	2,319	2,930	2,006,388	209,791	2,132,015	4,353,443
Expenditures						
Public Safety	433					433
Education			8,217,445			8,217,445
Cruise Ship Operating				22,983		22,983
Parking Meter Operating					237,346	237,346
Total Expenditures	433	-	8,217,445	22,983	237,346	8,478,207
Excess of Revenues Over (Under) Expenditures	1,886	2,930	(6,211,057)	186,808	1,894,669	(4,124,764)
Other Financing Sources (Uses)						
Transfers In			6,207,039			6,207,039
Transfers Out	(1,886)	(2,930)	(95,000)	(174,069)	(1,534,468)	(1,808,353)
Total Other Financing Sources (Uses)	(1,886)	(2,930)	6,252,537	(174,069)	(1,534,468)	4,539,184
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	-	-	41,480	12,739	360,201	414,420
Fund Balance - July 1	-	-	1,380,735	96,122	1,115,766	2,592,623
Fund Balance - June 30	-	-	1,422,215	108,861	1,475,967	3,007,043

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, 2022

	<i>General Fund</i>	<i>Federal/ State Funds</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
Revenues				
Intergovernmental Revenues	1,126,266	606,545	163,329	1,896,140
Local Sources	71,539		36,470	108,009
Lunch and Milk Sales			2,239	2,239
Total Revenues	1,197,805	606,545	202,038	2,006,388
Expenditures				
Regular Instruction	2,900,277			2,900,277
Student & Staff Support:				
Guidance	83,422			83,422
Health Services	98,104			98,104
Improvement of Instruction	18,068			18,068
Library and Audio Visual	135,308			135,308
Technology	121,631			121,631
Assessment for Administration-Student Support	112,534			112,534
Special Education	1,424,969			1,424,969
Other Instruction	80,668			80,668
System Administration:				
School Committee	61,583			61,583
Assessment for Administration	159,397			159,397
Office of Principal	434,233			434,233
Operation/Maintenance-Plant	725,197			725,197
Student Transportation	346,427			346,427
Capital Outlay	52,991			52,991
State On-Behalf Contributions	505,828			505,828
Food Services			193,304	193,304
Federal/State Programs		689,783		689,783
Student Activity Funds			42,076	42,076
Reserves/Grants	28,590		3,055	31,645
Total Expenditures	7,289,227	689,783	238,435	8,217,445
Excess of Revenues Over (Under) Expenditures	(6,091,422)	(83,238)	(36,397)	(6,211,057)
Other Financing Sources (Uses)				
Lease Liabilities Issued	52,991	87,507		140,498
Transfers In	6,112,039	-	95,000	6,207,039
Transfers Out	(95,000)	-	-	(95,000)
Total Other Financing Sources (Uses)	6,070,030	87,507	95,000	6,252,537
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures	(21,392)	4,269	58,603	41,480
Fund Balance - July 1	1,131,205	33,380	216,150	1,380,735
Fund Balance - June 30	1,109,813	37,649	274,753	1,422,215

TOWN OF BAR HARBOR
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - CRUISE SHIP FUND
FOR THE YEAR ENDED JUNE 30, 2022

Exhibit A-7

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Port Fees	79,914	79,914	89,660	9,746
Cruise Ship Passenger Fees	94,109	94,109	120,131	26,022
Total Revenues	<u>174,023</u>	<u>174,023</u>	<u>209,791</u>	<u>35,768</u>
Expenditures				
Cruise Ship Direct Expenses	49,994	49,994	22,983	27,011
Total Expenditures	<u>49,994</u>	<u>49,994</u>	<u>22,983</u>	<u>27,011</u>
Excess of Revenues Over (Under) Expenditures	<u>124,029</u>	<u>124,029</u>	<u>186,808</u>	<u>62,779</u>
Other Financing Sources (Uses)				
Transfers In				-
Transfers Out	(174,069)	(174,069)	(174,069)	-
Total Other Financing Sources (Uses)	<u>(174,069)</u>	<u>(174,069)</u>	<u>(174,069)</u>	<u>-</u>
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	<u>(50,040)</u>	<u>(50,040)</u>	12,739	<u>62,779</u>
Fund Balance - July 1			<u>96,122</u>	
Fund Balance - June 30			<u>108,861</u>	

TOWN OF BAR HARBOR
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - PARKING METER FUND
FOR THE YEAR ENDED JUNE 30, 2022

Exhibit A-8

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
Revenues				
Investment Interest	4,000	4,000	2,935	(1,065)
Parking Fees net of charges	1,386,000	1,386,000	2,103,018	717,018
Permit Fees net of charges	21,500	21,500	26,062	4,562
	<u>1,411,500</u>	<u>1,411,500</u>	<u>2,132,015</u>	<u>720,515</u>
Expenditures				
Wages and Benefits	169,654	169,654	159,931	9,723
Contracted Services	27,687	27,687	29,873	(2,186)
Supplies	15,000	15,000	27,457	(12,457)
Utilities	1,100	1,100	1,388	(288)
Repairs	3,500	3,500	2,886	614
Equipment	6,000	6,000	9,816	(3,816)
Advertising	1,500	1,500	-	1,500
Professional Dues and Licenses	600	600	-	600
Insurance	1,200	1,200	2,118	(918)
Postage & Shipping	200	200	-	200
Contingency	10,000	10,000	3,877	6,123
Island Explorer	5,000	5,000	-	5,000
	<u>241,441</u>	<u>241,441</u>	<u>237,346</u>	<u>(7,228)</u>
Excess of Revenues Over (Under) Expenditures	<u>1,170,059</u>	<u>1,170,059</u>	<u>1,894,669</u>	<u>713,287</u>
Other Financing Sources (Uses)				
Transfers In				-
Transfers Out	(1,534,468)	(1,534,468)	(1,534,468)	-
	<u>(1,534,468)</u>	<u>(1,534,468)</u>	<u>(1,534,468)</u>	<u>-</u>
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	<u>(364,409)</u>	<u>(364,409)</u>	360,201	<u>713,287</u>
Fund Balance - July 1			<u>1,115,766</u>	
Fund Balance - June 30			<u><u>1,475,967</u></u>	

TOWN OF BAR HARBOR
ALL SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022

Exhibit B-1

<i>Assets</i>	<i>Coronavirus State and Local Fiscal Recovery Funds (ACE)</i>	<i>Total</i>
Due from Other Funds	570,600	570,600
Due from Other Governments		-
Total Assets	570,600	570,600
 <i>Liabilities & Fund Balances</i>		
Liabilities		
Due to Other Funds		-
Total Liabilities	-	-
 Fund Balances		
Restricted	570,600	570,600
Total Fund Balances	570,600	570,600
Total Liabilities & Fund Balances	570,600	570,600

TOWN OF BAR HARBOR
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
SPECIAL REVENUES/GRANTS
FOR THE YEAR ENDED JUNE 30, 2022

Exhibit B-2

	<i>Coronavirus State and Local Fiscal Recovery Funds (ACE)</i>	<i>CDBG Grant</i>	<i>Total</i>
Revenues			
Local Revenues			-
Intergovernmental	627,800	200,000	827,800
Total Revenues	<u>627,800</u>	<u>200,000</u>	<u>827,800</u>
Expenditures			
Salaries and benefits	57,200		57,200
Parks & Recreation			-
Public Works			-
Public Safety			-
Construction		200,000	200,000
Total Expenditures	<u>57,200</u>	<u>200,000</u>	<u>257,200</u>
Excess of Revenues Over (Under) Expenditures	<u>570,600</u>	<u>-</u>	<u>570,600</u>
Other Financing Sources (Uses)			
Transfers In			-
Transfers Out			-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	570,600	-	570,600
Fund Balance - July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - June 30	<u>570,600</u>	<u>-</u>	<u>570,600</u>

**TOWN OF BAR HARBOR
CAPITAL IMPROVEMENTS PROGRAM
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2022**

*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	17,671	3,471		(3,340)	17,802		17,802
Fiber Engineering Study	17,271	-		(9,593)	7,678		7,678
Virtual Desktop Software-police department	30,000	5,000			35,000		35,000
Fire Protection System-Server Room	10,330	1,733			12,063		12,063
WAN & Cable TV System	11,232	5,833		(1,532)	15,533		15,533
Computer Servers	53,550	20,000		(7,563)	65,987		65,987
Website Improvements	12,085	4,375		(14,000)	2,460		2,460
Town Wide Phone System	32,555	4,545			37,100		37,100
Security camera System	10,795	2,786		(11,064)	2,517		2,517
Municipal Building							
Building Renovation	41,369	27,000		(2,500)	65,869		65,869
Building Energy Audit Improvements	10,000	2,000			12,000		12,000
Code Enforcement							
Pickup Inspection Truck	4,618	3,200			7,818		7,818
Assessing							
GIS Wide Format Scanner	8,625	3,433		(323)	11,735		11,735
Property Tax Revaluation	24,659	15,000		(23,291)	16,368		16,368
Vehicle Purchase	22,353	4,400	350	(3,689)	23,414		23,414
Aerial Photography	23,877	2,400		(12,335)	13,942		13,942
Planning							
Comprehensive Plan	100,000	10,000		(69,153)	40,847		40,847
Lower Main Street Engineering	154,893	80,000		(2,325)	232,568		232,568
Cottage Street Streetscapes	149,326	80,000		(2,325)	227,001		227,001
Ambulance							
Ambulance Reserve	152,347	44,000			196,347		196,347
Defibrillators	22,424	7,600			30,024		30,024
Patient Simulator Dummy	1,376	2,588			3,964		3,964
Fire Department							
Turnout Gear	11,442	11,700		(3,248)	19,894		19,894
Hose & Couplings	14,000	3,500			17,500		17,500
Rescue Tools	9,349	1,867			11,216		11,216
Fire Engine #2	71,971	75,000			146,971		146,971
Fire Engine #4	54,364	36,364			90,728		90,728
Fire Engine #5	15,698	20,200		(43)	35,855		35,855
Portable Radios (20)	3,462	4,000		(7,022)	440		440
Fire Pickup Trucks and Trailer	25,393	9,386			34,779		34,779
Thermal Imaging Camera	5,349	2,400			7,749		7,749
SCBA's & Cascade System	74,122	9,608		(10,604)	73,126		73,126
Police Department							
Parking Meter Vehicle	6,000	5,000			11,000		11,000
Parking Meter Equipment	101,030	40,435			141,465		141,465
Cruiser Equipment	23,498	14,063		(27,821)	9,740		9,740
Electronic Fingerprint Scanner	4,750	4,750			9,500		9,500
Port Security Boat	75,158	5,870			81,028		81,028
Cruiser Replacement	67,765	46,375		(53,287)	60,853		60,853
Records Management System - Spillman	2,428	1,500			3,928		3,928
Portable Radios	12,000	4,500			16,500		16,500
Tasers	18,644	11,000			29,644		29,644
Firearms	24,100	2,700		(12,822)	13,978		13,978
Speed Trailer & Monitor	6,217	2,600			8,817		8,817
Dispatch							
Voice Recorder System	10,570	1,375			11,945		11,945
Radio Command Console	66,003	6,600		(72,603)	-		-
Ireson Hill Building & Generator	2,031	967			2,998		2,998
Radio Equipment Reserve	25,810	8,275		(16,738)	17,347		17,347

**TOWN OF BAR HARBOR
CAPITAL IMPROVEMENTS PROGRAM
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2022**

*Exhibit C-1
Page 2 of 3*

<i>Town Projects (Continued)</i>	<i>Balance July 1</i>	<i>Budget</i>	<i>Revenues and Transfers</i>	<i>Expenditures/ Transfers</i>	<i>Balance (Over) Under</i>	<i>Transfers From (To) Unassigned</i>	<i>Balance June 30</i>
Public Safety Building							
Public Safety Bldg. Generator	34,963	3,892			38,855		38,855
Building Renovations (FD)	7,716	48,566		(21,964)	34,318		34,318
Building Renovations (PD)	12,320	-			12,320		12,320
Workout Equipment (FD & PD)	1,500	1,500			3,000		3,000
Harbor Department							
Harbor Master Boat & Trailer	37,744	2,200			39,944		39,944
Float Replacement	12,000	25,000			37,000		37,000
Gangway Replacement	29,881	2,100			31,981		31,981
Fishermen's Hoist(s)	10,337	2,103			12,440		12,440
Ferry Terminal Improvements	317,448	100,000		(74,497)	342,951		342,951
Port Security Office	4,382	10,000		(2,000)	12,382		12,382
Breakwater Repairs	10,000				10,000		10,000
Pier Renovations	66,542	3,333		(4,990)	64,885		64,885
Boat Pump Out System	4,200	2,600			6,800		6,800
Parks & Recreation							
Museum in the Streets	8,232	2,000			10,232		10,232
Benches, Lights, Pergola, etc.	31,160	5,000	2,975	(29,757)	9,378		9,378
Albert Meadow-Grant's Park	13,000	1,000			14,000		14,000
Tree Planting	19,501	8,000		(9,202)	18,299		18,299
Park Irrigations Systems	12,200	3,000			15,200		15,200
Skate Park Reserve	17,863	4,516		(656)	21,723		21,723
Mt. Desert Cemetery	60,728				60,728		60,728
Park Equipment	22,400	10,800			33,200		33,200
Launch Ramp-Hadley Point	13,074	2,700			15,774		15,774
Tennis and Basketball Courts	586	5,000			5,586		5,586
Village Green Bandstand	13,735				13,735		13,735
Glen Mary Renovations	35,073	8,000			43,073		43,073
Downtown Signage Reserve	31,209	4,200		(4,364)	31,045		31,045
Comfort Stations							
Restroom Renovation Reserve	102,344	27,000			129,344		129,344
Public Works / Highway							
Air Compressor	14,115	402			14,517		14,517
Backhoe Reserve (Cat & Deere)	151,034	3,000		(118,000)	36,034		36,034
Brush Chipper	5,727	2,600			8,327		8,327
Bikeway/Ped Improvements	20,000	40,000			60,000		60,000
Grader Reserve	95,694	35,000			130,694		130,694
Parking Lot Land Acquisition	5,000	20,000			25,000		25,000
Hydraulic Lifts	39,092	16,000			55,092		55,092
Front End Loader Reserve	84,941	15,000			99,941		99,941
Excavator	52,564	9,167			61,731		61,731
Snowblower	17,200	4,300			21,500		21,500
Road Improvement Program	430,137	350,000		(63,411)	716,726		716,726
Fuel Pump System	17,900	5,250			23,150		23,150
Sidewalk Plow	127,106	26,000			153,106		153,106
Sidewalk Reconstruction Program	424,561	100,000		(177,099)	347,462		347,462
Washer, Steam Pressure	11,029	500			11,529		11,529
LED Street Lights	79,220	20,000			99,220		99,220
Street Sweeper (Vacuum)	112,000	40,000			152,000		152,000
Public Works Complex	67,038	11,000			78,038		78,038
School Satellite Park Lot	25,000	50,000			75,000		75,000
Tag Trailer	18,379	840			19,219		19,219
Brine Mixing Equipment	6,300	2,200			8,500		8,500
Water Truck	11,297	900			12,197		12,197
Street Lights-Main Street	29,855	133,000		(131,297)	31,558		31,558
Light Truck Purchase	80,443	47,571		(51,621)	76,393		76,393
Plow Truck Reserve	314,838	66,000		(190,111)	190,727		190,727
Bobcat Loader	14,740	4,700			19,440		19,440
Roller, Vibratory	17,551	1,000			18,551		18,551
Priority Infrastructure-Bond	-			(1,740)	(1,740)		(1,740)

TOWN OF BAR HARBOR
CAPITAL IMPROVEMENTS PROGRAM
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2022

Exhibit C-1
Page 3 of 3

	<i>Balance</i> <i>July 1</i>	<i>Budget</i>	<i>Revenues and</i> <i>Transfers</i>	<i>Expenditures/</i> <i>Transfers</i>	<i>Balance</i> <i>(Over) Under</i>	<i>Transfers</i> <i>From (To)</i> <i>Unassigned</i>	<i>Balance</i> <i>June 30</i>
<i>Town Projects (Continued)</i>							
Solid Waste Division							
Waste Oil Furnace	4,283	757			5,040		5,040
Recycling Facility Reserve	38,624	1,000			39,624		39,624
Transfer Station Reserve	30,106	3,000			33,106		33,106
Storage	25,883	12,000		(16,455)	21,428		21,428
Compactor Unit with Hopper	9,999	3,333			13,332		13,332
Skid Steer	11,500	4,500			16,000		16,000
Solar Panels	110,157				110,157		110,157
3/4 Ton Truck	6,750	3,800			10,550		10,550
Debt Service							
Debt Service - Agamont Park	-	45,400		(45,400)	-		-
Debt Service - Municipal Building	-	159,225		(159,225)	-		-
Public Works - FY 13	-	232,987		(232,987)	-		-
Downtown Signs	-	20,150		(20,150)	-		-
Public Works - FY 10	-	231,465		(231,465)	-		-
Public Safety Building	-	30,000		(30,000)	-		-
Transfer Station	-	256,100		(256,100)	-		-
Ferry Terminal/Parking Meters	(1)	319,700		(319,700)	(1)		(1)
Ferry Terminal/Taxable		88,400		(88,400)	-		-
Town Total	5,082,710	3,358,156	3,325	(2,647,812)	5,796,379	-	5,796,379
<i>School Projects</i>							
Capital Outlay Reserve	14,709	7,286			21,995	(4,772)	17,223
Asbestos Removal	15,410				15,410		15,410
Furniture & Equipment	4,649	5,000		(4,532)	5,117		5,117
Computers & Technology	63,134	50,000		(1,040)	112,094		112,094
Copier Lease/Purchase	539	13,890		(13,890)	539		539
Pickup Truck Replacement	39,876	5,986		(38,980)	6,882		6,882
Playground Equipment	1,061			(5,833)	(4,772)	4,772	-
Roof Repairs	18,508	10,000		(2,208)	26,300		26,300
Technology Infrastructure	45,000	5,000			50,000		50,000
Safety & Access Control	17,740	10,000			27,740		27,740
Building Concept Designs	419,007	211,563		(12,704)	617,866		617,866
Tractor Plow Reserve	20,000	5,000			25,000		25,000
Debt Service - 2004 Heating System	-	61,421		(61,421)	-		-
School Total	659,633	385,146	-	(140,608)	904,171	-	904,171
Subtotal	5,742,343	3,743,302	3,325	(2,788,420)	6,700,550	-	6,700,550
Unassigned Balance	(3,942)	(3,743,302)	3,794,562		47,318	-	47,318
Totals	5,738,401	-	3,797,887	(2,788,420)	6,747,868	-	6,747,868

TOWN OF BAR HARBOR
COMBINING BALANCE SHEET
ALL PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

Exhibit D-1

<i>Assets</i>	<i>Gurnee Scholarship</i>	<i>Cemetery Trusts</i>	<i>Total</i>
Cash and Equivalents	897	445	1,342
Investments	9,726	4,824	14,550
Total Assets	10,623	5,269	15,892
<i>Liabilities & Fund Balances</i>			
Liabilities			
Due to Other Funds			-
Total Liabilities	-	-	-
Fund Balances			
Nonspendable	6,488	5,269	11,757
Assigned	4,135	-	4,135
Total Fund Balances	10,623	5,269	15,892
Total Liabilities & Fund Balances	10,623	5,269	15,892

TOWN OF BAR HARBOR
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

Exhibit D-2

	<i>Gurnee Scholarship</i>	<i>Cemetery Trusts</i>	<i>Total</i>
Revenues			
New Funds			-
Investment Income	85	43	128
	85	43	128
Expenditures			
Scholarships			-
	-	-	-
Excess of Revenues Over Expenditures	85	43	128
Other Financing Sources (Uses)			
Transfers Out		(43)	(43)
Total Other Financing Sources (Uses)	-	(43)	(43)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	85	-	85
Fund Balance - July 1	10,538	5,269	15,807
Fund Balance - June 30	10,623	5,269	15,892

TOWN OF BAR HARBOR, MAINE
Operating Data
For the Fiscal Year Ended June 30, 2022

MUNICIPAL SERVICES

Public Works

Wastewater Division

<u>Largest Wastewater Customers</u>	<u>Type of Use</u>	<u>CY2021 Revenues</u>	<u>% of Total</u>
Jackson Laboratory	Genetic Research & Mice Prod	\$542,926	25.2%
Witham Family LTD Part	Hotels (6)	215,097	9.8%
Eden Street Trust	Hotel	60,802	2.9%
Golden Anchor, LC	Hotel	47,068	2.2%
Mt Desert Island Hospital	Hospital	36,843	1.7%
West St. Properties, LLC	Hotel & Commc'l Bldg	31,877	1.5%
Bar Harbor Housing Authority	Low Income/Elderly Housing (2)	29,915	1.3%
WS Atlantic LL	Hotel	23,448	1.2%
College of the Atlantic	Educational Institution	22,408	1.1%
Town of Bar Harbor	Muni Bldgs, School, Comfort Stat's	22,611	<u>1.1%</u>
			48.0%

Water Division

<u>Largest Water Customers</u>	<u>Type of Use</u>	<u>CY2021 Revenues</u>	<u>% of Total</u>
Town of Bar Harbor	Parks, Bldgs, Schools & Hydrants	\$637,206	30.1%
Jackson Laboratory	Genetic Research & Mice Prod	223,918	10.6%
Witham Family LTD Part	Hotels (7)	101,222	4.8%
Kebo Valley Club	Golf Course	32,614	1.5%
College of the Atlantic	Educational Institution	31,466	1.5%
Golden Anchor, LC	Hotel	19,689	0.9%
Mount Desert Island Hospital	Hospital	19,443	0.9%
Lafayette Bar Harbor, LLC	Hotel	19,281	0.9%
Bar Harbor Housing Authority	Low Income/Elderly Housing	15,919	0.8%
BHTC 111, LLC	Banquet/Tennis/Swim Club	14,022	<u>0.7%</u>
			52.7%

<u>Number of Water System Customers</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Residential	1,253	1,263	1,262	1,251	1,271
Commercial	516	517	520	499	506
Industrial (Jax Lab)	43	42	42	42	42
Governmental	60	59	59	59	50
Total	1872	1881	1,883	1,851	1,869

<u>Water Sales (per 1,000 gallons)</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Residential	55,574	66,745	55,633	61,274	62,681
Commercial	107,157	128,798	114,587	97,312	113,965
Industrial (Jax Lab)	54,702	65,155	73,590	66,962	61,439
Public Authorities	13,050	15,548	17,821	19,915	13,379
Total Water Sales	230,483	276,246	261,631	245,463	251,464

Cal Year Water Sales (Revenue)	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Residential	\$553,026	\$593,948	\$572,003	\$601,167	\$600,781
Commercial	609,028	640,968	613,263	527,107	620,845
Industrial (Jax Lab)	159,184	164,825	209,097	174,290	182,118
Public Authorities	72,899	72,587	77,502	82,126	69,143
Public Fire Protection	585,604	585,604	585,604	585,604	585,604
Private Fire Protection	129,278	131,376	134,208	137,297	148,332
Total Water Sales	\$2,109,019	\$2,189,308	\$2,191,677	\$2,107,591	\$2,206,823

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, 2021)
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 153 full-time personnel, approximately of whom 77 are employees of the Town including its utilities systems; and 76 of whom are employed by the School Department; and various part-time employees. Approximately 47 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
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
2018	184	11,386,405	93	7,624,886	277	19,011,291

TOWN FINANCES

General Fund Budgets for Fiscal Year Ending June 30.

	2019	2020	2021	2022	2023
Revenues					
Taxes	\$18,433,116	\$18,927,429	\$19,245,167	\$19,914,1622	\$21,098,439
Intergovernmental	336,856	396,369	457,484	601,634	902,459
Departmental	1,052,125	1,157,898	1,142,888	1,148,916	1,500,445
Other local sources	648,846	751,867	698,838	788,441	985,020
Total Revenues	20,470,943	21,233,563	21,544,377	22,453,113	24,486,363
Expenditures					
General government	3,129,005	3,311,572	3,586,232	3,762,207	4,287,110
Public safety	3,213,377	3,284,565	3,357,414	3,438,057	3,946,661
Health & welfare	144,401	158,596	169,501	218,366	245,369
Parks & recreation	429,722	438,577	423,687	463,090	481,899
Roads & sanitation	1,962,695	1,988,290	2,017,388	2,086,551	2,487,986
Assessments & Overlay	3,935,692	3,924,020	4,192,418	4,399,711	4,687,446
Transfers to school fund	5,430,046	5,674,670	5,763,043	6,112,039	6,782,772
Transfers to CIP	2,296,005	2,508,273	2,089,694	2,073,092	1,978,620
Total Expenditures	\$20,540,943	\$21,288,563	\$21,599,377	\$22,553,113	\$24,897,863
Excess Exp. Over Revenues	\$70,000	\$55,000	\$55,000	\$100,000	\$411,500
Use of Fund Balance:					
Transfer to CIP	70,000	55,000	55,000	100,000	411,500
Total Use of Fund Balance	\$70,000	\$55,000	\$55,000	\$100,000	\$411,500

Property Tax Levy Limit (LD1)

Fiscal year:	<u>2018/2019</u>	<u>2019/2020</u>	<u>2020/2021</u>	<u>2021/2022</u>	<u>2022/2023</u>
State Personal Income Factor:	2.61%	2.75%	2.89%	3.30%	1.70%
Town Prop Growth Factor:	<u>1.67%</u>	<u>1.21%</u>	<u>0.86%</u>	<u>1.90%</u>	<u>1.09%</u>
Growth Limitation Factor:	4.28%	3.96%	3.75%	5.20%	2.79%
Property Tax Levy Limit:	\$7,707,492	\$8,016,991	\$8,279,884	\$8,709,829	\$8,982,008
Property Tax Levy:	<u>8,052,378</u>	<u>8,293,739</u>	<u>8,254,606</u>	<u>8,305,872</u>	<u>8,451,220</u>
Over/(below) Prop Tax Levy Limit:	\$344,886	\$276,748	(\$25,278)	(\$403,957)	(\$530,788)

General Fund Balance as % Revenues (excludes School)

	Fiscal Year Ended June 30,				
	2017	2018	2019	2020	2021
Assigned and Unassigned General Fund Balance (excludes restricted FB)	\$3,357,037	\$3,652,000	\$4,116,677	\$4,281,104	\$5,212,002
Total Revenues (GF & CrShip)-A1&A7	19,274,797	20,182,676	21,707,396	22,284,988	22,365,779
Fund Bal as % Revenues	17.4%	18.0%	19.0%	19.3%	23.3%

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 6/30/22
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
2018	1,577,200	1,497,194	10.96	16,409,251	16,020,406	97.64	99.97

Largest Taxpayers

Taxpayer	As of April 1, 2022			
	Type of Business	Assessed Value	Tax	% of Levy
Witham Family, LLC	Hotels	62,931,000	\$586,517	2.94%
Golden Anchor, LC	Hotel-Harborside	29,601,400	275,885	1.38%
Eden Street Trust	Hotel-Regency	26,229,200	244,456	1.23%
Versant Power	Electric Utility	24,042,100	224,072	1.12%
West Street Properties, LLC	Hotel-West St	24,040,700	224,059	1.12%
WS Atlantic LLC	Hotel-Hampton Inn	13,114,600	122,228	0.61%
BHTC 111, LLC	Rest/Club	12,423,400	115,786	0.58%
Colket, Ruth M EtAls Trustees	Residential	9,918,900	92,444	0.46%
Northerly, LLC	Residential	8,438,700	78,649	0.39%
Jackson Laboratory	Resid. Housing	7,971,400	<u>74,293</u>	<u>0.37%</u>
Top ten taxpayers			\$2,038,389	10.21%

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
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
2017	128,220	64,565	1,253	290,474	60,631	545,143

-----* 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, 2021			Balance on June 30, 2022	
				General	Proprietary	Total	(Payments)	Total
2002	Water Tank (SRF)	750,000	10/01/21		47,184	47,184	(47,184)	-
2004	School (MMBB)	805,000	11/01/24	\$227,887		227,887	(52,772)	175,115
2005	Beach Wall	800,000	10/15/24	160,000		160,000	(40,000)	120,000
2005	Sewer/Hulls Cove	800,000	10/15/27		325,000	325,000	(40,000)	285,000
2010	Roads & Sidewalks	3,700,000	05/01/30	1,445,581		1,445,581	(159,186)	1,286,395
2010	Water System	600,000	05/01/30		234,419	234,419	(25,814)	208,605
2011	Sewer System	1,316,000	12/01/31		783,594	783,594	(68,358)	715,236
2011	Water System	1,224,000	12/01/31		736,406	736,406	(21,642)	714,764
2011	Ref'd'g Water-01	2,515,000	12/01/21		290,000	290,000	(290,000)	-
2012	Water (SRF)	2,679,150	10/01/32		1,660,896	1,660,896	(130,960)	1,529,936
2013	Public Works Bldg	3,350,000	10/15/33	2,405,000		2,405,000	(150,000)	2,255,000
2014	Municipal Bldg	2,442,000	10/15/34	1,695,000		1,695,000	(125,000)	1,570,000
2015	PubSftyBldg/Wtr	2,100,000	10/15/35	300,000	1,275,000	1,575,000	(105,000)	1,470,000
2017	Transfer Station	3,070,000	10/15/36	2,590,000		2,590,000	(160,000)	2,430,000
2019	FerryTerm/PkMt	2,875,000	10/15/38	2,415,000		2,415,000	(230,000)	2,185,000
2019	FerryTerm-Tax	1,225,000	10/15/38	1,180,000		1,180,000	(45,000)	1,135,000
				12,418,468	5,352,499	17,770,967	(1,690,916)	16,080,051

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
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
2018	5,235	1,577,200	1,497,194	18,648,777	1.18%	3,562

Debt Obligations, by Fund Type

FY June 30,	General Fund Debt		Enterprise Fund Debt	Total Debt	Ent. Debt as % Total Debt
	(Town)	(School)			
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%
2018	10,830,000	371,252	7,447,525	18,648,777	40.0%

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		
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
2018	0.69	0.02	0.47	1.18	2,069	71	1,423	3,562

Debt Service Component of Operating Expenses

	2018	2019	2020	2021	2022
Total Current Year Debt Service:	\$2,229,577	\$2,146,027	\$1,920,883	\$1,675,813	\$1,690,916
(less Enterprise Debt Service:)	(1,329,585)	(854,403)	(727,901)	(701,430)	(708,958)
Tax Supported Debt Service	\$969,992	\$1,291,624	\$1,192,982	\$974,383	\$981,958
Budgeted Operating Expense:	19,458,654	\$20,594,443	\$21,288,563	\$21,599,377	\$22,553,113
Debt Service as % Oper. Expense:	4.99%	6.29%	5.60%	4.51%	4.36%

Total General Obligation, Overlapping and Contingent Debt

	Direct Debt	Overlapping	Contingent	Total Debt
Town of Bar Harbor (CIP)	\$11,261,395			\$11,261,395
Town of Bar Harbor (School)	175,115			175,115
Town of Bar Harbor (Enterprise)	4,643,541			4,643,541
MDI Reg. School District (38.3%)		\$201,803		201,803
County of Hancock (12.0%)		0		0
Total A/O June 30, 2022	\$16,080,051	\$201,803	\$0	\$16,281,854
Debt as % Eq State Valuation	0.84%	0.02%	0.00%	0.86%
Per Capita Debt	\$3,203	\$40	\$0.00	\$3,243

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

	2021	2020	2019	2018	2017
ASSETS					
Cash and equivalents	\$12,778,236	\$10,679,174	\$8,759,252	\$8,470,956	\$7,173,243
Investments	1,765,132	1,672,254	1,801,734	1,755,630	1,807,093
Receivables:					
Taxes	23,432	40,530	53,851	36,943	30,942
Tax liens	431,574	932,028	742,385	497,414	508,202
Accounts	32,924	33,173	209,107	126,750	133,619
Ambulance fees	167,711	168,653	226,751	178,634	139,872
Accrued interest	8,183	8,654	9,650	8,093	3,124
Prepaid expenses	0	2,348	0	0	871
Inventory	21,922	12,548	19,036	19,436	12,998
Due from other governments	476,577	122,828	82,017	89,606	45,912
Due from other funds	6,562	35,286	32,763	3,240	50,522
TOTAL ASSETS	15,712,253	13,707,476	11,936,546	11,186,702	9,906,398
LIABILITIES					
Accounts payable	656,390	382,890	340,843	316,029	200,490
Payroll taxes/Deductions	42,551	18,746	23,829	16,005	6,011
Accrued salaries	800,011	719,844	647,204	634,812	648,523
Accrued compensated absences	328,226	362,642	288,825	276,178	280,930
Due to other funds	5,824,021	4,998,302	4,689,613	4,881,654	4,106,063
Due to students	6,949	8,581	4,922	4,271	4,617
Deposits payable	12,447	15,015	12,065	14,239	10,972
TOTAL LIABILITIES	7,670,595	6,506,020	6,007,301	6,143,188	5,257,606
DEFERRED REVENUES					
Prepaid taxes	38,491	21,381	28,902	150,160	32,075
Property tax	291,879	656,357	586,153	408,305	403,839
Other	2,785	1,000	2,070	3,874	2,070
Bond purchase premium	0	0	0	0	0
TOTAL DEFERRED REVENUES	333,155	678,738	617,125	562,339	437,984
FUND EQUITY					
Non-spendable	1,444	2,317	865	1,986	2,471
Restricted	2,495,057	2,239,297	1,194,578	827,189	851,300
Committed	0	0	0	0	0
Assigned	3,013,982	3,105,584	3,129,125	2,891,050	2,735,434
Unassigned	2,198,020	1,175,520	987,552	760,950	621,603
TOTAL FUND EQUITY	7,708,503	6,522,718	5,312,120	4,481,175	4,210,808
TOTAL LIABILITIES AND FUND EQUITY	\$15,712,253	\$13,707,476	\$11,936,546	\$11,186,702	\$9,906,398

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,)

	2021	2020	2019	2018	2017
REVENUES					
Taxes	\$19,880,780	\$18,969,741	\$18,409,625	\$17,543,563	\$17,014,110
Intergovernmental revenue	2,834,258	1,878,265	1,546,452	1,317,452	1,147,417
Departmental revenue	2,736,302	3,390,859	2,480,957	2,000,752	1,719,113
Other local sources	456,077	551,744	642,140	451,585	400,034
TOTAL REVENUES	25,907,417	24,790,609	23,079,174	21,313,351	20,280,674
EXPENDITURES					
General government	3,331,000	3,290,736	2,988,113	3,027,155	2,803,118
Public safety	3,179,446	3,166,884	3,202,696	3,083,681	2,855,007
Health and welfare	230,614	195,874	145,956	144,450	135,176
Parks and recreation	414,908	435,961	416,358	352,720	236,375
Island Explorer	-	40,517	40,157	39,823	39,512
Roads and sanitation	1,997,094	1,850,123	2,004,343	1,927,802	1,823,451
Education	7,824,618	7,167,622	6,746,559	6,556,034	6,340,281
Assessments	4,125,490	3,875,688	3,850,673	3,763,224	3,597,013
Cruise ship- <i>direct exp</i>	17,748	96,521	121,039	142,695	120,761
Parking meters- <i>direct exp</i>	208,131	138,348	54,406	-	-
TOTAL EXPENDITURES	21,329,049	20,258,274	19,570,300	19,037,584	17,950,694
Excess of Revenue Over (Under) Expenditures	4,578,368	4,532,335	3,508,874	2,275,767	2,329,980
OTHER FINANCING SOURCES					
Lease/Bond proceeds	-	61,923	7,504	-	53,819
Transfers in	514,324	552,264	483,941	481,922	397,262
Transfers out	(3,939,995)	(3,935,924)	(3,169,374)	(2,487,322)	(2,391,207)
TOTAL OTHER FINANCING SOURCES (USES)	(3,425,671)	(3,321,737)	(2,677,929)	(2,005,400)	(1,940,126)
EXCESS OF REVENUES & OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES	1,152,697	1,210,598	830,945	270,367	389,854
FUND BALANCE - JULY 1	6,555,806	5,312,120	4,481,175	4,210,808	3,820,954
FUND BALANCE - JUNE 30	\$7,708,503	\$6,522,718	\$5,312,120	\$4,481,175	\$4,210,808

Prepared from Audited Financial Statements – Exhibit D.

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, 2022.

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 system administration, school administration and operations and maintenance.

Respectfully submitted,

James W. Wadman, CPA

James W. Wadman, CPA
March 27, 2023

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, 2022, 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 27, 2023.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, as items 2022-01 through 2022-03 that we consider to be material weaknesses.

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*.

Town of Bar Harbor, Maine’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Bar Harbor, Maine’s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Town of Bar Harbor, Maine’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 27, 2023

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 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

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, 2022. 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, 2022.

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 27, 2023

SCHEDULE I
TOWN OF BAR HARBOR
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2022

NONE

SCHEDULE II
TOWN OF BAR HARBOR, MAINE
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

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. 3 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:
 - Community Development Block Grants, ALN #14.228
 - Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act, ALN #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*

2022-01 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.

2022-02 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.

2022-03 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.

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, 2022

<i>Federal Grantor/Pass-Through Grantor/Program Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. Department of Education:				
Rural School Achievement Program	84.358		-	24,224
<i>Passed Through Maine State Department of Education:</i>				
Special Education Cluster (IDEA):				
Title VI, Part B - Local Entitlement	84.027	013-05AS-3046-12-6306-3046SLG	-	94,156
Title VI, Part B - Local Entitlement Preschool	84.173	013-05A-6247-23-6306-6247SPG	-	1,359
Sub-total Special Education Cluster (IDEA):			-	95,515
ESSA Title 1A - Basic Disadvantaged Program	84.010	013-05A-3107-13-6306-3107CDG	100,863	123,114
ESSA Title IV, Part A, SSAE Program	84.424	013-05A-3345-66-6306-3345SSG	-	49,137
ESSA Title IV, Part A, SSAE Program	84.424	013-05A-3345-66-6306-3345SSG	-	-
ESSA Title IIA - Improving Teacher Quality	84.367	013-05A-3042-11-6306-3042ITG	-	65,730
ESSA Title IIA - Improving Teacher Quality	84.367	013-05A-3042-11-6306-3042ITG	-	-
Elementary and Secondary School Emergency Relief Fund 1	84.425D*	013-05A-7006-90-6306-7006ESG-F2020	-	3,928
Elementary and Secondary School Emergency Relief Fund II	84.425D*	013-05A-7041-90-6306-7041GRT-F2021	-	107,901
Elementary and Secondary School Emergency Relief Fund II	84.425D*	013-05A-7041-90-6306-7041GRT-F2021	-	6,360
ARP Elementary and Secondary School Emergency Relief Fund 3	84.425U*	025-05A-7071-94-6306-7071GRT-F2022	-	84,139
Total U.S. Department of Education			<u>100,863</u>	<u>560,048</u>
U.S. Department of Agriculture:				
<i>Passed Through Maine State Department of Education:</i>				
State Pandemic Electronic Benefit Transfer Administrative Costs	10.649	NONE	-	614
State Administrative Expenses	10.560	NONE	-	10,557
			-	11,171
Food Distribution Cluster:				
Food Distribution	10.565	NONE	-	5,378
Sub-total Food Distribution Cluster			-	5,378
Child Nutrition Cluster:				
Summer Food Service Program for Children	10.559	NONE	-	-
Federal Performance Based Lunch	10.555	013-05A-7142	-	136,615
School Breakfast Program	10.553	013-05A-7127	-	8,322
Sub-total Child Nutrition Cluster			-	144,937
Total U.S. Department of Agriculture			-	161,486
U.S. Department of the Treasury:				
Coronavirus State and Local Fiscal Recovery Funds (ACE)	21.027	NONE	-	57,200
Total U.S. Department of the Treasury			-	57,200
U.S. Department of Justice:				
<i>Passed Through the Town of Bucksport:</i>				
Bulletproof Vest Partnership Program	16.607	NONE	-	2,206
Total U.S. Department of Justice			-	2,206
U.S. Department of Housing and Urban Development:				
<i>Passed Through Maine State Department of Economic and Community Development:</i>				
CDBG	14.228*	CT 19A 20201123000000001601	-	200,000
Total U.S. Department of Housing and Urban Development			-	200,000
Total			-	<u>980,940</u>

TOWN OF BAR HARBOR
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

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, 2022. 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 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.

TOWN OF BAR HARBOR
CORRECTIVE ACTION PLAN
For the Fiscal Year Ended June 30, 2022

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2022-01 Material Weakness over reconciling withholding/liability accounts

Name of contact person: Sarah Gilbert, Finance Director, Interim Town Manager

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

Proposed Completion Date: Immediately

2022-02 Material Weakness over capital asset accounting

Name of contact person: Sarah Gilbert, Finance Director, Interim Town Manager

Corrective Action: 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.

Proposed Completion Date: Immediately

2022-03 Material Weakness over Grant Accounting-School Department

Name of contact person: Nancy Thurlow, Finance Director

Corrective Action: Management concurs with the recommendation.

Proposed Completion Date: Immediately

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

NONE

APPENDIX B

**PROPOSED FORM
OF
LEGAL OPINION**

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**Bernstein, Shur,
Sawyer & Nelson, P.A.**
45 Memorial Circle
PO Box 5057
Augusta, ME 04332

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

August ____, 2023

Raymond James & Associates, Inc.
535 Madison Avenue, 9th Floor
New York, NY 10022

**Re: Town of Bar Harbor, Maine
\$55,235,000 2023 General Obligation Bonds**

We have examined the law and certified proceedings submitted in connection with the issuance and sale of the \$55,235,000 aggregate principal amount of the 2023 General Obligation Bonds (the “Bonds”) of the Town of Bar Harbor, Maine (the “Issuer”), a public municipal corporation in the State of Maine organized and existing under and pursuant to the laws of the State of Maine and the Charter of the Town of Bar Harbor, Maine (the “Charter”).

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

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

The Bonds are issued under and pursuant to the Charter and the provisions of Title 30-A, Section 5772 of the Maine Revised Statutes, as amended.

The Bonds are dated August ____, 2023. Principal of the Bonds will be payable on October 15 of the years in which the Bonds mature and in the principal amounts as set forth below. The Bonds will bear interest from their date, payable semi-annually on April 15 and October 15 in each year, commencing on October 15, 2023, at the respective rates per annum, as follows:

<u>Amount</u>	<u>October 15</u>	<u>CUSIP</u>	<u>Amount</u>	<u>October 15</u>	<u>CUSIP</u>
\$ 135,000	2023	066878	\$2,600,000	2034	066878
\$2,240,000	2024	066878	\$2,655,000	2035	066878
\$2,495,000	2025	066878	\$2,715,000	2036	066878
\$2,550,000	2026	066878	\$2,775,000	2037	066878
\$2,575,000	2027	066878	\$2,830,000	2038	066878
\$2,640,000	2028	066878	\$1,890,000	2039	066878
\$2,690,000	2029	066878	\$2,950,000	2040	066878
\$2,750,000	2030	066878	\$3,015,000	2041	066878
\$2,815,000	2031	066878	\$3,085,000	2042	066878
\$2,715,000	2032	066878	\$3,155,000	2043	066878
\$2,780,000	2033	066878			

Bonds maturing on and before October 15, 20__ are not subject to optional redemption prior to their stated dates of maturity. Bonds maturing on or after October 15, 20__ are subject to redemption prior to their stated dates of maturity, at the option of the Town, on and after October 15, 20__, as a whole or in part at any time, in such order of maturity as the Town, in its discretion, may determine at a price of par (100% of original stated amount of value at maturity), together with interest accrued and unpaid to the redemption date, if any.

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

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

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

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

2. The Issuer is duly authorized to issue the Bonds which have been duly and validly authorized and issued in accordance with law and constitute valid general obligations of the Issuer payable as to both principal and interest from ad valorem taxes which may be levied, subject to certain procedural limitations under Section 5721-A of the Maine Revised Statutes as amended and supplemented to date, without limit as to rate or amount upon all the property located within the territorial limits of the Issuer and taxable by it, except to any extent that the Issuer may enter into an agreement under Title 30-A, Chapter 223, Subchapter V, of the Maine Revised Statutes, as amended, to share any portion of its assessed valuation with another municipality and except to the extent that the Issuer may establish municipal development districts or affordable housing districts pursuant to Title 30-A, Chapters 206 and former 207 (now repealed) of the Maine Revised Statutes, as amended, the tax increment revenues on retained captured assessed values of which may not be available for payment of debt service on the Bonds.

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

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

5. The Bonds will not constitute “qualified tax-exempt obligations” under Section 265(b) of the Code.

Raymond James & Associates, Inc.

August ____, 2023

Page 2

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

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

Respectfully submitted:

Bernstein Shur Sawyer & Nelson

APPENDIX C

**PROPOSED FORM
OF
CONTINUING DISCLOSURE AGREEMENT**

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

In connection with the issuance by the Town of Bar Harbor, Maine (the “Issuer”) of its \$49,810,000 2023 General Obligation Bonds, dated August 15, 2023 and with reference to the continuing disclosure requirements of Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended, and officially interpreted from time to time (the “Rule”), the Issuer hereby covenants under this Continuing Disclosure Agreement (the “Agreement”) that it will engage in the undertakings described in Section 1, 2 and 3 herein for the benefit of the beneficial owners of the Bonds, subject to the conditions and limitations specified herein. Under the Agreement, the Issuer is obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the MSRB (defined below). This information will be available from the MSRB via the Electronic Municipal Market Access (“EMMA”) system at www.emma.msrb.org. The Issuer reserves the right to incorporate by reference its Official Statement dated August 2, 2023 relating to the Bonds (the “Official Statement”), which will be submitted to the MSRB, as hereinafter defined, at the time of delivery of the Bonds, in any future disclosure provided hereunder.

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

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

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

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

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

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

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

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

“State” shall mean the State of Maine.

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

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

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

2. The Issuer will provide in a timely manner, not in excess of ten (10) Business Days, after the occurrence of an event listed in this Section 2 to the MSRB through EMMA (in an electronic format as prescribed by the MSRB) notice of the occurrence of any of the following events with respect to the Bonds.

(a) Certain events whether material or not material:

- (1) Principal and interest payment delinquencies;
- (2) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (3) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (4) Substitution of credit or liquidity providers, or their failure to perform;
- (5) Adverse tax opinions or events affecting the tax-exempt status of the Bonds, the issuance by the Internal Revenue Service of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (6) Tender offers;
- (7) Defeasances;
- (8) Rating changes;
- (9) Bankruptcy, insolvency, receivership or similar event of the Issuer (Note: For the purposes of the event identified in this subparagraph (9), the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.);or
- (10) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any Financial Obligation of the Issuer or obligated person, any of which reflect financial difficulties

(b) Certain events if material:

- (1) Non-payment related defaults;
- (2) Modifications to the rights of Holders of the Bonds;
- (3) Bond calls;
- (4) The release, substitution, or sale of property securing repayment of the Bonds;

- (5) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
- (6) Appointment of a successor or additional trustee or the change of name of a trustee; and
- (7) Incurrence of a Financial Obligation of the Issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or obligated person, any of which affect security Holders, if material.

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

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

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

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

6. Except as disclosed in its Official Statement, the Issuer has never failed to comply in all material respects with any previous undertakings to provide Annual Financial Information or notices of material events in accordance with the Rule.
7. The Issuer's Treasurer, or such official's designee from time to time, shall be the contact person on behalf of the Issuer from whom the foregoing information, data and notices may be obtained. The name, address and telephone number of the initial contact person is: Sarah Gilbert, Treasurer, Town of Bar Harbor, 93 Cottage Street, Bar Harbor, ME 04609; Telephone: (207) 288-5096.

Dated: _____, 20__

TOWN OF BAR HARBOR, MAINE

By: _____

Its: _____