TOWN OF BAR HARBOR, MAINE

FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES

FOR THE FISCAL YEAR
ENDED JUNE 30, 2009

TOWN OF BAR HARBOR
FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2009

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INDEPENDENT AUDITOR'S REPORT

November 11, 2009

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bar Harbor, Maine as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Bar Harbor, Maine's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bar Harbor, Maine as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2-5 and 32, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 introductory section, combining and individual nonmajor fund financial statements, and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and other supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully Submitted,

James W. Wadman, CPA

James W. Wadman, CPA

295 Main Street • P.O. Box 889 • Ellsworth, Maine 04605

TOWN OF BAR HARBOR, MAINE
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009

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, 2009. We encourage readers to consider this information in conjunction with the financial statements and accompanying notes that follow.

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

FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

Government-wide Highlights:

Net Assets – The assets of the Town exceeded its liabilities at fiscal year ending June 30, 2009 by $27,189,642 (presented as "net assets"). Of this amount, $4,659,853 was reported as "unrestricted net assets". Unrestricted net assets represent the amount available to be used to meet the Town's ongoing obligations to citizens and creditors.

Changes in Net Assets – The Town's total net assets increased by $865,708 (a 3.29% increase) for the fiscal year ended June 30, 2009. Net assets of governmental activities increased by $707,885 (a 4.13% increase), while net assets of business-type activities showed an increase of $157,823 (a 1.72% increase).

Fund Highlights:

Governmental Funds – Fund Balances – As of the close of the fiscal year ended June 30, 2009, the Town's governmental funds reported a combined ending fund balance of $4,392,129 with $237,685 being general undesignated fund balance. This undesignated fund balance represents approximately 2.52% of the total general fund expenditures for the year.

Long-term Debt:

The Town's total long-term debt obligations decreased by $335,888 (13.14%) during the current fiscal year. There were no new debt obligations issued. Existing debt obligations were retired according to schedule. The 6/12/07 town meeting approved borrowing in the amount of $1,000,000 to assist in the financing of the Northeast Creek housing project. At 6/30/09 this was authorized but unissued. The 6/2/09 town meeting approved borrowing in the amount of $5,140,947 for the year ended 6/30/2010 for capital improvements and water department construction and remains unissued.

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.

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.

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 immediately following the fund financial statements.

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).

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets

82.45% of the Town's net assets reflect its investment in capital assets such as land, buildings, equipment and infrastructure (roads, bridges and other immovable assets), less any related debt used to acquire those assets that is 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 related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities	Business-like Activities	Total 2009	Total 2008
Current Assets	6,155,868	1,414,511	7,570,379	7,785,323
Capital Assets	15,260,328	17,395,917	32,656,245	32,329,507
Total Assets	21,416,196	18,810,428	40,226,624	40,114,830
Current Liabilities	1,652,372	2,095,856	3,748,228	3,467,683
Other Liabilities	1,932,282	7,356,472	9,288,754	10,323,213
Total Liabilities	3,584,654	9,452,328	13,036,982	13,790,896
Net Assets:				
Held for Postemployment Benefits	53,532		53,532	-
Invested in Capital Assets	13,001,860	9,417,117	22,418,977	20,964,191
Restricted	57,280		57,280	48,974
Unrestricted	4,718,870	(59,017)	4,659,853	5,310,769
Total Net Assets	17,831,542	9,358,100	27,189,642	26,323,934
Total Liabilities and Net Assets	21,416,196	18,810,428	40,226,624	40,114,830

Changes in Net Assets

Approximately 66.8% of the Town's total revenue came from property and excise taxes, approximately 8.85% came from State subsidies and grants, and approximately 24.37% came from services, investment earnings and other sources. Depreciation expense on the Town's governmental and business-like activity assets represents $1,760,044 of the total expenses for the fiscal year.

	Governmental Activities	Business-like Activities	Total 2009	Total 2008
Revenues:				
Taxes	13,315,984		13,315,984	12,985,012
Intergovernmental Revenues	1,764,674		1,764,674	1,620,517
Departmental Revenues	1,097,442	3,150,401	4,247,843	4,234,066
Investment Income	104,365	15,379	119,744	29,553
Other Local Sources	464,850	27,847	492,697	569,200
Total	16,747,315	3,193,627	19,940,942	19,438,348
Expenses:				
General Government	2,708,618		2,708,618	2,611,237
Public Safety	2,360,785		2,360,785	2,178,966
Health & Welfare	107,879		107,879	107,079
Parks and Recreation	159,348		159,348	258,084
Island Explorer Shuttle Bus	33,100		33,100	33,100
Roads and Sanitation	2,168,063		2,168,063	2,260,283
Debt Service	3,276		3,276	6,538
Assessments	2,741,261		2,741,261	2,725,849
Capital Outlay	245,544		245,544	172,214
Water Operations		1,266,135	1,266,135	1,103,293
Sewer Operations		1,770,825	1,770,825	1,650,742
Education Programs	3,413,855		3,413,855	3,335,559
Administrative Support	1,915,164		1,915,164	1,831,456
School Lunch	156,952		156,952	145,463
(Gain)/Loss on Disposal of Assets	25,585	(1,156)	24,429	18,858
Total	16,039,430	3,035,804	19,075,234	18,438,721
Changes in Net Assets	707,885	157,823	865,708	999,627

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, undesignated 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 $4,392,129, a decrease of $461,773 in comparison with the prior year. Approximately 11.83 percent of this total amount constitutes undesignated 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.

Proprietary Funds

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

CAPITAL ASSET ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental and business-like activities amounts to $57,572,376, net of accumulated depreciation of $24,916,131, leaving a net book value of $32,656,245. Current year additions included Capital Improvements, Water and Sewer additions.

REQUESTS FOR INFORMATION

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

TOWN OF BAR HARBOR *Exhibit A*

STATEMENT OF NET ASSETS

JUNE 30, 2009

Assets	*Governmental Activities*	*Business-Type Activities*	*Total*
Cash and Equivalents	2,554,965	551,022	3,105,987
Investments	2,172,521	199,894	2,372,415
Receivables			
Taxes and Liens	548,847	24,865	573,712
User Fees, net		417,236	417,236
Accounts	11,125	29,066	40,191
Ambulance	83,377		83,377
Accrued Interest	20,352	4,010	24,362
Prepaid Expense	18,247	6,470	24,717
Inventory	16,613	96,003	112,616
Due from Other Governments	729,821		729,821
Bond Issuance Costs, Net		85,945	85,945
Capital Assets:			
Land	1,899,514	164,793	2,064,307
Construction Work in Progress	348,931	72,232	421,163
Other Capital Assets, Net of Depreciation	13,011,883	17,158,892	30,170,775
Total Assets	**21,416,196**	**18,810,428**	**40,226,624**
Liabilities and Net Assets			
Liabilities			
Accounts Payable	391,799	79,958	471,757
Retainage Payable	20,999		20,999
Payroll Taxes Deductible	9,700		9,700
Due to Other Governments		650,341	650,341
Accrued Salaries Payable	580,468	38,189	618,657
Accrued Compensated Absences	265,317	31,214	296,531
Accrued Interest Payable		50,753	50,753
Deferred Bond Premium	22,856	20,224	43,080
Accrued Pension Costs		273,917	273,917
Accrued Standpipe Costs		77,987	77,987
Prepaid Taxes	28,939		28,939
Construction Advances		165,000	165,000
Deposits Payable	6,108		6,108
Long-term Liabilities:			
Due Within One Year	326,186	708,273	1,034,459
Due in More Than One Year	1,932,282	7,356,472	9,288,754
Total Liabilities	3,584,654	9,452,328	13,036,982
Net Assets			
Held for Postemployment Benefits	53,532		53,532
Investment in Capital Assets, net of Related Debt	13,001,860	9,417,117	22,418,977
Restricted	57,280		57,280
Unrestricted	4,718,870	(59,017)	4,659,853
Total Net Assets	17,831,542	9,358,100	27,189,642
Total Liabilities and Net Assets	**21,416,196**	**18,810,428**	**40,226,624**

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, 2009

Exhibit B

		Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
Functions/Programs Primary Government	Expenses	Fees, Fines, and Charges for Services	Operating Grants	Governmental Activities	Business-like Activities	Total
Governmental Activities:						
General Government	2,708,618	340,589		(2,368,029)		(2,368,029)
Public Safety	2,360,785	691,948	374,685	(1,294,152)		(1,294,152)
Health and Welfare	107,879			(107,879)		(107,879)
Parks & Recreation	159,348	600	9,344	(149,404)		(149,404)
Island Explorer Shuttle Bus	33,100			(33,100)		(33,100)
Roads and Sanitation	2,168,063	69,316		(2,098,747)		(2,098,747)
Debt Service - Interest	3,276			(3,276)		(3,276)
Assessments	2,741,261			(2,741,261)		(2,741,261)
Capital Outlay	245,544		46,866	(198,678)		(198,678)
Education Programs	3,413,855		117,658	(3,296,197)		(3,296,197)
Administrative Support	1,915,164			(1,915,164)		(1,915,164)
School Lunch	156,952	65,134	38,391	(53,427)		(53,427)
Total Governmental Activities	16,013,845	1,167,587	586,944	(14,259,314)		(14,259,314)
Business-type Activities:						
Wastewater	(1,770,825)	1,922,791			151,966	151,966
Water	(1,266,135)	1,227,610			(38,525)	(38,525)
Total Business-type Activities	(3,036,960)	3,150,401			113,441	113,441
Total Primary Government	12,976,885	4,317,988	586,944	(14,259,314)	113,441	(14,145,873)
General Revenues:						
Taxes						
Property				12,475,527		12,475,527
Auto and Boat Excise				840,457		840,457
Intergovernmental Revenues				1,207,729		1,207,729
Other Local Sources				469,071	43,226	512,297
Gain/(Loss) on Disposal of Assets				(25,585)	1,156	(24,429)
Total Revenues, Special Items and Transfers				14,967,199	44,382	15,011,581
Changes in Net Assets				707,885	157,823	865,708
Net Assets - Beginning				17,123,657	9,200,277	26,323,934
Net Assets - Ending				17,831,542	9,358,100	27,189,642

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

TOWN OF BAR HARBOR
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2009

Exhibit C
Page 1 of 2

Assets	*General Fund*	*CIP Fund*	*School Fund*	*Other Governmental Funds*	*Total Governmental Funds*
Cash and Equivalents	2,544,603		9,659	703	2,554,965
Investments	2,161,830			10,691	2,172,521
Receivables					
Taxes	36,725				36,725
Tax Liens	512,122				512,122
Accounts	5,849		5,276		11,125
Ambulance Fees	83,377				83,377
Accrued Interest	20,352				20,352
Prepaid Expense	18,247				18,247
Inventory	13,455		3,158		16,613
Due from Other Governments	650,341		7,931	71,549	729,821
Due from Other Funds	63,138	2,235,448	1,256,335	3,932	3,558,853
Total Assets	**6,110,039**	**2,235,448**	**1,282,359**	**86,875**	**9,714,721**
Liabilities and Net Assets					
Liabilities					
Accounts Payable	236,188	121,884	25,316	8,411	391,799
Retainage Payable		20,999			20,999
Payroll Taxes/Deductions	9,700				9,700
Accrued Salaries Payable	170,673		409,795		580,468
Accrued Compensated Absences	221,468				221,468
Deferred Revenue					
Property Tax	465,070				465,070
Acadia Nat'l Park Payment in Lieu of Taxes	16,132				16,132
Other	200				200
Prepaid Taxes	28,939				28,939
Bond Purchase Premium	22,856				22,856
Due to Other Funds	3,161,523		334,192	63,138	3,558,853
Deposits Payable	6,108				6,108
Total Liabilities	4,338,857	142,883	769,303	71,549	5,322,592
Fund Balances					
Reserved For:					
Encumbrances	45,497				45,497
Endowments				8,625	8,625
Inventory			3,158		3,158
Unreserved					
Designated for Working Capital	1,488,000				1,488,000
Designated for Subsequent Years' Expenditures		1,993,923	326,297	6,701	2,326,921
Undesignated	237,685	98,642	183,601		519,928
Total Fund Balances	1,771,182	2,092,565	513,056	15,326	4,392,129
Total Liabilities and Fund Balances	**6,110,039**	**2,235,448**	**1,282,359**	**86,875**	**9,714,721**

(Continued)

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

Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Total Fund Balance	4,392,129
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of $16,107,243	15,260,328
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds:	
Deferred Revenues	481,402
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Bonds Payable	(2,220,435)
Accrued Compensated Absences - School Department	(43,849)
Capital Leases Payable	(38,033)
	(2,302,317)
Net Assets of Governmental Activities	17,831,542

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

TOWN OF BAR HARBOR
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	General Fund	*CIP Fund*	*School Fund*	*Other Governmental Funds*	*Total Governmental Funds*
Revenues					
Taxes	13,184,702				13,184,702
Intergovernmental Revenues	505,002	16,866	881,173	384,030	1,787,071
Departmental Revenues	1,097,442				1,097,442
Other Local Sources	293,340	140,526	69,722	65,627	569,215
Total Revenues	15,080,486	157,392	950,895	449,657	16,638,430
Expenditures					
General Government	2,559,855				2,559,855
Public Safety	2,050,248			443,340	2,493,588
Health and Welfare	102,162				102,162
Parks and Recreation	218,151				218,151
Island Explorer Shuttle Bus	33,100				33,100
Roads and Sanitation	1,693,061				1,693,061
Debt	39,708				39,708
Assessments	2,741,261				2,741,261
Capital Outlay		1,857,484			1,857,484
Education Programs			3,402,757		3,402,757
Administrative Support			1,802,124		1,802,124
School Lunch			156,952		156,952
Total Expenditures	9,437,546	1,857,484	5,361,833	443,340	17,100,203
Excess of Revenues Over (Under) Expenditures	5,642,940	(1,700,092)	(4,410,938)	6,317	(461,773)
Other Financing Sources (Uses)					
Lease Proceeds					-
Transfers from Other Funds	5,115	1,498,669	4,498,591	-	6,002,375
Transfers to Other Funds	(5,941,447)	-	(55,813)	(5,115)	(6,002,375)
Total Other Financing Sources (Uses)	(5,936,332)	1,498,669	4,442,778	(5,115)	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(293,392)	(201,423)	31,840	1,202	(461,773)
Fund Balance - July 1	2,064,574	2,293,988	481,216	14,124	4,853,902
Fund Balance - June 30	**1,771,182**	**2,092,565**	**513,056**	**15,326**	**4,392,129**

(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 OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

Net change in fund balances - total governmental funds	(461,773)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital asset purchases capitalized	1,825,036
Disposal of Assets	(25,585)
Depreciation expense	(1,074,689)
	724,762
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Deferred Revenues	(22,397)
Deferred Taxes	131,282
Bond proceeds proved current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:	
Capital lease obligation principal payments	12,471
General obligation bond principal payments	335,888
	348,359
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	(12,348)
Change in net assets of governmental activities	707,885

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

TOWN OF BAR HARBOR *Exhibit E*

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

JUNE 30, 2009

Assets	*Wastewater Enterprise*	*Water Enterprise*	*Total*
Current Assets:			
Cash and Equivalents	547,067	3,955	551,022
Investments	199,894		199,894
Receivables			
User Fees, net	411,005	6,231	417,236
Liens Receivable	24,865		24,865
Accounts	16,433	12,633	29,066
Accrued Interest	4,010		4,010
Inventory	19,970	76,033	96,003
Due From Other Funds	45		45
Prepaid Expenses		6,470	6,470
Total Current Assets	1,223,289	105,322	1,328,611
Noncurrent Assets:			
Capital Assets, net	11,788,940	5,606,977	17,395,917
Bond Issuance Costs, net	53,627	32,318	85,945
Total Noncurrent Assets	11,842,567	5,639,295	17,481,862
Total Assets	**13,065,856**	**5,744,617**	**18,810,473**
Liabilities and Fund Equity			
Liabilities			
Accounts Payable	44,712	35,246	79,958
Accrued Salaries and Benefits	24,403	13,786	38,189
Accrued Interest Payable	35,857	14,896	50,753
Due to Other Governments	58,500	591,841	650,341
Due to Other Funds		45	45
Compensated Absences Payable	20,853	10,361	31,214
Bonds and Notes Payable	508,912	199,361	708,273
Total Current Liabilities	693,237	865,536	1,558,773
Noncurrent Liabilities:			
Deferred Bond Premium		20,224	20,224
Construction Advances		165,000	165,000
Accrued Pension Costs		273,917	273,917
Accrued Standpipe Costs		77,987	77,987
Bonds and Notes Payable	4,174,822	3,181,650	7,356,472
Total Noncurrent Liabilities	4,174,822	3,718,778	7,893,600
Total Liabilities	4,868,059	4,584,314	9,452,373
Net Assets			
Invested in Capital Assets, net of related debt	7,158,833	2,258,284	9,417,117
Retained Earnings			
Reserved	965,249	199,361	1,164,610
Unreserved - Undesignated	73,715	(1,297,342)	(1,223,627)
Total Net Assets	8,197,797	1,160,303	9,358,100
Total Liabilities and Net Assets	**13,065,856**	**5,744,617**	**18,810,473**

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

TOWN OF BAR HARBOR ***Exhibit F***
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Proprietary Fund Types		
	Wastewater Enterprise	***Water Enterprise***	***Total***
Operating Revenues:			
Charges for Services	1,144,645	1,225,589	2,370,234
Capital Charge	761,020		761,020
Interest - Late Penalties	17,126	2,021	19,147
Total Operating Revenues:	1,922,791	1,227,610	3,150,401
Operating Expenditures:			
Salaries and Benefits	514,133	472,521	986,654
Contracted Services	165,444	124,430	289,874
Utilities & Commodities	220,704	57,145	277,849
Repairs & Maintenance	96,500	134,815	231,315
Equipment	5,211	9,995	15,206
Other Expenses	37,366	30,634	68,000
Depreciation and Amortization	491,930	193,425	685,355
Materials and Supplies	82,430	85,558	167,988
Total Operating Expenditures	1,613,718	1,108,523	2,722,241
Net Operating Income	309,073	119,087	428,160
Nonoperating Revenues (Expenses)			
Interest Revenue	15,169	210	15,379
Nonutility Income, net of expense		27,847	27,847
Gain/(Loss) on Disposal of Asset		1,156	1,156
Interest Expense	(157,107)	(157,612)	(314,719)
Total Nonoperating Revenue (Expenses)	(141,938)	(128,399)	(270,337)
Change in Net Assets	167,135	(9,312)	157,823
Total Net Assets - Beginning	8,030,662	1,169,615	9,200,277
Total Net Assets - Ending	**8,197,797**	**1,160,303**	**9,358,100**

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

TOWN OF BAR HARBOR ***Exhibit G***

COMBINED STATEMENT OF CASH FLOWS

ALL PROPRIETARY FUND TYPES

FOR THE YEAR ENDED JUNE 30, 2009

	Proprietary Fund Types		
	Wastewater Enterprise	*Water Enterprise*	*Total*
Cash Flows from Operating Activities			
Received from Customers	1,922,791	1,227,610	3,150,401
Payments to Suppliers	(570,289)	(411,943)	(982,232)
Payments to Employees	(514,133)	(472,521)	(986,654)
Other Receipts (Payments)	(37,366)	(1,631)	(38,997)
Net Cash Provided by (Used in) Operating Activities	801,003	341,515	1,142,518
Cash Flows from Capital and Related Financing Activities			
Purchases of Capital Assets	(152,276)	(215,610)	(367,886)
Capital Contributions	123,518	19,635	143,153
Principal Paid on Capital Debt	(475,279)	(193,465)	(668,744)
Interest Paid on Capital Debt	(123,215)	(148,102)	(271,317)
Net Cash Used in Capital and Related Financing Activities	(627,252)	(537,542)	(1,164,794)
Cash Flows from Investing Activities			
Purchase of Investments	(80,534)	189,143	108,609
Interest and Dividends	15,169	210	15,379
Net Cash Provided by (Used in) Investing Activities	(65,365)	189,353	123,988
Net Increase (Decrease) in Cash and Cash Equivalents	108,386	(6,674)	101,712
Balances - beginning of the year	438,681	10,629	449,310
Balances - end of the year	547,067	3,955	551,022
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Net Operating Income (Loss)	309,073	119,087	428,160
Adjustment to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:	(54,018)	(189,934)	(243,952)
Depreciation and Amortization	491,930	193,425	685,355
(Increase) Decrease in Accounts Receivable	11,049	(11,658)	(609)
(Increase) Decrease in Due To/From Other Funds	(45)		(45)
(Increase) Decrease in Inventory	(3,191)	14,382	11,191
(Increase) Decrease in Prepaid Expense		2,086	2,086
Increase (Decrease) in Accrued Wages Payable	9,919	1,621	11,540
Increase (Decrease) in Accrued Interest Payable	(3,697)	(696)	(4,393)
Increase (Decrease) in Deferred Revenue		(1,618)	(1,618)
Increase (Decrease) in Accrued Standpipe Costs		12,500	12,500
Increase (Decrease) in Accrued Pension Costs		67,488	67,488
Increase (Decrease) in Compensated Absences Payable	1,183	(677)	506
Increase (Decrease) in Due to Other Governments	44,693	231,164	275,857
Increase (Decrease) in Accounts Payable	9,039	(87,798)	(78,759)
Increase (Decrease) in Retainage Payable	(14,932)	(7,857)	(22,789)
Net Cash Provided by (Used in) Operating Activities	801,003	341,515	1,142,518

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

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 Union #98. 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.

In June 1999, GASB issued Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments". This statement, known as the "Reporting Model" statement affects the way the Town prepares financial information. State and local governments traditionally have used a financial reporting model substantially different from the one used to prepare private-sector financial reports.

GASB Statement No. 34 established new requirements and a new reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions and includes:

Management's Discussion and Analysis
GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is similar to analysis the private sector provides in their annual reports.

Government-wide Financial Statements
The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable) but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt). The Town has recorded historical infrastructure assets in governmental activities and, accordingly, has recorded depreciation expense on those assets. The Town has recorded these effective June 30, 2006. Accrual accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Financial Reporting Entity (continued)

Statement of Net Assets

The Statement of Net Assets is designed to display the financial position of the primary government (government and business-type activities). Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Assets and report depreciation expense – the cost of "using up" capital assets – in the Statement of Activities. The net assets of a government will be broken down into three categories – 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

Statement of Program Activities

The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for example, through user charges or intergovernmental grants).

Budgetary Comparison Schedules

Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. The Town and many other governments may revise their original budgets over the course of the year for a variety of reasons. Under GASB No. 34, governments continue to provide budgetary comparison information in their annual reports. GASB Statement No. 34 requires that the Town add the original budget to the current comparison of the final budget and actual results.

B. Fund Accounting

The accounts of the government are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and 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 is maintained consistent with legal and managerial requirements.

Funds are classified into the following categories: governmental, proprietary, and fiduciary.

Governmental funds are used to account for all or most of the Town's general activities, including the collection and disbursement of earmarked monies (special revenue funds) and the servicing of general long-term debt (debt service fund). The General Fund is used to account for all activities of the general government not accounted in some other fund.

Proprietary funds are established to account for activities for which a fee is charged to external or internal users for goods or services. Their reporting focuses on the determination of operating income and changes in net assets. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other agencies primarily within the Town (internal service funds).

Fiduciary funds are used to account for assets held in a trustee or agency capacity for others and therefore cannot be used to support the Town's own programs.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. The effect of material interfund activity has been eliminated 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, segment, or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or withdraw directly from goods, services, or privileges provided by a given function or segment and 2) grants and standard revenues 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.

The Town reports the following major governmental funds:

The general fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The CIP funds account for all the Town and School Departments major capital projects.

The School Department accounts for the activities of the school operations.

The Town reports the following major proprietary funds:

The wastewater fund accounts for the activities of the wastewater operations. The Town operates the wastewater collection system and related administrative costs.

The water fund accounts for the activities of the water operations. The Town operates the water collection system and related administrative costs.

Additionally, the Town reports the following fund types:

Permanent funds account for monies held in trust by the Town, the investment earnings from which may only be used for the operation of the program.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e. intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recognized as soon as 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. 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 the fund liability is incurred. However, debt service expenditures (if any) are recorded only when payment is due.

Property taxes, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports deferred revenue on its governmental fund financial statements. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Town before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both the revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and the revenue is recognized.

E. Assets, Liabilities and Equity

1. Deposits and Investments

Governmental Accounting Standards Statement No. 40 requires the disclosure of interest rate risk, credit risk, and custodial risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town invests in short term repurchase obligations and short term investments held by a local banking institution. As a means of limiting its exposure credit risk, the Town limits its investments to those authorized by Maine State Statutes, which authorize the Town to make deposits/investments in insured commercial banks, insured credit unions, and direct debt securities of the United States Government unless such an investment is expressly prohibited by law. For an investment, custodial risk is the risk that in the event of the failure of the counter party the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As a means of limiting its exposure to custodial risk, the Town requires that, at the time funds are invested, collateral for repurchase agreements be held in the Town's name by a custodial agent for the term of the agreement and investments in obligations of the United States or its agencies be held by the Federal Reserve.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (continued)

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 deferred revenue. At June 30, $465,070 has been so classified and reported on the general fund balance sheet.

Property taxes were levied on July 24, 2008 on property values assessed on April 1. Taxes were due in two installments due on September 30 and March 31, with interest at 11.0% 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 market 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:

Assets	*Years*
Buildings	20-40
Infrastructure	18-77
Equipment	3-20

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities and Equity (Continued)

5. Compensated Absences

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

6. 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.

7. Fund Equity/Net Assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose.

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 State Retirement System. 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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (continued)

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.

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Cash and Equivalents

At year-end, the government's carrying amount of deposits was $3,105,987 and the bank balance was $3,398,850. The bank balance is categorized according to credit risk as follows:

Category 1 - Insured by Federal depository or credit union insurance.

Category 2 - Collateralized with securities held by the pledging financial institution's trust Department or agent in the Town's name.

Category 3 - Uninsured and uncollateralized.

	Bank Balance	***Category 1***	***2***	***3***
Cash and Equivalents	3,398,850	3,398,850	-	-

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

B. Investments

Investments made by the Town are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk into three categories as follows:

Category 1 - Insured or registered, or securities held by the government or its agent in the government's name.
Category 2 - Uninsured and unregistered, with securities held by the counter party's trust department or agent in the government's name.
Category 3 - Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the government's name.

	Category 2	*Fair Value*	*Cost*
Fixed Income	2,372,415	2,372,415	2,353,010
Total	2,372,415	2,372,415	2,353,010

C. Property Taxes

Property taxes were levied for the fiscal year as follows:

Assessed Value		1,395,468,390
Tax Rate (per $1,000)		8.88
Commitment		12,391,759
Appropriations		15,829,992
Less:		
State Municipal Revenue Sharing	277,133	
Estimated Revenues	3,107,107	
BETE Reimbursement	198	
Homestead Reimbursement	53,795	
		3,438,233
Net Assessment for Commitment		12,391,759

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

C. Property Taxes (continued)

Uncollected real estate taxes at June 30 for the current year commitment totaled $418,388, which represents tax collection of approximately 96.62% of the current year commitment. Unpaid liens at June 30 totaled $512,122.

D. Interfund Receivables and Payables

Individual fund interfund receivable and payable balances at June 30, 2009 were as follows:

Special Revenue Funds		
Dog Control Fund	2,095	
Eel Grass Grant		409
Scenic Byways Grant		2,500
Playground Fund	1,837	
Homeland Security Grant		53,385
Canopy Grant		6,844
School Operating	930,209	326,448
School Food Service		7,744
School Federal/State Projects		
School Reserves	320,520	
School Grants	3,710	
School Donations	1,896	
Trust Funds		
Capital Project Funds	2,235,448	
Totals	3,558,853	3,558,853

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. On the Governmental Fund financial statements, the payables are classified as Due to Other Funds with offsetting receivables on the Governmental Fund financial statements classified as Due from Other Funds. $78,325 of the above balance is expected to be repaid during the next year. The remainder represents appropriations for future projects and will be repaid upon need of the funds for those projects.

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

E. Capital Assets (Includes School)

Capital asset activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	*Increases*	*Decreases*	*Ending Balance*
Governmental Activities;				
Capital assets not begin depreciated				
Land	1,899,514			1,899,514
Capital assets being depreciated				
Buildings	7,097,865	159,344	(1,400)	7,255,809
Equipment	4,546,020	917,764	(222,482)	5,241,302
Infrastructure	16,173,110	526,380	(77,475)	16,622,015
Construction Work in Progress	127,381	266,394	(44,844)	348,931
Total capital assets being depreciated	27,944,376	1,869,882	(346,201)	29,468,057
Less accumulated depreciation for				
Buildings	2,395,780	166,410	(1,400)	2,560,790
Equipment	2,477,037	399,343	(198,762)	2,677,618
Infrastructure	10,435,507	508,938	(75,610)	10,868,835
Total accumulated depreciation	15,308,324	1,074,691	(275,772)	16,107,243
Net capital assets being depreciated	12,636,052	795,191	(70,429)	13,360,814
Governmental Activities Capital Assets, net	14,535,566	795,191	(70,429)	15,260,328

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

E. Capital Assets

	Beginning Balance	*Increases*	*Decreases*	*Ending Balance*
Business-type Activities;				
Capital assets not being depreciated				
Land	164,793			164,793
Capital assets being depreciated				
Water Fund	7,720,319	215,610	(45,405)	7,890,524
Wastewater Fund	18,021,739	159,472	(31,720)	18,149,491
Total capital assets being depreciated	25,742,058	375,082	(77,125)	26,040,015
Less accumulated depreciation for				
Water Fund	2,279,349	190,067	(45,326)	2,424,090
Wastewater Fund	5,928,400	485,621	(29,220)	6,384,801
Total accumulated depreciation	8,207,749	675,688	(74,546)	8,808,891
Net capital assets being depreciated	17,534,309	(300,606)	(2,579)	17,231,124
Business-type Activities Capital Assets, net	17,699,102	(300,606)	(2,579)	17,395,917

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

Governmental Activities:	
General Government	158,415
Public Safety	200,330
Health and Welfare	5,717
Parks and Recreation	39,178
Roads and Sanitation, including infrastructure	559,259
Education Administrative Support	111,790
Total Depreciation Expense - Governmental Activities	1,074,689

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

F. Capital Leases

The Town is obligated under certain leases accounted for as capital leases. The related obligations are accounted for in General Long-Term Debt Account Group. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30:

Year-ended June 30,	*Minimum Lease Payment*
2010	14,565
2011	9,035
2013	9,035
2014	9,034
Total Minimum Lease Payments	41,669
Less: Amount Representing Interest	(3,636)
Present Value of Future Minimum Lease Payments	38,033

G. Long-Term Debt

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

Purpose	*Maturity Date*	*Interest Rate*	*Amount*
General Obligation			
1988 Public Improvement Bonds	11/1/2010	5.00-7.85%	23,577
1990 School/Septic Dump Bonds	6/1/2010	6.50-9.00%	18,946
1992 School Project Bonds	6/1/2012	5.7-6.5%	345,000
2004 Municipal Renovations	11/1/2013	3.62%	148,132
2004 School Heating	11/1/2024	4.57%	694,780
2004 School Renovations	11/1/2013	0.00%	350,000
2005 Hulls Cove Wastewater	11/1/2013	3.00%	640,000
			2,220,435

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

G. Long-Term Debt (Continued)

1. General Obligation Bonds and Notes. (Continued)

	Maturity Date	*Interest Rate*	*Amount*
Proprietary			
1988 Wastewater Improvement Bonds	11/1/2010	5.00-7.85%	29,802
1990 Dewatering / Browning Point	6/1/2010	6.5-9.00%	11,054
1992 Wastewater Project Bonds	6/1/2012	5.7-6.50%	180,000
1997 Wastewater Plant	10/1/2017	3.00%	3,692,878
2001 Wastewater Improvement Bond	4/1/2011	2.00%	55,000
2005 Hulls Cove Wastewater Plant	11/1/2013	3.00%	715,000
2001 Water Acquisition Bond	12/1/2021	4.540%	2,855,000
2002 Water Tank Purchase	10/1/2021	2.673%	526,011
			8,064,745
Total Debt			10,285,180

Annual debt service requirements to maturity for general obligation bonds and notes including interest of $2,466,728 are as follows:

Year Ended June 30,	*General Obligation Debt*	*Proprietary*	*Total*
2010	399,648	988,464	1,388,112
2011	369,376	973,650	1,343,026
2012	347,344	927,678	1,275,022
2013	223,458	864,726	1,088,184
2014	222,443	864,954	1,087,397
2015-2019	572,046	3,842,513	4,414,559
2020-2024	538,468	1,301,266	1,839,734
2025-2028	103,598	212,276	315,874
Total	2,776,381	9,975,527	12,751,908

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

G. Long-Term Debt (Continued)

2. Changes in Long-Term Liabilities

The following summary of long-term debt transactions of the Town of Bar Harbor for the fiscal year ended June 30, 2009:

	General Obligation Debt	*Proprietary*	*Total*
Long-term Debt payable July 1, 2008	2,556,323	8,758,489	11,314,812
Debt Issued			-
Debt Retired	(335,888)	(693,744)	(1,029,632)
Long-term Debt payable June 30, 2009	2,220,435	8,064,745	10,285,180

3. Debt Authorized - Unissued

The Town was authorized to issue general obligation securities not to exceed $1,000,000 to assist in the financing of infrastructure costs for Northeast Creek, an affordable housing project. As of June 30 2009, this has not been issued:

Per Referendum Vote of:	*Purpose*	*Unissued Amount*
June 12, 2007	Northeast Creek	$1,000,000
June 2, 2009	Capital Improvements and Water Construction	$5,140,947

H. Contributed Capital

Changes in net contributed capital for the year-ended June 30, 2009 for the government's Proprietary Funds were as follows:

	Wastewater	**Water**
Balance - Beginning of Year	3,041,560	137,247
Additions:		19,635
Deductions:		
Retirements		
Depreciation Provided by Contributed Capital	(123,518)	(7,502)
Balance - End of Year	2,918,042	149,380

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:

Purpose	*Nonexpendable*	*Expendable*
Cemetery Care	2,137	229
Scholarships	6,488	2,540
Total	8,625	2,769

C. Pension Plans

Plan Description

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

The ICMA 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.

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.

The Town participates in the Maine Public Employees Retirement System Consolidated Plan for Participating Districts (Consolidated Plan), and the Maine Public Employees Retirement System's Teacher Plan, both which are cost sharing multiple-employer defined benefit pension plans. The Maine Public Employees Retirement System (System) is a body corporate and politic and an incorporated public instrumentality of the State. Under Title 5 M.R.S.A. the System is the administrator of retirement and disability benefits, annual cost-of-living

NOTE 4 - OTHER INFORMATION (Continued)

C. Pension Plans

Plan Description (Continued)

adjustments, and death benefits to plan members and beneficiaries. 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, Two Central Plaza, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

Funding Policy

Under the ICMA plan, covered employees contribute a percentage of their salary to the plan with the Town contributing 6.5% to 9.5%. The Town's costs for the fiscal years ended June 30 2007, 2008 and 2009 were $113,817, $124,777 and $107,582 respectively.

Maine Public Employees Retirement System Consolidated Plan members are required to contribute 6.5% to 7.5% of their annual covered salary and the Town is required to contribute an actuarially determined rate. The current rate is 2.8% to 3.5% of annual covered payroll, plus a monthly contribution of $1,304. The contribution requirements of plan members and the Town are established by the Maine Public Employees Retirement System Board of Trustees. The Town's contributions to the Consolidated Plan for the years ended June 30, 2007, 2008 and 2009, were $51,256, $57,414 and $62,162 respectively, which were paid in full each year.

Consolidated Plan members are required to contribute 6.5% of their annual covered salary and the School Department is required to contribute an actuarially determined rate. The current rate is 2.8% of annual covered payroll, plus a monthly payment for all covered employees of $156. The contribution requirements of plan members and the School Department are established by the Maine Public Employees Retirement System Board of Trustees. The School Department's contributions to the Consolidated Plan for the years ended June 30, 2007, 2008 and 2009 were $5,727, $5,991 and $6,144 respectively, which were paid in full each year.

Teachers and other qualified employees are required to contribute 7.65% of their compensation to the Teacher Plan. The State Department of Education is required to contribute the employer contribution, which amounted to 18.76% of the annual covered salary for fiscal year 2009. The State's cost for 2009 was approximately $509,958. There is no contribution required by the Town except for federally funded teachers for which the Town contributed 18.76% of their compensation. This cost amounted to $14,734 for 2009 and is chargeable to the applicable grants.

D. Bar Harbor Water Company Pension Plan

Prior to its acquisition by the Town, the employees of the Bar Harbor Water Company were covered by the Bar Harbor Water Company Retirement Plan for Employees, a defined benefit pension plan. Contributions were actuarially determined and made by the employer. Employees did not make contributions.

The plan was amended by the Town Council to discontinue the accrual of any additional benefits after December 31, 2001, and effective January 1, 2002, the Town of Bar Harbor became the successor sponsor.

NOTE 4 - OTHER INFORMATION (Continued)

D. Bar Harbor Water Company Pension Plan (Continued)

Based on the latest actuarial valuation as of January 1, 2009, the accrued liability of the plan was $382,482. The value of assets available for funding totaled $108,565, leaving an unfunded liability of $273,917. The total unfunded liability has been recorded as a liability at June 30, 2009 of the Bar Harbor Water Division enterprise fund.

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.

Workers' Compensation - MMA's workers' compensation self-insured trust retains $400,000 of risk and purchases excess insurance for claims which exceed $400,000 up to a maximum coverage of $2,000,000. All participants are jointly and severally liable; therefore, if collected claims exceed collective contributions the trust has a right to assess additional contributions to its members.

Property and Casualty - MMA's Self-Funded Risk Management Pool (Pool) was created to establish and administer a risk management service and to bring about prevention or lessening of casualty and property losses to member towns. The town pays an annual premium to the Pool for various coverage and services. The Pool retains loss of property risk which exceeds $1,000 up to a maximum coverage of $100,000 and purchases an additional $200,000,000 per occurrence. The Pool retains the first $100,000 liability coverage per occurrence and purchases excess insurance for claims which exceed $100,000 up to a maximum of $1,000,000 per occurrence and $5,000,000 aggregate annual coverage, and crime coverage which exceeds $1,000 up to a maximum coverage of $250,000.

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, 2009.

F. Postemployment Benefits

The Town participates in the Maine Municipal Employees Health Trust for purposes of employee health benefits. Premiums paid for active employees contain an imputed subsidy for the benefit of retired employees. In accordance with Governmental Accounting Standards Board (GASB) Statement number 45, the Town is required to disclose the Actuarial accrued liability and Annual Required Contribution (ARC) for the fiscal year ended June 30, 2009. These amounts are actuarially determined in accordance with the parameters of GASB Statement number 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The ARC is recorded as an expense on the government-wide financial statements. The Actuarial accrued liability at June 30, 2009 is as follows:

Active Employees	$290,689
Retirees and Spouses	$233,517
Total	$524,206

TOWN OF BAR HARBOR **_Exhibit H_**

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	*Final Budget*	*Actual*	*Variance Favorable (Unfavorable)*
Revenues				
Taxes	13,300,828	13,300,828	13,184,702	(116,126)
Intergovernmental Revenues	446,497	446,497	505,002	58,505
Departmental Revenues	1,363,150	1,363,150	1,097,442	(265,708)
Other Local Sources	310,592	310,592	293,340	(17,252)
Total Revenues	15,421,067	15,421,067	15,080,486	(340,581)
Expenditures				
General Government	2,618,093	2,592,858	2,556,234	36,624
Public Safety	2,039,146	2,063,381	2,053,303	10,078
Health and Welfare	102,959	103,959	105,990	(2,031)
Parks and Recreation	219,917	219,917	220,971	(1,054)
Island Explorer Shuttle Bus	33,100	33,100	33,100	-
Roads and Sanitation	1,654,899	1,719,899	1,695,461	24,438
Debt	40,186	40,186	39,708	478
Assessments	2,775,124	2,775,124	2,741,261	33,863
Total Expenditures	9,483,424	9,548,424	9,446,028	102,396
Excess Revenues Over Expenditures	5,937,643	5,872,643	5,634,458	(238,185)
Other Financing Sources				
Transfers from Other Funds	3,804	3,804	5,115	1,311
Transfers to Other Funds	(5,941,447)	(5,941,447)	(5,941,447)	-
Total Other Financing Sources	(5,937,643)	(5,937,643)	(5,936,332)	1,311
Net Change in Fund Balance	-	(65,000)	(301,874)	(236,874)
Decrease in Designated for Working Capital			(18,000)	
Beginning Fund Balances - Budgetary Basis			557,559	
Ending Fund Balances - Budgetary Basis			237,685	
Adjustments to Conform to GAAP:				
Elimination of Encumbrances			45,497	
Ending Fund Balances - GAAP Basis			283,182	

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2009

	Estimated	*Actual*	*Over(Under) Budget*
Taxes			
Property	12,391,759	12,267,358	(124,401)
Auto Excise	853,010	830,876	(22,134)
Boat Excise	10,756	9,581	(1,175)
Interest/Fees on Taxes	45,303	76,887	31,584
	13,300,828	13,184,702	(116,126)
Intergovernmental Revenues			
State of Maine			
Municipal Revenue Sharing	277,133	266,510	(10,623)
General Assistance	524	1,481	957
Urban Rural Initiative Program	70,040	66,638	(3,402)
Tree Growth	4,929	3,380	(1,549)
Veterans Reimbursement	1,189	1,262	73
Homestead Reimbursement	53,795	53,865	70
BETE Reimbursement	198	200	2
State MEMA Grant	1		(1)
Federal			
Bullet Proof Vest Grant		1,041	1,041
Acadia National Park - PILT	38,688	110,625	71,937
	446,497	505,002	58,505
Departmental Revenues			
Ambulance/Fire			
Ambulance Service	440,995	387,505	(53,490)
Police			
Police Detail	34,278	41,644	7,366
Parking Tickets	32,589	23,022	(9,567)
All Other	7,877	11,231	3,354
Planning / Code			
Building Permits	175,534	75,037	(100,497)
Plumbing Permits	36,278	15,494	(20,784)
Electrical Inspections	31,980	11,546	(20,434)
Vacation Rental Permits	7,440	7,232	(208)
Plan Board/Subdivision & Rezoning	25,223	7,691	(17,532)
Site Plan Review	17,686	8,170	(9,516)
All Other	21,050	12,197	(8,853)
Harbor Fees			
Cruise Ships	168,629	159,230	(9,399)
Docking	63,356	48,620	(14,736)
Moorings	6,404	5,420	(984)
All Other	12,931	10,265	(2,666)
Solid Waste			
Sale of Recyclables	69,287	59,361	(9,926)
All Other	2,276	1,275	(1,001)
Public Works			
All Other	7,102	8,680	1,578
Parks and Recreation			
Park and Recreation Fees	580	600	20
Finance			
Administrative Services	131,015	131,015	-
Auto Registrations	15,553	16,747	1,194
Boat/RV Registrations/Snowmobile Fees	1,481	1,560	79

	Estimated	*Actual*	*Over(Under) Budget*
Departmental Revenues (Continued)			
Municipal Building Leases	29,227	30,529	1,302
Town Clerk			
Clerk's Fees	16,572	17,916	1,344
All Other	7,807	5,455	(2,352)
	1,363,150	1,097,442	(265,708)
Other Local Sources			
Interest on Investments	137,294	104,365	(32,929)
Kids Corner Lease	3,600	3,725	125
Other Rentals	2,804	2,546	(258)
Jackson Laboratory - PILT	61,800	61,800	-
Housing Authority - PILT	19,596	19,811	215
Other - PILT	10,375	12,472	2,097
Cable TV Franchise	60,000	68,460	8,460
Insurance Dividends	13,343	19,535	6,192
All Other	1,780	626	(1,154)
	310,592	293,340	(17,252)
Operating Transfers In			
Cemetery Income	191	191	-
Dog Control Reserve	1,708	3,149	1,441
Capital Improvements Program			-
Shellfish Conservation	1,905	1,775	(130)
	3,804	5,115	1,311
Total Revenues and Operating Transfers	15,424,871	**15,085,601**	**(339,270)**
Beginning Fund Balance Used	65,000		
Total	**15,489,871**		

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
FOR THE YEAR ENDED JUNE 30, 2009

Exhibit A-2
Page 1 of 2

	Encumbered From 6/30/08	Appropriations	Expenditures Net of Refund	Encumbered to 6/30/10	(Over) Under Budget
General Government					
Town Council		42,488	36,924		5,564
Town Manager		110,375	109,467		908
Town Clerk		104,914	101,940	2,950	24
Finance		294,838	289,014		5,824
Legal Counsel		81,325	117,216		(35,891)
Elections		19,267	17,187		2,080
Technology		102,220	101,134		1,086
Municipal Building		100,924	87,762	5,568	7,594
Town Offices		37,522	32,200		5,322
Employee Benefits		1,055,953	1,041,985		13,968
Insurance		77,075	82,259		(5,184)
Assessing		129,171	130,573		(1,402)
Code Enforcement		59,653	55,087		4,566
Planning	34,585	313,538	259,489	22,446	66,188
27th Pay Period		11,819	32,192		(20,373)
Vacation Accruals		10,568	1,488		9,080
Charter Commissions		100	61		39
Abatements/Discount on Taxes		41,108	63,877		(22,769)
	34,585	2,592,858	2,559,855	30,964	36,624
Public Safety					
Ambulance		349,758	347,119		2,639
Fire Department		613,572	611,032		2,540
Police Department		684,167	681,116	2,385	666
Public Safety Building	2,430	45,078	53,544		(6,036)
Street Lights		80,829	77,759	3,100	(30)
Dispatch		171,572	171,225		347
Harbor Division		118,405	108,453		9,952
	2,430	2,063,381	2,050,248	5,485	10,078
Health and Welfare					
General Assistance		1,049	3,093		(2,044)
Cooperating Agencies		45,523	45,543		(20)
Health Services		-	1,400		(1,400)
Comfort Station		57,387	52,126	3,828	1,433
	-	103,959	102,162	3,828	(2,031)
Parks and Recreation					
Parks & Recreation		206,002	204,649	2,820	(1,467)
Glen Mary Park		13,915	13,502		413
	-	219,917	218,151	2,820	(1,054)

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
FOR THE YEAR ENDED JUNE 30, 2009

	Encumbered From 6/30/08	*Appropriations*	*Expenditures Net of Refund*	*Encumbered to 6/30/10*	*(Over) Under Budget*
Island Explorer Shuttle Bus	-	33,100	33,100	-	-
Roads and Sanitation					
Public Works		143,642	136,524	2,400	4,718
Highway Division		1,029,736	1,005,187		24,549
Solid Waste		546,521	551,350		(4,829)
	-	1,719,899	1,693,061	2,400	24,438
Debt Service					
Principal		36,432	36,432		-
Interest		3,754	3,276		478
	-	40,186	39,708	-	478
Contingency	-	-	-	-	-
Total Appropriations, Expenditures and Encumbrances	37,015	6,773,300	6,696,285	45,497	68,533
Assessments					
Regional School District		2,202,665	2,202,665		-
County Tax		538,596	538,596		-
Overlay		33,863			33,863
	-	2,775,124	2,741,261	-	33,863
Operating Transfers Out					
Capital Improvements Program		1,498,669	1,498,669		
School Department		4,442,778	4,442,778		-
	-	5,941,447	5,941,447	-	-
Totals	**37,015**	**15,489,871**	**15,378,993**	**45,497**	**102,396**

TOWN OF BAR HARBOR ***Exhibit A-3***

GENERAL FUND

STATEMENT OF CHANGES IN UNRESERVED - UNDESIGNATED FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2009

Unreserved - Undesignated Fund Balance, July 1	557,559	
Unreserved - Undesignated Fund Balance, June 30	237,685	
Increase (Decrease)		**(319,874)**

Analysis of Change

Additions		
Budget Summary		
Revenue Surplus (Exhibit A-1)	(339,270)	
Unexpended Balance of Appropriations (Exhibit A-2)	68,533	
Unexpended Balance (Overdraft) of Assessments and Operating Transfers (Exhibit A-2)	33,863	
(Increase) Decrease in Designated for Working Capital	(18,000)	
Budget Surplus		(254,874)
Deductions		
Fund Balance Used to Fund Appropriations		(65,000)
Increase (Decrease)		**(319,874)**

TOWN OF BAR HARBOR
ALL SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2009

Exhibit B-1

Assets	*Town Reserves/ Grants*	*School Department*	*Total*
Cash and Equivalents		9,659	9,659
Accounts Receivable		5,276	5,276
Due from Other Funds	3,932	1,256,335	1,260,267
Due from Other Governments	71,549	7,931	79,480
Inventory		3,158	3,158
Total Assets	**75,481**	**1,282,359**	**1,357,840**
Liabilities & Fund Balances			
Liabilities			
Due to Other Funds	63,138	334,192	397,330
Accounts Payable	8,411	25,316	33,727
Accrued Salaries		409,795	409,795
Total Liabilities	71,549	769,303	840,852
Fund Balances			
Reserved for Inventory		3,158	3,158
Unreserved			
Designated for Subsequent Years' Expenditures	3,932	326,297	330,229
Undesignated		183,601	183,601
Total Fund Balances	3,932	513,056	516,988
Total Liabilities & Fund Balances	**75,481**	**1,282,359**	**1,357,840**

TOWN OF BAR HARBOR *Exhibit B-2*
ALL SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009

	Town Reserves/ Grants	*School Department*	*Total*
Revenues			
Intergovernmental Revenues	384,030	881,173	1,265,203
Lunch Sales		64,002	64,002
Other Local Sources	65,071	5,720	70,791
Total Revenues	449,101	950,895	1,399,996
Expenditures			
Education		3,402,757	3,402,757
Administration	87	1,802,124	1,802,211
Public Works	9,344		9,344
Public Safety	375,686		375,686
Parks and Recreation	58,223		58,223
Lunch Program		156,952	156,952
Total Expenditures	443,340	5,361,833	5,805,173
Excess of Revenues Over (Under) Expenditures	5,761	(4,410,938)	(4,405,177)
Other Financing Sources (Uses)			
Transfers from Other Funds		4,498,591	4,498,591
Transfers to Other Funds	(4,924)	(55,813)	(60,737)
Total Other Financing Sources (Uses)	(4,924)	4,442,778	4,437,854
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	837	31,840	32,677
Fund Balance - July 1	3,095	481,216	484,311
Fund Balance - June 30	**3,932**	**513,056**	**516,988**

TOWN OF BAR HARBOR
TOWN RESERVE/ GRANT FUNDS
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2009

Exhibit B-3

	Balance July 1	*Revenues/ Transfers In*	*Disbursements/ Transfers Out*	*Balance June 30*
Reserve				
Dog Control (1)	2,095	3,236	(3,236)	2,095
Shellfish Conservation (2)		1,775	(1,775)	-
Sub-total	2,095	5,011	(5,011)	2,095
Grant				
Eel Grass Grant (3)	1,000	1,909	(2,909)	-
Scenic Byways Grant (4)		2,500	(2,500)	-
Playground Fund (5)		60,060	(58,223)	1,837
Homeland Security Grant (6)		372,777	(372,777)	-
Canopy Grant (7)		6,844	(6,844)	-
Sub-total	1,000	444,090	(443,253)	1,837
Totals	**3,095**	**449,101**	**(448,264)**	**3,932**

Notes: (1) License Fees $3,236.
Transfers to General Fund - $3,149, Expenditures - $87.
(2) Revenues - Fees $1,775.
Transfer to General Fund - Clam Flat Management, Salaries, $1,775.
(3) Grant Receipts $1,909.
Exp. $2,909
(4) Grant Receipt $2,500.
Exp. $2,500.
(5) Donations, Fundraising $60,060.
Exp. $58,223.
(6) Grant Receipts $372,777
Exp. $372,777
(7) Grant Receipts $6,844
Exp. $6,844

TOWN OF BAR HARBOR
COMBINING BALANCE SHEET
ELEMENTARY SCHOOL DEPARTMENT
JUNE 30, 2009

Exhibit B-4

Assets	*Operating Fund*	*Food Service*	*ESL Grant*	*Emergency Special Education Reserve*	*Emery Grants*	*French Grant*	*Donations*	*Total*
Cash & Equivalents		9,659						9,659
Accounts Receivable	5,276							5,276
Due From Other Funds	930,209		3,501	320,520	93	116	1,896	1,256,335
Due From Other Governments	6,142	1,789						7,931
Inventory		3,158						3,158
Total Assets	**941,627**	**14,606**	**3,501**	**320,520**	**93**	**116**	**1,896**	**1,282,359**
Liabilities & Fund Balances								
Liabilities								
Due to Other Funds	326,448	7,744						334,192
Due to Students		3,533						3,533
Accounts Payable	21,783							21,783
Accrued Salaries	409,795							409,795
Total Liabilities	758,026	11,277	-	-	-	-	-	769,303
Fund Balances (Deficit)								
Reserved for Inventory		3,158						3,158
Unreserved								
Designated for Subsequent Years' Expenditures		171	3,501	320,520	93	116	1,896	326,297
Undesignated	183,601							183,601
Total Fund Balances	183,601	3,329	3,501	320,520	93	116	1,896	513,056
Total Liabilities & Fund Balances	**941,627**	**14,606**	**3,501**	**320,520**	**93**	**116**	**1,896**	**1,282,359**

TOWN OF BAR HARBOR *Exhibit B-5*

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

ELEMENTARY SCHOOL DEPARTMENT

FOR THE YEAR ENDED JUNE 30, 2009

	Operating Fund	*Food Service*	*Federal/ State Projects*	*ESL Grant*	*Emergency Special Education Reserve*	*Emery Grants*	*French Grant*	*Donations*	*Total*
Revenues									
Intergovernmental	690,877	38,391	117,658		34,247				881,173
Local Sources	3,588	1,132						1,000	5,720
Lunch Sales		64,002							64,002
Total Revenues	694,465	103,525	117,658	-	34,247	-	-	1,000	950,895
Expenditures									
Education Programs	3,279,221		118,860			3,799	89	788	3,402,757
Administrative Support	1,802,124								1,802,124
Lunch Program		156,952							156,952
Total Expenditures	5,081,345	156,952	118,860	-	-	3,799	89	788	5,361,833
Excess of Revenues Over (Under) Expenditures	(4,386,880)	(53,427)	(1,202)	-	34,247	(3,799)	(89)	212	(4,410,938)
Other Financing Sources (Uses)									
Lease Proceeds									-
Transfers from Other Funds	4,442,778	55,813							4,498,591
Transfers to Other Funds	(55,813)								(55,813)
Total Other Financing Sources (Uses)	4,386,965	55,813	-	-	-	-	-	-	4,442,778
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	85	2,386	(1,202)	-	34,247	(3,799)	(89)	212	31,840
Fund Balance - July 1	183,516	943	1,202	3,501	286,273	3,892	205	1,684	481,216
Fund Balance (Deficit) - June 30	**183,601**	**3,329**	-	**3,501**	**320,520**	**93**	**116**	**1,896**	**513,056**

TOWN OF BAR HARBOR
CAPITAL IMPROVEMENTS PROGRAM
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2009

Town Projects	*Balance July 1*	*Budget*	*Revenues and Transfers*	*Expenditures*	*Balance (Over) Under*	*Transfers From (To) Unreserved*	*Balance June 30*
Town Clerk							
Computerized Voting Equipment	6,500	671			7,171		7,171
Finance							
Computer Hardware	6,969	2,756			9,725		9,725
Computer Reserve	13,433	12,143			25,576		25,576
Technology							
Copier Equipment	3,554	2,400			5,954		5,954
Wide Format Scanner & GIS Equipment	-	1,500			1,500		1,500
GPS Unit	3,096	1,521			4,617		4,617
Audio Visual Equipment	-				-		-
Map Plotter	1,792	1,791			3,583		3,583
Broadcast Equipment	-	8,030		(6,288)	1,742		1,742
Audio Visual Equipment	-	2,000		(916)	1,084	(1,084)	-
Document Imaging System	7,000	15,000		(16,374)	5,626		5,626
Computer Servers	2,296	3,789			6,085		6,085
Town Office Phone System	1,000	2,962			3,962		3,962
Municipal Building							
Building Renovation	79,262	20,862		(97,412)	2,712		2,712
Masonry/Chimney Repairs	28,173			(28,593)	(420)	420	-
Records Storage	28,910	(20,862)		(8,228)	(180)	180	-
Ventilation System	111,628			(76,393)	35,235		35,235
Code Enforcement							
Permit Mgt. Software-BMSI		1,071			1,071		1,071
Pickup Reserve	326	1,001			1,327		1,327
Assessing							
Property Tax Maps & Revaluation	54,623				54,623		54,623
Assessing Software	4,134	4,134			8,268		8,268
Planning							
Aerial Photography Update	-	11,945		(11,400)	545		545
Downtown Streetscapes	35,040				35,040		35,040
Ambulance							
Ambulance Reserve	-	20,124			20,124		20,124
Defibrillators	9,893	337			10,230		10,230
Jaws of Life	8,853				8,853		8,853
Fire Department							
Fire Engine #2	31,999	6,266			38,265		38,265
Fire Engine #3 Reserve	170,377	70,866		(242,129)	(886)	886	-
Fire Engine #4	107,484	(32,824)			74,660		74,660
Fire Engine #5	48,444	8,763			57,207		57,207
Pickup Truck Replacement	7,825	3,195			11,020		11,020
Thermal Imaging Camera	7,160	4,915			12,075		12,075

TOWN OF BAR HARBOR
CAPITAL IMPROVEMENTS PROGRAM
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2009

Town Projects (Continued)	*Balance July 1*	*Budget*	*Revenues and Transfers*	*Expenditures*	*Balance (Over) Under*	*Transfers From (To) Unreserved*	*Balance June 30*
Police Department							
Cruiser Replacement	-	39,233		(42,960)	(3,727)	3,727	-
Computers & Software	7,000	2,733		(4,339)	5,394		5,394
Radio Base Station & Console	21,035	9,137			30,172		30,172
Speed Trailer & Monitor	1,510	719			2,229		2,229
Public Safety Building							
Phone System Replacement	3,343	1,306			4,649		4,649
Public Safety Bldg. Generator	3,607	667			4,274		4,274
School Shelter Generator	40,500	8,200		(49,154)	(454)	454	-
Building Renovations	-	45,320		(47,980)	(2,660)	2,660	-
Harbor Department							
Harbor Master Boat & Trailer	10,344	2,100			12,444		12,444
New Floats	38,946	(2,021)		(10,324)	26,601		26,601
Gangway Replacement	4,802	1,661			6,463		6,463
Harbor Master's Office	18,327				18,327		18,327
Pier Renovations	29,593	15,901		(45,495)	(1)	1	-
Parks & Recreation							
Albert Meadow-Grant's Park	5,000				5,000		5,000
Mt. Desert Cemetery	66,068			(5,340)	60,728		60,728
Park Equipment	11,877			(11,877)	-		-
Village Green Bandstand	-	10,927			10,927		10,927
Glen Mary Renovations	113,232	60,000		(171,080)	2,152		2,152
Comfort Stations							
New Restrooms Construction	42,255				42,255		42,255
Public Works / Highway							
Land Acquisition & Development	117,629				117,629		117,629
Air Compressor	200	1,000			1,200		1,200
Backhoe Reserve (Cat & Deere)	64,145	14,099		(74,658)	3,586		3,586
Brush Chipper	9,888	1,604			11,492		11,492
Bikeway Construction	3,563				3,563		3,563
Grader Reserve	80,164	5,165			85,329		85,329
Front End Loader Reserve	61,323	9,929			71,252		71,252
Road Improvement Program	-	439,966		(184,276)	255,690	2,176	257,866
Sidewalk Plow	37,477	6,770			44,247		44,247
Sidewalk Reconstruction Program	74,727	155,127		(175,579)	54,275		54,275
Washer, Steam Pressure	8,223	1,277			9,500		9,500
Street Sweeper (Broom)	18,529	7,273			25,802		25,802
Street Sweeper (Vacuum)	57,911	14,111			72,022		72,022
Town Garage Replacement Reserve	195,110				195,110		195,110
Tag Trailer	5,976				5,976		5,976
Water Truck	10,155	4,845			15,000		15,000
Light Truck Purchase	41,237	1,909			43,146		43,146
Plow Truck Reserve	63,191	58,877			122,068		122,068
Bobcat Loader	-	1,250			1,250		1,250
Roller, Vibratory	22,028	1,379			23,407		23,407
Waste Oil Furnace	-	1,262			1,262		1,262

TOWN OF BAR HARBOR
CAPITAL IMPROVEMENTS PROGRAM
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2009

Town Projects (Continued)	*Balance July 1*	*Budget*	*Revenues and Transfers*	*Expenditures*	*Balance (Over) Under*	*Transfers From (To) Unreserved*	*Balance June 30*
Solid Waste Division							
Storage	5,000	375			5,375		5,375
Bailers	3,315	907			4,222		4,222
Glass Crusher	-	807			807	1,970	2,777
Forklifts	8,682	2,583			11,265		11,265
Debt Service							
Building Renovation Bond Payment	-	32,524		(32,524)	-		-
Debt Service - Agamont Park	-	65,830		(65,830)	-		-
Septic Dump Payment	-	8,435		(8,335)	100	(100)	-
Workforce Housing	-	64,752			64,752	(64,752)	-
Town Total	2,085,683	1,252,295	-	(1,417,484)	1,920,494	(53,462)	1,867,032
School Projects							
Heating System Payment	-	13,738		(13,653)	85	(85)	-
Building Addition Payments	-	144,843		(144,843)	-		-
2004 Heating System Payment	-	70,000		(70,000)	-		-
2004 Heating System Payment	-	61,140		(61,140)	-		-
ADA Act Renovations	28,000	-		(15,351)	12,649		12,649
Capital Outlay Reserve	977	728			1,705	23,751	25,456
Furniture & Equipment	8,839	7,500		(12,387)	3,952		3,952
Computers & Technology	8,930	35,000		(35,950)	7,980		7,980
Copier Lease/Purchase	-	8,500		(9,035)	(535)	535	-
Flooring	5,058	10,000		(2,467)	12,591		12,591
Phone System	-	18,000		(17,990)	10	(10)	-
Asbestos Removal	8,160	1,500		(1,850)	7,810		7,810
Pickup Truck Replacement	-	5,530		(5,530)	-		-
Playground Equipment	4,538	-		(5,000)	(462)	462	-
Roof Repairs	11,749	2,000			13,749		13,749
Storage Units	17,000	-		(19,190)	(2,190)	2,190	-
Walk in Freezer	10,146				10,146	(10,146)	-
Connors Windows	12,065				12,065		12,065
Gym Floor Resurface	-	17,000		(9,940)	7,060	(7,060)	-
Door Sills-Emerson	-	25,000		(15,363)	9,637	(9,637)	-
Sewer Lines	-	5,000			5,000		5,000
Safety & Access Control	-	3,500		(311)	3,189		3,189
Indoor Pipe Replacement	19,450	3,000			22,450		22,450
School Total	134,912	431,979	-	(440,000)	126,891	-	126,891
Subtotal	2,220,595	1,684,274	-	(1,857,484)	2,047,385	(53,462)	1,993,923
Unreserved - Undesignated Balance	73,393	(1,684,274)	1,656,061	-	45,180	53,462	98,642
Totals	**2,293,988**	**-**	**1,656,061**	**(1,857,484)**	**2,092,565**	**-**	**2,092,565**

TOWN OF BAR HARBOR
COMBINING BALANCE SHEET
ALL PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

Exhibit D-1

Assets	*Gurnee Scholarship*	*Cemetery Trusts*	*Total*
Cash and Equivalents	557	146	703
Investments	8,471	2,220	10,691
Total Assets	9,028	2,366	11,394
Liabilities & Fund Balances			
Liabilities			
Due to Other Funds			-
Total Liabilities	-	-	-
Fund Balances			
Reserved for Endowments	6,488	2,137	8,625
Unreserved	2,540	229	2,769
Total Fund Balances	9,028	2,366	11,394
Total Liabilities & Fund Balances	9,028	2,366	11,394

TOWN OF BAR HARBOR *Exhibit D-2*

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

ALL PERMANENT FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	Gurnee Scholarship	*Cemetery Trusts*	*Total*
Revenues			
Investment Income	433	123	556
Expenditures			
Scholarships			-
	-	-	-
Excess of Revenues Over Expenditures	433	123	556
Other Financing Sources (Uses)			
Transfers to Other Funds		(191)	(191)
Total Other Financing Sources (Uses)	-	(191)	(191)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	433	(68)	365
Fund Balance - July 1	8,595	2,434	11,029
Fund Balance - June 30	**9,028**	**2,366**	**11,394**

James W. Wadman
Certified Public Accountant

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November 11, 2009

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

We have audited the financial statements of the Bar Harbor School Department for the year ended June 30, 2009.

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

1. The audit has been conducted in accordance with applicable state and federal laws relating to financial and compliance audits.

2. Budgetary controls are in place.

3. The corrected annual financial report submitted to the Department of Education and Cultural Services is materially correct.

4. The Bar Harbor School Department has complied with the applicable provisions of the Maine School Finance Act.

Respectfully Submitted,

James W. Wadman, CPA

James W. Wadman, CPA

295 Main Street • P.O. Box 889 • Ellsworth, Maine 04605