

The University of Maine

DigitalCommons@UMaine

Maine Town Documents

Maine Government Documents

2010

Bar Harbor Maine Audited Annual Financial Report 2010

Bar Harbor, Me.

Follow this and additional works at: <https://digitalcommons.library.umaine.edu/towndocs>

This Financial Report is brought to you for free and open access by DigitalCommons@UMaine. It has been accepted for inclusion in Maine Town Documents by an authorized administrator of DigitalCommons@UMaine. For more information, please contact um.library.technical.services@maine.edu.

TOWN OF BAR HARBOR, MAINE

*FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES
WITH INDEPENDENT AUDITOR'S REPORT*

*FOR THE FISCAL YEAR
ENDED JUNE 30, 2010*

**TOWN OF BAR HARBOR
 FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
 FOR THE YEAR ENDED JUNE 30, 2010**

	TABLE OF CONTENTS	PAGE(S)
	INDEPENDENT AUDITOR'S REPORT	1
	MANAGEMENT'S DISCUSSION AND ANALYSIS	2 - 6
	BASIC FINANCIAL STATEMENTS	
EXHIBIT	GOVERNMENTAL-WIDE FINANCIAL STATEMENTS	
A	Statement of Net Assets	7
B	Statement of Activities	8
	FUND FINANCIAL STATEMENTS	
	Governmental Funds Financial Statements	
C	Balance Sheet - Governmental Funds	9 - 10
D	Combined Statement of Revenues, Expenditures And Changes in Fund Balances - Governmental Funds	11 - 12
	Proprietary Funds Financial Statements	
E	Statement of Net Assets	13
F	Statement of Revenues, Expenses, and Changes in Fund Net Assets	14
G	Statement of Cash Flows	15
	NOTES TO THE FINANCIAL STATEMENTS	16 - 32
	REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS	
H	Budgetary Comparison Schedule	33
	OTHER SUPPLEMENTARY INFORMATION	
	GENERAL FUND	
A-1	Statement of Estimated and Actual Revenues	34 - 35
A-2	Statement of Appropriations, Expenditures, and Encumbrances	36 - 37
A-3	Statement of Changes in Unreserved - Undesignated Fund Balance	38
	SPECIAL REVENUE FUNDS	
B-1	Balance Sheet	39
B-2	Statement of Revenues, Expenditures and Changes in Fund Balances	40
B-3	Schedule of Town Reserve Funds	41
B-4	Balance Sheet - School Department	42
B-5	Statement of Revenues, Expenditures and Changes in Fund Balances - School Department	43
	CAPITAL PROJECT FUNDS	
C-1	Schedule of Activity	44 - 46
	PERMANENT FUNDS	
D-1	Balance Sheet	47
D-2	Statement of Revenues, Expenditures and Changes in Fund Balances	48
	STATE OF MAINE REPORT	
	STATEMENT OF ASSURANCE AND DETERMINATION	49

INDEPENDENT AUDITOR'S REPORT

December 27, 2010

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, 2010, 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, 2010, 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 2-6 and 33, 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

TOWN OF BAR HARBOR, MAINE
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010

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, 2010. 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, 2010 by \$28,552,807 (presented as “net assets”). Of this amount, \$8,334,044 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 \$1,363,165 (a 5.01% increase) for the fiscal year ended June 30, 2010. Net assets of governmental activities increased by \$839,401 (a 4.71% increase), while net assets of business-type activities showed an increase of \$523,764 (a 5.6% increase).

Fund Highlights:

Governmental Funds – Fund Balances – As of the close of the fiscal year ended June 30, 2010, the Town's governmental funds reported a combined ending fund balance of \$7,750,171 with \$696,033 being general undesignated fund balance. This undesignated fund balance represents approximately 7.19% of the total general fund expenditures for the year.

Long-term Debt:

The Town's total long-term debt obligations increased by \$3,278,559 (31.9%) during the current fiscal year. The Town issued a new bond for \$4,300,000 for capital improvements and water construction that was approved by the Town June 2, 2009. The total amount approved was \$5,140,947 leaving \$840,947 remaining in capital construction unissued at June 30, 2010. Existing debt obligations were retired according to schedule.

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 7-8 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 9-12 of this report.

The basic proprietary fund financial statements can be found on pages 13-15 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 16-32 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).

Required supplementary information can be found on page 33 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets

55.56% 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.

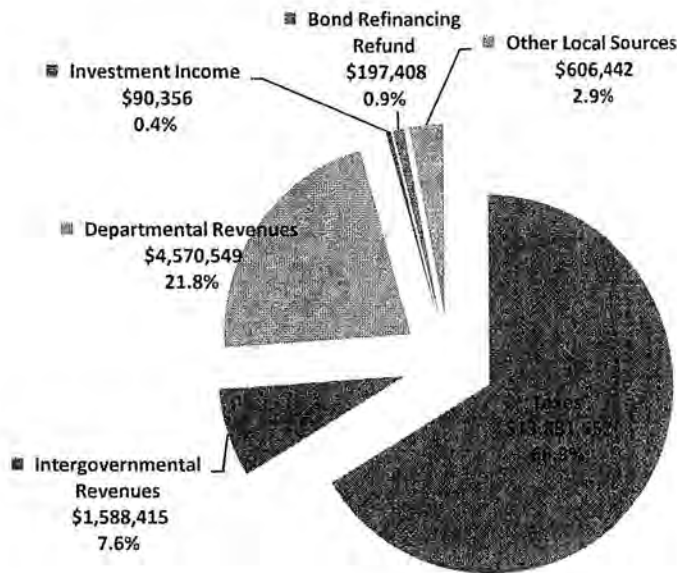
	Governmental Activities	Business-like Activities	Total 2010	Total 2009
Current Assets	9,669,184	1,417,550	11,086,734	7,570,379
Capital Assets	16,004,274	17,555,633	33,559,907	32,656,245
Total Assets	25,673,458	18,973,183	44,646,641	40,226,624
Current Liabilities	1,859,616	1,991,600	3,851,216	3,748,228
Other Liabilities	5,142,899	7,099,719	12,242,618	9,288,754
Total Liabilities	7,002,515	9,091,319	16,093,834	13,036,982
Net Assets:				
Held for Postemployment Benefits	88,714		88,714	53,532
Invested in Capital Assets	10,371,992	9,676,211	20,048,203	22,418,977
Restricted	81,846		81,846	57,280
Unrestricted	8,128,391	205,653	8,334,044	4,659,853
Total Net Assets	18,670,943	9,881,864	28,552,807	27,189,642
Total Liabilities and Net Assets	25,673,458	18,973,183	44,646,641	40,226,624

Changes in Net Assets

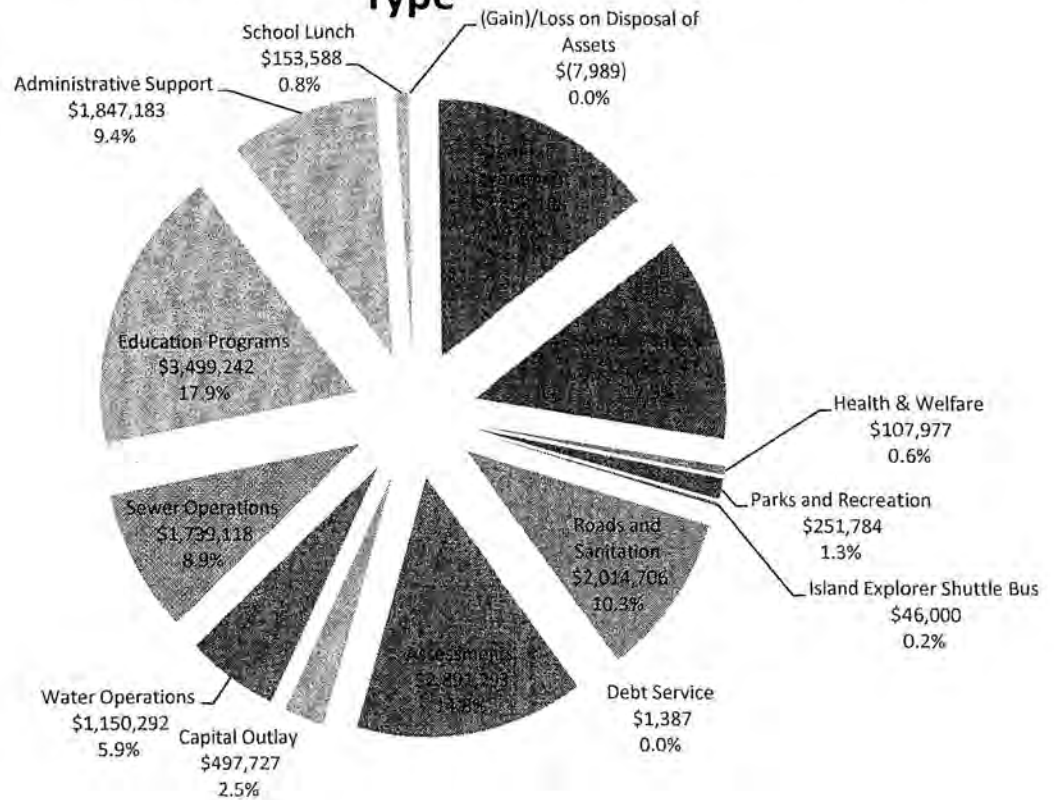
Approximately 66.3% of the Town's total revenue came from property and excise taxes, approximately 7.6% came from State subsidies and grants, and approximately 26.1% came from services, investment earnings and other sources. Depreciation expense on the Town's governmental and business-like activity assets represents \$1,842,736 of the total expenses for the fiscal year.

	Governmental Activities	Business-like Activities	Total 2010	Total 2009
Revenues:				
Taxes	13,881,552		13,881,552	13,315,984
Intergovernmental Revenues	1,588,415		1,588,415	1,764,674
Departmental Revenues	1,383,136	3,187,413	4,570,549	4,247,843
Investment Income	82,303	8,053	90,356	119,744
Bond Refinancing Refund		197,408	197,408	-
Other Local Sources	591,406	15,036	606,442	492,697
Total	17,526,812	3,407,910	20,934,722	19,940,942
Expenses:				
General Government	2,858,108		2,858,108	2,708,618
Public Safety	2,521,141		2,521,141	2,360,785
Health & Welfare	107,977		107,977	107,879
Parks and Recreation	251,784		251,784	159,348
Island Explorer Shuttle Bus	46,000		46,000	33,100
Roads and Sanitation	2,014,706		2,014,706	2,168,063
Debt Service	1,387		1,387	3,276
Assessments	2,891,293		2,891,293	2,741,261
Capital Outlay	497,727		497,727	245,544
Water Operations		1,150,292	1,150,292	1,266,135
Sewer Operations		1,739,118	1,739,118	1,770,825
Education Programs	3,499,242		3,499,242	3,413,855
Administrative Support	1,847,183		1,847,183	1,915,164
School Lunch	153,588		153,588	156,952
(Gain)/Loss on Disposal of Assets	(2,725)	(5,264)	(7,989)	24,429
Total	16,687,411	2,884,146	19,571,557	19,075,234
Changes in Net Assets	839,401	523,764	1,363,165	865,708

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, 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 \$7,750,171, an increase of \$3,358,042 in comparison with the prior year. The majority of the increase in fund balance was due to the unexpended portion of the bond proceeds. Approximately 11.55 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.

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

- \$133,922 positive variance in property tax. Supplemental taxes of \$215,574 less a deferred property tax adjustment of (\$81,653).
- \$(42,588) negative variance in auto excise. There is a down trend in registrations and fewer new vehicles.
- \$41,206 positive variance in building permits. New Jackson Lab and Bio Lab construction.
- \$(35,153) negative variance in interest on investment. Due to high budget and lower rates by the banks.
- \$20,661 positive variance in employee benefits. Due to ICMA deferred compensation, fewer participants.
- \$(45,447) negative variance in abatements/discount on taxes due to oceanfront & two subdivision adjustments.
- \$96,727 positive variance in highway division due to less storms resulting in less winter salt and patch expenditures.
- \$93,987 positive variance in solid waste due to less volume and less hauling costs.
- \$(26,058) negative variance in transfers due to council order to set up a new fund for cruise fund.

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 \$59,773,055, net of accumulated depreciation of \$26,213,148, leaving a net book value of \$33,559,907. 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
STATEMENT OF NET ASSETS
JUNE 30, 2010

Exhibit A

<i>Assets</i>	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
Cash and Equivalents	6,997,318	713,680	7,710,998
Investments	1,380,374		1,380,374
Receivables			
Taxes and Liens	660,366	34,352	694,718
User Fees, net		402,154	402,154
Accounts	33,985	14,920	48,905
Ambulance	61,584		61,584
Accrued Interest	16,780	2,232	19,012
Prepaid Expense	19,125	74,178	93,303
Inventory	15,744	98,984	114,728
Due from Other Governments	483,908		483,908
Bond Issuance Costs, Net		77,050	77,050
Capital Assets:			
Land	1,899,514	164,793	2,064,307
Construction Work in Progress	55,502	72,232	127,734
Other Capital Assets, Net of Depreciation	14,049,258	17,318,608	31,367,866
Total Assets	25,673,458	18,973,183	44,646,641
 <i>Liabilities and Net Assets</i>			
Liabilities			
Accounts Payable	339,189	52,875	392,064
Retainage Payable	55,594	1,263	56,857
Payroll Taxes Deductible	12,432		12,432
Due to Other Governments	316	470,371	470,687
Accrued Salaries Payable	607,531	38,160	645,691
Accrued Compensated Absences	286,330	32,756	319,086
Accrued Interest Payable		48,493	48,493
Deferred Bond Premium	9,259	18,607	27,866
Accrued Pension Costs		214,335	214,335
Accrued Standpipe Costs		92,987	92,987
Prepaid Taxes	37,316		37,316
Construction Advances		165,000	165,000
Deposits Payable	22,266		22,266
Long-term Liabilities:			
Due Within One Year	489,383	856,753	1,346,136
Due in More Than One Year	5,142,899	7,099,719	12,242,618
Total Liabilities	7,002,515	9,091,319	16,093,834
Net Assets			
Held for Postemployment Benefits	88,714		88,714
Investment in Capital Assets, net of Related Debt	10,371,992	9,676,211	20,048,203
Restricted	81,846		81,846
Unrestricted	8,128,391	205,653	8,334,044
Total Net Assets	18,670,943	9,881,864	28,552,807
Total Liabilities and Net Assets	25,673,458	18,973,183	44,646,641

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, 2010

Exhibit B

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Expenses</u>	<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants</u>	<u>Governmental Activities</u>	<u>Business-like Activities</u>	<u>Total</u>
<u>Primary Government</u>						
<u>Governmental Activities:</u>						
General Government	2,858,108	400,584		(2,457,524)		(2,457,524)
Public Safety	2,521,141	909,512	284,807	(1,326,822)		(1,326,822)
Health and Welfare	107,977			(107,977)		(107,977)
Parks & Recreation	251,784	400		(251,384)		(251,384)
Island Explorer Shuttle Bus	46,000			(46,000)		(46,000)
Roads and Sanitation	2,014,706	77,237		(1,937,469)		(1,937,469)
Debt Service - Interest	1,387			(1,387)		(1,387)
Assessments	2,891,293			(2,891,293)		(2,891,293)
Capital Outlay	497,727		32,120	(465,607)		(465,607)
Education Programs	3,499,242		120,595	(3,378,647)		(3,378,647)
Administrative Support	1,847,183			(1,847,183)		(1,847,183)
School Lunch	153,588	62,032	32,147	(59,409)		(59,409)
<u>Total Governmental Activities</u>	<u>16,690,136</u>	<u>1,449,765</u>	<u>469,669</u>	<u>(14,770,702)</u>		<u>(14,770,702)</u>
<u>Business-type Activities:</u>						
Wastewater	(1,739,118)	1,921,200			182,082	182,082
Water	(1,150,292)	1,266,213			115,921	115,921
<u>Total Business-type Activities</u>	<u>(2,889,410)</u>	<u>3,187,413</u>			<u>298,003</u>	<u>298,003</u>
<u>Total Primary Government</u>	<u>13,800,726</u>	<u>4,637,178</u>	<u>469,669</u>	<u>(14,770,702)</u>	<u>298,003</u>	<u>(14,472,699)</u>
<u>General Revenues:</u>						
Taxes						
Property				13,057,296		13,057,296
Auto and Boat Excise				824,256		824,256
Intergovernmental Revenues				1,118,746		1,118,746
Other Local Sources				607,080	23,089	630,169
Bond Refinancing Refund					197,408	197,408
Gain/(Loss) on Disposal of Assets				2,725	5,264	7,989
<u>Total Revenues, Special Items and Transfers</u>				<u>15,610,103</u>	<u>225,761</u>	<u>15,835,864</u>
<u>Changes in Net Assets</u>				<u>839,401</u>	<u>523,764</u>	<u>1,363,165</u>
<u>Net Assets - Beginning</u>				<u>17,831,542</u>	<u>9,358,100</u>	<u>27,189,642</u>
<u>Net Assets - Ending</u>				<u>18,670,943</u>	<u>9,881,864</u>	<u>28,552,807</u>

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

TOWN OF BAR HARBOR
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2010

Exhibit C
Page 1 of 2

<i>Assets</i>	<i>General Fund</i>	<i>CIP Fund</i>	<i>School Fund</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
Cash and Equivalents	6,993,917			3,401	6,997,318
Investments	1,372,250			8,124	1,380,374
Receivables					
Taxes	19,721				19,721
Tax Liens	640,645				640,645
Accounts	19,619	6,846	7,520		33,985
Ambulance Fees	61,584				61,584
Accrued Interest	16,780				16,780
Prepaid Expense	19,125				19,125
Inventory	12,843		2,901		15,744
Due from Other Governments	470,945		6,352	6,611	483,908
Due from Other Funds	6,611	4,898,139	1,266,357	122,315	6,293,422
Total Assets	9,634,040	4,904,985	1,283,130	140,451	15,962,606
 <i>Liabilities and Fund Balances</i>					
<i>Liabilities</i>					
Accounts Payable	256,301	31,113	51,775	-	339,189
Retainage Payable		55,594			55,594
Payroll Taxes/Deductions	12,432				12,432
Accrued Salaries Payable	182,412		412,777	12,342	607,531
Accrued Compensated Absences	237,524				237,524
Deferred Revenue					
Property Tax	546,723				546,723
Acadia Nat'l Park Payment in Lieu of Taxes	16,391				16,391
Other	34,472				34,472
Prepaid Taxes	37,316				37,316
Bond Purchase Premium	9,259				9,259
Due to Other Funds	5,947,275		339,536	6,611	6,293,422
Due to Other Governments	316				316
Deposits Payable	22,266				22,266
Total Liabilities	7,302,687	86,707	804,088	18,953	8,212,435
 <i>Fund Balances</i>					
Reserved For:					
Encumbrances	70,320				70,320
Endowments				8,625	8,625
Inventory			2,901		2,901
Unreserved					
Designated for Working Capital	1,508,000				1,508,000
Designated for Subsequent Years' Expenditures	57,000	4,760,099	335,347	112,873	5,265,319
Undesignated	696,033	58,179	140,794		895,006
Total Fund Balances	2,331,353	4,818,278	479,042	121,498	7,750,171
Total Liabilities and Fund Balances	9,634,040	4,904,985	1,283,130	140,451	15,962,606

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

TOWN OF BAR HARBOR
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2010

Exhibit C
Page 2 of 2

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

Total Fund Balance	7,750,171
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$16,822,080	16,004,274
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds:	
Deferred Revenues	597,586
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Bonds Payable	(5,607,267)
Accrued Compensated Absences - School Department	(48,806)
Capital Leases Payable	(25,015)
	<u>(5,681,088)</u>
Net Assets of Governmental Activities	<u><u>18,670,943</u></u>

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, 2010

Exhibit D
Page 1 of 2

	<i>General Fund</i>	<i>CIP Fund</i>	<i>School Fund</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
Revenues					
Taxes	13,799,899				13,799,899
Intergovernmental Revenues	428,401	32,120	843,028	284,807	1,588,356
Departmental Revenues	1,383,136				1,383,136
Other Local Sources	275,835	285,692	72,656	5,054	639,237
Total Revenues	15,887,271	317,812	915,684	289,861	17,410,628
Expenditures					
General Government	2,694,696				2,694,696
Public Safety	2,153,583			324,901	2,478,484
Health and Welfare	102,260				102,260
Parks and Recreation	207,151				207,151
Island Explorer Shuttle Bus	46,000				46,000
Roads and Sanitation	1,577,818				1,577,818
Debt	13,045				13,045
Assessments	2,891,293				2,891,293
Capital Outlay		2,359,654			2,359,654
Education Programs			3,499,345		3,499,345
Administrative Support			1,729,252		1,729,252
School Lunch			153,588		153,588
Total Expenditures	9,685,846	2,359,654	5,382,185	324,901	17,752,586
Excess of Revenues Over (Under) Expenditures	6,201,425	(2,041,842)	(4,466,501)	(35,040)	(341,958)
Other Financing Sources (Uses)					
Bond Proceeds		3,700,000			3,700,000
Transfers from Other Funds	3,857	1,187,821	4,506,151	146,906	5,844,735
Transfers to Other Funds	(5,645,111)	(120,266)	(73,664)	(5,694)	(5,844,735)
Total Other Financing Sources (Uses)	(5,641,254)	4,767,555	4,432,487	141,212	3,700,000
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	560,171	2,725,713	(34,014)	106,172	3,358,042
Fund Balance - July 1	1,771,182	2,092,565	513,056	15,326	4,392,129
Fund Balance - June 30	2,331,353	4,818,278	479,042	121,498	7,750,171

(Continued)

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, 2010

Exhibit D
Page 2 of 2

Net change in fund balances - total governmental funds 3,358,042

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	1,742,105
Disposal of Assets	2,725
Depreciation expense	(1,000,884)
	<u>743,946</u>

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

Deferred Revenues	34,531
Deferred Taxes	81,653
	<u>116,184</u>

Bond proceeds provide 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	13,018
Bond Proceeds	(3,700,000)
General obligation bond principal payments	313,168
	<u>(3,373,814)</u>

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

Accrued compensated absences	<u>(4,957)</u>
------------------------------	----------------

Change in net assets of governmental activities 839,401

TOWN OF BAR HARBOR
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
JUNE 30, 2010

Exhibit E

<i>Assets</i>	<i>Wastewater Enterprise</i>	<i>Water Enterprise</i>	<i>Total</i>
Current Assets:			
Cash and Equivalents	706,386	7,294	713,680
Receivables			
User Fees, net	392,999	9,155	402,154
Liens Receivable	34,352		34,352
Accounts	6,131	8,789	14,920
Accrued Interest	2,232		2,232
Inventory	16,338	82,646	98,984
Due From Other Funds	52		52
Prepaid Expenses		74,178	74,178
Total Current Assets	1,158,490	182,062	1,340,552
Noncurrent Assets:			
Capital Assets, net	11,706,838	5,848,795	17,555,633
Bond Issuance Costs, net	47,318	29,732	77,050
Total Noncurrent Assets	11,754,156	5,878,527	17,632,683
Total Assets	12,912,646	6,060,589	18,973,235
Liabilities and Fund Equity			
Liabilities			
Accounts Payable	28,235	24,640	52,875
Retainage Payable	1,263		1,263
Accrued Salaries and Benefits	22,511	15,649	38,160
Accrued Interest Payable	32,093	16,400	48,493
Due to Other Governments	42,355	428,016	470,371
Due to Other Funds		52	52
Compensated Absences Payable	21,170	11,586	32,756
Bonds and Notes Payable	506,966	349,787	856,753
Total Current Liabilities	654,593	846,130	1,500,723
Noncurrent Liabilities:			
Deferred Bond Premium		18,607	18,607
Construction Advances		165,000	165,000
Accrued Pension Costs		214,335	214,335
Accrued Standpipe Costs		92,987	92,987
Bonds and Notes Payable	3,667,856	3,431,863	7,099,719
Total Noncurrent Liabilities	3,667,856	3,922,792	7,590,648
Total Liabilities	4,322,449	4,768,922	9,091,371
Net Assets			
Invested in Capital Assets, net of related debt	7,579,334	2,096,877	9,676,211
Retained Earnings			
Reserved	860,006	349,787	1,209,793
Unreserved - Undesignated	150,857	(1,154,997)	(1,004,140)
Total Net Assets	8,590,197	1,291,667	9,881,864
Total Liabilities and Net Assets	12,912,646	6,060,589	18,973,235

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 ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

Exhibit F

	<i>Proprietary Fund Types</i>		<i>Total</i>
	<i>Wastewater Enterprise</i>	<i>Water Enterprise</i>	
Operating Revenues:			
Charges for Services	1,168,577	1,264,449	2,433,026
Capital Charge	737,642		737,642
Interest - Late Penalties	14,981	1,764	16,745
Total Operating Revenues:	1,921,200	1,266,213	3,187,413
Operating Expenditures:			
Salaries and Benefits	510,573	368,837	879,410
Contracted Services	169,454	133,213	302,667
Utilities & Commodities	200,053	50,699	250,752
Repairs & Maintenance	69,746	125,577	195,323
Equipment	9,691	8,695	18,386
Other Expenses	38,824	29,444	68,268
Depreciation and Amortization	501,032	193,887	694,919
Materials and Supplies	98,577	90,933	189,510
Total Operating Expenditures	1,597,950	1,001,285	2,599,235
Net Operating Income	323,250	264,928	588,178
Nonoperating Revenues (Expenses)			
Interest Revenue	7,610	443	8,053
Nonutility Income, net of expense		11,605	11,605
Gain/(Loss) on Disposal of Asset	5,300	(36)	5,264
Contributions in Aid of Construction		3,431	3,431
Bond Refinancing Refund	197,408		197,408
Interest Expense	(141,168)	(149,007)	(290,175)
Total Nonoperating Revenue (Expenses)	69,150	(133,564)	(64,414)
Change in Net Assets	392,400	131,364	523,764
Total Net Assets - Beginning	8,197,797	1,160,303	9,358,100
Total Net Assets - Ending	8,590,197	1,291,667	9,881,864

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

TOWN OF BAR HARBOR
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2010

Exhibit G

	Proprietary Fund Types		Total
	Wastewater Enterprise	Water Enterprise	
Cash Flows from Operating Activities			
Received from Customers	1,921,200	1,266,213	3,187,413
Payments to Suppliers	(547,521)	(409,117)	(956,638)
Payments to Employees	(510,573)	(368,837)	(879,410)
Other Receipts (Payments)	(38,824)	(17,875)	(56,699)
Net Cash Provided by (Used in) Operating Activities	824,282	470,384	1,294,666
Cash Flows from Capital and Related Financing Activities			
Purchases of Capital Assets	(434,794)	(429,231)	(864,025)
Capital Contributions	123,518	52	123,570
Principal Paid on Capital Debt	(508,913)	(199,361)	(708,274)
Principal Received on New Debt Issued		600,000	600,000
Interest Paid on Capital Debt	(144,932)	(149,007)	(293,939)
Net Cash Used in Capital and Related Financing Activities	(965,121)	(177,547)	(1,142,668)
Cash Flows from Investing Activities			
Purchase of Investments	292,548	(289,941)	2,607
Interest and Dividends	7,610	443	8,053
Net Cash Provided by (Used in) Investing Activities	300,158	(289,498)	10,660
Net Increase (Decrease) in Cash and Cash Equivalents	159,319	3,339	162,658
Balances - beginning of the year	547,067	3,955	551,022
Balances - end of the year	706,386	7,294	713,680
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Net Operating Income (Loss)	323,250	264,928	588,178
Adjustment to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:	16,778	301,001	317,779
Depreciation and Amortization	501,032	193,887	694,919
(Increase) Decrease in Accounts Receivable	18,821	920	19,741
(Increase) Decrease in Due To/From Other Funds	(7)	7	-
(Increase) Decrease in Inventory	3,632	(6,613)	(2,981)
(Increase) Decrease in Prepaid Expense		(67,708)	(67,708)
Increase (Decrease) in Accrued Wages Payable	(1,892)	1,863	(29)
Increase (Decrease) in Accrued Interest Payable	(3,764)	1,504	(2,260)
Increase (Decrease) in Deferred Revenue		(1,617)	(1,617)
Increase (Decrease) in Accrued Standpipe Costs		15,000	15,000
Increase (Decrease) in Accrued Pension Costs		(59,582)	(59,582)
Increase (Decrease) in Compensated Absences Payable	317	1,225	1,542
Increase (Decrease) in Due to Other Governments	(16,145)	(163,825)	(179,970)
Increase (Decrease) in Accounts Payable	(16,477)	(10,606)	(27,083)
Increase (Decrease) in Retainage Payable	(1,263)	-	(1,263)
Net Cash Provided by (Used in) Operating Activities	824,282	470,384	1,294,666

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

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

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 assets and the statement of activities) report information on all of the non-fiduciary activities of the Town. Fiduciary activities, whose resources are not available to finance the Town's programs, are excluded from the government-wide statements. The material effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and various intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Functional expenses may also include an element of indirect cost, designed to recover administrative (overhead) costs. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Funds are classified into the following categories: governmental, proprietary and fiduciary.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Property taxes, sales taxes, interdepartmental charges, and intergovernmental revenues are all considered to be susceptible to accrual. Special assessments are recorded as revenues in the year the assessments become current. Annual installments not yet due are reflected as special assessment receivables and deferred 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 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.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Fund 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.

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, \$546,723 has been so classified and reported on the general fund balance sheet.

Property taxes were levied on August 4, 2009 on property values assessed on April 1. Taxes were due in two installments due on September 30 and March 31, with interest at 9.0% beginning October 1 and April 1. Tax liens are placed on real property within 12 months following the tax commitment date if taxes remain delinquent. The Town has the authority to foreclose on property eighteen months after the filing of the liens if the lien amount and associated costs remain unpaid.

3. Inventories

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

4. Capital Assets

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

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities and Equity (Continued)

4. Capital Assets(Continued)

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

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

5. 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.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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, 2010

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

Deposits

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

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

One or more of the financial institutions holding the Town's cash accounts are participating in the FDIC Transaction Account Guarantee Program. Under the program, all noninterest bearing checking accounts include demand deposit accounts and any transaction account that has unlimited withdrawals and cannot earn interest are fully guaranteed by the FDIC for the entire amount. Also through December 31, 2010, IOLTA accounts and NOW accounts that do not earn more than .25% interest are fully guaranteed by the FDIC for the entire amount as long as the depository institution participates in the Transaction Account Guarantee (TAG) program. For interest bearing accounts, the Town's cash deposits, including certificates of deposits, are insured up to \$250,000 per custodian by the FDIC. Any cash deposits or certificates of deposits in excess of the \$250,000 FDIC limits are covered by collateral held in a Federal Reserve pledge account or by an agent for the Town and thus no custodial risk exists.

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

At year-end, the government's carrying amount of deposits was \$7,710,998 and the bank balance was \$7,795,271. 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.

	<i>Bank Balance</i>	<i>Category 1</i>	<i>Category 2</i>	<i>Category 3</i>
Cash and Equivalents	<u>7,795,271</u>	<u>7,795,271</u>	-	-

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

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

B. Deposits and Investments (Continued)

Investments

At June 30, 2010, the Town's investments, maturities and credit ratings are as follows:

Type	June 30, 2010						
	Fair Value	Maturities in Years				Credit Rating	
		Less Than 1	1-5	6-10	More than 10	S&P	Moody's
General City:							
HSBC Finance Corp	251,773	251,773				A	A1
Fed Home Loan Mtg	256,380	256,380				AAA	Aaa
Mellon Bank of NY	312,807	312,807				A	Aa3
Toyota Motor CR Corp	259,414	259,414				AAA	Aaa
WM Wrigley Jr. Co	300,000	300,000				A+	A1
Total	1,380,374	1,380,374	-	-	-		

Summary of Deposits and Investment Balances

Following is a reconciliation of the Town's deposit and investment balances as of June 30, 2010:

Deposits and Cash on Hand	\$ 7,710,998
Investments	\$ 1,380,374
	<u>\$ 9,091,372</u>

	Government-wide Statement of Net Assets	Business-Type Statement of Net Assets	Totals
Cash and Cash Equivalents	\$ 6,997,318	\$ 713,680	\$ 7,710,998
Investments	\$ 1,380,374	\$ -	\$ 1,380,374
	<u>\$ 8,377,692</u>	<u>\$ 713,680</u>	<u>\$ 9,091,372</u>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

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

C. Property Taxes

Property taxes were levied for the fiscal year as follows:

Assessed Value		1,437,197,340	
Tax Rate (per \$1,000)		<u>8.88</u>	
Commitment		<u>12,762,312</u>	
Appropriations		20,866,594	
Less:			
State Municipal Revenue Sharing	225,854		
Estimated Revenues	7,823,998		
BETE Reimbursement	-		
Homestead Reimbursement	<u>54,430</u>		
		<u>8,104,282</u>	
Net Assessment for Commitment		<u>12,762,312</u>	

Uncollected real estate taxes at June 30 for the current year commitment totaled \$473,411, which represents tax collection of approximately 96.29% of the current year commitment. Unpaid liens at June 30 totaled \$640,645.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

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

D. Interfund Receivables and Payables

Individual fund interfund receivable and payable balances at June 30, 2010 were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	6,611	5,947,275
Special Revenue Funds		
Dog Control Fund	1,810	
Eel Grass Grant		3,840
Scenic Byways Grant		2,771
ARRA Funds	12,342	
Homeland Security Grant	42,689	
Cruise Ship Fund	65,474	
School Operating	926,821	339,536
School Food Service	3,180	
School Reserves	330,886	
School Grants	3,651	
School Donations	1,819	
Trust Funds		
Capital Project Funds	<u>4,898,139</u>	
Totals	<u>6,293,422</u>	<u>6,293,422</u>

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. \$68,922 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.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

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, 2010 was as follows:

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<i>Governmental Activities;</i>				
<i>Capital assets not begin depreciated</i>				
Land	1,899,514			1,899,514
<i>Capital assets being depreciated</i>				
Buildings	7,255,809	747,873	(18,590)	7,985,092
Equipment	5,241,302	529,272	(206,542)	5,564,032
Infrastructure	16,622,015	833,140	(132,940)	17,322,215
Construction Work in Progress	348,931	4,874	(298,303)	55,502
<i>Total capital assets being depreciated</i>	<u>29,468,057</u>	<u>2,115,159</u>	<u>(656,375)</u>	<u>30,926,841</u>
<i>Less accumulated depreciation for</i>				
Buildings	2,560,790	171,800	(14,690)	2,717,900
Equipment	2,677,618	438,555	(154,859)	2,961,314
Infrastructure	10,868,835	396,529	(122,497)	11,142,867
<i>Total accumulated depreciation</i>	<u>16,107,243</u>	<u>1,006,884</u>	<u>(292,046)</u>	<u>16,822,081</u>
<i>Net capital assets being depreciated</i>	<u>13,360,814</u>	<u>1,108,275</u>	<u>(364,329)</u>	<u>14,104,760</u>
<i>Governmental Activities Capital Assets, net</i>	<u>15,260,328</u>	<u>1,108,275</u>	<u>(364,329)</u>	<u>16,004,274</u>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

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

E. Capital Assets

	<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	164,793			164,793
<i>Capital assets being depreciated</i>				
Water Fund	7,890,524	429,231	(58,305)	8,261,450
Wastewater Fund	18,149,491	412,621	(41,655)	18,520,457
<i>Total capital assets being depreciated</i>	<u>26,040,015</u>	<u>841,852</u>	<u>(99,960)</u>	<u>26,781,907</u>
<i>Less accumulated depreciation for</i>				
Water Fund	2,424,090	183,027	(53,919)	2,553,198
Wastewater Fund	6,384,801	494,723	(41,655)	6,837,869
<i>Total accumulated depreciation</i>	<u>8,808,891</u>	<u>677,750</u>	<u>(95,574)</u>	<u>9,391,067</u>
<i>Net capital assets being depreciated</i>	<u>17,231,124</u>	<u>164,102</u>	<u>(4,386)</u>	<u>17,390,840</u>
<i>Business-type Activities Capital Assets, net</i>	<u><u>17,395,917</u></u>	<u><u>164,102</u></u>	<u><u>(4,386)</u></u>	<u><u>17,555,633</u></u>

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

Governmental Activities:

General Government	168,292
Public Safety	232,483
Health and Welfare	5,717
Parks and Recreation	44,633
Roads and Sanitation, including infrastructure	436,888
Education Administrative Support	112,871
	<u>1,000,884</u>
Total Depreciation Expense - Governmental Activities	<u><u>1,000,884</u></u>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

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:

<i>Year-ended</i> <u>June 30,</u>	<i>Minimum</i> <i>Lease</i> <i>Payment</i>
2011	9,035
2012	9,035
2013	9,034
Total Minimum Lease Payments	27,104
Less: Amount Representing Interest	<u>(2,089)</u>
Present Value of Future Minimum Lease Payments	<u><u>25,015</u></u>

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:

<i>Purpose</i>	<i>Maturity</i> <i>Date</i>	<i>Interest</i> <i>Rate</i>	<i>Amount</i>
General Obligation			
1988 Public Improvement Bonds	11/1/2010	5.00-7.85%	11,919
1992 School Project Bonds	6/1/2012	5.7-6.5%	230,000
2004 Municipal Renovations	11/1/2013	3.62%	120,627
2004 School Heating	11/1/2024	4.57%	664,721
2004 School Renovations	11/1/2013	0.00%	280,000
2005 Hulls Cove Wastewater	10/15/2027	3.0 - 4.38%	600,000
2010 Capital Construction	5/1/2030	2.0-4.0%	<u>3,700,000</u>
			<u><u>5,607,267</u></u>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

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

G. Long-Term Debt (Continued)

1. General Obligation Bonds and Notes. (Continued)

	<i>Maturity Date</i>	<i>Interest Rate</i>	<i>Amount</i>
<i>Proprietary</i>			
1988 Wastewater Improvement Bonds	11/1/2010	5.00-7.85%	15,066
1992 Wastewater Project Bonds	6/1/2012	5.7-6.50%	120,000
1997 Wastewater Plant	10/1/2017	3.00%	3,322,256
2001 Wastewater Improvement Bond	4/1/2011	2.00%	27,500
2005 Hulls Cove Wastewater Plant	10/15/2027	3.00 - 4.38%	690,000
2001 Water Acquisition Bond	12/1/2021	4.540%	2,690,000
2002 Water Tank Purchase	10/1/2021	2.673%	491,650
2010 Water Mains	5/1/2030	2.0 - 4.0%	600,000
			7,956,472
Total Debt			13,563,739

Annual debt service requirements to maturity for general obligation bonds and notes including interest of \$3,719,498 are as follows:

<i>Year Ended June 30,</i>	<i>General Obligation Debt</i>	<i>Proprietary</i>	<i>Total</i>
2011	668,613	1,029,627	1,698,240
2012	642,881	983,052	1,625,933
2013	515,296	919,496	1,434,792
2014	510,580	919,121	1,429,701
2015	401,464	912,992	1,314,456
2016-2020	1,908,382	3,623,192	5,531,574
2021-2025	1,735,784	1,148,950	2,884,734
2026-2030	1,036,000	327,807	1,363,807
Total	7,419,000	9,864,237	17,283,237

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

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, 2010:

	<i>General</i>		
	<i>Obligation</i>		
	<i>Debt</i>	<i>Proprietary</i>	<i>Total</i>
<i>Long-term Debt payable July 1, 2009</i>	2,220,435	8,064,745	10,285,180
Debt Issued	3,700,000	600,000	4,300,000
Debt Retired	(313,168)	(708,273)	(1,021,441)
<i>Long-term Debt payable June 30, 2010</i>	<u>5,607,267</u>	<u>7,956,472</u>	<u>13,563,739</u>

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, 2010, this has not been issued and pending legal clarification, will not be issued in the future:

<i>Per Referendum</i>	<i>Purpose</i>	<i>Unissued</i>
<i>Vote of:</i>		<i>Amount</i>
June 12, 2007	Northeast Creek	\$1,000,000

The Town also approved the following general obligation bond:

June 2, 2009	Capital Improvements and Water Construction	\$5,140,947
--------------	--	-------------

As of June 30, 2010, the town has issued \$4,300,000 of this bond, leaving \$840,947 unissued. The unissued portion is for capital improvement projects.

H. Contributed Capital

Changes in net contributed capital for the year-ended June 30, 2010 for the government's Proprietary Funds were as follows:

	<u>Wastewater</u>	<u>Water</u>
Balance - Beginning of Year	2,918,042	149,380
Additions:		3,433
Deductions:		
Retirements		
Depreciation Provided by Contributed Capital	<u>(123,518)</u>	<u>(7,813)</u>
Balance - End of Year	<u>2,794,524</u>	<u>145,000</u>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

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>Nonexpendable</u>	<u>Expendable</u>
Cemetery Care	2,137	(1)
Scholarships	<u>6,488</u>	<u>2,901</u>
Total	<u><u>8,625</u></u>	<u><u>2,900</u></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.

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

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

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 2008, 2009 and 2010 were \$124,777, \$107,582 and \$105,143 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 \$840 and \$483 to fund the IUUAL, or the Initial Unpooled Unfunded Actuarial Liability. The IUUAL liability stands at \$73,085 as of July 1, 2009. Funding for subsequent fiscal years 2012 and 2013 will be at 4.4% to 5.3% and 5.5% to 6.6% respectively. 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 all four funds for the years ended June 30, 2008, 2009 and 2010, were \$57,414, \$62,162 and \$66,022 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 \$137. 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, 2008, 2009 and 2010 were \$5,991, \$6,144 and \$5,820 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 17.78% of the annual covered salary for fiscal year 2010. The State's cost for 2010 was approximately \$490,538. There is no contribution required by the Town except for federally funded teachers for which the Town contributed 17.78% of their compensation. This cost amounted to \$13,785 for 2010 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.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 4 - OTHER INFORMATION (Continued)

D. Bar Harbor Water Company Pension Plan (Continued)

Based on the latest actuarial valuation as of January 1, 2010, the accrued liability of the plan was \$347,820. The value of assets available for funding totaled \$133,485, leaving an unfunded liability of \$214,335. The total unfunded liability has been recorded as a liability at June 30, 2010 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, 2010.

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, 2010. 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 (previous fiscal year end) is as follows:

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

TOWN OF BAR HARBOR
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010

Exhibit H

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
Revenues				
Taxes	13,682,508	13,682,508	13,799,899	117,391
Intergovernmental Revenues	414,725	437,212	428,401	(8,811)
Departmental Revenues	1,270,635	1,270,635	1,383,136	112,501
Other Local Sources	301,280	301,280	275,835	(25,445)
Total Revenues	15,669,148	15,691,635	15,887,271	195,636
Expenditures				
General Government	2,693,514	2,721,514	2,726,847	(5,333)
Public Safety	2,205,157	2,205,157	2,148,208	56,949
Health and Welfare	96,791	96,791	98,432	(1,641)
Parks and Recreation	209,416	214,791	207,151	7,640
Island Explorer Shuttle Bus	46,000	46,000	46,000	-
Roads and Sanitation	1,721,819	1,738,931	1,579,693	159,238
Debt	13,551	13,551	13,045	506
Contingency	53,366	25,366		25,366
Assessments	2,974,574	2,974,574	2,891,293	83,281
Total Expenditures	10,014,188	10,036,675	9,710,669	326,006
Excess Revenues Over Expenditures	5,654,960	5,654,960	6,176,602	521,642
Other Financing Sources				
Transfers from Other Funds	3,944	3,944	3,857	(87)
Transfers to Other Funds	(5,618,471)	(5,618,471)	(5,645,111)	(26,640)
Total Other Financing Sources	(5,614,527)	(5,614,527)	(5,641,254)	(26,727)
Net Change in Fund Balance	40,433	40,433	535,348	494,915
Beginning Fund Balances - Budgetary Basis			1,725,685	
Ending Fund Balances - Budgetary Basis			2,261,033	
Adjustments to Conform to GAAP:				
Elimination of Encumbrances			70,320	
Ending Fund Balances - GAAP Basis			2,331,353	

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2010

Exhibit A-1
Page 1 of 2

	<i>Estimated</i>	<i>Actual</i>	<i>Over(Under) Budget</i>
Taxes			
Property	12,762,312	12,896,234	133,922
Auto Excise	851,849	809,261	(42,588)
Boat Excise	11,189	14,995	3,806
Interest/Fees on Taxes	57,158	79,409	22,251
	<hr/> 13,682,508	<hr/> 13,799,899	<hr/> 117,391
Intergovernmental Revenues			
State of Maine			
Municipal Revenue Sharing	225,854	205,809	(20,045)
General Assistance	3,133	2,869	(264)
Urban Rural Initiative Program	66,664	70,515	3,851
Tree Growth	3,380	2,191	(1,189)
Veterans Reimbursement	1,262	1,944	682
Homestead Reimbursement	54,430	54,430	-
BETE Reimbursement	-	180	180
State MEMA Grant	1	-	(1)
Other Grants	1	500	499
Federal			
Other Grants	22,487	24,568	2,081
Acadia National Park - PILT	60,000	65,395	5,395
	<hr/> 437,212	<hr/> 428,401	<hr/> (8,811)
Departmental Revenues			
Ambulance/Fire			
Ambulance Service	401,178	381,757	(19,421)
Police			
Police Detail	10,950	16,585	5,635
Parking Tickets	42,903	61,518	18,615
All Other	8,584	17,376	8,792
Planning / Code			
Building Permits	72,557	113,763	41,206
Plumbing Permits	19,653	19,697	44
Electrical Inspections	15,974	18,067	2,093
Vacation Rental Permits	10,750	9,346	(1,404)
Plan Board/Subdivision & Rezoning	9,712	1,600	(8,112)
Site Plan Review	6,173	16,089	9,916
All Other	11,105	12,322	1,217
Harbor Fees			
Cruise Passenger Fees	359,665	377,358	17,693
Docking	59,057	34,834	(24,223)
Moorings	5,611	4,860	(751)
All Other	9,966	10,627	661
Solid Waste			
Sale of Recyclables	12,000	67,097	55,097
All Other	700	1,290	590
Public Works			
All Other	8,268	8,850	582
Parks and Recreation			
Park and Recreation Fees	640	400	(240)
Finance			
Administrative Services	133,664	133,664	-
Auto Registrations	17,615	16,328	(1,287)
Boat/RV Registrations/Snowmobile Fees	1,523	1,602	79

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2010

	<i>Estimated</i>	<i>Actual</i>	<i>Over(Under)</i> <i>Budget</i>
Departmental Revenues (Continued)			
Municipal Building Leases	29,472	33,996	4,524
Town Clerk			
Clerk's Fees	17,254	18,125	871
All Other	5,661	5,985	324
	<u>1,270,635</u>	<u>1,383,136</u>	<u>112,501</u>
Other Local Sources			
Interest on Investments	117,000	81,847	(35,153)
Kids Corner Lease	3,900	2,975	(925)
Other Rentals	2,479	2,451	(28)
Jackson Laboratory - PILT	61,800	63,654	1,854
Housing Authority - PILT	19,887	25,369	5,482
Other - PILT	11,413	12,125	712
Cable TV Franchise	62,500	72,811	10,311
Insurance Dividends	15,070	13,241	(1,829)
All Other	7,231	1,362	(5,869)
	<u>301,280</u>	<u>275,835</u>	<u>(25,445)</u>
Operating Transfers In			
Cemetery Income	217	325	108
Dog Control Reserve	1,837	3,000	1,163
Shellfish Conservation	1,890	532	(1,358)
	<u>3,944</u>	<u>3,857</u>	<u>(87)</u>
Total Revenues and Operating Transfers	<u>15,695,579</u>	<u>15,891,128</u>	<u>195,549</u>
Beginning Fund Balance Used	<u>(40,433)</u>		
Total	<u>15,655,146</u>		

TOWN OF BAR HARBOR
 GENERAL FUND
 STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
 FOR THE YEAR ENDED JUNE 30, 2010

Exhibit A-2
 Page 1 of 2

	<i>Encumbered From 6/30/09</i>	<i>Appropriations</i>	<i>Expenditures Net of Refund</i>	<i>Encumbered to 6/30/11</i>	<i>(Over Under Budget</i>
General Government					
Town Council		40,211	36,728		3,483
Town Manager		113,957	109,684	3,000	1,273
Town Clerk	2,950	107,035	109,228	6,558	(5,801)
Finance		291,286	286,742	2,500	2,044
Legal Counsel		20,858	26,449		(5,591)
Elections		13,477	11,728		1,749
Technology		98,500	90,583	3,665	4,252
Municipal Building	5,568	86,998	77,998	4,642	9,926
Town Offices		33,532	34,504		(972)
Employee Benefits		1,129,889	1,109,228		20,661
Insurance		77,518	81,787		(4,269)
Assessing		135,369	135,857		(488)
Code Enforcement		90,422	71,701		18,721
Planning	22,446	315,348	293,991	42,750	1,053
Economic Development		61,051	67,977		(6,926)
27th Pay Period		12,492	7,046		5,446
Vacation Accruals		11,170	16,056		(4,886)
Charter Commissions		500	61		439
Abatements/Discount on Taxes		81,901	127,348		(45,447)
	30,964	2,721,514	2,694,696	63,115	(5,333)
Public Safety					
Ambulance		370,688	364,001		6,687
Fire Department		649,365	639,946		9,419
Police Department	2,385	786,664	735,137		53,912
Public Safety Building		37,975	34,010		3,965
Street Lights	3,100	69,210	76,876		(4,566)
Dispatch		185,304	183,419		1,885
Harbor Division		105,951	120,194	110	(14,353)
	5,485	2,205,157	2,153,583	110	56,949
Health and Welfare					
General Assistance		6,265	5,522		743
Cooperating Agencies		38,229	38,229		-
Emergency Management		-	1,887		(1,887)
Comfort Station	3,828	52,297	56,622		(497)
	3,828	96,791	102,260	-	(1,641)
Parks and Recreation					
Parks & Recreation	2,820	193,524	188,379	2,820	5,145
Glen Mary Park		21,267	18,772		2,495
	2,820	214,791	207,151	2,820	7,640

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
FOR THE YEAR ENDED JUNE 30, 2010

Exhibit A-2
Page 2 of 2

	<i>Encumbered From 6/30/09</i>	<i>Appropriations</i>	<i>Expenditures Net of Refund</i>	<i>Encumbered to 6/30/11</i>	<i>(Over) Under Budget</i>
Island Explorer Shuttle Bus	-	46,000	46,000	-	-
Roads and Sanitation					
Public Works	2,400	144,152	144,606		1,946
Highway Division		1,025,775	924,773	4,275	96,727
Solid Waste		569,004	508,439		60,565
	2,400	1,738,931	1,577,818	4,275	159,238
Debt Service					
Principal		11,658	11,658		-
Interest		1,893	1,387		506
	-	13,551	13,045	-	506
Contingency	-	25,366	-	-	25,366
Total Appropriations, Expenditures and Encumbrances	45,497	7,062,101	6,794,553	70,320	242,725
Assessments					
Regional School District		2,342,042	2,342,042		-
County Tax		549,251	549,251		-
Overlay		83,281			83,281
	-	2,974,574	2,891,293	-	83,281
Operating Transfers Out					
Capital Improvements Program		1,185,984	1,185,984		-
School Department		4,432,487	4,432,487		-
School Department		-	582		(582)
Cruise Ship Fund		-	26,058		(26,058)
	-	5,618,471	5,645,111	-	(26,640)
Totals	45,497	15,655,146	15,330,957	70,320	299,366

TOWN OF BAR HARBOR

Exhibit A-3

GENERAL FUND

**STATEMENT OF CHANGES IN UNRESERVED - UNDESIGNATED FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2010**

Unreserved - Undesignated Fund Balance, July 1	237,685	
Unreserved - Undesignated Fund Balance, June 30	<u>696,033</u>	
Increase (Decrease)		<u><u>458,348</u></u>

Analysis of Change

Additions

Budget Summary		
Revenue Surplus (Exhibit A-1)	195,549	
Unexpended Balance of Appropriations (Exhibit A-2)	242,725	
Unexpended Balance (Overdraft) of Assessments and Operating Transfers (Exhibit A-2)	56,641	
(Increase) Decrease in Designated for HLS Officer Grant Working Capital	(57,000)	
(Increase) Decrease in Designated for Working Capital	<u>(20,000)</u>	
Budget Surplus		417,915
Deductions		
Fund Balance Used to Fund Appropriations		<u>40,433</u>
Increase (Decrease)		<u><u>458,348</u></u>

TOWN OF BAR HARBOR
ALL SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2010

Exhibit B-1

<i>Assets</i>	<i>Town Reserves/ Grants</i>	<i>Cruise Ship Fund</i>	<i>School Department</i>	<i>Total</i>
Accounts Receivable			7,520	7,520
Due from Other Funds	56,841	65,474	1,266,357	1,388,672
Due from Other Governments	6,611		6,352	12,963
Inventory			2,901	2,901
Total Assets	63,452	65,474	1,283,130	1,412,056
 <i>Liabilities & Fund Balances</i>				
<i>Liabilities</i>				
Due to Other Funds	6,611		339,536	346,147
Accounts Payable	-		51,775	51,775
Accrued Salaries	12,342		412,777	425,119
Total Liabilities	18,953	-	804,088	823,041
 <i>Fund Balances</i>				
Reserved for Inventory			2,901	2,901
Unreserved				
Designated for Subsequent				
Years' Expenditures	44,499	65,474	335,347	445,320
Undesignated			140,794	140,794
Total Fund Balances	44,499	65,474	479,042	589,015
Total Liabilities & Fund Balances	63,452	65,474	1,283,130	1,412,056

TOWN OF BAR HARBOR
ALL SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2010

Exhibit B-2

	<i>Town Reserves/ Grants</i>	<i>Cruise Ship Fund</i>	<i>School Department</i>	<i>Total</i>
Revenues				
Intergovernmental Revenues	284,807		843,028	1,127,835
Lunch Sales			61,863	61,863
Other Local Sources	4,598		10,793	15,391
Total Revenues	289,405	-	915,684	1,205,089
Expenditures				
Education			3,499,345	3,499,345
Administration	92		1,729,252	1,729,344
Public Works	271			271
Public Safety	324,538			324,538
Parks and Recreation				-
Lunch Program		-	153,588	153,588
Total Expenditures	324,901	-	5,382,185	5,707,086
Excess of Revenues Over (Under) Expenditures	(35,496)	-	(4,466,501)	(4,501,997)
Other Financing Sources (Uses)				
Transfers from Other Funds	81,432	65,474	4,506,151	4,653,057
Transfers to Other Funds	(5,369)	-	(73,664)	(79,033)
Total Other Financing Sources (Uses)	76,063	65,474	4,432,487	4,574,024
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	40,567	65,474	(34,014)	72,027
Fund Balance - July 1	3,932	-	513,056	516,988
Fund Balance - June 30	44,499	65,474	479,042	589,015

TOWN OF BAR HARBOR
TOWN RESERVE/ GRANT FUNDS
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2010

Exhibit B-3

	<u>Balance</u> <u>July 1</u>	<u>Revenues/ Transfers In</u>	<u>Disbursements/ Transfers Out</u>	<u>Balance</u> <u>June 30</u>
Reserve				
Dog Control (1)	2,095	2,807	(3,092)	1,810
Shellfish Conservation (2)	-	1,790	(1,790)	-
Sub-total	2,095	4,597	(4,882)	1,810
Grant				
Eel Grass Grant (3)	-	5,340	(5,340)	-
Scenic Byways Grant (4)	-	271	(271)	-
Playground Fund (5)	1,837	-	(1,837)	-
Homeland Security Grant (6)	-	193,169	(150,480)	42,689
ARRA Port Security Grant (7)	-	167,460	(167,460)	-
Sub-total	1,837	366,240	(325,388)	42,689
Totals	<u>3,932</u>	<u>370,837</u>	<u>(330,270)</u>	<u>44,499</u>

Notes: (1) License Fees \$2,807.

Transfers to General Fund - \$3,000, Expenditures - \$92.

(2) Revenues - Fees \$1,790.

Transfer to General Fund - Clam Flat Management, Salaries, \$532, Wages - \$1,257.60.

(3) Grant Receipts \$5,340.

Exp. \$5,340.

(4) Grant Receipt \$271.

Exp. \$271.

(5) Donations, Fundraising \$0.

Transfer To CIP - \$1,837.

(6) Grant Receipts \$112,319, Transfer from CIP \$80,850

Exp. \$150,480

(7) Grant Receipts \$166,878, Transfer from G/F - \$582

Exp. \$167,460

TOWN OF BAR HARBOR
 COMBINING BALANCE SHEET
 ELEMENTARY SCHOOL DEPARTMENT
 JUNE 30, 2010

Exhibit B-4

<i>Assets</i>	<i>Operating Fund</i>	<i>Food Service</i>	<i>ESL Grant</i>	<i>Emergency Special Education Reserve</i>	<i>Emer Grants</i>	<i>Donations</i>	<i>Total</i>
Accounts Receivable	7,520						7,520
Due From Other Funds	926,821	3,180	3,501	330,886	150	1,819	1,266,357
Due From Other Governments	6,352						6,352
Inventory		2,901					2,901
Total Assets	940,693	6,081	3,501	330,886	150	1,819	1,283,130
<i>Liabilities & Fund Balances</i>							
<i>Liabilities</i>							
Due to Other Funds	339,536						339,536
Due to Students		4,189					4,189
Accounts Payable	47,586						47,586
Accrued Salaries	412,777						412,777
Total Liabilities	799,899	4,189	-	-	-	-	804,088
<i>Fund Balances (Deficit)</i>							
Reserved for Inventory		2,901					2,901
Unreserved							
Designated for Subsequent Years' Expenditures		(1,009)	3,501	330,886	150	1,819	335,347
Undesignated	140,794						140,794
Total Fund Balances	140,794	1,892	3,501	330,886	150	1,819	479,042
Total Liabilities & Fund Balances	940,693	6,081	3,501	330,886	150	1,819	1,283,130

TOWN OF BAR HARBOR
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
ELEMENTARY SCHOOL DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 2010

Exhibit B-5

	<u>Operating Fund</u>	<u>Food Service</u>	<u>Federal/ State Projects</u>	<u>ESL Grant</u>	<u>Emergency Special Education Reserve</u>	<u>Emery Grants</u>	<u>French Grant</u>	<u>Donations</u>	<u>Total</u>
Revenues									
Intergovernmental	664,228	32,147	120,595		26,058				843,028
Local Sources	6,580	169				1,312		2,732	10,793
Lunch Sales		61,863							61,863
Total Revenues	<u>670,808</u>	<u>94,179</u>	<u>120,595</u>	<u>-</u>	<u>26,058</u>	<u>1,312</u>	<u>-</u>	<u>2,732</u>	<u>915,684</u>
Expenditures									
Education Programs	3,374,570		120,595			1,255	116	2,809	3,499,345
Administrative Support	1,729,252								1,729,252
Lunch Program		153,588							153,588
Total Expenditures	<u>5,103,822</u>	<u>153,588</u>	<u>120,595</u>	<u>-</u>	<u>-</u>	<u>1,255</u>	<u>116</u>	<u>2,809</u>	<u>5,382,185</u>
Excess of Revenues Over (Under) Expenditures	<u>(4,433,014)</u>	<u>(59,409)</u>	<u>-</u>	<u>-</u>	<u>26,058</u>	<u>57</u>	<u>(116)</u>	<u>(77)</u>	<u>(4,466,501)</u>
Other Financing Sources (Uses)									
Lease Proceeds									-
Transfers from Other Funds	4,448,179	57,972							4,506,151
Transfers to Other Funds	(57,972)				(15,692)				(73,664)
Total Other Financing Sources (Uses)	<u>4,390,207</u>	<u>57,972</u>	<u>-</u>	<u>-</u>	<u>(15,692)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,432,487</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(42,807)</u>	<u>(1,437)</u>	<u>-</u>	<u>-</u>	<u>10,366</u>	<u>57</u>	<u>(116)</u>	<u>(77)</u>	<u>(34,014)</u>
Fund Balance - July 1	<u>183,601</u>	<u>3,329</u>	<u>-</u>	<u>3,501</u>	<u>520,520</u>	<u>93</u>	<u>116</u>	<u>1,896</u>	<u>513,056</u>
Fund Balance (Deficit) - June 30	<u>140,794</u>	<u>1,892</u>	<u>-</u>	<u>3,501</u>	<u>330,886</u>	<u>150</u>	<u>-</u>	<u>1,819</u>	<u>479,042</u>

**TOWN OF BAR HARBOR
CAPITAL IMPROVEMENTS PROGRAM
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2010**

*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</i>	<i>Balance (Over) Under</i>	<i>Transfers From (To) Unreserved</i>	<i>Balance June 30</i>
Town Clerk							
Computerized Voting Equipment	7,171	1,155			8,326		8,326
Finance							
Computer Hardware	9,725	2,000		(8,501)	3,224		3,224
Computer Reserve	25,576	(25,576)			-		-
Technology							
Copier Equipment	5,954	3,065		(6,751)	2,268		2,268
Wide Format Scanner & GIS Equipment	1,500	1,500			3,000		3,000
GPS Unit	4,617	2,883		(7,295)	205		205
Map Plotter	3,583	2,917			6,500		6,500
Broadcast Equipment	1,742	9,887			11,629		11,629
Audio Visual Equipment	-	305			305		305
Document Imaging System	5,626	42,793		(41,260)	7,159		7,159
Computer Servers	6,085	3,789		(5,009)	4,865		4,865
Town Office Phone System	3,962	3,457			7,419		7,419
Asset Management System	-	18,000		(18,050)	(50)	50	-
Municipal Building							
Building Renovation	2,712	290,000		(97,588)	195,124		195,124
Ventilation System	35,235			(36,224)	(989)	989	-
Code Enforcement							
Permit Mgt. Software-BMSI	1,071	(1,071)			-		-
Pickup Reserve	1,327	2,861			4,188		4,188
Assessing							
Property Tax Maps & Revaluation	54,623	(32,169)			22,454		22,454
Assessing Software	8,268	(8,268)			-		-
Planning							
Aerial Photography Update	545	7,114			7,659		7,659
Downtown Streetscapes	35,040				35,040		35,040
Information Kiosks	-	10,000		(7,187)	2,813		2,813
Ambulance							
Ambulance Reserve	20,124	26,143			46,267		46,267
Defibrillators	10,230	10,990			21,220		21,220
Jaws of Life	8,853	(365)			8,488		8,488
Fire Department							
Fire Engine #2	38,265	6,996			45,261		45,261
Fire Engine #3 Reserve	-	8,041			8,041		8,041
Fire Engine #4	74,660	16,687			91,347		91,347
Fire Engine #5	57,207	6,996			64,203		64,203
Pick-up Truck Replacement	11,020	4,026			15,046		15,046
Thermal Imaging Camera	12,075	1,208			13,283		13,283
SCBA's & Cascade System	-	6,025			6,025		6,025
Police Department							
Computers & Software	6,394	1,570			6,964		6,964
Radio Base Station & Console	30,172	9,137		(7,316)	31,993		31,993
Speed Trailer & Monitor	2,229	719			2,948		2,948
Port Security Grant Match	-	80,850		(80,850)	-		-

**TOWN OF BAR HARBOR
CAPITAL IMPROVEMENTS PROGRAM
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2010**

*Exhibit C-1
Page 2 of 3*

	<i>Balance July 1</i>	<i>Budget</i>	<i>Revenues and Transfers</i>	<i>Expenditures</i>	<i>Balance (Over) Under</i>	<i>Transfers From (To) Unreserved</i>	<i>Balance June 30</i>
<i>Town Projects (Continued)</i>							
Public Safety Building							
Phone System Replacement	4,649	1,635			6,284		6,284
Public Safety Bldg. Generator	4,274	667			4,941		4,941
School Shelter Generator	-	667		(2,373)	(1,706)	1,706	-
Building Renovations	-	28,000			28,000		28,000
Harbor Department							
Harbor Master Boat & Trailer	12,444				12,444		12,444
New Floats	26,601	8,392			34,993		34,993
Gangway Replacement	6,463	1,817			8,280		8,280
Harbor Master's Office	18,327				18,327		18,327
Pier Renovations	-	1,000			1,000		1,000
Security Camera System	-	860			860		860
Parks & Recreation							
Albert Meadow-Grant's Park	5,000				5,000		5,000
Barker Common	-	75,000		(4,874)	70,126		70,126
Mt. Desert Cemetery	60,728				60,728		60,728
Park Equipment	-	1,837			1,837		1,837
Village Green Bandstand	10,927	26,507		(46,409)	(8,975)	8,975	-
Glen Mary Renovations	2,152	10,500			12,652		12,652
Harborview Park	-	46,867			46,867		46,867
Comfort Stations							
New Restrooms Construction	42,255	325,137		(311,292)	56,100		56,100
Public Works / Highway							
Land Acquisition & Development	117,629	(92,629)			25,000		25,000
Air Compressor	1,200	1,000			2,200		2,200
Backhoe Reserve (Cat & Deere)	3,586	23,915			27,501		27,501
Brush Chipper	11,492	1,832			13,324		13,324
Bikeway Construction	3,563				3,563		3,563
Grader Reserve	85,329	5,000			90,329		90,329
Hydraulic Lifts	-	1,000			1,000		1,000
Front End Loader Reserve	71,252	9,929			81,181		81,181
Road Improvement Program	257,866	3,259,063		(913,692)	2,603,237		2,603,237
Sidewalk Plow	44,247	6,933			51,200		51,200
Sidewalk Reconstruction Program	54,275	416,296		(173,621)	296,950		296,950
Washer, Steam Pressure	9,500	980			10,480		10,480
Street Sweeper (Broom)	25,802	8,158			33,960		33,960
Street Sweeper (Vacuum)	72,022	44,111		(5,100)	111,033		111,033
Town Garage Replacement Reserve	195,110	(195,110)			-		-
Tag Trailer	5,976	883			6,859		6,859
Water Truck	15,000	2,963			17,963		17,963
Light Truck Purchase	43,146	39,871		(65,862)	17,155		17,155
Plow Truck Reserve	122,068	50,491		(92,348)	80,211		80,211
Bobcat Loader	1,250	7,608			8,858		8,858
Roller, Vibratory	23,407	1,379			24,786		24,786
Waste Oil Furnace	1,262	2,008			3,270		3,270

**TOWN OF BAR HARBOR
CAPITAL IMPROVEMENTS PROGRAM
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2010**

*Exhibit C-1
Page 3 of 3*

	<i>Balance July 1</i>	<i>Budget</i>	<i>Revenues and Transfers</i>	<i>Expenditures</i>	<i>Balance (Over) Under</i>	<i>Transfers From (To) Unreserved</i>	<i>Balance June 30</i>
Town Projects (Continued)							
Solid Waste Division							
Storage	5,375	375			5,750		5,750
Bailers	4,222	2,091			6,313		6,313
Glass Crusher	2,777	807			3,584		3,584
Forklifts	11,265	8,189			19,454		19,454
Transfer Station Reserve	-	2,168			2,168		2,168
Recycling Facility Reserve	-	645			645		645
Debt Service							
Building Renovation Bond Payment	-	32,477		(32,477)	-		-
Debt Service - Agamont Park	-	64,580		(64,580)	-		-
Septic Dump Payment	-	7,920		(7,920)	-		-
Workforce Housing	-	76,422		(4,830)	71,592	(71,592)	-
Town Total	1,867,032	4,833,926	-	(2,041,409)	4,659,549	(59,872)	4,599,677
School Projects							
Heating System Payment	-	12,889		(12,899)	(10)	10	-
Building Addition Payments	-	137,425		(137,425)	-		-
2004 Heating System Payment	-	70,000		(70,000)	-		-
2004 Heating System Payment	-	61,804		(61,804)	-		-
ADA Act Renovations	12,649	-		-	12,649		12,649
Capital Outlay Reserve	25,456	2,443		(4,555)	23,344	(12,113)	11,231
Furniture & Equipment	3,952	5,000		(11,238)	(2,286)	2,286	-
Computers & Technology	7,980	38,000		(52,449)	(6,469)	6,469	-
Copier Lease/Purchase	-	9,035		(9,035)	-		-
Flooring	12,591	5,000		-	17,591		17,591
Repaving	-	13,000		(12,448)	552	(552)	-
Asbestos Removal	7,810	-		-	7,810		7,810
Pickup Truck Replacement	-	5,530		(5,530)	-		-
Roof Repairs	13,749	3,000		(1,081)	15,668		15,668
Storage Units	-	5,500		(9,180)	(3,680)	3,680	-
Connors Windows	12,065	-		-	12,065		12,065
Painting of the Building	-	5,000		-	5,000		5,000
Boiler Lead-Lag System	-	6,000		-	6,000		6,000
Dumpster Pad & Cage	-	8,000		(8,220)	(220)	220	-
Roof Fascia & Drainage	-	25,000		(1,900)	23,100		23,100
Sewer Lines	5,000	10,000		-	15,000		15,000
Safety & Access Control	3,189	5,000		(1,331)	6,858		6,858
Indoor Pipe Replacement	22,450	5,000		-	27,450		27,450
School Total	(126,891)	432,626	-	(399,095)	160,422	-	160,422
Subtotal	1,993,923	5,266,552	-	(2,440,504)	4,819,971	(59,872)	4,760,099
Unreserved - Undesignated Balance	98,642	(5,266,552)	5,205,633	(39,416)	(1,693)	59,872	58,179
Totals	2,092,565	-	5,205,633	(2,479,920)	4,818,278	-	4,818,278

**TOWN OF BAR HARBOR
 COMBINING BALANCE SHEET
 ALL PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010**

Exhibit D-1

<i>Assets</i>	<i>Gurnee Scholarship</i>	<i>Cemetery Trusts</i>	<i>Total</i>
Cash and Equivalents	2,771	630	3,401
Investments	6,618	1,506	8,124
Total Assets	9,389	2,136	11,525
<i>Liabilities & Fund Balances</i>			
Liabilities			
Due to Other Funds			-
Total Liabilities	-	-	-
Fund Balances			
Reserved for Endowments	6,488	2,137	8,625
Unreserved	2,901	(1)	2,900
Total Fund Balances	9,389	2,136	11,525
Total Liabilities & Fund Balances	9,389	2,136	11,525

TOWN OF BAR HARBOR
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

Exhibit D-2

	<i>Gurnee Scholarship</i>	<i>Cemetery Trusts</i>	<i>Total</i>
Revenues			
Investment Income	361	95	456
Expenditures			
Scholarships			-
	-	-	-
Excess of Revenues Over Expenditures	361	95	456
Other Financing Sources (Uses)			
Transfers to Other Funds		(325)	(325)
Total Other Financing Sources (Uses)	-	(325)	(325)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	361	(230)	131
Fund Balance - July 1	9,028	2,366	11,394
Fund Balance - June 30	9,389	2,136	11,525

James W. Wadman

Certified Public Accountant

Telephone 207-667-6500

Facsimile 207-667-3636

wadmancpa.com

December 27, 2010

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, 2010.

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