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2014

## Bar Harbor Maine Audited Annual Financial Report 2014

Bar Harbor, Me.

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# James W. Wadman

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CERTIFIED PUBLIC ACCOUNTANT

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

## *INDEPENDENT AUDITOR'S REPORT*

December 9, 2014

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Bar Harbor, Maine as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bar Harbor, Maine as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### *Other-Matters*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 13 and 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance

with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Bar Harbor, Maine's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance 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, 2014**

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, 2014. 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 Position* – The assets of the Town exceeded its liabilities at fiscal year ending June 30, 2014 by \$34,041,382 (presented as “net position”). Of this amount, \$11,017,404 was reported as “unrestricted net position”. Unrestricted net position represents the amount available to be used to meet the Town's ongoing obligations to citizens and creditors.

*Changes in Net Position* – The Town's total net position increased by \$1,033,753 (a 3.1% increase) for the fiscal year ended June 30, 2014. Net position of governmental activities decreased by \$21,797 (a .1% decrease), while net position of business-type activities showed an increase of \$1,055,550 (a 9.1% increase).

**Fund Highlights:**

*Governmental Funds – Fund Balances* – As of the close of the fiscal year ended June 30, 2014, the Town's governmental funds reported a combined ending fund balance of \$7,870,230 with \$623,932 being general unassigned fund balance. This unassigned fund balance represents approximately 3.8% of the total general fund expenditures for the year.

**Long-term Debt:**

The Town's total long-term debt obligations decreased by \$376,162 (4.9%) during the current fiscal year. Existing debt obligations were retired according to schedule. The Town approved 2 general obligation securities at the 6/3/14 annual town meeting. The first was in the amount of \$2,200,000 for the renovations to the town office and the second was in the amount of \$242,000 for the Downtown Wayfinding Signage Plan. Both are authorized but unissued at 6/30/14.

**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 14-15 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 16-19 of this report.  
 The basic proprietary fund financial statements can be found on pages 20-22 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 23-42 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 43 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Position**

60.2% of the Town’s net position reflects its net 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 are still outstanding. The Town uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the Town’s investment in its capital assets is reported net of accumulated depreciation and net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

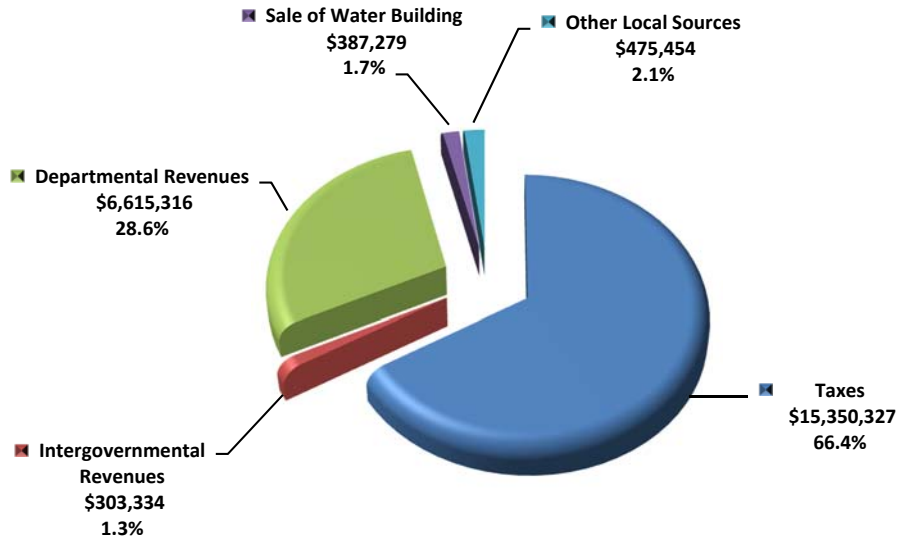
	<b>Governmental Activities</b>	<b>Business-like Activities</b>	<b>Total 2014</b>	<b>Total 2013</b>
Current Assets	9,852,779	3,328,152	13,180,931	16,131,082
Capital Assets	20,169,790	20,225,953	40,395,743	37,628,929
<b>Total Assets</b>	<b>30,022,569</b>	<b>23,554,105</b>	<b>53,576,674</b>	<b>53,760,011</b>
Current Liabilities	1,733,669	1,998,665	3,732,334	3,488,961
Other Liabilities	6,909,159	9,914,102	16,823,261	17,224,635
<b>Total Liabilities</b>	<b>8,642,828</b>	<b>11,912,767</b>	<b>20,555,595</b>	<b>20,713,596</b>
<b>Deferred Inflows of Resources</b>				
Prepaid Property Taxes	35,247		35,247	38,786
<b>Net Position:</b>				
Held for Postemployment Benefits			-	51,152
Net Investment in Capital Assets	12,859,257	9,375,617	22,234,874	19,091,898
Restricted	145,761		145,761	206,899
Unrestricted	8,339,476	2,265,721	10,605,197	13,657,680
<b>Total Net Position</b>	<b>21,344,494</b>	<b>11,641,338</b>	<b>32,985,832</b>	<b>33,007,629</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>30,022,569</b>	<b>23,554,105</b>	<b>53,576,674</b>	<b>53,760,011</b>

**Changes in Net Position**

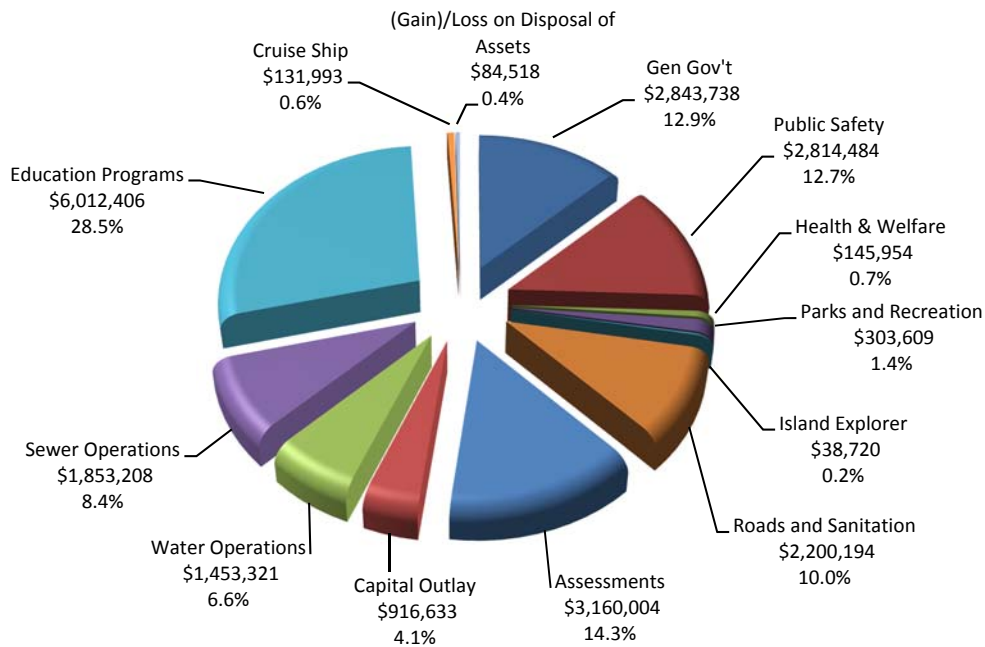
Approximately 66.4% of the Town's total revenue came from property and excise taxes, approximately 1.3% came from Federal and State subsidies and grants, and approximately 32.3% came from services, investment earnings and other sources. Depreciation expense on the Town's governmental and business-like activity assets represents \$1,763,466 of the total expenses for the fiscal year.

	<b>Governmental</b>	<b>Business-like</b>		
	<b>Activities</b>	<b>Activities</b>	<b>Total 2014</b>	<b>Total 2013</b>
<b>Revenues:</b>				
Taxes	15,350,327		15,350,327	14,954,797
Intergovernmental Revenues	303,334		303,334	1,018,084
Departmental Revenues	2,693,826	3,921,490	6,615,316	6,359,982
Other Local Sources	373,423	489,310	862,733	281,760
<b>Total</b>	<b>18,720,910</b>	<b>4,410,800</b>	<b>23,131,710</b>	<b>22,614,623</b>
<b>Expenses:</b>				
General Government	2,843,738		2,843,738	2,678,675
Public Safety	2,814,484		2,814,484	2,729,034
Health & Welfare	145,954		145,954	133,168
Parks and Recreation	303,609		303,609	301,752
Island Explorer Shuttle Bus	38,720		38,720	25,000
Roads and Sanitation	2,200,194		2,200,194	2,152,990
Assessments	3,160,004		3,160,004	3,144,324
Capital Outlay	916,633		916,633	707,486
Water Operations		1,453,321	1,453,321	1,302,057
Sewer Operations		1,853,208	1,853,208	1,935,276
Education Programs	6,151,581		6,151,581	6,012,406
Cruise Ship	131,993		131,993	131,255
(Gain)/Loss on Disposal of Assets	35,797	48,721	84,518	12,468
<b>Total</b>	<b>18,742,707</b>	<b>3,355,250</b>	<b>22,097,957</b>	<b>21,265,891</b>
<b>Changes in Net Position</b>	<b>(21,797)</b>	<b>1,055,550</b>	<b>1,033,753</b>	<b>1,348,732</b>

## Revenues By Source - Governmental and Business-Type



## Expenditures by Source - Governmental and Business-Type



## **FINANCIAL ANALYSIS OF THE TOWN'S INDIVIDUAL FUNDS**

### **Governmental Funds**

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the Town's governmental funds reported ending fund balances of \$7,870,230, a decrease of \$3,128,498 in comparison with the prior year. Approximately 7.9 percent of this total amount constitutes unassigned fund balance. The remainder is reserved to indicate that it is not available for spending because it has been committed to liquidate contracts and commitments of the prior fiscal year or for a variety of other purposes.

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

- \$59,719 positive variance in property taxes due to the adjustment for unearned property tax revenue.
- \$50,750 positive variance in auto excise due to newer/higher vehicles being registered.
- \$(55,398) negative variance in municipal revenue sharing due to proportionally shared state cuts to this program.
- \$(61,838) negative variance in ambulance revenues, net of write offs. This was due to approximately 10% reduction in billable runs and a 48% increase in bad debts write offs not budgeted for.
- \$24,149 positive variance in building permits revenue due to a new and unbudgeted hotel.
- \$19,195 negative variance in sale of recyclables revenue due to a reduction in cardboard and metals prices in the market.
- \$13,424 positive variance in the assessing department expenditures. The staff changed from outsourcing personal property updates to performing that in house.
- \$16,667 positive variance in the 27<sup>th</sup> pay period expenditure due to a reduction in high wage personnel in the wage base accrual that were not budgeted for.

### **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 \$71,413,480, net of accumulated depreciation of \$31,316,320, leaving a net book value of \$40,097,160. Current year additions included Capital Improvements, Water and Sewer additions.



**TOWN OF BAR HARBOR, MAINE  
OPERATING DATA AS OF JUNE 30, 2014**

**MUNICIPAL SERVICES**

**Public Works**

*Wastewater Division*

<u>Largest Wastewater Customers</u>	<u>Type of Use</u>	<u>2013 Revenues</u>	<u>% of Total</u>
Jackson Laboratory	Genetic Research & Mice Prod	\$463,147	22.4%
Witham Family LTD	Hotels	182,015	8.8%
Eden Street Trust	Hotel	79,638	3.8%
Hulls Cove, LLC	Hotel	39,715	1.9%
Golden Anchor, LC	Hotel	37,743	1.8%
BHTC 111, LLC	Tennis & Swim Club	31,284	1.5%
Bar Harbor Hsg Auth	Low Income/Elderly Housing	27,846	1.3%
Town of Bar Harbor	Parks, Bldgs, Schools	25,938	1.3%
Mt. Desert Hospital	Hospital	26,341	1.3%
Lafayette Bluenose, LLC	Hotel	23,656	1.1%

*Water Division*

<u>Largest Water Customers</u>	<u>Type of Use</u>	<u>2013 Revenues</u>	<u>% of Total</u>
Town of Bar Harbor	Parks, Bldgs, Schools & Hydrants	\$523,199	29.3%
Jackson Laboratory	Genetic Research & Mice Prod	173,221	9.7%
Witham Family LTD Partnership	Hotels	80,404	4.5%
College of the Atlantic	College	25,692	1.4%
Golden Anchor	Hotel	17,032	1.0%
Colket, Tristram C JR	Residence & Greenhouse	16,897	0.9%
Lafayette Bar Harbor, LLC	Motel	16,614	0.9%
Hulls Cove, LLC	Hotel	16,292	0.9%
Kebo Valley Club	Golf Course	15,884	0.9%
Eden Street Trust	Hotel	14,436	0.8%

<b>Number of Water System Customers</b>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Residential	1,266	1,272	1,251	1,249	1,247
Commercial	449	490	505	493	490
Industrial (Jax Lab)	47	39	42	43	43
Governmental	49	53	53	52	52
<b>Total</b>	<b>1,811</b>	<b>1,854</b>	<b>1,851</b>	<b>1,837</b>	<b>1,832</b>

<b>Water Sales (per 1,000 gallons)</b>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Residential	69,828	83,026	73,690	71,570	65,318
Commercial	108,793	110,013	101,306	102,200	103,634
Industrial (Jax Lab)	53,937	54,566	52,065	57,920	60,116
Public Authorities	14,279	10,803	10,831	9,905	10,170
<b>Total Water Sales</b>	<b>246,837</b>	<b>258,408</b>	<b>237,892</b>	<b>241,595</b>	<b>239,238</b>

<b>Water Sales (Revenue)</b>	<u><b>2009</b></u>	<u><b>2010</b></u>	<u><b>2011</b></u>	<u><b>2012</b></u>	<u><b>2013</b></u>
Residential	\$360,176	\$385,829	\$433,721	\$426,246	\$484,620
Commercial	355,398	384,359	419,435	421,111	494,752
Industrial (Jax Lab)	90,825	93,311	105,520	116,518	138,761
Public Authorities	39,682	41,294	50,060	47,001	56,710
Public Fire Protection	346,992	346,992	402,968	402,968	480,468
Private Fire Protection	71,483	72,762	87,703	89,174	106,563
<b>Total Water Sales</b>	<b>\$1,264,556</b>	<b>\$1,324,547</b>	<b>\$1,449,407</b>	<b>\$1,503,018</b>	<b>\$1,761,874</b>

**PUBLIC EDUCATION**

**Composition of MDI RSS**

<i>Former Administrative Unit</i>	<i>Community</i>	<i>School</i>	<i>Grade</i>	<b>Enrollment (as of Oct. 1, 2013)</b>
School Union #98	Bar Harbor	Conners-Emerson School	K-8	389
School Union #98	Cranberry Isles	Islesford School	K-8	12
School Union #98	Frenchboro	Frenchboro Elementary	K-8	6
School Union #98	Mount Desert	Mt Desert Elementary	K-8	184
School Union #98	Southwest Harbor	Pemetic Elementary	K-8	152
School Union #98	Tremont	Tremont Consolidated	K-8	109
School Union #92	Trenton	Trenton Elementary	K-8	123
MSAD No. 76	Swan's Island	Swan's Island Elementary	K-8	36
C.S.D. No. 7	Members of Union #98	Mt Desert Island High	9-12	<u>538</u>
		Total Enrollment		1,549
		(less Tuition Students)		<u>(45)</u>
		Total Member Enrollment		1,504

**LABOR RELATIONS**

The Town employs approximately 141 full-time personnel, approximately of whom 71 are employees of the Town including its utilities systems; and 70 of whom are employed by the School Department; and various part-time employees. Approximately 40 full-time Town employees, not included in the table below, are not represented by unions.

<b>Union</b>	<b>Bargaining Unit</b>	<b>Date of Contract</b>	
		<b>Effective</b>	<i>Expiration</i>
Teamsters Local No. 340	Highway & Wastewater Unit	July 1, 2014	June 30, 2017
Teamsters Local No. 340	Supervisor Unit	Job Vacant	
IAFF (AFL/CIO)	Fire Department Unit	July 1, 2014	June 30, 2017
BHSEA (MEA)	School Support Unit	July 1, 2012	June 30, 2015
BHTA (MEA)	Teachers Unit	Sept.1, 2012	Aug. 31, 2015

## BUILDING ACTIVITY

Calendar Year	Residential		Commercial		Total	
	# Permits	Est. Cost	# Permits	Est. Cost	# Permits	Est. Cost
2013	195	\$11,067,509	112	\$21,401,296	307	\$32,468,805
2012	218	8,818,995	104	18,278,880	322	27,097,875
2011	206	5,066,552	115	6,751,987	321	11,818,539
2010	207	7,844,890	115	9,250,707	322	17,095,597
2009	200	7,035,161	109	7,220,096	309	14,255,257

Representative <i>Employers</i>	Type of <i>Business</i>	Approximate Number of Employees			
		Full-Time	Part-Time	Seasonal	Total
The Jackson Laboratory	Genetic Research	1,254	0	0	1,254
Mount Desert Island Hospital	Hospital	425	140	0	565
National Park Service	Acadia National Park	85	0	128	213
Hannaford's Shop & Save	Grocery Store	33	43	30	106
College of the Atlantic	College	85	20	0	115
MDI Bio Laboratory	Medical Research	60	3	9	72
Sonogee Estates	Nursing Home	47	4	17	68
Bar Harbor Banking & Trust Co.	Bank	36	3	2	41

## TOWN FINANCES

### General Fund Budgets for Fiscal Year Ending June 30.

	2011	2012	2013	2014	2015
<b>Revenues</b>					
Taxes	\$14,143,638	\$14,346,420	\$14,908,603	\$15,310,100	\$15,796,457
Intergovernmental	358,910	378,636	391,719	309,110	241,420
Departmental	973,335	1,039,386	1,033,614	1,078,517	1,081,216
Other local sources	547,640	531,781	561,361	551,796	535,264
<b>Total Revenues</b>	<b>16,023,523</b>	<b>16,296,223</b>	<b>16,895,297</b>	<b>17,249,523</b>	<b>17,654,357</b>
<b>Expenditures</b>					
General government	2,748,058	2,838,034	2,787,297	2,811,648	2,778,378
Public safety	2,149,969	2,230,015	2,442,592	2,549,803	2,608,008
Health & welfare	127,543	113,785	124,805	127,396	130,716
Parks & recreation	216,848	215,881	248,421	230,479	230,865
Roads & sanitation	1,666,782	1,704,846	1,808,304	1,763,969	1,746,798
Debt service	12,888	-	-	-	-
Assessments	2,971,418	2,998,800	3,144,324	3,160,004	3,396,885
Transfers to school fund	4,575,479	4,718,082	4,714,074	5,080,953	5,176,423
Transfers to CIP	1,501,170	1,423,418	1,747,987	1,700,842	1,820,106
Other exp. & transfers	53,368	53,362	51,320	51,289	32,053
<b>Total Expenditures</b>	<b>\$16,023,523</b>	<b>\$16,296,223</b>	<b>\$17,069,124</b>	<b>\$17,476,383</b>	<b>\$17,920,232</b>
<b>Excess Exp. Over Revenues</b>	<b>\$0</b>	<b>\$0</b>	<b>\$173,827</b>	<b>\$226,860</b>	<b>\$265,875</b>
<b>Use of Fund Balance:</b>					
Transfer to CIP	0	0	117,160	117,160	200,000
One-time expenditures	0	0	56,667	109,700	65,875
Increase GF Bal	0	0	0	0	0
<b>Total Use of Fund Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$173,827</b>	<b>\$226,860</b>	<b>\$265,875</b>

**Property Tax Levy Limit**

Fiscal year:	<b><u>2010/2011</u></b>	<b><u>2011/2012</u></b>	<b><u>2012/2013</u></b>	<b><u>2013/2014</u></b>	<b><u>2014/2015</u></b>
State Personal Income Factor:	1.78%	1.66%	1.43%	1.05%	1.09%
Town Prop Growth Factor:	<u>1.97%</u>	<u>2.41</u>	<u>1.76%</u>	<u>1.46%</u>	<u>1.41%</u>
Growth Limitation Factor:	3.75%	4.07%	3.19%	2.51%	2.50%
Property Tax Levy Limit:	\$5,772,322	\$6,082,356	\$6,282,509	\$6,444,293	\$6,632,283
Property Tax Levy:	<u>5,708,877</u>	<u>5,742,050</u>	<u>6,095,170</u>	<u>6,174,598</u>	<u>6,199,868</u>
Over/(below) Prop Tax Levy Limit:	(\$63,445)	(\$346,306)	(\$187,339)	(\$269,695)	(\$432,415)

**General Fund Balance as % Revenues**

	Fiscal Year Ended June 30,				
	2010	2011	2012	2013	2014
Assigned and Unassigned General Fund Balance	\$2,261,033	\$2,879,315	\$3,424,663	\$3,489,920	\$3,314,239
Total Revenues	15,887,271	17,548,339	17,745,350	18,135,145	18,594,081
Fund Bal as % Revenues	14.23%	16.41%	19.30%	19.24%	17.82%

**Tax Levy and Collections**

Fiscal Yr. End June 30,	Equalized State Valuation (000)	Assessed Valuation (000)	Tax Rate (000)	Tax Levy	Collections (after Supplements and Abatements)		
					Year End	% of Levy	% of Levy A/O 6/30/14
2014	1,390,700	\$1,435,775	\$10.01	\$14,372,104	\$13,918,708	96.86%	96.86%
2013	1,383,750	1,423,245	9.84	14,004,735	13,469,426	96.18	98.33
2012	1,389,150	1,407,891	9.60	13,515,751	12,998,547	96.17	99.75
2011	1,443,700	1,410,144	9.44	13,311,759	12,837,527	96.44	99.83
2010	1,486,550	1,437,197	8.88	12,762,312	12,288,901	96.29	99.89

**Largest Taxpayers**

Taxpayer	As of April 1, 2014			
	Type of Business	Assessed Value	Tax	% of Levy
Golden Anchor, L C	Hotel	\$20,169,500	\$206,132	1.39%
Eden Street Trust	Hotel	17,589,300	179,763	1.22%
Witham Family LTD	Hotel	13,548,200	138,463	0.93%
West Street Properties, LLC	Hotel	13,206,800	134,974	0.91%
BHTC 111, LLC	Res/Club	10,434,400	106,640	0.72%
Witham Family LTD	Hotel	9,124,300	93,250	0.63%
Bangor Hydro Elec Co	Utility	7,938,200	81,128	0.55%
Colket, Tristram C Jr	Residential	7,177,900	73,358	0.50%
Lafayette Bluenose, LLC	Hotel	6,784,800	69,341	0.47%
Holiday Assoc. of Naples	Hotel	5,767,900	58,948	0.40%
<b>Top ten taxpayers</b>			<b>\$1,141,997</b>	<b>7.71%</b>

**Revenues from the State**

<b>Fiscal Yr. End June 30,</b>	<b>State Revenue Sharing</b>	<b>Homestead Exemption</b>	<b>General Assistance</b>	<b>Other State Aid</b>	<b>Total From State</b>
2014	\$133,206	\$47,655	\$279	\$9,324	\$190,464
2013	203,535	47,474	0	75,886	326,895
2012	200,070	57,842	663	73,107	331,682
2011	192,549	20,935	4,334	74,992	292,810
2010	205,809	54,430	3,133	71,306	334,678

**DEBT**

<b>Year Issued</b>	<b>Purpose</b>	<b>Amount Issued</b>	<b>Final Maturity</b>	<b>Balance on June 30, 2014</b>			<b>Balance on June 30, 2015</b>	
				<b>General</b>	<b>Propr'try</b>	<b>Total</b>	<b>(Payments)</b>	<b>Total</b>
1997	Sewer Plant (SRF)	7,300,000	10/01/17		\$1,747,330	\$1,747,330	(\$419,295)	\$1,328,035
2002	Water Tank (SRF)	750,000	10/01/21		344,754	344,754	(39,215)	305,539
2004	School (MMBB)	805,000	11/01/24	531,965		531,965	(37,321)	494,644
2005	Beach Wall	800,000	10/15/24	440,000		440,000	(40,000)	400,000
2005	Sewer/Hulls Cove	800,000	10/15/27		575,000	575,000	(30,000)	545,000
2010	Roads & Sidewalks	3,700,000	05/01/30	2,960,000		2,960,000	(185,000)	2,775,000
2010	Water System	600,000	05/01/30		480,000	480,000	(30,000)	450,000
2011	Sewer System	1,316,000	12/01/31		1,207,167	1,207,167	(56,450)	910,717
2011	Water System	1,224,000	12/01/31		1,132,833	1,132,833	(53,000)	1,079,833
2011	Ref'd'g Water-01	2,515,000	12/01/21		1,885,000	1,885,000	(215,000)	1,670,000
2012	Water (SRF)	2,679,150	10/01/32		2,542,018	2,542,018	(122,148)	2,419,870
2013	Public Works	3,350,000	10/15/33	3,350,000		3,350,000	(125,000)	3,225,000
				7,281,965	9,914,102	17,196,067	(1,352,429)	15,843,638
2014	Muni Bldg/Signage (issued 8/15/14)	2,442,000	10/15/34			2,442,000	(122,000)	2,320,000
				\$7,281,965	\$9,914,102	\$19,638,067	(\$1,474,429)	\$18,163,638

**Debt Ratios**

<b>Fiscal Yr. End June 30,</b>	<b>Population</b>	<b>Equalized State Val. (000)</b>	<b>Assessed Valuation (000)</b>	<b>Total Debt</b>	<b>Debt as % Eq. Val.</b>	<b>Per Capita Debt</b>
2014	5,235	\$1,390,700	\$1,435,775	\$19,638,067 <sup>(1)</sup>	1.41%	\$3,751.30
2013	5,235	1,383,750	1,423,245	18,501,308	1.34%	3,534.16
2012	5,235	1,389,150	1,407,891	13,653,474	0.98%	2,608.11
2011	5,235	1,443,700	1,410,144	12,335,113	0.85%	2,356.28
2010	5,235	1,486,550	1,437,197	13,563,739	0.91%	2,590.97

Debt Obligations, by Fund Type

FY June 30,	General Fund Debt		Enterprise Fund Debt	Total Debt	Ent. Debt as % Total Debt
	(Town)	(School)			
2014	\$9,192,919	\$531,965	\$9,914,102	\$19,638,067	50.48%
2013	7,006,919	637,602	10,856,787	18,501,308	58.68%
2012	3,912,605	741,501	8,999,368	13,653,474	65.91%
2011	4,167,142	958,746	7,209,225	12,335,113	58.44%
2010	4,432,546	1,174,721	7,956,472	13,563,739	58.66%

Debt Ratios, by Fund Type

Fiscal Year End June 30,	Debt as % of Equalized. State Val.				Per Capita Debt			
	General Fund		Enterprise Fund	Total	General Fund		Enterprise Fund	Total
	Town	School			Town	School		
2014	0.66%	0.04%	0.71%	1.41%	\$1,756	\$101	\$1,894	\$3,751
2013	0.50	0.05	0.78	1.34	1,338	122	2,074	3,535
2012	0.28	0.05	0.65	0.98	747	142	1,719	2,608
2011	0.29	0.07	0.50	0.85	796	183	1,377	2,356
2010	0.30	0.08	0.54	0.91	847	224	1,520	2,591

Debt Service Component of Operating Expenses

	2010	2011	2012	2013	2014
Total Current Year Debt Service:	\$1,388,112	\$1,698,240	\$1,617,987	\$1,552,947	\$1,765,303
(less Enterprise Debt Service)	<u>(988,464)</u>	<u>(1,029,627)</u>	<u>(975,603)</u>	<u>(1,038,982)</u>	<u>(1,183,861)</u>
Tax Supported Debt Service	\$399,648	\$668,613	\$642,384	\$513,965	\$581,442
Budgeted Operating Expense:	15,632,658	\$16,023,523	\$16,296,223	\$17,069,124	\$17,476,383
Debt Service as % Oper. Expense:	2.56%	4.17%	3.94%	3.01%	3.32%

Total General Obligation, Overlapping and Contingent Debt

	Direct Debt <sup>(1)</sup>	Overlapping	Contingent	Total Debt
Town of Bar Harbor (CIP)	\$7,230,000			\$7,230,000
Town of Bar Harbor (School)	531,965			531,965
Town of Bar Harbor (Enterprise)	9,434,102			9,434,102
C.S.D. No. 7		\$1,256,282		1,256,282
County of Hancock		157,200		157,200
<b>Total A/O June 30, 2014</b>	<b>\$17,196,067</b>	<b>\$1,413,482</b>	<b>\$0</b>	<b>\$18,609,549</b>

Debt as % Eq State Valuation	1.24%	0.10%	0.00%	1.34%
Per Capita Debt	\$3,284.83	\$270.01	\$0.00	\$3,554.83

**REQUESTS FOR INFORMATION**

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

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of Bar Harbor have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

**A. Financial Reporting Entity**

The Town of Bar Harbor operates under an elected Town Council and Town Manager form of government. The Town's Elementary School Department operates under an elected School Committee. The School Department is administered by AOS #91. The Town's major operations include public works, water, wastewater, harbor facilities, public safety, fire protection, education, and general administrative services.

For financial reporting purposes the Town includes all organizations, functions and activities in its financial statements for which it exercises oversight responsibility. Oversight responsibility as defined by the Governmental Accounting Standards Board (GASB) includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the 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, 2014**

**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 unearned revenues. Other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

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

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

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, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***D. Assets, Liabilities, and Net Position or Fund Equity***

***1. Deposits and Investments***

Governmental Accounting Standards Statement No. 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 unearned revenue. At June 30, \$630,597 has been so classified and reported on the general fund balance sheet.

Annual property taxes were levied on August 13, 2013, on property values assessed on April 1. Taxes were due in two installments without penalty, due on September 30 and March 31, with interest at 7.0% beginning October 1 and April 1. A 1% discount was available on the second half taxes if paid at the due date of the first half taxes. 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, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Equity (Continued)**

**4. Capital Assets (Continued)**

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

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

**5. 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, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Equity (Continued)**

**7. Fund Balances/Net Position**

Fund Balances

In accordance with Government Accounting Standards Board 54, fund balance reporting and governmental fund type definitions, the Town classifies governmental fund balances as follows:

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

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

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

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

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

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

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

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Equity (Continued)**

**7. Fund Balances/Net Position (Continued)**

Fund Balances

The Town has identified June 30, 2014 fund balances on the balance sheet as follows:

	<i>General Fund</i>	<i>Capital Improvement Projects</i>	<i>Other Governmental Funds</i>	<i>Total</i>
<u><i>Nonspendable</i></u>				
School Lunch Inventory	2,850			2,850
Gurnee Principal			6,488	6,488
Cemetery Principal			5,269	5,269
	2,850	-	11,757	14,607
<u><i>Restricted</i></u>				
Dog Control Reserve	1,029			1,029
School Restricted Funds	130,125			130,125
	131,154	-	-	131,154
<u><i>Committed</i></u>				
Capital Improvement Programs		4,406,938		4,406,938
	-	4,406,938	-	4,406,938
<u><i>Assigned</i></u>				
Reserve for Working Capital	1,783,000			1,783,000
Designated for Insurance	500,000			500,000
General Fund Encumbrances	20,575			20,575
Education Assigned Funds	336,757			336,757
Cruise Ship Fund - Encumbrances	16,413			16,413
Cruise Ship Fund	33,562			33,562
Gurnee Scholarship			3,292	3,292
	2,690,307	-	3,292	2,693,599
<u><i>Unassigned</i></u>				
General Fund	623,932			623,932
<u><i>Total Fund Balance</i></u>	3,448,243	4,406,938	15,049	7,870,230

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Equity (Continued)**

**7. Fund Balances/Net Position (Continued)**

Net Position

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.

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

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

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

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

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

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

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Budgetary Information (Continued)**

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

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

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

**NOTE 3 - DETAILED NOTES ON ALL FUNDS 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, as of January 1, 2013, all interest bearing and non-interest bearing accounts, are aggregated and are insured up to \$250,000 in total 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.

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

**A. Deposits and Investments (Continued)**

**Deposits (Continued)**

At year-end, the government's carrying amount of deposits was \$9,352,365 and the bank balance was \$9,856,456. 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.

	<b>Bank Balance</b>	<b>Category</b>		
		<b>1</b>	<b>2</b>	<b>3</b>
Cash and Equivalents	<u>9,856,456</u>	<u>8,650,073</u>	<u>1,206,383</u>	<u>-</u>

**Investments**

At June 30, 2014, the Towns investments, maturities and credit ratings are as follows:

Type	June 30, 2014						
	Fair Value	Maturities in Years				Credit Rating	
		Less Than 1	1-5	6-10	More than 10	S&P	Moody's
<b>General Town:</b>							
Chesapeake Energy Corp.	50,312		50,312			BBB	Ba3
Freeport McMoran Copper & Gold	51,033		51,033			A	Baa3
Morgan Stanley	101,420		101,420			A-	Baa1
Mutual Funds	<u>1,448,762</u>	<u>1,448,762</u>				not rated	not rated
Total	<u>1,651,527</u>	<u>1,448,762</u>	<u>202,765</u>	<u>-</u>	<u>-</u>		

**Summary of Deposits and Investment Balances**

Following is a reconciliation of the Town's deposit and investment balances as of June 30, 2014:

Deposits and Cash on Hand	\$ 9,352,365
Investments	<u>\$ 1,651,527</u>
	<u>\$ 11,003,892</u>

	Government-wide Statement of Net Position	Business-Type Statement of Net Position	Totals
Cash and Cash Equivalents	\$ 7,139,725	\$ 2,212,640	\$ 9,352,365
Investments	<u>\$ 1,651,527</u>	<u>\$ -</u>	<u>\$ 1,651,527</u>
	<u>\$ 8,791,252</u>	<u>\$ 2,212,640</u>	<u>\$ 11,003,892</u>

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

**B. Property Taxes**

Property taxes were levied for the fiscal year as follows:

Assessed Value		1,435,774,620
Tax Rate (per \$1,000)		<u>10.01</u>
Commitment		<u><u>14,372,104</u></u>
Appropriations		18,957,821
Less:		
State Municipal Revenue Sharing	188,604	
Estimated Revenues	4,346,615	
BETE Reimbursement	3,001	
Homestead Reimbursement	<u>47,497</u>	
		<u><u>4,585,717</u></u>
Net Assessment for Commitment		<u><u>14,372,104</u></u>

Uncollected real estate taxes and personal property taxes at June 30 for the current year commitment totaled \$448,959, which represents tax collection of approximately 96.9% of the current year commitment. The real estate portion of the total taxes due were placed on lien June 27, 2014. Unpaid prior year tax liens at June 30 totaled \$309,214.

**C. Interfund Receivables and Payables**

Individual fund interfund receivable and payable balances at June 30, 2014 were as follows:

	<u><i>Interfund Receivable</i></u>	<u><i>Interfund Payable</i></u>
General Fund	15,024	4,631,450
Special Revenue Funds		
Maine Forestry Grant		11,000
ARRA Port Security Grant	-	
Capital Project Funds	4,624,818	
Water Fund		4,078
Wastewater Fund	<u>6,686</u>	
Totals	<u><u>4,646,528</u></u>	<u><u>4,646,528</u></u>



**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

**C. Interfund Receivables and Payables (Continued)**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. 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. \$21,764 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.

**D. Capital Assets (Includes School)**

Capital asset activity for the year ended June 30, 2014 was as follows:

	<i><b>Beginning</b></i>			<i><b>Ending</b></i>
	<i><b>Balance</b></i>	<i><b>Increases</b></i>	<i><b>Decreases</b></i>	<i><b>Balance</b></i>
<b><i>Governmental Activities;</i></b>				
<i>Capital assets not being depreciated</i>				
Land	1,899,514	160,000		2,059,514
Construction Work in Progress	356,067	32,033	(294,356)	93,744
	<u>2,255,581</u>	<u>192,033</u>	<u>(294,356)</u>	<u>2,153,258</u>
<i>Capital assets being depreciated:</i>				
Buildings	8,934,704	2,534,128	(89,626)	11,379,206
Equipment	6,124,478	453,537	(213,331)	6,364,684
Infrastructure	18,944,162	894,993	(3,480)	19,835,675
	<u>34,003,344</u>	<u>3,882,658</u>	<u>(306,437)</u>	<u>37,579,565</u>
<i>Total capital assets being depreciated</i>				
<i>Less accumulated depreciation for:</i>				
Buildings	3,295,132	221,632	(62,318)	3,454,446
Equipment	3,733,524	409,830	(204,842)	3,938,512
Infrastructure	11,827,293	346,262	(3,480)	12,170,075
	<u>18,855,949</u>	<u>977,724</u>	<u>(270,640)</u>	<u>19,563,033</u>
<i>Total accumulated depreciation</i>				
	<u>15,147,395</u>	<u>2,904,934</u>	<u>(35,797)</u>	<u>18,016,532</u>
<i>Net capital assets being depreciated</i>				
<b><i>Governmental Activities</i></b>				
<b><i>Capital Assets, net</i></b>	<u><u>17,402,976</u></u>	<u><u>3,096,967</u></u>	<u><u>(330,153)</u></u>	<u><u>20,169,790</u></u>

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

**D. Capital Assets (Continued)**

	<i><b>Beginning Balance</b></i>	<i><b>Increases</b></i>	<i><b>Decreases</b></i>	<i><b>Ending Balance</b></i>
<i><b>Business-type Activities;</b></i>				
<i>Capital assets not being depreciated</i>				
Land	164,793		(667)	164,126
<i>Capital assets being depreciated:</i>				
Water Fund	11,819,663	2,973,619	(3,167,524)	11,625,758
Wastewater Fund	19,531,766	454,030	(95,023)	19,890,773
<i>Total capital assets being depreciated</i>	<u>31,351,429</u>	<u>3,427,649</u>	<u>(3,262,547)</u>	<u>31,516,531</u>
<i>Less accumulated depreciation for:</i>				
Water Fund	2,973,262	256,046	(275,731)	2,953,577
Wastewater Fund	8,317,008	529,696	(46,994)	8,799,710
<i>Total accumulated depreciation</i>	<u>11,290,270</u>	<u>785,742</u>	<u>(322,725)</u>	<u>11,753,287</u>
<i>Net capital assets being depreciated</i>	<u>20,061,159</u>	<u>2,641,907</u>	<u>(2,939,822)</u>	<u>19,763,244</u>
<i>Business-type Activities Capital Assets, net</i>	<u>20,225,952</u>	<u>2,641,907</u>	<u>(2,939,822)</u>	<u>19,927,370</u>

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

Governmental Activities:

General Government	130,598
Public Safety	258,858
Health and Welfare	13,937
Parks and Recreation	53,069
Roads and Sanitation, including infrastructure	395,899
Education	125,363
Total Depreciation Expense - Governmental Activities	<u>977,724</u>

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

**E. 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 School 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 Lease Payment</i>
2015	14,993
2016	<u>14,992</u>
Total Minimum Lease Payments	29,985
Less: Amount Representing Interest	<u>(1,417)</u>
Present Value of Future Minimum Lease Payments	<u><u>28,568</u></u>

**F. 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 Date</i>	<i>Interest Rate</i>	<i>Amount</i>
<b>General Obligation</b>			
2004 School Heating System	11/1/2024	4.45%	531,965
2005 Agamont Park and Seawall	10/15/2027	3.75 - 4.25%	440,000
2010 Capital Construction, Roads, etc.	5/1/2030	2.0-4.0%	2,960,000
2013 Public Works Complex	4/15/2034	2.0-4.0%	<u>3,350,000</u>
			<u><u>7,281,965</u></u>

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

**F. 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>			
1997 Wastewater Plant	10/1/2017	3.00%	1,747,330
2005 Hulls Cove Wastewater Plant	10/15/2027	3.0 - 4.38%	575,000
2002 Water Tank Purchase	10/1/2021	2.673%	344,754
2010 Water Mains	5/1/2030	2.0 - 4.0%	480,000
2011 Wastewater Mains Replacement and Scada System	12/1/2031	2.0 - 3.5%	1,207,167
2011 Water Refinance. Mains Replacement and Duck Brook Pump Station	12/1/2031	2.0 - 3.5%	3,017,833
2012 Safe Drinking Revolving Water Loan	10/1/2032	1.000%	<u>2,542,018</u>
			<u>9,914,102</u>
Total Debt			<u>17,196,067</u>

Annual debt service requirements to maturity for general obligation bonds and notes including interest of \$4,091,949 are as follows:

<i>Year Ended June 30,</i>	<i>General Obligation Debt</i>	<i>Proprietary</i>	<i>Total</i>
2015	632,142	1,192,379	1,824,521
2016	628,701	1,193,699	1,822,400
2017	620,079	1,194,761	1,814,840
2018	615,946	1,185,635	1,801,581
2019	610,646	713,255	1,323,901
2020-2024	2,933,981	3,002,382	5,936,363
2025-2029	2,343,480	1,967,019	4,310,499
2030-2034	1,361,800	1,092,111	2,453,911
Total	<u>9,746,775</u>	<u>11,541,241</u>	<u>21,288,016</u>

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

**F. 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, 2014:

	<i>General</i>		
	<i>Obligation</i>		
	<i>Debt</i>	<i>Proprietary</i>	<i>Total</i>
<i>Long-term Debt payable July 1, 2013</i>	7,644,521	10,856,787	18,501,308
Debt Issued	-	-	-
Debt Retired	(362,556)	(942,685)	(1,305,241)
<i>Long-term Debt payable June 30, 2014</i>	<u>7,281,965</u>	<u>9,914,102</u>	<u>17,196,067</u>

**G. Contributed Capital**

Changes in net contributed capital for the year-ended June 30, 2014 for the government's Proprietary Funds were as follows:

	<u>Wastewater</u>	<u>Water</u>
Balance - Beginning of Year	2,423,960	161,411
Additions:	30,000	60,108
Deductions:		
Retirements		
Depreciation Provided by Contributed Capital	<u>(80,622)</u>	<u>(9,682)</u>
Balance - End of Year	<u>2,373,338</u>	<u>211,837</u>

**H. Authorized, Unissued Debt**

The Town approved the following general obligation securities at the 6/3/14 annual town meeting:

- 1) \$2,200,000 to provide for the costs of renovations to the Town Office.
- 2) \$242,000 to provide for the costs of new signage for the downtown area known as the Downtown Wayfindings Signage Plan.

Both of the approved borrowings are authorized but unissued at 6/30/14.

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 4 - OTHER INFORMATION**

**A. Contingent Liabilities**

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

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

**B. Permanent Funds**

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

<u>Purpose</u>	<u>Nonspendable</u>	<u>Assigned</u>
Cemetery Care	5,269	-
Scholarships	6,488	3,292
Total	<u>11,757</u>	<u>3,292</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, 2014**

**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, PO Box 349, Augusta, Maine 04332-0349 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 10.0%. The Town's costs for the fiscal years ended June 30, 2012, 2013 and 2014 were \$100, 842, \$81,728 and \$77,885 respectively. The Town also contributed \$30,097 on behalf of the former Town Manager as part of a severance agreement.

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 FY 14 rate is 6.5% and 6.9% of annual covered payroll, plus a monthly contribution of \$967 and \$478 to fund the IUUAL, or the Initial Unpooled Unfunded Actuarial Liability. The IUUAL liability stands at \$32,342 as of July 1, 2012. The IUUAL is zero as of 6/30/14. Funding for subsequent fiscal year 2015 will be at 7.8% and 7.2% 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 three funds for the years ended June 30, 2012, 2013 and 2014, were \$104,296, \$128,619 and \$143,403 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 FY 14 rate is 6.5% of annual covered payroll, plus a monthly charge for all covered employees of \$58. 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, 2012, 2013 and 2014 were \$5,563, \$9,347 and \$10,975 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 a portion of the employer contribution, which amounted to 13.03% of the annual covered salary for fiscal year 2014. The State's cost for 2014 was approximately \$382,240. The School Unit is required to pay 2.65% of non-federally funded teachers' compensation and 16.15% for federally funded teachers' compensation. This cost amounted to \$77,739 and \$11,985 respectively for 2014. The federal portion is chargeable to the applicable grants.

**Social Security** – The Town has a section 218 agreement to provide full Social Security coverage for its full time employees and at the Town's discretion may exclude part time public safety employees. This agreement was enacted July 1, 1965.

**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.

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 4 - OTHER INFORMATION (Continued)**

***D. Bar Harbor Water Company Pension Plan (Continued)***

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. During the fiscal year 2014 the Town sold the Water Department Building and used a portion of the proceeds to fully fund the retirement plan and discontinue the plan under the Town. Employees were given the option to roll over their funds or take a lump sum payout. The final distribution of the plan occurred on 12/9/13.

***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 \$1,000,000 of risk and purchases excess insurance for claims which exceed \$1,000,000 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.

Property Coverage: Members' deductibles vary by type of coverage. The Pool retains the difference up to \$300,000 per occurrence. The first level of reinsurance provides a limit of \$700,000 on a per occurrence basis. Separate contracts are maintained to provide an additional \$500,000,000 per occurrence, bringing the total limit to \$501,000,000 for the Pool. Varying sublimits apply for forest fire suppression, earthquake and flood, including property located in Special Flood Hazard Areas.

Liability Coverages: The Pool retains the first \$300,000 per occurrence. Separate reinsurance contracts are maintained to provide up to an additional \$700,000 per occurrence, for a total of \$2,000,000 per occurrence for claims brought outside the Maine Tort Claims Act. The Pool retains the first \$300,000 per occurrence for Maine Tort Claims Act claims with reinsurance of \$100,000 per occurrence, for a total of \$400,000; the current statutory limit. The primary reinsurer is limited to a maximum limit of liability of \$25,000,000 ultimate net loss for any one occurrence or claim made.

Public Officials and Employment Practices Liability Coverages: Member deductibles range upwards from \$1,000. The Pool retains the difference to a maximum of \$300,000 per occurrence. Separate reinsurance contracts provide up to \$2,000,000 per occurrence, \$4,000,000 annual aggregate for each member, subject to \$10,000,000 annual aggregate for the Pool.

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, 2014.

***F. Other Postemployment Benefits***

The Governmental Accounting Standards Board (GASB) promulgated its Statement 45 which addressed the reporting and disclosure requirements for other post employment benefits (OPEB). GASB Statement 45,



**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 4 - OTHER INFORMATION (Continued)**

**F. Other Postemployment Benefits (Continued)**

*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, was implemented, as required, by the Town of Bar Harbor, Maine for the year ended June 30, 2009. Under this pronouncement, it requires that the long-term cost of retirement health care and obligations for other postemployment benefits be determined on an actuarial basis and reported similar to pension plans.

The Town is a member of the Maine Municipal Employees Health Trust. The Trust is an agent multiple employer Voluntary Employee's Beneficiary Association. The Town is an individually rated member within the Association. The Trust issues a publicly available financial report. That report may be obtained by writing to the Maine Municipal Association at 60 Community Drive, Augusta, ME 04332. The Trust contracted with an outside consultant to assist in the determination and valuation of the Town's OPEB liability under GASB Statement 45. The most recent OPEB liability actuarial valuation was completed by the consultants in January 2014.

**Plan Descriptions** – In addition to providing pension benefits, the Town provides health care benefits for certain retired employees. Eligibility to receive health care benefits follows the same requirements as MainePERS. Eligible retirees are required to pay 100% of the health insurance premiums to receive health benefit coverage.

**Funding Policy and Annual OPEB Cost** – GASB Statement 45 does not mandate the prefunding of postemployment benefits liability. The Town currently plans to fund these benefits on a pay-as-you-go basis primarily from the general fund. No assets have been segregated and restricted to provide postemployment benefits. The annual required contribution (ARC), an actuarial determined rate, represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize unfunded actuarial liabilities over a period not to exceed thirty years.

The following table represents the OPEB costs for the years ending June 30, 2014, 2013 and 2012 and the annual required contributions:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Normal Cost	\$ 18,158	\$ 19,722	\$ 19,722
Amortization of unfunded	\$ 24,981	\$ 32,400	\$ 32,400
Adjustment to ARC	\$ (7,913)	\$ (6,495)	\$ (4,160)
Interest	<u>\$ 6,327</u>	<u>\$ 5,524</u>	<u>\$ 3,909</u>
Annual required contribution	\$ 41,553	\$ 51,151	\$ 51,871

**Net OPEB Obligation** – The Town's net OPEB obligation was calculated as follows:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
OPEB liability, July 1	\$ 136,827	\$ 112,307	\$ 71,929
Annual required contribution	\$ 41,553	\$ 51,151	\$ 51,871
Less: Actual member contributions	<u>\$ (18,522)</u>	<u>\$ (26,631)</u>	<u>\$ (11,493)</u>
OPEB liability, June 30	\$ 159,858	\$ 136,827	\$ 112,307

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 4 - OTHER INFORMATION (Continued)**

**F. Other Postemployment Benefits (Continued)**

**Funding Status and Funding Progress** – The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ending June 30, 2014, 2013 and 2012 was as follows:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Annual Required Contribution	\$ 41,553	\$ 51,151	\$ 51,871
Actual Member Contributions	\$ 18,522	\$ 26,631	\$ 11,495
Percent contributed	44.57%	52.06%	22.16%
Actuarial accrued liability	\$ 449,253	\$ 582,677	\$ 582,677
Plan Assets	\$ -	\$ -	\$ -
Unfunded actuarial accrued liability	\$ 449,253	\$ 582,677	\$ 582,677
Covered payroll	\$ 2,821,170	\$ 2,739,000	\$ 2,717,300
Unfunded actuarial accrued liability as a percentage of covered payroll	15.92%	21.27%	21.44%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Actuarial Methods and Assumptions** – Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets. Significant methods and assumptions were as follows:

Actuarial valuation date	1/1/14
Actuarial cost method	Projected Unit
Amortization method	Level dollar Open
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4.0%
Projected salary increases	3.0%
Healthcare inflation rate	4.6%

**TOWN OF BAR HARBOR  
 FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES  
 FOR THE YEAR ENDED JUNE 30, 2014**

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**TOWN OF BAR HARBOR**  
**STATEMENT OF CASH FLOWS**  
**ALL PROPRIETARY FUND TYPES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

*Exhibit G*

	<i>Proprietary Fund Types</i>		<i>Total</i>
	<i>Wastewater Enterprise</i>	<i>Water Enterprise</i>	
<b><i>Cash Flows from Operating Activities</i></b>			
Received from Customers	2,139,634	1,781,856	3,921,490
Payments to Suppliers	(596,913)	(470,855)	(1,067,768)
Payments to Employees	(569,348)	(531,411)	(1,100,759)
Other Receipts (Payments)	(36,900)	(34,748)	(71,648)
<b><i>Net Cash Provided by (Used in) Operating Activities</i></b>	<b>936,473</b>	<b>744,842</b>	<b>1,681,315</b>
<b><i>Cash Flows from Capital and Related Financing Activities</i></b>			
Purchases of Capital Assets	(129,879)	(2,927,312)	(3,057,191)
Principal Received on Capital Debt Issued	-	2,662,957	2,662,957
Principal Paid on Capital Debt	(449,984)	(322,510)	(772,494)
Proceeds from Sale of Building		387,279	387,279
Interest Paid on Capital Debt	(115,851)	(134,994)	(250,845)
<b><i>Net Cash Used in Capital and Related Financing Activities</i></b>	<b>(695,714)</b>	<b>(334,580)</b>	<b>(1,030,294)</b>
<b><i>Cash Flows from Investing Activities</i></b>			
Purchase of Investments	(419,289)	(142,743)	(562,032)
Interest and Dividends	5,760	1,159	6,919
<b><i>Net Cash Provided by (Used in) Investing Activities</i></b>	<b>(413,529)</b>	<b>(141,584)</b>	<b>(555,113)</b>
<b><i>Net Increase (Decrease) in Cash and Cash Equivalents</i></b>	<b>(172,770)</b>	<b>268,678</b>	<b>95,908</b>
<b><i>Balances - beginning of the year</i></b>	<b>1,931,807</b>	<b>184,925</b>	<b>2,116,732</b>
<b><i>Balances - end of the year</i></b>	<b>1,759,037</b>	<b>453,603</b>	<b>2,212,640</b>
<b><i>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</i></b>			
Net Operating Income (Loss)	402,277	463,529	865,806
Adjustment to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization	529,696	280,809	810,505
(Increase) Decrease in Accounts Receivable	(21,925)	395,141	373,216
(Increase) Decrease in Due To/From Other Funds	91,350	(356,978)	(265,628)
(Increase) Decrease in Inventory	(5,526)	699	(4,827)
(Increase) Decrease in Prepaid Expense		34,581	34,581
Increase (Decrease) in Accrued Wages Payable	425	(1,193)	(768)
Increase (Decrease) in Accrued Interest Payable	(3,586)	(1,034)	(4,620)
Increase (Decrease) in Escrow Deposits		(1,294)	(1,294)
Increase (Decrease) in Compensated Absences Payable	(12,460)	3,298	(9,162)
Increase (Decrease) in Accounts Payable	(43,778)	(27,927)	(71,705)
Increase (Decrease) in Retainage Payable	-	(44,789)	(44,789)
<b><i>Net Cash Provided by (Used in) Operating Activities</i></b>	<b>936,473</b>	<b>744,842</b>	<b>1,681,315</b>

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

**TOWN OF BAR HARBOR**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**Exhibit H**

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
<b>Revenues</b>				
Taxes	15,310,098	15,310,098	15,406,046	95,948
Intergovernmental Revenues	309,110	309,110	232,227	(76,883)
Departmental Revenues	2,058,155	2,058,155	2,009,983	(48,172)
Other Local Sources	268,269	268,269	256,598	(11,671)
<b>Total Revenues</b>	<b>17,945,632</b>	<b>17,945,632</b>	<b>17,904,854</b>	<b>(40,778)</b>
<b>Expenditures</b>				
General Government	2,772,930	2,733,930	2,676,963	56,967
Public Safety	2,549,375	2,551,375	2,542,285	9,090
Health and Welfare	127,820	127,820	128,040	(220)
Parks and Recreation	230,478	230,478	228,873	1,605
Island Explorer Shuttle Bus	38,720	38,720	38,720	-
Roads and Sanitation	1,763,969	1,810,969	1,807,945	3,024
Education	6,060,588	6,060,588	6,060,588	-
Assessments	3,211,296	3,211,296	3,160,004	51,292
<b>Total Expenditures</b>	<b>16,755,176</b>	<b>16,765,176</b>	<b>16,643,418</b>	<b>121,758</b>
<b>Excess Revenues Over Expenditures</b>	<b>1,190,456</b>	<b>1,180,456</b>	<b>1,261,436</b>	<b>80,980</b>
<b>Other Financing Sources</b>				
Transfers from Other Funds	283,527	283,527	284,259	732
Transfers to Other Funds	(1,700,842)	(1,752,842)	(1,752,842)	-
<b>Total Other Financing Sources</b>	<b>(1,417,315)</b>	<b>(1,469,315)</b>	<b>(1,468,583)</b>	<b>732</b>
<b>Net Change in Fund Balance</b>	<b>(226,859)</b>	<b>(288,859)</b>	<b>(207,147)</b>	<b>81,712</b>
<b>Beginning Fund Balances - Budgetary Basis</b>			<b>3,114,079</b>	
<b>Ending Fund Balances - Budgetary Basis</b>			<b>2,906,932</b>	
<b>Adjustments to Conform to GAAP:</b>				
Elimination of Encumbrances			<b>490,307</b>	
<b>Ending Fund Balances - GAAP Basis</b>			<b>3,397,239</b>	

**TOWN OF BAR HARBOR**  
**GENERAL FUND**  
**STATEMENT OF ESTIMATED AND ACTUAL REVENUES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

*Exhibit A-1*  
*Page 1 of 2*

	<i>Estimated</i>	<i>Actual</i>	<i>Over(Under)</i> <i>Budget</i>
Taxes			
Property	14,372,104	14,431,823	59,719
Auto Excise	838,491	889,241	50,750
Boat Excise	14,089	11,455	(2,634)
Interest/Fees on Taxes	85,414	73,527	(11,887)
	<hr/> 15,310,098	<hr/> 15,406,046	<hr/> 95,948
Intergovernmental Revenues			
State of Maine			
Municipal Revenue Sharing	188,604	133,206	(55,398)
General Assistance	839	279	(560)
Tree Growth	3,717	4,249	532
Veterans Reimbursement	2,029	2,055	26
Homestead Reimbursement	47,497	47,655	158
BETE Reimbursement	3,001	3,020	19
State Grants	2	-	(2)
Other Grants	1	-	(1)
Federal			
Acadia National Park - PILT	63,420	41,763	(21,657)
	<hr/> 309,110	<hr/> 232,227	<hr/> (76,883)
Departmental Revenues			
Ambulance/Fire			
Ambulance Service	395,412	333,574	(61,838)
Police			
Police Detail	6,066	7,750	1,684
Parking Tickets	55,878	50,111	(5,767)
All Other	6,610	8,229	1,619
Planning / Code			
Building Permits	144,862	169,011	24,149
Plumbing Permits	31,932	28,826	(3,106)
Electrical Inspections	26,203	25,130	(1,073)
Vacation Rental Permits	2,666	1,050	(1,616)
Plan Board/Subdivision & Rezoning	3,835	6,930	3,095
Site Plan Review	10,096	13,420	3,324
All Other	6,744	4,207	(2,537)
Harbor Fees			
Docking	32,971	31,235	(1,736)
Moorings	3,919	4,900	981
All Other	11,292	11,932	640
Solid Waste			
Sale of Recyclables	91,001	71,806	(19,195)
All Other	600	175	(425)
Public Works			
All Other	9,349	10,181	832
Parks and Recreation			
Park and Recreation Fees	1,000	800	(200)
Fire Department	1	-	(1)

**TOWN OF BAR HARBOR**  
**GENERAL FUND**  
**STATEMENT OF ESTIMATED AND ACTUAL REVENUES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

*Exhibit A-1*  
*Page 2 of 2*

	<i>Estimated</i>	<i>Actual</i>	<i>Over(Under)</i> <i>Budget</i>
Departmental Revenues (Continued)			
Finance			
Administrative Services	170,019	170,019	-
Auto Registrations	16,670	15,780	(890)
Boat/RV Registrations/Snowmobile Fees	1,612	1,642	30
Municipal Building Leases	24,071	33,867	9,796
Town Clerk			
Clerk's Fees	17,046	19,238	2,192
All Other	8,665	10,535	1,870
Elementary School	979,635	979,635	-
	<u>2,058,155</u>	<u>2,009,983</u>	<u>(48,172)</u>
Other Local Sources			
Interest on Investments	30,000	13,442	(16,558)
Kids Corner Lease	5,100	5,150	50
Island Explorer Lease	18,462	17,720	(742)
Other Rentals	3,525	2,701	(824)
Jackson Laboratory - PILT	72,785	77,116	4,331
Housing Authority - PILT	25,259	25,986	727
Other - PILT	13,325	15,175	1,850
Cable TV Franchise	88,017	84,763	(3,254)
Insurance Dividends	10,644	14,350	3,706
Sale of Fixed Assets	1	-	(1)
All Other	1,151	195	(956)
	<u>268,269</u>	<u>256,598</u>	<u>(11,671)</u>
Operating Transfers In			
Cemetery Income	39	20	(19)
Cruise Ship Fund	277,983	277,983	-
Dog Control Reserve	3,079	2,745	(334)
Shellfish Conservation	2,426	3,511	1,085
	<u>283,527</u>	<u>284,259</u>	<u>732</u>
Total Revenues, Operating Transfers and Other Financing Sources	18,229,159	<u>18,189,113</u>	<u>(40,046)</u>
Beginning Fund Balance Used	<u>288,859</u>		
<b>Total</b>	<u><b>18,518,018</b></u>		

**TOWN OF BAR HARBOR**  
**GENERAL FUND**  
**STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

*Exhibit A-2*  
*Page 1 of 2*

	<i>Encumbered</i> <i>From 6/30/13</i>	<i>Appropriations</i>	<i>Expenditures</i> <i>Net of Refund</i>	<i>Encumbered</i> <i>to 6/30/15</i>	<i>(Over)</i> <i>Under</i> <i>Budget</i>
General Government					
Town Council		39,174	32,920		6,254
Town Manager	8,000	126,623	131,036		3,587
Town Clerk		123,153	119,475	3,600	78
Finance	3,391	315,481	316,215		2,657
Legal Counsel		66,685	67,420	1,194	(1,929)
Elections		14,750	10,361		4,389
Technology	1,000	122,689	121,486		2,203
Municipal Building		81,129	80,273		856
Town Offices		33,789	37,566		(3,777)
Employee Benefits	250	1,346,398	1,345,347		1,301
Insurance		80,867	77,194		3,673
Assessing	1,920	130,901	115,497	3,900	13,424
Code Enforcement	1,625	69,813	69,142		2,296
Planning	9,990	105,210	104,722	1,200	9,278
27th Pay Period		13,427	(3,240)		16,667
Vacation Accruals		42,005	47,475		(5,470)
Abatements/Discount on Taxes		21,836	20,356		1,480
	26,176	2,733,930	2,693,245	9,894	56,967
Public Safety					
Ambulance		403,887	391,936		11,951
Fire Department	1,000	796,560	796,575		985
Police Department	3,500	922,513	919,922	5,431	660
Public Safety Building		42,738	45,807		(3,069)
Street Lights		69,635	63,278		6,357
Dispatch		203,104	201,945		1,159
Harbor Division		112,938	121,891		(8,953)
	4,500	2,551,375	2,541,354	5,431	9,090
Health and Welfare					
General Assistance		1,678	1,445		233
Cooperating Agencies		39,843	39,843		-
Emergency Management		423	-		423
Comfort Station	3,977	85,876	90,729		(876)
	3,977	127,820	132,017	-	(220)



**TOWN OF BAR HARBOR**  
**GENERAL FUND**  
**STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

*Exhibit A-2*  
*Page 2 of 2*

	<i>Encumbered From 6/30/13</i>	<i>Appropriations</i>	<i>Expenditures Net of Refund</i>	<i>Encumbered to 6/30/15</i>	<i>(Over) Under Budget</i>
Parks and Recreation					
Parks & Recreation		230,478	228,873		1,605
	-	230,478	228,873	-	1,605
Island Explorer Shuttle Bus	-	38,720	38,720	-	-
Roads and Sanitation					
Public Works		142,190	143,623		(1,433)
Highway Division	1,600	1,068,551	1,059,443	5,250	5,458
Solid Waste		600,228	601,229		(1,001)
	1,600	1,810,969	1,804,295	5,250	3,024
Education					
Elementary School	432,744	6,060,588	6,023,600	469,732	-
Total Appropriations, Expenditures and Encumbrances	468,997	13,553,880	13,462,104	490,307	70,466
Assessments					
Regional School District		2,606,151	2,606,151		-
County Tax		553,853	553,853		-
Overlay		51,292			51,292
	-	3,211,296	3,160,004	-	51,292
Operating Transfers Out					
Maine Forestry Grant		14,000	14,000		-
Capital Improvements Program		1,738,842	1,738,842		-
	-	1,752,842	1,752,842	-	-
<b>Totals</b>	<b>468,997</b>	<b>18,518,018</b>	<b>18,374,950</b>	<b>490,307</b>	<b>121,758</b>

**TOWN OF BAR HARBOR**  
**GENERAL FUND**  
**STATEMENT OF CHANGES IN UNASSIGNED FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2014**

*Exhibit A-3*

Unassigned Fund Balance, July 1	840,746	
Unassigned Fund Balance, June 30	<u>623,932</u>	
<b>Increase (Decrease)</b>		<b><u><u>(216,814)</u></u></b>

*Analysis of Change*

Additions		
Budget Summary		
Revenue Surplus (Exhibit A-1)	(40,046)	
Unexpended Balance of Appropriations (Exhibit A-2)	70,466	
Unexpended Balance (Overdraft) of Assessments and Operating Transfers (Exhibit A-2)	51,292	
(Increase) Decrease in Assigned Fund Balances	<u>(9,667)</u>	
Budget Surplus		72,045
Deductions		
Fund Balance Used to Fund Appropriations		<u>(288,859)</u>
<b>Increase (Decrease)</b>		<b><u><u>(216,814)</u></u></b>

**TOWN OF BAR HARBOR**  
**GENERAL RESERVES AND COMMITTED FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2014**

*Exhibit A-4*

<i>Assets</i>	<i>Dog Control Reserve</i>	<i>Cruise Ship Fund</i>	<i>Total</i>
Accounts Receivable		10,464	10,464
Due from Other Funds	1,029	45,447	46,476
<b>Total Assets</b>	<b>1,029</b>	<b>55,911</b>	<b>56,940</b>
 <i>Liabilities &amp; Fund Balances</i>			
<i>Liabilities</i>			
Unearned Revenue			-
Accounts Payable		5,936	5,936
<b>Total Liabilities</b>	<b>-</b>	<b>5,936</b>	<b>5,936</b>
 <i>Fund Balances</i>			
Restricted	1,029		1,029
Assigned - Encumbrances		16,413	16,413
Assigned		33,562	33,562
<b>Total Fund Balances</b>	<b>1,029</b>	<b>49,975</b>	<b>51,004</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>1,029</b>	<b>55,911</b>	<b>56,940</b>

**TOWN OF BAR HARBOR  
GENERAL RESERVES AND COMMITTED FUNDS**

*Exhibit A-5*

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2014**

	<i><b>Dog Control Reserve</b></i>	<i><b>Shellfish Conservation Reserve</b></i>	<i><b>Cruise Ship Fund</b></i>	<i><b>Total</b></i>
Revenues				
Dog Fees	1,873			1,873
Shellfish Fees		3,511		3,511
Port Fees			284,490	284,490
Cruise Ship Passenger Fees			399,353	399,353
	<u>1,873</u>	<u>3,511</u>	<u>683,843</u>	<u>689,227</u>
Total Revenues				
Expenditures				
Public Safety	103			103
Cruise Ship Operating			131,993	131,993
	<u>103</u>	<u>-</u>	<u>131,993</u>	<u>132,096</u>
Total Expenditures				
Excess of Revenues Over (Under) Expenditures	<u>1,770</u>	<u>3,511</u>	<u>551,850</u>	<u>557,131</u>
Other Financing Sources (Uses)				
Transfers from Other Funds				-
Transfers to Other Funds	(2,745)	(3,511)	(575,125)	(581,381)
	<u>(2,745)</u>	<u>(3,511)</u>	<u>(575,125)</u>	<u>(581,381)</u>
Total Other Financing Sources (Uses)				
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	<u>(975)</u>	<u>-</u>	<u>(23,275)</u>	<u>(24,250)</u>
Fund Balance - July 1	<u>2,004</u>	<u>-</u>	<u>73,250</u>	<u>75,254</u>
<b>Fund Balance - June 30</b>	<b><u>1,029</u></b>	<b><u>-</u></b>	<b><u>49,975</u></b>	<b><u>51,004</u></b>

**TOWN OF BAR HARBOR**  
**ALL SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2014**

*Exhibit B-1*

<i>Assets</i>	<i>Maine Forestry Grant</i>	<i>Total</i>
Due from Other Funds		-
Due from Other Governments	11,000	11,000
<b>Total Assets</b>	<b>11,000</b>	<b>11,000</b>
 <i>Liabilities &amp; Fund Balances</i>		
Liabilities		
Due to Other Funds	11,000	11,000
Total Liabilities	11,000	11,000
Fund Balances		
Restricted		-
Total Fund Balances	-	-
<b>Total Liabilities &amp; Fund Balances</b>	<b>11,000</b>	<b>11,000</b>

**TOWN OF BAR HARBOR**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2014**

*Exhibit A*

<i>Assets</i>	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
Cash and Equivalents	7,139,725	2,212,640	9,352,365
Investments	1,651,527		1,651,527
Receivables			
Taxes and Liens	773,855	50,841	824,696
User Fees, net		497,719	497,719
Accounts	51,403	6,885	58,288
Ambulance	104,043		104,043
Accrued Interest	1,363		1,363
Prepaid Expense	23,495	66,203	89,698
Inventory	17,932	180,351	198,283
Due from Other Governments	89,436		89,436
Bond Issuance Costs, Net		5,692	5,692
Capital Assets:			
Land	2,059,514	164,126	2,223,640
Construction Work in Progress	93,744	88,507	182,251
Other Capital Assets, Net of Depreciation	18,016,532	19,674,737	37,691,269
<b>Total Assets</b>	<b>30,022,569</b>	<b>22,947,701</b>	<b>52,970,270</b>
 <i>Liabilities, Deferred Inflows of Resources and Net Position</i>			
Liabilities			
Accounts Payable	415,150	78,503	493,653
Retainage Payable	44,755	3,780	48,535
Payroll Taxes Deductible	13,238		13,238
Accrued Salaries Payable	578,002	17,881	595,883
Accrued Compensated Absences	267,178	31,872	299,050
Accrued Interest Payable		41,441	41,441
Internal Balances	2,608	(2,608)	-
Construction Advances		165,000	165,000
Deposits Payable	11,364	842	12,206
Long-term Liabilities:			
Due Within One Year	401,374	774,295	1,175,669
Due in More Than One Year	6,909,159	9,139,807	16,048,966
<b>Total Liabilities</b>	<b>8,642,828</b>	<b>10,250,813</b>	<b>18,893,641</b>
Deferred Inflows of Resources			
Prepaid Taxes	35,247		35,247
Net Position			
Net Investment in Capital Assets	12,859,257	10,018,960	22,878,217
Restricted	145,761		145,761
Unrestricted	8,339,476	2,677,928	11,017,404
<b>Total Net Position</b>	<b>21,344,494</b>	<b>12,696,888</b>	<b>34,041,382</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>30,022,569</b>	<b>22,947,701</b>	<b>52,970,270</b>

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

**TOWN OF BAR HARBOR**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES**  
**SPECIAL REVENUES/GRANTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

*Exhibit B-2*

	<i>ARRA Port Security Grant</i>	<i>Healthy Maine Streets Grant</i>	<i>Maine Forestry Grant</i>	<i>Total</i>
Revenues				
Local Revenues				-
Intergovernmental		15,000		15,000
Total Revenues	-	15,000	-	15,000
Expenditures				
General Government		19,895		19,895
Parks & Recreation			21,667	21,667
Public Works				-
Public Safety	14,169			14,169
Total Expenditures	14,169	19,895	21,667	55,731
Excess of Revenues Over (Under) Expenditures	(14,169)	(4,895)	(21,667)	(40,731)
Other Financing Sources (Uses)				
Transfers from Other Funds			14,000	14,000
Transfers to Other Funds				-
Total Other Financing Sources (Uses)	-	-	14,000	14,000
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(14,169)	(4,895)	(7,667)	(26,731)
Fund Balance - July 1	14,169	4,895	7,667	26,731
<b>Fund Balance (Deficit) - June 30</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**TOWN OF BAR HARBOR  
CAPITAL IMPROVEMENTS PROGRAM  
SCHEDULE OF ACTIVITY  
FOR THE YEAR ENDED JUNE 30, 2014**

*Exhibit C-1  
Page 1 of 3*

<i>Town Projects</i>	<i>Balance July 1</i>	<i>Budget</i>	<i>Revenues and Transfers</i>	<i>Expenditures/ Transfers</i>	<i>Balance (Over) Under</i>	<i>Transfers From (To) Unassigned</i>	<i>Balance June 30</i>
Town Clerk							
Computerized Voting Equipment	15,400	(15,400)			-		-
Finance							
Computer Hardware	2,889	(2,889)			-		-
Technology							
Copier Equipment	1,670	6,530		(8,400)	(200)	200	-
Wide Format Scanner & GIS Equipment	14,351	7,129			21,480		21,480
WAN & Cable TV System	21,553	10,640		(3,600)	28,593		28,593
Audio Visual Equipment	915	305			1,220		1,220
Document Imaging System	3,019	2,000			5,019		5,019
Computer Servers	12,320	12,884		(14,777)	10,427		10,427
Website Improvements	1,798	10,000		(10,702)	1,096		1,096
PA Hearing Loop System	5,000	(5,000)			-		-
Town Office Phone System	6,128	2,521		(8,649)	-		-
Aerial Photography Update	29,644			(10,500)	19,144		19,144
Municipal Building							
Building Renovation	32,797			(32,640)	157		157
Code Enforcement							
Pickup Inspection Truck	12,189	2,032			14,221		14,221
Assessing							
Property Tax Maps & Revaluation	6,187	(6,187)			-		-
Vehicle Purchase	86	2,667			2,753		2,753
Planning							
Backyard Parking	26,000	38,000		(26,000)	38,000		38,000
Ambulance							
Ambulance Reserve	2,101	33,115			35,216		35,216
Defibrillators	24,220	3,000			27,220		27,220
Jaws of Life	8,488				8,488		8,488
Fire Department							
Fire Engine #2	70,062	8,366			78,428		78,428
Fire Engine #3 Reserve	32,164	8,138			40,302		40,302
Fire Engine #4	122,913	16,867			139,780		139,780
Fire Engine #5	89,004	8,366			97,370		97,370
Fire Truck - Crew's	-	2,728			2,728		2,728
Fire Pickup Truck Reserve	144	3,833			3,977		3,977
Thermal Imaging Camera	15,698				15,698		15,698
SCBA's & Cascade System	12,050	2,708			14,758		14,758
Police Department							
Computers & Software	10,906	5,724		(16,630)	-		-
Radio Base Station & Console	16,738	16,554			33,292		33,292
Speed Trailer & Monitor	3,667	412			4,079		4,079
Cruiser Replacement	2,887	30,078		(25,700)	7,265		7,265
Cruiser Equipment	6,569	4,100		(1,683)	8,986		8,986
Security camera System	3,440	15,601			19,041		19,041
Night Vision Units	2,720	7,639			10,359		10,359
Port Security Boat	8,819	8,819			17,638		17,638



**TOWN OF BAR HARBOR**  
**CAPITAL IMPROVEMENTS PROGRAM**  
**SCHEDULE OF ACTIVITY**  
**FOR THE YEAR ENDED JUNE 30, 2014**

*Exhibit C-1*  
*Page 2 of 3*

	<i>Balance July 1</i>	<i>Budget</i>	<i>Revenues and Transfers</i>	<i>Expenditures/ Transfers</i>	<i>Balance (Over) Under</i>	<i>Transfers From (To) Unassigned</i>	<i>Balance June 30</i>
<i>Town Projects (Continued)</i>							
Public Safety Building							
Public Safety Bldg. Generator	6,942	667			7,609		7,609
School Shelter Generator	2,001	667			2,668		2,668
Building Renovations	26,225	21,600		(16,913)	30,912		30,912
Harbor Department							
Harbor Master Boat & Trailer	14,544				14,544		14,544
New Floats	6,148	8,405			14,553		14,553
Gangway Replacement	12,363	3,117			15,480		15,480
Pier Renovations	156,366	12,861		(169,227)	-		-
Security Camera System	1,721	7,155		(8,877)	(1)	1	-
Parks & Recreation							
Museum in the Streets	583	530			1,113		1,113
Albert Meadow-Grant's Park	5,464	5,601			11,065		11,065
Tree Planting	-	8,000		(580)	7,420		7,420
Mt. Desert Cemetery	60,728				60,728		60,728
Park Equipment	6,837	2,000			8,837		8,837
Launch Ramp-Hadley Point	1,496	1,496			2,992		2,992
Village Green Bandstand	2,466	1,233			3,699		3,699
Glen Mary Renovations	18,081	6,152			24,233		24,233
Harborview Park	62,691	125,676		(2,500)	185,867		185,867
Comfort Stations							
New Restrooms Construction	68,081	20,000			88,081		88,081
Public Works / Highway							
Air Compressor	4,950	750			5,700		5,700
Backhoe Reserve (Cat & Deere)	105,495	23,630		(105,233)	23,892		23,892
Brush Chipper	22,005	1,350			23,355		23,355
Grader Reserve	120,935	3,400			124,335		124,335
Hydraulic Lifts	2,095	1,000			3,095		3,095
Front End Loader Reserve	108,982	16,602			125,584		125,584
Road Improvement Program	1,473,223	498,101		(721,481)	1,249,843		1,249,843
Sidewalk Plow	-	13,244			13,244		13,244
Sidewalk Reconstruction Program	427,283	131,799		(215,672)	343,410		343,410
Washer, Steam Pressure	10,611				10,611		10,611
Street Sweeper (Broom)	59,576	10,404			69,980		69,980
Street Sweeper (Vacuum)	-	15,204			15,204		15,204
Public Works Complex	3,111,607			(2,923,455)	188,152		188,152
Tag Trailer	11,399	1,025			12,424		12,424
Water Truck	1,000	1,000			2,000		2,000
Route #3 Construction	117,160	211,420			328,580		328,580
Light Truck Purchase	88,026	54,533		(38,110)	104,449		104,449
Plow Truck Reserve	64,836	66,857			131,693		131,693
Bobcat Loader	24,913	2,666			27,579		27,579
Roller, Vibratory	30,244	1,379			31,623		31,623
Waste Oil Furnace	1,413	1,164			2,577		2,577

**TOWN OF BAR HARBOR  
CAPITAL IMPROVEMENTS PROGRAM  
SCHEDULE OF ACTIVITY  
FOR THE YEAR ENDED JUNE 30, 2014**

*Exhibit C-1  
Page 3 of 3*

	<i>Balance July 1</i>	<i>Budget</i>	<i>Revenues and Transfers</i>	<i>Expenditures/ Transfers</i>	<i>Balance (Over) Under</i>	<i>Transfers From (To) Unassigned</i>	<i>Balance June 30</i>
<b>Town Projects (Continued)</b>							
Solid Waste Division							
Storage	5,000	257			5,257		5,257
Bailers		1,249			1,249		1,249
Glass Crusher	3,584	807			4,391		4,391
Forklifts	8,615	2,379			10,994		10,994
Transfer Station Reserve	2,168	5,332			7,500		7,500
Recycling Facility Reserve	645	2,500			3,145		3,145
Debt Service							
Building Renovation Bond Payment	-	32,542		(32,541)	1	(1)	-
Debt Service - Agamont Park	-	58,680		(58,680)	-	-	-
Public Works - FY 10	-	288,138		(288,137)	1	(1)	-
Public Works - FY 13	126,859	(58,817)		(68,043)	(1)	1	-
<b>Town Total</b>	<b>7,009,897</b>	<b>1,855,035</b>	<b>-</b>	<b>(4,808,730)</b>	<b>4,056,202</b>	<b>200</b>	<b>4,056,402</b>
<b>School Projects</b>							
2004 Heating System Payment	-	70,000		(70,000)	-		-
2004 Heating System Payment	-	61,222		(59,826)	1,396	(1,396)	-
ADA Act Renovations	13,898				13,898		13,898
Capital Outlay Reserve	6,848	28,406			35,254	1,396	36,650
Furniture & Equipment	5,000	5,000		(4,671)	5,329		5,329
Computers & Technology	11,462	57,000		(46,074)	22,388		22,388
Copier Lease/Purchase	-	14,993		(14,993)	-		-
Flooring	24,991	5,000			29,991		29,991
Repaving	17,500				17,500		17,500
Asbestos Removal	10,310				10,310		10,310
Pickup Truck Replacement	16,894	5,868		(21,072)	1,690		1,690
Playground Equipment	6,886	500			7,386		7,386
Emerson Bathroom	7,500	(7,500)			-		-
Roof Repairs	30,668	5,000			35,668		35,668
Storage Units	3,000				3,000		3,000
Technology Infrastructure	-	20,000		(18,287)	1,713		1,713
Connors Windows	12,065				12,065		12,065
Bleacher Upgrade	7,500	(7,500)			-	-	-
Boiler Lead-Lag System	18,475	10,000			28,475		28,475
Tractor Plow Reserve	5,000				5,000		5,000
Bleacher Buddy	4,000	(4,000)			-		-
Emerson Entry Doors	-	7,500			7,500		7,500
Roof Fascia & Drainage	830	(830)			-		-
Sewer Lines	6,064	(6,064)			-		-
Floor Machine	-	6,506		(6,506)	-		-
Safety & Access Control	21,958			(18,107)	3,851		3,851
Indoor Pipe Replacement	40,450	5,000		(4,864)	40,586		40,586
<b>School Total</b>	<b>271,299</b>	<b>276,101</b>	<b>-</b>	<b>(264,400)</b>	<b>283,000</b>	<b>-</b>	<b>283,000</b>
Subtotal	7,281,196	2,131,136	-	(5,073,130)	4,339,202	200	4,339,402
Unassigned Balance	17,459	(2,131,136)	2,181,413	-	67,736	(200)	67,536
<b>Totals</b>	<b>7,298,655</b>	<b>-</b>	<b>2,181,413</b>	<b>(5,073,130)</b>	<b>4,406,938</b>	<b>-</b>	<b>4,406,938</b>

**TOWN OF BAR HARBOR  
 COMBINING BALANCE SHEET  
 ALL PERMANENT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2014**

*Exhibit D-1*

<i>Assets</i>	<i>Gurnee Scholarship</i>	<i>Cemetery Trusts</i>	<i>Total</i>
Cash and Equivalents	1,752	944	2,696
Investments	8,028	4,325	12,353
<b>Total Assets</b>	<b>9,780</b>	<b>5,269</b>	<b>15,049</b>
<i>Liabilities &amp; Fund Balances</i>			
Liabilities			
Due to Other Funds			-
Total Liabilities	-	-	-
Fund Balances			
Nonspendable	6,488	5,269	11,757
Assigned	3,292	-	3,292
Total Fund Balances	9,780	5,269	15,049
<b>Total Liabilities &amp; Fund Balances</b>	<b>9,780</b>	<b>5,269</b>	<b>15,049</b>

**TOWN OF BAR HARBOR**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**ALL PERMANENT FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

*Exhibit D-2*

	<i>Gurnee Scholarship</i>	<i>Cemetery Trusts</i>	<i>Total</i>
Revenues			
New Funds			-
Investment Income	38	19	57
	38	19	57
Expenditures			
Scholarships			-
	-	-	-
Excess of Revenues Over Expenditures	38	19	57
Other Financing Sources (Uses)			
Transfers to Other Funds		(20)	(20)
Total Other Financing Sources (Uses)	-	(20)	(20)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	38	(1)	37
Fund Balance - July 1	9,742	5,270	15,012
<b>Fund Balance - June 30</b>	<b>9,780</b>	<b>5,269</b>	<b>15,049</b>

**TOWN OF BAR HARBOR**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

*Exhibit B*

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants</u>	<u>Governmental Activities</u>	<u>Business-like Activities</u>	<u>Total</u>
<u>Primary Government</u>						
<u>Governmental Activities:</u>						
General Government	2,843,738	499,655	15,000	(2,329,083)		(2,329,083)
Public Safety	2,814,484	453,115	-	(2,361,369)		(2,361,369)
Health and Welfare	145,954			(145,954)		(145,954)
Parks & Recreation	303,609	800	-	(302,809)		(302,809)
Island Explorer Shuttle Bus	38,720			(38,720)		(38,720)
Roads and Sanitation	2,200,194	82,162		(2,118,032)		(2,118,032)
Assessments	3,160,004			(3,160,004)		(3,160,004)
Capital Outlay	916,633			(916,633)		(916,633)
Education	6,151,581	53,607	926,028	(5,171,946)		(5,171,946)
Cruise Ship	131,993	683,843		551,850		551,850
<u>Total Governmental Activities</u>	<u>18,706,910</u>	<u>1,773,182</u>	<u>941,028</u>	<u>(15,992,700)</u>		<u>(15,992,700)</u>
<u>Business-type Activities:</u>						
Wastewater	1,853,208	2,139,634			286,426	286,426
Water	1,453,321	1,781,856			328,535	328,535
<u>Total Business-type Activities</u>	<u>3,306,529</u>	<u>3,921,490</u>			<u>614,961</u>	<u>614,961</u>
<u>Total Primary Government</u>	<u>22,013,439</u>	<u>5,694,672</u>	<u>941,028</u>	<u>(15,992,700)</u>	<u>614,961</u>	<u>(15,377,739)</u>
<u>General Revenues:</u>						
Taxes						
Property				14,449,631		14,449,631
Auto and Boat Excise				900,696		900,696
Intergovernmental Revenues				288,334		288,334
Other Local Sources				368,039	102,031	470,070
Water Building Proceeds					387,279	387,279
Gain/(Loss) on Disposal of Assets				(35,797)	(48,721)	(84,518)
<u>Total Revenues, Special Items and Transfers</u>				<u>15,970,903</u>	<u>440,589</u>	<u>16,411,492</u>
<u>Changes in Net Position</u>				<u>(21,797)</u>	<u>1,055,550</u>	<u>1,033,753</u>
<u>Net Position - Beginning</u>				<u>21,366,291</u>	<u>11,641,338</u>	<u>33,007,629</u>
<u>Net Position - Ending</u>				<u>21,344,494</u>	<u>12,696,888</u>	<u>34,041,382</u>

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

**TOWN OF BAR HARBOR**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2014**

*Exhibit C*  
*Page 1 of 2*

<i>Assets</i>	<i>General Fund</i>	<i>CIP Fund</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
Cash and Equivalents	7,137,029		2,696	7,139,725
Investments	1,639,174		12,353	1,651,527
Receivables				
Taxes	22,297			22,297
Tax Liens	751,558			751,558
Accounts	51,403			51,403
Bonds				-
Ambulance Fees	104,043			104,043
Accrued Interest	1,363			1,363
Prepaid Expense	23,495			23,495
Inventory	17,932			17,932
Due from Other Governments	78,436		11,000	89,436
Due from Other Funds	15,024	4,624,818	-	4,639,842
<b>Total Assets</b>	<b>9,841,754</b>	<b>4,624,818</b>	<b>26,049</b>	<b>14,492,621</b>
 <i>Liabilities, Deferred Inflows of Resources and Fund Balances</i>				
<i>Liabilities</i>				
Accounts Payable	242,025	173,125		415,150
Retainage Payable		44,755		44,755
Payroll Taxes/Deductions	13,238			13,238
Accrued Salaries Payable	578,002			578,002
Accrued Compensated Absences	221,269			221,269
Due to Other Funds	4,631,450		11,000	4,642,450
Deposits Payable	11,364			11,364
 Total Liabilities	 5,697,348	 217,880	 11,000	 5,926,228
 <i>Deferred Inflows of Resources:</i>				
Prepaid Taxes	35,247			35,247
Unearned Property Taxes	630,597			630,597
Unearned Rental Income	2,319			2,319
Unearned Escrow	28,000			28,000
 <b>Total Deferred Inflows of Resources</b>	 696,163	 -	 -	 696,163
 <i>Fund Balances</i>				
Nonspendable	2,850		11,757	14,607
Restricted	131,154			131,154
Committed		4,406,938		4,406,938
Assigned	2,690,307		3,292	2,693,599
Unassigned	623,932			623,932
 <b>Total Fund Balances</b>	 3,448,243	 4,406,938	 15,049	 7,870,230
 <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	 <b>9,841,754</b>	 <b>4,624,818</b>	 <b>26,049</b>	 <b>14,492,621</b>

(Continued)

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

**TOWN OF BAR HARBOR**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2014**

**Exhibit C**  
**Page 2 of 2**

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

Total Fund Balance	7,870,230
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$19,563,033	20,169,790
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds: Unearned Revenues	660,916
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds: Bonds Payable Accrued Compensated Absences - School Department Capital Leases Payable	(7,281,965) (45,909) (28,568) <u>(7,356,442)</u>
Net Position of Governmental Activities	<u><u>21,344,494</u></u>

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

**TOWN OF BAR HARBOR**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

*Exhibit D*  
*Page 1 of 2*

	<i>General Fund</i>	<i>CIP Fund</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
Revenues				
Taxes	15,406,046			15,406,046
Intergovernmental Revenues	232,227	63,962	15,000	311,189
Departmental Revenues	2,693,826			2,693,826
Other Local Sources	261,982	81,467	57	343,506
<b>Total Revenues</b>	<b>18,594,081</b>	<b>145,429</b>	<b>15,057</b>	<b>18,754,567</b>
Expenditures				
General Government	2,693,245		19,895	2,713,140
Public Safety	2,541,457		14,169	2,555,626
Health and Welfare	132,017			132,017
Parks and Recreation	228,873		21,667	250,540
Island Explorer Shuttle Bus	38,720			38,720
Roads and Sanitation	1,804,295		-	1,804,295
Education	6,023,600			6,023,600
Assessments	3,160,004			3,160,004
Cruise Ship	131,993			131,993
Capital Outlay		5,073,130		5,073,130
<b>Total Expenditures</b>	<b>16,754,204</b>	<b>5,073,130</b>	<b>55,731</b>	<b>21,883,065</b>
Excess of Revenues Over (Under) Expenditures	1,839,877	(4,927,701)	(40,674)	(3,128,498)
Other Financing Sources (Uses)				
Transfers from Other Funds	284,259	2,035,984	14,000	2,334,243
Transfers to Other Funds	(2,334,223)	-	(20)	(2,334,243)
<b>Total Other Financing Sources (Uses)</b>	<b>(2,049,964)</b>	<b>2,035,984</b>	<b>13,980</b>	<b>-</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(210,087)	(2,891,717)	(26,694)	(3,128,498)
Fund Balance - July 1	3,658,330	7,298,655	41,743	10,998,728
<b>Fund Balance - June 30</b>	<b>3,448,243</b>	<b>4,406,938</b>	<b>15,049</b>	<b>7,870,230</b>

(Continued)

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



**TOWN OF BAR HARBOR**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**Exhibit D**  
**Page 2 of 2**

Net change in fund balances - total governmental funds (3,128,498)

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	3,780,335
Gain/(Loss) on Disposal of Assets	(35,797)
Depreciation expense	(977,724)
	<u>2,766,814</u>

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

Unearned Revenues	22,062
Unearned Taxes	(55,719)
	<u>(33,657)</u>

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Capital lease obligation principal payments	13,606
General obligation bond principal payments	362,556
	<u>376,162</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	(2,618)
	<u>(2,618)</u>

Change in net position of governmental activities (21,797)

**TOWN OF BAR HARBOR**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**JUNE 30, 2014**

*Exhibit E*

<i>Assets</i>	<i>Wastewater Enterprise</i>	<i>Water Enterprise</i>	<i>Total</i>
<b>Current Assets:</b>			
Cash and Equivalents	1,759,037	453,603	2,212,640
Receivables			
User Fees, net	480,786	16,933	497,719
Liens Receivable	50,841	-	50,841
Accounts	4,359	2,526	6,885
Inventory	31,429	148,922	180,351
Due From Other Funds	6,687		6,687
Prepaid Expenses		66,203	66,203
<b>Total Current Assets</b>	<b>2,333,139</b>	<b>688,187</b>	<b>3,021,326</b>
<b>Noncurrent Assets:</b>			
Capital Assets, net	11,115,313	8,812,057	19,927,370
Bond Issuance Costs, net	-	5,692	5,692
<b>Total Noncurrent Assets</b>	<b>11,115,313</b>	<b>8,817,749</b>	<b>19,933,062</b>
<b>Total Assets</b>	<b>13,448,452</b>	<b>9,505,936</b>	<b>22,954,388</b>
<b>Liabilities and Net Position</b>			
<b>Liabilities</b>			
Accounts Payable	51,269	27,234	78,503
Retainage Payable	3,780	-	3,780
Accrued Salaries and Benefits	9,813	8,068	17,881
Accrued Interest Payable	20,040	21,401	41,441
Escrow Deposit		842	842
Due to Other Funds		4,079	4,079
Compensated Absences Payable	14,336	17,536	31,872
Bonds and Notes Payable	505,745	268,550	774,295
<b>Total Current Liabilities</b>	<b>604,983</b>	<b>347,710</b>	<b>952,693</b>
<b>Noncurrent Liabilities:</b>			
Construction Advances		165,000	165,000
Bonds and Notes Payable	3,023,752	6,116,055	9,139,807
<b>Total Noncurrent Liabilities</b>	<b>3,023,752</b>	<b>6,281,055</b>	<b>9,304,807</b>
<b>Total Liabilities</b>	<b>3,628,735</b>	<b>6,628,765</b>	<b>10,257,500</b>
<b>Net Position</b>			
Net Investment in Capital Assets	7,585,816	2,433,144	10,018,960
Retained Earnings			
Reserved	1,865,467	-	1,865,467
Unreserved	368,434	444,027	812,461
<b>Total Net Position</b>	<b>9,819,717</b>	<b>2,877,171</b>	<b>12,696,888</b>
<b>Total Liabilities and Net Position</b>	<b>13,448,452</b>	<b>9,505,936</b>	<b>22,954,388</b>

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

**TOWN OF BAR HARBOR**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

*Exhibit F*

	<i>Proprietary Fund Types</i>		<i>Total</i>
	<i>Wastewater Enterprise</i>	<i>Water Enterprise</i>	
Operating Revenues:			
Charges for Services	1,262,461	1,779,162	3,041,623
Capital Charge	862,150		862,150
Interest - Late Penalties	15,023	2,694	17,717
<b>Total Operating Revenues:</b>	<b>2,139,634</b>	<b>1,781,856</b>	<b>3,921,490</b>
Operating Expenditures:			
Salaries and Benefits	569,348	531,411	1,100,759
Contracted Services	220,471	184,044	404,515
Utilities & Commodities	204,962	66,105	271,067
Repairs & Maintenance	66,084	106,151	172,235
Equipment	5,530	19,898	25,428
Other Expenses	41,400	35,252	76,652
Depreciation and Amortization	529,696	280,809	810,505
Materials and Supplies	99,866	94,657	194,523
<b>Total Operating Expenditures</b>	<b>1,737,357</b>	<b>1,318,327</b>	<b>3,055,684</b>
<b>Net Operating Income</b>	<b>402,277</b>	<b>463,529</b>	<b>865,806</b>
Nonoperating Revenues (Expenses)			
Interest Revenue	5,760	1,159	6,919
Transfer from Other Funds	-	-	-
Nonutility Income, net of expense	4,500	504	5,004
Water Building Proceeds		387,279	387,279
Loss on Disposal of Assets		(48,721)	(48,721)
Contributions in Aid of Construction	30,000	60,108	90,108
Interest Expense	(115,851)	(134,994)	(250,845)
<b>Total Nonoperating Revenue (Expenses)</b>	<b>(75,591)</b>	<b>265,335</b>	<b>189,744</b>
<b>Change in Net Position (net income)</b>	<b>326,686</b>	<b>728,864</b>	<b>1,055,550</b>
<b>Total Net Position - Beginning</b>	<b>9,493,031</b>	<b>2,148,307</b>	<b>11,641,338</b>
<b>Total Net Position - Ending</b>	<b>9,819,717</b>	<b>2,877,171</b>	<b>12,696,888</b>

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

# James W. Wadman

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**CERTIFIED PUBLIC ACCOUNTANT**

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

December 9, 2014

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, 2014.

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.
5. The Bar Harbor School Department has complied with the transfer limitations between budget cost centers.
6. The Bar Harbor School Department has complied with the statutory budget content requirements.
7. The Bar Harbor School Department has not exceeded its authority to expend funds as provided with the total budget summary article.

Respectfully submitted,

**James W. Wadman, CPA**

James W. Wadman, CPA