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**TOWN OF BAR HARBOR
 FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
 FOR THE YEAR ENDED JUNE 30, 2016**

TABLE OF CONTENTS		PAGE(S)
INDEPENDENT AUDITOR'S REPORT		1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS		3 - 7
BASIC FINANCIAL STATEMENTS:		
EXHIBIT GOVERNMENTAL-WIDE FINANCIAL STATEMENTS		
A	Statement of Net Position	8
B	Statement of Activities	9
FUND FINANCIAL STATEMENTS		
Governmental Funds Financial Statements		
C	Balance Sheet - Governmental Funds	10 - 11
D	Statement of Revenues, Expenditures And Changes in Fund Balances - Governmental Funds	12 - 13
Proprietary Funds Financial Statements		
E	Statement of Net Position	14
F	Statement of Revenues, Expenses, and Changes in Fund Net Position	15
G	Statement of Cash Flows	16
Fiduciary Fund Financial Statements		
H	Statement of Fiduciary Net Position	17
I	Statement of Changes in Fiduciary Net Position	18
NOTES TO THE FINANCIAL STATEMENTS		19 - 42
REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS		
J	Budgetary Comparison Schedule	43
K	Pension Plan Schedules	44
SUPPLEMENTARY INFORMATION		
GENERAL FUND		
A-1	Statement of Estimated and Actual Revenues	45 - 46
A-2	Statement of Appropriations, Expenditures, and Encumbrances	47 - 48
A-3	Statement of Changes in Unassigned Fund Balance	49
A-4	Balance Sheet: General Reserves and Committed Funds	50
A-5	Statement of Revenues, Expenditures and Changes in Fund Balances: General Reserves and Committed Funds	51
A-6	Statement of Revenues, Expenditures and Changes in Fund Balances: School Department	52
A-7	Budgetary Comparison Schedule - Cruise Ship Fund	53
SPECIAL REVENUE FUNDS		
B-1	Balance Sheet	54
B-2	Statement of Revenues, Expenditures and Changes in Fund Balances	55
CAPITAL PROJECT FUNDS		
C-1	Schedule of Activity	56 - 58
PERMANENT FUNDS		
D-1	Balance Sheet	59
D-2	Statement of Revenues, Expenditures and Changes in Fund Balances	60
SUPPLEMENTARY OPERATING DATA		61 - 67
STATE OF MAINE REPORT		
Statement of Assurance and Determination		68
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS		69

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bar Harbor, Maine as of and for the year ended June 30, 2016, including 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 from 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, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Bar Harbor, Maine, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension disclosure schedules on pages 3 through 7, 43 and 44, respectively 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Bar Harbor, Maine's financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the State of Maine and is also not a required part of the basic financial statements. The schedule of expenditures of federal awards and the supplementary information are the responsibility of management and were derived from and relates 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 supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Respectfully Submitted,

James W. Wadman, C.P.A.

James W. Wadman, C.P.A.
December 15, 2016

TOWN OF BAR HARBOR, MAINE
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

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, 2016. 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, 2016 by \$34,820,361 (presented as “net position”). Of this amount, \$10,261,783 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 \$1,671,082 (a 5.04% increase) for the fiscal year ended June 30, 2016. Net position of governmental activities increased by \$723,509 (a 3.6% increase), while net position of business-type activities showed an increase of \$947,573 (a 7.3% increase).

Fund Highlights:

Governmental Funds – Fund Balances – As of the close of the fiscal year ended June 30, 2016, the Town's governmental funds reported a combined ending fund balance of \$7,857,827 with \$509,311 being general unassigned fund balance. This unassigned fund balance represents approximately 2.9% of the total general fund expenditures for the year.

Long-term Debt:

The Town's total long-term debt obligations increased by \$594,680 (3.3%) during the current fiscal year. Existing debt obligations were retired according to schedule. Additional information on the Town's long-term debt can be found in Note 3d of this report on pages 31-32.

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 8-9 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 10-13 of this report.
 The basic proprietary fund financial statements can be found on pages 14-16 of this report.
 The basic fiduciary fund financial statements can be found on pages 17-18 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 19-42 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). This section also includes a schedule of proportionate share of net pension liability and schedule of employer contributions in relation to implementation of GASB Statement #68. Required supplementary information can be found on pages 43-44 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

68.2% 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.

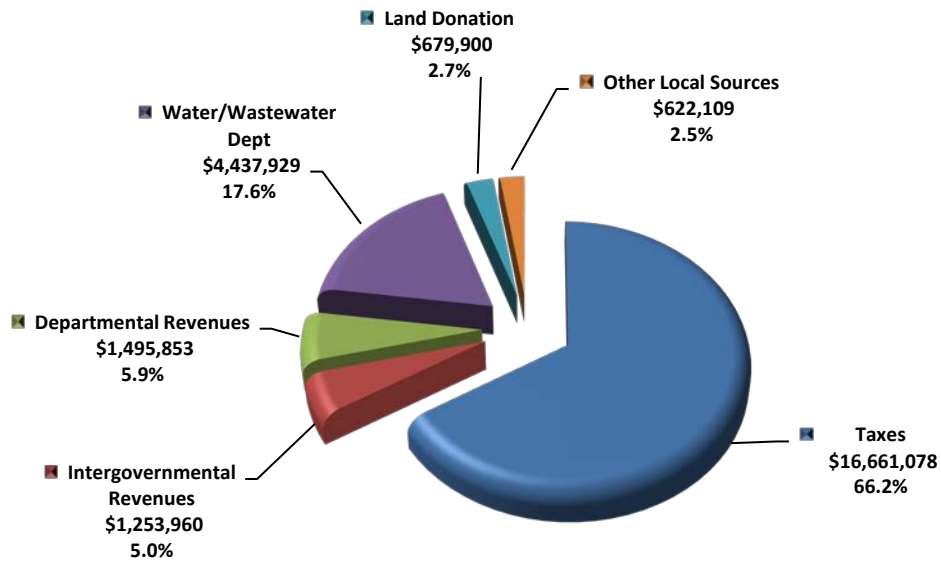
	Governmental Activities	Business-like Activities	Total 2016	Total 2015
Current Assets	9,436,892	5,172,103	14,608,995	13,952,481
Capital Assets	23,396,090	19,226,750	42,622,840	41,061,396
Total Assets	32,832,982	24,398,853	57,231,835	55,013,877
Deferred Rate Case Expense		5,828	5,828	
Related to Pensions	536,731	151,104	687,835	142,169
Total Deferred Outflows of Resources	536,731	156,932	693,663	142,169
Total Assets and Deferred Outflows of Resources	33,369,713	24,555,785	57,925,498	55,156,046
Current Liabilities	1,731,337	1,474,472	3,205,809	2,097,611
Other Liabilities	10,068,976	8,903,504	18,972,480	19,234,473
Total Liabilities	11,800,313	10,377,976	22,178,289	21,332,084
Prepaid Property Taxes	31,782		31,782	42,063
Unamortized Premium on Debt		100,256	100,256	
Related to Pensions	610,872	183,938	794,810	815,290
Total Deferred Inflows of Resources	642,654	284,194	926,848	857,353
Net Investment in Capital Assets	14,175,538	9,571,708	23,747,246	22,766,725
Restricted	811,332		811,332	710,042
Unrestricted	5,939,876	4,321,907	10,261,783	9,489,842
Total Net Position	20,926,746	13,893,615	34,820,361	32,966,609
Total Liabilities, Deferred Inflows of Resources and Net Position	33,369,713	24,555,785	57,925,498	55,156,046

Changes in Net Position

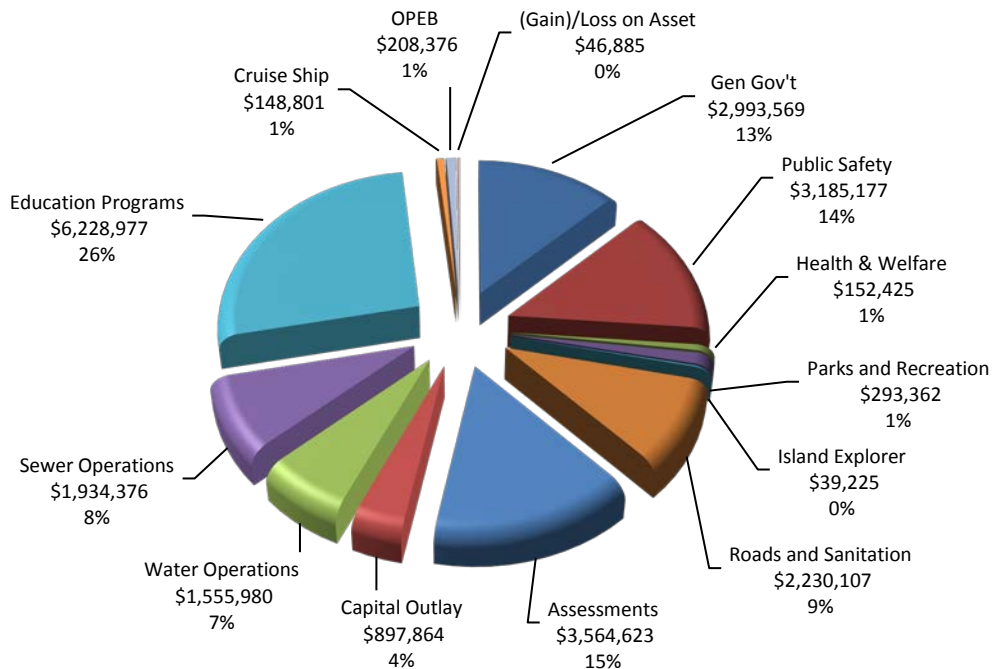
Approximately 66.3% of the Town’s total revenue came from property and excise taxes, approximately 5.0% came from Federal and State subsidies and grants, and approximately 28.7% came from services, investment earnings and other sources. Depreciation expense on the Town’s governmental and business-like activity assets represents \$1,978,692 of the total expenses for the fiscal year. Depreciation for governmental activities was \$1,144,560 while depreciation for business-like activities was \$834,132.

	Governmental Activities	Business-like Activities	Total 2016	Total 2015
Revenues:				
Taxes	16,661,078		16,661,078	15,858,611
Intergovernmental Revenues	1,253,960		1,253,960	1,246,045
Departmental Revenues	1,495,853	4,184,231	5,680,084	5,595,274
Land Donation from MDI YMCA	679,900		679,900	
Other Local Sources	622,109	223,621	845,730	611,261
Total	20,712,900	4,407,852	25,120,752	23,311,191
Expenses:				
General Government	2,993,569		2,993,569	3,221,432
Public Safety	3,185,177		3,185,177	3,538,717
Health & Welfare	152,425		152,425	143,945
Parks and Recreation	293,362		293,362	282,399
Island Explorer Shuttle Bus	39,225		39,225	38,962
Roads and Sanitation	2,230,107		2,230,107	2,417,338
Assessments	3,564,623		3,564,623	3,396,884
Capital Outlay	897,864		897,864	1,031,281
Water Operations		1,555,980	1,555,980	1,592,071
Sewer Operations		1,934,376	1,934,376	2,167,728
Education Programs	6,228,977		6,228,977	6,111,323
Cruise Ship	148,801		148,801	128,609
Post Employment Benefits	208,376		208,376	182,670
(Gain)/Loss on Disposal of Assets	46,885	(30,077)	16,808	132,605
Total	19,989,391	3,460,279	23,449,670	24,385,964
Changes in Net Position	723,509	947,573	1,671,082	(1,074,773)

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 \$7,857,827, a decrease of \$1,035,717 in comparison with the prior year. Approximately 6.5 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:

- \$128,580 positive variance in property taxes due to lower unavailable property taxes and supplementals issued. Lower unavailable property taxes resulted in part from more aggressive collection efforts for current year taxes and older liens.
- \$79,087 positive variance in auto excise revenue due to the value and number of vehicles increasing which also reflects industry sale of vehicles.
- \$(97,234) negative variance in ambulance billings due to less runs to Bangor because of staff shortages and an increase of approximately \$10,000 in bad debt write offs from the prior year.
- \$(37,739) negative variance in sale of recyclables due to a steady trend downward for metals and cardboard prices, even with a steady volume.
- \$61,460 positive variance in highway division due in large part to the mild winter. There was less demand for trucks, fuel and overtime payroll.
- \$34,950 positive variance in employee benefits due to less participation in health insurance and more opt out participation, less employee ICMA participation and FICA/Medicare wages down from terminations and positions not filled.
- \$42,565 positive variance in solid waste due to a fuel surcharge calculated in the budget being turned into a fuel credit due to low pricing.

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 \$76,741,764, net of accumulated depreciation of \$34,118,924, leaving a net book value of \$42,622,840. Current year additions included Capital Improvements, Water and Sewer additions.

REQUESTS FOR INFORMATION

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

TOWN OF BAR HARBOR
STATEMENT OF NET POSITION
JUNE 30, 2016

Exhibit A

	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
Assets:			
Cash and Equivalents	6,836,406	4,355,747	11,192,153
Investments	1,826,953		1,826,953
Receivables			
Taxes and Liens	497,626	30,552	528,178
User Fees, net		580,138	580,138
Accounts	92,059	37,464	129,523
Ambulance	140,381		140,381
Accrued Interest	3,150		3,150
Prepaid Expense	250	15,493	15,743
Inventory	14,727	148,535	163,262
Due from Other Governments	25,340		25,340
Bond Issuance Costs, Net		4,174	4,174
Capital Assets:			
Land	2,739,414	164,126	2,903,540
Construction Work in Progress	46,318	3,867	50,185
Other Capital Assets, Net of Depreciation	20,610,358	19,058,757	39,669,115
Total Assets:	32,832,982	24,398,853	57,231,835
Deferred Outflows of Resources:			
Deferred Rate Case Expense		5,828	5,828
Related to Pensions	536,731	151,104	687,835
Total Deferred Outflows of Resources	536,731	156,932	693,663
Total Assets and Deferred Outflows of Resources	33,369,713	24,555,785	57,925,498
Liabilities, Deferred Inflows of Resources and Net Position:			
Liabilities:			
Accounts Payable	300,498	45,975	346,473
Retainage Payable	15,000		15,000
Payroll Taxes Deductible	19,076		19,076
Due to Students	3,829		3,829
Accrued Salaries Payable	579,233	27,238	606,471
Accrued Compensated Absences	310,697	38,339	349,036
Accrued Interest Payable		48,889	48,889
Internal Balances	(50,610)	50,610	-
Construction Advances		165,000	165,000
Deposits Payable	12,518		12,518
Debt Due Within One Year	541,096	1,098,421	1,639,517
Long-term Liabilities:			
Net Pension Liability	1,181,144	342,709	1,523,853
Net Post Employment Benefits Obligation	208,376		208,376
Debt Due in More Than One Year	8,679,456	8,560,795	17,240,251
Total Liabilities	11,800,313	10,377,976	22,178,289
Deferred Inflows of Resources:			
Prepaid Property Taxes	31,782		31,782
Unamortized Premium on Debt		100,256	100,256
Related to Pensions	610,872	183,938	794,810
Total Deferred Inflows of Resources	642,654	284,194	926,848
Net Position:			
Net Investment in Capital Assets	14,175,538	9,571,708	23,747,246
Restricted	811,332		811,332
Unrestricted	5,939,876	4,321,907	10,261,783
Total Net Position	20,926,746	13,893,615	34,820,361
Total Liabilities, Deferred Inflows of Resources and Net Position	33,369,713	24,555,785	57,925,498

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

TOWN OF BAR HARBOR
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

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	2,993,569	391,756		(2,601,813)		(2,601,813)
Public Safety	3,185,177	459,231	85,720	(2,640,226)		(2,640,226)
Health and Welfare	152,425			(152,425)		(152,425)
Parks & Recreation	293,362	800		(292,562)		(292,562)
Island Explorer Shuttle Bus	39,225			(39,225)		(39,225)
Roads and Sanitation	2,230,107	60,450	29,300	(2,140,357)		(2,140,357)
Assessments	3,564,623			(3,564,623)		(3,564,623)
Capital Outlay	897,864			(897,864)		(897,864)
Education	6,228,977	99,467	839,932	(5,289,578)		(5,289,578)
Post Employment Benefits	208,376			(208,376)		(208,376)
Cruise Ship	148,801	619,954		471,153		471,153
Total Governmental Activities	19,942,506	1,631,658	954,952	(17,355,896)		(17,355,896)
<u>Business-type Activities:</u>						
Wastewater	1,934,376	2,233,247			298,871	298,871
Water	1,555,980	1,950,984			395,004	395,004
Total Business-type Activities	3,490,356	4,184,231			693,875	693,875
Total Primary Government	23,432,862	5,815,889	954,952	(17,355,896)	693,875	(16,662,021)
<u>General Revenues:</u>						
Taxes						
Property				15,668,515		15,668,515
Auto and Boat Excise				992,563		992,563
Intergovernmental Revenues				299,008		299,008
Other Local Sources				486,304	76,895	563,199
Water Land Proceeds					146,726	146,726
Gain/(Loss) on Disposal of Assets				(46,885)	30,077	(16,808)
Total General Revenues				16,442,115	253,698	16,695,813
<u>Special Items</u>						
Land Donation from MDI YMCA				679,900		679,900
Total Revenues, Special Items and Transfers				18,079,405	253,698	18,333,103
Changes in Net Position				723,509	947,573	1,671,082
Net Position - Beginning				20,203,237	12,946,042	33,149,279
Net Position - Ending				20,926,746	13,893,615	34,820,361

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

TOWN OF BAR HARBOR
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016

Exhibit C
Page 1 of 2

	<i>General Fund</i>	<i>CIP Fund</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
Assets				
Cash and Equivalents	6,834,870		1,536	6,836,406
Investments	1,813,339		13,614	1,826,953
Receivables				
Taxes	45,765			45,765
Tax Liens	451,861			451,861
Accounts	92,059			92,059
Ambulance Fees	140,381			140,381
Accrued Interest	3,150			3,150
Prepaid Expense	250			250
Inventory	14,727			14,727
Due from Other Governments	25,340		-	25,340
Due from Other Funds	1,281,657	4,136,611	29,300	5,447,568
Total Assets	10,703,399	4,136,611	44,450	14,884,460
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts Payable	171,310	129,188		300,498
Retainage Payable		15,000		15,000
Payroll Taxes/Deductions	19,076			19,076
Accrued Salaries Payable	579,233			579,233
Accrued Compensated Absences	260,655			260,655
Due to Other Funds	5,396,958		-	5,396,958
Due to Students	3,829		-	3,829
Deposits Payable	12,518			12,518
Total Liabilities	6,443,579	144,188	-	6,587,767
Deferred Inflows of Resources:				
Prepaid Property Taxes	31,782			31,782
Unavailable Property Taxes	402,886			402,886
Unavailable Rental Income	4,198			4,198
Total Deferred Inflows of Resources	438,866	-	-	438,866
Fund Balances				
Nonspendable	2,484		11,757	14,241
Restricted	767,791		29,300	797,091
Committed		3,992,423		3,992,423
Assigned	2,541,368		3,393	2,544,761
Unassigned	509,311			509,311
Total Fund Balances	3,820,954	3,992,423	44,450	7,857,827
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	10,703,399	4,136,611	44,450	14,884,460

(Continued)

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

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

Total Fund Balance	7,857,827
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$20,968,723	23,396,090
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds:	
Unavailable Revenues	407,084
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Bonds Payable	(9,220,552)
Accrued Compensated Absences - School Department	(50,042)
Post Employment Benefits Costs	(208,376)
Net Pension Liability, Related to Pensions	(1,255,285)
	<u>(10,734,255)</u>
Net Position of Governmental Activities	<u><u>20,926,746</u></u>

TOWN OF BAR HARBOR
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

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	16,776,563			16,776,563
Intergovernmental Revenues	1,083,240	55,700	115,020	1,253,960
Departmental Revenues	1,495,853			1,495,853
Other Local Sources	423,999	228,301	79	652,379
Total Revenues	19,779,655	284,001	115,099	20,178,755
Expenditures				
Current:				
General Government	2,721,559			2,721,559
Public Safety	2,767,588		90,007	2,857,595
Health and Welfare	139,640			139,640
Parks and Recreation	242,210		-	242,210
Island Explorer Shuttle Bus	39,225			39,225
Roads and Sanitation	1,700,702		-	1,700,702
Education	6,091,083			6,091,083
Assessments	3,564,623			3,564,623
Cruise Ship	148,801			148,801
Capital Outlay		4,109,034		4,109,034
Total Expenditures	17,415,431	4,109,034	90,007	21,614,472
Excess of Revenues Over (Under) Expenditures	2,364,224	(3,825,033)	25,092	(1,435,717)
Other Financing Sources (Uses)				
Bond Proceeds		400,000		400,000
Transfers from Other Funds	5,609,127	2,033,436	4,287	7,646,850
Transfers to Other Funds	(7,646,822)	-	(28)	(7,646,850)
Total Other Financing Sources (Uses)	(2,037,695)	2,433,436	4,259	400,000
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	326,529	(1,391,597)	29,351	(1,035,717)
Fund Balance - July 1	3,494,425	5,384,020	15,099	8,893,544
Fund Balance - June 30	3,820,954	3,992,423	44,450	7,857,827

(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, 2016

Exhibit D
Page 2 of 2

Net change in fund balances - total governmental funds (1,035,717)

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	3,360,463
Gain/(Loss) on Disposal of Assets	(46,885)
Depreciation expense	(1,144,560)
	<u>2,169,018</u>

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

Unavailable Revenues	(30,270)
Unavailable Taxes	(115,485)
	<u>(145,755)</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:

Bond Proceeds	(400,000)
Capital lease obligation principal payments	14,515
General obligation bond principal payments	516,092
	<u>130,607</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	(8,176)
Post Employment Benefits Cost	(208,376)
Pension Plans (Deferred Outflows, Net Pension Liability, Deferred Inflows)	(178,092)
	<u>(394,644)</u>

Change in net position of governmental activities 723,509

TOWN OF BAR HARBOR
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2016

Exhibit E

<i>Assets</i>	<u><i>Wastewater Enterprise</i></u>	<u><i>Water Enterprise</i></u>	<u><i>Total</i></u>
<i>Current Assets:</i>			
Cash and Equivalents	1,966,607	2,389,140	4,355,747
Receivables			
User Fees, net	482,639	97,499	580,138
Liens Receivable	30,552	-	30,552
Accounts	35,387	2,077	37,464
Inventory	24,866	123,669	148,535
Prepaid Expenses		15,493	15,493
<i>Total Current Assets</i>	<u>2,540,051</u>	<u>2,627,878</u>	<u>5,167,929</u>
<i>Noncurrent Assets:</i>			
Capital Assets, net	10,413,979	8,812,771	19,226,750
Bond Issuance Costs, net	-	4,174	4,174
<i>Total Noncurrent Assets</i>	<u>10,413,979</u>	<u>8,816,945</u>	<u>19,230,924</u>
<i>Total Assets</i>	<u>12,954,030</u>	<u>11,444,823</u>	<u>24,398,853</u>
<i>Deferred Outflows of Resources:</i>			
Deferred Rate Case Expense		5,828	5,828
Related to Pensions	96,031	55,073	151,104
<i>Total Deferred Outflows of Resources</i>	<u>96,031</u>	<u>60,901</u>	<u>156,932</u>
<i>Total Assets and Deferred Outflows of Resources</i>	<u>13,050,061</u>	<u>11,505,724</u>	<u>24,555,785</u>
<i>Liabilities and Net Position</i>			
<i>Liabilities</i>			
Accounts Payable	29,918	16,057	45,975
Accrued Salaries and Benefits	17,259	9,979	27,238
Accrued Interest Payable	13,221	35,668	48,889
Due to Other Funds	47,920	2,690	50,610
Compensated Absences Payable	26,466	11,873	38,339
Bonds and Notes Payable	536,226	562,195	1,098,421
<i>Total Current Liabilities</i>	<u>671,010</u>	<u>638,462</u>	<u>1,309,472</u>
<i>Noncurrent Liabilities:</i>			
Net Pension Liability	217,801	124,908	342,709
Construction Advances		165,000	165,000
Bonds and Notes Payable	1,965,484	6,595,311	8,560,795
<i>Total Noncurrent Liabilities</i>	<u>2,183,285</u>	<u>6,885,219</u>	<u>9,068,504</u>
<i>Total Liabilities</i>	<u>2,854,295</u>	<u>7,523,681</u>	<u>10,377,976</u>
<i>Deferred Inflows of Resources:</i>			
Unamortized Premium on Debt		100,256	100,256
Related to Pensions	116,898	67,040	183,938
<i>Total Deferred Inflows of Resources</i>	<u>116,898</u>	<u>167,296</u>	<u>284,194</u>
<i>Net Position</i>			
Net Investment in Capital Assets	7,912,269	1,659,439	9,571,708
Retained Earnings			
Reserved	2,000,321	1,738,305	3,738,626
Unreserved	166,278	417,003	583,281
<i>Total Net Position</i>	<u>10,078,868</u>	<u>3,814,747</u>	<u>13,893,615</u>
<i>Total Liabilities, Deferred Inflows of Resources and Net Position</i>	<u>13,050,061</u>	<u>11,505,724</u>	<u>24,555,785</u>

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, 2016

Exhibit F

	<u>Proprietary Fund Types</u>		<u>Total</u>
	<u>Wastewater Enterprise</u>	<u>Water Enterprise</u>	
Operating Revenues:			
Charges for Services	2,134,571	1,948,941	4,083,512
Special Assessments	79,776		79,776
Interest - Late Penalties	18,900	2,043	20,943
Total Operating Revenues:	2,233,247	1,950,984	4,184,231
Operating Expenditures:			
Current:			
Salaries and Benefits	613,643	443,474	1,057,117
Contracted Services	194,614	244,436	439,050
Utilities & Commodities	193,302	51,717	245,019
Repairs & Maintenance	139,212	164,770	303,982
Equipment	24,573	15,522	40,095
Other Expenses	49,592	41,378	90,970
Depreciation and Amortization	527,262	306,870	834,132
Materials and Supplies	99,335	96,228	195,563
Total Operating Expenditures	1,841,533	1,364,395	3,205,928
Net Operating Income	391,714	586,589	978,303
Nonoperating Revenues (Expenses)			
Interest Revenue	7,009	8,896	15,905
Homeowner Contributions to extension	53,680		53,680
Nonutility Income, net of expense	-	6,119	6,119
Sale of Fixed Assets	5,288	141,438	146,726
Bond Refinance proceeds	30,077	-	30,077
Contributions in Aid of Construction	-	1,191	1,191
Related to Pensions	(4,616)	(22,800)	(27,416)
Interest Expense	(88,227)	(168,785)	(257,012)
Total Nonoperating Revenue (Expenses)	3,211	(33,941)	(30,730)
Change in Net Position (net income)	394,925	552,648	947,573
Total Net Position - Beginning	9,683,943	3,262,099	12,946,042
Total Net Position - Ending	10,078,868	3,814,747	13,893,615

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

TOWN OF BAR HARBOR
STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit G

	<i>Proprietary Fund Types</i>		<i>Total</i>
	<i>Wastewater Enterprise</i>	<i>Water Enterprise</i>	
<i>Cash Flows from Operating Activities</i>			
Received from Customers	2,233,247	1,950,984	4,184,231
Payments to Suppliers	(651,036)	(572,673)	(1,223,709)
Payments to Employees	(613,643)	(443,474)	(1,057,117)
Other Receipts (Payments)	(49,592)	(35,259)	(84,851)
<i>Net Cash Provided by (Used in) Operating Activities</i>	918,976	899,578	1,818,554
<i>Cash Flows from Capital and Related Financing Activities</i>			
Purchases of Capital Assets	(167,696)	(89,966)	(257,662)
Principal Received on Capital Debt Issued	-	1,700,000	1,700,000
Bond Refinance proceeds	30,077		30,077
Principal Paid on Capital Debt	(522,042)	(467,185)	(989,227)
Proceeds from Sale of Land/Fixed Assets	5,288	141,438	146,726
Interest Paid on Capital Debt	(88,227)	(168,785)	(257,012)
<i>Net Cash Used in Capital and Related Financing Activities</i>	(742,600)	1,115,502	372,902
<i>Cash Flows from Investing Activities</i>			
Purchase of Investments	55,759	137,049	192,808
Interest and Dividends	7,009	8,896	15,905
<i>Net Cash Provided by (Used in) Investing Activities</i>	62,768	145,945	208,713
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	239,144	2,161,025	2,400,169
<i>Balances - beginning of the year</i>	1,727,463	228,115	1,955,578
<i>Balances - end of the year</i>	1,966,607	2,389,140	4,355,747
<i>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</i>			
Net Operating Income (Loss)	391,714	586,589	978,303
Adjustment to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization	527,262	306,870	834,132
(Increase) Decrease in Accounts Receivable	(13,952)	(75,713)	(89,665)
(Increase) Decrease in Due To/From Other Funds	19,263	74,612	93,875
(Increase) Decrease in Inventory	4,107	(6,594)	(2,487)
(Increase) Decrease in Prepaid Expense		22,141	22,141
Increase (Decrease) in Accrued Wages Payable	3,495	1,116	4,611
Increase (Decrease) in Accrued Interest Payable	(4,236)	(1,024)	(5,260)
Increase (Decrease) in Escrow Deposits		(842)	(842)
Increase (Decrease) in Compensated Absences Payable	1,810	(384)	1,426
Increase (Decrease) in Accounts Payable	(10,487)	(7,193)	(17,680)
<i>Net Cash Provided by (Used in) Operating Activities</i>	918,976	899,578	1,818,554

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

TOWN OF BAR HARBOR
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016

Exhibit H

<i>Assets</i>	<i>MDI Skatepark Association</i>
Cash	53,168
Total Assets	53,168
 <i>Liabilities and Net Position</i>	
Liabilities	
Due to MDI Skatepark Association	53,168
Total Liabilities	53,168

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

TOWN OF BAR HARBOR
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit I

	<i>MDI Skatepark Association</i>	<i>Total</i>
Revenues		
New Funds	24,620	24,620
Investment Income	-	-
	<hr/> 24,620	<hr/> 24,620
Expenditures		
Dues	110	110
Construction	6,500	6,500
Miscellaneous	25	25
	<hr/> 6,635	<hr/> 6,635
Excess of Revenues Over (Under)		
Expenditures	17,985	17,985
Net Position - July 1	<hr/> 35,183	<hr/> 35,183
Net Position - June 30	<hr/> 53,168	<hr/> 53,168

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

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

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

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

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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 recognized when transactions occurred and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Agency funds, reporting only assets and liabilities, have no measurement focus but use the accrual basis of accounting.

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, and the collection and disbursement of earmarked monies (special revenue funds). The General Fund is used to account for all activities of the general government not accounted for in some other fund.

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

The Town reports the following major enterprise funds:

The wastewater fund accounts for the activities of the wastewater department. The Town operates the wastewater collection system and related administrative costs, including debt service.

The water fund accounts for the activities of the water department. The Town operates the water collection system and related administrative costs, including debt service.

Additionally, the Town reports the fiduciary fund:

The MDI Skatepark Association agency fund accounts for the receipt and disbursement of funds for the skate park to raise money and build a park. Once the park is complete, the plan is for the Town to accept the donation.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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

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

2. Receivables and Payables

Transactions between funds that result in outstanding balances are reported as due to/from other funds.

Property taxes receivable not expected to be collected within 60 days from year end are classified as unavailable revenue. At June 30, \$402,886 has been so classified and reported on the general fund balance sheet.

Annual property taxes were levied on August 11, 2015, 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. Tax liens are placed on real property within 12 months following the tax commitment date if taxes remain delinquent. The Town has the authority to foreclose on property eighteen months after the filing of the liens if the lien amount and associated costs remain unpaid.

3. Inventories

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

4. Capital Assets

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

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

7. Fund Balances/Net Position

Fund Balances

The Town classifies governmental fund balances as follows:

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

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, 2016

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, 2016 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>Nonspendable</u>				
School Lunch Inventory	2,484			2,484
Gurnee Principal			6,488	6,488
Cemetery Principal			5,269	5,269
	2,484	-	11,757	14,241
<u>Restricted</u>				
Dog Control Reserve	1,034			1,034
Pump Out System Grant			29,300	29,300
School Restricted Funds	766,757			766,757
	767,791	-	29,300	797,091
<u>Committed</u>				
Capital Improvement Programs		3,992,423		3,992,423
	-	3,992,423	-	3,992,423
<u>Assigned</u>				
Reserve for Working Capital	1,878,000			1,878,000
Designated for Insurance	500,000			500,000
General Fund Encumbrances	44,591			44,591
Cruise Ship Fund - Encumbrances	56,000			56,000
Cruise Ship Fund	62,777			62,777
Gurnee Scholarship			3,393	3,393
	2,541,368	-	3,393	2,544,761
<u>Unassigned</u>				
General Fund	509,311			509,311
<u>Total Fund Balance</u>	3,820,954	3,992,423	44,450	7,857,827

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

7. Fund Balances/Net Position (Continued)

Net Position

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

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

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, 2016

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

A. Deposits and Investments

Deposits

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

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

One or more of the financial institutions holding the Town's cash accounts are participating in the FDIC Transaction Account Guarantee Program. Under the program all interest bearing and non-interest bearing accounts, are aggregated and 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, 2016

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Deposits (Continued)

At year-end, the government's carrying amount of deposits was \$11,245,321 and the bank balance was \$13,058,214, which were all insured/collateralized.

Investments

At June 30, 2016, the Towns investments, maturities and credit ratings are as follows:

Type	June 30, 2016					Credit Rating S&P
	Fair Value	Maturities in Years				
		Less Than 1	1-5	6-10	More than 10	
General Town:						
Corporate Bonds	100,908		100,908			AAA
US Government Obligations/Bonds	702,295		702,295			AAA
US Government Obligations/Bonds	371,310		371,310			AA+
Bank CD's	252,055		252,055			AA+
Corporate Bonds	100,090		100,090			AA
Corporate Bonds	200,321		200,321			AA-
Corporate Bonds	99,974		99,974			A-
Total	<u>1,826,953</u>	<u>-</u>	<u>1,826,953</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, 2016:

Deposits and Cash on Hand	\$ 11,245,321
Investments	<u>\$ 1,826,953</u>
	<u>\$ 13,072,274</u>

	Government-wide Statement of Net Position	Business-Type Statement of Net Position	Fiduciary Statement of Net Position	Totals
Cash and Cash Equivalents	\$ 6,836,406	\$ 4,355,747	\$ 53,168	\$ 11,245,321
Investments	<u>\$ 1,826,953</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,826,953</u>
	<u>\$ 8,663,359</u>	<u>\$ 4,355,747</u>	<u>\$ 53,168</u>	<u>\$ 13,072,274</u>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

B. Property Taxes

Property taxes were levied for the fiscal year as follows:

Assessed Value		1,471,963,700
Tax Rate (per \$1,000)		<u>10.59</u>
Commitment		<u>15,588,096</u>
Appropriations		20,318,151
Less:		
State Municipal Revenue Sharing	122,264	
Estimated Revenues	4,560,134	
BETE Reimbursement	849	
Homestead Reimbursement	<u>46,808</u>	
		<u>4,730,055</u>
Net Assessment for Commitment		<u>15,588,096</u>

Uncollected real estate taxes and personal property taxes at June 30 for the current year commitment totaled \$347,379, which represents tax collection of approximately 97.8% of the current year commitment. The real estate portion of the total taxes due were placed on lien June 27, 2016. Unpaid prior year tax liens at June 30 totaled \$135,542.

C. Interfund Receivables and Payables

Individual fund interfund receivable and payable balances at June 30, 2016 were as follows:

	<u><i>Interfund Receivable</i></u>	<u><i>Interfund Payable</i></u>
General Fund	1,281,657	5,396,958
Capital Project Funds	4,136,611	
Pump Out System Grant	29,300	
Water Fund		2,690
Wastewater Fund		<u>47,920</u>
Totals	<u>5,447,568</u>	<u>5,447,568</u>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 3 - DETAILED NOTES ON ALL FUNDS (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. \$50,610 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, 2016 was as follows:

	<i>Beginning</i>			<i>Ending</i>
	<i>Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Balance</i>
<i>Governmental Activities;</i>				
<i>Capital assets not being depreciated</i>				
Land	2,059,514	679,900		2,739,414
Construction Work in Progress	647,816	21,403	(622,901)	46,318
	<u>2,707,330</u>	<u>701,303</u>	<u>(622,901)</u>	<u>2,785,732</u>
<i>Capital assets being depreciated:</i>				
Buildings	12,355,662	2,004,443	(292,966)	14,067,139
Equipment	6,471,727	555,177	(280,942)	6,745,962
Infrastructure	20,112,925	747,995	(94,940)	20,765,980
	<u>38,940,314</u>	<u>3,307,615</u>	<u>(668,848)</u>	<u>41,579,081</u>
<i>Total capital assets being depreciated</i>				
<i>Less accumulated depreciation for:</i>				
Buildings	3,738,825	317,090	(223,066)	3,832,849
Equipment	4,183,927	425,644	(246,543)	4,363,028
Infrastructure	12,465,959	401,826	(94,939)	12,772,846
	<u>20,388,711</u>	<u>1,144,560</u>	<u>(564,548)</u>	<u>20,968,723</u>
<i>Total accumulated depreciation</i>				
<i>Net capital assets being depreciated</i>				
	<u>18,551,603</u>	<u>2,163,055</u>	<u>(104,300)</u>	<u>20,610,358</u>
<i>Governmental Activities</i>				
<i>Capital Assets, net</i>	<u>21,258,933</u>	<u>2,864,358</u>	<u>(727,201)</u>	<u>23,396,090</u>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<i>Business-type Activities;</i>				
<i>Capital assets not being depreciated</i>				
Land	161,026			161,026
<i>Capital assets being depreciated:</i>				
Water Fund	12,052,106	89,967	(39,195)	12,102,878
Wastewater Fund	19,962,946	167,696	(17,595)	20,113,047
<i>Total capital assets being depreciated</i>	<u>32,015,052</u>	<u>257,663</u>	<u>(56,790)</u>	<u>32,215,925</u>
 <i>Less accumulated depreciation for:</i>				
Water Fund	3,159,966	295,730	(28,814)	3,426,882
Wastewater Fund	9,213,650	527,262	(17,594)	9,723,318
<i>Total accumulated depreciation</i>	<u>12,373,616</u>	<u>822,992</u>	<u>(46,408)</u>	<u>13,150,200</u>
<i>Net capital assets being depreciated</i>	<u>19,641,436</u>	<u>(565,329)</u>	<u>(10,382)</u>	<u>19,065,725</u>
 <i>Business-type Activities Capital Assets, net</i>	 <u>19,802,462</u>	 <u>(565,329)</u>	 <u>(10,382)</u>	 <u>19,226,751</u>

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

Governmental Activities:

General Government	175,854
Public Safety	245,646
Health and Welfare	12,785
Parks and Recreation	51,152
Roads and Sanitation, including infrastructure	529,405
Education	129,718
 Total Depreciation Expense - Governmental Activities	 <u>1,144,560</u>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. 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>
General Obligation:			
2004 School Heating System	11/1/2024	4.45%	455,552
2010 Capital Construction, Roads, etc.	5/1/2030	2.0-4.0%	2,590,000
2013 Public Works Complex	4/15/2034	2.0-4.0%	3,095,000
2014 Town Hall & Signage	10/15/2034	2.5-4.0%	2,320,000
2015 Refinanced Agamont Park and Seawall	10/15/2024	4-4.25%	360,000
2015 Public Safety Building	4/15/2036	2-5%	400,000
			9,220,552

	<i>Maturity Date</i>	<i>Interest Rate</i>	<i>Amount</i>
Proprietary:			
1997 Wastewater Plant Upgrade	10/1/2017	3.00%	897,443
2002 Water Tank Purchase	10/1/2021	2.673%	265,274
2010 Water Mains	5/1/2030	2.0 - 4.0%	420,000
2011 Wastewater Mains Replacement and Scada System	12/1/2031	2.0 - 3.5%	1,094,266
2011 Water Refinance. Mains Replacement and Duck Brook Pump Station	12/1/2031	2.0 - 3.5%	2,475,733
2012 Safe Drinking Revolving Water Loan	10/1/2032	1.000%	2,296,500
2015 Refinanced Hulls Cove Wastewater Plant	10/15/2027	4-4.38%	510,000
2015 Route 3 Water Main Project	4/15/2036	2-5%	1,700,000
			9,659,216

Total Debt 18,879,768

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt (Continued)

1. General Obligation Bonds and Notes (Continued)

Annual debt service requirements to maturity for general obligation bonds and notes including interest of \$4,680,757 (including fees) are as follows:

<i>Year Ended June 30,</i>	<i>General Obligation Debt</i>	<i>Proprietary</i>	<i>Total</i>
2017	854,025	1,340,309	2,194,334
2018	844,991	1,329,584	2,174,575
2019	834,816	854,404	1,689,220
2020	818,934	862,419	1,681,353
2021	807,595	864,727	1,672,322
2022-2026	3,768,693	3,014,503	6,783,196
2027-2031	2,828,180	2,338,441	5,166,621
2032-2035	1,275,950	922,954	2,198,904
Total	12,033,184	11,527,341	23,560,525

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, 2016:

	<i>General Obligation Debt</i>	<i>Proprietary</i>	<i>Total</i>
<i>Long-term Debt payable July 1, 2015</i>	9,336,644	8,948,444	18,285,088
Debt Issued	400,000	1,700,000	2,100,000
Debt Retired	(516,092)	(989,228)	(1,505,320)
<i>Long-term Debt payable June 30, 2016</i>	9,220,552	9,659,216	18,879,768

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

F. Contributed Capital

Changes in net contributed capital for the year-ended June 30, 2016 for the government's Proprietary Funds were as follows:

	<u>Wastewater</u>	<u>Water</u>
Balance - Beginning of Year	2,292,502	205,508
Additions:	53,680	1,191
Deductions:		
Retirements		
Depreciation Provided by Contributed Capital	<u>(81,156)</u>	<u>(10,381)</u>
Balance - End of Year	<u>2,265,026</u>	<u>196,318</u>

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	<u>6,488</u>	<u>3,393</u>
Total	<u>11,757</u>	<u>3,393</u>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 - OTHER INFORMATION (Continued)

C. Pension Plans

Plan Description

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

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

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

Funding Policy

Under the ICMA plan, covered employees contribute a percentage of their salary to the plan with the Town contributing 6.5% to 10.0%. The Town's costs for the fiscal years ended June 30, 2014, 2015 and 2016 were \$77,885, \$66,990 and \$68,956 respectively.

Social Security

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

D. Defined Benefit Employee Pension Plan

Plan Description

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

Pension Benefits

SET benefit terms are established in Maine Statute. The PLD Consolidated Plan has an advisory group, also established by statute, who review the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The System's retirement programs provide defined retirement benefits based on member's average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occur upon the earning of five years of service credit for State employees

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (Continued)

and teachers. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for State employees and teachers is age 60, 62, or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. For PLD members, normal retirement age is 60. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by statute for State employees and teacher members.

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

Member and Employer Contributions

Retirement benefits are funded by contributions from members, employers, State contributions and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. Member and employer contribution rates are each a percentage of applicable member compensation. Member contribution rates are defined by law or Board rule and depend on the terms of the Plan under which a member is covered. Employer contribution rates are determined through actuarial valuations. For the year ended June 30, 2016, the SET Plan member contribution rate was 7.65% and the employer contribution rate was 3.36% of applicable member compensation. The employer (School portion) is also responsible for contributing 10.57% of all federally funded member compensation. The State of Maine, as a non-employer contributing entity, pays 10.02% of the applicable member compensation into the System. For the year ended June 30, 2016, the PLD Plan member contribution rate was 7.5% for the Regular AC Plan and 8.5% for the Special 4C Plan-Public Safety. Employer contribution rates were 8.9% for the Regular AC Plan and 7.6% for the Special 4C Plan of applicable member compensation.

The required contributions paid into the System for the year ended June 30, 2016 and the previous two years are as follows:

SET Plan - SCHOOL ONLY:

<i>For the year ended</i>	<i>Employee</i>	<i>Employer</i>	<i>State of Maine</i>	<i>Applicable</i>	<i>Applicable</i>
<i>June 30,</i>	<i>Contributions</i>	<i>Contributions</i>	<i>Contributions</i>	<i>Member</i>	<i>Member Federal</i>
				<i>Compensation</i>	<i>Compensation</i>
2016	\$ 229,417	\$ 110,513	\$ 291,249	\$ 2,998,911	\$ 92,237
2015	\$ 224,868	\$ 90,466	\$ 370,879	\$ 2,939,456	\$ 93,111
2014	\$ 230,093	\$ 89,723	\$ 382,240	\$ 3,007,749	\$ 74,208

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (Continued)

Member and Employer Contributions (Continued)

PLD Plan - SCHOOL PORTION:

<i>For the year ended</i>	<i>Employee</i>	<i>Employer</i>	<i>Applicable</i>
<i>June 30,</i>	<i>Contributions</i>	<i>Contributions</i>	<i>Member</i>
<i>June 30,</i>	<i>Contributions</i>	<i>Contributions</i>	<i>Compensation</i>
2016	\$ 11,108	\$ 13,181	\$ 148,102
2015	\$ 10,213	\$ 11,380	\$ 145,894
2014	\$ 11,069	\$ 10,279	\$ 158,133

PLD Plan - TOWN PORTION:

<i>For the year ended</i>	<i>Employee</i>	<i>Employer</i>	<i>Applicable</i>
<i>June 30,</i>	<i>Contributions</i>	<i>Contributions</i>	<i>Member</i>
<i>June 30,</i>	<i>Contributions</i>	<i>Contributions</i>	<i>Compensation</i>
2016	\$ 184,650	\$ 192,895	\$ 2,356,080
2015	\$ 176,184	\$ 178,600	\$ 2,364,202
2014	\$ 149,290	\$ 143,403	\$ 2,173,445

Revenue Recognition

Employer contributions to the System are recognized as additions in the period when they become due pursuant to formal commitments or statutory requirements. Investment income is recognized when earned and investment expenses are recorded when incurred. For the teacher group, total employer and non-employer contributions were the basis for the allocation, adjusted to remove the normal cost contributions paid by the local school systems on behalf of their employees. These leave contributions toward the unfunded liability of the Plan as the basis of allocation. This method of allocation properly distributes the collective net pension liability between the State of Maine as the non-employer contributing entity and those School Systems contributing towards the unfunded liability of the plan using grant funding.

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

As of June 30, 2016, the Town of Bar Harbor reported a net pension liability of \$102,069 for the SET Plan and \$1,421,784 for the PLD Plan. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by actuarial valuation as of that date. The Town of Bar Harbor's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At June 30, 2015, the Town of Bar Harbor's proportion of contributions was .007559% for the SET Plan and .445634% for the PLD Plan, which was an increase of .001089% and .001684% respectively from its proportion measured at June 30, 2014.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (Continued)

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

For the fiscal year ended June 30, 2016, the Town of Bar Harbor recognized pension expense of \$178,092. At June 30, 2016, the Town's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	57,407	183,312
Changes in Assumption	128,461	-
Net Difference between projected and actual earnings on pension plan investments	460,413	572,444
Changes in proportion and differences between employer contributions and proportionate share of contributions	41,554	39,054
	<u>687,835</u>	<u>794,810</u>

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

<u>Year Ended June 30,</u>	<u>SET Plan</u>	<u>PLD Plan</u>
2017	5,569	(78,119)
2018	1,615	(78,119)
2019	(3,338)	(89,690)
2020	5,399	109,704

Actuarial Assumptions

The collective total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>SET Plan</u>	<u>PLD Plan</u>
Investment Rate of Return:	7.125% per anum for compounded annually	7.125% per anum compounded annually
Salary Increases, Mert and Inflation:	3.5% to 13.5% per year	3.5% to 9.5% per year
Cost of Living Benefit:	2.55% per annum for Teachers	3.12% per annum for PLD's

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (Continued)

Actuarial Assumptions (Continued)

For Town employees, the mortality rate is based on the RP2000 Combined Mortality Tables for males and females using Scale AA with a two year set back.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study performed in 2011 and covered the period July 1, 2005 – June 30, 2010. There have been no changes in assumptions since the last valuation date of 6/30/14 for the SET Plan. The rate of investment return assumption decreased from 7.25% to 7.125% for the PLD Plan as of 6/30/15.

The long-term expected rate of return on pension plan investments were determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equities	20%	5.2%
Non-US Equities	20%	5.5%
Private Equity	10%	7.6%
Real Assets:		
Real Estate	10%	3.7%
Infrastructure	10%	4.0%
Hard Assets	5%	4.8%
Fixed Income	25%	0.0%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.125% for the SET Plan and 7.125% for the PLD Plan. The projection of cash flows used to determine the discount rate assumed the plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 7.125% for the SET Plan and 7.25% for the PLD Plan as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

SET Plan:	<i>1% Decrease</i>	<i>Current Discount</i>	<i>1% Increase</i>
	█ (6.125%)	Rate (7.125%)	█ (8.125%)
Proportionate Share of the Net Pension Liability	\$ 178,699	\$ 102,069	\$ 38,245

PLD Plan:	<i>1% Decrease</i>	<i>Current Discount</i>	<i>1% Increase</i>
	█ (6.125%)	Rate (7.125%)	█ (8.125%)
Proportionate Share of the Net Pension Liability	\$ 2,832,614	\$ 1,421,784	\$ 84,229

Pension Plan Financial and Actuarial Information

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

E. Risk Management

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

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

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

Based on the coverage provided by the pools described above, the town is not aware of any material actual or potential claim liabilities, which should be recorded at June 30, 2016.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 - OTHER INFORMATION (Continued)

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, *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.

Funding Policy and Annual OPEB Cost

The following table represents the OPEB costs for the years ending June 30, 2016, 2015 and 2014 and the annual net OPEB obligation:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Normal Cost	\$ 18,158	\$ 18,158	\$ 18,158
Amortization of unfunded	\$ 24,981	\$ 24,981	\$ 24,981
Adjustment to ARC	\$ (10,564)	\$ (9,245)	\$ (7,913)
Interest	\$ 8,161	\$ 7,248	\$ 6,327
Annual OPEB Cost	<u>\$ 40,736</u>	<u>\$ 41,142</u>	<u>\$ 41,553</u>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 - OTHER INFORMATION (Continued)

F. Other Postemployment Benefits (Continued)

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net OPEB obligation, July 1	\$ 182,670	\$ 159,858	\$ 136,827
Annual required contribution	\$ 40,736	\$ 41,142	\$ 41,553
Less: Actual member contributions	<u>\$ (15,030)</u>	<u>\$ (18,330)</u>	<u>\$ (18,522)</u>
Net OPEB obligation, June 30	\$ 208,376	\$ 182,670	\$ 159,858

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, 2016, 2015 and 2014 was as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual Required Contribution	\$ 43,993	\$ 43,993	\$ 41,553
Actual Member Contributions	\$ 15,030	\$ 18,330	\$ 18,522
Percent contributed	34.16%	41.67%	44.57%
Actuarial accrued liability	\$ 449,253	\$ 449,253	\$ 449,253
Plan Assets	\$ -	\$ -	\$ -
Unfunded actuarial accrued liability	\$ 449,253	\$ 449,253	\$ 449,253
Covered payroll	\$ 3,086,687	\$ 2,950,944	\$ 2,821,170
Unfunded actuarial accrued liability as a percentage of covered payroll	14.55%	15.22%	15.92%

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.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 - OTHER INFORMATION (Continued)

F. Other Postemployment Benefits (Continued)

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
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit J

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
Revenues				
Taxes	16,575,527	16,575,527	16,776,563	201,036
Intergovernmental Revenues	218,504	218,504	243,308	24,804
Departmental Revenues	1,032,901	1,032,901	905,499	(127,402)
Other Local Sources	269,648	269,648	288,194	18,546
Total Revenues	18,096,580	18,096,580	18,213,564	116,984
Expenditures				
General Government	2,843,918	2,786,918	2,728,065	58,853
Public Safety	2,791,609	2,791,609	2,778,182	13,427
Health and Welfare	137,648	137,648	139,640	(1,992)
Parks and Recreation	235,251	235,251	242,210	(6,959)
Island Explorer Shuttle Bus	39,225	39,225	39,225	-
Roads and Sanitation	1,810,053	1,810,053	1,702,467	107,586
Assessments	3,632,302	3,632,302	3,564,623	67,679
Total Expenditures	11,490,006	11,433,006	11,194,412	238,594
Excess Revenues Over Expenditures	6,606,574	6,663,574	7,019,152	355,578
Other Financing Sources				
Transfers from Other Funds	264,817	264,817	265,458	641
Transfers to Other Funds	(6,981,391)	(7,038,391)	(7,038,391)	-
Total Other Financing Sources	(6,716,574)	(6,773,574)	(6,772,933)	641
Net Change in Fund Balance	(110,000)	(110,000)	246,219	356,219
Beginning Fund Balances - Budgetary Basis			2,641,092	
Ending Fund Balances - Budgetary Basis			2,887,311	
Adjustments to Conform to GAAP:				
Elimination of Encumbrances			44,591	
Ending Fund Balances - GAAP Basis			2,931,902	

TOWN OF BAR HARBOR
REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN SCHEDULES - LAST 10 FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit K

Schedule 1 - Proportionate Share of the Net Pension Liability:

	Town Portion:		School Portion:		School Portion:	
	Participating Local Districts Plan		Participating Local Districts Plan		State Employees and Teachers Plan	
	<i>For the Fiscal Year Ended June 30, 2016</i>	<i>For the Fiscal Year Ended June 30, 2015</i>	<i>For the Fiscal Year Ended June 30, 2016</i>	<i>For the Fiscal Year Ended June 30, 2015</i>	<i>For the Fiscal Year Ended June 30, 2016</i>	<i>For the Fiscal Year Ended June 30, 2015</i>
Proportion of net pension liability	0.445634%	0.443395%	0.445634%	0.443395%	0.007559%	0.00647%
Proportionate share of net pension liability	\$1,339,178	\$633,175	\$82,606	\$49,126	\$102,069	\$69,897
Covered employee payroll	\$2,356,080	\$2,364,202	\$148,102	\$145,894	\$2,998,911	\$2,939,456
Proportionate share of the net pension liability as a percentage of its covered employee payroll	56.84%	26.78%	55.78%	33.67%	3.40%	2.38%
Plan Total Pension Liability	\$2,720,936,009	\$2,609,657,845	\$2,720,936,009	\$2,609,657,845	\$12,616,287,054	\$12,320,158,783
Plan Fiduciary Net Position	\$2,401,889,308	\$2,455,776,671	\$2,401,889,308	\$2,455,776,671	\$10,242,097,022	\$10,337,615,927
Plan Net Pension Liability	\$319,046,701	\$153,881,174	\$319,046,701	\$153,881,174	\$2,374,190,032	\$1,982,542,856
Plan Fiduciary Net Position as a % Of the Total Pension Liability	88.274%	94.103%	88.274%	94.103%	81.182%	83.908%
Plan Covered Employee Payroll	\$497,616,846	\$460,029,637	\$497,616,846	\$460,029,637	\$1,699,160,889	\$1,676,857,294
Plan Net Pension Liability as a % Of the Covered Employee Payroll	64.115%	33.450%	64.115%	33.450%	139.727%	118.230%

* Amounts presented for each fiscal year were determined as of June 30.
A full year schedule will be displayed as it becomes available.

Schedule 2 - Schedule of School Department Contributions:

	Town Portion:		School Portion:		School Portion:	
	Participating Local Districts Plan		Participating Local Districts Plan		State Employees and Teachers Plan	
	<i>For the Fiscal Year Ended June 30, 2016</i>	<i>For the Fiscal Year Ended June 30, 2015</i>	<i>For the Fiscal Year Ended June 30, 2016</i>	<i>For the Fiscal Year Ended June 30, 2015</i>	<i>For the Fiscal Year Ended June 30, 2016</i>	<i>For the Fiscal Year Ended June 30, 2015</i>
Contractually required contribution	\$192,895	\$176,184	\$13,181	\$11,380	\$110,512	\$90,466
Contribution in relation to the contractually required contribution	(\$192,895)	(\$176,184)	(\$13,181)	(\$11,380)	(\$110,512)	(\$90,466)
Contribution deficiency	\$0	\$0	\$0	\$0	\$0	\$0
Covered employee payroll	\$2,356,080	\$2,364,202	\$148,102	\$145,894	\$2,998,911	\$2,939,456
Contributions as a percentage of covered employee payroll	8.19%	7.45%	8.90%	7.80%	3.69%	3.08%

* Amounts presented for each fiscal year were determined as of June 30.
A full year schedule will be displayed as it becomes available.

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit A-1
Page 1 of 2

	<i>Estimated</i>	<i>Actual</i>	<i>Over(Under)</i> <i>Budget</i>
Taxes			
Property	15,589,086	15,717,666	128,580
Auto Excise	899,966	979,053	79,087
Boat Excise	13,338	13,510	172
Interest/Fees on Taxes	73,137	66,334	(6,803)
	<hr/> 16,575,527	<hr/> 16,776,563	<hr/> 201,036
Intergovernmental Revenues			
State of Maine			
Municipal Revenue Sharing	122,264	132,854	10,590
General Assistance	338	821	483
Tree Growth	4,395	3,064	(1,331)
Veterans Reimbursement	2,087	2,165	78
Homestead Reimbursement	46,808	59,678	12,870
BETE Reimbursement	849	895	46
Federal			
Police Drug Officer Reimbursement	-	50	50
Acadia National Park - PILT	41,763	43,781	2,018
	<hr/> 218,504	<hr/> 243,308	<hr/> 24,804
Departmental Revenues			
Ambulance/Fire			
Ambulance Service	396,100	298,866	(97,234)
Police			
Police Detail	7,911	13,229	5,318
Parking Tickets	35,000	34,347	(653)
All Other	26,930	38,832	11,902
Planning / Code			
Building Permits	105,000	87,955	(17,045)
Plumbing Permits	27,000	24,055	(2,945)
Electrical Inspections	25,603	25,591	(12)
Vacation Rental Permits	1,561	1,300	(261)
Plan Board/Subdivision & Rezoning	4,252	-	(4,252)
Site Plan Review	13,000	8,589	(4,411)
All Other	4,636	2,481	(2,155)
Harbor Fees			
Docking	31,500	45,252	13,752
Moorings	5,400	5,470	70
All Other	12,303	15,987	3,684
Solid Waste			
Sale of Recyclables	86,000	48,261	(37,739)
All Other	338	170	(168)
Public Works			
All Other	9,953	12,019	2,066
Parks and Recreation			
Park and Recreation Fees	600	800	200
Fire Department	-	510	510

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit A-1
Page 2 of 2

	<i>Estimated</i>	<i>Actual</i>	<i>Over(Under) Budget</i>
Departmental Revenues (Continued)			
Finance			
Administrative Services	163,921	163,921	-
Auto Registrations	16,079	15,858	(221)
Boat/RV Registrations/Snowmobile Fees	1,510	1,495	(15)
Municipal Building Leases	30,000	35,190	5,190
Town Clerk			
Clerk's Fees	18,410	15,519	(2,891)
All Other	9,894	9,802	(92)
	<u>1,032,901</u>	<u>905,499</u>	<u>(127,402)</u>
Other Local Sources			
Interest on Investments	20,350	34,369	14,019
Kids Corner Lease	5,400	5,750	350
Island Explorer Lease	19,225	19,225	-
Other Rentals	2,770	2,840	70
Jackson Laboratory - PILT	83,429	86,000	2,571
Housing Authority - PILT	27,777	28,611	834
Other - PILT	15,100	18,251	3,151
Cable TV Franchise	86,000	86,722	722
Insurance Dividends	9,000	5,987	(3,013)
All Other	597	439	(158)
	<u>269,648</u>	<u>288,194</u>	<u>18,546</u>
Operating Transfers In			
Cemetery Income	19	28	9
Cruise Ship Fund	259,048	259,049	1
Dog Control Reserve	2,750	2,940	190
Shellfish Conservation	3,000	3,441	441
	<u>264,817</u>	<u>265,458</u>	<u>641</u>
Total Revenues, Operating Transfers and Other Financing Sources	18,361,397	<u>18,479,022</u>	<u>117,625</u>
Beginning Fund Balance Used	<u>110,000</u>		
Total	<u>18,471,397</u>		

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit A-2
Page 1 of 2

	<i>Encumbered</i> <i>From 6/30/15</i>	<i>Appropriations</i>	<i>Expenditures</i> <i>Net of Refund</i>	<i>Encumbered</i> <i>to 6/30/17</i>	<i>(Over)</i> <i>Under</i> <i>Budget</i>
General Government					
Town Council		37,952	33,557		4,395
Town Manager		122,031	116,286		5,745
Town Clerk	1,944	138,437	114,534	2,970	22,877
Finance		328,189	327,930		259
Legal Counsel		19,150	18,544		606
Elections		12,717	9,764		2,953
Technology	12,592	161,695	153,317	18,000	2,970
Municipal Building		74,825	84,144		(9,319)
Town Offices		33,452	35,371		(1,919)
Employee Benefits		1,376,319	1,341,369		34,950
Insurance		85,700	91,351		(5,651)
Assessing	3,600	115,528	116,749		2,379
Code Enforcement		74,851	68,855	1,200	4,796
Planning	5,000	151,893	119,471	7,472	29,950
27th Pay Period		13,628	29,553		(15,925)
Vacation Accruals		12,185	35,026		(22,841)
Contingency		21,366	10,000		11,366
Abatements/Discount on Taxes		7,000	15,738		(8,738)
	23,136	2,786,918	2,721,559	29,642	58,853
Public Safety					
Ambulance		450,258	431,906		18,352
Fire Department		353,677	333,579	12,590	7,508
Public Fire Protection - Hydrants		523,710	533,036		(9,326)
Police Department	2,238	1,028,633	1,033,361		(2,490)
Public Safety Building		38,916	40,135		(1,219)
Street Lights		71,575	64,625		6,950
Dispatch		211,054	217,475		(6,421)
Harbor Division		113,786	113,119	594	73
	2,238	2,791,609	2,767,236	13,184	13,427
Health and Welfare					
General Assistance		1,019	977		42
Cooperating Agencies		42,843	42,843		-
Emergency Management		425	292		133
Comfort Station		93,361	95,528		(2,167)
	-	137,648	139,640	-	(1,992)

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit A-2
Page 2 of 2

	<i>Encumbered From 6/30/15</i>	<i>Appropriations</i>	<i>Expenditures Net of Refund</i>	<i>Encumbered to 6/30/17</i>	<i>(Over) Under Budget</i>
Parks and Recreation					
Parks & Recreation		235,251	242,210		(6,959)
Island Explorer Shuttle Bus	-	39,225	39,225	-	-
Roads and Sanitation					
Public Works		146,122	142,561		3,561
Highway Division		1,007,992	946,532		61,460
Solid Waste		655,939	611,609	1,765	42,565
	-	1,810,053	1,700,702	1,765	107,586
Total Appropriations, Expenditures and Encumbrances	25,374	7,800,704	7,610,572	44,591	170,915
Assessments					
Regional School District		2,999,610	2,980,513		19,097
County Tax		584,111	584,110		1
Overlay		48,581	-		48,581
	-	3,632,302	3,564,623	-	67,679
Operating Transfers Out					
Firefighter FEMA Grant		4,287	4,287		-
Elementary School		5,223,669	5,223,669		-
Capital Improvements Program		1,810,435	1,810,435		-
	-	7,038,391	7,038,391	-	-
Totals	25,374	18,471,397	18,213,586	44,591	238,594

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF CHANGES IN UNASSIGNED FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit A-3

Unassigned Fund Balance, July 1	322,092	
Unassigned Fund Balance, June 30	<u>509,311</u>	
Increase (Decrease)		<u><u>187,219</u></u>

Analysis of Change

Budget Summary:		
Revenue Surplus	117,625	
Unexpended Balance of Appropriations	170,915	
Unexpended Balance (Overdraft) of Assessments and Operating Transfers	67,679	
(Increase) Decrease in Assigned Fund Balances	<u>(59,000)</u>	
Budget Surplus		297,219
Fund Balance Used to Fund Appropriations		<u>(110,000)</u>
Increase (Decrease)		<u><u>187,219</u></u>

TOWN OF BAR HARBOR
GENERAL RESERVES, COMMITTED FUNDS & SCHOOL DEPARTMENT
COMBINING BALANCE SHEET
JUNE 30, 2016

Exhibit A-4

<i>Assets</i>	<i>Dog Control Reserve</i>	<i>Cruise Ship Fund</i>	<i>School Department</i>	<i>Total</i>
Accounts Receivable		63,253	5,475	68,728
Due from Other Governments			25,127	25,127
Inventory			2,484	2,484
Due from Other Funds	1,034	55,524	1,231,046	1,287,604
Total Assets	1,034	118,777	1,264,132	1,383,943
 <i>Liabilities & Fund Balances</i>				
<i>Liabilities</i>				
Accrued Salaries Payable			449,915	449,915
Due to Students			3,829	3,829
Accounts Payable			18,530	18,530
Due to Other Funds		-	22,617	22,617
Total Liabilities	-	-	494,891	494,891
 <i>Fund Balances</i>				
Non-Spendable			2,484	2,484
Restricted	1,034		766,757	767,791
Assigned - Encumbrances		56,000		56,000
Assigned		62,777		62,777
Total Fund Balances	1,034	118,777	769,241	889,052
Total Liabilities & Fund Balances	1,034	118,777	1,264,132	1,383,943

TOWN OF BAR HARBOR
GENERAL RESERVES, COMMITTED FUNDS & SCHOOL DEPARTMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit A-5

	<u><i>Dog Control Reserve</i></u>	<u><i>Shellfish Conservation Reserve</i></u>	<u><i>Cruise Ship Fund</i></u>	<u><i>School Department</i></u>	<u><i>Total</i></u>
Revenues					
Intergovernmental Revenues				839,932	839,932
Local Sources				99,467	99,467
Dog Fees	2,945				2,945
Shellfish Fees/Fines		3,793			3,793
Ferry Terminal Reimbursement			29,600		29,600
Port Fees			246,025		246,025
Cruise Ship Passenger Fees			344,329		344,329
Total Revenues	<u>2,945</u>	<u>3,793</u>	<u>619,954</u>	<u>939,399</u>	<u>1,566,091</u>
Expenditures					
Public Safety		352			352
Education				6,091,083	6,091,083
Cruise Ship Operating			148,801		148,801
Total Expenditures	<u>-</u>	<u>352</u>	<u>148,801</u>	<u>6,091,083</u>	<u>6,240,236</u>
Excess of Revenues Over (Under)					
Expenditures	<u>2,945</u>	<u>3,441</u>	<u>471,153</u>	<u>(5,151,684)</u>	<u>(4,674,145)</u>
Other Financing Sources (Uses)					
Transfers from Other Funds				5,343,669	5,343,669
Transfers to Other Funds	(2,940)	(3,441)	(482,050)	(120,000)	(608,431)
Total Other Financing Sources (Uses)	<u>(2,940)</u>	<u>(3,441)</u>	<u>(482,050)</u>	<u>5,223,669</u>	<u>4,735,238</u>
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	5	-	(10,897)	71,985	61,093
Fund Balance - July 1	<u>1,029</u>	<u>-</u>	<u>129,674</u>	<u>697,256</u>	<u>827,959</u>
Fund Balance - June 30	<u>1,034</u>	<u>-</u>	<u>118,777</u>	<u>769,241</u>	<u>889,052</u>

**TOWN OF BAR HARBOR
SCHOOL DEPARTMENT**

Exhibit A-6

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016**

	<i>General Fund</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
Revenues			
Intergovernmental Revenues	538,265	301,667	839,932
Local Sources	34,877		34,877
Lunch and Milk Sales		64,590	64,590
Total Revenues	573,142	366,257	939,399
Expenditures			
Regular Instruction	2,360,021		2,360,021
Student & Staff Support:			
Guidance	80,128		80,128
Health Services	68,692		68,692
Improvement of Instruction	22,477		22,477
Library and Audio Visual	113,450		113,450
Technology	158,176		158,176
Assessment for Administration-Student Support	77,290		77,290
Special Education	1,156,484		1,156,484
Co-Curricular Instruction	58,629		58,629
System Administration:			
School Committee	10,392		10,392
Assessment for Administration	109,148		109,148
Office of Principal	341,775		341,775
Operation/Maintenance-Plant	549,370		549,370
Student Transportation	225,776		225,776
Retirement Contribution	291,249		291,249
Food Services		209,221	209,221
Federal/State Programs		252,040	252,040
Reserves/Grants	6,765		6,765
Total Expenditures	5,629,822	461,261	6,091,083
Excess of Revenues Over (Under) Expenditures	(5,056,680)	(95,004)	(5,151,684)
Other Financing Sources (Uses)			
Transfers from Other Funds	5,233,669	110,000	5,343,669
Transfers to Other Funds	(120,000)	-	(120,000)
Total Other Financing Sources (Uses)	5,113,669	110,000	5,223,669
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures	56,989	14,996	47,346
Fund Balance - July 1	720,444	(23,188)	697,256
Fund Balance - June 30	777,433	(8,192)	769,241

TOWN OF BAR HARBOR
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - CRUISE SHIP FUND
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit A-7

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
Revenues				
Ferry Terminal Reimbursement			29,600	29,600
Port Fees	253,595	253,595	246,025	(7,570)
Cruise Ship Passenger Fees	<u>352,138</u>	<u>352,138</u>	<u>344,329</u>	<u>(7,809)</u>
Total Revenues	<u>605,733</u>	<u>605,733</u>	<u>619,954</u>	<u>14,221</u>
Expenditures				
Cruise Ship Direct Expenses	<u>100,572</u>	<u>164,874</u>	<u>148,801</u>	<u>16,073</u>
Total Expenditures	<u>100,572</u>	<u>164,874</u>	<u>148,801</u>	<u>16,073</u>
Excess of Revenues Over (Under) Expenditures	<u>505,161</u>	<u>440,859</u>	<u>471,153</u>	<u>30,294</u>
Other Financing Sources (Uses)				
Transfers from Other Funds				-
Transfers to Other Funds	<u>(465,450)</u>	<u>(482,050)</u>	<u>(482,050)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(465,450)</u>	<u>(482,050)</u>	<u>(482,050)</u>	<u>-</u>
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	<u>39,711</u>	<u>(41,191)</u>	<u>(10,897)</u>	<u>30,294</u>
Fund Balance - July 1			<u>129,674</u>	
Fund Balance - June 30			<u>118,777</u>	

TOWN OF BAR HARBOR
ALL SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016

Exhibit B-1

<i>Assets</i>	<i>Pump Out System Grant</i>	<i>Total</i>
Due from Other Funds	29,300	29,300
Due from Other Governments		-
Total Assets	29,300	29,300
 <i>Liabilities & Fund Balances</i>		
Liabilities		
Due to Other Funds		-
Total Liabilities	-	-
 Fund Balances		
Restricted	29,300	29,300
Total Fund Balances	29,300	29,300
Total Liabilities & Fund Balances	29,300	29,300

TOWN OF BAR HARBOR
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
SPECIAL REVENUES/GRANTS
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit B-2

	<i>Firefighters Assistance FEMA Grant</i>	<i>Pump Out System Grant</i>	<i>Total</i>
Revenues			
Local Revenues			-
Intergovernmental	85,720	29,300	115,020
Total Revenues	85,720	29,300	115,020
Expenditures			
General Government			-
Parks & Recreation			-
Public Works			-
Public Safety	90,007		90,007
Total Expenditures	90,007	-	90,007
Excess of Revenues Over (Under) Expenditures	(4,287)	29,300	25,013
Other Financing Sources (Uses)			
Transfers from Other Funds	4,287		4,287
Transfers to Other Funds			-
Total Other Financing Sources (Uses)	4,287	-	4,287
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	29,300	29,300
Fund Balance - July 1	-	-	-
Fund Balance (Deficit) - June 30	-	29,300	29,300

TOWN OF BAR HARBOR
CAPITAL IMPROVEMENTS PROGRAM
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit C-1
Page 1 of 3

<i>Town Projects</i>	<i>Balance July 1</i>	<i>Budget</i>	<i>Revenues and Transfers</i>	<i>Expenditures/ Transfers</i>	<i>Balance (Over) Under</i>	<i>Transfers From (To) Unassigned</i>	<i>Balance June 30</i>
Technology							
Copier Equipment	4,195	4,805			9,000		9,000
Fire Protection System-Server Room	-	1,716			1,716		1,716
WAN & Cable TV System	23,693	2,656		(6,315)	20,034		20,034
Audio Visual Equipment	1,525	605			2,130		2,130
Document Imaging System	7,019	500		(7,519)	-		-
Computer Servers	17,406	9,667		(16,658)	10,415		10,415
Computer Servers-Finance	5,947	4,500		(10,447)	-		-
Website Improvements	394	2,917		(3,311)	-		-
Town Wide Phone System	3,800	2,200			6,000		6,000
Security camera System	20,709	1,867			22,576		22,576
Municipal Building							
Building Renovation	1,236,784	111,169		(1,338,775)	9,178	5,822	15,000
Code Enforcement							
Pickup Inspection Truck	16,088	500			16,588		16,588
Assessing							
GIS Wide Format Scanner	24,832	(3,611)		(11,588)	9,633		9,633
Property Tax Revaluation	-	8,333			8,333		8,333
Vehicle Purchase	5,420	-			5,420		5,420
Aerial Photography	21,473	1,286			22,759		22,759
Ambulance							
Ambulance Reserve	67,191	49,000			116,191		116,191
Defibrillators	30,550	22,300			52,850		52,850
Fire Department							
Fire Engine #2	86,894	9,741			96,635		96,635
Fire Engine #3 Reserve	48,538	13,930			62,468		62,468
Fire Engine #4	239,689	129,500			369,189		369,189
Fire Engine #5	95,520	13,928			109,448		109,448
Fire Truck - Crew's	5,456	3,056			8,512	(8,512)	-
Fire Pickup Truck Reserve	8,313	4,138			12,451	8,512	20,963
Thermal Imaging Camera	15,698	(9,698)		(4,950)	1,050		1,050
SCBA's & Cascade System	20,316	8,954			29,270		29,270
Rescue Tools	8,488	1,100			9,588		9,588
Police Department							
Radio Base Station & Console	48,173	15,076		(56,052)	7,197		7,197
Speed Trailer & Monitor	4,491	600			5,091	400	5,491
Cruiser Replacement	7,080	39,000		(25,100)	20,980		20,980
Cruiser Equipment	53	16,000		(16,053)	-		-
Range Trailer	-	400			400	(400)	-
Night Vision Units	11,650	(11,650)			-		-
Port Security Boat	26,457	10,870			37,327		37,327

TOWN OF BAR HARBOR
CAPITAL IMPROVEMENTS PROGRAM
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit C-1
Page 2 of 3

	<i>Balance</i> <i>July 1</i>	<i>Budget</i>	<i>Revenues and</i> <i>Transfers</i>	<i>Expenditures/</i> <i>Transfers</i>	<i>Balance</i> <i>(Over) Under</i>	<i>Transfers</i> <i>From (To)</i> <i>Unassigned</i>	<i>Balance</i> <i>June 30</i>
<i>Town Projects (Continued)</i>							
Public Safety Building							
Public Safety Bldg. Generator	8,276	1,064			9,340	6,163	15,503
School Shelter Generator	3,335	2,828			6,163	(6,163)	-
Building Renovations	12,248	24,870		(10,219)	26,899		26,899
Building Envelope Repairs	-	465,713		(382,361)	83,352		83,352
Harbor Department							
Harbor Master Boat & Trailer	14,544				14,544		14,544
New Floats	22,958	16,500			39,458		39,458
Gangway Replacement	18,935	1,732			20,667		20,667
Fishermen's Hoist(s)	-	980			980		980
Ferry Terminal Improvements	-	55,600			55,600		55,600
Pier Renovations	12,894	2,894			15,788		15,788
Parks & Recreation							
Museum in the Streets	1,643	1,900			3,543		3,543
Albert Meadow-Grant's Park	16,806	5,741			22,547		22,547
Tree Planting	14,534	8,000		(16,723)	5,811		5,811
Mt. Desert Cemetery	60,728				60,728		60,728
Park Equipment	10,837	6,426			17,263		17,263
Launch Ramp-Hadley Point	4,488	2,700		(6,900)	288		288
Tennis and Basketball Courts	-	3,750			3,750		3,750
Village Green Bandstand	4,932	1,467			6,399		6,399
Glen Mary Renovations	30,385	8,720		(33,630)	5,475		5,475
Harborview Park	185,867			(9,937)	175,930		175,930
Comfort Stations							
Restroom Renovation Reserve	-	13,020			13,020		13,020
New Restrooms Construction	20,323	3,100		(23,357)	66	(66)	-
Public Works / Highway							
Air Compressor	6,450	2,500			8,950		8,950
Backhoe Reserve (Cat & Deere)	71,113	27,300			98,413		98,413
Brush Chipper	24,598	1,479			26,077		26,077
Downtown Signage	77,585	500		(67,868)	10,217		10,217
Grader Reserve	126,955	(80,061)			46,894		46,894
Hydraulic Lifts	4,095	3,700			7,795		7,795
Front End Loader Reserve	138,447	94,683		(227,489)	5,641		5,641
Road Improvement Program	507,339	496,435		(650,764)	353,010		353,010
Fuel Pump System		3,500			3,500		3,500
Sidewalk Plow	26,488	15,200			41,688		41,688
Sidewalk Reconstruction Program	328,578	64,432		(20,943)	372,067		372,067
Washer, Steam Pressure	10,404	1,100			11,504		11,504
Street Sweeper (Broom)	77,713	8,667			86,380		86,380
Street Sweeper (Vacuum)	33,283	19,750			53,033		53,033
Public Works Complex	128,136			(104,280)	23,856		23,856
Tag Trailer	13,104	840			13,944		13,944
Water Truck	3,000	1,117		3,580	7,697		7,697
Street Lights-Main Street		6,809		(213)	6,596		6,596
Route #3 Construction	540,000				540,000		540,000
Light Truck Purchase	92,930	45,001		(37,481)	100,450		100,450
Plow Truck Reserve	42,838	87,434			130,272		130,272
Bobcat Loader	28,851	2,093			30,944		30,944
Roller, Vibratory	34,060	2,300			36,360		36,360
Waste Oil Furnace	3,919	1,342			5,261		5,261

TOWN OF BAR HARBOR
CAPITAL IMPROVEMENTS PROGRAM
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit C-1
Page 3 of 3

	<i>Balance July 1</i>	<i>Budget</i>	<i>Revenues and Transfers</i>	<i>Expenditures/ Transfers</i>	<i>Balance (Over) Under</i>	<i>Transfers From (To) Unassigned</i>	<i>Balance June 30</i>
Town Projects (Continued)							
Solid Waste Division							
Storage	5,514	455			5,969		5,969
Bailers	3,242	1,971			5,213		5,213
Glass Crusher	5,198	968			6,166		6,166
Forklifts	13,373	3,095			16,468		16,468
Transfer Station Reserve	536			(536)	-		-
Recycling Facility Reserve	5,645	3,068		(2,694)	6,019		6,019
Debt Service							
Debt Service - Municipal Building	161,845	22,130		(183,975)	-		-
Debt Service - Agamont Park	-	55,480		(55,307)	173	(173)	-
Public Safety Building	-	20,000			20,000		20,000
Downtown Signs	-	20,480		(20,480)	-		-
Public Works - FY 10	-	278,888		(278,888)	-		-
Public Works - FY 13	-	234,588		(234,588)	-		-
Town Total	5,072,814	2,539,604	-	(3,861,821)	3,750,597	5,583	3,756,180
School Projects							
2004 Heating System Payment	-				-		-
2004 Heating System Payment	-	59,747		(59,747)	-		-
ADA Act Renovations	13,898				13,898		13,898
Capital Outlay Reserve	33,559				33,559	(5,281)	28,278
Furniture & Equipment	8,329	5,000		(10,736)	2,593		2,593
Computers & Technology	25,863	55,000		(53,077)	27,786		27,786
Copier Lease/Purchase	-	14,993		(15,021)	(28)	28	-
Connors Hallway Flooring	-	55,000		(50,850)	4,150		4,150
Flooring	27,745			(20,655)	7,090		7,090
Repaving	22,500				22,500		22,500
Asbestos Removal	10,310			(2,900)	7,410		7,410
Pickup Truck Replacement	7,676	2,270			9,946		9,946
Playground Equipment	7,386	5,000			12,386		12,386
Roof Repairs	35,533	2,000		(1,166)	36,367		36,367
Storage Units	3,000				3,000		3,000
Technology Infrastructure	1,713				1,713		1,713
Connors Windows	12,065				12,065		12,065
Boiler Lead-Lag System	22,019	5,789		(33,061)	(5,253)	5,253	-
Tractor Plow Reserve	5,000				5,000		5,000
Kitchen Floor	2,000	2,000			4,000		4,000
Emerson Entry Doors	6,900				6,900		6,900
Safety & Access Control	18,851	2,500			21,351		21,351
School Total	264,347	209,299	-	(247,213)	226,433	-	226,433
Subtotal	5,337,161	2,748,903	-	(4,109,034)	3,977,030	5,583	3,982,613
Unassigned Balance	46,859	(2,748,903)	2,717,437		15,393	(5,583)	9,810
Totals	5,384,020	-	2,717,437	(4,109,034)	3,992,423	-	3,992,423

TOWN OF BAR HARBOR
COMBINING BALANCE SHEET
ALL PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit D-1

<i>Assets</i>	<i>Gurnee Scholarship</i>	<i>Cemetery Trusts</i>	<i>Total</i>
Cash and Equivalents	1,002	534	1,536
Investments	8,879	4,735	13,614
Total Assets	9,881	5,269	15,150
<i>Liabilities & Fund Balances</i>			
Liabilities			
Due to Other Funds			-
Total Liabilities	-	-	-
Fund Balances			
Nonspendable	6,488	5,269	11,757
Assigned	3,393	-	3,393
Total Fund Balances	9,881	5,269	15,150
Total Liabilities & Fund Balances	9,881	5,269	15,150

TOWN OF BAR HARBOR
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit D-2

	<i>Gurnee Scholarship</i>	<i>Cemetery Trusts</i>	<i>Total</i>
Revenues			
New Funds			-
Investment Income	51	28	79
	51	28	79
Expenditures			
Scholarships			-
	-	-	-
Excess of Revenues Over Expenditures	51	28	79
Other Financing Sources (Uses)			
Transfers to Other Funds		(28)	(28)
Total Other Financing Sources (Uses)	-	(28)	(28)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	51	-	51
Fund Balance - July 1	9,830	5,269	15,099
Fund Balance - June 30	9,881	5,269	15,150

TOWN OF BAR HARBOR, MAINE
Operating Data
For the Fiscal Year Ended June 30, 2016

MUNICIPAL SERVICES

Public Works

Wastewater Division

<u>Largest Wastewater Customers</u>	<u>Type of Use</u>	<u>CY2015 Revenues</u>	<u>% of Total</u>
Jackson Laboratory	Genetic Research & Mice Prod	\$396,637	17.8%
Witham Family LTD Part	Hotels (7)	207,135	9.3%
Eden Street Trust	Hotel	68,763	3.1%
Town of Bar Harbor	Muni Bldgs, Schools, Comfirt Stat's	48,451	2.2%
Golden Anchor, LC	Hotel	46,549	2.1%
West Street Properties LLC	Hotel	44,165	2.0%
BHTC 111, LLC	Tennis & Swim Club	36,685	1.6%
Mt. Desert Hospital	Hospital	32,690	1.5%
Frenchman's Bay Associates	Hotel	31,637	1.4%
Hulls Cove, LLC	Residential Complex	25,200	<u>1.1%</u>
			43.4%

Water Division

<u>Largest Water Customers</u>	<u>Type of Use</u>	<u>CY2015 Revenues</u>	<u>% of Total</u>
Town of Bar Harbor	Parks, Bldgs, Schools & Hydrants	\$531,114	30.0%
Jackson Laboratory	Genetic Research & Mice Prod	163,875	9.3%
Witham Family LTD Part	Hotels (7)	74,723	4.2%
College of the Atlantic	College	25,094	1.4%
Kebo Valley Club	Golf Course	21,984	1.2%
Lafayette Bar Harbor, LLC	Hotel	18,352	1.0%
Mount Desert Hospital	Hospital	16,794	1.0%
Bar Harbor Housing Authority	Low Income/Elderly Housing	13,755	0.8%
Golden Anchor, LC	Hotel	13,561	0.8%
BHTC 111, LLC	Tennis & Swim Club	13,366	<u>0.8%</u>
			50.5%

<u>Number of Water System Customers</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Residential	1,251	1,249	1,247	1,241	1,250
Commercial	505	493	490	491	515
Industrial (Jax Lab)	42	43	43	43	47
Governmental	53	52	52	51	56
Total	1851	1837	1,832	1,826	1,868

<u>Water Sales (per 1,000 gallons)</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Residential	73,690	71,570	65,318	59,766	55,761
Commercial	101,306	102,200	103,634	107,376	111,619
Industrial (Jax Lab)	52,065	57,920	60,116	56,251	60,628
Public Authorities	10,831	9,905	10,170	5,357	12,450
Total Water Sales	237,892	241,595	239,238	239,238	240,458

Water Sales (Revenue)	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Residential	\$433,721	\$426,246	\$484,620	\$482,859	\$469,232
Commercial	419,435	421,111	494,752	526,799	500,570
Industrial (Jax Lab)	105,520	116,518	138,761	136,958	139,336
Public Authorities	50,060	47,001	56,710	51,637	59,099
Public Fire Protection	402,968	402,968	480,468	480,468	480,468
Private Fire Protection	87,703	87,174	106,563	107,952	109,711
Total Water Sales	\$1,449,407	\$1,503,018	\$1,761,874	\$1,786,673	\$1,758,416

PUBLIC EDUCATION

Composition of MDI RSS

<i>Former Administrative Unit</i>	<i>Community</i>	<i>School</i>	<i>Grade</i>	Enrollment (as of Oct. 1, 2015)
School Union #98	Bar Harbor	Connors-Emerson School	K-8	366
School Union #98	Cranberry Isles	Islesford School	K-8	17
School Union #98	Frenchboro	Frenchboro Elementary	K-8	3
School Union #98	Mount Desert	Mt Desert Elementary	K-8	196
School Union #98	Southwest Harbor	Pemetic Elementary	K-8	142
School Union #98	Tremont	Tremont Consolidated	K-8	113
School Union #92	Trenton	Trenton Elementary	K-8	121
MSAD No. 76	Swan's Island	Swan's Island Elementary	K-8	38
C.S.D. No. 7	Members of Union #98	Mt Desert Island High	9-12	<u>526</u>
		Total Enrollment		1,522
		(less Tuition Students)		<u>(62)</u>
		Total Member Enrollment		1,460

LABOR RELATIONS

The Town employs approximately 147 full-time personnel, approximately of whom 74 are employees of the Town including its utilities systems; and 73 of whom are employed by the School Department; and various part-time employees. Approximately 41 full-time Town employees, not included in the table below, are not represented by unions.

Union	Bargaining Unit	Date of Contract	
		Effective	<i>Expiration</i>
Teamsters Local No. 340	Highway & Wastewater Unit	July 1, 2014	June 30, 2017
IAFF (AFL/CIO)	Fire Department Unit	July 1, 2014	June 30, 2017
BHSEA (MEA)	School Support Unit	July 1, 2015	June 30, 2018
BHTA (MEA)	Teachers Unit	Sept.1, 2015	Aug. 31, 2018

BUILDING ACTIVITY

Calendar Year	Residential		Commercial		Total	
	# Permits	Est. Cost	# Permits	Est. Cost	# Permits	Est. Cost
2015	230	\$14,767,390	94	\$9,099,114	324	\$23,866,504
2014	186	10,730,656	93	4,289,181	379	15,019,837
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

Representative Employers	Type of Business	Approximate Number of Employees			
		Full-Time	Part-Time	Seasonal	Total
The Jackson Laboratory	Genetic Research	1,335	0	0	1,335
Mount Desert Island Hospital	Hospital	422	138	0	560
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.

	2013	2014	2015	2016	2017
Revenues					
Taxes	\$14,908,603	\$15,310,100	\$15,796,457	\$16,557,858	\$16,886,945
Intergovernmental	391,719	309,110	241,420	219,637	225,123
Departmental	1,033,614	1,078,517	1,081,216	1,032,901	1,039,580
Other local sources	561,611	551,796	535,264	534,465	549,174
Total Revenues	16,895,297	17,249,523	17,654,357	18,344,861	18,700,822
Expenditures					
General government	2,787,297	2,811,648	2,778,378	2,883,143	2,922,762
Public safety	2,442,592	2,549,803	2,608,008	2,795,896	2,912,896
Health & welfare	124,805	127,396	130,716	137,648	133,928
Parks & recreation	248,421	230,479	230,865	235,251	239,154
Roads & sanitation	1,808,304	1,763,969	1,746,798	1,810,053	1,829,810
Debt service	-	-	-	-	-
Assessments	3,144,324	3,160,004	3,396,885	3,583,721	3,597,013
Transfers to school fund	4,714,074	5,080,953	5,176,423	5,223,669	5,265,115
Transfers to CIP	1,747,987	1,700,842	1,820,106	1,753,435	1,773,144
Other exp. & transfers	51,320	51,289	32,053	32,045	32,000
Total Expenditures	\$17,069,124	\$17,476,383	\$17,920,232	\$18,454,861	\$18,805,822
Excess Exp. Over Revenues	\$173,827	\$226,860	\$265,875	\$110,000	\$105,000
Use of Fund Balance:					
Transfer to CIP	117,160	117,160	200,000	110,000	105,000
One-time expenditures	56,667	109,700	65,875	0	0
Increase GF Bal	0	0	0	0	0
Total Use of Fund Balance	\$173,827	\$226,860	\$265,875	\$110,000	\$105,000

Property Tax Levy Limit

Fiscal year:	<u>2012/2013</u>	<u>2013/2014</u>	<u>2014/2015</u>	<u>2015/2016</u>	<u>2016/2017</u>
State Personal Income Factor:	1.43%	1.05%	1.09%	0.86%	2.67%
Town Prop Growth Factor:	<u>1.76%</u>	<u>1.46</u>	<u>1.41%</u>	<u>0.70%</u>	<u>1.21%</u>
Growth Limitation Factor:	3.19%	2.51%	2.50%	1.56%	3.88%
Property Tax Levy Limit:	\$6,282,509	\$6,444,293	\$6,632,283	\$6,774,604	\$7,040,190
Property Tax Levy:	<u>6,095,170</u>	<u>6,174,598</u>	<u>6,199,868</u>	<u>6,731,982</u>	<u>6,897,817</u>
Over/(below) Prop Tax Levy Limit:	(\$187,339)	(\$269,695)	(\$432,415)	(\$42,622)	(\$142,373)

General Fund Balance as % Revenues

	Fiscal Year Ended June 30,				
	2011	2012	2013	2014	2015
Assigned and Unassigned General Fund Balance (exclude school FB)	\$2,686,008	\$3,137,557	\$3,223,582	\$2,977,482	\$2,796,140
Total Revenues	17,548,271	17,745,350	18,135,145	18,594,081	19,151,528
Fund Bal as % Revenues	15.31%	17.68%	17.78%	16.01%	14.60%

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 6/30/15
2016	1,428,800	\$1,471,964	\$10.59	\$15,588,095	\$15,239,884	97.76%	97.76%
2015	1,404,100	1,449,121	10.22	14,810,016	14,334,981	96.79	99.19
2014	1,390,700	1,435,775	10.01	14,372,104	13,918,708	96.86	99.96
2013	1,383,750	1,423,245	9.84	14,004,735	13,469,426	96.18	99.96
2012	1,389,150	1,407,891	9.60	13,515,751	12,998,547	96.17	99.95

Largest Taxpayers

Taxpayer	As of April 1, 2015			
	Type of Business	Assessed Value	Tax	% of Levy
Golden Anchor, L C	Hotel-Harborside	\$20,169,500	\$213,595	1.37%
Eden Street Trust	Hotel-Regency	17,960,600	190,203	1.22%
West Street Properties, LLC	Hotel-West St.	17,869,400	189,237	1.21%
Witham Family LTD	Hotel-BH Inn	13,548,200	143,475	0.92%
BHTC 111, LLC	Res/Club	10,434,400	110,500	0.71%
Witham Family LTD	Hotel-Oceanside	9,124,300	96,626	0.62%
Emera Maine	Utility	8,917,500	94,436	0.61%
WS Atlantic, LLC	Hotel-Hampton	8,626,500	91,355	0.59%
Colket, Tristram C Jr	Residential	8,158,600	86,400	0.55%
Lafayette Bluenose, LLC	Hotel-Bluenose	6,784,800	<u>71,851</u>	<u>0.46%</u>
Top ten taxpayers			\$1,287,678	8.26%

Revenues from the State

Fiscal Yr. End June 30,	State Revenue Sharing	Homestead Exemption	General Assistance	State School Subsidy*	Other State Aid**	Total From State
2015	\$124,871	\$35,399	\$1,028	\$257,349	\$55,132	\$473,779
2014	133,206	47,655	279	239,614	73,286	494,040
2013	203,535	47,474	0	194,414	75,886	521,309
2012	200,070	57,842	663	165,701	73,107	497,783
2011	192,549	20,935	4,334	179,965	74,992	472,775

-----* School subsidy paid directly to AOS 91

-----**Local Roads Assistance Program (LRAP) revenue for roads posted in CIP Fund

DEBT - PRINCIPAL

Year Issued	Purpose	Amount Issued	Final Maturity	Balance on June 30, 2015			Balance on June 30, 2016	
				General	Proprietary	Total	(Payments)	Total
1997	Sewer Plant (SRF)	7,300,000	10/01/17		\$1,328,035	\$1,328,035	(\$430,592)	\$897,443
2002	Water Tank (SRF)	750,000	10/01/21		305,539	305,539	(40,265)	265,274
2004	School (MMBB)	805,000	11/01/24	494,644		494,644	(39,092)	455,552
2005	Beach Wall	800,000	10/15/24	400,000		400,000	(40,000)	360,000
2005	Sewer/Hulls Cove	800,000	10/15/27		545,000	545,000	(35,000)	510,000
2010	Roads & Sidewalks	3,700,000	05/01/30	2,775,000		2,775,000	(185,000)	2,590,000
2010	Water System	600,000	05/01/30		450,000	450,000	(30,000)	420,000
2011	Sewer System	1,316,000	12/01/31		1,150,717	1,150,717	(56,450)	1,094,267
2011	Water System	1,224,000	12/01/31		1,084,283	1,084,283	(68,550)	1,015,733
2011	Ref'd'g Water-01	2,515,000	12/01/21		1,665,000	1,665,000	(205,000)	1,460,000
2012	Water (SRF)	2,679,150	10/01/32		2,419,870	2,419,870	(123,370)	2,296,500
2013	Public Works Bldg	3,350,000	10/15/33	3,225,000		3,225,000	(130,000)	3,095,000
2014	Municipal Bldg	2,442,000	10/15/34	2,442,000		2,442,000	(122,000)	2,320,000
2015	PubSftyBldg/Wtr	2,100,000	10/15/35	400,000	1,700,000	2,100,000		2,100,000
				9,736,644	10,648,444	20,385,088	(1,505,319)	18,879,769
				\$9,736,644	\$10,648,444	\$20,385,088	(\$1,505,319)	\$18,879,769

Debt Ratios

Fiscal Yr. End June 30,	Population	Equalized State Val. (000)	Assessed Valuation (000)	Total G.O. Debt	Debt as % Eq. Val.	Per Capita Debt
2016	5,235	\$1,428,800	\$1,471,964	\$18,879,769	1.28%	\$3,606
2015	5,235	1,404,100	1,449,121	18,285,088	1.30%	3,493
2014	5,235	1,390,700	1,435,775	17,196,067	1.24%	3,285
2013	5,235	1,383,750	1,423,245	18,501,308	1.34%	3,534
2012	5,235	1,389,150	1,407,891	13,653,474	0.98%	2,608

Debt Obligations, by Fund Type

FY June 30,	General Fund Debt		Enterprise Fund Debt	Total Debt	Ent. Debt as % Total Debt
	(Town)	(School)			
2016	\$8,765,000	\$455,552	\$9,659,217	\$18,879,769	51.1%
2015	8,842,000	494,644	8,948,444	18,285,088	48.9%
2014	6,750,000	531,965	9,914,102	17,196,067	57.7%
2013	7,006,919	637,602	10,856,787	18,501,308	58.7%
2012	3,912,142	741,501	8,999,368	13,653,474	65.9%

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		
2016	0.61%	0.03%	0.68%	1.32%	\$1,674	\$87	\$1,845	\$3,606
2015	0.63	0.04	0.63	1.30	1,689	95	1,709	3,493
2014	0.49	0.04	0.71	1.24	1,286	102	1,894	3,285
2013	0.51	0.05	0.78	1.34	1,338	122	2,074	2,535
2012	0.28	0.05	0.65	0.98	747	142	1,719	2,608

Debt Service Component of Operating Expenses

	2012	2013	2014	2015	2016
Total Current Year Debt Service:	\$1,617,987	\$1,552,947	\$1,765,303	\$1,907,026	\$2,034,204
(less Enterprise Debt Servicer)	<u>(975,603)</u>	<u>(1,038,982)</u>	<u>(1,183,861)</u>	<u>(1,217,234)</u>	<u>(1,201,047)</u>
Tax Supported Debt Service	\$642,384	\$513,965	\$581,442	\$689,792	\$833,157
Budgeted Operating Expense:	16,296,223	\$17,069,124	\$17,476,383	\$17,920,232	\$18,454,861
Debt Service as % Oper. Expense:	3.94%	3.01%	3.34%	3.85%	4.51%

Total General Obligation, Overlapping and Contingent Debt

	<u>Direct Debt ⁽¹⁾</u>	<u>Overlapping</u>	<u>Contingent</u>	<u>Total Debt</u>
Town of Bar Harbor (CIP)	\$8,765,000			\$8,765,000
Town of Bar Harbor (School)	455,552			455,552
Town of Bar Harbor (Enterprise)	9,659,217			9,659,217
C.S.D. No. 7		\$860,921		860,921
County of Hancock		98,460		98,460
Total A/O June 30, 2016	\$18,879,769	\$964,690	\$0	\$19,839,150
Debt as % Eq State Valuation	1.32%	0.07%	0.00%	1.39%
Per Capita Debt	\$3,606	\$184	\$0.00	\$3,790

Members of the School Committee
Bar Harbor School Department
Bar Harbor, Maine 04649

We have audited the financial statements of the Bar Harbor School Department for the year ended June 30, 2016.

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 Essential Programs and Services Funding Act.
5. The Bar Harbor School Department has complied with the transfer limitations between budget cost centers.
6. The Bar Harbor School Department has complied with the statutory budget content requirements.
7. The Bar Harbor School Department has not exceeded its authority to expend funds as provided with the total budget summary article, except for the transfer to food service.

Respectfully submitted,

James W. Wadman, CPA

James W. Wadman, CPA
December 15, 2016

TOWN OF BAR HARBOR
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

<i>Federal Grantor/Pass-Through Grantor/Program Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. Department of Education:				
Rural School Achievement Program	84.358		-	20,207
<i>Passed Through State Department of Education and Cultural Services:</i>				
Special Education Cluster (IDEA):				
Title VI, Part B - Local Entitlement	84.027	013-05A-3046-12	-	97,806
Title VI, Part B - Local Entitlement Preschool	84.027	013-05A-3009-10	-	1,043
Sub-total Special Education Cluster (IDEA):			<u>-</u>	<u>98,849</u>
NCLB Title 1A - Basic Compensatory Education	84.010	013-05A-3057-13	65,966	86,819
NCLB Title IIA - Improving Teacher Quality	84.367	013-05A-3042-11	-	41,831
Total U.S. Department of Education			<u>65,966</u>	<u>247,706</u>
U.S. Department of Agriculture:				
<i>Passed Through State Department of Education and Cultural Services:</i>				
Food Distribution	10.560	NONE	-	6,503
Child Nutrition Cluster:				
National School Lunch Program	10.555	013-05A-7128-05	-	29,678
Federal Performance Based Lunch	10.555	013-05A-7142-05	-	1,677
School Breakfast Program	10.556	013-05A-7127-05	-	4,866
Sub-total Child Nutrition Cluster			<u>-</u>	<u>36,221</u>
Total U.S. Department of Agriculture			<u>-</u>	<u>42,724</u>
U.S. Department of Homeland Security:				
Assistance to Firefighters Grant	97.044	NONE	-	85,720
Total U.S. Department of Homeland Security			<u>-</u>	<u>85,720</u>
Total			<u><u>65,966</u></u>	<u><u>376,150</u></u>