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TOWN OF BAR HARBOR, MAINE

*FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORTS*

*FOR THE FISCAL YEAR
ENDED JUNE 30, 2018*

**TOWN OF BAR HARBOR
 FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
 FOR THE YEAR ENDED JUNE 30, 2018**

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James W. Wadman

CERTIFIED PUBLIC ACCOUNTANT

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

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, 2018, 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, 2018, 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 and 49 - 59, 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 the 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.
November 9, 2018

TOWN OF BAR HARBOR, MAINE
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

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, 2018. We encourage readers to consider this information in conjunction with the financial statements and accompanying notes that follow.

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

FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

Government-wide Highlights:

Net Position – The assets of the Town exceeded its liabilities at fiscal year ending June 30, 2018 by \$38,675,116 (presented as “net position”). Of this amount, \$9,956,311 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 \$1,376,186 (a 3.7% increase) for the fiscal year ended June 30, 2018. Net position of governmental activities increased by \$718,099 (a 3.2% increase), while net position of business-type activities showed an increase of \$658,087 (a 4.3% increase).

Fund Highlights:

Governmental Funds – Fund Balances – As of the close of the fiscal year ended June 30, 2018, the Town's governmental funds reported a combined ending fund balance of \$8,745,660 with \$760,950 being general unassigned fund balance. This unassigned fund balance represents approximately 4.1% of the total general fund expenditures for the year.

Long-term Debt:

The Town's total long-term debt obligations increased by \$1,398,072 (8.1%) during the current fiscal year. Long-term debt obligations for governmental activities increased by \$2,511,343 (28.8%) while long-term debt obligations for business-type activities decreased by \$1,113,271 (13.0%). Existing debt obligations were retired according to schedule. A new bond was issued in the amount of \$3,070,000 for a new ladder truck and for the transfer station and public safety building renovations. Additional information on the Town's long-term debt can be found in Note 3d of this report on pages 30-32.

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 page 17 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 18-48 of this report.

Required Supplementary Information

This section includes a budgetary comparison schedule, which includes a reconciliation between the statutory fund balance for budgetary purposes and the fund balance for the general fund as presented in the governmental fund financial statements (if necessary). This section also includes the pension disclosure schedules as required by GASB Statement #68 and the OPEB schedules as required by GASB Statement #75. Required supplementary information can be found on pages 49-59 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

72.1% of the Town's net position reflects its net investment in capital assets such as land, buildings, equipment and infrastructure (roads, parking lots and other immovable assets) less any related debt used to acquire those assets that are still outstanding. The Town uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the Town's investment in its capital assets is reported net of accumulated depreciation and net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

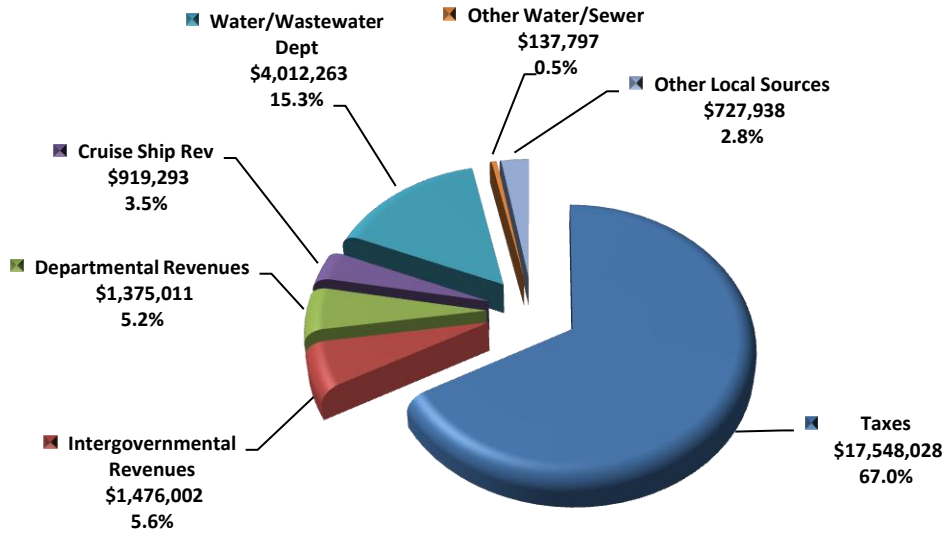
	Governmental Activities	Business-type Activities	Total 2018	Total 2017
Current Assets	11,202,002	4,726,871	15,928,873	15,026,234
Capital Assets	26,635,719	19,921,410	46,557,129	43,245,379
Total Assets	37,837,721	24,648,281	62,486,002	58,271,613
Deferred Rate Case Expense			-	1,943
Related to OPEB	68,506		68,506	
Related to Pensions	1,069,661	265,497	1,335,158	1,646,289
Total Deferred Outflows of Resources	1,138,167	265,497	1,403,664	1,648,232
Total Assets and Deferred Outflows of Resources	38,975,888	24,913,778	63,889,666	59,919,845
Current Liabilities	2,671,683	1,688,616	4,360,299	3,542,621
Other Liabilities	12,592,369	7,230,233	19,822,602	18,427,504
Total Liabilities	15,264,052	8,918,849	24,182,901	21,970,125
Property Taxes Collected in Advance	150,160		150,160	32,075
Unamortized Premium on Debt			-	44,581
Related to OPEB	19,241		19,241	
Related to Pensions	673,497	188,751	862,248	574,134
Total Deferred Inflows of Resources	842,898	188,751	1,031,649	650,790
Net Investment in Capital Assets	15,401,260	12,476,613	27,877,873	25,964,918
Restricted	840,932		840,932	894,828
Unrestricted	6,626,746	3,329,565	9,956,311	10,439,184
Total Net Position	22,868,938	15,806,178	38,675,116	37,298,930
Total Liabilities, Deferred Inflows of Resources and Net Position	38,975,888	24,913,778	63,889,666	59,919,845

Changes in Net Position

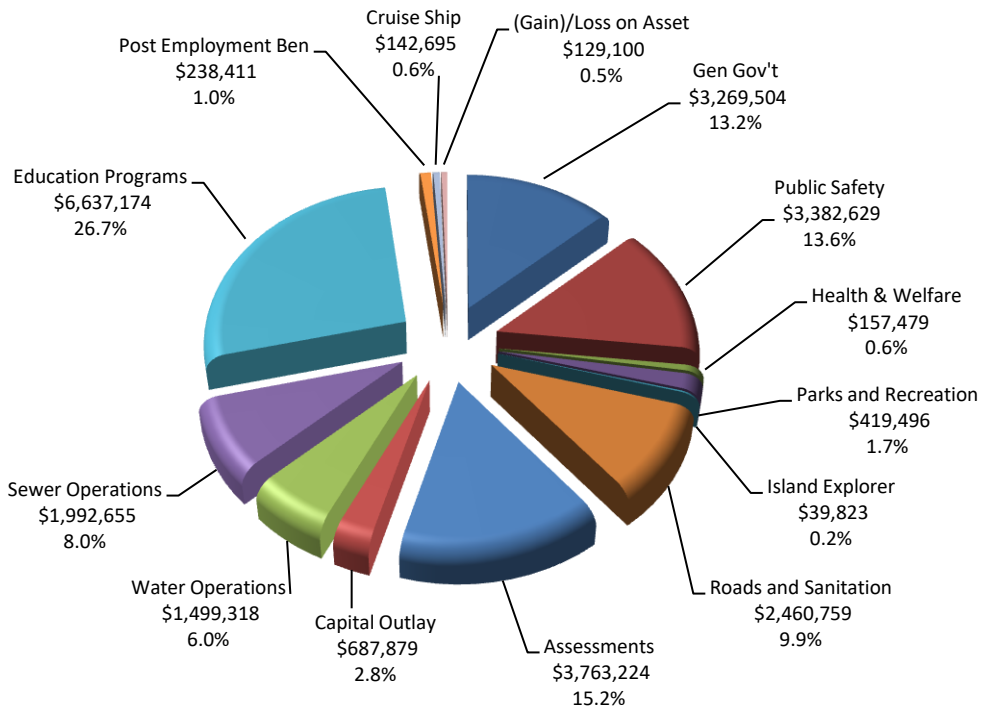
Approximately 67.0% of the Town’s total revenue came from property and excise taxes, approximately 5.6% came from Federal and State subsidies and grants, and approximately 27.4% came from services, investment earnings and other sources. Depreciation expense on the Town’s governmental and business-type activity assets represents \$2,051,704 of the total expenses for the fiscal year. Depreciation for governmental activities was \$1,226,819 while depreciation for business-type activities was \$824,885.

	Governmental Activities	Business-type Activities	Total 2018	Total 2017
Revenues:				
Taxes	17,548,028		17,548,028	17,015,063
Intergovernmental Revenues	1,476,002		1,476,002	1,290,628
Departmental Revenues	1,375,011	4,012,263	5,387,274	5,263,222
Cruise Ship Revenues	919,293		919,293	765,883
Bond Premium Proceeds		44,581	44,581	55,675
Contributions in Aid of Construction		50,855	50,855	286,355
Other Local Sources	724,326	42,361	766,687	637,209
Transfer from Fiduciary	3,612		3,612	
Total	22,046,272	4,150,060	26,196,332	25,314,035
Expenses:				
General Government	3,269,504		3,269,504	2,936,065
Public Safety	3,382,629		3,382,629	3,016,498
Health & Welfare	157,479		157,479	148,205
Parks and Recreation	419,496		419,496	289,021
Island Explorer Shuttle Bus	39,823		39,823	39,512
Roads and Sanitation	2,460,759		2,460,759	2,355,009
Assessments	3,763,224		3,763,224	3,597,013
Capital Outlay	687,879		687,879	295,106
Water Operations		1,499,318	1,499,318	1,403,391
Sewer Operations		1,992,655	1,992,655	2,016,105
Education Programs	6,637,174		6,637,174	6,551,276
Cruise Ship	142,695		142,695	120,761
Post Employment Benefits	238,411		238,411	26,602
(Gain)/Loss on Disposal of Assets	129,100		129,100	40,902
Total	21,328,173	3,491,973	24,820,146	22,835,466
Changes in Net Position	718,099	658,087	1,376,186	2,478,569

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 \$8,745,660, an increase of \$473,668 in comparison with the prior year. Approximately 8.7 percent of this total amount constitutes unassigned fund balance. The remainder is reserved to indicate that it is not available for spending because it has been committed to liquidate contracts and commitments of the prior fiscal year or for a variety of other purposes.

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

General Fund

Revenues:

- \$66,500 negative variance in Ambulance Billings and Write Offs due to less runs to Bangor from a staffing shortage and more uncollectible write offs
- \$46,304 positive variance in Sale of Recyclable due to higher volume from a late start of single sort system which would eliminate sales of recyclables
- \$54,496 positive variance in Investment Interest due to higher yield rates
- \$125,352 positive variance in Vehicle Excise Tax paid due to higher values and more vehicles registered
- \$17,987 negative variance in Legal Expense due to one LUO lawsuit on the Ferry Terminal property that is ongoing

Expenses:

- \$35,009 positive variance in Planning due to planner vacancy
- \$33,469 negative variance in Workers Compensation premiums due to increased experience rating & a rate increase
- \$33,854 negative variance in Vacation Accruals due to less vacation time taken primarily from staff shortages in public safety areas
- \$44,217 positive variance in Cruise Ship Detail wages due to use of part time Patrol Officers & Mount Desert Officers covering the details and thus charged to other Police line item expenses

Sewer Fund

Expenses:

- \$38,656 negative variance in Magnesium Hydroxide expenses due to change of treatment protocol
- \$29,526 negative variance in Repairs and Maintenance sewer mains due to increase of main/service breaks
- \$192,729 negative variance in Jackson Lab revenues due to lower measured volume and a high budget. We believe a substantial portion of this variance is due to aging meter(s), so change out of meters has been done

Water Fund

Expenses:

- \$21,152 negative variance in Repairs and Maintenance Water Mains due to increase of main breaks
- \$21,764 negative variance in Repairs and Maintenance Water services due to increase in service breaks

CAPITAL ASSET ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental and business-like activities amounts to \$83,016,325, net of accumulated depreciation of \$36,459,196, leaving a net book value of \$46,557,129. 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, 2018

Exhibit A

	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
Assets:			
Cash and Equivalents	8,472,974	3,893,756	12,366,730
Investments	1,768,912		1,768,912
Receivables:			
Taxes and Liens	534,357	18,516	552,873
User Fees, net		520,934	520,934
Accounts	126,750	64,230	190,980
Ambulance	178,634		178,634
Accrued Interest	8,093		8,093
Prepaid Expense	-	10,463	10,463
Inventory	19,436	216,244	235,680
Due from Other Governments	92,846		92,846
Bond Issuance Costs, Net		2,728	2,728
Capital Assets:			
Land	3,060,891	164,126	3,225,017
Construction Work in Progress	307,744	3,867	311,611
Other Capital Assets, Net of Depreciation	23,267,084	19,753,417	43,020,501
Total Assets:	37,837,721	24,648,281	62,486,002
Deferred Outflows of Resources:			
Related to Other Post Employment Benefits	68,506		68,506
Related to Pensions	1,069,661	265,497	1,335,158
Total Deferred Outflows of Resources	1,138,167	265,497	1,403,664
Total Assets and Deferred Outflows of Resources	38,975,888	24,913,778	63,889,666
Liabilities, Deferred Inflows of Resources and Net Position:			
Liabilities:			
Accounts Payable	822,495	945,326	1,767,821
Retainage Payable	95,403	-	95,403
Payroll Taxes Deductible	16,005		16,005
Due to Students	4,271		4,271
Accrued Salaries Payable	634,812	35,088	669,900
Accrued Compensated Absences	327,684	35,037	362,721
Accrued Interest Payable		38,069	38,069
Internal Balances	30,600	(30,600)	-
Deposits Payable	14,239		14,239
Debt Due Within One Year	726,174	665,696	1,391,870
Long-term Liabilities:			
Net Pension Liability	1,610,695	448,404	2,059,099
Net Post Employment Benefits Obligation	473,389		473,389
Debt Due in More Than One Year	10,508,285	6,781,829	17,290,114
Total Liabilities	15,264,052	8,918,849	24,182,901
Deferred Inflows of Resources:			
Property Taxes Collected in Advance	150,160		150,160
Related to Other Post Employment Benefits	19,241		19,241
Related to Pensions	673,497	188,751	862,248
Total Deferred Inflows of Resources	842,898	188,751	1,031,649
Net Position:			
Net Investment in Capital Assets	15,401,260	12,476,613	27,877,873
Restricted	840,932		840,932
Unrestricted	6,626,746	3,329,565	9,956,311
Total Net Position	22,868,938	15,806,178	38,675,116
Total Liabilities, Deferred Inflows of Resources and Net Position	38,975,888	24,913,778	63,889,666

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, 2018

Exhibit B

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>Primary Government</u>						
<u>Governmental Activities:</u>						
General Government	3,269,504	418,937		(2,850,567)		(2,850,567)
Public Safety	3,382,629	588,936	5,470	(2,788,223)		(2,788,223)
Health and Welfare	157,479			(157,479)		(157,479)
Parks & Recreation	419,496	800		(418,696)		(418,696)
Island Explorer Shuttle Bus	39,823			(39,823)		(39,823)
Roads and Sanitation	2,460,759	78,915		(2,381,844)		(2,381,844)
Assessments	3,763,224			(3,763,224)		(3,763,224)
Capital Outlay	687,879	293,552		(394,327)		(394,327)
Education	6,637,174	90,442	1,040,233	(5,506,499)		(5,506,499)
Post Employment Benefits	238,411			(238,411)		(238,411)
Cruise Ship	142,695	919,293		776,598		776,598
<u>Total Governmental Activities</u>	<u>21,199,073</u>	<u>2,390,875</u>	<u>1,045,703</u>	<u>(17,762,495)</u>		<u>(17,762,495)</u>
<u>Business-type Activities:</u>						
Wastewater	1,992,655	1,898,054			(94,601)	(94,601)
Water	1,499,318	2,114,209			614,891	614,891
<u>Total Business-type Activities</u>	<u>3,491,973</u>	<u>4,012,263</u>			<u>520,290</u>	<u>520,290</u>
<u>Total Primary Government</u>	<u>24,691,046</u>	<u>6,403,138</u>	<u>1,045,703</u>	<u>(17,762,495)</u>	<u>520,290</u>	<u>(17,242,205)</u>
<u>General Revenues:</u>						
Taxes						
Property				16,483,046		16,483,046
Auto and Boat Excise				1,064,982		1,064,982
Intergovernmental Revenues				430,299		430,299
Other Local Sources				627,755	42,361	670,116
Contributions in Aid of Construction					50,855	50,855
Transfer from Fiduciary Fund				3,612		3,612
Gain/(Loss) on Disposal of Assets				(129,100)	-	(129,100)
<u>Special Items</u>						
Bond Premium Proceeds					44,581	44,581
<u>Total Revenues, Special Items and Transfers</u>				<u>18,480,594</u>	<u>137,797</u>	<u>18,618,391</u>
<u>Changes in Net Position</u>				<u>718,099</u>	<u>658,087</u>	<u>1,376,186</u>
<u>Net Position - Beginning</u>				<u>22,150,839</u>	<u>15,148,091</u>	<u>37,298,930</u>
<u>Net Position - Ending</u>				<u>22,868,938</u>	<u>15,806,178</u>	<u>38,675,116</u>

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

TOWN OF BAR HARBOR
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

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	8,470,956		2,018	8,472,974
Investments	1,755,630		13,282	1,768,912
Receivables				
Taxes	36,943			36,943
Tax Liens	497,414			497,414
Accounts	126,750			126,750
Ambulance Fees	178,634			178,634
Accrued Interest	8,093			8,093
Inventory	19,436			19,436
Due from Other Governments	89,606		3,240	92,846
Due from Other Funds	3,240	4,851,054	-	4,854,294
Total Assets	11,186,702	4,851,054	18,540	16,056,296
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts Payable	316,029	506,466		822,495
Retainage Payable		95,403		95,403
Payroll Taxes/Deductions	16,005			16,005
Accrued Salaries Payable	634,812			634,812
Accrued Compensated Absences	276,178			276,178
Due to Other Funds	4,881,654		3,240	4,884,894
Due to Students	4,271			4,271
Deposits Payable	14,239			14,239
Total Liabilities	6,143,188	601,869	3,240	6,748,297
Deferred Inflows of Resources:				
Property Taxes Collected in Advance	150,160			150,160
Unavailable Property Taxes	408,305			408,305
Unavailable Rental Income	3,874			3,874
Total Deferred Inflows of Resources	562,339	-	-	562,339
Fund Balances				
Nonspendable	1,986		11,757	13,743
Restricted	827,189		-	827,189
Committed		4,249,185		4,249,185
Assigned	2,891,050		3,543	2,894,593
Unassigned	760,950			760,950
Total Fund Balances	4,481,175	4,249,185	15,300	8,745,660
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	11,186,702	4,851,054	18,540	16,056,296

(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	8,745,660
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$21,930,713	26,635,719
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds:	
Unavailable Revenues	412,179
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Bonds Payable	(11,201,252)
School Leases Payable	(33,207)
Accrued Compensated Absences - School Department	(51,506)
Deferred Inflows/Outflows Related to Other Post Employment Benefits	49,265
Post Employment Benefits Obligations	(473,389)
Net Pension Liability	(1,610,695)
Deferred Inflows/Outflows Related to Pensions	396,164
	<u>(12,924,620)</u>
Net Position of Governmental Activities	<u><u>22,868,938</u></u>

TOWN OF BAR HARBOR
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

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	17,543,562			17,543,562
Intergovernmental Revenues	1,317,452	153,080	5,470	1,476,002
Departmental Revenues	2,000,752	293,552		2,294,304
Other Local Sources	451,585	270,767	170	722,522
Total Revenues	21,313,351	717,399	5,640	22,036,390
Expenditures				
Current:				
General Government	3,027,155			3,027,155
Public Safety	3,083,681		6,784	3,090,465
Health and Welfare	144,450			144,450
Parks and Recreation	352,720			352,720
Island Explorer Shuttle Bus	39,823			39,823
Roads and Sanitation	1,927,802		-	1,927,802
Education	6,556,034			6,556,034
Assessments	3,763,224			3,763,224
Cruise Ship	142,695			142,695
Capital Outlay		5,562,666	29,300	5,591,966
Total Expenditures	19,037,584	5,562,666	36,084	24,636,334
Excess of Revenues Over (Under)				
Expenditures	2,275,767	(4,845,267)	(30,444)	(2,599,944)
Other Financing Sources (Uses)				
Bond Proceeds		3,070,000		3,070,000
Transfers from Other Funds	481,922	2,007,757	1,314	2,490,993
Transfers to Other Funds	(2,487,322)	-	(59)	(2,487,381)
Total Other Financing Sources (Uses)	(2,005,400)	5,077,757	1,255	3,073,612
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	270,367	232,490	(29,189)	473,668
Fund Balance - July 1	4,210,808	4,016,695	44,489	8,271,992
Fund Balance - June 30	4,481,175	4,249,185	15,300	8,745,660

(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, 2018

Exhibit D
Page 2 of 2

Net change in fund balances - total governmental funds	473,668
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	4,345,430
Gain/(Loss) on Disposal of Assets	(129,100)
Depreciation expense	(1,226,819)
	<u>2,989,511</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Unavailable Revenues	1,804
Unavailable Taxes	4,466
	<u>6,270</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	(3,070,000)
Capital lease obligation principal payments	10,453
General obligation bond principal payments	548,204
	<u>(2,511,343)</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Accrued compensated absences	2,993
Post Employment Benefits Cost	(189,146)
Pension Plans (Deferred Outflows, Net Pension Liability, Deferred Inflows)	(53,854)
	<u>(240,007)</u>
Change in net position of governmental activities	<u>718,099</u>

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

TOWN OF BAR HARBOR
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2018

Exhibit E

<i>Assets</i>	<i>Wastewater Enterprise</i>	<i>Water Enterprise</i>	<i>Total</i>
<i>Current Assets:</i>			
Cash and Equivalents	1,662,256	2,231,500	3,893,756
Receivables			
User Fees, net	440,491	80,443	520,934
Liens Receivable	18,516	-	18,516
Accounts	61,755	2,475	64,230
Due From Other Funds	21,391	9,209	30,600
Inventory	25,224	191,020	216,244
Prepaid Expenses		10,463	10,463
<i>Total Current Assets</i>	2,229,633	2,525,110	4,754,743
<i>Noncurrent Assets:</i>			
Capital Assets, net	9,873,326	10,048,084	19,921,410
Bond Issuance Costs, net	-	2,728	2,728
<i>Total Noncurrent Assets</i>	9,873,326	10,050,812	19,924,138
<i>Total Assets</i>	12,102,959	12,575,922	24,678,881
<i>Deferred Outflows of Resources:</i>			
Related to Pensions	173,911	91,586	265,497
<i>Total Deferred Outflows of Resources</i>	173,911	91,586	265,497
<i>Total Assets and Deferred Outflows of Resources</i>	12,276,870	12,667,508	24,944,378
<i>Liabilities and Net Position</i>			
<i>Liabilities</i>			
Accounts Payable	132,422	812,904	945,326
Accrued Salaries and Benefits	18,664	16,424	35,088
Accrued Interest Payable	5,863	32,206	38,069
Compensated Absences Payable	22,530	12,507	35,037
Bonds and Notes Payable	93,753	571,943	665,696
<i>Total Current Liabilities</i>	273,232	1,445,984	1,719,216
<i>Noncurrent Liabilities:</i>			
Net Pension Liability	299,921	148,483	448,404
Bonds and Notes Payable	1,323,008	5,458,821	6,781,829
<i>Total Noncurrent Liabilities</i>	1,622,929	5,607,304	7,230,233
<i>Total Liabilities</i>	1,896,161	7,053,288	8,949,449
<i>Deferred Inflows of Resources:</i>			
Related to Pensions	126,249	62,502	188,751
<i>Total Deferred Inflows of Resources</i>	126,249	62,502	188,751
<i>Net Position</i>			
Net Investment in Capital Assets	8,456,565	4,020,048	12,476,613
Retained Earnings			
Reserved	2,057,968	884,643	2,942,611
Unreserved	(260,073)	647,027	386,954
<i>Total Net Position</i>	10,254,460	5,551,718	15,806,178
<i>Total Liabilities, Deferred Inflows of Resources and Net Position</i>	12,276,870	12,667,508	24,944,378

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, 2018

Exhibit F

	<u>Proprietary Fund Types</u>		<u>Total</u>
	<u>Wastewater Enterprise</u>	<u>Water Enterprise</u>	
Operating Revenues:			
Charges for Services	1,890,131	2,111,981	4,002,112
Interest - Late Penalties	7,923	2,228	10,151
Total Operating Revenues:	<u>1,898,054</u>	<u>2,114,209</u>	<u>4,012,263</u>
Operating Expenditures:			
Current:			
Salaries and Benefits	583,768	405,346	989,114
Contracted Services	218,954	237,721	456,675
Utilities & Commodities	231,015	61,291	292,306
Repairs & Maintenance	145,178	202,457	347,635
Equipment	12,934	8,138	21,072
Other Expenses	41,665	39,082	80,747
Depreciation and Amortization	521,741	303,868	825,609
Materials and Supplies	155,024	91,152	246,176
Total Operating Expenditures	<u>1,910,279</u>	<u>1,349,055</u>	<u>3,259,334</u>
Net Operating Income	<u>(12,225)</u>	<u>765,154</u>	<u>752,929</u>
Nonoperating Revenues (Expenses)			
Interest Revenue	16,052	17,719	33,771
Nonutility Income, net of expense	8,500	90	8,590
Bond Premium proceeds	-	44,581	44,581
Contributions in Aid of Construction	-	50,855	50,855
Related to Pensions	(26,146)	4,194	(21,952)
Interest Expense	<u>(56,230)</u>	<u>(154,457)</u>	<u>(210,687)</u>
Total Nonoperating Revenue (Expenses)	<u>(57,824)</u>	<u>(37,018)</u>	<u>(94,842)</u>
Change in Net Position (net income)	(70,049)	728,136	658,087
Total Net Position - Beginning	<u>10,324,509</u>	<u>4,823,582</u>	<u>15,148,091</u>
Total Net Position - Ending	<u>10,254,460</u>	<u>5,551,718</u>	<u>15,806,178</u>

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

TOWN OF BAR HARBOR
STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2018

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	1,898,054	2,114,209	4,012,263
Payments to Suppliers	(763,105)	(600,759)	(1,363,864)
Payments to Employees	(583,768)	(405,346)	(989,114)
Other Receipts (Payments)	(33,165)	56,444	23,279
<i>Net Cash Provided by (Used in) Operating Activities</i>	518,016	1,164,548	1,682,564
<i>Cash Flows from Capital and Related Financing Activities</i>			
Purchases of Capital Assets	(155,697)	(991,427)	(1,147,124)
Principal Paid on Capital Debt	(548,723)	(564,548)	(1,113,271)
Interest Paid on Capital Debt	(56,230)	(154,457)	(210,687)
<i>Net Cash Used in Capital and Related Financing Activities</i>	(760,650)	(1,710,432)	(2,471,082)
<i>Cash Flows from Investing Activities</i>			
(Purchase)/Sale of Investments	57,648	355,041	412,689
Interest and Dividends	16,052	17,719	33,771
<i>Net Cash Provided by (Used in) Investing Activities</i>	73,700	372,760	446,460
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(168,934)	(173,124)	(342,058)
<i>Balances - beginning of the year</i>	1,831,190	2,404,624	4,235,814
<i>Balances - end of the year</i>	1,662,256	2,231,500	3,893,756
<i>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</i>			
Net Operating Income (Loss)	(12,225)	765,154	752,929
Adjustment to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization	521,741	303,868	825,609
(Increase) Decrease in Accounts Receivable	29,329	(4,044)	25,285
(Increase) Decrease in Due To/From Other Funds	(61,728)	(317,911)	(379,639)
(Increase) Decrease in Inventory	(1,074)	19,755	18,681
(Increase) Decrease in Prepaid Expense		(7,449)	(7,449)
Increase (Decrease) in Accrued Wages Payable	(2,049)	4,475	2,426
Increase (Decrease) in Accrued Interest Payable	(3,762)	(1,865)	(5,627)
Increase (Decrease) in Compensated Absences Payable	(3,871)	(1,442)	(5,313)
Increase (Decrease) in Accounts Payable	51,655	404,007	455,662
<i>Net Cash Provided by (Used in) Operating Activities</i>	518,016	1,164,548	1,682,564

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, 2018

Exhibit H

	<i>MDI Skatepark Association</i>	<i>Total</i>
Revenues		
New Funds	3,422	3,422
Investment Income	3	3
	<u>3,425</u>	<u>3,425</u>
Expenditures		
Construction	3,846	3,846
Total Expenditures	<u>3,846</u>	<u>3,846</u>
Other Financing Sources (Uses)		
Transfers from Other Funds	-	-
Transfers to Other Funds	(3,612)	(3,612)
Total Other Financing Sources (Uses)	<u>(3,612)</u>	<u>(3,612)</u>
Excess of Revenues Over (Under) Expenditures	(4,033)	(4,033)
Net Position - July 1	<u>4,033</u>	<u>4,033</u>
Net Position - June 30	<u><u>-</u></u>	<u><u>-</u></u>

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

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018

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. The skate park was turned over to the town in the prior fiscal year but the money remaining in the agency fund was used to purchase items for the skate park. Remaining funds of \$3,612 were transferred to the capital improvement fund to be used for future skate park expenditures.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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, \$408,305 has been so classified and reported on the general fund balance sheet.

Annual property taxes were levied on August 17, 2017, on property values assessed on April 1. Taxes were due in two installments without penalty, due on September 29 and March 30, with interest at 7.0% beginning September 30 and March 31. 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, 2018

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. Deferred Inflows/Outflows of Resources

In addition to assets and liabilities, the statement of net position and the governmental fund balance sheet will report a separate section for deferred outflows and/or inflows of resources. Deferred outflows of resources represent consumption of net position that applies to a future period(s) and therefore will not be recognized as an expense/expenditure until then. Deferred inflows of resources represent an acquisition of net position that applies to future period(s) and therefore will not be recognized as revenue until that time. The Town has items that qualify as deferred outflows of resources, and it has items that qualify as deferred inflows of resources. These items are related to pensions and other post employment benefits. These amounts are considered unavailable and will be recognized as an outflows of resources (expenditures) and inflows of resources (revenues) in the period that the amounts become available.

6. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Maine Employees Retirement System (System) and additions to/deductions from MPERS' fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable pursuant to formal commitments or statutory requirements. Investments are reported at fair value. Investment income is recognized when earned and investment expenses are recorded when incurred.

7. Compensated Absences

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

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

8. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

9. 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.

10. 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.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

10. Fund Balances/Net Position (Continued)

Fund Balances (continued)

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.

The Town has identified June 30, 2018 fund balances on the balance sheet as follows:

	<i>General Fund</i>	<i>Capital Improvement Projects</i>	<i>Other Governmental Funds</i>	<i>Total</i>
<u><i>Nonspendable</i></u>				
School Lunch Inventory	1,986			1,986
Gurnee Principal			6,488	6,488
Cemetery Principal			5,269	5,269
	1,986	-	11,757	13,743
<u><i>Restricted</i></u>				
School Restricted Funds	827,189			827,189
	827,189	-	-	827,189
<u><i>Committed</i></u>				
Capital Improvement Programs		4,249,185		4,249,185
	-	4,249,185	-	4,249,185
<u><i>Assigned</i></u>				
Reserve for Working Capital	1,941,000			1,941,000
Designated for Insurance	500,000			500,000
General Fund Encumbrances	64,500			64,500
Cruise Ship Fund - Encumbrances	16,480			16,480
Cruise Ship Fund	369,070			369,070
Gurnee Scholarship			3,543	3,543
	2,891,050	-	3,543	2,894,593
<u><i>Unassigned</i></u>				
General Fund	760,950			760,950
<u><i>Total Fund Balance</i></u>	4,481,175	4,249,185	15,300	8,745,660

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

10. 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, 2018

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/Investments

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

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

The financial institutions holding the Town's cash accounts are participating in the Federal Deposit Insurance Corporation (FDIC) program. For interest and non-interest bearing cash accounts, the Town's cash deposits, including certificates of deposit, are insured up to \$250,000 each (interest bearing and non-interest bearing) by the FDIC.

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

At year-end, the government's carrying amount of deposits was \$12,366,760 and the bank balance was \$12,692,434 plus \$268,833 cash included with the investment portfolio for a total of \$12,961,267. The Town has no uninsured or uncollateralized deposits as of June 30, 2018.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Investments

At June 30, 2018, the Town's investments, maturities and credit ratings are as follows:

Type	June 30, 2018					Credit Rating S&P
	Fair Value	Maturities in Years				
		Less Than 1	1-5	6-10	More than 10	
General Town:						
Corporate Bonds	99,630	99,630				AAA
US Government Obligations/Bonds	199,356		199,356			AAA
Corporate Bonds	107,977		107,977			AA+
Corporate Bonds	124,259		124,259			AA-
Corporate Bonds	98,810		98,810			A+
Corporate Bonds	98,526		98,526			A
Corporate Bonds	295,299		295,299			A-
Bank CD's	496,705	199,032	297,673			AAA
Bank CD's	248,350	248,350				AA+
Total	1,768,912	547,012	1,221,900	-	-	

Summary of Deposits and Investment Balances

Following is a reconciliation of the Town's deposit and investment balances as of June 30, 2018:

Deposits and Cash on Hand	\$ 12,097,897
Deposits at the Trust Department	\$ 268,833
Investments	\$ 1,768,912
	<u>\$ 14,135,642</u>

	Government-wide Statement of Net Position	Business-Type Statement of Net Position	Totals
Cash and Cash Equivalents	\$ 8,472,974	\$ 3,893,756	\$ 12,366,730
Investments	\$ 1,768,912	\$ -	\$ 1,768,912
	<u>\$ 10,241,886</u>	<u>\$ 3,893,756</u>	<u>\$ 14,135,642</u>

Generally, the Town's investing activity is managed under the custody of Bar Harbor Trust Services. Investing is performed in order to maximize safety, liquidity and yield.

Custodial credit risk - for an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment securities that are in the possession of an outside party. The investment funds are invested in securities, therefore, there are no uncollateralized investments and thus, no custodial credit risk exists.

Interest rate risk - As a means of limiting its exposure to fair value losses arising from rising interest rate, the investment funds through Bar Harbor Trust Services are managed by an investment manager to ensure that the funds are invested in less risky investments.

Credit risk - credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The treasurer selects appropriate investments and a trust department to fill each asset class allocation. The individual investment and trust department manager chosen shall be those determined to meet the objectives of the town investment policy in terms of safety, liquidity and yield.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

B. Property Taxes

Property taxes were levied for the fiscal year as follows:

Assessed Value		1,497,194,400
Tax Rate (per \$1,000)		<u>10.96</u>
Commitment		<u>16,409,251</u>
Appropriations		24,621,625
Less:		
State Municipal Revenue Sharing	126,000	
Estimated Revenues	7,988,044	
BETE Reimbursement	4,074	
Homestead Reimbursement	<u>94,256</u>	
		<u>8,212,374</u>
Net Assessment for Commitment		<u>16,409,251</u>

Uncollected real estate taxes and personal property taxes at June 30 for the current year commitment totaled \$387,572, which represents tax collection of approximately 97.6% of the current year commitment, including supplemental taxes issued in the amount of \$14,715. The real estate portion of the total taxes due was placed on lien June 27, 2018. Unpaid prior year tax liens at June 30 totaled \$131,172.

C. Interfund Receivables and Payables

Individual fund interfund receivable and payable balances at June 30, 2018 were as follows:

	<u><i>Interfund Receivable</i></u>	<u><i>Interfund Payable</i></u>
General Fund	3,240	4,881,654
Capital Project Funds	4,851,054	
Distracted Driving Grant		3,240
Water Fund	9,209	
Wastewater Fund	<u>21,391</u>	
Totals	<u>4,884,894</u>	<u>4,884,894</u>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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. They are classified as Due to/from Other Funds and are eliminated on the Statement of Net Position. At June 30, 2018, the balances above were due between funds. Monies are held in the general fund for ease of investing and disbursements. The balance for the water and wastewater fund of \$30,600 is expected to be repaid during the next year. The remaining balance will be retired upon use of the funds.

D. Capital Assets (Includes School)

Capital asset activity for the year ended June 30, 2018 was as follows:

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
Governmental Activities;				
<i>Capital assets not being depreciated</i>				
Land	2,739,414	321,477		3,060,891
Construction Work in Progress	245,595	85,559	(23,410)	307,744
	<u>2,985,009</u>	<u>407,036</u>	<u>(23,410)</u>	<u>3,368,635</u>
<i>Capital assets being depreciated:</i>				
Buildings	13,957,732	1,882,849	(86,273)	15,754,308
Equipment	7,065,355	1,726,971	(984,324)	7,808,002
Infrastructure	21,263,853	408,981	(37,348)	21,635,486
	<u>42,286,940</u>	<u>4,018,801</u>	<u>(1,107,945)</u>	<u>45,197,796</u>
<i>Total capital assets being depreciated</i>				
<i>Less accumulated depreciation for:</i>				
Buildings	4,031,229	356,140	(63,084)	4,324,285
Equipment	4,468,778	456,757	(844,756)	4,080,779
Infrastructure	13,125,734	413,922	(14,008)	13,525,648
	<u>21,625,741</u>	<u>1,226,819</u>	<u>(921,848)</u>	<u>21,930,712</u>
<i>Total accumulated depreciation</i>				
<i>Net capital assets being depreciated</i>				
	<u>20,661,199</u>	<u>2,791,982</u>	<u>(186,097)</u>	<u>23,267,084</u>
Governmental Activities				
Capital Assets, net	<u>23,646,208</u>	<u>3,199,018</u>	<u>(209,507)</u>	<u>26,635,719</u>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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	12,796,106	991,427	(36,697)	13,750,836
Wastewater Fund	20,419,987	155,697	(37,653)	20,538,031
<i>Total capital assets being depreciated</i>	<u>33,216,093</u>	<u>1,147,124</u>	<u>(74,350)</u>	<u>34,288,867</u>
<i>Less accumulated depreciation for:</i>				
Water Fund	3,573,080	303,144	(36,697)	3,839,527
Wastewater Fund	10,204,868	521,741	(37,653)	10,688,956
<i>Total accumulated depreciation</i>	<u>13,777,948</u>	<u>824,885</u>	<u>(74,350)</u>	<u>14,528,483</u>
<i>Net capital assets being depreciated</i>	<u>19,438,145</u>	<u>322,239</u>	<u>-</u>	<u>19,760,384</u>
<i>Business-type Activities Capital Assets, net</i>	<u>19,599,171</u>	<u>322,239</u>	<u>-</u>	<u>19,921,410</u>

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

Governmental Activities:

General Government	197,737
Public Safety	283,335
Health and Welfare	13,029
Parks and Recreation	66,776
Roads and Sanitation, including infrastructure	532,957
Education	132,985
Total Depreciation Expense - Governmental Activities	<u><u>1,226,819</u></u>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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%	371,252
2010 Capital Construction, Roads, etc.	5/1/2030	2.0-4.0%	2,220,000
2013 Public Works Complex	4/15/2034	2.0-4.0%	2,830,000
2014 Town Hall & Signage	10/15/2034	2.5-4.0%	2,070,000
2015 Refinanced Agamont Park and Seawall	10/15/2024	4-4.25%	280,000
2015 Public Safety Building	4/15/2036	2-5%	360,000
2018 Ladder Truck, Public Safety Building and Transfer Station Renovations	10/15/2037	3.0 - 5.0%	<u>3,070,000</u>
			<u><u>11,201,252</u></u>
	<i>Maturity Date</i>	<i>Interest Rate</i>	<i>Amount</i>
Proprietary:			
1997 Wastewater Plant Upgrade	10/1/2017	3.00%	-
2002 Water Tank Purchase	10/1/2021	2.673%	181,480
2010 Water Mains	5/1/2030	2.0 - 4.0%	360,000
2011 Wastewater Mains Replacement and Scada System	12/1/2031	2.0 - 3.5%	976,761
2011 Water Refinance Mains Replacement and Duck Brook Pump Station	12/1/2031	2.0 - 3.5%	1,913,238
2012 Safe Drinking Revolving Water Loan	10/1/2032	1.000%	2,046,046
2015 Refinanced Hulls Cove Wastewater Plant	10/15/2027	4-4.38%	440,000
2015 Route 3 Water Main Project	4/15/2036	2-5%	<u>1,530,000</u>
			<u><u>7,447,525</u></u>
Total Debt			<u><u>18,648,777</u></u>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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 \$4,716,747 (including fees) are as follows:

<i>Year Ended June 30,</i>	<i>General Obligation Debt</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2019	715,419	451,205	1,166,624
2020	717,749	373,285	1,091,034
2021	725,197	346,498	1,071,695
2022	732,772	319,487	1,052,259
2023	745,478	291,387	1,036,865
2024-2028	3,524,637	1,032,907	4,557,544
2029-2033	2,855,000	426,980	3,281,980
2034-2038	1,185,000	65,075	1,250,075
Total	11,201,252	3,306,824	14,508,076

<i>Year Ended June 30,</i>	<i>Proprietary Debt</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2019	665,696	188,708	854,404
2020	688,134	174,285	862,419
2021	705,616	159,111	864,727
2022	713,144	141,800	854,944
2023	422,269	124,517	546,786
2024-2028	2,206,453	440,553	2,647,006
2029-2033	1,791,213	169,474	1,960,687
2034-2038	255,000	11,475	266,475
Total	7,447,525	1,409,923	8,857,448

Totals	18,648,777	4,716,747	23,365,524
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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, 2018:

	<i>General Obligation</i>		
	<i>Debt</i>	<i>Proprietary</i>	<i>Total</i>
<i>Long-term Debt payable July 1, 2017</i>	8,679,456	8,560,797	17,240,253
Debt Issued	3,070,000	-	3,070,000
Debt Retired	(548,204)	(1,113,272)	(1,661,476)
<i>Long-term Debt payable June 30, 2018</i>	11,201,252	7,447,525	18,648,777

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt (Continued)

3. Authorized, Unissued Debt

The Town approved the following general obligation securities at the 6/12/18 annual town meeting:

- 1) \$600,000 for a parking meter system
- 2) \$3,500,000 for the Ferry Terminal purchase

The borrowings are authorized but unissued at 6/30/18.

F. Capital Leases

The town is obligated under certain leases accounted for as capital leases. The following is a schedule of the future minimum lease payments under these School capital leases, and the present value of the net minimum lease payments at June 30:

<i>Year-ended June 30,</i>	<i>Minimum Lease Payment</i>
2019	11,715
2020	11,715
2021	<u>11,715</u>
Total Minimum Lease Payments	35,145
Less: Amount Representing Interest	<u>(1,938)</u>
Present Value of Future Minimum Lease Payments	<u><u>33,207</u></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.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 - OTHER INFORMATION (Continued)

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>3,543</u>
Total	<u><u>11,757</u></u>	<u><u>3,543</u></u>

C. Pension Plans

Plan Description

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

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

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

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, 2016, 2017 and 2018 were \$68,956, \$72,612 and \$81,508 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

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (Continued)

Plan Description (Continued)

the initial unfunded actuarial liability on behalf of teachers, while school systems contribute the normal cost, calculated actuarially, for the teacher members. The System issues a financial report that includes the financial statements and required supplementary information for the plans. That report may be obtained by writing to Maine Public Employees Retirement System, PO Box 349, Augusta, Maine 04332-0349 or by calling 1-800-451-9800.

Pension Benefits

SET benefit terms are established in Maine Statute. The PLD Consolidated Plan has an advisory group, also established by statute, who review the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The System's retirement programs provide defined retirement benefits based on member's average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occur upon the earning of five years of service credit for State employees and teachers. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for State employees and teachers is age 60, 62, or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. For PLD members, normal retirement age is 60. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by statute for State employees and teacher members.

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

Member and Employer Contributions

Retirement benefits are funded by contributions from members, employers, State contributions and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. Member and employer contribution rates are each a percentage of applicable member compensation. Member contribution rates are defined by law or Board rule and depend on the terms of the Plan under which a member is covered. Employer contribution rates are determined through actuarial valuations. For the year ended June 30, 2018, the SET Plan member contribution rate was 7.65% and the employer contribution rate was 3.97% of applicable member compensation. The employer (School portion) is also responsible for contributing 11.68% of all federally funded member compensation. The State of Maine, as a non-employer contributing entity, pays 11.08% of the applicable member compensation into the System. For the year ended June 30, 2018, the PLD Plan member contribution rate was 8.0% for the Regular AC Plan and 9.0% for the Special 4C Plan-Public Safety. Employer contribution rates were 9.6% for the Regular AC Plan and 8.4% for the Special 4C Plan of applicable member compensation.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (Continued)

Member and Employer Contributions (Continued)

The required contributions paid into the System for the year ended June 30, 2018 and the previous two years are as follows:

SET Plan - SCHOOL ONLY:

For the year ended June 30,	Employee Contributions	Employer Contributions	State of Maine Contributions	Applicable Member Compensation	Applicable Member Federal Compensation
2018	\$ 230,220	\$ 129,379	\$ 324,046	\$ 3,009,410	\$ 84,805
2017	\$ 233,126	\$ 111,546	\$ 296,672	\$ 3,047,399	\$ 86,602
2016	\$ 229,417	\$ 110,513	\$ 291,249	\$ 2,998,911	\$ 92,237

PLD Plan - SCHOOL PORTION:

For the year ended June 30,	Employee Contributions	Employer Contributions	Applicable Member Compensation
2018	\$ 14,080	\$ 16,896	\$ 176,002
2017	\$ 14,471	\$ 17,184	\$ 180,888
2016	\$ 11,108	\$ 13,181	\$ 148,102

PLD Plan - TOWN PORTION:

For the year ended June 30,	Employee Contributions	Employer Contributions	Applicable Member Compensation
2018	\$ 225,123	\$ 241,823	\$ 2,671,400
2017	\$ 222,452	\$ 229,599	\$ 2,636,895
2016	\$ 184,650	\$ 192,895	\$ 2,356,080

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.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (Continued)

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

As of June 30, 2018, the Town of Bar Harbor reported a net pension liability of \$103,174 for the SET Plan and \$1,955,926 for the PLD Plan. The net pension liability was measured as of June 30, 2017, 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, 2017, the Town of Bar Harbor's proportion of contributions was .007103% for the SET Plan and .477711% for the PLD Plan, which was a decrease of .000726% and an increase of .018067% respectively from its proportion measured at June 30, 2016.

For the fiscal year ended June 30, 2018, the Town of Bar Harbor recognized pension expense of \$113,546 for the SET Plan and \$350,207 for the PLD plan for a total of \$463,753. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<i>SET Plan:</i>	
	<u><i>Deferred Outflows of Resources</i></u>	<u><i>Deferred Inflows of Resources</i></u>
Differences between expected and actual experience	4,340	-
Changes in Assumption		1,612
Net Difference between projected and actual earnings on pension plan investments	28,784	30,301
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,241	7,009
Employer contributions made subsequent to measurement date	129,379	
	<u>163,744</u>	<u>38,922</u>
	 <i>PLD Plan:</i>	
	<u><i>Deferred Outflows of Resources</i></u>	<u><i>Deferred Inflows of Resources</i></u>
Differences between expected and actual experience	-	93,968
Changes in Assumption	166,437	-
Net Difference between projected and actual earnings on pension plan investments	674,068	727,851
Changes in proportion and differences between employer contributions and proportionate share of contributions	72,366	1,507
Employer contributions made subsequent to measurement date	258,543	
	<u>1,171,414</u>	<u>823,326</u>
Totals	<u>1,335,158</u>	<u>862,248</u>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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)

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

<i>Year Ended June 30,</i>	<i>SET Plan</i>	<i>PLD Plan</i>
2018	(3,546)	(2,138)
2019	3,822	211,728
2020	690	13,122
2021	(5,523)	(133,167)

Actuarial Assumptions

The collective total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u><i>SET Plan</i></u>	<u><i>PLD Plan</i></u>
Inflation	2.75%	2.75%
Investment Rate of Return:	6.875% net of both administrative and pension plan investment expense	6.875% net of both administrative and pension plan investment expense
Rates of Salary Increase	2.75 - 14.50% per year at selected years of service	2.75% to 9.0% per year depending on years of service interval
Cost of Living Benefit Increases	2.20%	2.20%

For Town and School Department employees, the mortality rate is based on the RP2014 Total Dataset Healthy Annuitant Mortality Table for males and females for both the SET Plan and PLD Plan.

The actuarial assumptions used in the June 30, 2017 valuation were based on the Entry Age Normal actuarial funding method. Under this funding method, the total employer contribution rate consists of two elements, the normal cost rate and the unfunded actuarial liability rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits, and dividing it by the value, also as of the member's entry age, of their expected future salary. The normal cost for each employee is the product of their pay and their normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e. decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (Continued)

Actuarial Assumptions (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equities	30.0%	6.0%
US Government	7.5%	2.3%
Private Equity	15.0%	7.6%
Real Assets:		
Real Estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural Resources	5.0%	5.0%
Traditional Credit	7.5%	3.0%
Alternative Credit	5.0%	4.2%
Diversifiers	10.0%	5.9%
	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 6.875% for the SET Plan and 6.875% for the PLD Plan. The projection of cash flows used to determine the discount rate assumed the plan member contributions will be made the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.875% for the SET Plan and 6.875% 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:

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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 (continued)

SET Plan:	<u>1% Decrease</u> █ (5.875%)	<u>Current Discount</u> Rate (6.875%)	<u>1% Increase</u> █ (7.875%)
Proportionate Share of the Net Pension Liability	\$ 181,039	\$ 103,174	\$ 38,885
PLD Plan:	<u>1% Decrease</u> █ (5.875%)	<u>Current Discount</u> Rate (6.875%)	<u>1% Increase</u> █ (7.875%)
Proportionate Share of the Net Pension Liability	\$ 3,924,188	\$ 1,955,926	\$ 474,129

Pension Plan Financial and Actuarial Information

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

E. Risk Management

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

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

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

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, 2018.

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

Plan Description

Qualifying personnel of the School Department participate in the Group Life Insurance Plan for Retired State Employees and Teachers as provided by the Maine Public Employees Retirement System (SET Plan). The Plan is a multiple-employer, cost sharing plan with a special funding situation. As of June 30, 2017 there were 220 employers, including the State of Maine, participating in the plan. The State of Maine is also a non-employer contributing entity in that the State pays contributions for retired public school teachers in the Plan.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 - OTHER INFORMATION (Continued)

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

Plan Description (continued)

The Group Life Insurance Plan for Retired Participating Local District (PLD Consolidated Plan) employees is a multiple-employer cost sharing plan. As of June 30, 2017, there were 138 employers participating in the plan.

Benefits

The Group Life Insurance Plans (the Plans) provide basis group life insurance benefits during retirement to retirees who participated in the Plans prior to retirement for a minimum of 10 years (the 10 year participation requirement does not apply to recipients of disability retirement benefits). The level of coverage in retirement is initially set to an amount equal to the retiree's average final compensation. The initial amount of basic life is then subsequently reduced at a rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

Funding Policy

Premium rates are those determined by the System's Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for basic life insurance for retired teachers are paid by the State as the total dollar amount of each year's annual required contribution. PLD employers are required to remit monthly a premium of \$0.46 per \$1,000 of coverage for covered active employees, a portion of which is to provide a level of coverage in retirement. PLD employers with retired PLD employees continue to remit a premium of \$0.46 per \$1,000 of coverage per month during the post-employment retired period.

Special Funding Situation – SET Plan

The State participates in the SET Plan as a non-employer contributing entity in that the State pays the actuarially determined premium contributions associated with retired teachers.

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

As of June 30, 2018, the Town of Bar Harbor reported a net OPEB liability of \$43,594 for the PLD Plan. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by actuarial valuation as of that date. The Town of Bar Harbor's share of the collective net OPEB liability was equal to the collective net OPEB liability multiplied by the projection of the Town of Bar Harbor's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating members. At June 30, 2017, the Town of Bar Harbor's proportion of contributions was .260708% for the PLD Plan, which was a decrease of .026569% from its proportion measured at June 30, 2016.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 - OTHER INFORMATION (Continued)

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

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

For the fiscal year ended June 30, 2018, the Town of Bar Harbor recognized OPEB expense of \$44,168 for the PLD Plan. At June 30, 2018, the Town of Bar Harbor's reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources were:

	<i>PLD Plan:</i>	
	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
	<u> </u>	<u> </u>
Differences between expected and actual experience	-	-
Changes of Assumptions	-	12,147
Difference between projected and actual Investment		
Earnings on OPEB Plan Investments	-	2,087
Changes in proportion and differences between employer premiums and proportionate share of premiums	-	5,007
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
	-	19,241

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

<u>Year Ended June 30,</u>	<u>PLD Plan</u>
2018	(3,952)
2019	(3,952)
2020	(3,952)
2021	(3,952)
2022	(3,430)

Actuarial Methods and Assumptions

The collective total OPEB liability for the plans was determined by an actuarial valuation as of June 30, 2017, using the following methods and assumptions, applied to all periods included in the measurement:

Actuarial Cost Method

Projections of benefits for financial reporting purposes are based on the provisions of the Plans in effect at the time of each valuation and the historical pattern of sharing of premium costs between the employer and plan members. Actuarial methods and assumptions include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of the assets, consistent with the long-term perspective of the funding methodologies. Costs are developed using the individual entry age normal cost

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

method based on a level percentage of payroll. Experience gains and losses, i.e., actual decreases or increases in the liabilities and/or in assets which differ from the actuarial assumptions, affect the unfunded actuarial accrued liability.

Asset Valuation Method

Investments are reported at fair value.

NOTE 4 - OTHER INFORMATION (Continued)

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

Actuarial Methods and Assumptions (continued)

Amortization

The unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a 30-year period on a closed basis. As of June 30, 2017, there were 20 years remaining in the amortization schedule for the SET Plan and 13 years remaining for the PLD Plan. The actuarial assumptions used in the June 30, 2017 actuarial valuation was based on the results of an actuarial experience study conducted for the period of June 30, 2012 to June 30, 2015.

Significant Actuarial Assumptions

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2017 are as follows:

	<u>SET Plan</u>	<u>PLD Plan</u>
Inflation	2.75%	
Annual Salary Increases, including Inflation	2.75% - 14.50%	2.75% - 9.00%
Investment Rate of Return	6.875% per annum, compounded annually	
Participation Rates for Future Retirees	100% of those currently enrolled	
Conversion Charges	Apply to the cost of active group life insurance, not retiree group life insurance	
Form of Benefit Payment	Lump Sum	
Mortality Rates	For active members and non-disabled retirees of the Plans, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used. These tables are adjusted by percentages ranging from 104% to 120% based on actuarially determined demographic differences.	

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 - OTHER INFORMATION (Continued)

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

Actuarial Methods and Assumptions (continued)

Assets of the Plans are pooled for investment purposes and are allocated to each Plan based on each Plan’s fiduciary net position. The long-term expected rate of return on the Plan’s investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of long-term real rates of return for each major asset class included in the target asset allocation as of June 30, 2017 are summarized in the following table:

<i>Asset Class</i>	<i>Target Allocation</i>	<i>Long-Term Expected Real Rate of Return</i>
Public Equities	70.0%	6.0%
Real Estate	5.0%	5.2%
Traditional Credit	16.0%	3.0%
US Government	9.0%	2.3%
	100.0%	

Discount Rate

The discount rate used to measure the collective total OPEB liability was 6.875% for 2017 for the SET Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on SET Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The discount rate used to measure the total OPEB liability for the PLD Plan was 5.41% which is a blend of the assumed long-term expected rate of return of 6.875% and a municipal bond index rate of 3.58%, based on the Bond Buyer GO 20-Year Municipal Bond Index as of June 30, 2017. Projections of the Plan’s fiduciary net position indicate that it is not expected to be sufficient to make projected benefit payments for current members beyond 2052. Therefore, the portion of future projected benefit payments after 2052 are discounted at the municipal bond index rate. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 - OTHER INFORMATION (Continued)

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

Actuarial Methods and Assumptions (continued)

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

The following presents the Town of Bar Harbor's proportionate share of the net OPEB liability calculated using the discount rate of 5.410% for the PLD Plan as well as what the Town's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

PLD Plan:

	<i>1% Decrease</i> <i>(4.410%)</i>	<i>Current Discount</i> <i>Rate (5.410%)</i>	<i>1% Increase</i> <i>(6.410%)</i>
Proportionate Share of the Net OPEB Liability	\$ 58,506	\$ 43,594	\$ 31,822

On-Behalf Payments

As mentioned above, contributions are made by the System for participating retired teachers. The summary below provides the School Department's allocation of these contributions as well as the proportionate share of the Net OPEB liability. The Net OPEB Liability is not recorded on the Town financial statements since it is a liability of the State of Maine and not a liability of the School Department.

	<i>Allocation of:</i>		
	<i>On-Behalf</i> <i>Payments</i>	<i>Benefits</i> <i>Expense</i>	<i>Net OPEB</i> <i>Liability</i>
2017	\$9,066	\$11,129	\$100,035

G. Other Postemployment Benefits (OPEB)-Maine Municipal Employees Health Trust (MMEHT)

Plan description

Qualifying personnel of the Town can participate in the Maine Municipal Employees Health Trust postretirement benefit plan. The plan is a single employer Other Post Employment Benefit (OPEB) plan.

Benefits provided

Medical/Prescription Drug: The non-Medicare retirees are offered the same plans that are available to the active employees, as described in the benefits summaries. Medicare retirees are assumed to be enrolled in Medicare Part A and Part B which are primary, and the Retiree Group Companion Plan which includes prescription drug coverage.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 - OTHER INFORMATION (Continued)

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

Benefits provided (continued)

Medicare: Medicare benefits will be taken into account for any member or dependent while they are eligible to apply for Medicare. The Fund will determine a family member's benefit allowance, if any, based upon the applicable Medicare statutes and regulations. The Fund does not participate in the Medicare Retiree Drug Subsidy program.

Duration of Coverage: Medical benefits are provided for the life of the retiree and surviving spouses.

Life Insurance: The \$2,000 life insurance benefit is provided automatically to all retirees participating in the retiree medical plan. Spouses are not covered for life insurance, but surviving spouses covered by the retiree medical plan are covered for a \$2,000 life insurance benefit as well.

Dental: Current retirees do not have access to dental benefits. Future new retirees who retire on and after the coverage and rates are set to mirror plan experience costs, no additional obligation is anticipated. Program experience will be monitored with future valuations and updated as with all benefit provisions and assumptions.

Employees covered by benefit terms:

At June 30, 2018, the following employees were covered under the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	0
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	50
Average age	45.18
Average service	9.61
Retirees	3
Average Retiree Age	69.25

Net OPEB Liability

The Town's net OPEB liability was measured as of January 1, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.44% per annum.
Salary Increase Rate	2.75% per year
Administration and claims expense	3% per annum.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 - OTHER INFORMATION (Continued)

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

Actuarial assumptions (continued)

Healthcare cost trend rates:

Pre-Medicare Medical: Initial trend of 8.20% applied in FYE 2018 grading over 14 years to 4.00% per annum.

Pre-Medicare Drug: Initial trend of 9.60% applied in FYE 2018 grading over 14 years to 4.00% per annum.

Medicare Medical: Initial trend of 4.93% applied in FYE 2018 grading over 14 years to 4.00% per annum.

Medicare Drug: Initial trend of 9.60% applied in FYE 2017 grading over 14 years to 4.00% per annum.

Rates of mortality are based on 104% and 120% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table, respectively, for males and females, using the RP-2014 Total Dataset Employee Mortality Table for ages prior to start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC 2015 model, with an ultimate rate of .85% for ages 20-85 grading down to an ultimate rate of 0% for ages 111-120, and convergence to the ultimate rate in the year 2020. As prescribed by the Trust mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2016.

The actuarial assumptions are the assumptions that were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015.

The Entry Age Normal Actuarial Cost Method was used to value the Plan's actuarial liabilities and to set the normal cost. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for the Plan. An open 30-year amortization period was used. The amortization method is a level dollar amortization method. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

For medical and pharmacy, historical claims and census records assembled and provided by Maine Municipal through June 30, 2017 were used by the Actuary. Medical and prescription experience for Medicare eligible (ME) and non-Medicare eligible (NME) (actives and retired covered persons) were analyzed by the Actuary. The Actuary assumed that the current enrollment distribution of Benefit Options will remain constant in the future for retirees. The Actuary distributed the cost based on the current covered population and Cheiron's (Actuary) standard age curves which vary by age, gender, and Medicare status. Children costs are converted to a load on the non-Medicare (NME) retirees which implicitly assumes that future retirees will have the same child distributions as current retirees.

This report does not reflect future changes in benefits, subsidies, penalties, taxes, or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 related legislation and regulations.

Since the plan is pay as you go and is not funded, the discount rate will be based on a 20-year-tax-exempt general obligation municipal bond index. Using the Bond Buyer 20-Bond GO Index, the discount rate as of December 31, 2017 is based upon an earlier measurement date, as of December 29, 2016 and is 3.78% per annum. The discount rate as of December 31, 2018 is based upon an earlier measurement date, as of December 28, 2017 and is 3.44% per annum. The rate is assumed to be an index rate for 20-year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher, for pay as you go plans.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 - OTHER INFORMATION (Continued)

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

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan	
		Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a)-(b)
Balances at 1/1/17	234,978	-	234,978
Changes for the year:			-
Service Cost	11,534		11,534
Interest	12,926		12,926
Changes of benefits	-		-
Differences between expected and actual experience	23,326		23,326
Changes of assumptions	151,326		151,326
Contributions - employer			-
Contributions - member			-
Net investment income			-
Benefit payments	(4,295)		(4,295)
Administrative expense			-
Net Change	194,817	-	194,817
Balances at 1/1/18	429,795	-	429,795

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

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.44%) or 1 percentage point higher (4.44%) than the current discount rate:

	<i>1% Decrease</i> <i>(2.44%)</i>	<i>Current Discount</i> <i>Rate (3.44%)</i>	<i>1% Increase</i> <i>(4.44%)</i>
Net OPEB liability (asset)	\$ 503,609	\$ 429,795	\$ 370,298

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

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (14.6% lower NOL) or 1 percentage point higher (18.5% higher NOL) than the current healthcare cost trend rates:

	<i>1% Decrease</i>	<i>Current Discount</i>	<i>1% Increase</i>
Net OPEB liability (asset)	\$ 367,118	\$ 429,795	\$ 509,409

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 - OTHER INFORMATION (Continued)

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

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

The impact of experience gains or losses and assumption changes on the TOL are recognized in the OPEB expense over the average expected remaining service life of all active and inactive members of the Plan. As of the beginning of the measurement period, the average was 9 years.

The table below summarizes the current balances of deferred outflows and deferred inflows of resources along with the net recognition over the next five years, and thereafter.

	<u><i>Deferred Outflows of Resources</i></u>	<u><i>Deferred Inflows of Resources</i></u>
Differences between expected and actual experience	20,734	
Changes in Assumption	47,772	-
Net Difference between projected between projected and actual earnings on pension plan investments	-	
	<u>68,506</u>	<u>-</u>

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

2019	8,564
2020	8,564
2021	8,564
2022	8,564
2023	8,564
Thereafter	25,686

TOWN OF BAR HARBOR
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN UNASSIGNED FUND BALANCE
BUDGET AND ACTUAL - GENERAL UNASSIGNED FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2018

Exhibit I

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
Revenues				
Taxes	17,412,251	17,412,251	17,543,562	131,311
Intergovernmental Revenues	272,830	272,830	277,219	4,389
Departmental Revenues	1,050,809	1,051,809	1,081,459	29,650
Other Local Sources	277,375	282,375	355,014	72,639
Total Revenues	19,013,265	19,019,265	19,257,254	237,989
Expenditures				
General Government	3,022,448	3,027,448	3,027,722	(274)
Public Safety	3,104,172	3,105,597	3,082,514	23,083
Health and Welfare	141,042	140,617	144,450	(3,833)
Parks and Recreation	352,879	352,879	351,198	1,681
Island Explorer Shuttle Bus	39,823	39,823	39,823	-
Roads and Sanitation	1,899,221	1,956,221	1,940,347	15,874
Assessments	3,807,303	3,807,303	3,763,224	44,079
Total Expenditures	12,366,888	12,429,888	12,349,278	80,610
Excess Revenues Over Expenditures	6,646,377	6,589,377	6,907,976	318,599
Other Financing Sources				
Transfers In	360,389	360,389	360,451	62
Transfers Out	(7,091,766)	(7,091,766)	(7,093,080)	(1,314)
Total Other Financing Sources	(6,731,377)	(6,731,377)	(6,732,629)	(1,252)
Net Change in Fund Balance	(85,000)	(142,000)	175,347	317,347
Beginning Fund Balance - Unassigned			621,603	
(Increase) Decrease in Assigned Fund Balances			(36,000)	
Ending Fund Balance - Unassigned			760,950	

TOWN OF BAR HARBOR
REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN SCHEDULES - LAST 10 FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2018

Schedule 1 - Proportionate Share of the Net Pension Liability:

	Town Portion:			
	Participating Local Districts Plan			
	<i>For the Fiscal Year Ended June 30, 2018</i>	<i>For the Fiscal Year Ended June 30, 2017</i>	<i>For the Fiscal Year Ended June 30, 2016</i>	<i>For the Fiscal Year Ended June 30, 2015</i>
Proportion of net pension liability	0.477711%	0.459644%	0.445634%	0.443395%
Proportionate share of net pension liability	\$1,830,356	\$2,297,894	\$1,339,178	\$633,175
Covered employee payroll	\$2,671,400	\$2,636,895	\$2,356,080	\$2,364,202
Proportionate share of the net pension liability as a percentage of its covered employee payroll	68.52%	87.14%	56.84%	26.78%
Plan Total Pension Liability	\$3,016,660,721	\$2,889,740,634	\$2,720,936,009	\$2,609,657,845
Plan Fiduciary Net Position	<u>\$2,607,223,644</u>	<u>\$2,358,409,925</u>	<u>\$2,401,889,308</u>	<u>\$2,455,776,671</u>
Plan Net Pension Liability	<u>\$409,437,077</u>	<u>\$531,330,709</u>	<u>\$319,046,701</u>	<u>\$153,881,174</u>
Plan Fiduciary Net Position as a % Of the Total Pension Liability	86.427%	81.613%	88.274%	94.103%
Plan Covered Employee Payroll	\$542,572,528	\$521,870,235	\$497,616,846	\$460,029,637
Plan Net Pension Liability as a % Of the Covered Employee Payroll	75.462%	101.813%	64.115%	33.450%

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

Schedule 2 - Schedule of Contributions:

	Town Portion:			
	Participating Local Districts Plan			
	<i>For the Fiscal Year Ended June 30, 2018</i>	<i>For the Fiscal Year Ended June 30, 2017</i>	<i>For the Fiscal Year Ended June 30, 2016</i>	<i>For the Fiscal Year Ended June 30, 2015</i>
Contractually required contribution	\$241,823	\$229,599	\$192,895	\$176,184
Contribution in relation to the contractually required contribution	<u>(\$241,823)</u>	<u>(\$229,599)</u>	<u>(\$192,895)</u>	<u>(\$176,184)</u>
Contribution deficiency	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered employee payroll	\$2,671,400	\$2,636,895	\$2,356,080	\$2,364,202
Contributions as a percentage of covered employee payroll	9.05%	8.71%	8.19%	7.45%

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

TOWN OF BAR HARBOR
REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN SCHEDULES - LAST 10 FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2018

Schedule 1 - Proportionate Share of the Net Pension Liability:

	School Portion:			
	For the Fiscal	For the Fiscal	For the Fiscal	For the Fiscal
	Year Ended	Year Ended	Year Ended	Year Ended
	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Proportion of net pension liability	0.477711%	0.459644%	0.445634%	0.443395%
Proportionate share of net pension liability	\$125,570	\$144,336	\$82,606	\$49,126
Covered employee payroll	\$176,002	\$180,888	\$148,102	\$145,894
Proportionate share of the net pension liability as a percentage of its covered employee payroll	71.35%	79.79%	55.78%	33.67%
Plan Total Pension Liability	\$3,016,660,721	\$2,889,740,634	\$2,720,936,009	\$2,609,657,845
Plan Fiduciary Net Position	<u>\$2,607,223,644</u>	<u>\$2,358,409,925</u>	<u>\$2,401,889,308</u>	<u>\$2,455,776,671</u>
Plan Net Pension Liability	<u>\$409,437,077</u>	<u>\$531,330,709</u>	<u>\$319,046,701</u>	<u>\$153,881,174</u>
Plan Fiduciary Net Position as a % Of the Total Pension Liability	86.427%	81.613%	88.274%	94.103%
Plan Covered Employee Payroll	\$542,572,528	\$521,870,235	\$497,616,846	\$460,029,637
Plan Net Pension Liability as a % Of the Covered Employee Payroll	75.462%	101.813%	64.115%	33.450%

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

Schedule 2 - Schedule of Contributions:

	School Portion:			
	For the Fiscal	For the Fiscal	For the Fiscal	For the Fiscal
	Year Ended	Year Ended	Year Ended	Year Ended
	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	\$16,896	\$17,184	\$13,181	\$11,380
Contribution in relation to the contractually required contribution	<u>(\$16,896)</u>	<u>(\$17,184)</u>	<u>(\$13,181)</u>	<u>(\$11,380)</u>
Contribution deficiency	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered employee payroll	\$176,002	\$180,888	\$148,102	\$145,894
Contributions as a percentage of covered employee payroll	9.60%	9.50%	8.90%	7.80%

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

TOWN OF BAR HARBOR
REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN SCHEDULES - LAST 10 FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2018

Schedule 1 - Proportionate Share of the Net Pension Liability:

	School Portion:			
	For the Fiscal	For the Fiscal	For the Fiscal	For the Fiscal
	Year Ended	Year Ended	Year Ended	Year Ended
	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Proportion of net pension liability	0.007103%	0.007829%	0.007559%	0.00647%
Proportionate share of net pension liability	\$103,174	\$138,312	\$102,069	\$69,897
Covered employee payroll	\$3,009,410	\$3,047,399	\$2,998,911	\$2,939,456
Proportionate share of the net pension liability as a percentage of its covered employee payroll	3.43%	4.54%	3.40%	2.38%
Plan Total Pension Liability	\$13,484,886,512	\$13,069,954,948	\$12,616,287,054	\$12,320,158,783
Plan Fiduciary Net Position	<u>\$10,893,291,864</u>	<u>\$9,960,335,390</u>	<u>\$10,242,097,022</u>	<u>\$10,337,615,927</u>
Plan Net Pension Liability	<u>\$2,591,594,648</u>	<u>\$3,109,619,558</u>	<u>\$2,374,190,032</u>	<u>\$1,982,542,856</u>
Plan Fiduciary Net Position as a % Of the Total Pension Liability	80.781%	76.208%	81.182%	83.908%
Plan Covered Employee Payroll	\$1,860,230,663	\$1,816,435,084	\$1,699,160,889	\$1,676,857,294
Plan Net Pension Liability as a % Of the Covered Employee Payroll	139.316%	171.194%	139.727%	118.230%

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

Schedule 2 - Schedule of Contributions:

	School Portion:			
	For the Fiscal	For the Fiscal	For the Fiscal	For the Fiscal
	Year Ended	Year Ended	Year Ended	Year Ended
	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	\$129,379	\$111,547	\$110,512	\$90,466
Contribution in relation to the contractually required contribution	<u>(\$129,379)</u>	<u>(\$111,547)</u>	<u>(\$110,512)</u>	<u>(\$90,466)</u>
Contribution deficiency	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered employee payroll	\$3,009,410	\$3,047,399	\$2,998,911	\$2,939,456
Contributions as a percentage of covered employee payroll	4.30%	3.66%	3.69%	3.08%

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

**TOWN OF BAR HARBOR
NOTES TO HISTORICAL PENSION INFORMATION
MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 - Actuarial Methods and Assumptions

The information in the historical pension information was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation date June 30, 2017, is as follows:

A. Actuarial Cost Method

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements, the normal cost rate and the unfunded actuarial liability rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits, and dividing it by the value, also as of the member's entry age, of their expected future salary. The normal cost for each employee is the product of their pay and their normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e. decreases or increases in liabilities and/or assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

B. Asset Valuation Method

The actuarial value of assets is used for determining employer contributions. The use of an actuarial value of assets for this purpose helps mitigate volatility in contribution rates that might otherwise occur due to fluctuations in market conditions. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the actual assumption for investment return.

C. Amortization

The net pension liability is amortized on a level percentage of payrolls over the amortization period then in effect in statutory and constitutional requirements. The statutory and constitutional requirements include an amendment to the Maine Constitution approved in November 1995 that requires the State of Maine to fund the unfunded actuarial liability existing on June 30, 1996, over a period not to exceed 31 years beginning on July 1, 1997, and not later than June 30, 2028. The amendment prohibits the creation of new unfunded liabilities in the Plan except those arising from experience losses, which must be funded over a period of not more than ten years. In addition, the amendment requires the use of actuarially sound current cost accounting, reinforcing existing statutory requirements.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2016 are as follows:

Inflation	2.75%
Salary Increases	2.75% - 14.50% Teachers 2.75% - 9.00% PLD Plan members
Investment Rate of Return	6.875%, per annum, compounded annually
Cost of Living Benefit Increases	2.20%

TOWN OF BAR HARBOR
NOTES TO HISTORICAL PENSION INFORMATION
MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

For School Department and Town employees, the mortality rate is based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females. The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period June 30, 2012 to June 30, 2015. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. There were no changes in assumptions for the fiscal year ended June 30, 2017.

TOWN OF BAR HARBOR
REQUIRED SUPPLEMENTARY INFORMATION
OPEB SCHEDULES - LAST 10 FISCAL YEARS - MAINE MUNICIPAL EMPLOYEES HEALTH TRUST
FOR THE YEAR ENDED JUNE 30, 2018

Exhibit K

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

	<i>For the Fiscal Year Ended 6/30/2018</i>
<u>Total OPEB Liability</u>	
Service Cost (BOY)	11,534
Interest (includes interest on service cost)	12,926
Changes of benefit terms	-
Differences between expected and actual experience	23,326
Changes in assumptions	151,326
Benefit payments, including refunds of member contributions	(4,295)
Net Change in total OPEB liability	194,817
Total OPEB liability - beginning	234,978
Total OPEB liability - ending	429,795
<u>Plan fiduciary net position</u>	
Contributions - employer	4,295
Contributions - member	
Net investment income	
Benefit payments, including refunds of member contributions	(4,295)
Administrative expense	
Net change in plan fiduciary net position	-
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending	-
Net OPEB liability - ending	429,795
Plan Fiduciary Net Position as a % Of the Total OPEB Liability	0.0%
Covered Employee Payroll	2,464,237
Net OPEB Liability as a % Of the Covered Employee Payroll	17.4%

* Amounts presented for each fiscal year were determined as of January 1. A full year schedule will be displayed as it becomes available.

Schedule 2 - Schedule of Contributions:

	<i>For the Fiscal Year Ended 6/30/2018</i>
Contractually required contribution	4,295
Contribution in relation to the contractually required contribution	(4,295)
Contribution deficiency	-

* Amounts presented for each fiscal year were determined as of January 1. A full year schedule will be displayed as it becomes available.

**TOWN OF BAR HARBOR
NOTES TO OPEB LIABILITY AND CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2018**

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

The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Benefit Changes

Claims costs and retiree contributions were updated to reflect current healthcare costs.

Changes of Assumptions

Funding method was changed from Projected Unit Credit funding to Entry Age Normal funding method

Net OPEB Liability

The Town’s net OPEB liability was measured as of January 1, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial cost method	Entry Age
Amortization method	Level dollar
Amortization period	30 years
Discount Rate	3.44% per annum.
Salary Increase Rate	2.75% per year
Administration and claims expense	3% per annum.
Retirement Age	65

Healthcare cost trend rates:

Pre-Medicare Medical: Initial trend of 8.20% applied in FYE 2018 grading over 14 years to 4.00% per annum.

Pre-Medicare Drug: Initial trend of 9.60% applied in FYE 2018 grading over 14 years to 4.00% per annum.

Medicare Medical: Initial trend of 4.93% applied in FYE 2018 grading over 14 years to 4.00% per annum.

Medicare Drug: Initial trend of 9.60% applied FYE 2017 grading over 14 years to 4.00% per annum.

Rates of mortality are based on 104% and 120% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table, respectively, for males and females, using the RP-2014 Total Dataset Employee Mortality Table for ages prior to start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC 2015 model, with an ultimate rate of .85% for ages 20-85 grading down to an ultimate rate of 0% for ages 111-120, and convergence to the ultimate rate in the year 2020. As prescribed by the Trust mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2016.

TOWN OF BAR HARBOR
REQUIRED SUPPLEMENTARY INFORMATION
OPEB SCHEDULES - LAST 10 FISCAL YEARS - MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2018

Exhibit L

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

	<i>For the Fiscal Year Ended 6/30/2018</i>
<u>Total OPEB Liability</u>	
Service Cost (BOY)	1,616
Interest (includes interest on service cost)	4,214
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	(14,577)
Benefit payments, including refunds of member contributions	(3,636)
Net Change in total OPEB liability	(12,383)
Total OPEB liability - beginning	95,300
Total OPEB liability - ending	82,917
<u>Plan fiduciary net position</u>	
Contributions - employer	2,704
Contributions - member	-
Net investment income	4,533
Benefit payments, including refunds of member contributions	(3,636)
Administrative expense	(623)
Net change in plan fiduciary net position	2,979
Plan fiduciary net position - beginning	36,344
Plan fiduciary net position - ending	39,322
Net OBEB liability - ending	43,594
Plan Fiduciary Net Position as a % Of the Total OPEB Liability	47.42%
Covered Employee Payroll	679,282
Net OPEB Liability as a % Of the Covered Employee Payroll	6.42%

* This information will be presented each year until 10 years of such information is available.

Schedule 2 - Schedule of Employer Contributions:

	<i>For the Fiscal Year Ended 6/30/2018</i>
Contractually required contribution	2,989
Contribution in relation to the contractually required contribution	(2,704)
Contribution deficiency	285
Covered employee payroll	679,282
Contributions as a percentage of covered employee payroll	0.40%

* This information will be presented each year until 10 years of such information is available.

TOWN OF BAR HARBOR
NOTES TO OPEB LIABILITY AND CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2018

Note 1 – Actuarial Methods and Assumptions-Maine Public Employees Retirement System OPEB

Actuarial Methods and Assumptions

The collective total OPEB liability for the plans was determined by an actuarial valuation as of June 30, 2017, using the following methods and assumptions, applied to all periods included in the measurement:

Actuarial Cost Method

Projections of benefits for financial reporting purposes are based on the provisions of the Plans in effect at the time of each valuation and the historical pattern of sharing of premium costs between the employer and plan members. Actuarial methods and assumptions include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of the assets, consistent with the long-term perspective of the funding methodologies. Costs are developed using the individual entry age normal cost method based on a level percentage of payroll. Experience gains and losses, i.e., actual decreases or increases in the liabilities and/or in assets which differ from the actuarial assumptions, affect the unfunded actuarial accrued liability.

Asset Valuation Method

Investments are reported at fair value.

Amortization

The unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a 30-year period on a closed basis. As of June 30, 2017, there were 20 years remaining in the amortization schedule for the SET Plan and 13 years remaining for the PLD Plan. The actuarial assumptions used in the June 30, 2017 actuarial valuation was based on the results of an actuarial experience study conducted for the period of June 30, 2012 to June 30, 2015.

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used in the June 30, 2017 actuarial valuation was based on the results of an actuarial experience study conducted for the period of June 30, 2012 to June 30, 2015. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For 2017, the amortization period was seven years for the State Employee portion of the SET Plan and nine years for the Teacher portion. The amortization period for the PLD Plan was six years for 2017. For the fiscal year ended June 30, 2017, there were no changes in assumptions with the exception of the use of a blended discount rate for the PLD Plan. Governmental Accounting Standards Board (GASB) Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other than Pensions Plans, requires the use of a blended discount rate for determining the total OPEB liability when it is projected that plan assets are not sufficient to meet benefit obligations in the future. In years where assets are projected to be sufficient to pay benefits, the Plan's assumed rate of return is used; in years where assets are not projected to be sufficient to pay benefits, the use of a municipal bond rate is required. The result is a single blended discount rate.

Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the

TOWN OF BAR HARBOR
NOTES TO OPEB LIABILITY AND CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2018

remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability. There were no differences between employer contributions and proportionate share of contributions as of June 30, 2017.

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2018

	<i>Estimated</i>	<i>Actual</i>	<i>Over(Under)</i> <i>Budget</i>
Taxes			
Property	16,409,251	16,419,499	10,248
Auto Excise	925,000	1,050,352	125,352
Boat Excise	13,000	14,630	1,630
Interest/Fees on Taxes	65,000	59,081	(5,919)
	<hr/> 17,412,251	<hr/> 17,543,562	<hr/> 131,311
Intergovernmental Revenues			
State of Maine			
Municipal Revenue Sharing	126,000	133,267	7,267
General Assistance	400	104	(296)
Tree Growth	4,000	4,899	899
Veterans Reimbursement	2,100	1,866	(234)
Homestead Reimbursement	94,256	89,037	(5,219)
BETE Reimbursement	4,074	4,138	64
Federal			
Acadia National Park - PILT	42,000	43,908	1,908
	<hr/> 272,830	<hr/> 277,219	<hr/> 4,389
Departmental Revenues			
Ambulance/Fire			
Ambulance Service	388,100	322,118	(65,982)
Police			
Police Detail	8,500	12,000	3,500
Parking Tickets	36,000	22,885	(13,115)
Mutual Aid Reimbursement	2,500	4,580	2,080
All Other	117,869	160,068	42,199
Planning / Code			
Building Permits	101,000	107,757	6,757
Plumbing Permits	25,000	25,827	827
Electrical Inspections	25,000	21,979	(3,021)
Vacation Rental Permits	900	2,800	1,900
Septic Permit	-	419	419
Plan Board/Subdivision & Rezoning	4,500	1,045	(3,455)
Site Plan Review	8,500	9,578	1,078
All Other	4,650	3,958	(692)
Harbor Fees			
Docking	35,000	42,824	7,824
Moorings	5,600	2,937	(2,663)
All Other	14,350	15,395	1,045
Solid Waste			
Sale of Recyclables	21,000	67,304	46,304
All Other	300	285	(15)
Public Works			
All Other	9,960	11,326	1,366
Parks and Recreation			
Park and Recreation Fees	700	800	100
Fire Department	-	-	-

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2018

	<i>Estimated</i>	<i>Actual</i>	<i>Over(Under) Budget</i>
Departmental Revenues (Continued)			
Finance			
Administrative Services	166,510	166,510	-
Auto Registrations	16,000	16,159	159
Boat/RV Registrations/Snowmobile Fees	1,570	1,381	(189)
Municipal Building Leases	32,000	36,267	4,267
Town Clerk			
Clerk's Fees	16,500	15,971	(529)
All Other	9,800	9,286	(514)
	<u>1,051,809</u>	<u>1,081,459</u>	<u>29,650</u>
Other Local Sources			
Interest on Investments	23,000	77,496	54,496
Kids Corner Lease	5,750	6,250	500
Island Explorer Lease	20,823	20,823	-
Other Rentals	2,915	5,973	3,058
Jackson Laboratory - PILT	88,510	91,165	2,655
Housing Authority - PILT	27,777	30,932	3,155
Other - PILT	15,100	19,379	4,279
Cable TV Franchise	85,000	82,116	(2,884)
Insurance Dividends	8,000	7,799	(201)
AARP Grant	5,000	5,000	-
All Other	500	8,081	7,581
	<u>282,375</u>	<u>355,014</u>	<u>72,639</u>
Operating Transfers In			
Cemetery Income	25	59	34
Cruise Ship Fund	354,264	354,263	(1)
Dog Control Reserve	2,900	3,208	308
Shellfish Conservation	3,200	2,921	(279)
	<u>360,389</u>	<u>360,451</u>	<u>62</u>
Total Revenues, Operating Transfers and Other Financing Sources	19,379,654	<u>19,617,705</u>	<u>238,051</u>
Beginning Fund Balance Used	<u>142,000</u>		
Total	<u><u>19,521,654</u></u>		

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
FOR THE YEAR ENDED JUNE 30, 2018

Exhibit A-2
Page 1 of 2

	<i>Encumbered From 6/30/17</i>	<i>Appropriations</i>	<i>Expenditures Net of Refund</i>	<i>Encumbered to 6/30/19</i>	<i>(Over) Under Budget</i>
General Government					
Town Council		38,937	33,603		5,334
Town Manager		126,515	122,487		4,028
Town Clerk	2,645	126,055	114,360	6,730	7,610
Finance		342,660	336,097	1,280	5,283
Legal Counsel		19,950	39,788		(19,838)
Elections		14,118	11,311		2,807
Technology	18,000	172,528	177,599	11,805	1,124
Municipal Building		77,823	74,682	2,250	891
Town Offices		37,816	38,898		(1,082)
Employee Benefits		1,516,316	1,573,455		(57,139)
Insurance		91,500	86,586		4,914
Assessing	1,000	138,215	132,787	2,930	3,498
Code Enforcement		76,136	75,499		637
Planning	9,920	160,513	123,272	15,837	31,324
27th Pay Period		14,000	11,031		2,969
Vacation Accruals		18,000	51,855		(33,855)
Contingency	13,700	43,366	8,060	5,000	44,006
Abatements/Discount on Taxes		13,000	15,785		(2,785)
	45,265	3,027,448	3,027,155	45,832	(274)
Public Safety					
Fire Department	1,015	855,158	839,570	3,123	13,480
Public Fire Protection - Hydrants		585,602	585,604		(2)
Police Department	1,275	1,213,223	1,209,540		4,958
Public Safety Building		41,848	41,768		80
Street Lights		71,575	64,160		7,415
Dispatch		219,986	223,539		(3,553)
Harbor Division	2,000	118,205	119,500		705
	4,290	3,105,597	3,083,681	3,123	23,083
Health and Welfare					
General Assistance		1,197	419		778
Cooperating Agencies		45,092	45,092		-
Comfort Station		94,328	98,939		(4,611)
	-	140,617	144,450	-	(3,833)

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
FOR THE YEAR ENDED JUNE 30, 2018

Exhibit A-2
Page 2 of 2

	<i>Encumbered From 6/30/17</i>	<i>Appropriations</i>	<i>Expenditures Net of Refund</i>	<i>Encumbered to 6/30/19</i>	<i>(Over) Under Budget</i>
Parks and Recreation					
Parks & Recreation	1,522	352,879	352,720		1,681
Island Explorer Shuttle Bus	-	39,823	39,823	-	-
Roads and Sanitation					
Public Works		149,609	140,345		9,264
Highway Division	3,000	1,106,339	1,076,031	14,426	18,882
Solid Waste		700,273	711,426	1,119	(12,272)
	3,000	1,956,221	1,927,802	15,545	15,874
Total Appropriations, Expenditures and Encumbrances	54,077	8,622,585	8,575,631	64,500	36,531
Assessments					
Regional School District		3,122,142	3,122,142		-
County Tax		641,082	641,082		-
Overlay		44,079	-		44,079
	-	3,807,303	3,763,224	-	44,079
Operating Transfers Out					
Elementary School		5,400,763	5,400,763		-
			1,164		(1,164)
			150		(150)
Capital Improvements Program		1,691,003	1,691,003		-
	-	7,091,766	7,093,080	-	(1,314)
Totals	54,077	19,521,654	19,431,935	64,500	79,296

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF CHANGES IN UNASSIGNED FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2018

Exhibit A-3

Unassigned Fund Balance, July 1	621,603	
Unassigned Fund Balance, June 30	<u>760,950</u>	
Increase (Decrease)		<u><u>139,347</u></u>
 <i>Analysis of Change:</i>		
Budget Summary:		
Revenue Surplus	238,051	
Unexpended Balance of Appropriations	36,531	
Unexpended Balance (Overdraft) of Assessments and Operating Transfers	<u>42,765</u>	317,347
(Increase) Decrease in Assigned Fund Balances:		
Assigned for Working Capital		(36,000)
Fund Balance Used to Fund Appropriations		<u>(142,000)</u>
Increase (Decrease)		<u><u>139,347</u></u>

TOWN OF BAR HARBOR
GENERAL RESERVES, COMMITTED FUNDS & SCHOOL DEPARTMENT
COMBINING BALANCE SHEET
JUNE 30, 2018

Exhibit A-4

<i>Assets</i>	<i>Cruise Ship Fund</i>	<i>School Department</i>	<i>Total</i>
Accounts Receivable	94,901	8,424	103,325
Due from Other Governments		89,606	89,606
Inventory		1,986	1,986
Due from Other School Funds		75,056	75,056
Due from Other Funds	291,385	1,277,075	1,568,460
Total Assets	386,286	1,452,147	1,838,433
 <i>Liabilities & Fund Balances</i>			
<i>Liabilities</i>			
Accrued Salaries Payable		460,758	460,758
Due to Students		4,271	4,271
Accounts Payable	736	82,887	83,623
Due to Other School Funds		75,056	75,056
Due to Other Funds	-		-
Total Liabilities	736	622,972	623,708
 <i>Fund Balances</i>			
Non-Spendable		1,986	1,986
Restricted		827,189	827,189
Assigned - Encumbrances	16,480		16,480
Assigned	369,070		369,070
Total Fund Balances	385,550	829,175	1,214,725
Total Liabilities & Fund Balances	386,286	1,452,147	1,838,433

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, 2018

Exhibit A-5

	<i>Dog Control Reserve</i>	<i>Shellfish Conservation Reserve</i>	<i>Cruise Ship Fund</i>	<i>School Department</i>	<i>Total</i>
Revenues					
Intergovernmental Revenues				1,040,233	1,040,233
Local Sources				90,442	90,442
Dog Fees	3,208				3,208
Shellfish Fees/Fines		2,921			2,921
Port Fees			423,950		423,950
Cruise Ship Passenger Fees			495,343		495,343
Total Revenues	3,208	2,921	919,293	1,130,675	2,056,097
Expenditures					
Education				6,556,034	6,556,034
Cruise Ship Operating			142,695		142,695
Total Expenditures	-	-	142,695	6,556,034	6,698,729
Excess of Revenues Over (Under)					
Expenditures	3,208	2,921	776,598	(5,425,359)	(4,642,632)
Other Financing Sources (Uses)					
Transfers In				5,522,234	5,522,234
Transfers Out	(3,208)	(2,921)	(667,405)	(121,471)	(795,005)
Total Other Financing Sources (Uses)	(3,208)	(2,921)	(667,405)	5,400,763	4,727,229
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	-	-	109,193	(24,596)	84,597
Fund Balance - July 1	-	-	276,357	853,771	1,130,128
Fund Balance - June 30	-	-	385,550	829,175	1,214,725

**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, 2018**

	<i>General Fund</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
Revenues			
Intergovernmental Revenues	683,186	357,047	1,040,233
Local Sources	31,401	3,400	34,801
Lunch and Milk Sales		55,641	55,641
Total Revenues	714,587	416,088	1,130,675
Expenditures			
Regular Instruction	2,419,340		2,419,340
Student & Staff Support:			
Guidance	76,603		76,603
Health Services	73,112		73,112
Improvement of Instruction	18,611		18,611
Library and Audio Visual	121,917		121,917
Technology	127,394		127,394
Assessment for Administration-Student Support	102,616		102,616
Special Education	1,315,391		1,315,391
Co-Curricular Instruction	70,344		70,344
System Administration:			
School Committee	10,676		10,676
Assessment for Administration	120,226		120,226
Office of Principal	346,415		346,415
Operation/Maintenance-Plant	641,669		641,669
Student Transportation	275,480		275,480
Retirement Contribution	333,112		333,112
Food Services		168,888	168,888
Federal/State Programs		315,026	315,026
Reserves/Grants	15,745	3,469	19,214
Total Expenditures	6,068,651	487,383	6,556,034
Excess of Revenues Over (Under) Expenditures	(5,354,064)	(71,295)	(5,425,359)
Other Financing Sources (Uses)			
Transfers In	5,407,234	115,000	5,522,234
Transfers Out	(121,471)	-	(121,471)
Total Other Financing Sources (Uses)	5,285,763	115,000	5,400,763
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures	(68,301)	43,705	(24,596)
Fund Balance - July 1	824,705	29,066	853,771
Fund Balance - June 30	756,404	72,771	829,175

TOWN OF BAR HARBOR
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - CRUISE SHIP FUND
FOR THE YEAR ENDED JUNE 30, 2018

Exhibit A-7

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Port Fees	407,644	407,644	423,950	16,306
Cruise Ship Passenger Fees	<u>477,212</u>	<u>477,212</u>	<u>495,343</u>	<u>18,131</u>
Total Revenues	<u>884,856</u>	<u>884,856</u>	<u>919,293</u>	<u>34,437</u>
Expenditures				
Cruise Ship Direct Expenses	<u>139,603</u>	<u>139,603</u>	<u>142,695</u>	<u>(3,092)</u>
Total Expenditures	<u>139,603</u>	<u>139,603</u>	<u>142,695</u>	<u>(3,092)</u>
Excess of Revenues Over (Under) Expenditures	<u>745,253</u>	<u>745,253</u>	<u>776,598</u>	<u>31,345</u>
Other Financing Sources (Uses)				
Replenish Fund Balance	(77,848)	(77,848)		77,848
Transfers from Other Funds				-
Transfers to Other Funds	<u>(667,405)</u>	<u>(667,405)</u>	<u>(667,405)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(745,253)</u>	<u>(745,253)</u>	<u>(667,405)</u>	<u>77,848</u>
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	<u>-</u>	<u>-</u>	109,193	<u>109,193</u>
Fund Balance - July 1			<u>276,357</u>	
Fund Balance - June 30			<u>385,550</u>	

TOWN OF BAR HARBOR
ALL SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2018

Exhibit B-1

<i>Assets</i>	<i>Distracted Driving Grant</i>	<i>Total</i>
Due from Other Funds		-
Due from Other Governments	3,240	3,240
Total Assets	3,240	3,240
 <i>Liabilities & Fund Balances</i>		
Liabilities		
Due to Other Funds	3,240	3,240
Total Liabilities	3,240	3,240
 Fund Balances		
Restricted		-
Total Fund Balances	-	-
Total Liabilities & Fund Balances	3,240	3,240

TOWN OF BAR HARBOR
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
SPECIAL REVENUES/GRANTS
FOR THE YEAR ENDED JUNE 30, 2018

Exhibit B-2

	<i>Pump Out System Grant</i>	<i>Evidence Based Impaired Driving Grant</i>	<i>Distracted Driving Grant</i>	<i>Total</i>
Revenues				
Local Revenues				-
Intergovernmental		2,230	3,240	5,470
Total Revenues	-	2,230	3,240	5,470
Expenditures				
Public Safety		3,394	3,390	6,784
Capital Expenditures	29,300			29,300
Total Expenditures	29,300	3,394	3,390	36,084
Excess of Revenues Over (Under) Expenditures	(29,300)	(1,164)	(150)	(30,614)
Other Financing Sources (Uses)				
Transfers from Other Funds		1,164	150	1,314
Transfers to Other Funds				-
Total Other Financing Sources (Uses)	-	1,164	150	1,314
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(29,300)	-	-	(29,300)
Fund Balance - July 1	29,300	-	-	29,300
Fund Balance (Deficit) - June 30	-	-	-	-

**TOWN OF BAR HARBOR
CAPITAL IMPROVEMENTS PROGRAM
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2018**

*Exhibit C-1
Page 1 of 3*

	<i>Balance July 1</i>	<i>Budget</i>	<i>Revenues and Transfers</i>	<i>Expenditures/ Transfers</i>	<i>Balance (Over) Under</i>	<i>Transfers From (To) Unassigned</i>	<i>Balance June 30</i>
<i>Town Projects</i>							
Technology							
Copier Equipment	4,421	3,067		(3,859)	3,629		3,629
Fiber Engineering Study	-	25,000			25,000		25,000
Fire Protection System-Server Room	3,432	1,716			5,148		5,148
WAN & Cable TV System	23,263	5,979			29,242		29,242
Computer Servers	23,082	23,333		(21,890)	24,525		24,525
Website Improvements	2,917	2,917			5,834		5,834
Town Wide Phone System	12,200	6,200			18,400		18,400
Security camera System	24,576	2,357			26,933		26,933
Municipal Building							
Building Renovation	-	16,622			16,622		16,622
Code Enforcement							
Pickup Inspection Truck	18,088	2,800			20,888		20,888
Assessing							
GIS Wide Format Scanner	13,022	2,414		(7,240)	8,196		8,196
Property Tax Revaluation	16,666	15,000			31,666		31,666
Vehicle Purchase	5,920	2,300			8,220		8,220
Aerial Photography	24,045	3,667			27,712		27,712
Planning							
Lower Main Street Engineering		25,000			25,000		25,000
Cottage Street Streetscapes		10,000			10,000		10,000
Ambulance							
Ambulance Reserve	2,325	45,095		(14,712)	32,708		32,708
Defibrillators	2,102	7,000			9,102		9,102
Fire Department							
Turnout Gear	2,500	3,500			6,000		6,000
Hose & Couplings	-	3,500			3,500		3,500
Rescue Tools	10,688	1,120		(8,060)	3,748		3,748
Fire Engine #2	121,635	54,000			175,635		175,635
Fire Engine #4	498,689	233,000	24,805	(715,863)	40,631		40,631
Fire Engine #5	171,916	95,000			266,916		266,916
Fire Pickup Trucks and Trailer	30,806	10,158		(1,025)	39,939		39,939
Thermal Imaging Camera	1,939	1,600			3,539		3,539
SCBA's & Cascade System	38,224	8,941			47,165		47,165
Police Department							
Cruiser Equipment	2,053	15,500		(11,440)	6,113		6,113
Port Security Boat	43,303	10,870		(5,755)	48,418		48,418
Cruiser Replacement	30,423	46,000		(49,560)	26,863		26,863
Records Management System - Spillman	8,000	5,889		(5,801)	8,088		8,088
Portable Radios	-	2,500			2,500		2,500
Tasers	928	3,900			4,828		4,828
Radio Base Station & Console	9,396	10,161		(14,457)	5,100		5,100
Firearms	2,500	5,400			7,900		7,900
Speed Trailer & Monitor	4,816	1,000			5,816		5,816
Dispatch							
Voice Recorder System		2,320			2,320		2,320
Radio Command Console		3,000			3,000		3,000
Ireson Hill Building & Generator		500			500		500

**TOWN OF BAR HARBOR
CAPITAL IMPROVEMENTS PROGRAM
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2018**

*Exhibit C-1
Page 2 of 3*

	<i>Balance July 1</i>	<i>Budget</i>	<i>Revenues and Transfers</i>	<i>Expenditures/ Transfers</i>	<i>Balance (Over) Under</i>	<i>Transfers From (To) Unassigned</i>	<i>Balance June 30</i>
<i>Town Projects (Continued)</i>							
Public Safety Building							
Public Safety Bldg. Generator	19,395	3,892			23,287		23,287
Building Renovations	24,236	24,870		(6,648)	42,458		42,458
Building Envelope Repairs	23,304	150,000	12,403	(150,358)	35,349		35,349
Harbor Department							
Harbor Master Boat & Trailer	14,544	15,000			29,544		29,544
Float Replacement	-	9,666			9,666		9,666
Gangway Replacement	22,399	1,732			24,131		24,131
Fishermen's Hoist(s)	1,797	2,167			3,964		3,964
Ferry Terminal Improvements	84,100	14,000		(97,357)	743		743
Port Security Office	2,500	5,000			7,500		7,500
Pier Renovations	16,250	12,894		(2,601)	26,543		26,543
Parks & Recreation							
Museum in the Streets	5,443	20,000		(7,060)	18,383		18,383
Benches, Lights, Pergola, etc.	1,600	15,000			16,600		16,600
Albert Meadow-Grant's Park	235,565	(13,148)		(222,417)	-		-
Tree Planting	8,211	8,000		(11,810)	4,401		4,401
Park Irrigations Systems	2,400	2,400			4,800		4,800
Skate Park Reserve	-	3,612			3,612		3,612
Mt. Desert Cemetery	60,728				60,728		60,728
Park Equipment	23,689	136,904		(160,610)	(17)	17	-
Launch Ramp-Hadley Point	2,274	2,700			4,974		4,974
Tennis and Basketball Courts	7,500	3,750			11,250		11,250
Village Green Bandstand	7,866	1,467			9,333		9,333
Glen Mary Renovations	14,195	8,720		(9,842)	13,073		13,073
Harborview Park	12,563	57,437			70,000		70,000
Downtown Signage Reserve	8,541	10,000		(4,055)	14,486		14,486
Comfort Stations							
Restroom Renovation Reserve	26,890	13,870			40,760		40,760
Public Works / Highway							
Air Compressor	13,950	3,800		(4,841)	12,909		12,909
Backhoe Reserve (Cat & Deere)	103,367	11,917			115,284		115,284
Brush Chipper	27,577	8,800			36,377		36,377
Grader Reserve	51,894	4,600			56,494		56,494
Hydraulic Lifts	11,495	5,600			17,095		17,095
Front End Loader Reserve	24,941	15,000			39,941		39,941
Excavator	15,896	9,167			25,063		25,063
Snowblower	-	4,300			4,300		4,300
Road Improvement Program	384,127	290,000		(124,545)	549,582		549,582
Fuel Pump System	7,000	3,500		(10,500)	-		-
Sidewalk Plow	56,888	15,200			72,088		72,088
Sidewalk Reconstruction Program	348,817	65,711		(37,613)	376,915		376,915
Washer, Steam Pressure	12,604	1,100			13,704		13,704
Route #3 Construction	321,875				321,875		321,875
Street Sweeper (Vacuum)	139,413	21,000		(160,413)	-		-
Public Works Complex	33,898	11,000		(8,066)	36,832		36,832
Tag Trailer	15,019	840			15,859		15,859
Water Truck	7,697	900			8,597		8,597
Street Lights-Main Street	12,715	7,917			20,632		20,632
Light Truck Purchase	81,208	43,298		(67,217)	57,289		57,289
Plow Truck Reserve	194,501	64,229			258,730		258,730
Bobcat Loader	1,855	6,200		(7,415)	640		640
Roller, Vibratory	38,660	1,427			40,087		40,087

**TOWN OF BAR HARBOR
CAPITAL IMPROVEMENTS PROGRAM
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2018**

*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							
Waste Oil Furnace	1,003	883			1,886		1,886
Recycling Facility Reserve	3,624	10,000			13,624		13,624
Transfer Station Reserve	816	2,600,000	256,344	(2,458,413)	398,747		398,747
Storage	6,426	457			6,883		6,883
Bailers	7,147	(7,147)			-		-
Forklifts	19,499	(19,499)			-		-
Debt Service							
Debt Service - Agamont Park	-	50,600		(50,600)	-		-
Debt Service - Municipal Building	-	175,725		(175,725)	-		-
Public Works - FY 13	-	234,338		(234,338)	-		-
Downtown Signs	-	22,400		(22,400)	-		-
Public Works - FY 10	-	269,175		(269,175)	-		-
Public Safety Building	-	32,600		(32,600)	-		-
Town Total	3,723,777	5,193,297	293,552	(5,196,281)	4,014,345	17	4,014,362
School Projects							
Building Assessment/Repairs	-	174,643		(174,644)	(1)	1	-
ADA Act Renovations	19,598	(15,858)		(1,455)	2,285	(1)	2,284
Capital Outlay Reserve	28,278	(23,870)			4,408		4,408
Asbestos Removal	7,410	2,000			9,410		9,410
Furniture & Equipment	1,041	5,000		(220)	5,821		5,821
Computers & Technology	36,659	42,500		(64,878)	14,281		14,281
Copier Lease/Purchase	-	11,715		(11,715)	-		-
Connors Hallway Flooring	4,150	(4,150)			-		-
Flooring	4,019	(4,019)			-		-
Repaving	37,500	(37,500)			-		-
Pickup Truck Replacement	15,932	5,986			21,918		21,918
Playground Equipment	12,386	(10,386)			2,000		2,000
Roof Repairs	12,613	4,000			16,613		16,613
Storage Units	3,000	(3,000)			-		-
Technology Infrastructure	1,713	(1,713)			-		-
Kitchen Equipment	4,000	(2,050)		(1,950)	-		-
Connors Windows	2,351	(2,351)			-		-
Emerson Entry Doors	6,900	(6,900)			-		-
Safety & Access Control	19,731	15,747		(35,478)	-		-
Upgrade Connors Entrance	6,893	(6,893)			-		-
Boiler Replacement	10,000	(10,000)			-		-
Tractor Plow Reserve	5,000				5,000		5,000
Security Panel	-	26,800		(15,891)	10,909		10,909
Debt Service - 2004 Heating System	-	60,154		(60,154)	-		-
School Total	239,174	219,855	-	(366,385)	92,644	-	92,644
Subtotal	3,962,951	5,413,152	293,552	(5,562,666)	4,106,989	17	4,107,006
Unassigned Balance	53,744	(5,413,152)	5,501,604		142,196	(17)	142,179
Totals	4,016,695	-	5,795,156	(5,562,666)	4,249,185	-	4,249,185

TOWN OF BAR HARBOR
COMBINING BALANCE SHEET
ALL PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

Exhibit D-1

<i>Assets</i>	<i>Gurnee Scholarship</i>	<i>Cemetery Trusts</i>	<i>Total</i>
Cash and Equivalents	1,323	695	2,018
Investments	8,708	4,574	13,282
Total Assets	10,031	5,269	15,300
<i>Liabilities & Fund Balances</i>			
Liabilities			
Due to Other Funds			-
Total Liabilities	-	-	-
Fund Balances			
Nonspendable	6,488	5,269	11,757
Assigned	3,543	-	3,543
Total Fund Balances	10,031	5,269	15,300
Total Liabilities & Fund Balances	10,031	5,269	15,300

TOWN OF BAR HARBOR
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

Exhibit D-2

	<i>Gurnee Scholarship</i>	<i>Cemetery Trusts</i>	<i>Total</i>
Revenues			
New Funds			-
Investment Income	111	59	170
	111	59	170
Expenditures			
Scholarships			-
	-	-	-
Excess of Revenues Over Expenditures	111	59	170
Other Financing Sources (Uses)			
Transfers to Other Funds		(59)	(59)
Total Other Financing Sources (Uses)	-	(59)	(59)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	111	-	111
Fund Balance - July 1	9,920	5,269	15,189
Fund Balance - June 30	10,031	5,269	15,300

TOWN OF BAR HARBOR, MAINE
Operating Data
For the Fiscal Year Ended June 30, 2018

MUNICIPAL SERVICES

Public Works

Wastewater Division

<u>Largest Wastewater Customers</u>	<u>Type of Use</u>	<u>CY2017 Revenues</u>	<u>% of Total</u>
Jackson Laboratory	Genetic Research & Mice Prod	\$494,564	23.4%
Witham Family LTD Part	Hotels (7)	183,915	8.7%
Eden Street Trust	Hotel	51,669	2.4%
West Street Properties LLC	Hotel	38,316	1.8%
WS Atlantic LLC	Hotel	37,422	1.8%
Town of Bar Harbor	Muni Bldgs, Schools, Comfort Stat's	35,541	1.7%
Mt Desert Island Hospital	Hospital	33,642	1.6%
Golden Anchor LC	Hotel	33,334	1.6%
Bar Harbor Housing Authority	Low Income/Elderly Housing	31,452	1.5%
College Of The Atlantic	Educational Institution	23,941	<u>1.1%</u>
			45.6%

Water Division

<u>Largest Water Customers</u>	<u>Type of Use</u>	<u>CY2017 Revenues</u>	<u>% of Total</u>
Town of Bar Harbor	Parks, Bldgs, Schools & Hydrants	\$647,191	30.5%
Jackson Laboratory	Genetic Research & Mice Prod	200,830	9.5%
Witham Family LTD Part	Hotels (7)	87,784	4.1%
College of the Atlantic	College	29,348	1.4%
Kebo Valley Club	Golf Course	24,041	1.1%
Golden Anchor, LC	Hotel	22,775	1.1%
Lafayette Bar Harbor, LLC	Hotel	23,091	1.1%
Mount Desert Hospital	Hospital	19,559	0.9%
Bar Harbor Housing Authority	Low Income/Elderly Housing	16,408	0.8%
WS Atlantic LLC	Hotel	14,437	<u>0.7%</u>
			51.2%

<u>Number of Water System Customers</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Residential	1,247	1,241	1,250	1,248	1,253
Commercial	490	491	515	516	516
Industrial (Jax Lab)	43	43	47	47	43
Governmental	52	51	56	57	60
Total	1832	1826	1,868	1,868	1,872

<u>Water Sales (per 1,000 gallons)</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Residential	65,318	59,766	55,761	58,242	55,574
Commercial	103,634	107,376	111,619	121,831	107,157
Industrial (Jax Lab)	60,116	56,251	60,628	57,027	54,702
Public Authorities	10,170	5,357	12,450	13,419	13,050
Total Water Sales	239,238	228,750	240,458	250,519	230,483

Water Sales (Revenue)	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Residential	\$484,620	\$482,859	\$469,232	\$565,386	\$553,026
Commercial	494,752	526,799	500,570	656,301	609,028
Industrial (Jax Lab)	138,761	136,958	139,336	156,378	159,184
Public Authorities	56,710	51,637	59,099	71,267	72,899
Public Fire Protection	480,468	480,468	480,468	585,604	585,604
Private Fire Protection	106,563	107,952	109,711	126,445	129,278
Total Water Sales	\$1,761,874	\$1,786,673	\$1,758,416	\$2,161,381	\$2,109,019

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, 2017)
School Union #98	Bar Harbor	Connors-Emerson School	K-8	354
School Union #98	Cranberry Isles	Islesford School	K-8	11
School Union #98	Frenchboro	Frenchboro Elementary	K-8	3
School Union #98	Mount Desert	Mt Desert Elementary	K-8	181
School Union #98	Southwest Harbor	Pemetic Elementary	K-8	136
School Union #98	Tremont	Tremont Consolidated	K-8	125
School Union #92	Trenton	Trenton Elementary	K-8	123
MSAD No. 76	Swan's Island	Swan's Island Elementary	K-8	34
C.S.D. No. 7	Members of Union #98	Mt Desert Island High	9-12	<u>543</u>
		Total Enrollment		1,510
		(less Tuition Students)		<u>(78)</u>
		Total Member Enrollment		1,432

LABOR RELATIONS

The Town employs approximately 149 full-time personnel, approximately of whom 74 are employees of the Town including its utilities systems; and 75 of whom are employed by the School Department; and various part-time employees. Approximately 44 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, 2017	June 30, 2020
IAFF (AFL/CIO)	Fire Department Unit	July 1, 2017	June 30, 2020
BHSEA (MEA)	School Support Unit	July 1, 2018	June 30, 2021
BHTA (MEA)	Teachers Unit	Sept.1, 2018	Aug. 31, 2021

BUILDING ACTIVITY

Calendar Year	Residential		Commercial		Total	
	# Permits	Est. Cost	# Permits	Est. Cost	# Permits	Est. Cost
2017	202	\$12,145,602	84	\$7,374,025	286	\$19,519,627
2016	217	16,236,458	95	17,105,863	312	33,342,321
2015	230	14,767,390	94	9,099,114	324	23,866,504
2014	186	10,730,656	93	4,289,181	379	15,019,837
2013	195	11,067,509	112	21,401,296	307	32,468,805

TOWN FINANCES

General Fund Budgets for Fiscal Year Ending June 30.

	2015	2016	2017	2018	2019
Revenues					
Taxes	\$15,796,457	\$16,557,858	\$16,886,945	\$17,412,251	\$18,433,116
Intergovernmental	241,420	219,637	223,123	272,830	336,856
Departmental	1,081,216	1,032,901	1,039,580	1,050,809	1,052,125
Other local sources	535,264	534,465	549,174	637,764	648,846
Total Revenues	17,654,357	18,344,861	18,700,822	19,373,654	20,470,943
Expenditures					
General government	2,778,378	2,883,143	2,992,762	3,062,271	3,129,005
Public safety	2,608,008	2,795,896	2,912,896	3,104,172	3,213,377
Health & welfare	130,716	137,648	133,928	141,042	144,401
Parks & recreation	230,865	235,251	239,154	352,879	429,722
Roads & sanitation	1,746,798	1,810,053	1,829,810	1,899,222	1,962,695
Assessments & Overlay	3,428,938	3,615,766	3,629,013	3,807,302	3,935,692
Transfers to school fund	5,176,423	5,223,669	5,265,115	5,400,763	5,430,046
Transfers to CIP	1,820,106	1,753,435	1,773,144	1,691,003	2,296,005
Total Expenditures	\$17,920,232	\$18,454,861	\$18,805,822	\$19,458,654	\$20,540,943
Excess Exp. Over Revenues	\$265,875	\$110,000	\$105,000	\$85,000	\$70,000
Use of Fund Balance:					
Transfer to CIP	200,000	110,000	105,000	85,000	70,000
One-time expenditures	65,875	0	0	0	0
Total Use of Fund Balance	\$265,875	\$110,000	\$105,000	\$85,000	\$70,000

Property Tax Levy Limit

Fiscal year:	<u>2014/2015</u>	<u>2015/2016</u>	<u>2016/2017</u>	<u>2017/2018</u>	<u>2018/2019</u>
State Personal Income Factor:	1.09%	0.86%	2.67%	2.75%	2.61%
Town Prop Growth Factor:	<u>1.41%</u>	<u>0.70%</u>	<u>1.21%</u>	<u>1.97%</u>	<u>1.67%</u>
Growth Limitation Factor:	2.50%	1.56%	3.88%	4.72%	4.28%
Property Tax Levy Limit:	\$6,632,283	\$6,774,604	\$7,040,190	\$7,389,121	\$7,707,492
Property Tax Levy:	<u>6,199,868</u>	<u>6,731,982</u>	<u>6,897,817</u>	<u>7,201,186</u>	<u>8,052,378</u>
Over/(below) Prop Tax Levy Limit:	(\$432,415)	(\$42,622)	(\$142,373)	(\$187,935)	\$344,886

General Fund Balance as % Revenues

Fiscal Year Ended June 30,				
2013	2014	2015	2016	2017

Assigned and Unassigned General Fund

Balance (exclude School FB)	\$3,223,582	\$2,977,482	\$2,796,140	\$3,050,679	\$3,357,037
Total Revenues (excl School Rev)	18,135,145	18,594,081	19,151,528	18,840,256	19,274,797
Fund Bal as % Revenues	17.8%	16.0%	14.6%	16.2%	17.4%

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 6/30/18
2018	1,577,200	\$1,497,194	\$10.96	\$16,409,251	\$16,020,406	97.64%	97.64%
2017	1,493,600	1,481,606	10.73	15,896,513	15,503,505	97.53	99.27
2016	1,428,800	1,471,964	10.59	15,588,095	15,239,884	97.76	99.98
2015	1,404,100	1,449,121	10.22	14,810,016	14,334,981	96.79	99.98
2014	1,390,700	1,435,775	10.01	14,372,104	13,918,708	96.86	99.98

Largest Taxpayers

Taxpayer	As of April 1, 2017			
	Type of Business	Assessed Value	Tax	% of Levy
Golden Anchor, L C	Hotel-Harborside	\$20,169,500	\$221,058	1.34%
Emera Maine	Electric Utility	18,026,500	197,570	1.20%
Eden Street Trust	Hotel-Regency	17,585,900	192,741	1.17%
Witham Family LTD	Hotel-BH Inn	13,588,400	148,928	0.91%
West Street Properties, LLC	Hotel-West St.	13,206,800	144,747	0.88%
BHTC 111, LLC	Rest/Club	10,434,400	114,361	0.70%
Witham Family LTD	Hotel-Oceanside	9,740,100	106,752	0.66%
WS Atlantic, LLC	Hotel-Hampton	8,626,500	94,546	0.58%
Colket, Tristram C Jr	Residential	7,177,900	78,670	0.48%
Lafayette Bluenose, LLC	Hotel-Bluenose	6,763,300	74,126	0.45%
Top ten taxpayers			\$1,373,499	8.36%

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
2017	\$128,220	\$64,565	\$1,253	\$290,474	\$60,631	\$545,143
2016	132,854	59,678	821	226,431	55,700	475,484
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

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

-----**Local Roads Assistance Program (LRAP), BETE & Veterans programs

DEBT - PRINCIPAL

Year Issued	Purpose	Amount Issued	Final Maturity	Balance on June 30, 2017			Balance on June 30, 2018	
				General	Proprietary	Total	(Payments)	Total
1997	Sewer Plant (SRF)	7,300,000	10/01/17		\$454,970	\$454,970	(\$454,970)	\$0
2002	Water Tank (SRF)	750,000	10/01/21		223,930	223,930	(42,451)	181,479
2004	School (MMBB)	805,000	11/01/24	\$414,456		414,456	(43,204)	371,252
2005	Beach Wall	800,000	10/15/24	320,000		320,000	(40,000)	280,000
2005	Sewer/Hulls Cove	800,000	10/15/27		475,000	475,000	(35,000)	440,000
2010	Roads & Sidewalks	3,700,000	05/01/30	2,405,000		2,405,000	(185,000)	2,220,000
2010	Water System	600,000	05/01/30		390,000	390,000	(30,000)	360,000
2011	Sewer System	1,316,000	12/01/31		1,035,514	1,035,514	(58,753)	976,761
2011	Water System	1,224,000	12/01/31		939,486	939,486	(76,247)	863,239
2011	Ref'd'g Water-01	2,515,000	12/01/21		1,255,000	1,255,000	(205,000)	1,050,000
2012	Water (SRF)	2,679,150	10/01/32		2,171,896	2,171,896	(125,850)	2,046,046
2013	Public Works Bldg	3,350,000	10/15/33	2,965,000		2,965,000	(135,000)	2,830,000
2014	Municipal Bldg	2,442,000	10/15/34	2,195,000		2,195,000	(125,000)	2,070,000
2015	PubSftyBldg/Wtr	2,100,000	10/15/35	380,000	1,615,000	1,995,000	(105,000)	1,890,000
2017	Transfer Station	3,070,000	10/15/36					3,070,000
				8,679,456	8,560,796	17,240,252	(1,661,475)	18,648,777

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
2018	5,235	\$1,577,200	\$1,497,194	\$18,648,777	1.18%	\$3,562
2017	5,235	1,493,600	1,481,606	17,240,252	1.16%	3,293
2016	5,235	1,428,800	1,471,964	18,879,769	1.28%	3,606
2015	5,235	1,404,100	1,449,121	18,285,088	1.30%	3,493
2014	5,235	1,390,700	1,435,775	17,196,067	1.24%	3,285

Debt Obligations, by Fund Type

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

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		
2018	0.69%	0.02%	0.47%	1.18%	\$2,069	\$71	\$1,423	\$3,563
2017	0.56	0.03	0.57	1.16	1,579	79	1,635	3,293
2016	0.61	0.03	0.68	1.32	1,674	87	1,845	3,606
2015	0.63	0.04	0.63	1.30	1,689	95	1,709	3,493
2014	0.49	0.04	0.71	1.24	1,286	102	1,894	3,285

Debt Service Component of Operating Expenses

	2014	2015	2016	2017	2018
Total Current Year Debt Service:	\$1,765,303	\$1,907,026	\$2,034,204	\$2,319,332	\$2,299,577
(less Enterprise Debt Service:)	(1,183,861)	(1,217,234)	(1,201,047)	(1,340,309)	(1,329,585)
Tax Supported Debt Service	\$581,442	\$689,792	\$833,157	\$979,023	\$969,992
Budgeted Operating Expense:	17,476,383	\$17,920,232	\$18,454,861	\$18,805,822	\$19,458,654
Debt Service as % Oper. Expense:	3.34%	3.85%	4.51%	5.21%	4.99%

Total General Obligation, Overlapping and Contingent Debt

	Direct Debt	Overlapping	Contingent	Total Debt
Town of Bar Harbor (CIP)	\$10,830,000			\$10,830,000
Town of Bar Harbor (School)	371,252			371,252
Town of Bar Harbor (Enterprise)	7,447,525			7,447,525
MDI Reg. School District (38.3%)		\$849,588		849,588
County of Hancock (12.0%)		35,910		35,910
Total A/O June 30, 2018	\$18,648,777	\$885,498	\$0	\$19,534,275
Debt as % Eq State Valuation	1.18%	0.06%	0.00%	1.24%
Per Capita Debt	\$3,563	\$169	\$0.00	\$3,732

James W. Wadman

CERTIFIED PUBLIC ACCOUNTANT

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

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, 2018.

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 articles, except for operations and maintenance.

Respectfully submitted,

James W. Wadman, CPA

James W. Wadman, CPA
November 9, 2018

TOWN OF BAR HARBOR
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

<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		-	8,827
<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	-	102,656
Title VI, Part B - Local Entitlement Preschool	84.027	013-05A-3009-10	-	487
Sub-total Special Education Cluster (IDEA):			-	<u>103,143</u>
NCLB Title 1A - Basic Compensatory Education	84.010	013-05A-3057-13	98,323	121,403
Title VI, Part A, SSAE Program	84.424	013-05A-3345-66-6306-3345SSG-F2018	11,523	41,384
NCLB Title IIA - Improving Teacher Quality	84.367	013-05A-3042-11	-	40,269
Total U.S. Department of Education			<u>109,846</u>	<u>315,026</u>
U.S. Department of Agriculture:				
<i>Passed Through State Department of Education and Cultural Services:</i>				
Food Distribution	10.560	NONE	-	5,263
Child Nutrition Cluster:				
National School Lunch Program	10.555	013-05A-7128-05	-	28,418
Federal Performance Based Lunch	10.555	013-05A-7142-05	-	1,469
School Breakfast Program	10.553	013-05A-7127-05	-	5,168
Sub-total Child Nutrition Cluster			-	<u>35,055</u>
Total U.S. Department of Agriculture			-	<u>40,318</u>
U.S. Department of Transportation:				
2018 Distracted Driving Enforcement Grant	20.616	013 16A FLXE 012 6401 DD4518	-	3,240
2018 Evidence Based Impaired Driving HVE	20.616	013 16A 405D 012 6401 ID067	-	2,230
Total U.S. Department of Transportation			-	<u>5,470</u>
Total			-	<u>360,814</u>