

James W. Wadman

CERTIFIED PUBLIC ACCOUNTANT

James W. Wadman, C.P.A.
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Communications with Those Charged with Governance

March 31, 2021

Members of the Board of Selectmen
Town of Mount Desert
Mount Desert, ME 04463

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Mount Desert, Maine (the Town) for the fiscal year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 15, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Mount Desert are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2020. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Town's financial statements was:

Management's estimate of the capital asset depreciation is based on estimated useful lives of the assets at the date of construction or acquisition. We evaluated the key factors and assumptions used to develop the capital asset depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriated level of management. Management has corrected all such misstatements. There were no material misstatements detected as a result of audit procedures.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 31, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Town's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town's auditors.

Other Matters

We applied certain limited procedures to management discussion and analysis, budgetary comparison schedule, pension schedules, and other post-employment benefits schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on individual fund statements, which accompany the financial statements but are not RSI. With respect to the supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the

financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of management and the Members of the Board of Selectmen, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully Submitted,

James W. Wadman, C.P.A.

James W. Wadman, C.P.A.

TOWN OF MOUNT DESERT, MAINE

***FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORTS***

***FOR THE FISCAL YEAR
ENDED JUNE 30, 2020***

TOWN OF MOUNT DESERT
FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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TOWN OF MOUNT DESERT
FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

March 31, 2021

Members of the Board of Selectmen
Town of Mount Desert
Mount Desert, ME 04662

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 Mount Desert, Maine as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including 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 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 Mount Desert, Maine as of June 30, 2020, and the respective changes in financial position 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, pension schedules, and other post-employment benefits schedules on pages 3-9, 58, 59-62, and 63-66, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Mount Desert, Maine's financial statements as a whole. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the State of Maine Department of Education.

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 and the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully Submitted,

James W. Wadman, CPA

James W. Wadman, CPA

TOWN OF MOUNT DESERT, MAINE
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020

Management of the Town of Mount Desert, 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 year ended June 30, 2020. 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 Mount Desert, Maine (the Town) using the integrated approach as prescribed by Government Accounting Standards Board (GASB) Statement No. 34.

FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

Government-wide Highlights:

Net position – The assets of the Town exceeded its liabilities at year ending June 30, 2020 by \$38,167,838 (presented as “net position”). Of this amount, \$10,389,277 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 \$1,046,854 (a 2.8 % increase) for the year ended June 30, 2020. Net position of governmental activities increased by \$861,870 (a 2.5% increase), while net position of business-type activities showed an increase of \$184,984 (a 5.5% increase).

Fund Highlights:

Governmental Funds – Fund Balances – As of the close of the year ended June 30, 2020; the Town's governmental funds reported a combined ending fund balance of \$12,935,266 with \$3,475,645 being general unassigned fund balance. This unassigned fund balance represents approximately 20% of the total general fund expenditures for the year.

Long-term Debt:

The Town's total long-term debt obligations decreased by \$2,088,263 for the year ended June 30, 2020. Existing debt obligations were retired according to schedule. Additional information on the Town's long-term debt can be found in Note 3G of the notes to the financial statements on pages 33-36 of this report.

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 10-11 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 12-15 of this report. The basic proprietary fund financial statements can be found on pages 16-18 of this report. The fiduciary fund financial statements can be found on pages 19-20 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 21-57 of this report.

Required Supplementary Information

This section includes a budgetary comparison schedule, which includes a reconciliation between the statutory fund balance for budgetary purposes and the fund balance for the general fund as presented in the governmental fund financial statements (if necessary). This section also includes a schedule of proportionate share of net pension liability and schedule of employer contributions in relation to GASB Statement #68. This section also includes OPEB schedules related to GASB Statement #75. Required supplementary information can be found on pages 58-66 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

68% of the Town's net position reflects its investment in capital assets such as land, buildings, equipment and infrastructure (roads, bridges and other immovable assets); less any related debt used to acquire those assets that is still outstanding. The Town uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

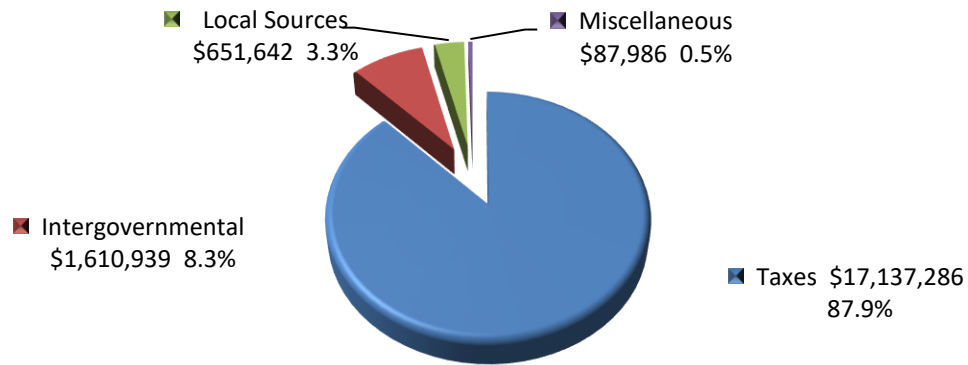
	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>June 30, 2020 Total</i>	<i>June 30, 2019 Total</i>
Current Assets	14,910,997	1,586,705	16,497,702	17,580,611
Capital Assets	40,129,579	3,206,551	43,336,130	42,781,002
Total Assets	55,040,576	4,793,256	59,833,832	60,361,613
Total Deferred Outflows of Resources	622,110		622,110	511,974
Total Assets and Deferred Outflows of Resources	55,662,686	4,793,256	60,455,942	60,873,587
Current Liabilities	4,032,801	152,551	4,185,352	3,900,344
Other Liabilities	16,541,200	1,100,000	17,641,200	19,474,752
Total Liabilities	20,574,001	1,252,551	21,826,552	23,375,096
Total Deferred Inflows of Resources	461,552		461,552	377,507
Net Investment in Capital Assets	23,960,928	1,996,551	25,957,479	23,302,745
Restricted	1,076,640	744,442	1,821,082	1,481,736
Unrestricted	9,589,565	799,712	10,389,277	12,336,503
Total Net Position	34,627,133	3,540,705	38,167,838	37,120,984
Total Liabilities, Deferred Inflows, and Net Position	55,662,686	4,793,256	60,455,942	60,873,587

Changes in Net Position

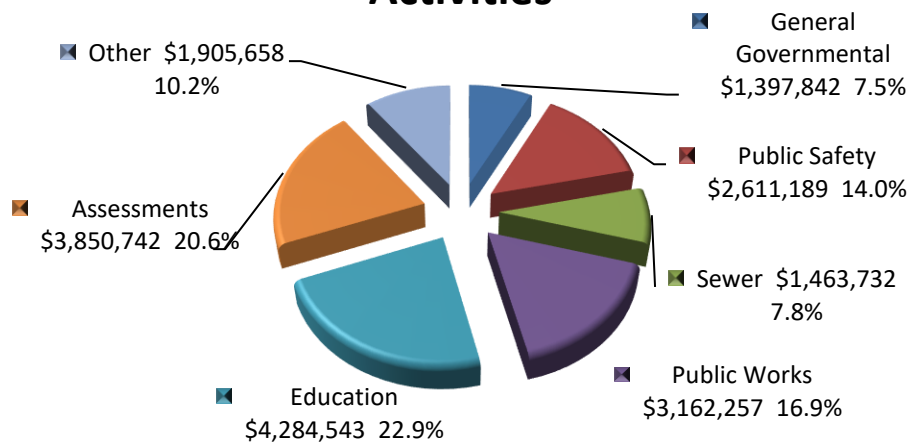
Approximately 88% of the Town's total revenue came from property and excise taxes, approximately 8% came from State subsidies and grants, and approximately 4% came from services, investment earnings and other sources. Depreciation expense on the Town's governmental and business-type activity assets represents \$2,025,947 of the total expenses for the fiscal year.

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>June 30, 2020 Total</i>	<i>June 30, 2019 Total</i>
<i>Revenues:</i>				
Taxes	17,137,286		17,137,286	16,586,865
Intergovernmental Revenues	1,610,939		1,610,939	927,669
Local Sources	651,642	933,765	1,585,407	1,558,132
Fair Value Increase (Decrease)	(93,657)		(93,657)	196,685
Transfers In / Out	49,980	(49,980)	-	-
Miscellaneous	181,643		181,643	160,914
<i>Total</i>	19,537,833	883,785	20,421,618	19,430,265
<i>Expenses:</i>				
General Government	1,397,842		1,397,842	1,427,626
General Assistance & Rural Wastewater	184,040		184,040	179,734
Public Safety	2,611,189		2,611,189	2,274,231
Public Works	3,162,258		3,162,258	3,077,218
Sewer	1,463,732		1,463,732	1,472,030
Marine Dept.		698,801	698,801	687,458
Community Development	6,083		6,083	13,709
Debt Service	197,926		197,926	347,491
Other	343,543		343,543	339,634
Assessments	4,284,543		4,284,543	3,818,735
Education Programs	3,850,742		3,850,742	4,255,721
Capital Outlay	1,174,065		1,174,065	295,543
<i>Total</i>	18,675,963	698,801	19,374,764	18,189,130
<i>Changes in Net Position</i>	861,870	184,984	1,046,854	1,241,135

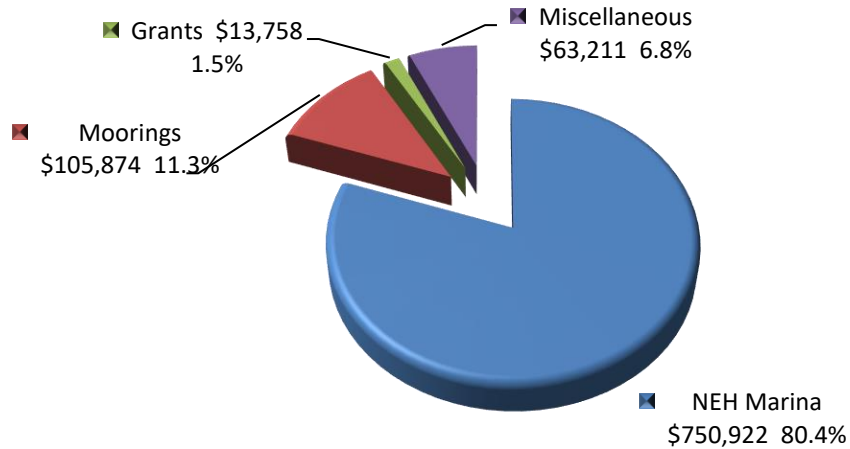
Revenues By Source - Governmental Activities



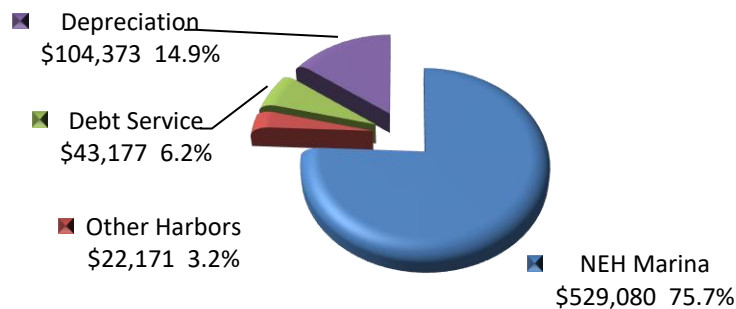
Expenditures By Source - Governmental Activities



Revenues By Source - Business-type Activities



Expenditures By Source - Business-type Activities



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 year, the Town's governmental funds reported ending fund balances of \$12,935,266, a decrease of \$1,608,473 in comparison with the prior year. Approximately 27 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.

Proprietary Funds

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

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- \$70,741 negative variance in property taxes. The variance is due to the uncollected taxes that went to lien. In FY 20, the amount of the liens was \$106,026. There was also a supplemental bill of \$10,100 from FY 20 that is currently unpaid. These two factors would have contributed to the variance.
- \$31,826 negative variance in motor vehicle excise. Due to the unforeseen pandemic of COVID 19 in the FY end of 6/30/20, the pandemic has impacted our motor vehicle excise revenue quite substantially. With the Governor's state of emergency proclamation in place, vehicle registrations that expire or due to expire were deemed extended until 30 days after the state of emergency has ended. This was revised in the Governor's executive order (no.53 FY 19/20) regarding certain municipal and taxation matters on May 12, 2020 to state, that any vehicles that had expired are to be registered within 30 days. As our FY end was 6/30/2020, this left our revenues at a deficit, effecting our budget.
- \$36,638 positive variance in ANP Otter Creek treatment plant. The budget was presented incorrectly on the town meeting warrant and posted as much in the Munis software. If it had been presented and posted correctly for \$15,000 the revenue amount of \$16,307 would have been within reason of the budget. The budget amounts are correctly represented in the 2020-20201 budget.
- \$43,693 negative variance in ANP Seal Harbor sewer. The budget was presented incorrectly at town meeting warrant and posted as such in the Munis software. If it had been presented and posted correctly for \$60,000, the revenue amount of \$51,638 would have been within reason of the budget. The budget amounts are correctly represented in the 2020-20201 budget.
- \$31,531 positive variance in planning and zoning revenues. The variance is due to contentious applications causing more legal representation and public notices.
- \$32,196 positive variance in code enforcement. The variance is due to lack of training opportunities due to COVID 19. There were also less legal consultations or representations.
- \$54,322 positive variance in general government - unallocated. The health reimbursement account was only expended at 52% of the anticipated cost.
- \$26,796 positive variance in technology. The information technology tech fee was not expended at the rate of past years. There were less new projects undertaken.
- \$66,796 positive variance in police department. In general, this under budget is due to police chief sharing agreement with Bar Harbor, which reduces police chief expenses to Mount Desert police department, and lower than budgeted health insurance expenses. Mount Desert budgets for the full cost of a police chief in several wage and benefit lines in the police budget. Through the police sharing agreement, Mount Desert pays 40% of those lines and Bar Harbor pays 60%. The agreement also includes reimbursement of the chief's cruiser mileage expense.
- \$43,658 positive variance in fire department. Some of the unexpended fund within the fire department are due to on-call firefighter's wages not being spent. This is typical on any given year due to the uncertainty of how many hours these on-call firefighters will work throughout the year. Due to COVID 19, we suspended our regular fire department training program which resulted in unspent funds. The rest may be due to a reduction in hard to predict vehicle and/or heating fuel use, building repairs, and truck repairs.
- \$43,275 positive variance in highways. \$16,515 remaining of a budget of \$48,000 due to the type of winter we had – not many call-ins outside of regular work hours. The call-ins add up quickly since all time spent for snow related work is overtime paid at time and a half. \$19,422 remaining of a budget of \$46,500 due again to the rather easy winter we had and the price of fuel being lower than estimated. \$5,675 remaining of the budget of \$9,250 due, as above, they type of winter we had, the lower than estimated costs of propane and the higher than expected amount of waste oil we received to burn as a heat supplement.
- \$48,958 positive variance in sewer operations. \$12,802 remaining of a \$15,000 budget. The inflow infiltration (I&I) study we had been considering was eliminated due to the pandemic. I&I work is labor intensive requiring close interaction between people doing the work. \$28,210 remaining of the \$97,000 budget. Due to the pandemic, we were not able to use our hauler to move sludge from plant to plant and ultimately to the Ellsworth treatment plant we use for final disposal of the sludge; the summer was very dry reducing sludge production and local population and visitor numbers were very due based on our inflow records.
- \$37,917 positive variance in community development. The position of consultant director ended prior to the end of the fiscal year. Only \$6,083 was expended out of the \$27,000 that was budgeted for fees and travel.

The consultant budget at \$17,000 in anticipation of beginning phase 2 of the Main Street project. As it was postponed there were no expenditures from this line.

- \$172,183 positive variance on interest on bonds/notes. The \$5,108,485 BHB&T road project dated May 31, 2018 had an incorrect first payment due date of June 15, 2019 instead of July 1, 2020. However, the 2020 budgeted interest payment was made in June of 2020 and only the difference of \$11,075 was paid in 2020 resulting in a difference of \$154,900. The balance is attributable to budgeted according to the original amortization schedules for the loans that have had principal pay downs and thus the interest is less and does not reconcile to the budget.
- \$36,255 positive variance in MDI High School. The high school assessment was not voted on prior to budget acceptance at town meeting and only an estimate was used for budgetary purposes. The actual assessment was \$36,255 less than the estimated voted at town meeting.
- \$81,180 positive variance in overlay. For the 2019-2020 tax commitment, a .6% overlay was raised in the amount of \$99,378.23. The overlay was raised to avoid a fractional mil rate, and in accordance with Article 26 in the 2019 town meeting, “to pay any tax abatements granted by the assessor, board of assessment review, or board of selectmen together with any interest due thereon from the town, during the fiscal year beginning July 1, 2019, in an aggregate amount not to exceed the property tax commitment overlay”. During the FY 2019-2020 there were 8 abatements granted by the assessor, totaling \$15,159.86 and leaving the remaining balance of overlay largely unspent for the 2019-2020 fiscal year.
- \$200,367 positive variance in NEH Marina revenues. The marina had access to rent two large slips that we normally do not have access to. The 2019 summer was an exceptional one with great weather which upped our visitation with boats coming earlier and staying later than normal.

CAPITAL ASSET ADMINISTRATION

Capital Assets

The Town’s investment in capital assets for its governmental and business-like activities amounts to \$76,211,269, net of accumulated depreciation of \$32,875,139, leaving a net book value of \$43,336,130. Current additions include \$24,524 for Seal Harbor firehouse windows replacement, \$37,135 for new police vehicle, \$48,322 for a highway truck, \$439,531 for paving, \$547,043 for NEH Sylvan neighborhood project, \$11,541 for MD sidewalks, \$42,870 for village green irrigation system, \$10,115 for marina high definition security cameras, \$48,237 for marina power cable, chains, and pedestal for float. Additional information on the Town’s capital assets can be found in Note 3E of the notes to the financial statements on pages 31-32 of this report.

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 Mount Desert, P.O. Box 248, Northeast Harbor, ME 04662.

TOWN OF MOUNT DESERT
STATEMENT OF NET POSITION
JUNE 30, 2020

Exhibit A

	Governmental	Business-Type	
Assets	Activities	Activities	Total
Cash and Equivalents	7,248,209		7,248,209
Investments	6,745,477	790,879	7,536,356
Taxes and Liens Receivables	177,045		177,045
Bonds Receivables	404,704		404,704
Accounts Receivable	330,827		330,827
Internal Balances		795,826	795,826
Prepaid Expenditures	100		100
Inventory	4,635		4,635
Capital Assets:			
Land	2,624,097		2,624,097
Construction Work in Progress	2,671,101		2,671,101
Other Capital Assets, Net of Depreciation	34,834,381	3,206,551	38,040,932
Total Assets	55,040,576	4,793,256	59,833,832
Deferred Outflows of Resources:			
Related to Pensions and Other Post Employment Benefits	480,072		480,072
Related to Pensions and Other Post Employment Benefits	142,038		142,038
Total Deferred Outflow of Resources	622,110	-	622,110
Total Assets and Deferred Outflows of Resources	55,662,686	4,793,256	60,455,942
Liabilities			
Accounts Payable	411,308	4,262	415,570
Retainage Payable	85,299		85,299
Accrued Interest Payable		34,754	34,754
Accrued Compensated Absences	319,511	3,535	323,046
Accrued Salaries Payable	374,821		374,821
Internal Balances	790,879		790,879
Long-term Liabilities:			
Net Pension Liability	1,049,187		1,049,187
Net Other Post Employment Benefits Liability	1,374,345		1,374,345
Due Within One Year	2,050,983	110,000	2,160,983
Due in More Than One Year	14,117,668	1,100,000	15,217,668
Total Liabilities	20,574,001	1,252,551	21,826,552
Deferred Inflows of Resources:			
Property Taxes Collected in Advance	154,096		154,096
Related to Pensions	247,322		247,322
Related to Other Post Employment Benefits	60,134		60,134
Total Deferred Inflows of Resources	461,552	-	461,552
Net Position			
Net Investment in Capital Assets	23,960,928	1,996,551	25,957,479
Restricted	1,076,640	744,442	1,821,082
Unrestricted	9,589,565	799,712	10,389,277
Total Net Position	34,627,133	3,540,705	38,167,838
Total Liabilities, Deferred Inflows of Resources, and Net Position	55,662,686	4,793,256	60,455,942

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

TOWN OF MOUNT DESERT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Exhibit B

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Fees, Fines, and</u>	<u>Operating</u>	<u>Governmental</u>	<u>Business-type</u>	
<u>Primary Government</u>	<u>Expenses</u>	<u>Charges for</u>	<u>Grants</u>	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
<u>Governmental Activities</u>						
General Government	1,397,842	122,202		(1,275,640)		(1,275,640)
General Assistance & Rural Wastewater Support	184,040			(184,040)		(184,040)
Public Safety	2,611,189	3,413		(2,607,776)		(2,607,776)
Public Works	3,162,258	575		(3,161,683)		(3,161,683)
Sewer	1,463,732	715		(1,463,017)		(1,463,017)
Community Development	6,083			(6,083)		(6,083)
Debt Service	197,926			(197,926)		(197,926)
Other	343,543			(343,543)		(343,543)
Education	4,284,543	44,367	424,263	(3,815,913)		(3,815,913)
Assessments	3,850,742			(3,850,742)		(3,850,742)
Capital Outlay	1,174,065			(1,174,065)		(1,174,065)
<u>Total Governmental Activities</u>	<u>18,675,963</u>	<u>171,272</u>	<u>424,263</u>	<u>(18,080,428)</u>		<u>(18,080,428)</u>
<u>Business-type Activities</u>						
Marina	698,801	903,328	13,758		218,285	218,285
<u>Total Business-type Activities</u>	<u>698,801</u>	<u>903,328</u>	<u>13,758</u>		<u>218,285</u>	<u>218,285</u>
<u>Total Primary Government</u>	<u>19,374,764</u>	<u>1,074,600</u>	<u>438,021</u>	<u>(18,080,428)</u>	<u>218,285</u>	<u>(17,862,143)</u>
<u>General Revenues:</u>						
Taxes						
Property				16,521,048		16,521,048
Auto Excise				588,174		588,174
Boat Excise				28,064		28,064
Intergovernmental Revenues				1,107,241		1,107,241
Increase (Decrease) in Fair Market Value				(93,657)		(93,657)
Other Local Sources				741,448	16,679	758,127
Transfers Marina				49,980	(49,980)	-
<u>Total Revenues, Special Items and Transfers</u>				<u>18,942,298</u>	<u>(33,301)</u>	<u>18,908,997</u>
<u>Changes in Net Position</u>				861,870	184,984	1,046,854
<u>Net Position - Beginning</u>				<u>33,765,263</u>	<u>3,355,721</u>	<u>37,120,984</u>
<u>Net Position - Ending</u>				<u>34,627,133</u>	<u>3,540,705</u>	<u>38,167,838</u>

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

TOWN OF MOUNT DESERT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

Exhibit C
Page 1 of 2

	General Fund	Northeast Village Center	Capital Improvement Program	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and Equivalents	7,248,209				7,248,209
Investments	4,498,154		2,235,783	11,540	6,745,477
Receivables					
Taxes	19,895				19,895
Tax Liens	157,150				157,150
Bonds				404,704	404,704
Other	219,376			111,451	330,827
Prepaid Expenditures	100				100
Inventory	4,635				4,635
Due from Other Funds	186,298	2,733,857		1,051,890	3,972,045
Total Assets	12,333,817	2,733,857	2,235,783	1,579,585	18,883,042
Liabilities					
Accounts Payable	257,807	105,471	21,817	26,213	411,308
Retainage Payable		58,281		27,018	85,299
Accrued Salaries Payable	374,821				374,821
Due to Other Funds	4,135,165		128,571	499,188	4,762,924
Total Liabilities	4,767,793	163,752	150,388	552,419	5,634,352
Deferred Inflows of Resources:					
Property Taxes Collected in Advance	154,096				154,096
Unavailable Property Tax Revenue	159,328				159,328
Total Deferred Inflows of Resources	313,424	-	-	-	313,424
Fund Balances					
Nonspendable	1,886			8,695	10,581
Restricted	1,066,059				1,066,059
Committed	2,573,239	2,570,105	2,085,395	1,015,703	8,244,442
Assigned	135,771			2,768	138,539
Unassigned	3,475,645				3,475,645
Total Fund Balances	7,252,600	2,570,105	2,085,395	1,027,166	12,935,266
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	12,333,817	2,733,857	2,235,783	1,579,585	18,883,042

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

TOWN OF MOUNT DESERT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

Exhibit C
Page 2 of 2

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

Total Fund Balance	12,935,266
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$31,943,232	40,129,579
Deferred outflows of resources related to pension plans	480,072
Deferred outflows of resources related to other post employment benefits	142,038
Deferred inflows of resources related to pension plans	(247,322)
Deferred inflows of resources related to other post employment benefits	(60,134)
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds:	
Net Pension Liability	(1,049,187)
Net Other Post Employment Benefits Liability	(1,374,345)
Property Taxes Collected in Advance	159,328
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Bonds Payable	(16,104,895)
Accrued Compensated Absences	(319,511)
Capital Leases Payable	(63,756)
Net Position of Governmental Activities	<u><u>34,627,133</u></u>

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

TOWN OF MOUNT DESERT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Exhibit D
Page 1 of 2

	<i>General Fund</i>	<i>Northeast Village Center</i>	<i>Capital Improvement Program</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
Revenues					
Taxes	17,060,690				17,060,690
Intergovernmental Revenues	1,032,782			578,157	1,610,939
Local Sources	335,960	242,316	71,353	2,013	651,642
Fair Value Increase (Decrease)	(93,657)				(93,657)
Miscellaneous	181,643				181,643
Total Revenues	18,517,418	242,316	71,353	580,170	19,411,257
Expenditures					
Current:					
General Government	1,275,099		10,000	10,271	1,295,370
General Assist. & Rural Wastewater Support	184,040				184,040
Public Safety	2,170,289		165,235	90,041	2,425,565
Public Works	2,529,358		66,764	98	2,596,220
Sewer	877,893		21,817		899,710
Community Development	6,083				6,083
All Other	343,543				343,543
Education Programs	4,498,265				4,498,265
Assessments	3,850,742				3,850,742
Debt Service	1,878,689				1,878,689
Capital Outlay		1,287,241		1,804,242	3,091,483
Total Expenditures	17,614,001	1,287,241	263,816	1,904,652	21,069,710
Excess of Revenues Over (Under)					
Expenditures	903,417	(1,044,925)	(192,463)	(1,324,482)	(1,658,453)
Other Financing Sources (Uses)					
Transfers from Other Funds	112,012		541,070	101,519	754,601
Transfers to Other Funds	(603,102)		(15,060)	(86,459)	(704,621)
Total Other Financing Sources (Uses)	(491,090)	-	526,010	15,060	49,980
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	412,327	(1,044,925)	333,547	(1,309,422)	(1,608,473)
Fund Balance - July 1	6,840,273	3,615,030	1,751,848	2,336,588	14,543,739
Fund Balance - June 30	7,252,600	2,570,105	2,085,395	1,027,166	12,935,266

(Continued)

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

TOWN OF MOUNT DESERT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Exhibit D
Page 2 of 2

Net change in fund balances - total governmental funds (1,608,473)

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	2,540,606
Capital asset disposals	(5,518)
Depreciation expense	(1,921,574)
	<u>613,514</u>

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

Unavailable Property Tax Revenue	<u>76,596</u>
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Bond proceeds proved current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Capital lease obligation principal payments	51,751
New Lease	(40,408)
General obligation bond principal payments	1,978,263
	<u>1,989,606</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:

Deferred Outflows of Pension	(5,912)
Deferred Outflows of Other Post Employment Benefits	116,048
Deferred Inflows of Pension	(23,698)
Deferred Inflows of Other Post Employment Benefits	12,085
Net Pension Liability	(105,497)
Net Other Post Employment Benefit Liability	(148,085)
Accrued compensated absences	(54,314)
	<u>(209,373)</u>

Change in net position of governmental activities	<u><u>861,870</u></u>
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The notes to financial statements are an integral part of this statement.

TOWN OF MOUNT DESERT
STATEMENT OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2020

Exhibit E

	<i>Marina Fund</i>
<i>Assets</i>	
<i>Current Assets:</i>	
Investments	795,826
Due from Other Funds	790,879
<i>Total Current Assets</i>	1,586,705
<i>Noncurrent Assets:</i>	
Capital Assets, net	3,206,551
<i>Total Noncurrent Assets</i>	3,206,551
<i>Total Assets</i>	4,793,256
<i>Liabilities and Net Position</i>	
<i>Liabilities</i>	
<i>Current Liabilities:</i>	
Accrued Interest Payable	34,754
Accounts Payable	4,262
<i>Long-term Liabilities:</i>	
Due Within One Year	110,000
Due in More Than One Year	1,100,000
<i>Total Liabilities</i>	1,249,016
<i>Net Position</i>	
Net Investment in Capital Assets	1,996,551
Restricted	744,442
Unassigned	803,247
<i>Total Net Position</i>	3,544,240
<i>Total Liabilities and Net Position</i>	4,793,256
Amounts reported for business activities in the Statement of Net Position are different because:	
Total Net Position	3,544,240
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Accrued Compensated Absences	(3,535)
	(3,535)
Net Position of Business Activities	3,540,705

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

TOWN OF MOUNT DESERT

Exhibit F

PROPRIETARY FUND

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Marina Fund			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Operating Revenues:				
NEH Marina	550,555	550,555	750,922	200,367
Moorings	107,000	107,000	105,874	(1,126)
Launch Services	20,000	20,000	20,610	610
Agent Fees	17,000	17,000	16,195	(805)
Pump Out Grant	2,000	2,000	13,758	11,758
Ticket Booth Fees	2,500	2,500	1,700	(800)
Marina Concessions	9,500	9,500	8,027	(1,473)
Total Operating Revenues:	708,555	708,555	917,086	208,531
Operating Expenditures:				
NEH Marina	513,735	513,735	529,263	(15,528)
Seal Harbor Marina	9,650	9,650	9,457	193
Bartlett Narrows Harbor	4,600	4,600	12,395	(7,795)
Somesville Harbor	350	350	319	31
Debt Service	48,048	48,048	43,177	4,871
Depreciation			104,373	(104,373)
Total Operating Expenditures	576,383	576,383	698,984	(122,601)
Net Operating Income	132,172	132,172	218,102	85,930
Non-operating Revenues (Expenses)				
Interest Revenue			16,679	16,679
Total Non-operating Revenues (Expenses)	-	-	16,679	16,679
Net Income (Loss) before contributions and transfers	132,172	132,172	234,781	102,609
Transfer to Other Funds	(132,172)	(132,172)	(49,980)	82,192
Change in Net Position	-	-	184,801	184,801
Total Net Position - Beginning			3,359,439	
Total Net Position - Ending			3,544,240	
Net change in fund balances - total business funds			184,801	
Amounts reported for business activities in the Statement of Activities are different because:				
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 business funds:				
Accrued compensated absences			183	
			183	
Change in net position of business activities			184,984	

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

TOWN OF MOUNT DESERT
ALL PROPRIETARY FUND TYPES
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Exhibit G

	<i>Marina Fund</i>
<i>Cash Flows from Operating Activities</i>	
Received from Customers	900,629
Payments to Suppliers	(251,860)
Payments to Employees	(283,894)
Other Receipts (Payments)	(178,876)
	<hr/>
<i>Net Cash Provided by (Used in) Operating Activities</i>	185,999
	<hr/>
<i>Cash Flows from Capital and Related Financing Activities</i>	
Principal Paid on Capital Debt	(110,000)
Disposals of Capital Assets	
Purchases of Capital Assets	
	<hr/>
<i>Net Cash Used in Capital and Related Financing Activities</i>	(110,000)
	<hr/>
<i>Cash Flows from Investing Activities</i>	
Net Purchase/Sales of Investment	(90,998)
Interest and Dividends	14,999
	<hr/>
<i>Net Cash Provided by (Used in) Investing Activities</i>	(75,999)
	<hr/>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	-
<i>Balances - beginning of the year</i>	-
	<hr/>
<i>Balances - end of the year</i>	-
	<hr/> <hr/>
<i>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</i>	
Net Operating Income (Loss)	184,801
Adjustment to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation and Amortization	104,373
(Increase) Decrease in Due from Other Funds	(92,307)
Increase (Decrease) in Accrued Interest Payable	406
Increase (Decrease) in Accounts Payable	51
	<hr/>
<i>Net Cash Provided by (Used in) Operating Activities</i>	197,324
	<hr/> <hr/>

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

TOWN OF MOUNT DESERT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2020

Exhibit H

	<i>Private Purpose Trust Fund Horace Reynolds Scholarship Fund</i>
<i>Assets</i>	
Investments	14,532
Total Assets	14,532
<i>Liabilities and Net Position</i>	
Liabilities	
Due to Other Funds	
Total Liabilities	-
Net Position	
Restricted	13,488
Unassigned	1,044
Total Net Position	14,532
Total Liabilities and Net Position	14,532

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

TOWN OF MOUNT DESERT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Exhibit I

	<i>Private Purpose Trust Fund <u>Horace Reynolds Scholarship Fund</u></i>
Revenues	
Investment Income	<u>725</u>
	<u>725</u>
Expenditures	
Scholarships	<u>253</u>
Total Expenditures	<u>253</u>
Excess of Revenues Over (Under)	
Expenditures	472
Net Position - July 1	<u>14,060</u>
Net Position - June 30	<u>14,532</u>

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

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Mount Desert 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 Mount Desert operates under an elected Board of Selectmen and Town Manager form of government. The Town's major operations include public works, public safety, fire protection, education, and general administrative services.

B. Government-wide and Fund Financial Statements

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

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

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

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 occur 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.

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Property taxes, sales taxes, interdepartmental charges and intergovernmental revenues are considered susceptible to accrual. Special assessments are recorded as revenues in the year the assessment become current. Annual installments not yet due are reflected as special assessment receivables and deferred revenues. Other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

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

The Northeast Village Center accounts for all the Town funds designated for Northeast Village Center improvements project.

The Capital Improvement Program accounts for the Town capital purchases.

The Town reports the following major enterprise fund:

The marina fund accounts for the activities of the harbor department. The Town operates the harbor collection system and related administrative costs.

Additionally, the Town reports the following fund types:

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

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

The effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and charges between the business-type functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

In the statement of activities, amounts reported as program revenue include 1) charges to customers or applicants for goods, services, fines and forfeitures, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the government's internal service funds are charges to customers for goods and services. Operating expenses include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Position or Fund Equity

1. Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. These investments are not specifically identified with any one fund. Interest is allocated to the individual funds on the basis of average cash balances.

The Town may invest in certificates of deposit, in time deposits, and in any securities in which the state investment officer is authorized to invest pursuant to the Maine Statute 5705 Title 30-A and as provided in the authorized investment guidelines of the Maine Statutes 5711 through 5719 in effect on the date the investment is made.

Investments in the Pension Trust Fund are carried at fair value. Investments in other funds are carried at fair value, except for short-term investments, which are reported at amortized cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair value, based on relevant market information of similar financial instruments. Income from investments held by the individual funds is recorded in the respective funds as it is earned.

2. Receivables

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

Property taxes receivable not expected to be collected within 60 days from year's end are classified as unavailable property tax revenue. At June 30, \$159,328 had been so classified and reported on the general fund balance sheet. Property taxes were levied on July 1 on property values assessed on April 1. Taxes were due on July 1, with interest at 9% beginning September 1. Tax liens are placed on real property within 12 months following the tax commitment date if taxes remain delinquent. Liens were placed on May 29, 2020 for the 2019 commitment. 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. 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.

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Position or Fund Equity (continued)

4. Capital Assets (continued)

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.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-40
Infrastructure	10-50
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 School Department has an item that qualifies as deferred outflows of resources, and it has an item that qualifies as a deferred inflow. Both items are related to pensions. These amounts are considered unavailable and will be recognized as an outflow of resources (expenditure) and an inflow of resources (revenue) 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. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net positions of the Maine Education Association Benefits Trust (MEABT) and Maine Municipal Employees Health Trust (MMEHT) and additions to / deductions from their fiduciary net position have been determined on the same basis as they are reported by MEABT and MMEHT. 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.

8. 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 in the government-wide financial statements is recorded as

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Position or Fund Equity (continued)

8. Compensated Absences

an expense and liability of the fund as the benefits accrue to employees. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulated right to receive sick pay benefits.

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 statement of net position.

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 Mount Desert is in compliance with the above requirements.

10. Fund Balances/Net Position

Fund Balances

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

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

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

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

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Town Manager and Department Managers.

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

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

The Town does not have a formal minimum fund balance policy.

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Position or Fund Equity (continued)

10. Fund Balances/Net Position (continued)

Fund Balances

The Town has identified June 30, 2020 fund balances on the balance sheet as follows:

	General	Northeast	Capital	Other	
	Fund	Village	Improvement	Governmental	
		Center	Program	Funds	Total
<u>Nonspendable</u>					
School Inventory	1,886				1,886
Frank Stanley Principal				4,324	4,324
Cemetery Principal				4,371	4,371
<u>Restricted</u>					
School Department	984,498				984,498
Municipal Revenue Sharing	58,822				58,822
Planning Grant	22,739				22,739
<u>Committed</u>					
Town Reserves	2,573,239				2,573,239
NEH WW Collect System				371,232	371,232
Street Light Project				34,957	34,957
Northeast Village Center		2,570,105			2,570,105
Rte 3 Improvements				75,854	75,854
Otter Creek Landing				7,366	7,366
MD Crosswalks				72,886	72,886
Rte 198 Project				13,402	13,402
Broadband Services				63,185	63,185
NEH Sylvan Neighborhood				146,957	146,957
Rte 198 DOT Phase 2				14,026	14,026
NEH Summit Road Improvements				16,000	16,000
NEH Village Green Irrigation				7,130	7,130
Brookside Road				9,900	9,900
Dodge Point Bait House				156,747	156,747
Steamboat Wharf Rd Wall				26,061	26,061
Capital Imp. Program			2,085,395		2,085,395
<u>Assigned</u>					
Shellfish Fund	15,780				15,780
Encumbrances	119,991				119,991
Frank Stanley Income				2,768	2,768
<u>Unassigned</u>					
General Fund	3,475,645				3,475,645
<u>Total Fund Balance</u>	<u>7,252,600</u>	<u>2,570,105</u>	<u>2,085,395</u>	<u>1,027,166</u>	<u>12,935,266</u>

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Position or Fund Equity (continued)

7. Fund Balances/Net Position (continued)

Net Position

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

Net Investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. If there are significant unspent related debt proceeds at year-end, the portions of the debt attributable to the unspent proceeds are 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 general fund and school department operating fund except the Town does not budget for the revenues and expenditures associated with the employer’s teacher retirement contribution made by the State of Maine on behalf of the town to the Maine State Retirement System; and encumbrances which are considered to be expenditures for budgetary purposes.

Management may transfer appropriations between operating categories as they deem necessary, but expenditures may not legally exceed budgeted appropriations in total. All annual appropriations lapse at fiscal year end to the extent that they have not been encumbered.

State statutes require balanced budgets, but provide for the use of beginning unreserved fund balance to achieve that end. In 2019-2020, \$500,000 of the beginning General Fund fund balance was applied for this purpose.

Reserve funds, once established by the Town Meeting, may be expended with approval of the Board of Selectmen 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 balances and do not constitute expenditures or liabilities because the commitments are carried forward to supplement appropriations of the subsequent year. The General Fund reserve for encumbrances totals \$119,991 at June 30 and is detailed in Exhibit A-2.

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Town's deposit policy for custodial credit risk requires compliance with the provisions of state law. State Statute 5706 require banks to give bond or to pledge government securities (types of which are specifically identified in the Statutes) to the Town Treasurer in the amount of the Town's deposits. The Statutes allow pledged securities to be reduced by the amount of Federal Deposit Insurance Town (FDIC).

One or more of the financial institutions holding the Town's cash accounts are participating in the FDIC Transaction Account Guarantee Program. All time and savings deposits owned by the Town's official custodian are insured up to \$250,000 by the FDIC. Separately, all demand deposits owned by the Town's official custodian are insured up to \$250,000 by the FDIC. Any cash deposits or certificates of deposits in excess of the \$250,000 FDIC limits are covered by collateral held in a Federal Reserve pledge account or by an agent for the Town and thus no custodial risk exists.

At June 30, the carrying amount of the Town's deposits was \$7,248,209 and the bank balance was \$7,554,198. Of the bank balance, \$4,441,464 was covered by federal depository insurance and \$3,112,734 was collateralized through Bar Harbor Bank & Trust and First Advisors.

B. Investments

The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the town's mission, the town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town chooses a narrative format for the fair value disclosures.

The Town categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Town has the following recurring fair value measurements as of June 30, 2020:

- U.S. Treasury securities and common stock of \$7,550,888 are valued using quoted market prices (Level 1 inputs)

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

C. Property Taxes

Property taxes were levied for the fiscal year as follows:

Assessed Value	2,072,281,620	
Tax Rate (per \$1,000)	<u>7.95</u>	
Commitment	<u>16,474,639</u>	
Appropriations	18,177,143	
Less:		
State Municipal Revenue Sharing	30,000	
Homestead Reimbursement	55,948	
BETE Reimbursement	2,126	
Other Revenue	<u>1,614,430</u>	
	<u>1,702,504</u>	
Net Assessment for Commitment	<u>16,474,639</u>	

Uncollected taxes and liens at June 30 for the current year commitment totaled \$114,359. Unpaid liens for remainder of years at June 30 totaled \$52,929.

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

D. Interfund Receivables and Payables

Individual fund interfund receivable and payable balances at June 30, 2020 were as follows:

	<u><i>Interfund Receivable</i></u>	<u><i>Interfund Payable</i></u>
General Fund	186,298	4,135,165
Special Revenue Funds		94,484
Capital Project Funds	3,785,747	533,275
Marina Fund	790,879	
Totals	<u>4,762,924</u>	<u>4,762,924</u>

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. On the Governmental and Fiduciary Fund financial statements, the payables are classified as Due to Other Funds with offsetting receivables on the Governmental and Proprietary Fund financial statements. Of the balances above, the general fund receivable is expected to be repaid over the next year. The general fund payable is expected to be funded through future appropriations with a majority of the balance being paid through the next year's appropriations and funding.

Transfers To/From Other Funds at June 30, 2020, were as follows:

	<u><i>Transfers From</i></u>	<u><i>Transfers To</i></u>
General Fund	112,012	603,102
Capital Projects	642,589	101,519
Marina Fund		49,980
Totals	<u>754,601</u>	<u>754,601</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues in the General fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (3) transfer funds to general fund to cover expenditures voted on per Selectmen.

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<i>Governmental Activities;</i>				
<i>Capital assets not being depreciated</i>				
Land	2,624,097			2,624,097
Construction Work in Progress	1,355,137	1,917,418	(601,455)	2,671,100
<i>Capital assets being depreciated</i>				
Buildings	25,509,288	37,668		25,546,956
Equipment	6,414,711	145,989	(121,988)	6,438,712
Infrastructure	33,672,796	1,040,986		34,713,782
<i>Total capital assets being depreciated</i>	<u>65,596,795</u>	<u>1,224,643</u>	<u>(121,988)</u>	<u>66,699,450</u>
<i>Less accumulated depreciation for</i>				
Buildings	9,130,469	570,088		9,700,557
Equipment	3,623,175	399,828	(116,470)	3,906,533
Infrastructure	17,306,320	951,658		18,257,978
<i>Total accumulated depreciation</i>	<u>30,059,964</u>	<u>1,921,574</u>	<u>(116,470)</u>	<u>31,865,068</u>
<i>Net capital assets being depreciated</i>	<u>35,536,831</u>	<u>(696,931)</u>	<u>(5,518)</u>	<u>34,834,382</u>
<i>Governmental Activities Capital Assets, net</i>	<u>39,516,065</u>	<u>1,220,487</u>	<u>(606,973)</u>	<u>40,129,579</u>

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Capital Assets

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<i>Business-type Activities;</i>				
<i>Capital asset not being depreciated</i>				
Land	103,201			103,201
<i>Capital assets being depreciated</i>				
Marina	3,998,270	48,237	(11,250)	4,035,257
<i>Total capital assets being depreciated</i>	3,998,270	48,237	(11,250)	4,035,257
<i>Less accumulated depreciation for</i>				
Marina	836,534	104,373	(9,000)	931,907
<i>Total accumulated depreciation</i>	836,534	104,373	(9,000)	931,907
<i>Net capital assets being depreciated</i>	3,161,736	(56,136)	(2,250)	3,103,350
<i>Business-type Activities Capital Assets, net</i>	3,264,937	(56,136)	(2,250)	3,206,551

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

Governmental Activities

General Government	54,401
Public Safety	206,567
Public Works	922,751
Education	176,415
Sewer	561,440
Total Depreciation Expense - Governmental Activities	1,921,574

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

F. Capital Leases

The Town is obligated under certain leases accounted for as capital leases. The related obligations are accounted for in Statement of Net position. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30:

<i>Year-ended June 30,</i>	<i>Minimum Lease Payment</i>
2021	33,984
2022	9,009
2023	9,010
2024	9,008
2025	8,382
Total Minimum Lease Payments	69,393
Less: Amount Representing Interest	(5,637)
Present Value of Future Minimum Lease Payments	63,756

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt

The following is a summary of long-term debt transactions of the Town of Mount Desert for the year ended June 30, 2020:

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Reductions</i>	<i>Ending Balance</i>	<i>Due Within One Year</i>
<i>Governmental activities:</i>					
<i>Loans payable:</i>					
2012 Somesville Sidewalk Loan	407,824		(149,899)	257,925	150,000
2013 Municipal Garage Loan	1,411,269		(156,808)	1,254,461	156,808
2016 Capital Improvements Loan	481,385		(71,505)	409,880	71,505
2018 Multi-Projects Loan	1,092,859		(120,260)	972,599	120,726
2018 Multi-Projects Loan	5,108,485		(255,424)	4,853,061	255,424
2018 Street Lights	116,192		(18,808)	97,384	15,000
2019 Crosswalk	428,920			428,920	42,892
2019 Street Sweeper	154,500		(29,020)	125,480	29,921
<i>Bonds payable:</i>					
2002 School Construction Bond	1,190,000		(297,500)	892,500	297,500
2004 Sewer Bond	1,320,000		(220,000)	1,100,000	220,000
2009 Sewer Bond	1,766,665		(353,332)	1,413,333	353,333
2013 WWTP Upgrade Bond	3,469,165		(247,797)	3,221,368	247,798
2018 Clean Water State Revolving Bond	136,307		(6,949)	129,358	7,019
2018 Clean Water State Revolving Bond	999,587		(50,961)	948,626	51,471
Governmental activities long-term obligations	18,083,158	-	(1,978,263)	16,104,895	2,019,397
<i>Marina:</i>					
2011 Marina Project	1,320,000		(110,000)	1,210,000	110,000
Marina long-term obligations	1,320,000	-	(110,000)	1,210,000	110,000

In 2012, the Town issued a loan for the Somesville sidewalk project with Machias Savings Bank. The loan was issued for \$1,500,000, with \$150,000 in annual principal payments. Interest is paid annually at a rate of 2.99%. The balance at June 30, 2020 was \$257,925.

In 2013, the Town issued a loan for the municipal garage with Bar Harbor Bank & Trust. The loan was issued for \$2,352,115, with \$156,808 in annual principal payments. Interest is paid annually at a rate of 2.61%. The balance at June 30, 2020 was \$1,254,461.

In 2016, the Town issued a loan for capital improvements with Bar Harbor Bank & Trust. The loan was issued for \$715,050, with \$71,505 in annual principal payments. Interest is paid annually at a rate of 1.99%. The balance at June 30, 2020 was \$409,880.

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (continued)

In 2018, the Town issued a loan for multiple projects with Bar Harbor Bank & Trust. The loan was issued for \$1,213,119, with variable annual principal payments. Interest is paid annually at a rate of 2.32%. The balance at June 30, 2020 was \$972,599.

In 2018, the Town issued a loan for multiple projects with Bar Harbor Bank & Trust. The loan was issued for \$5,108,485, with \$255,424 in annual principal payments. Interest is paid annually at a rate of 3.42%. The balance at June 30, 2020 was \$4,853,061.

In 2018, the Town issued a loan for street lights with Bar Harbor Bank & Trust. The loan was issued for \$150,000, with \$15,000 in annual principal payments. Interest is paid annually at a rate of 2.52%. The balance at June 30, 2020 was \$97,384.

In 2019, the Town issued a loan for crosswalks with Bar Harbor Bank & Trust. The loan was issued for \$428,920, with \$42,892 in annual principal payments. Interest is paid annually at a rate of 3.17%. The balance at June 30, 2020 was \$428,920.

In 2019, the Town issued a loan for the purchase of a street sweeper with First National Bank. The loan was issued for \$154,500, with variable annual principal payments. Interest is paid annually at a rate of 3.1%. The balance at June 30, 2020 was \$125,480.

In 2002, the Town issued a bond for school construction with Maine Municipal Bond Bank. The bond was issued for \$5,950,000, with \$297,500 in annual principal payments. Interest is paid annually at a rate of 3.05-5.25%. The balance at June 30, 2020 was \$892,500.

In 2004, the Town issued a bond for sewer with Maine Municipal Bond Bank. The bond was issued for \$4,400,000, with \$220,000 in annual principal payments. Interest is paid annually at a rate of 1.33%. The balance at June 30, 2020 was \$1,100,000.

In 2009, the Town issued a bond for sewer with Maine Municipal Bond Bank. The bond was issued for \$5,300,000, with \$353,333 in annual principal payments. Interest is paid annually at a rate of 1.13%. The balance at June 30, 2020 was \$1,413,333.

In 2013, the Town issued a bond for NEH wastewater treatment plant with Maine Municipal Bond Bank. The bond was issued for \$4,955,950, with \$247,798 in annual principal payments. Interest is paid annually at a rate of .324%. The balance at June 30, 2020 was \$3,221,368.

In 2018, the Town issued a bond for clean water state revolving fund with Maine Municipal Bond Bank. The bond was issued for \$150,000, with variable annual principal payments. Interest is paid annually at a rate of 1%. The balance at June 30, 2020 was \$129,358.

In 2018, the Town issued a bond for clean water state revolving fund with Maine Municipal Bond Bank. The bond was issued for \$1,100,000, with variable annual principal payments. Interest is paid annually at a rate of 1%. The balance at June 30, 2020 was \$948,626.

In 2011, the Town issued a loan for the marina capital improvements with Bar Harbor Bank & Trust. The loan was issued for \$2,200,000, with \$110,000 in annual principal payments. Interest is paid annually at a rate of 3.64%. The balance at June 30, 2020 was \$1,210,000.

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (continued)

Debt service requirements (principal and interest) for all long-term obligations at June 30, 2020 are summarized in the table following:

<i>Year Ended June 30,</i>	<i>General Obligation Debt</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Totals</i>
2021	2,019,396	343,247	2,362,643
2022	1,979,089	295,245	2,274,334
2023	1,872,960	247,244	2,120,204
2024	1,577,292	211,502	1,788,794
2025	1,191,952	185,527	1,377,479
2026-2030	3,955,936	636,126	4,592,062
2031-2035	2,350,085	325,691	2,675,776
2036-2039	1,158,185	88,725	1,246,910
Total	16,104,895	2,333,307	18,438,202

<i>Year Ended June 30,</i>	<i>Marina Debt</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Totals</i>
2021	110,000	44,165	154,165
2022	110,000	40,040	150,040
2023	110,000	36,036	146,036
2024	110,000	32,032	142,032
2025	110,000	28,105	138,105
2026-2030	550,000	80,113	630,113
2031	110,000	4,004	114,004
Total	1,210,000	264,495	1,474,495
Totals	17,314,895	2,597,802	19,912,697

3. Overlapping Debt

The Town's proportionate share of debt of all local government units which provide services within the Town's boundaries, and which must be borne by properties in the Town is summarized as follows:

<i>Units</i>	<i>Net debt outstanding June 30, 2020</i>	<i>Percentage applicable to the Town</i>	<i>Town's proportionate share of debt</i>
MDICSD	1,129,300	35.08%	396,158
Hancock County	-	16.50%	-
Totals	1,129,300		396,158

The Town's proportionate share of the above debt is paid through annual assessments by the respective units.

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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.

There are various claims and suits filed against the Town which arise in the normal course of activities. In the opinion of management, the ultimate disposition of these various claims and suits will not have a material effect on the financial position of the Town.

B. Pension Plans

Plan Description

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

The ICMA is a qualified pension plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Town employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

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

Defined Benefit Employee Pension Plan

Plan Description

Qualifying personnel of the Town of Mount Desert participates in the Maine Public Employees Retirement System (System) State Employee and Teacher (SET) Plan and the Participating Local Districts (PLD) Consolidated Retirement Plan. The PLD Consolidated Plan is a multiple-employer cost sharing plan. Eligible employers (districts) are defined in Maine statute. The SET Plan is a multiple-employer cost sharing plan with a special funding situation. The State of Maine is also a non-employer contributing entity for the SET Plan in that the State pays the unfunded actuarial liability on behalf of teachers, while school systems contribute the normal cost, calculated actuarially, for the teacher members.

Each Plan is administered by the Maine Public Employees Retirement System (the System).

Pension Benefits

Benefit terms are established in Maine Statute: in the case of the PLD Consolidated Plan, an advisory group, also established by statute, reviews 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) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten-year requirement was reduced by legislative action to five years for State employees and teachers; separate legislation enacted the same reduced requirement for PLDs). 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

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 – OTHER INFORMATION (Continued)

B. Pension Plans (continued)

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 or 65. 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 and by contract with other participating employers under applicable statutory provisions.

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 and is currently 2.69%.

Member and Employer Contributions

Retirement benefits are funded by contributions from members and employers by earnings from 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 System's Board of Trustees 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, 2020, the SET Plan member contribution rate was 7.65% and the employer contribution rate was 4.16% of applicable member compensation. The employer (School portion) is also responsible for contributing 14.95% of all federally funded member compensation. The State of Maine, as a non-employer contributing entity, pays 14.33% of the applicable member compensation into the System. For the year ended June 30, 2019, the PLD Plan member contribution rate was 8.1% for the Regular AC Plan and 8% for the Special 2C plan. Employer contribution rates were 10% for the Regular AC Plan, and 10.6% for the Special 2C Plan of applicable member compensation.

The required contributions paid for the SET Plan into the System for the year ended June 30, 2020 and the previous two years are as follows:

SET Plan:

<i>For the year ended</i>	<i>Employee</i>	<i>Employer</i>	<i>State of Maine</i>	<i>Applicable</i>	<i>Applicable</i>
<i>June 30,</i>	<i>Contributions</i>	<i>Contributions</i>	<i>Contributions</i>	<i>Member</i>	<i>Member Federal</i>
				<i>Compensation</i>	<i>Compensation</i>
2020	\$ 144,179	\$ 84,137	\$ 264,581	\$ 1,884,698	\$ 38,352
2019	\$ 136,621	\$ 76,090	\$ 192,953	\$ 1,785,889	\$ 44,433
2018	\$ 128,421	\$ 72,225	\$ 180,707	\$ 1,678,709	\$ 47,778

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 – OTHER INFORMATION (Continued)

B. Pension Plans (continued)

The required contributions paid for the PLD Plan into the System for the year ended June 30, 2020 and the previous two years are as follows:

PLD Plan:

<i>For the year ended</i>	<i>Employee</i>	<i>Employer</i>	<i>Applicable</i>
<i>June 30,</i>	<i>Contributions</i>	<i>Contributions</i>	<i>Member</i>
			<i>Compensation</i>
2020	\$ 151,261	\$ 196,302	\$ 1,814,710
2019	\$ 137,574	\$ 175,013	\$ 1,719,671
2018	\$ 136,882	\$ 167,014	\$ 1,711,022

Revenue Recognition

The Schedules of Employer and Non-Employer Entity Allocations for the SET Plan reflect current year employer contributions, adjusted to remove contributions related to employer specific liabilities to the Plan and other adjustments. In addition, to reflect the unique funding arrangement that currently exists within the SET Plan for teachers, total employer and non-employer entity contributions were used as a basis for the allocation, adjusted to remove the normal cost contribution paid by local school districts on behalf of their employees. This leaves contributions toward the unfunded liability of the Plan as the basis of allocation. This method of allocation properly distributes the collective net pension liability among 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.

The Schedule of Employer Allocations for the PLD Plan reflects current year employer contributions, adjusted to remove contributions related to employer specific liabilities to the Plan and employer-paid member contributions.

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

As of June 30, 2020, the Town of Mount Desert reported a net pension liability of \$106,243 for the SET Plan and \$942,944 for the PLD Plan. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by actuarial valuation as of that date. The Town of Mount Desert'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. The School participates under the Town of Mount Desert, Maine's Plan and the School's share is 6% of the total Town proportion for the PLD Plan. At June 30, 2019, the Town of Mount Desert's proportion of contributions were .308490% for the PLD Plan and .003490% for the SET Plan, which was an increase of .008301% for the PLD Plan and decrease of .00042% for the SET Plan from each of its proportions measured at June 30, 2018.

For the fiscal year ended June 30, 2020, The Town of Mount Desert recognized pension expense of \$84,137 for the SET Plan and \$185,633 for the PLD Plan for a total of \$269,770. At June 30, 2019, the Town's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 – OTHER INFORMATION (Continued)

B. Pension Plans (continued)

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Differences between expected and actual experience	115,626	
Changes in Assumption	49,235	
Net Difference between projected and actual earnings on pension plan investments		243,405
Changes in proportion and differences between employer contributions and proportionate share of contributions	45,441	3,917
Employer Contributions made subsequent to measurement date	269,770	
	<u>480,072</u>	<u>247,322</u>

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>
2020	2,302	72,642
2021	(4,472)	(95,868)
2022	(1,623)	(9,872)
2023	84,159	185,482

Special Funding Situation – SET Plan

The State of Maine participates in the SET Plan as a non-employer contributing entity in that the State pays the unfunded actuarial liability associated with the teachers and the local teacher districts pay the normal cost contributions as determined by the actuary.

Actuarial Methods and Assumptions

The collective total pension liability for the Plans was determined by an actuarial valuation as of June 30, 2019, using the following methods and assumptions, applied to all periods included in the measurement:

Actuarial Cost Method

The Entry Age Normal cost method is used to develop costs. Under this cost 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 MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 – OTHER INFORMATION (Continued)

B. Pension Plans (continued)

Asset Valuation Method

The actuarial valuation employs a technique for determining the actuarial value of assets which reduces the impact of short-term volatility in the market value. The specific technique adopted in this valuation recognized in a given year one-third of the investment return that is different from the actuarial assumption for investment return.

Amortization

The net pension liability of the SET Plan is amortized on a level percentage of payrolls over the amortization period then in effect under statutory and constitutional requirements.

The net pension liability of the PLD Consolidated Plan is amortized on a level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gain or loss for that year.

Significant Actuarial Assumptions

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2019 are as follow:

	<u><i>SET Plan</i></u>	<u><i>PLD Plan</i></u>
Investment Rate of Return:	6.75% per annum, compounded annually	6.75% per annum, compounded annually
Inflation Rate	2.75%	2.75%
Rates of Salary Increase	2.75 - 14.50%	2.75% to 9.0%
Cost of Living Benefit:	2.20%	1.91%

Mortality Rates - For active members and non-disabled retirees, 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.

The long-term expected rate of return on pension plan investments were determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2019 are summarized in the following table:

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 – OTHER INFORMATION (Continued)

B. Pension Plans (continued)

			<i>Long-Term</i>		
		<i>Target</i>	<i>Expected Real</i>		
<i>Asset Class</i>		<i>Allocation</i>	<i>Rate of Return</i>		
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 collective total pension liability was 6.75% for each 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, 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 School's proportionate share of the net pension liability calculated using the discount rate of 6.75% for the SET Plan and the PLD Plan as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

SET Plan:	<i>1% Decrease</i> █ (5.75%)	<i>Current Discount</i> Rate (6.75%)	<i>1% Increase</i> █ (7.75%)
Proportionate Share of the Net Pension Liability	\$ 147,578	\$ 106,243	\$ 71,798
 PLD Plan:	 <i>1% Decrease</i> █ (5.75%)	 <i>Current Discount</i> Rate (6.75%)	 <i>1% Increase</i> █ (7.75%)
Proportionate Share of the Net Pension Liability	\$ 2,147,967	\$ 942,944	\$ (184,239)

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 – OTHER INFORMATION (Continued)

B. Pension Plans (continued)

Pension Plan Financial and Actuarial Information

Additional financial and actuarial information with respect to the Plans can be found in the System's 2019 Comprehensive Annual Financial Report available online at www.mainebers.org or contacting the System at (207) 512-3100.

C. 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, 2019, there were 239 employers, including the State of Maine (the State), participating in the plan. The State is also a non-employer contributing entity in that the State pays contributions for retired teachers in the Plan.

The Group Life Insurance Plan for Retired Participating Local District (PLD) Employees (the PLD Consolidated Plan) is a multiple-employer cost sharing plan. As of June 30, 2019, there were 149 employers participating in the plan.

Each Plan is administered by the Maine Public Employees Retirement System (the System).

Other Post-Employment Benefits (OPEB)

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 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.

Revenue Recognition

The Schedule of Employer and Non-Employer Entity Allocations for the SET Plan reflects current year employer and non-employer contributing entity premium contributions to the Plan. The Schedule of Employer Allocations for the PLD Consolidated Plan reflects current year employer premium contributions to the Plan.

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION (Continued)

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

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, 2020, the Town of Mount Desert reported a net liability of \$33,917 for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of that date. The Town of Mount Desert's proportion of the collective net OPEB liability was based on a projection of the Town of Mount Desert's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating PLDs, actuarially determined. At June 30, 2019, the Town of Mount Desert's proportion was .158509% for the PLD Plan, which was an increase of .002338% from its proportion measured at June 30, 2018.

For the fiscal year ended June 30, 2020, the Town of Mount Desert recognized OPEB expense of \$2,522 for the PLD Plan. At June 30, 2020, the Town of Mount Desert'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>
Differences between expected and actual experience	2,162	-
Changes of Assumptions	2,823	4,431
Difference between projected and actual Investment		
Earnings on OPEB Plan Investments	-	1,517
Changes in proportion and differences between employer premiums and proportionate share of premiums	2,995	
	<u>7,980</u>	<u>5,948</u>

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

<i>Year Ended June 30,</i>	<i>PLD Plan</i>
2020	(122)
2021	(122)
2022	195
2023	1,759
2024	322

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION (Continued)

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

Actuarial Method and Assumptions

The collective total OPEB liability for the Plans was determined by an actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019, 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 payrolls over a 30-year period on a closed basis. As of June 30, 2019, there were 18 years remaining in the amortization schedule for the SET Plan and 11 years remaining for the PLD Plan.

The actuarial assumptions used in the June 30, 2018 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, 2018 are as follows:

<i>Significant Actuarial Assumptions</i>	<i>Teachers</i>	<i>PLD</i>
Inflation	2.75%	2.75%
Annual Salary Increases, including inflation	2.75%-14.50%	2.75%-9.00%
Investment Rate of Return	6.75%, 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	

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION (Continued)

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

Mortality Rates - For active members and non-disabled retirees, 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.

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, 2019 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%
	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the collective total OPEB liability was 6.75% for 2019 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 4.98% which is a blend of the assumed long-term expected rate of return of 6.75% and a municipal bond index rate of 3.5%, based on the Bond Buyer GO 20-Year Municipal Bond Index as of June 30, 2019. 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 2050. Therefore, the portion of future projected benefit payments after 2050 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 MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION (Continued)

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

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

The following table shows how the collective net OPEB liability as of June 30, 2019 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate:

PLD Plan:

	<i>1% Decrease</i> ▼ (3.98%)	<i>Current Discount</i> Rate (4.98%)	<i>1% Increase</i> ▼ (5.98%)
Proportionate Share of the Net OPEB Liability	\$ 44,791	\$ 33,917	\$ 25,345

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>Benefits</i>	<i>Net OPEB</i>
	<i>Payments</i>	<i>Expense</i>	<i>Liability</i>
2019	\$5,422	\$5,562	\$58,910

D. Other Postemployment Benefits (OPEB) - Maine Municipal Employees Health Trust postretirement benefit plan

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 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.

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.

NOTE 4 - OTHER INFORMATION (Continued)

D. Other Postemployment Benefits (OPEB) Maine Municipal Employees Health Trust postretirement benefit plan

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 January 1, 2017 will have access to purchase dental coverage at the Plan COBRA rates. Since retirees pay for 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, 2020, the following employees were covered under the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	4
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	42
Average age	46.39
Average service	9.33

Net OPEB Liability

The Town’s net OPEB liability was measured as of January 1, 2020, 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, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.74% per annum.
Salary Increase Rate	2.75% per year
Administration and claims expense	3% per annum.

Trend Assumptions:

Medical Trend assumptions were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 2007, and version 2020_b was used for this valuation. The following assumptions were input into this model:

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION (Continued)

D. Other Postemployment Benefits (OPEB) Maine Municipal Employees Health Trust postretirement benefit plan

Rate of Inflation	2.00%
Rate of Growth in Real Income/GDP per capita 2029+	1.50%
Extra Trend due to Taste/Technology 2029+	1.20%
Expected Health Share of GDP 2029	20.00%
Health Share of GDP Resistance Point	25.00%
Year for Limiting Cost Growth to GDP Growth	2040

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgments of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group. The rate for the extra trend for taste and technology was set above the baseline of 1.1% (to 1.2%) to move closer to the 30-year smoothed average of 1.6%. It was slightly reduced from the 30-year average to reflect the future projections from the Centers for Medicare and Medicaid Services Office of the Actuary (CMS OACT), The Medicare Trustee Report, and CBO Long-Term Budget Outlook.

The trends from 2020-2023 were based on plan design, population weighting, renewal projections, and market analysis. For years 2024-2028, these are interpolated from 2023-2029 (which is the product of inflation, GDP, and extra trend rate assumptions).

Deductibles, Co-payments, and Out-of-Pocket Maximums are assumed to increase at the above trend rates. The ultimate trend reflects an assumed nominal per capita GDP growth.

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 standard age curves which

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION (Continued)

D. Other Postemployment Benefits (OPEB) Maine Municipal Employees Health Trust postretirement benefit plan

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.

There was a change in the discount rate from 4.10% to 2.74% per GASB 75 discount rate selection. In addition, medical and prescription drug trend arrays were updated. Finally, the repeal of the “Cadillac Tax” was reflected in this valuation by removing the previously planned excise tax.

Discount Rate: 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, 2019 is based upon an earlier measurement date, as of December 27, 2018 and is 4.10% per annum. The discount rate as of December 31, 2020 is based upon an earlier measurement date, as of December 26, 2019 and is 2.74% 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.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Plan		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a)-(b)
Balances at 1/1/19	306,424	-	306,424
Changes for the year:			-
Service Cost	15,722		15,722
Interest	13,010		13,010
Changes of benefits	(8,589)		(8,589)
Differences between expected and actual experience	26,733		26,733
Changes of assumptions	62,317		62,317
Contributions - employer		9,734	(9,734)
Contributions - member			-
Net investment income			-
Benefit payments	(9,734)	(9,734)	-
Administrative expense			-
Net Change	99,459	-	99,459
Balances at 1/1/2020	405,883	-	405,883

Sensitivity of the net OPEB liability to changes in the discount rate. Changes in the discount rate affect the measurement of the Total OPEB Liability (TOL). Lower discount rates produce a higher Tol and higher discount rates produce a lower TOL. The table below shows the sensitivity of the Tol to the discount rate.

	<i>1% Decrease (1.74%)</i>	<i>Current Discount Rate (2.74%)</i>	<i>1% Increase (3.74%)</i>
Net OPEB liability (asset)	\$ 472,972	\$ 405,883	\$ 351,785

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION (Continued)

D. Other Postemployment Benefits (OPEB) Maine Municipal Employees Health Trust postretirement benefit plan

A one percent decrease in the discount rate increases the Net OPEB Liability (NOL) by approximately 16.5%. A one percent increase in the discount rate decreases the Net OPEB Liability by approximately 13.3%.

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. Changes in the healthcare trend rate affect the measurement of the TOL. Lower healthcare trend rates produce a lower TOL and higher healthcare trend rates produce a higher TOL. The table below shows the sensitivity of the TOL to the healthcare trend rate:

	<i>1% Decrease</i>	<i>Current Discount</i>	<i>1% Increase</i>
Net OPEB liability (asset)	\$ 347,906	\$ 405,883	\$ 480,560

A one percent decrease in the healthcare trend rates decreases the NOL by approximately 14.3%. A one percent increase in the healthcare trend rate increases the NOL by approximately 18.4%.

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 services 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.

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Differences between expected and actual experience	23,763	6,442
Changes in Assumption	70,884	22,909
Net Difference between projected between projected and actual earnings on pension plan investments		
	94,647	29,351
Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:		
2021	8,129	
2022	8,129	
2023	8,129	
2024	8,129	
2025	8,129	
Thereafter	24,651	

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION (Continued)

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, 2019.

F. Other Postemployment Benefits (OPEB)-AOS #91-Mount Desert-Maine Education Association Benefits Trust (MEABT)

Plan Description

The AOS 91 – Mount Desert-Maine Education Association Benefits Plan is a single employer OPEB plan with a measurement date of June 30, 2019, and an employer reporting date of June 30, 2020, for the 2020 year.

The MEA Benefits Trust (MEABT) was established by the Maine Education Association on *April 10, 1993*, as an employee welfare benefit plan. The MEABT is administered by Trustees, in accordance with its terms for the exclusive benefit of Plan participants and beneficiaries.

The principal asset of the MEABT is a group insurance contract, currently held with Anthem Blue Cross and Blue Shield of Maine, (Anthem), which provides medical, hospital, surgical, prescription coverage and related health benefits to approximately 69,000 individuals in the State of Maine, including active educators, retired educators and related personnel and their dependents.

The Trustees of the MEABT, as part of their duties, while serving on the Trust, help develop the plan design for its participants. The Trust negotiates directly with Anthem to provide these benefits to all active and retired participants.

Benefits Provided:

The MEA Benefits Trust (MEABT) is committed to providing the best health and wellness insurance plans at an affordable rate for the benefits of all Plan participants.

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION (Continued)

F. Other Postemployment Benefits (OPEB)-AOS #91-Mount Desert-Maine Education Association Benefits Trust (MEABT) (continued)

Established in 1993, and headquartered in Augusta, Maine, the MEABT is a not-for-profit, employee welfare benefit plan dedicated to the health of Maine public school employees and their families. An eight-member Board of Trustees – all current or retired public school employees – governs the health insurance plan which provides coverage to approximately 65,000 individuals in the State of Maine, including active teachers, retired teachers, related personnel and their dependents. The plan, which includes medical, pharmacy and wellness benefits, is available to members through bargaining between their local Maine Education Association Union and their employer.

Eligibility:

The employee must have participated in the MEA Benefits Trust Health plan for the 12 months prior to retirement, and have 10 years of continuous active service and enrollment in the health plan (under age 50), or 5 years of continuous active service and enrollment in the health plan (age 50 or above), in order to be eligible for postretirement benefits.

A retiree who terminates coverage may elect to re-enroll in coverage at a later date if the participant participated in the health plan for 12 months prior to terminating coverage, if the re-enrollment occurs within 5 years from the date of termination of coverage, and if the retiree does not surpass attaining age 62 at the time of re-enrollment. The participant has to have maintained continuous health insurance coverage during this break in coverage. To be eligible for re-enrollment, a retiree may not take more than one break in coverage.

Employees Covered by Benefit Terms

Membership Information:

	Active Count	41		
	Active Average Age	48.65		
	Active Average Service	15.84		
<i>Inactive:</i>				
Retirees Under 65	0	Spouses Under 65	0	
Average Age	N/A	Average Age	N/A	
Retirees Over 65	0	Spouses Over 65	0	
Average Age	N/A	Average Age	N/A	
Total Retirees	0	Total Spouses	0	
Total Average Age	N/A	Total Average Age	N/A	

Cost Sharing Provisions

The retiree is eligible for a State subsidy of 45% of the blended single premium for the retiree only. Under State law, the blended premium is determined by blending rates for active members and retired members.

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION (Continued)

F. Other Postemployment Benefits (OPEB)-AOS #91-Mount Desert-Maine Education Association Benefits Trust (MEABT) (continued)

The retiree pays 55% of the blended premium rate for coverage elected. Spouses must contribute 100% of the blended premium amounts. Thus, the total premium is paid for by both the State and the retiree and or spouse. The Maine Education Association Benefits Trust is not responsible for the premium, but instead, the implicit rate subsidy. The implicit rate subsidy is the value of the cost of care minus the premiums charged. Since the premiums are based on the average active and pre-Medicare retirees, the retirees are implicitly paying less than the true cost of coverage, thus an implied subsidy. This is the basis of the liability throughout the report.

Funding Policy

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 June 30, 2018 is 3.87% per annum. The discount rate as of June 30, 2019 is 3.50% per annum. This rate is assumed to be an index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher, for pay as you go plans.

Net OPEB Liability

The School's net OPEB liability was measured as of June 30, 2019, 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 June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Actuarial Cost Method

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. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets. The plan has no assets to apply against the liabilities.

For claim curves, we used actual community rated premiums and census records provided by Maine Education Association Benefits Trust through June 30, 2018. We analyzed participation experience for Medicare eligible (ME) and non-Medicare eligible (NME) (actives and retired covered persons). We assumed that the current enrollment distribution of Benefit Options will remain constant in the future for retirees. We distributed the cost based on the current covered population and Cheiron's 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 distribution as current retirees.

Asset Valuation Method

This actuarial valuation reflects the use of the Entry Age Normal Cost Method

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION (Continued)

F. Other Postemployment Benefits (OPEB)-AOS #91-Mount Desert-Maine Education Association Benefits Trust (MEABT) (continued)

Significant Actuarial Assumptions

Discount Rate:	3.50% per annum
Salary Increases:	For the level percentage of pay entry method, total payroll is assumed to grow at 2.75% per year
Participation Rates for Future Retirees:	Retirement – 70% for member and 10% for spouse Disability – 100% for member and 20% for spouse
Trend Assumptions:	<i>Pre-Medicare:</i> Initial trend of 5.55% applied in FYE grading over 15 years to 3.73% per annum <i>Medicare:</i> Initial trend of 3.72% applied to FYE 2018 grading over 15 years to 2.81% per annum
Rate of Mortality:	Based on 99% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table for both males and females, using the RP-2014 Total Dataset Employee Mortality Table for ages prior to the start of the Healthy Annuitant Mortality Table

Discount Rate

The discount rate used to measure the total OPEB liability was 3.50%.

Changes in Net OPEB Liability

	<i>Increase/(Decrease)</i>		
<i>Total OPEB Liability</i>	<i>Net OPEB Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net OPEB Liability</i>
Service cost	\$ 5,890		\$ 5,890
Interest	\$ 33,824		\$ 33,824
Changes of benefits	\$ -		\$ -
Differences between expected and actual experience	\$ -		\$ -
Changes of assumptions	\$ 47,293		\$ 47,293
Contributions - employer		\$ 40,750	\$ (40,750)
Contributions - member			\$ -
Net investment income			\$ -
Benefit payments	\$ (40,750)	\$ (40,750)	\$ -
Administrative expense	\$ -		\$ -
Net change in total OPEB liability	\$ 46,257	\$ -	\$ 46,257
Net OPEB liability beginning	\$ 888,288	\$ -	\$ 888,288
Net OPEB liability ending	<u>\$ 934,545</u>	<u>\$ -</u>	<u>\$ 934,545</u>

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION (Continued)

F. Other Postemployment Benefits (OPEB)-AOS #91-Mount Desert-Maine Education Association Benefits Trust (MEABT) (continued)

Changes in the discount rate affect the measurement of the Total OPEB Liability (TOL). Lower discount rates produce a higher Total OPEB Liability and higher discount rates produce a lower Total OPEB Liability. The table below shows the sensitivity of the Total OPEB Liability to the discount rate:

	Sensitivity of Net OPEB Liability to Changes in Discount Rate		
	1% Decrease █ (2.50%)	Current Discount Rate (3.50%)	1% Increase █ (4.50%)
Total OPEB Liability	\$ 1,083,140	\$ 934,545	\$ 814,746
Plan Fiduciary Net Position	0	0	0
Net OPEB Liability	<u>\$ 1,083,140</u>	<u>\$ 934,545</u>	<u>\$ 814,746</u>

A 1% decrease in the discount rate increases the Net OPEB Liability by approximately 15.9%. A 1% increase in the discount rate decreases the Net OPEB Liability by approximately 12.8%.

Changes in the healthcare trend rate affect the measurement of the Total OPEB Liability. Lower healthcare trend rates produce a lower Total OPEB Liability and higher healthcare trend rates produce a lower Total OPEB Liability. The table below shows the sensitivity of the Total OPEB Liability to the healthcare trend rate:

	Sensitivity of Net OPEB Liability to Changes in Healthcare Cost Trend Rates		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	\$ 800,630	\$ 934,545	\$ 1,101,037
Plan Fiduciary Net Position	0	0	0
Net OPEB Liability	<u>\$ 800,630</u>	<u>\$ 934,545</u>	<u>\$ 1,101,037</u>

A 1% decrease in the healthcare trend rates decreases the Net OPEB Liability by approximately 14.3%. A 1% increase in the healthcare trend rate increases the Net OPEB Liability by approximately 17.8%.

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

For the year ended June 30, 2020, Mount Desert School Department recognized OPEB expense of \$41,387. At June 30, 2020, Mount Desert School Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION (Continued)

F. Other Postemployment Benefits (OPEB)-AOS #91-Mount Desert-Maine Education Association Benefits Trust (MEABT) (continued)

Schedule of Deferred Inflows and Outflows:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience	\$ -	\$ -
Changes in Assumptions	\$ 39,411	\$ 24,835
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$ -
Total	<u>\$ 39,411</u>	<u>\$ 24,835</u>

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

Year ended June 30,:	
2020	\$ 1,673
2021	\$ 1,673
2022	\$ 1,673
2023	\$ 1,673
2024	\$ 7,883
Thereafter	\$ -

G. Covid-19

The Covid-19 Pandemic has resulted in a substantial global economic shut down. This shut down has resulted in a number of factors that could result in an adverse impact to the AOS. Significant unemployment, disruption of supply chain for goods and services, significant devaluation of investments, business closures and the necessity for social distancing are among the obstacles that the School must manage on a daily and long-term basis. These obstacles may have a significant impact on the School's revenue stream and cash flow. It is expected that the School will have to prioritize expenditures and potentially delay the expenditure of funds on projects that are less essential in nature.

TOWN OF MOUNT DESERT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - UNASSIGNED FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Exhibit J

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
Revenues				
Taxes	17,148,639	17,148,639	17,060,690	(87,949)
Intergovernmental Revenues	202,274	202,274	197,522	(4,752)
Charges for Services	95,750	95,750	126,905	31,155
Miscellaneous	153,020	153,020	181,643	28,623
Total Revenues	17,599,683	17,599,683	17,566,760	(32,923)
Expenditures (Net of Departmental Revenues)				
General Government	1,449,130	1,449,130	1,270,085	179,045
General Assistance & Rural Wastewater Support	197,450	197,450	184,040	13,410
Public Safety	2,118,807	2,118,807	1,969,416	149,391
Public Works	2,631,130	2,631,130	2,535,264	95,866
Sewer	964,656	964,656	872,175	92,481
Community Development	44,000	44,000	6,083	37,917
Debt Service	1,882,596	1,882,596	1,727,631	154,965
All Other	346,628	346,628	343,543	3,085
Education	4,001,467	4,001,467	4,001,467	-
Assessments	3,968,177	3,968,177	3,850,742	117,435
Total Expenditures	17,604,041	17,604,041	16,760,446	843,595
Excess Revenues Over Expenditures	(4,358)	(4,358)	806,314	810,672
Other Financing Sources				
Transfers In	77,460	77,460	79,980	2,520
Transfer Out	(573,102)	(573,102)	(573,102)	-
Total Other Financing Sources	(495,642)	(495,642)	(493,122)	2,520
Net Change in Fund Balance	(500,000)	(500,000)	313,192	813,192
Beginning Unassigned Fund Balances			3,162,453	
Ending Unassigned Fund Balances			3,475,645	

TOWN OF MOUNT DESERT
REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN SCHEDULES - LAST 10 FISCAL YEARS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Exhibit K

Schedule 1 - Proportionate Share of the Net Pension Liability:

	<i>State Employees and Teachers Plan For the Fiscal Year Ended June 30, 2020</i>	<i>State Employees and Teachers Plan For the Fiscal Year Ended June 30, 2019</i>	<i>State Employees and Teachers Plan For the Fiscal Year Ended June 30, 2018</i>	<i>State Employees and Teachers Plan For the Fiscal Year Ended June 30, 2017</i>	<i>State Employees and Teachers Plan For the Fiscal Year Ended June 30, 2016</i>	<i>State Employees and Teachers Plan For the Fiscal Year Ended June 30, 2015</i>
Proportion of net pension liability	0.003490%	0.003910%	0.004650%	0.003594%	0.003850%	0.002799%
Proportionate share of net pension liability	\$51,159	\$52,763	\$67,543	\$63,494	\$51,980	\$30,238
Covered employee payroll	\$1,884,698	\$1,785,889	\$1,184,740	\$1,629,386	\$1,553,544	\$1,454,758
Proportionate share of the net pension liability as a percentage of its covered employee payroll	2.71%	2.95%	5.7011%	3.90%	3.35%	2.08%
Plan Total Pension Liability	\$14,547,222,913	\$14,031,187,845	\$13,484,886,512	\$13,069,954,948	\$12,616,287,054	\$12,320,158,783
Plan Fiduciary Net Position	\$12,035,563,047	\$11,632,179,683	\$10,893,291,864	\$9,960,335,390	\$10,242,097,022	\$10,337,615,927
Plan Net Pension Liability	\$2,511,659,866	\$2,399,008,162	\$2,591,594,648	\$3,109,619,558	\$2,374,190,032	\$1,982,542,856
Plan Fiduciary Net Position as a % Of the Total Pension Liability	82.734%	82.902%	80.781%	76.208%	81.182%	83.908%
Plan Covered Employee Payroll	\$1,924,006,618	\$1,808,274,919	\$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	130.543%	132.668%	139.316%	171.194%	139.727%	118.230%

* Amounts presented for each fiscal year were determined as of June 30 of the prior year. Prior year information is not required. A full year schedule will be displayed as it becomes available.

Schedule 2 - Schedule of School Department Contributions:

	<i>For the Fiscal Year Ended June 30, 2020</i>	<i>For the Fiscal Year Ended June 30, 2019</i>	<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	\$84,137	\$76,090	\$72,225	\$59,274	\$56,675	\$44,723
Contribution in relation to the contractually required contribution	(\$84,137)	(\$76,090)	(\$72,225)	(\$59,274)	(\$56,675)	(\$44,723)
Contribution deficiency	\$0	\$0	\$0	\$0	\$0	\$0
Covered employee payroll	\$1,884,698	\$1,785,889	\$1,184,740	\$1,629,386	\$1,553,544	\$1,454,758
Contributions as a percentage of covered employee payroll	4.46%	4.26%	6.10%	3.64%	3.65%	3.07%

* Amounts presented for each fiscal year were determined as of June 30 of the prior year. Prior year information is not required. A full year schedule will be displayed as it becomes available.

TOWN OF MOUNT DESERT
REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN SCHEDULES - LAST 10 FISCAL YEARS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Exhibit L

Schedule 1 - Proportionate Share of the Net Pension Liability:

	Participating Local Districts Plan					
	<i>For the Fiscal Year Ended June 30, 2020</i>	<i>For the Fiscal Year Ended June 30, 2019</i>	<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	30.849000%	0.300189%	0.281720%	0.281265%	0.269090%	0.255876%
Proportionate share of net pension liability	\$942,944	\$821,549	\$1,153,466	\$1,151,603	\$858,520	\$393,745
Covered employee payroll	\$1,814,710	\$1,719,671	\$1,711,022	\$1,430,147	\$1,278,022	\$1,412,324
Proportionate share of the net pension liability as a percentage of its covered employee payroll	51.96%	47.77%	67.41%	80.52%	67.18%	27.88%
Plan Total Pension Liability	\$3,258,819,605	\$3,089,857,220	\$3,016,660,721	\$2,889,740,634	\$2,720,936,009	\$2,609,657,845
Plan Fiduciary Net Position	\$2,953,156,096	\$2,816,179,855	\$2,607,223,644	\$2,358,409,925	\$2,401,889,308	\$2,455,776,671
Plan Net Pension Liability	\$305,663,509	\$273,677,365	\$409,437,077	\$531,330,709	\$319,046,701	\$153,881,174
Plan Fiduciary Net Position as a % Of the Total Pension Liability	90.620%	91.143%	86.427%	81.613%	88.3%	94.1%
Plan Covered Employee Payroll	\$593,884,355	\$561,126,768	\$542,572,528	\$521,870,235	\$497,616,846	\$460,029,637
Plan Net Pension Liability as a % Of the Covered Employee Payroll	51.469%	48.773%	75.462%	101.813%	64.1149%	33.4503%

* Amounts presented for each fiscal year were determined as of June 30 of the prior year. Prior year information is not required. A full year schedule will be displayed as it becomes available.

TOWN OF MOUNT DESERT
REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN SCHEDULES - LAST 10 FISCAL YEARS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Exhibit L

Schedule 2 - Schedule of School Department Contributions:

	<i>Participating Local Districts Plan For the Fiscal Year Ended June 30, 2020</i>	<i>Participating Local Districts Plan For the Fiscal Year Ended June 30, 2019</i>	<i>Participating Local Districts Plan For the Fiscal Year Ended June 30, 2018</i>	<i>Participating Local Districts Plan For the Fiscal Year Ended June 30, 2017</i>	<i>Participating Local Districts Plan For the Fiscal Year Ended June 30, 2015</i>	<i>Participating Local Districts Plan For the Fiscal Year Ended June 30, 2015</i>
Contractually required contribution	\$269,770	\$175,013	\$167,014	\$135,864	\$113,744	\$109,631
Contribution in relation to the contractually required contribution	(\$269,770)	(\$175,013)	(\$167,014)	(\$135,864)	(\$113,744)	(\$109,631)
Contribution deficiency	\$0	\$0	\$0	\$0	\$0	\$0
Covered employee payroll	\$1,814,710	\$1,719,671	\$1,711,022	\$1,430,147	\$1,278,022	\$1,412,324
Contributions as a percentage of covered employee pay:	14.87%	10.18%	9.76%	9.50%	8.90%	7.76%

* Amounts presented for each fiscal year were determined as of June 30 of the prior year. Prior year information is not required. A full year schedule will be displayed as it becomes available.

TOWN OF MOUNT DESERT
NOTES TO HISTORICAL PENSION INFORMATION
MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2019, 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 valuation employs a technique for determining the actuarial value of assets which reduces the impact of short-term volatility in the market value. 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 of the SET Plan is amortized on a level percentage of payroll over the amortization period then in effect in statutory and constitutional requirements. The net pension liability of the PLD Consolidated Plan is amortized on a level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gain or loss for that year.

D. Significant Actuarial Assumptions

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2019 are as follows:

	<u><i>SET Plan</i></u>	<u><i>PLD Plan</i></u>
Investment Rate of Return:	6.75% per annum, compounded annually	6.75% per annum, compounded annually
Inflation Rate	2.75%	2.75%
Rates of Salary Increase	2.75 - 14.50%	2.75% to 9.0%
Cost of Living Benefit:	2.20%	1.91%

Mortality Rates - For active members and non-disabled retirees, 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.

REQUIRED SUPPLEMENTARY INFORMATION

OTHER POST EMPLOYMENT BENEFITS SCHEDULES (OPEB) MMEHT - LAST 10 FISCAL YEARS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<u>Schedule 1 - Schedule of Changes in Net OPEB Liability and Related Ratios</u>	<i>For the Fiscal Year Ended June 30, 2020</i>	<i>For the Fiscal Year Ended June 30, 2019</i>	<i>For the Fiscal Year Ended June 30, 2018</i>
<u>Total OPEB Liability</u>			
Service Cost (BOY)	\$15,722	\$17,695	\$14,215
Interest (includes interest on service cost)	\$13,010	\$11,327	\$11,156
Changes of benefit terms	(\$8,589)		
Differences between expected and actual experience	\$26,733		(\$9,664)
Changes in assumptions	\$62,317	(\$29,455)	\$23,237
Benefit payments, including refunds of member contributions	(\$9,734)	(\$9,360)	(\$7,223)
Net Change in total OPEB liability	\$99,459	(\$9,793)	\$31,721
Total OPEB liability - beginning	\$306,424	\$316,217	\$284,496
Total OPEB liability - ending	\$405,883	\$306,424	\$316,217
<u>Plan fiduciary net position</u>			
Contributions - employer	\$9,734	\$9,360	\$7,223
Contributions - member			
Net investment income			
Benefit payments, including refunds of member contributions	(\$9,734)	(\$9,360)	(\$7,223)
Administrative expense			
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position - beginning			
Plan fiduciary net position - ending	-	-	-
Net OPEB liability - ending	\$405,883	\$306,424	\$316,217
Plan Fiduciary Net Position as a % Of the Total OPEB Liability	0.000%	0.000%	0.000%
Covered Employee Payroll	\$2,458,296	\$2,169,791	\$2,169,791
Net OPEB Liability as a % Of the Covered Employee Payroll	16.511%	14.122%	14.574%

Schedule 2 - Schedule of Contributions:

	<i>For the Fiscal Year Ended June 30, 2020</i>	<i>For the Fiscal Year Ended June 30, 2019</i>	<i>For the Fiscal Year Ended June 30, 2018</i>
Contractually required contribution	\$9,734	\$9,360	\$7,223
Contribution in relation to the contractually required contribution	(\$9,734)	(\$9,360)	(\$7,223)
Contribution deficiency	\$0	\$0	\$0

* 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 MOUNT DESERT
NOTES TO OTHER POST EMPLOYMENT BENEFIT
LIABILITY AND CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 – Actuarial Methods and Assumptions

The total OPEB liability in the January 1, 2020 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

There was a change in the discount rate from 4.10% to 2.74% per GASB 75 discount rate selection. In addition, medical and prescription drug trend arrays were updated. Finally, the repeal of the “Cadillac Tax” was reflected in this valuation by removing the previously planned excise tax.

Net OPEB Liability

The Town’s net OPEB liability was measured as of January 1, 2020, 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	2.74% per annum.
Salary Increase Rate	2.75% per year
Administration and claims expense	3% per annum.
Retirement Age	65
Healthcare cost trend rates	

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgments of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group. The rate for the extra trend for taste and technology was set above the baseline of 1.1% (to 1.2%) to move closer to the 30-year smoothed average of 1.6%. It was slightly reduced from the 30-year average to reflect the future projections from the Centers for Medicare and Medicaid Services Office of the Actuary (CMS OACT), The Medicare Trustee Report, and CBO Long-Term Budget Outlook.

The trends from 2020-2023 were based on plan design, population weighting, renewal projections, and market analysis. For years 2024-2028, these are interpolated from 2023-2029 (which is the product of inflation, GDP, and extra trend rate assumptions).

Deductibles, Co-payments, and Out-of-Pocket Maximums are assumed to increase at the above trend rates. The ultimate trend reflects an assumed nominal per capita GDP growth.

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 MOUNT DESERT
REQUIRED SUPPLEMENTARY INFORMATION
OPEB SCHEDULES MEA BENEFITS TRUST- LAST 10 FISCAL YEARS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Exhibit N

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

	<i>For the Fiscal Year Ended June 30, 2020</i>	<i>For the Fiscal Year Ended June 30, 2019</i>
<u>Total OPEB Liability</u>		
Service Cost (BOY)	\$5,890	\$6,337
Interest (includes interest on service cost)	\$33,824	\$32,675
Changes of benefits	\$0	\$0
Differences between expected and actual experience	\$0	\$0
Changes in assumptions	\$47,293	(\$37,253)
Benefit payments, including refunds of member contributions	(\$40,750)	(\$39,342)
Net Change in total OPEB liability	\$46,257	(\$37,583)
Total OPEB liability - beginning	\$888,288	\$925,871
Total OPEB liability - ending	\$934,545	\$888,288
<u>Plan fiduciary net position</u>		
Contributions - employer	\$40,750	\$39,342
Contributions - member		
Net investment income		
Benefit payments, including refunds of member contributions	(\$40,750)	(\$39,342)
Administrative expense		
Net change in plan fiduciary net position	-	-
Plan fiduciary net position - beginning		
Plan fiduciary net position - ending	-	-
Net OPEB liability - ending	\$934,545	\$888,288
Plan Fiduciary Net Position as a % Of the Total OPEB Liability	0.000%	0.000%
Covered Employee Payroll	\$1,957,907	\$1,905,506
Net OPEB Liability as a % Of the Covered Employee Payroll	47.732%	46.617%

Schedule 2 - Schedule of Contributions:

	<i>For the Fiscal Year Ended June 30, 2020</i>	<i>For the Fiscal Year Ended June 30, 2019</i>
Contractually required contribution	\$40,750	\$39,342
Contribution in relation to the contractually required contribution	(\$40,750)	(\$39,342)
Contribution deficiency	\$0	\$0

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

TOWN OF MOUNT DESERT
NOTES TO OPEB LIABILITY AND CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 – Actuarial Methods and Assumptions

The total OPEB liability in the June 30, 2019 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 School Department's net OPEB liability was measured as of June 30, 2019, 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	3.50% per annum.
Salary Increase Rate	2.75% per year
Administration and claims expense	Included in per-capita claims cost
Retirement Age	65
Healthcare cost trend rates	

Pre-Medicare Medical: Initial trend of 5.55% applied in FYE 2018 grading over 15 years to 3.73% per annum.

Medicare Medical: Initial trend of 3.72% applied in FYE 2018 grading over 15 years to 2.81% per annum.

Rates of mortality for the different level of participants are described below:

Healthy Annuitants: based on 99% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table for both males and females using the RP-2014 Total Dataset Employee Mortality Table for ages prior to start of the Healthy Annuitant Table, respectively, both projected using the RPEC 2015 model, with an ultimate rate of 0.85% for ages 20-85, grading down to an ultimate rate of 0% for ages 111-120, and convergence to ultimate rate in the year 2020.

Healthy Employees: based on 99% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table for both males and females using the RP-2014 Total Dataset Employee Mortality Table rates after the end of the Total Employee Mortality Table, respectively, both projected using the RPEC 2015 model, with an ultimate rate of 0.85% for ages 20-85, grading down to an ultimate rate of 0% for ages 111-120, and convergence to ultimate rate in the year 2020.

Disabled Annuitants: based on 108% and 105% of the RP-2014 Total Dataset Disabled Annuitant Mortality Table, respectively for both males and females, projected from the 2006 base rates using the RPEC 2015 model, with an ultimate rate of 0.85% for ages 20-85, grading down to an ultimate rate of 0% for ages 111-120, and convergence to ultimate rate in the year 2020.

TOWN OF MOUNT DESERT
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Exhibit A-1
Page 1 of 2

	<i>Estimated</i>	<i>Actual</i>	<i>Over (Under) Budget</i>
Taxes			
Property	16,474,639	16,403,898	(70,741)
Motor Vehicle Excise	620,000	588,174	(31,826)
Boat Excise	29,000	28,064	(936)
Interest on Taxes	25,000	40,554	15,554
	<u>17,148,639</u>	<u>17,060,690</u>	<u>(87,949)</u>
Intergovernmental Revenues			
Acadia National Park - PILT	30,000	32,202	2,202
ANP Otter Creek Treatment Plant	15,000	51,638	36,638
ANP Seal Harbor Sewer	60,000	16,307	(43,693)
State Road Assistance	35,000	37,704	2,704
General Assistance	3,500	1,743	(1,757)
Homestead Reimbursement	55,948	53,710	(2,238)
Tree Growth		1,022	1,022
Veterans Exemption	700	641	(59)
BETE Exemption	2,126	2,158	32
Other State Revenues		397	397
	<u>202,274</u>	<u>197,522</u>	<u>(4,752)</u>
Charges for Services			
Police Department	1,000	690	(310)
Fire Department		2,723	2,723
Sewers	700	715	15
Recycling		575	575
Paid Parking	55,000	56,245	1,245
Planning and Zoning	16,150	47,681	31,531
Licenses and Permits	10,000	9,674	(326)
Town Clerk	12,900	8,602	(4,298)
	<u>95,750</u>	<u>126,905</u>	<u>31,155</u>

TOWN OF MOUNT DESERT
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Exhibit A-1
Page 2 of 2

	<i>Estimated</i>	<i>Actual</i>	<i>Over (Under) Budget</i>
Other Revenue			
Solid Waste Performance Credit	8,500	9,051	551
Payments in Lieu of Taxes	18,500	24,455	5,955
Interest on Investments	120,000	137,689	17,689
Insurance Dividends/Refunds	5,000	5,852	852
SV - EVSE Revenue	20	320	300
Other	1,000	4,276	3,276
	<u>153,020</u>	<u>181,643</u>	<u>28,623</u>
Transfers and Other Sources			
Dog Welfare			-
NEH Marina	47,460	49,980	2,520
Shellfish Conservation			-
Municipal Revenue Sharing	30,000	30,000	-
	<u>77,460</u>	<u>79,980</u>	<u>2,520</u>
	17,677,143	<u>17,646,740</u>	<u>(30,403)</u>
Fund Balance Used to Reduce Tax Rate	<u>500,000</u>		
Total Revenues and Use of Fund Balance	<u>18,177,143</u>		

TOWN OF MOUNT DESERT

GENERAL FUND

STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Exhibit A-2

Page 1 of 2

	<i>Encumbered from 2019</i>	<i>Appropriation</i>	<i>Revenues/ Transfers In</i>	<i>Expenditures</i>	<i>Encumbered to 2021</i>	<i>(Over) Under Budget</i>
General Government						
Board of Selectmen		34,315		18,577		15,738
Town Administration		363,084		350,324		12,760
Town Clerk		118,808		113,983		4,825
Registrar		1,819		1,762		57
Elections		4,941		2,158	1,636	1,147
Planning Board	35,677	48,321		32,681	35,677	15,640
Finance		91,946		89,046	5,000	(2,100)
Treasurer	7,975	139,961		129,014	5,000	13,922
Tax Collector		8,689		15,012		(6,323)
Assessing		117,551		110,907		6,644
Code Enforcement		167,355		135,159		32,196
General Government - Unallocated		115,250		60,928		54,322
Human Resources		5,000		1,579		3,421
Technology	3,700	232,090		208,994		26,796
	47,352	1,449,130		1,270,124	47,313	179,045
General Assistance		5,000		2,490		2,510
Rural Wastewater Support		192,450		181,550		10,900
		197,450		184,040		13,410
Public Safety						
Police Department	4,500	838,057		775,761		66,796
Fire Department		604,461		560,803		43,658
Dispatch		376,039		356,308		19,731
Shellfish	5,639				5,639	-
Street Lights		25,750		7,321		18,429
Animal Control	2,761			1,688	1,073	-
Emergency Management		1,000		223		777
Fire Hydrant Rental		273,500		273,500		-
	12,900	2,118,807		1,975,604	6,712	149,391
Public Works						
Highways	14,494	1,746,147		1,691,966	25,400	43,275
Waste Management		590,628		581,104		9,524
Buildings & Grounds		226,763		216,962		9,801
Environmental Sustainability	5,000	21,500		2,043		24,457
Parks and Cemeteries		46,092		37,283		8,809
	19,494	2,631,130		2,529,358	25,400	95,866

TOWN OF MOUNT DESERT
GENERAL FUND
STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Exhibit A-2
Page 2 of 2

	<i>Encumbered from 2019</i>	<i>Appropriation</i>	<i>Revenues/ Transfers In</i>	<i>Expenditures</i>	<i>Encumbered to 2021</i>	<i>(Over) Under Budget</i>
Sewer						
Sewer Operation		630,948		577,990	4,000	48,958
Northeast Harbor Plant		140,750		112,344	4,000	24,406
Somesville Plant		58,000		53,549		4,451
Seal Harbor Plant		104,958		99,618		5,340
Otter Creek Plant		30,000		20,674		9,326
	-	964,656		864,175	8,000	92,481
Sewer Capital						
Pump Station Replacement	46,284			13,718	32,566	-
	46,284	-		13,718	32,566	-
Community Development		44,000		6,083		37,917
Debt Service						
Principal on Bonds/Notes		1,526,235		1,543,453		(17,218)
Interest on Bonds/Notes		356,361		184,178		172,183
		1,882,596		1,727,631		154,965
All Other						
Libraries		33,500		33,500		-
Recreation - Pool Maintenance		5,900		2,815		3,085
Recreation		89,750		89,750		-
Village Organizations		60,500		60,500		-
Social Service Agencies		156,978		156,978		-
		346,628		343,543		3,085
Education						
Elementary School	707,995	4,001,467	775,187	4,498,265	986,384	-
Assessments						
MDI High School		2,921,458		2,885,203		36,255
County Tax		947,341		947,341		-
Overlay		99,378		18,198		81,180
		3,968,177		3,850,742		117,435
Operating Transfers Out						
NEH Promenade						-
Reserves		573,102		573,102		-
		573,102		573,102		-
Totals	834,025	18,177,143	775,187	17,836,385	1,106,375	843,595

TOWN OF MOUNT DESERT

Exhibit A-3

GENERAL FUND

**STATEMENT OF CHANGES IN UNASSIGNED FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Unassigned Fund Balance, July 1	3,162,453	
Unassigned Fund Balance, June 30	<u>3,475,645</u>	
Increase		<u><u>313,192</u></u>

Analysis of Change

Budget Summary		
Revenue Surplus - Exhibit A-1	(30,403)	
Unexpended Balance of		
Appropriations - Exhibit A-2	<u>843,595</u>	
Budget Surplus		<u>813,192</u>
Deductions		
Beginning Fund Balance Used		
to Reduce Tax Rate		<u>(500,000)</u>
Increase		<u><u>313,192</u></u>

TOWN OF MOUNT DESERT
ALL GENERAL RESERVE FUNDS
BALANCE SHEET
JUNE 30, 2020

Exhibit A-4

<i>Assets</i>	<i>Municipal Revenue Sharing</i>	<i>General Reserve Funds</i>	<i>Planning Grant</i>	<i>Employee Retention Credit</i>	<i>Shellfish Fund</i>	<i>Total</i>
Investments		2,585,052				2,585,052
Accounts Receivable		882		4,475		5,357
Due from Other Funds	58,822	11,968	22,739		15,780	109,309
Total Assets	58,822	2,597,902	22,739	4,475	15,780	2,699,718
<i>Liabilities and Fund Balances</i>						
Liabilities						
Accounts Payable		388				388
Due to Other Funds		24,275		4,475		28,750
Total Liabilities	-	24,663	-	4,475	-	29,138
Fund Balances						
Restricted	58,822		22,739			81,561
Committed		2,573,239				2,573,239
Assigned					15,780	15,780
Total Fund Balances	58,822	2,573,239	22,739	-	15,780	2,670,580
 Total Liabilities and Fund Balances	 58,822	 2,597,902	 22,739	 4,475	 15,780	 2,699,718

TOWN OF MOUNT DESERT

Exhibit A-5

ALL GENERAL RESERVES

STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<i>Municipal Revenue Sharing</i>	<i>General Reserve Funds</i>	<i>Planning Grant</i>	<i>Employee Retention Credit</i>	<i>Shellfish Fund</i>	<i>Total</i>
Revenues						
Intergovernmental Revenues	60,073					60,073
Local Sources		203,430		4,475	1,150	209,055
Fair Value Increase (Decrease)		(93,657)				(93,657)
Total Revenues	<u>60,073</u>	<u>109,773</u>	<u>-</u>	<u>4,475</u>	<u>1,150</u>	<u>175,471</u>
Expenditures						
General Government		500		4,475		4,975
Public Safety		194,685				194,685
Debt Service		151,058				151,058
Total Expenditures	<u>-</u>	<u>346,243</u>	<u>-</u>	<u>4,475</u>	<u>-</u>	<u>350,718</u>
Excess of Revenues Over (Under)						
Expenditures	<u>60,073</u>	<u>(236,470)</u>	<u>-</u>	<u>-</u>	<u>1,150</u>	<u>(175,247)</u>
Other Financing Sources (Uses)						
Transfers In		32,032				32,032
Transfers Out	(30,000)					(30,000)
Total Other Financing Sources (Uses)	<u>(30,000)</u>	<u>32,032</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,032</u>
Excess of Revenues and Other						
Financing Sources Over (Under)						
Expenditures and Other Uses	30,073	(204,438)	-	-	1,150	(173,215)
Fund Balance - July 1	<u>28,749</u>	<u>2,777,677</u>	<u>22,739</u>		<u>14,630</u>	<u>2,843,795</u>
Fund Balance - June 30	<u>58,822</u>	<u>2,573,239</u>	<u>22,739</u>	<u>-</u>	<u>15,780</u>	<u>2,670,580</u>

TOWN OF MOUNT DESERT
GENERAL RESERVE FUNDS
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Exhibit A-6

	<i>Balance July 1</i>	<i>Transfers In</i>	<i>Interest</i>	<i>Revenues</i>	<i>Expenditures/ Transfers</i>	<i>Balance June 30</i>
Town Reserve Funds						
Dog Welfare	2,109		128	1,622	(500)	3,359
Police Reserve	105,262	7,377	3,520		(32,507)	83,652
Police Training Reserve	59,517		1,958			61,475
Public Works Parks & Cemeteries Reserve	13	10,000	329			10,342
Revaluation Reserve	176,674	14,655	6,295			197,624
Wastewater Bond Repayment	860,628		24,459		(151,058)	734,029
Sub-Total	1,204,203	32,032	36,689	1,622	(184,065)	1,090,481
General (Fair Value Changes)	1,563,593		(93,657)			1,469,936
Police Reimbursements						
Bar Harbor Police Chief	5,836			94,656	(94,321)	6,171
Police Outside Detail	3,099			11,250	(8,645)	5,704
Police Security Detail						-
Bar Harbor Mutual Aid	946			59,213	(59,212)	947
Sub-Total	9,881	-	-	165,119	(162,178)	12,822
Total	2,777,677	32,032	(56,968)	166,741	(346,243)	2,573,239

TOWN OF MOUNT DESERT
ALL SPECIAL REVENUE FUNDS
BALANCE SHEET
JUNE 30, 2020

Exhibit B-1

<i>Assets</i>	<i>Election Grant</i>	<i>COVID-19 DHHS Grant</i>	<i>COVID-19 FEMA Grant</i>	<i>Total</i>
Accounts Receivable	490	10,271	88,008	98,769
Due from Other Funds				-
Total Assets	490	10,271	88,008	98,769
<i>Liabilities and Fund Balances</i>				
Liabilities				
Accounts Payable			4,285	4,285
Due to Other Funds	490	10,271	83,723	94,484
Total Liabilities	490	10,271	88,008	98,769
Fund Balances				
Restricted				-
Committed				-
Assigned				-
Total Fund Balances	-	-	-	-
Total Liabilities and Fund Balances	490	10,271	88,008	98,769

TOWN OF MOUNT DESERT
ALL SPECIAL REVENUE FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Exhibit B-2

	<i>Election Grant</i>	<i>COVID-19 DHHS Grant</i>	<i>DOJ Bulletproof Vests</i>	<i>COVID-19 FEMA Grant</i>	<i>Totals</i>
Revenues					
Intergovernmental Revenues		10,271	2,033	88,008	100,312
Local Sources	490				490
Total Revenues	490	10,271	2,033	88,008	100,802
Expenditures					
General Government	490	10,271			10,761
Police Department			2,033		2,033
Fire Department				88,008	88,008
Community Development					-
Total Expenditures	490	10,271	2,033	88,008	100,802
Excess of Revenues Over (Under) Expenditures	-	-	-	-	-
Other Financing Sources (Uses)					
Transfer from Other Funds					
Transfer to Other Funds	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures	-	-	-	-	-
Fund Balance - July 1					-
Fund Balance - June 30	-	-	-	-	-

TOWN OF MOUNT DESERT
ALL CAPITAL PROJECT FUNDS
BALANCE SHEET
JUNE 30, 2020

Exhibit C-1
Page 1 of 4

<i>Assets</i>	<i>NEH WW Collect/Convey System</i>	<i>Street Light Project</i>	<i>Northeast Village Center</i>	<i>Rte 3 Improvements</i>	<i>Otter Creek Landing Reconstruction</i>
Investments					
Accounts Receivable				4,231	
Bonds Receivable					
Due from Other Funds	371,232	34,957	2,733,857	71,623	7,366
Total Assets	371,232	34,957	2,733,857	75,854	7,366
 Liabilities and Fund Balances					
Liabilities					
Retainage Payable			58,281		
Accounts Payable			105,471		
Due to Other Funds					
Total Liabilities	-	-	163,752	-	-
Fund Balances					
Committed	371,232	34,957	2,570,105	75,854	7,366
Total Fund Balances	371,232	34,957	2,570,105	75,854	7,366
Total Liabilities and Fund Balances	371,232	34,957	2,733,857	75,854	7,366

TOWN OF MOUNT DESERT
ALL CAPITAL PROJECT FUNDS
BALANCE SHEET
JUNE 30, 2020

Exhibit C-1
Page 2 of 4

<i>Assets</i>	<i>MD Crosswalks</i>	<i>Rte. 198 Project</i>	<i>Broadband Services</i>	<i>Bracy Cove Pump Station Upgrade</i>	<i>NEH Sylvan Neighborhood</i>
Investments					
Accounts Receivable					
Bonds Receivable				351,873	
Due from Other Funds	101,512	13,402	63,185		146,957
Total Assets	101,512	13,402	63,185	351,873	146,957
<i>Liabilities and Fund Balances</i>					
Liabilities					
Retainage Payable	8,419				
Accounts Payable	20,207				
Due to Other Funds				351,873	
Total Liabilities	28,626	-	-	351,873	-
Fund Balances					
Committed	72,886	13,402	63,185		146,957
Total Fund Balances	72,886	13,402	63,185	-	146,957
Total Liabilities and Fund Balances	101,512	13,402	63,185	351,873	146,957

TOWN OF MOUNT DESERT
ALL CAPITAL PROJECT FUNDS
BALANCE SHEET
JUNE 30, 2020

Exhibit C-1
Page 3 of 4

<i>Assets</i>	<i>RTE 198 DOT Phase 2</i>	<i>NEH Summit Road Improvement</i>	<i>NEH Village Green Irrigation</i>	<i>Brookside Road Project</i>
Investments				
Accounts Receivable	8,451			
Bonds Receivable				
Due from Other Funds	22,282	16,000	7,130	9,900
Total Assets	30,733	16,000	7,130	9,900
 <i>Liabilities and Fund Balances</i>				
Liabilities				
Retainage Payable	16,075			
Accounts Payable	632			
Due to Other Funds				
Total Liabilities	16,707	-	-	-
Fund Balances				
Committed	14,026	16,000	7,130	9,900
Total Fund Balances	14,026	16,000	7,130	9,900
Total Liabilities and Fund Balances	30,733	16,000	7,130	9,900

TOWN OF MOUNT DESERT
ALL CAPITAL PROJECT FUNDS
BALANCE SHEET
JUNE 30, 2020

Exhibit C-1
Page 4 of 4

<i>Assets</i>	<i>WWTP Upgrades</i>	<i>Dodge Point Bait House</i>	<i>Steamboat Wharf Rd Wall</i>	<i>Capital Improvement Program</i>	<i>Total</i>
Investments				2,235,783	2,235,783
Accounts Receivable					12,682
Bonds Receivable	52,831				404,704
Due from Other Funds		156,747	29,597		3,785,747
Total Assets	52,831	156,747	29,597	2,235,783	6,438,916
 <i>Liabilities and Fund Balances</i>					
Liabilities					
Retainage Payable			2,524		85,299
Accounts Payable			1,012	21,817	149,139
Due to Other Funds	52,831			128,571	533,275
Total Liabilities	52,831	-	3,536	150,388	767,713
Fund Balances					
Committed		156,747	26,061	2,085,395	5,671,203
Total Fund Balances	-	156,747	26,061	2,085,395	5,671,203
Total Liabilities and Fund Balances	52,831	156,747	29,597	2,235,783	6,438,916

TOWN OF MOUNT DESERT
ALL CAPITAL PROJECT FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Exhibit C-2
Page 1 of 4

	NEH WW Collect/Convey System	Street Light Project	Northeast Village Center	Rte 3 Improvements	NEH Fire Station
Revenues					
Intergovernmental				40,363	
Local Sources			242,316	1,500	
Interest Income					
Total Revenues	-	-	242,316	41,863	-
Expenditures					
General Government					
Public Safety					
Public Works Department					
Sewer					
Construction			1,002,218		
Engineering	36,047		284,588	78,491	15,060
Debt					
Miscellaneous		9,651	435		
Total Expenditures	36,047	9,651	1,287,241	78,491	15,060
Excess of Revenues Over (Under) Expenditures	(36,047)	(9,651)	(1,044,925)	(36,628)	(15,060)
Other Financing Sources (Uses)					
Bond Proceeds					
Transfer from Other Funds					15,060
Transfer to Other Funds					
	-	-	-	-	15,060
Excess of Revenues and Other Sources Over (Under) Expenditures	(36,047)	(9,651)	(1,044,925)	(36,628)	-
Fund Balance - July 1	407,279	44,608	3,615,030	112,482	
Fund Balance - June 30	371,232	34,957	2,570,105	75,854	-

TOWN OF MOUNT DESERT
ALL CAPITAL PROJECT FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Exhibit C-2
Page 2 of 4

	<i>Otter Creek Landing Reconstruction</i>	<i>MD Crosswalks</i>	<i>Rte. 198 Project</i>	<i>Broadband Services</i>	<i>NEH Sylvan Neighborhood</i>
Revenues					
Intergovernmental					
Local Sources					
Interest Income					
Total Revenues	-	-	-	-	-
Expenditures					
General Government					
Public Safety					
Public Works Department					
Sewer					
Construction		420,993		190,950	
Engineering		21,500			
Debt					
Miscellaneous				1,250	
Total Expenditures	-	442,493	-	192,200	-
Excess of Revenues Over (Under) Expenditures	-	(442,493)	-	(192,200)	-
Other Financing Sources (Uses)					
Bond Proceeds					
Transfer from Other Funds		86,459			
Transfer to Other Funds					
	-	86,459	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures	-	(356,034)	-	(192,200)	-
Fund Balance - July 1	7,366	428,920	13,402	255,385	146,957
Fund Balance - June 30	7,366	72,886	13,402	63,185	146,957

TOWN OF MOUNT DESERT
ALL CAPITAL PROJECT FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Exhibit C-2
Page 3 of 4

	RTE 198 DOT Phase 2	MD Crosswalks Phase 1	NEH Summit Road Improvement	Brookside Road Project	NEH Village Green Irrigation
Revenues					
Intergovernmental	437,482				
Local Sources					
Interest Income					
Total Revenues	<u>437,482</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures					
General Government					
Public Safety					
Public Works Department					
Sewer					
Construction	803,744				
Engineering	58,201		6,025		
Debt					
Miscellaneous	13,018				
Total Expenditures	<u>874,963</u>	<u>-</u>	<u>6,025</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>(437,481)</u>	<u>-</u>	<u>(6,025)</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)					
Bond Proceeds					
Transfer from Other Funds					
Transfer to Other Funds		(86,459)			
	<u>-</u>	<u>(86,459)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures	<u>(437,481)</u>	<u>(86,459)</u>	<u>(6,025)</u>	<u>-</u>	<u>-</u>
Fund Balance - July 1	<u>451,507</u>	<u>86,459</u>	<u>22,025</u>	<u>9,900</u>	<u>7,130</u>
Fund Balance - June 30	<u>14,026</u>	<u>-</u>	<u>16,000</u>	<u>9,900</u>	<u>7,130</u>

TOWN OF MOUNT DESERT
ALL CAPITAL PROJECT FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Exhibit C-2
Page 4 of 4

	<i>Municipal Garage</i>	<i>Dodge Point Bait House</i>	<i>Steamboat Wharf Rd Wall</i>	<i>Capital Improvement Program</i>	<i>Total</i>
Revenues					
Intergovernmental					477,845
Local Sources				-	243,816
Interest Income				71,353	71,353
Total Revenues	-	-	-	71,353	793,014
Expenditures					
General Government				10,000	10,000
Public Safety				165,235	165,235
Public Works Department				66,764	66,764
Sewer				21,817	21,817
Construction			126,190		2,544,095
Engineering		10,200	7,749		517,861
Debt					-
Miscellaneous	3,700	1,473			29,527
Total Expenditures	3,700	11,673	133,939	263,816	3,355,299
Excess of Revenues Over (Under) Expenditures	(3,700)	(11,673)	(133,939)	(192,463)	(2,562,285)
Other Financing Sources (Uses)					
Bond Proceeds					-
Transfer from Other Funds				541,070	642,589
Transfer to Other Funds				(15,060)	(101,519)
	-	-	-	526,010	541,070
Excess of Revenues and Other Sources Over (Under) Expenditures	(3,700)	(11,673)	(133,939)	333,547	(2,021,215)
Fund Balance - July 1	3,700	168,420	160,000	1,751,848	7,692,418
Fund Balance - June 30	-	156,747	26,061	2,085,395	5,671,203

TOWN OF MOUNT DESERT
CAPITAL IMPROVEMENT FUNDS
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Exhibit C-3

	<i>Balance</i> <i>July 1</i>	<i>Transfers</i> <i>In</i>	<i>Interest</i>	<i>Revenues</i>	<i>Expenditures</i>	<i>Transfers</i> <i>Out</i>	<i>Balance</i> <i>June 30</i>
Capital Improvement Funds - General							
Assessment Capital Reserve	5,755		189				5,944
Assessor Aerial Photo Reserve	8,888	1,413	294		(10,000)		595
Bait House	5,229	1,500	221				6,950
CEO Work Truck	17,526	2,581	662				20,769
Clerk's Capital Improvement	11,709	10,386	727				22,822
Communications Cap. Imp.	137,252	10,741	4,869				152,862
Fire Equipment/Engine	404,391	233,107	19,284		(57,630)		599,152
Fire Pond and Dry Hydrant	48,560		1,598				50,158
Fire Station Building	133,945	40,842	4,035		(107,605)	(15,060)	56,157
Land Acquisition	261,945		8,619				270,564
Public Works Buildings & Grounds Reserve	7	10,000	329				10,336
Public Works Equipment	116,313	110,000	6,808		(66,764)		166,357
Refuse Truck	68,355	40,000	3,564				111,919
Town Office Building	90,030	20,000	3,621				113,651
Town Manger Telephone	13,331	1,500	488				15,319
Town Roads	66,869	50,000	3,846				120,715
Treasurer's Capital Improvement	5,778		190				5,968
Wastewater	327,857		10,788		(21,817)		316,828
Wastewater Work Truck	28,108	9,000	1,221				38,329
Sub-Total - General	1,751,848	541,070	71,353	-	(263,816)	(15,060)	2,085,395
Capital Improvement Funds - Marina							
Bartlett Harbor Moorings/Floats	41,840	4,000	991		(4,159)		42,672
Bartlett Narrows Dock	24,371	3,900	572		(6,122)		22,721
Harbor Boat Reserve	62,979	10,016	1,578				74,573
Marina Equipment Reserve	9,473	1,000	201		(7,865)		2,809
Northeast Harbor Marina	154,219	12,296	3,458		(37,950)		132,023
Northeast Harbor Marina Work Truck	8,827	3,000	256				12,083
Northeast Harbor Moorings/Floats	257,766	29,750	5,860		(4,381)		288,995
Seal Harbor Dock	79,897	5,000	1,813		(10,287)		76,423
Seal Harbor Moorings/Floats	74,443	15,750	1,950				92,143
Sub-Total - Marina	713,815	84,712	16,679	-	(70,764)	-	744,442

TOWN OF MOUNT DESERT
BALANCE SHEET
ALL PERMANENT FUNDS
JUNE 30, 2020

Exhibit D-1

<i>Assets</i>	<i>Frank Stanley Trust</i>	<i>Cemetery Trusts</i>	<i>Total</i>
Investments	7,092	4,448	11,540
Total Assets	7,092	4,448	11,540
<i>Liabilities and Fund Balances</i>			
Liabilities			
Accounts Payable		77	77
Due to Other Funds			-
Total Liabilities	-	77	77
Fund Balances			
Reserved for Endowments	4,324	4,371	8,695
Assigned	2,768		2,768
Total Fund Balances	7,092	4,371	11,463
Total Liabilities and Fund Balances	7,092	4,448	11,540

TOWN OF MOUNT DESERT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL PERMANENT FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Exhibit D-2

	<i>Frank Stanley Trust</i>	<i>Cemetery Trusts</i>	<i>Total</i>
Revenues			
Investment Income	286	227	513
Expenditures			
Scholarships			-
Cemetery Maintenance		98	98
	-	98	98
Excess of Revenues Over Expenditures	286	129	415
Fund Balance - July 1	6,806	4,242	11,048
Fund Balance - June 30	7,092	4,371	11,463

TOWN OF MOUNT DESERT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Total Federal Expenditures</i>
U.S. Department of Education:			
Rural School Achievement Program	84.358		28,181
Passed Through Maine State Department of Education and Cultural Services:			
<i>Special Education Cluster (IDEA):</i>			
Title VI, Part B - Local Entitlement	84.027	013-05A-3046-12	44,955
<i>Sub-total Special Education Cluster (IDEA):</i>			44,955
Passed Through Bar Harbor School Department:			
ESSA Title 1A - Basic Compensatory Education	84.010	013-05A-3057-13	7,219
Total U.S. Department of Education			80,355
U.S. Department of Agriculture:			
Passed Through Maine State Department of Education and Cultural Services:			
Food Distribution	10.560	NONE	6,055
<i>Child Nutrition Cluster:</i>			
National School Lunch Program	10.555	013-05A-7128-05	15,176
Federal Performance Based Lunch	10.555	013-05A-7142-05	1,241
School Breakfast Program	10.556	013-05A-7127-05	4,841
<i>Sub-total Child Nutrition Cluster</i>			21,258
Total U.S. Department of Agriculture			27,313
U.S. Department of Justice			
Passed Through Maine Department of Human Services			
Bullet Proof Vest Grant	16.607		2,033
Total U.S. Department of Justice			2,033
U.S. Department of Homeland Security			
Assistance to Firefighters Grant	97.044		88,008
Total U.S. Department of Homeland Security			88,008
U.S. Department of Treasury			
Passed Through Maine Department of Health and Human Services			
Coronavirus Relief Funds	21.019		10,271
Total U.S. Department of Treasury			10,271
Total			207,980