



Town of Mount Desert
Selectboard
Agenda

Special Meeting – Audit Review

Monday, May 1, 2023

Location: Mellon Room, Northeast Harbor Library, Northeast Harbor; In person only

Per Maine CDC, COVID transmission rate is LOW; masks are not required.

- I. **Call to order at 6:30 p.m.**
Public please hold comments until the Selectboard Chairman opens the agenda items for public comment. When addressing the Board, state your FULL NAME
- II. **New Business**
 - A. Review and approve annual audit report for the fiscal year ended June 30, 2022, prepared by James W. Wadman, C.P.A.
- III. **Other Business**
 - A. *Such other business as may be legally conducted*
- IV. **Adjournment**

The next regularly scheduled meeting is Tuesday, May 2, 2023 Immediately following the Annual Town Meeting, Neighborhood House, Northeast Harbor

James W. Wadman

CERTIFIED PUBLIC ACCOUNTANT

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

Communications with Those Charged with Governance

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, 2022. 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, 2022. 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, 2022. 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 April 2, 2023.

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

TOWN OF MOUNT DESERT, MAINE

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

***FOR THE FISCAL YEAR
ENDED JUNE 30, 2022***

TOWN OF MOUNT DESERT
FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	TABLE OF CONTENTS	PAGE(S)
	INDEPENDENT AUDITOR'S REPORT	1 - 3
	MANAGEMENT'S DISCUSSION AND ANALYSIS	4-10
	BASIC FINANCIAL STATEMENTS	
EXHIBIT	GOVERNMENTAL-WIDE FINANCIAL STATEMENTS	
A	Statement of Net Position	11
B	Statement of Activities	12
	GOVERNMENTAL FUND FINANCIAL STATEMENTS	
C	Balance Sheet - Governmental Funds	13-14
D	Statement of Revenues, Expenditures And Changes in Fund Balances - Governmental Funds	15-16
	PROPRIETARY FUND FINANCIAL STATEMENTS	
E	Statement of Net Position	17
F	Statement of Revenues, Expenses, and Changes in Fund Net Position	18
G	Statement of Cash Flows	19
	NOTES TO THE FINANCIAL STATEMENTS	20-59
	REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS	
H	Statement of Revenues, Expenditures and Changes in Fund Balance - Unassigned Fund Balance	60
I,J	Pension Plan Schedules	61-63
	Notes to Historical Pension Information	64
K	Other Post Employment Benefits (OPEB) Schedules - MMEHT	65-66
	Notes to Other Post Employment Benefits Schedules liability and contributions	67
L	Other Post Employment Benefits Schedules - MEA	68
	Notes to Other Post Employment Benefits Schedules liability and contributions	69
	SUPPLEMENTARY INFORMATION	
	GENERAL FUND	
A-1	Statement of Estimated and Actual Revenues	70-71
A-2	Statement of Appropriations, Expenditures, and Encumbrances	72-73
A-3	Statement of Changes in Unassigned Fund Balance	74
	GENERAL RESERVE FUNDS	
A-4	Balance Sheet	75
A-5	Statement of Revenues, Expenditures and Changes in Fund Balances	76
A-6	Statement of Activity	77
	SPECIAL REVENUE FUNDS	
B-1	Balance Sheet	78

***TOWN OF MOUNT DESERT
FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022***

<i>TABLE OF CONTENTS</i>		<i>PAGE(S)</i>
B-2	Statement of Revenues, Expenditures and Changes in Fund Balances	79
<i>CAPITAL PROJECT FUNDS</i>		
C-1	Balance Sheet	80-82
C-2	Statement of Revenues, Expenditures and Changes in Fund Balances	83-85
C-3	Statement of Activity - Capital Improvement Funds	86
<i>PERMANENT FUNDS</i>		
D-1	Balance Sheet	87
D-2	Statement of Revenues, Expenditures and Changes in Fund Balances	88
<i>SCHEDULES</i>		
	Schedule of Expenditures of Federal Awards	89

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 for the Town of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibility under those standards is further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town, and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and other post-employment benefit disclosure schedules, on pages 4-10, 60, and 61-69 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in

the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Respectfully Submitted,

James W. Wadman, CPA

James W. Wadman, CPA
Ellsworth, Maine
April 2, 2023

TOWN OF MOUNT DESERT, MAINE
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

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, 2022. 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, 2022 by \$41,415,384 (presented as “net position”). Of this amount, \$15,335,376 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 decreased by \$379,078 (a .9 % decrease) for the year ended June 30, 2022. Net position of governmental activities decreased by \$618,241 (a 1.6% decrease), while net position of business-type activities showed an increase of \$239,163 (a 6% increase).

Fund Highlights:

Governmental Funds – Fund Balances – As of the close of the year ended June 30, 2022; the Town's governmental funds reported a combined ending fund balance of \$18,275,928 with \$3,640,150 being general unassigned fund balance. This unassigned fund balance represents approximately 17% of the total general fund expenditures for the year.

Long-term Debt:

The Town's total long-term debt obligations increased by \$5,335,171 for the year ended June 30, 2022. New loans were issued for Somesville fire station for \$1,000,000, for NEH fire station and fiber network for \$5,582,427, other financing for a school bus for \$94,910, and other financing for a multi hogg sidewalk tractor for \$153,900. Additional information on the Town's long-term debt can be found in Note 3G of the notes to the financial statements on pages 35-38 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 11-12 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 13-16 of this report. The basic proprietary fund financial statements can be found on pages 17-19 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 20-59 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 60-68 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

57% 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.

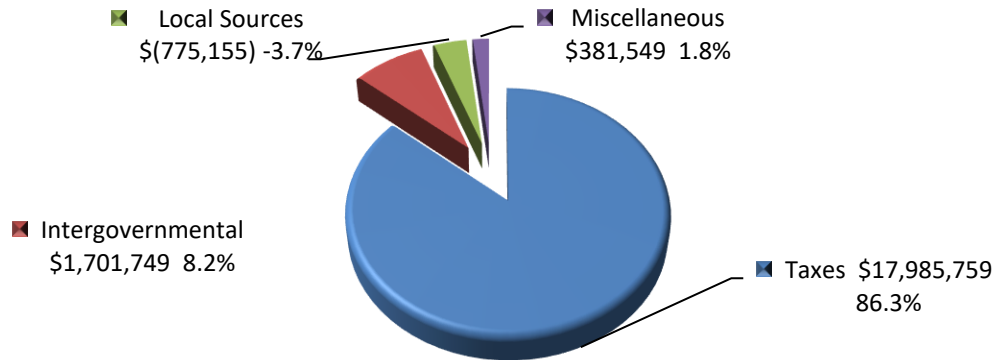
	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>June 30, 2022 Total</i>	<i>June 30, 2021 Total</i>
Current Assets	21,620,251	2,088,999	23,709,250	18,466,490
Capital Assets	40,552,253	3,061,650	43,613,903	42,607,482
Total Assets	62,172,504	5,150,649	67,323,153	61,073,972
Total Deferred Outflows of Resources	575,762		575,762	649,950
Total Assets and Deferred Outflows of Resources	62,748,266	5,150,649	67,898,915	61,723,922
Current Liabilities	5,340,517	174,099	5,514,616	4,378,492
Other Liabilities	18,471,472	880,000	19,351,472	15,339,480
Total Liabilities	23,811,989	1,054,099	24,866,088	19,717,972
Total Deferred Inflows of Resources	1,617,443		1,617,443	211,488
Net Investment in Capital Assets	21,524,520	2,071,650	23,596,170	27,888,515
Restricted	1,617,186	866,652	2,483,838	2,193,870
Unrestricted	14,177,128	1,158,248	15,335,376	11,712,077
Total Net Position	37,318,834	4,096,550	41,415,384	41,794,462
Total Liabilities, Deferred Inflows, and Net Position	62,748,266	5,150,649	67,898,915	61,723,922

Changes in Net Position

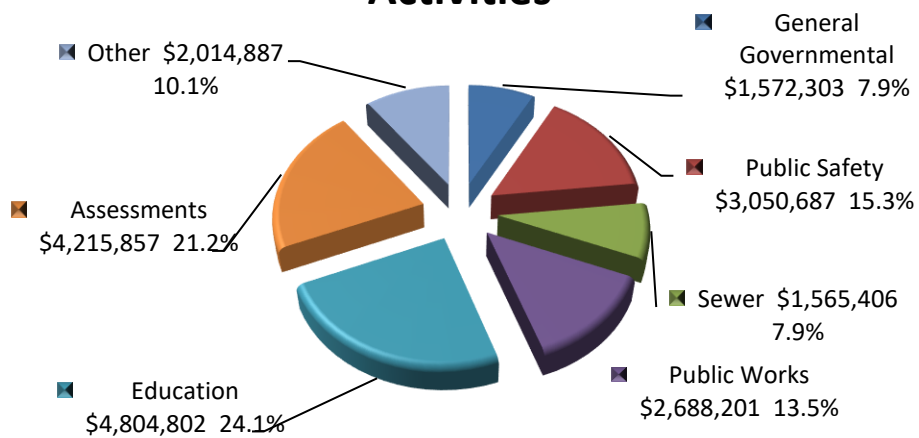
Approximately 93% of the Town's total revenue came from property and excise taxes, approximately 9% came from State subsidies and grants, and approximately -2% came from services, investment earnings and other sources. Depreciation expense on the Town's governmental and business-type activity assets represents \$2,134,836 of the total expenses for the fiscal year.

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>June 30, 2022 Total</i>	<i>June 30, 2021 Total</i>
<i>Revenues:</i>				
Taxes	17,985,759		17,985,759	17,332,086
Intergovernmental Revenues	1,701,749		1,701,749	1,831,465
Local Sources	360,537	1,057,941	1,418,478	1,451,488
Fair Value Increase (Decrease)	(1,135,692)		(1,135,692)	1,241,419
Transfers In / Out	52,605	(52,605)	-	-
Miscellaneous	328,944		328,944	120,861
<i>Total</i>	19,293,902	1,005,336	20,299,238	21,977,319
<i>Expenses:</i>				
General Government	1,572,303		1,572,303	1,581,541
General Assistance	594		594	801
Rural Wastewater Support	182,465		182,465	184,292
Street Lights	7,063		7,063	5,818
Public Safety	3,050,688		3,050,688	2,178,617
Public Works	2,688,201		2,688,201	3,120,424
Sewer	1,565,406		1,565,406	1,111,272
Marine Dept.		766,173	766,173	643,562
Community Development	12,300		12,300	6,000
Debt Service	889,777		889,777	271,902
Other	337,805		337,805	305,158
Assessments	4,804,802		4,804,802	4,019,887
Education Programs	4,215,857		4,215,857	4,663,936
Capital Outlay	584,882		584,882	272,017
<i>Total</i>	19,912,143	766,173	20,678,316	18,365,227
<i>Changes in Net Position</i>	(618,241)	239,163	(379,078)	3,612,092

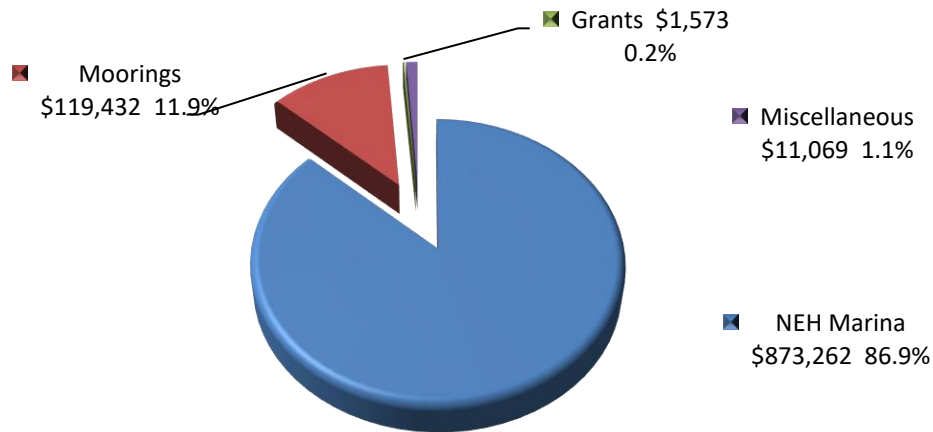
Revenues By Source - Governmental Activities



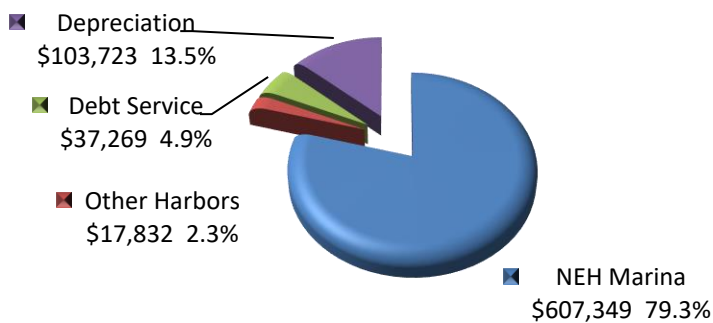
Expenditures By Source - Governmental Activities



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 \$18,275,928, an increase of \$3,782,729 in comparison with the prior year. Approximately 20 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:

- \$238,603 positive variance in NEH Marina revenues. The variance is attributed to the unprecedented uptick in boating caused by Covid-19. The marina slip rentals were at levels we have never seen before.
- \$103,723 negative variance in Marina depreciation. Depreciation expense exceeded budgeted expectations as depreciation expense has not historically been budgeted for. Instead, depreciation has historically been tracked and recognized through the audit process.
- \$44,587 positive variance in motor vehicle excise. The variance is caused by the budgeted amount being a good-faith estimate that cannot completely anticipate the fluctuations in conditions beyond the Town's control (i.e.; number of cars being purchased/sold, types of cars being purchased/kept, etc.).
- \$28,172 positive variance in planning and zoning. The variance was caused primarily by building permit collections exceeding budgeted expectations by \$20,028 and plumbing permit collections exceeding budgeted expectations by \$8,190. Good-faith estimates cannot completely account for fluctuations in demand for these services.
- \$21,956 positive variance in planning board expense. The positive variance was caused primarily due to budgeted expectations for planning board stipends exceeding actual incurred by \$6,955 and budgeted expectations for planning board legal expenses exceeding actual incurred by \$13,200.
- \$33,001 positive variance in code enforcement. The positive variance was caused primarily due to budgeted expectations exceeding actual expense incurred for deputy code enforcement officer expense by \$7,000, code enforcement legal expense by \$9,005, planning consultant expense by \$5,338, and other various expense types.
- \$18,687 positive variance in street lights. The positive variance was primarily due to the good-faith estimate of anticipated electricity cost for street light operation exceeding actual incurred by \$18,750.
- \$19,260 positive variance in police department. The variance is primarily caused by police sharing agreement with Bar Harbor, which reduces police chief expense to Mount Desert, and budgeted expectations for part-time seasonal workers exceeding actual incurred.
- \$23,292 positive variance in dispatch. The positive variance was primarily caused by budgeted expectations exceeding actual incurred for dispatcher wages by \$11,514, health insurance expense by \$16,411, and maintenance and repairs expense by \$7,232.
- \$47,001 negative variance in waste management. The negative variance was primarily caused by actual expenses incurred exceeding budgeted expectations for tipping fees by \$49,777 due to the following factors:
 - The increase in volume of trash, bulky waste, metals, construction demolition debris, waste wood, green wood, etc. that was delivered to the EMR transfer station in Southwest Harbor where the total costs exceeded the budgeted amount of \$230,000 by \$28,987 for a total cost of \$258,987 and
 - The resultant increase in volume of trash being delivered to the PERC facility when it was operational or to the Juniper Ridge Landfill in Old Town when PERC was closed due to unforeseen maintenance, tipping floor fires, inability to handle the volume of trash being delivered to them, where the total costs exceeded the budgeted amount of \$132,500 by \$20,790 for a total costs of \$153,290 with both sites being used due to the waste processing facility in Hampden having been closed since May 2020 due to poor management and lack of funds to make improvements.
- \$40,966 positive variance in sewer operations. The positive variance was primarily caused by budgeted expectations for sludge disposal expense exceeding actual incurred by \$39,223.
- \$44,718 positive variance in overlay. For the 2021-2022 tax commitment, a .31% overlay was appropriated in the amount of \$53,810. 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, 2020, in an aggregate amount not to exceed the property tax commitment overlay". During FY 2021-2022, there were 3 abatements granted by the assessor, totaling \$9,092.33, leaving the remaining balance of overlay largely unspent for the 2021-2022 f.y.

CAPITAL ASSET ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental and business-like activities amounts to \$80,354,161, net of accumulated depreciation of \$36,854,325, leaving a net book value of \$43,499,836. Current additions include \$2,189,808 in construction work in progress, \$22,425 for a boiler at Somesville wastewater treatment plant, \$13,328 for a fire porta count fit tester, \$79,820 for a dispatch console, \$7,142 for a kiosk for paid parking, \$8,485 for a tire changer machine, \$48,946 for a sewer GMC truck, \$4,892 for Brookside road project guardrails, \$409,984 for paving, \$480,493 for MD crosswalks, \$143,739 for Steamboat Wharf rd. wall project, \$11,868 for marina power pedestals, and \$20,390 for marina construction work in progress. 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, 2022

Exhibit A

	Governmental Activities	Business-Type Activities	Total
Assets			
<u>Current assets:</u>			
Cash and Equivalents	13,626,600		13,626,600
Investments	7,404,674	907,843	8,312,517
Taxes and Liens Receivables	72,799		72,799
Bonds Receivables	89,628		89,628
Accounts Receivable	322,587		322,587
Right to use leased asset, net of accumulated amortization	57,026		57,026
Lease Receivable, current	42,746		42,746
Internal Balances		1,181,156	1,181,156
Inventory	4,191		4,191
<u>Non-current assets:</u>			
Lease Receivable, non-current	46,091		46,091
Net Pension Asset	67,976		67,976
Capital Assets:			
Land	2,624,097		2,624,097
Construction Work in Progress	4,862,744		4,862,744
Other Capital Assets, Net of Depreciation	32,951,345	3,061,650	36,012,995
Total Assets	62,172,504	5,150,649	67,323,153
Deferred Outflows of Resources:			
Related to Pensions	412,475		412,475
Related to Other Post Employment Benefits	163,287		163,287
Total Deferred Outflow of Resources	575,762	-	575,762
Total Assets and Deferred Outflows of Resources	62,748,266	5,150,649	67,898,915
Liabilities			
<u>Current Liabilities:</u>			
Accounts Payable	1,292,176	25,489	1,317,665
Retainage Payable	162,564		162,564
Accrued Interest Payable		27,842	27,842
Accrued Salaries Payable	437,077		437,077
Internal Balances	1,181,156		1,181,156
<u>Long-term Liabilities:</u>			
Accrued Compensated Absences	377,343	10,768	388,111
Net Other Post Employment Benefits Liability	1,390,981		1,390,981
Lease Liability - due within one year	14,755		14,755
Lease Liability - due in more than one year	31,038		31,038
Due Within One Year	2,252,789	110,000	2,362,789
Due in More Than One Year	16,672,110	880,000	17,552,110
Total Liabilities	23,811,989	1,054,099	24,866,088
Deferred Inflows of Resources:			
Property Taxes Collected in Advance	68,526		68,526
Leases	88,421		88,421
Related to Pensions	1,372,422		1,372,422
Related to Other Post Employment Benefits	88,074		88,074
Total Deferred Inflows of Resources	1,617,443	-	1,617,443
Net Position			
Net Investment in Capital Assets	21,524,520	2,071,650	23,596,170
Restricted	1,617,186	866,652	2,483,838
Unrestricted	14,177,128	1,158,248	15,335,376
Total Net Position	37,318,834	4,096,550	41,415,384
Total Liabilities, Deferred Inflows of Resources, and Net Position	62,748,266	5,150,649	67,898,915

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, 2022**

Exhibit B

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Fees, Fines, and Charges for Services	Operating Grants	Governmental Activities	Business-type Activities	Total
<u>Functions/Programs</u>						
<u>Primary Government</u>						
<u>Governmental Activities</u>						
General Government	1,572,304	138,425		(1,433,879)		(1,433,879)
General Assistance	594			(594)		(594)
Rural Wastewater Support	182,465			(182,465)		(182,465)
Street Lights	7,063			(7,063)		(7,063)
Public Safety	3,050,687	8,147		(3,042,540)		(3,042,540)
Public Works	2,688,201	1,332		(2,686,869)		(2,686,869)
Sewer	1,565,406	1,445		(1,563,961)		(1,563,961)
Community Development	12,300			(12,300)		(12,300)
Debt Service	889,777			(889,777)		(889,777)
Other	337,805			(337,805)		(337,805)
Education	4,804,802	48,356	529,515	(4,226,931)		(4,226,931)
Assessments	4,215,857			(4,215,857)		(4,215,857)
Capital Outlay	584,882			(584,882)		(584,882)
<u>Total Governmental Activities</u>	<u>19,912,143</u>	<u>197,705</u>	<u>529,515</u>	<u>(19,184,923)</u>		<u>(19,184,923)</u>
<u>Business-type Activities</u>						
Marina	766,173	1,040,499	1,573		275,899	275,899
<u>Total Business-type Activities</u>	<u>766,173</u>	<u>1,040,499</u>	<u>1,573</u>		<u>275,899</u>	<u>275,899</u>
<u>Total Primary Government</u>	<u>20,678,316</u>	<u>1,238,204</u>	<u>531,088</u>	<u>(19,184,923)</u>	<u>275,899</u>	<u>(18,909,024)</u>
<u>General Revenues:</u>						
Taxes						
Property				17,290,301		17,290,301
Auto Excise				664,587		664,587
Boat Excise				30,871		30,871
Intergovernmental Revenues				941,932		941,932
Increase (Decrease) in Fair Market Value				(1,135,692)		(1,135,692)
Other Local Sources				722,078	15,869	737,947
Transfers Marina				52,605	(52,605)	-
<u>Total Revenues, Special Items and Transfers</u>				<u>18,566,682</u>	<u>(36,736)</u>	<u>18,529,946</u>
<u>Changes in Net Position</u>						
				(618,241)	239,163	(379,078)
<u>Net Position - Beginning</u>				<u>37,937,075</u>	<u>3,857,387</u>	<u>41,794,462</u>
<u>Net Position - Ending</u>				<u>37,318,834</u>	<u>4,096,550</u>	<u>41,415,384</u>

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

TOWN OF MOUNT DESERT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

Exhibit C
Page 1 of 2

	<i>General</i>	<i>Capital Project Fire</i>	<i>Capital Improvement</i>	<i>Other Governmental</i>	<i>Total Governmental</i>
<i>Assets</i>	<i>Fund</i>	<i>Station</i>	<i>Program</i>	<i>Funds</i>	<i>Funds</i>
Cash and Equivalents	8,125,307	5,045,965		455,328	13,626,600
Investments	4,202,502		3,177,983	24,189	7,404,674
Receivables					
Taxes	5,511				5,511
Tax Liens	67,288				67,288
Bonds				89,628	89,628
Other	307,030			15,557	322,587
Lease	88,837				88,837
Inventory	4,191				4,191
Due from Other Funds	403,099	94,717		3,231,437	3,729,253
Total Assets	13,203,765	5,140,682	3,177,983	3,816,139	25,338,569
Liabilities					
Accounts Payable	650,093	96,232	-	545,851	1,292,176
Retainage Payable	6,487	9,925		146,152	162,564
Accrued Salaries Payable	437,077				437,077
Due to Other Funds	4,507,811		401,966	632	4,910,409
Total Liabilities	5,601,468	106,157	401,966	692,635	6,802,226
Deferred Inflows of Resources:					
Property Taxes Collected in Advance	68,526				68,526
Parking Receipts Collected in Advance	45,020				45,020
Leases	88,421				88,421
Unavailable Property Tax Revenue	58,448				58,448
Total Deferred Inflows of Resources	260,415		-	-	260,415
Fund Balances					
Nonspendable	4,191			19,322	23,513
Restricted	1,440,203			153,470	1,593,673
Committed	2,123,044	5,034,525	2,776,017	2,946,537	12,880,123
Assigned	134,294			4,175	138,469
Unassigned	3,640,150				3,640,150
Total Fund Balances	7,341,882	5,034,525	2,776,017	3,123,504	18,275,928
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	13,203,765	5,140,682	3,177,983	3,816,139	25,338,569

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

TOWN OF MOUNT DESERT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

Exhibit C
Page 2 of 2

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

Total Fund Balance	18,275,928
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$35,764,101	40,438,186
Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated amortization \$19,009	57,026
Deferred outflows of resources related to pension plans	412,475
Deferred outflows of resources related to other post employment benefits	163,287
Deferred inflows of resources related to pension plans	(1,372,422)
Deferred inflows of resources related to other post employment benefits	(88,074)
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds:	
Net Pension (Asset) / Liability	67,976
Net Other Post Employment Benefits Liability	(1,390,981)
Property Taxes Collected in Advance	58,448
Parking Receipts Collected in Advance	45,020
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Bonds and Leases Payable	(18,924,899)
Lease Liability	(45,793)
Accrued Compensated Absences	(377,343)
Net Position of Governmental Activities	<u><u>37,318,834</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, 2022

Exhibit D
Page 1 of 2

	<i>General</i> <i>Fund</i>	<i>Capital Project</i> <i>Fire</i> <i>Station</i>	<i>Capital</i> <i>Improvement</i> <i>Program</i>	<i>Other</i> <i>Governmental</i> <i>Funds</i>	<i>Total</i> <i>Governmental</i> <i>Funds</i>
Revenues					
Taxes	17,964,214				17,964,214
Intergovernmental Revenues	1,478,323			223,426	1,701,749
Local Sources	505,324		128,389	(2,152)	631,561
Fair Value Increase (Decrease)	(1,135,692)				(1,135,692)
Miscellaneous	328,944				328,944
Total Revenues	19,141,113		128,389	221,274	19,490,776
Expenditures					
Current:					
General Government	1,456,488		-	793	1,457,281
General Assistance	594				594
Rural Wastewater Support	182,465				182,465
Street Lights	7,063				7,063
Public Safety	2,642,274		154,332	69,956	2,866,562
Public Works	2,765,090		57,572	78	2,822,740
Sewer	951,071		78,163		1,029,234
Community Development	12,300				12,300
All Other	337,688			117	337,805
Education Programs	5,263,257				5,263,257
Assessments	4,215,857				4,215,857
Debt Service	2,030,101				2,030,101
Capital Outlay		471,854		1,645,966	2,117,820
Total Expenditures	19,864,248	471,854	290,067	1,716,910	22,343,079
Excess of Revenues Over (Under)					
Expenditures	(723,135)	(471,854)	(161,678)	(1,495,636)	(2,852,303)
Other Financing Sources (Uses)					
Bond Proceeds		5,238,427		1,344,000	6,582,427
Transfers from Other Funds	351,834		562,011	186,569	1,100,414
Transfers to Other Funds	(803,833)	(89,973)	(154,003)	-	(1,047,809)
Total Other Financing Sources (Uses)	(451,999)	5,148,454	408,008	1,530,569	6,635,032
Excess of Revenues and Other					
Financing Sources Over					
(Under) Expenditures	(1,175,134)	4,676,600	246,330	34,933	3,782,729
Fund Balance - July 1	8,517,016	357,925	2,529,687	3,088,571	14,493,199
Fund Balance - June 30	7,341,882	5,034,525	2,776,017	3,123,504	18,275,928

(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, 2022

Exhibit D
Page 2 of 2

Net change in fund balances - total governmental funds 3,782,729

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

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

Capital asset purchases capitalized	3,642,621
Capital asset disposals	(647,689)
Right to use leased assets addition	76,036
Amortization expense on leased asset	(19,010)
Depreciation expense	(2,031,113)
	<u>1,020,845</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	21,545
Parking Receipts collected in advance	45,020
	<u>66,565</u>

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	57,945
New capital leases	(219,274)
Lease liabilities principal payments	30,243
Lease liabilities issued	(76,036)
New Bonds	(6,582,427)
General obligation bond principal payments	1,437,824
	<u>(5,351,725)</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:

Pension Plans (Deferred Outflows, Deferred Inflows, Net Pension Asset (Liability))	(65,862)
OPEB Plans (Deferred Outflows, Deferred Inflows, Net OPEB Asset (Liability))	(39,977)
Accrued compensated absences	(30,816)
	<u>(136,655)</u>

Change in net position of governmental activities (618,241)

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

TOWN OF MOUNT DESERT
STATEMENT OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2022

Exhibit E

	<i>Marina Fund</i>
<i>Assets</i>	
<i>Current Assets:</i>	
Investments	907,843
Due from Other Funds	1,181,156
<i>Total Current Assets</i>	2,088,999
<i>Noncurrent Assets:</i>	
Capital Assets, net	3,061,650
<i>Total Noncurrent Assets</i>	3,061,650
<i>Total Assets</i>	5,150,649
<i>Liabilities and Net Position</i>	
<i>Liabilities</i>	
<i>Current Liabilities:</i>	
Accrued Interest Payable	27,842
Accounts Payable	25,489
<i>Long-term Liabilities:</i>	
Due Within One Year	110,000
Due in More Than One Year	880,000
<i>Total Liabilities</i>	1,043,331
<i>Net Position</i>	
Net Investment in Capital Assets	2,071,650
Restricted	866,652
Unassigned	1,169,016
<i>Total Net Position</i>	4,107,318
<i>Total Liabilities and Net Position</i>	5,150,649
Amounts reported for business activities in the Statement of Net Position are different because:	
Total Net Position	4,107,318
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Accrued Compensated Absences	(10,768)
	(10,768)
Net Position of Business Activities	4,096,550

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, 2022

	Marina Fund			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Operating Revenues:				
NEH Marina	634,659	634,659	873,262	238,603
Moorings	107,000	107,000	158,952	51,952
Launch Services	20,000	20,000		(20,000)
Agent Fees	17,000	17,000		(17,000)
Pump Out Grant	2,000	2,000	1,573	(427)
Ticket Booth Fees	2,500	2,500	1,700	(800)
Marina Concessions	9,500	9,500	6,585	(2,915)
Total Operating Revenues:	792,659	792,659	1,042,072	249,413
Operating Expenditures:				
NEH Marina	599,819	599,819	604,622	(4,803)
Seal Harbor Marina	11,250	11,250	13,102	(1,852)
Bartlett Narrows Harbor	4,600	4,600	4,505	95
Somesville Harbor	400	400	225	175
Debt Service	40,040	40,040	37,269	2,771
Depreciation			103,723	(103,723)
Total Operating Expenditures	656,109	656,109	763,446	(107,337)
Net Operating Income	136,550	136,550	278,626	142,076
Non-operating Revenues (Expenses)				
Interest Revenue			15,869	15,869
Total Non-operating Revenues (Expenses)	-	-	15,869	15,869
Net Income (Loss) before contributions and transfers	136,550	136,550	294,495	157,945
Transfer to Other Funds	(136,550)	(136,550)	(52,605)	83,945
Change in Net Position	-	-	241,890	241,890
Total Net Position - Beginning			3,865,428	
Total Net Position - Ending			4,107,318	
Net change in fund balances - total business funds			241,890	
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			(2,727)	
			(2,727)	
Change in net position of business activities			239,163	

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, 2022

Exhibit G

	<i>Marina Fund</i>
<i>Cash Flows from Operating Activities</i>	
Received from Customers	1,040,499
Payments to Suppliers	(267,148)
Payments to Employees	(355,306)
Other Receipts (Payments)	(176,570)
	<hr/>
<i>Net Cash Provided by (Used in) Operating Activities</i>	241,475
	<hr/>
<i>Cash Flows from Capital and Related Financing Activities</i>	
Principal Paid on Capital Debt	(110,000)
	<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	(147,344)
Interest and Dividends	15,869
	<hr/>
<i>Net Cash Provided by (Used in) Investing Activities</i>	(131,475)
	<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)	241,890
Adjustment to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation and Amortization	103,723
(Increase) Decrease in Due from Other Funds	(126,884)
Increase (Decrease) in Accrued Interest Payable	(2,743)
Increase (Decrease) in Accounts Payable	25,489
	<hr/>
<i>Net Cash Provided by (Used in) Operating Activities</i>	241,475
	<hr/> <hr/>

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

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022

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 Capital Project Fund Fire Station accounts for all the Town funds designated for NEH fire station 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, 2022

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, \$68,526 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 6% 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 June 1, 2022 for the 2021 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. Leases Receivable

The Town's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreements, the Town receives set monthly payments from the lessee. The lease payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflows of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

4. Inventories

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

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. 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.

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

6. 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.

7. 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.

8. 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

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. Other Post-Employment Benefits (OPEB) (continued)

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.

9. 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 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.

10. Right to Use Assets

The Town has recorded right to use leased assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

11. 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.

12. 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.

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

12. Fund Balances/Net Position (continued)

Fund Balances

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, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

12. Fund Balances/Net Position (continued)

The Town has identified June 30, 2022 fund balances on the balance sheet as follows:

	<i>General</i>	<i>Capital Project</i>	<i>Capital</i>	<i>Other</i>	
	<i>Fund</i>	<i>Fire</i>	<i>Improvement</i>	<i>Governmental</i>	<i>Total</i>
		<i>Station</i>	<i>Program</i>	<i>Funds</i>	
<u>Nonspendable</u>					
School Inventory	4,191				4,191
Permanent Funds Principal				19,322	19,322
<u>Restricted</u>					
School Department	1,253,331				1,253,331
Municipal Revenue Sharing	164,133				164,133
Planning Grant	22,739				22,739
ARPA Grant				153,470	153,470
<u>Committed</u>					
Town Reserves	2,123,044				2,123,044
NEH WW Collect System				54,566	54,566
Street Light Project				34,957	34,957
Northeast Village Center				1,563,264	1,563,264
Rte 3 Improvements				72,569	72,569
Fire Station		5,034,525			5,034,525
Somesville Fire Station				552,730	552,730
MD Crosswalks				88,186	88,186
Fiber Network 22 ATM				343,745	343,745
Rte 198 DOT Phase 3				186,855	186,855
NEH Summit Road Improvements				16,000	16,000
Dodge Point Bait House				2,596	2,596
Brookside Road				5,008	5,008
Steamboat Wharf Rd Wall				26,061	26,061
Capital Imp. Program			2,776,017		2,776,017
<u>Assigned</u>					
Shellfish Fund	16,000				16,000
Encumbrances	118,294				118,294
Permanent Funds Income				4,175	4,175
<u>Unassigned</u>					
General Fund	3,640,150				3,640,150
<u>Total Fund Balance</u>	<u>7,341,882</u>	<u>5,034,525</u>	<u>2,776,017</u>	<u>3,123,504</u>	<u>18,275,928</u>

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

12. 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 2021-2022, \$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 \$118,294 at June 30 and is detailed in Exhibit A-2.

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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 \$13,626,600 and the bank balance was \$14,119,083. Of the bank balance, \$8,352,614 was covered by federal depository insurance and \$5,766,469 was uncollateralized. The uncollateralized balance was resolved after year-end with a new ICS account opened.

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, 2022:

- U.S. Treasury securities and common stock of \$8,312,517 are valued using quoted market prices (Level 1 inputs)

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

C. Property Taxes

Property taxes were levied for the fiscal year as follows:

Assessed Value	2,090,804,620	
Tax Rate (per \$1,000)	<u>8.25</u>	
Commitment	<u>17,249,138</u>	
Appropriations	18,989,081	
Less:		
State Municipal Revenue Sharing	70,000	
Homestead Reimbursement	78,973	
BETE Reimbursement	2,495	
Other Revenue	<u>1,588,475</u>	
	<u>1,739,943</u>	
Net Assessment for Commitment	<u>17,249,138</u>	

Uncollected taxes and liens at June 30 for the current year commitment totaled \$57,718. Unpaid liens for remainder of years at June 30 totaled \$10,308.

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

D. Interfund Receivables and Payables

Individual fund interfund receivable and payable balances at June 30, 2022 were as follows:

	<u><i>Interfund Receivable</i></u>	<u><i>Interfund Payable</i></u>
General Fund	403,099	4,507,811
Special Revenue Funds	41,887	
Capital Project Funds	3,284,267	401,966
Trust Funds		632
Marina Fund	1,181,156	
Totals	<u><u>4,910,409</u></u>	<u><u>4,910,409</u></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, 2022, were as follows:

	<u><i>Transfers From</i></u>	<u><i>Transfers To</i></u>
General Fund	351,834	803,833
Capital Projects	748,580	243,976
Marina Fund		52,605
Totals	<u><u>1,100,414</u></u>	<u><u>1,100,414</u></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, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Capital Assets

Capital asset activity for the year ended June 30, 2022 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	3,297,168	2,189,808	(624,232)	4,862,744
 <i>Capital assets being depreciated</i>				
Buildings	25,556,916	161,075		25,717,991
Equipment	6,609,662	252,635	(63,863)	6,798,434
Infrastructure	35,159,921	1,039,108		36,199,029
<i>Total capital assets being depreciated</i>	67,326,499	1,452,818	(63,863)	68,715,454
 <i>Less accumulated depreciation for</i>				
Buildings	10,132,621	575,432		10,708,053
Equipment	4,406,728	384,632	(40,403)	4,750,957
Infrastructure	19,234,048	1,071,051		20,305,099
<i>Total accumulated depreciation</i>	33,773,397	2,031,115	(40,403)	35,764,109
<i>Net capital assets being depreciated</i>	33,553,102	(578,297)	(23,460)	32,951,345
<i>Governmental Activities Capital Assets, net</i>	39,474,367	1,611,511	(647,692)	40,438,186

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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
Construction Work in Progress	7,525	20,390		27,915
<i>Capital assets being depreciated</i>				
Marina	4,008,890	11,868		4,020,758
<i>Total capital assets being depreciated</i>	4,008,890	11,868	-	4,020,758
<i>Less accumulated depreciation for</i>				
Marina	986,501	103,723		1,090,224
<i>Total accumulated depreciation</i>	986,501	103,723	-	1,090,224
<i>Net capital assets being depreciated</i>	3,022,389	(91,855)	-	2,930,534
<i>Business-type Activities Capital Assets, net</i>	3,133,115	(71,465)	-	3,061,650

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

Governmental Activities

General Government	54,118
Public Safety	217,469
Public Works	998,266
Education	191,992
Capital Outlay	2,537
Sewer	566,731
Total Depreciation Expense - Governmental Activities	<u>2,031,113</u>

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases Receivable

On 3/15/2004, the Town entered into a lease with the Town of Cranberry Isles. Under the lease, the Town of Cranberry Isles pays the Town \$30,750 annually, adjusted annually, based on the percentage change in the United States Consumer Price Index, for 10 years in exchange for a total of 123 automobile parking spaces together with rights of access and egress thereto. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 2.58%, which such rate is not expressly stated in the lease, but deemed a reasonable rate of return. In fiscal year ending June 30, 2022, the Town recognized \$44,210 of lease revenue and \$2,181 of interest revenue under the lease.

G. Right to Use Leased Assets

The Town has recorded two right to use leased assets. The first asset is a right to use leased asset for copiers. The second is a right to use leased asset for laptops. The related leases are discussed in the leases subsection of the liabilities section of this note. The right to use lease assets are amortized on a straight-line basis over the terms of the related lease.

Right to use asset activity for the Town for the year ended June 30, 2022 is as follows:

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Reductions</i>	<i>Ending Balance</i>
<i>Right to use assets:</i>				
Leased Copiers		29,286		29,286
Leased Laptops	-	46,750	-	46,750
<i>Total Right to use assets</i>	-	76,036	-	76,036
<i>Less Accumulated Amortization for:</i>				
Leased Copiers		7,322		7,322
Leased Laptops	-	11,688	-	11,688
<i>Total accumulated amortization</i>	-	19,010	-	19,010
<i>Right to use assets, net</i>	-	57,026	-	57,026

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

H. Long-Term Liabilities

Long-Term Liability Schedule

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Reductions</i>	<i>Ending Balance</i>	<i>Due Within One Year</i>
<i>Governmental activities:</i>					
General Obligation Bonds	13,585,733	6,582,427	(1,437,824)	18,730,336	1,902,460
Capital Leases	33,234	248,810	(87,481)	194,563	52,829
Compensated Absences	346,527	30,816		377,343	
Lease Liabilities Issued		76,036	(30,243)	45,793	14,755
Net Pension (Asset) Liability	1,256,736		(1,188,760)	67,976	
Net OPEB Liability	1,382,146	8,835		1,390,981	
<i>Governmental Activity Long-Term Liabilities</i>	<u>16,604,376</u>	<u>6,946,924</u>	<u>(2,744,308)</u>	<u>20,806,992</u>	<u>1,970,044</u>
<i>Business-Type Activities:</i>					
General Obligation Bonds	1,100,000		(110,000)	990,000	110,000
<i>Business-Type Activity Long-Term Liabilities</i>	<u>1,100,000</u>	<u>-</u>	<u>(110,000)</u>	<u>990,000</u>	<u>110,000</u>
Total Long-Term Liabilities	<u>17,704,376</u>	<u>6,946,924</u>	<u>(2,854,308)</u>	<u>21,796,992</u>	<u>2,080,044</u>

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

I. 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, 2022:

	<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>					
2013 Municipal Garage Loan	1,097,654		(156,808)	940,846	156,808
2016 Capital Improvements Loan	259,510		(6)	259,504	71,505
2018 Multi-Projects Loan	668,894			668,894	121,193
2018 Multi-Projects Loan	4,195,296		(40)	4,195,256	255,425
2018 Street Lights	59,769			59,769	15,000
2019 Crosswalk	386,028		(42,892)	343,136	42,892
2019 Street Sweeper	95,518		(30,874)	64,644	31,843
2020 Rte 198 #3 Loan	295,000		(29,500)	265,500	29,500
2022 Somesville Fire Station		1,000,000		1,000,000	
2022 NEH Fire Station and Fiber Network		5,582,427		5,582,427	
<i>Bonds payable:</i>					
2002 School Construction Bond	595,000		(297,500)	297,500	297,500
2004 Sewer Bond	880,000		(220,000)	660,000	220,000
2009 Sewer Bond	1,060,000		(353,333)	706,667	353,333
2013 WWTP Upgrade Bond	2,973,570		(247,797)	2,725,773	247,798
2018 Clean Water State Revolving Bond	122,339		(7,089)	115,250	7,159
2018 Clean Water State Revolving Bond	897,155		(51,985)	845,170	52,505
<i>Other Governmental long-term activities:</i>					
2020 KIP Scanner	3,995		(1,065)	2,930	1,124
2022 Bus Lease		94,910	(24,711)	70,199	22,718
2022 Multi Hogg Sidewalk Tractor		153,900	(32,466)	121,434	28,987
Governmental activities long-term obligations	13,589,728	6,831,237	(1,496,066)	18,924,899	1,955,290
<i>Marina:</i>					
2011 Marina Project	1,100,000		(110,000)	990,000	110,000
Business-type activities long-term obligations	1,100,000	-	(110,000)	990,000	110,000

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, 2022 was \$940,846.

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, 2022 was \$259,504.

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

I. 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, 2022 was \$668,894.

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, 2022 was \$4,195,256.

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, 2022 was \$59,769.

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, 2022 was \$343,136.

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, 2022 was \$64,644.

In 2021, the Town issued a loan for the town's share of the Rte #198 phase 3 project with Bar Harbor Bank and Trust. The loan was issued for \$295,000, with \$29,500 in annual principal payments. Interest is paid annually at a rate of 2.09%. The balance at June 30, 2022 was \$265,500.

In 2022, the Town issued a loan for the Somesville Fire station project with Bar Harbor Bank and Trust. The loan was issued for \$1,000,000, with \$50,000 in annual principal payments. Interest is paid annually at a rate of 4.34%. The balance at June 30, 2022 was \$1,000,000.

In 2022, the Town issued a loan for the NEH Fire station and Fiber Network project with Bar Harbor Bank and Trust. The loan was issued for \$5,582,427, with variable annual principal payments. Interest is paid annually at a rate of 4.34%. The balance at June 30, 2022 was \$5,582,427.

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, 2022 was \$297,500.

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, 2022 was \$660,000.

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, 2022 was \$706,667.

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, 2022 was \$2,725,773.

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

I. Long-Term Debt (continued)

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, 2022 was \$115,250.

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, 2022 was \$845,170.

In 2020, the Town entered into a capital lease for the purchase of a Kip scanner with US Bank. The lease was issued for \$5,487 with variable annual principal and interest payments. Interest is paid annually at a rate of 5.47%. The balance at June 30, 2022 was \$2,930.

In 2022, the Town entered into a capital lease for the purchase of a school bus with Gorham Leasing. The lease was issued for \$94,910 with annual principal and interest payments of \$24,803. Interest is paid annually at a rate of 2.97%. The balance at June 30, 2022 was \$70,199.

In 2022, the Town entered into a capital lease for the purchase of a multi-hog sidewalk tractor with Gorham Leasing. The lease was issued for \$153,900 with variable annual principal and interest payment. Interest is paid annually at a rate of 3.089%. The balance at June 30, 2022 was \$121,434.

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, 2022 was \$990,000.

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

I. Long-Term Debt (continued)

Debt service requirements (principal and interest) for all long-term obligations at June 30, 2022 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>
2023	1,955,289	258,763	2,214,052
2024	1,876,889	493,947	2,370,836
2025	1,515,782	455,874	1,971,656
2026	1,254,964	421,997	1,676,961
2027	1,172,877	388,680	1,561,557
2028-2032	4,722,883	1,551,716	6,274,599
2033-2037	3,561,327	969,791	4,531,118
2038-2042	2,408,000	375,699	2,783,699
2043	456,888	19,204	476,092
Total	18,924,899	4,935,671	23,860,570

<i>Year Ended June 30,</i>	<i>Marina Debt</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Totals</i>
2023	110,000	36,036	146,036
2024	110,000	32,032	142,032
2025	110,000	28,105	138,105
2026	110,000	24,024	134,024
2027	110,000	20,020	130,020
2028-2031	440,000	40,073	480,073
Total	990,000	180,290	1,170,290
Totals	19,914,899	5,115,961	25,030,860

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

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, 2022</i>	<i>Percentage applicable to the Town</i>	<i>Town's proportionate share of debt</i>
MDICSD	500,000	35.08%	175,400
Hancock County	-	16.50%	-
Totals	<u>500,000</u>		<u>175,400</u>

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

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.

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 – OTHER INFORMATION (Continued)

B. Pension Plans (continued)

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

SET Benefit terms are established in Maine Statute. The PLD Consolidated Plan has 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 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 .93%.

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, 2022, the SET Plan member contribution rate was 7.65% and the employer contribution rate was 3.84% of applicable member compensation. The employer (School portion) is also responsible for contributing 14.89% of all federally funded member compensation. The State of Maine, as a non-employer

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 – OTHER INFORMATION (Continued)

B. Pension Plans (continued)

contributing entity, pays 14.29% of the applicable member compensation into the System. For the year ended June 30, 2022, the PLD Plan member contribution rate was 7.8% for the Regular AC Plan – Age 60 Plan, and 7.05% Regular AC Plans – Age 65 Plans, and 8.4% for the Special 2C plan. Employer contribution rates were 10.3% for the Regular AC Plan, and 11.3% 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, 2022 and the previous two years are as follows:

SET Plan:

<i>For the year ended June 30,</i>	<i>Employee Contributions</i>	<i>Employer Contributions</i>	<i>State of Maine Contributions</i>	<i>Applicable Member Compensation</i>	<i>Applicable Member Federal Compensation</i>
2022	\$ 159,611	\$ 86,908	\$ 291,634	\$ 2,086,418	\$ 45,595
2021	\$ 154,349	\$ 90,461	\$ 282,874	\$ 2,017,632	\$ 43,636
2020	\$ 144,179	\$ 84,137	\$ 264,581	\$ 1,884,698	\$ 38,352

The required contributions paid for the PLD Plan into the System for the year ended June 30, 2022 and the previous two years are as follows:

PLD Plan:

<i>For the year ended June 30,</i>	<i>Employee Contributions</i>	<i>Employer Contributions</i>	<i>Applicable Member Compensation</i>
2022	\$ 185,701	\$ 320,239	\$ 2,388,531
2021	\$ 156,220	\$ 204,279	\$ 1,984,879
2020	\$ 151,261	\$ 196,302	\$ 1,814,710

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.

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 – OTHER INFORMATION (Continued)

B. Pension Plans (continued)

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

As of June 30, 2022, the Town of Mount Desert reported a net pension liability of \$27,904 for the SET Plan and a net pension asset of \$95,880 for the PLD Plan. The net pension liability was measured as of June 30, 2021, 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 6.6184% of the total Town proportion for the PLD Plan. At June 30, 2021, the Town of Mount Desert's proportion of contributions were .298353% for the PLD Plan and .003299% for the SET Plan, which was a decrease of .05544% for the PLD Plan and increase of .000278% for the SET Plan from each of its proportions measured at June 30, 2020.

For the fiscal year ended June 30, 2022, The Town of Mount Desert recognized pension expense of \$86,907 for the SET Plan and \$233,331 for the PLD Plan for a total of \$294,740. At June 30, 2022, the Town's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Differences between expected and actual experience	62,437	7,087
Changes in Assumption	340,980	
Net Difference between projected and actual earnings on pension plan investments		1,344,896
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,058	20,439
Employer Contributions made subsequent to measurement date	412,475	1,372,422

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>
2022	(1,958)	(150,711)
2023	2,537	(129,934)
2024	(8,637)	(297,491)
2025	(10,598)	(363,155)

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.

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 – OTHER INFORMATION (Continued)

B. Pension Plans (continued)

Actuarial Methods and Assumptions

The collective total pension liability for the Plans was determined by an actuarial valuation as of June 30, 2020, 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.

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 IUAL of the SET Plan is amortized on a level percentage of payrolls over the amortization period then in effect under statutory and constitutional requirements. All other gains, losses, and changes are amortized over twenty-year periods beginning on the date as of which they occur.

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, 2021 are as follow:

	<u><i>SET Plan</i></u>	<u><i>PLD Plan</i></u>
Inflation	2.75%	2.75%
Investment Rate of Return:	6.50% per annum, compounded annually	6.50% per annum, compounded annually
Salary Increases	2.80%-13.03%	3.26%-9.43%
Cost of Living Benefit Increases:	2.20%	1.91%

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 – OTHER INFORMATION (Continued)

C. Pension Plans (continued)

Mortality Rates – For SET Plan based on the 2010 Public Plan Teacher Benefits – Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC-2020 model. For PLD Plan based on the 2010 Public Plan General Benefits – Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC-2020 model.

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, 2021 are summarized in the following table:

		<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%	7.2%	
Diversifiers		10.0%	5.9%	
		100.0%		

Discount Rate

The discount rate used to measure the collective total pension liability was 6.50% for 2021 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 6.50% 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:

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 – OTHER INFORMATION (Continued)

B. Pension Plans (continued)

SET Plan:	1% Decrease █ (5.50%)	Current Discount Rate (6.50%)	1% Increase █ (7.50%)
Proportionate Share of the Net Pension Liability	\$ 73,279	\$ 27,904	\$ (9,875)
PLD Plan:	1% Decrease █ (5.50%)	Current Discount Rate (6.50%)	1% Increase █ (7.50%)
Proportionate Share of the Net Pension Liability	\$ 1,364,423	\$ (95,880)	\$ (1,303,742)

Pension Plan Financial and Actuarial Information

Additional financial and actuarial information with respect to the Plans can be found in the System's 2021 Comprehensive Annual Financial Report available online at www.maineopers.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, 2021, there were 228 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, 2021, there were 137 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

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 - OTHER INFORMATION (Continued)

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

\$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 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.

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.

Actuarial Method and Assumptions

The collective total OPEB liability for the Plans was determined by an actuarial valuation as of June 30, 2021, 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, 2021, there were 16 years remaining in the amortization schedule for the SET Plan and 9 years remaining for the PLD Plan. The actuarial assumptions used in the June 30, 2021 actuarial valuation was based on the results of an actuarial experience study conducted for the period of June 30, 2016 to June 30, 2020.

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 - OTHER INFORMATION (Continued)

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

Significant Actuarial Assumptions

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2021 are as follows:

	<i>SET Plan</i>	<i>PLD Plan</i>
Investment Rate of Return:	6.50% per annum, compounded	
Inflation	2.75%	
Annual Salary Increases, Including Inflation	2.80% - 13.03%	2.75% - 11.48 %
Mortality Rates	Based on the 2010 Public Plan Teacher Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.	Based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.
Participation Rate of 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	

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, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equities	6.0%
Real Estate	5.2%
Traditional Credit	3.0%
US Government Securities	2.3%

Discount Rate

The discount rate used to measure the collective total OPEB liability was 6.50% for 2021 for the Plans. 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 Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 - OTHER INFORMATION (Continued)

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

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

As of June 30, 2022, the Town of Mount Desert reported a net liability of \$14,709 for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of June 30, 2021, 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, 2021, the Town of Mount Desert's proportion was .142472% for the PLD Plan, which was a decrease of .011017% from its proportion measured at June 30, 2020.

For the fiscal year ended June 30, 2022, the Town of Mount Desert recognized OPEB credit of \$1,440 for the PLD Plan. At June 30, 2021, 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	1,662	
Changes of Assumptions	2,482	9,920
Difference between projected and actual Investment		
Earnings on OPEB Plan Investments	-	4,514
Changes in proportion and differences between employer premiums and proportionate share of premiums	1,492	2,618
	<u>5,636</u>	<u>17,052</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>
2022	(3,064)
2023	(1,668)
2024	(3,017)
2025	(3,408)
2026	(130)
Thereafter	(129)

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2021 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 (5.50%)</i>	<i>Current Discount Rate (6.50%)</i>	<i>1% Increase (7.50%)</i>
Proportionate Share of the Net OPEB Liability	\$ 21,834	\$ 14,709	\$ 8,993

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 Payments</i>	<i>Benefits Expense</i>	<i>Net OPEB Liability</i>
2021	\$6,575	\$352	\$28,069

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.

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

NOTE 4 - OTHER INFORMATION (Continued)

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

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, 2021, the following employees were covered under the benefit terms:

Active employees	42
Average age	46.87
Average service	10.59
Retirees Over 65	2
Average Age	80.76
Spouses Over 65	1
Average Age	80.17

Net OPEB Liability

The Town’s net OPEB liability was measured as of January 1, 2021, 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, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.06% 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 2022_f4 was used for this valuation. The following assumptions were input into this model:

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 - OTHER INFORMATION (Continued)

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

Rate of Inflation	2.40%
Rate of Growth in Real Income/GDP per capita 2031+	1.10%
Extra Trend due to Taste/Technology 2031+	1.00%
Expected Health Share of GDP 2031	19.00%
Health Share of GDP Resistance Point	20.00%
Year for Limiting Cost Growth to GDP Growth	2042

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 trends from 2022-2025 were based on plan design, population weighting, renewal projections, and market analysis. For years 2026-2030, these are interpolated from 2025-2031 (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.

Healthy Annuitant:

Rates of mortality are based on 112.1% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females. The proposed rates are projected generationally using the RP_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95, and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC_2020 model are those included in the published MP-2020 scale. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

Active Employees:

Rates of mortality are based on 83.5% and 88.6% of the 2010 Public Plan General Benefits-Weighted Employee Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC_2020 model as described in the healthy annuitant mortality. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

The actuarial assumptions are the assumptions that were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2021 and based on the experience study covering the period from June 30, 2016 through June 30, 2020 .

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.

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 - OTHER INFORMATION (Continued)

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

For medical and pharmacy, historical claims and census records assembled and provided by Maine Municipal through June 30, 2021 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 (the Town's actuarial valuation provider) standard age curves which vary by age, gender, and Medicare status. Children costs are converted to a load on the non-Medicare (NME) retirees which implicitly assumes that future retirees will have the same child distributions as current retirees.

There was a change in the discount rate from 2.12% to 2.06% per GASB 75 discount rate selection. In addition, medical and prescription drug trend arrays were updated.

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, 2021 is based upon an earlier measurement date, as of December 26, 2020 and is 2.12% per annum. The discount rate as of December 31, 2022 is based upon an earlier measurement date, as of December 31, 2021 and is 2.06% 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	Fiduciary	Net OPEB
	Liability	Net Position	Liability
	(a)	(b)	(a)-(b)
Balances at 1/1/2021	455,460	-	455,460
Changes for the year:			-
Service Cost	24,079		24,079
Interest	10,058		10,058
Changes of benefits			-
Differences between expected and actual experience	(21,856)		(21,856)
Changes of assumptions	861		861
Contributions - employer		10,297	(10,297)
Contributions - member			-
Net investment income			-
Benefit payments	(10,297)	(10,297)	-
Administrative expense			-
Net Change	2,845	-	2,845
Balances at 1/1/2022	458,305	-	458,305

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.

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 - OTHER INFORMATION (Continued)

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

	<i>1% Decrease</i> ▼ (1.06%)	<i>Current Discount</i> Rate (2.06%)	<i>1% Increase</i> ▼ (3.06%)
Net OPEB liability (asset)	\$ 538,793	\$ 458,305	\$ 393,175

A one percent decrease in the discount rate increases the Net OPEB Liability (NOL) by approximately 17.6%. A one percent increase in the discount rate decreases the Net OPEB Liability by approximately 14.2%.

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)	\$ 385,022	\$ 458,305	\$ 553,943

A one percent decrease in the healthcare trend rates decreases the NOL by approximately 16.0%. A one percent increase in the healthcare trend rate increases the NOL by approximately 20.9%.

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 10 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</i> <i>of Resources</i>	<i>Deferred Inflows</i> <i>of Resources</i>
Differences between expected and actual experience	17,823	23,964
Changes in Assumption	73,811	16,363
Net Difference between projected between projected and actual earnings on pension plan investments	91,634	40,327

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

2023	9,053
2024	9,053
2025	9,053
2026	9,054
2027	7,547
Thereafter	7,547

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022.

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, 2021, and an employer reporting date of June 30, 2022, for the 2022 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.

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

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 - OTHER INFORMATION (Continued)

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

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.

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.

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, 2020 is 2.21% per annum. The discount rate as of June 30, 2021 is 2.16% 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.

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 - OTHER INFORMATION (Continued)

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

Employees Covered by Benefit Terms

Membership Information:

	Active Count	38		
	Active Average Age	49.21		
	Active Average Service	13.74		
<i>Inactive:</i>				
Retirees Under 65	2	Spouses Under 65	2	
Average Age	63.0	Average Age	59.0	
Retirees Over 65	11	Spouses Over 65	1	
Average Age	73.64	Average Age	66.0	
Total Retirees	13	Total Spouses	3	
Total Average Age	72.0	Total Average Age	61.33	

Net OPEB Liability

The School's net OPEB liability was measured as of June 30, 2021, 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 collective total OPEB liability for the plan was determined by an actuarial valuation with a measurement date of June 30, 2021, using the following methods and assumptions, applied to all periods included in the measurement:

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, 2020. 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.

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

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 - OTHER INFORMATION (Continued)

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

Changes Since Last Valuation:

This is a roll forward valuation. The changes that are provided in the deferred inflows and outflows are related to the change in the discount rate between the beginning of the measurement date and the end of the measurement date. No other changes in assumptions were made.

Significant Actuarial Assumptions

Discount Rate:	2.16% per annum for yearend 2021 reporting 2.21% per annum for yearend 2020 reporting
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:	Health care trend assumptions used were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model version 2021_b. The following assumptions were applied in this model as below:
Rate of Inflation	2.00%
Rate of Growth in Real Income/GDP per capita 2030+	1.23%
Extra Trend due to Taste/Technology 2030+	1.10%
Expected Health Share of GDP 2030	20.00%
Health Share of GDP Resistance Point	25.00%
Year for Limiting Cost Growth to GDP Growth	2040
<i>Pre-Medicare:</i>	
Initial trend of 6.21% applied in FYE 2020 and 6.83% applied in FYE 2022 grading over 18 years to 3.25% pre annum	
<i>Medicare:</i>	
Initial trend of 0.00% applied to FYE 2021 and 6.30% applied in FYE 2022 grading over 18 years to 3.25% per annum	
Rate of Mortality:	Healthy Annuitants: Based on the 2010 Public Plan Teacher Benefits Weighted Healthy Retiree Mortality Table adjusted as follows: <ul style="list-style-type: none"> • 98.1% and 87.5% respectively of the rates for males before age 85 and females before age 80 • 106.4% and 122.3% respectively of the rates for males on and after age 85 and females on and after age 80

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 - OTHER INFORMATION (Continued)

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

Discount Rate

The discount rate used to measure the total OPEB liability was 2.16%. 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:

	Sensitivity of Net OPEB Liability to Changes in Discount Rate		
	1% Decrease	Current Discount	1% Increase
	█ (1.16%)	Rate (2.16%)	█ (3.16%)
Total OPEB Liability	\$ 1,070,169	\$ 917,967	\$ 794,541
Plan Fiduciary Net Position	0	0	0
Net OPEB Liability	<u>\$ 1,070,169</u>	<u>\$ 917,967</u>	<u>\$ 794,541</u>

A 1% decrease in the discount rate increases the Net OPEB Liability by approximately 16.6%. A 1% increase in the discount rate decreases the Net OPEB Liability by approximately 13.4%.

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%	Healthcare Cost	1%
	Decrease	Trend Rates	Increase
Total OPEB Liability	\$ 780,416	\$ 917,967	\$ 1,089,972
Plan Fiduciary Net Position	0	0	0
Net OPEB Liability	<u>\$ 780,416</u>	<u>\$ 917,967</u>	<u>\$ 1,089,972</u>

A 1% decrease in the healthcare trend rates decreases the Net OPEB Liability by approximately 15.0%. A 1% increase in the healthcare trend rate increases the Net OPEB Liability by approximately 18.7%.

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 - OTHER INFORMATION (Continued)

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

Changes in Net OPEB Liability

		<i>Increase/(Decrease)</i>	
	<i>Net OPEB Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net OPEB Liability</i>
Total OPEB Liability			
Service cost	\$ 11,708		\$ 11,708
Interest	\$ 20,003		\$ 20,003
Changes of benefits	\$ -		\$ -
Differences between expected and actual experience	\$ -		\$ -
Changes of assumptions	\$ 7,552		\$ 7,552
Contributions - employer		\$ 40,750	\$ (40,750)
Contributions - member			\$ -
Net investment income			\$ -
Benefit payments	\$ (27,733)	\$ (40,750)	\$ 13,017
Administrative expense	\$ -		\$ -
Net change in total OPEB liability	\$ 11,530	\$ -	\$ 11,530
Net OPEB liability beginning	\$ 906,437	\$ -	\$ 906,437
Net OPEB liability ending	<u>\$ 917,967</u>	<u>\$ -</u>	<u>\$ 917,967</u>

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

For the year ended June 30, 2022, Mount Desert School Department recognized OPEB expense of \$38,007. At June 30, 2022, Mount Desert School Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Schedule of Deferred Inflows and Outflows:

	<i>Deferred Outflows</i>	<i>Deferred Inflows</i>
Differences between expected and actual experience	\$ -	\$ 18,278
Changes in Assumptions	\$ 66,017	\$ 12,417
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$ -
Total	<u>\$ 66,017</u>	<u>\$ 30,695</u>

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

Year ended June 30,:	
2022	\$ 6,296
2023	\$ 6,297
2024	\$ 12,506
2025	\$ 4,623
2026	\$ 4,628
Thereafter	\$ 972

TOWN OF MOUNT DESERT

Exhibit H

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL - FUND BALANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes	17,927,138	17,927,138	17,964,214	37,076
Intergovernmental Revenues	218,400	218,400	226,338	7,938
Charges for Services	106,650	106,650	149,349	42,699
Miscellaneous	310,690	310,690	328,944	18,254
Total Revenues	18,562,878	18,562,878	18,668,845	105,967
Expenditures (Net of Departmental Revenues)				
General Government	1,478,989	1,478,989	1,402,412	76,577
General Assistance	5,000	5,000	594	4,406
Rural Wastewater Support	198,529	198,529	182,465	16,064
Street Lights	25,750	25,750	7,063	18,687
Public Safety	2,464,467	2,552,127	2,501,867	50,260
Public Works	2,729,726	2,729,726	2,765,090	(35,364)
Sewer	1,038,454	1,038,454	957,071	81,383
Community Development	10,000	10,000	8,300	1,700
Debt Service	1,863,050	1,863,050	1,865,431	(2,381)
All Other	337,747	337,747	337,688	59
Education	4,160,187	4,160,187	4,160,187	-
Assessments	4,260,575	4,260,575	4,215,857	44,718
Total Expenditures	18,572,474	18,660,134	18,404,025	256,109
Excess Revenues Over Expenditures	(9,596)	(97,256)	264,820	362,076
Other Financing Sources				
Transfers In	123,203	210,863	210,265	(598)
Transfer Out	(613,607)	(613,607)	(613,607)	-
Total Other Financing Sources	(490,404)	(402,744)	(403,342)	(598)
Net Change in Fund Balance	(500,000)	(500,000)	(138,522)	361,478
Beginning Fund Balances			3,778,672	
Municipal Revenue Sharing			164,133	
General Reserve Funds			2,123,044	
Planning Grant			22,739	
Shellfish Fund			16,000	
Encumbrances			1,375,816	
Ending Fund Balances			7,341,882	
Reconciliation to Exhibit D:				
Total Revenues per above			18,668,845	
Municipal Revenue Sharing			138,549	
General Reserve Funds			(779,797)	
Shellfish Fund			80	
School Revenues			1,113,436	
Total Revenues per Statement of Revenues, Expenditures and Fund Balances - Governmental Funds			\$19,141,113	
Total Expenditures per above			18,404,025	
General Reserve Funds			435,770	
School Revenues			1,113,436	
Encumbrances			(88,983)	
Total Expenditures per Statement of Revenues, Expenditures and Fund Balances - Governmental Funds			\$19,864,248	

REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN SCHEDULES - LAST 10 FISCAL YEARS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**State Employees and
Teachers Plan**

Schedule 1 - Proportionate Share of the Net Pension Liability:

<i>For the Fiscal Year Ended June 30, 2022</i>	<i>For the Fiscal Year Ended June 30, 2021</i>	<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>
0.003299%	0.003021%	0.003490%	0.003910%	0.004650%	0.003594%	0.003850%	0.002799%
\$27,904	\$49,310	\$51,159	\$52,763	\$67,543	\$63,494	\$51,980	\$30,238
\$2,086,418	\$1,884,698	\$1,884,698	\$1,785,889	\$1,184,740	\$1,629,386	\$1,553,544	\$1,454,758
1.34%	2.62%	2.71%	2.95%	5.7011%	3.90%	3.35%	2.08%
\$16,392,351,328	\$14,865,460,130	\$14,547,222,913	\$14,031,187,845	\$13,484,886,512	\$13,069,954,948	\$12,616,287,054	\$12,320,158,783
\$14,900,649,703	\$12,044,918,612	\$12,035,563,047	\$11,632,179,683	\$10,893,291,864	\$9,960,335,390	\$10,242,097,022	\$10,337,615,927
\$1,491,701,625	\$2,820,541,518	\$2,511,659,866	\$2,399,008,162	\$2,591,594,648	\$3,109,619,558	\$2,374,190,032	\$1,982,542,856
90.900%	81.026%	82.734%	82.902%	80.781%	76.208%	81.182%	83.908%
\$2,096,365,332	\$2,003,075,813	\$1,924,006,618	\$1,808,274,919	\$1,860,230,663	\$1,816,435,084	\$1,699,160,889	\$1,676,857,294
71.157%	140.811%	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, 2022</i>	<i>For the Fiscal Year Ended June 30, 2021</i>	<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>
\$86,907	\$84,137	\$84,137	\$76,090	\$72,225	\$59,274	\$56,675	\$44,723
(\$86,907)	(\$84,137)	(\$84,137)	(\$76,090)	(\$72,225)	(\$59,274)	(\$56,675)	(\$44,723)
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$2,086,418	\$1,884,698	\$1,884,698	\$1,785,889	\$1,184,740	\$1,629,386	\$1,553,544	\$1,454,758
4.17%	4.46%	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, 2022

Schedule 1 - Proportionate Share of the Net Pension Liability:

	Participating Local Districts Plan									
	For the Fiscal Year Ended June 30, 2022	For the Fiscal Year Ended June 30, 2021	For the Fiscal Year Ended June 30, 2020	For the Fiscal Year Ended June 30, 2019	For the Fiscal Year Ended June 30, 2018	For the Fiscal Year Ended June 30, 2017	For the Fiscal Year Ended June 30, 2016	For the Fiscal Year Ended June 30, 2015		
Proportion of net pension liability	0.298355%	0.303897%	0.308490%	0.300189%	0.281720%	0.281265%	0.269090%	0.255876%		
Proportionate share of net pension liability/(asset)	(\$95,880)	\$1,207,426	\$942,944	\$821,549	\$1,153,466	\$1,151,603	\$858,520	\$393,745		
Covered employee payroll	\$2,388,531	\$1,856,262	\$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	-4.01%	65.05%	51.96%	47.77%	67.41%	80.52%	67.18%	27.88%		
Plan Total Pension Liability	\$3,719,016,414	\$3,409,741,367	\$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	\$3,751,152,623	\$3,012,428,367	\$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	(\$32,136,209)	\$397,313,000	\$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	100.864%	88.348%	90.620%	91.143%	86.427%	81.613%	88.3%	94.1%		
Plan Covered Employee Payroll	\$646,287,594	\$641,523,784	\$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	-4.972%	61.933%	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, 2022

Exhibit J
Page 2 of 2

Schedule 2 - Schedule of School Department Contributions:

	Participating Local Districts Plan									
	For the Fiscal Year Ended June 30, 2022	For the Fiscal Year Ended June 30, 2021	For the Fiscal Year Ended June 30, 2020	For the Fiscal Year Ended June 30, 2019	For the Fiscal Year Ended June 30, 2018	For the Fiscal Year Ended June 30, 2017	For the Fiscal Year Ended June 30, 2015	For the Fiscal Year Ended June 30, 2015		
Contractually required contribution	\$253,756	\$204,279	\$269,770	\$175,013	\$167,014	\$135,864	\$113,744	\$109,631		
Contribution in relation to the contractually required contribution	(\$253,756)	(\$204,279)	(\$269,770)	(\$175,013)	(\$167,014)	(\$135,864)	(\$113,744)	(\$109,631)		
Contribution deficiency	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Covered employee payroll	\$2,388,531	\$1,856,262	\$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	10.62%	11.00%	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, 2022

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, 2021, 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 IUAL of the SET Plan is amortized on a level percentage of payroll over the amortization period then in effect under statutory and constitutional requirements. All other gains, losses, and changes are amortized over twenty-year period beginning on the date as of which they occur.

D. Significant Actuarial Assumptions

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2021 are as follows:

	<u>SET Plan</u>	<u>PLD Plan</u>
Inflation	2.75%	2.75%
Investment Rate of Return:	6.50% per annum, compounded annually	6.50% per annum, compounded annually
Salary Increases	2.80%-13.03%	3.26%-9.43%
Cost of Living Benefit Increases:	2.20%	1.91%

Mortality Rates – For SET Plan based on the 2010 Public Plan Teacher Benefits – Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC-2020 model. For PLD Plan based on the 2010 Public Plan General Benefits – Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC-2020 model.

**TOWN OF MOUNT DESERT
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYMENT BENEFITS SCHEDULES (OPEB) MMEHT - LAST 10 FISCAL YEARS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**Exhibit K
Page 1 of 2**

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

	For the Fiscal Year Ended June 30, 2022	For the Fiscal Year Ended June 30, 2021	For the Fiscal Year Ended June 30, 2020	For the Fiscal Year Ended June 30, 2019	For the Fiscal Year Ended June 30, 2018
<u>Total OPEB Liability</u>					
Service Cost (BOY)	\$24,079	\$20,712	\$15,722	\$17,695	\$14,215
Interest (includes interest on service cost)	\$10,058	\$11,554	\$13,010	\$11,327	\$11,156
Changes of benefit terms			(\$8,589)		
Differences between expected and actual experience	(\$21,856)		\$26,733		(\$9,664)
Changes in assumptions	\$861	\$27,212	\$62,317	(\$29,455)	\$23,237
Benefit payments, including refunds of member contributions	(\$10,297)	(\$9,901)	(\$9,734)	(\$9,360)	(\$7,223)
Net Change in total OPEB liability	\$2,845	\$49,577	\$99,459	(\$9,793)	\$31,721
Total OPEB liability - beginning	\$455,460	\$405,883	\$306,424	\$316,217	\$284,496
Total OPEB liability - ending	\$458,305	\$455,460	\$405,883	\$306,424	\$316,217
<u>Plan fiduciary net position</u>					
Contributions - employer	\$10,297	\$9,901	\$9,734	\$9,360	\$7,223
Contributions - member					
Net investment income					
Benefit payments, including refunds of member contributions	(\$10,297)	(\$9,901)	(\$9,734)	(\$9,360)	(\$7,223)
Administrative expense					
Net change in plan fiduciary net position	-	-	-	-	-
<u>Plan fiduciary net position - beginning</u>					
Plan fiduciary net position - ending	-	-	-	-	-
<u>Net OPEB liability - ending</u>	\$458,305	\$455,460	\$405,883	\$306,424	\$316,217
Plan Fiduciary Net Position as a % Of the Total OPEB Liability	0.000%	0.000%	0.000%	0.000%	0.000%
Covered Employee Payroll	\$2,501,926	\$2,458,296	\$2,458,296	\$2,169,791	\$2,169,791
Net OPEB Liability as a % Of the Covered Employee Payroll	18.318%	18.527%	16.511%	14.122%	14.574%

* 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
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYMENT BENEFITS SCHEDULES (OPEB) MMEHT - LAST 10 FISCAL YEARS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**Exhibit K
Page 2 of 2**

Schedule 2 - Schedule of Contributions:

	<i>For the Fiscal Year Ended June 30, 2022</i>	<i>For the Fiscal Year Ended June 30, 2021</i>	<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	\$10,297	\$9,901	\$9,734	\$9,360	\$7,223
Contribution in relation to the contractually required contribution	(\$10,297)	(\$9,901)	(\$9,734)	(\$9,360)	(\$7,223)
Contribution deficiency	\$0	\$0	\$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, 2022

NOTE 1 – Actuarial Methods and Assumptions

The total OPEB liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Benefit Changes

Claim curves and trend assumptions were updated since the last valuation.

Changes of Assumptions

There was a change in the discount rate from 2.12% to 2.06% per GASB 75 discount rate selection. In addition, medical and prescription drug trend arrays were updated.

Actuarial assumptions: The total OPEB liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.06% 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 2022_f4 was used for this valuation. The following assumptions were input into this model:

Rate of Inflation	2.40%
Rate of Growth in Real Income/GDP per capita 2031+	1.10%
Extra Trend due to Taste/Technology 2031+	1.00%
Expected Health Share of GDP 2031	19.00%
Health Share of GDP Resistance Point	20.00%
Year for Limiting Cost Growth to GDP Growth	2042

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 trends from 2022-2025 were based on plan design, population weighting, renewal projections, and market analysis. For years 2026-2030, these are interpolated from 2025-2031 (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.

TOWN OF MOUNT DESERT
REQUIRED SUPPLEMENTARY INFORMATION
OPEB SCHEDULES MEA BENEFITS TRUST- LAST 10 FISCAL YEARS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Exhibit L

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

	<i>For the Fiscal Year Ended June 30, 2022</i>	<i>For the Fiscal Year Ended June 30, 2021</i>	<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)	\$11,708	\$7,035	\$5,890	\$6,337
Interest (includes interest on service cost)	\$20,003	\$32,227	\$33,824	\$32,675
Changes of benefits	\$0	(\$50,029)	\$0	\$0
Differences between expected and actual experience	\$0	(\$26,065)	\$0	\$0
Changes in assumptions	\$7,552	\$50,683	\$47,293	(\$37,253)
Benefit payments, including refunds of member contributions	(\$27,733)	(\$41,959)	(\$40,750)	(\$39,342)
Net Change in total OPEB liability	\$11,530	(\$28,108)	\$46,257	(\$37,583)
Total OPEB liability - beginning	\$906,437	\$934,545	\$888,288	\$925,871
Total OPEB liability - ending	\$917,967	\$906,437	\$934,545	\$888,288
<u>Plan fiduciary net position</u>				
Contributions - employer	\$27,733	\$41,959	\$40,750	\$39,342
Contributions - member				
Net investment income				
Benefit payments, including refunds of member contributions	(\$27,733)	(\$41,959)	(\$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	\$917,967	\$906,437	\$934,545	\$888,288
Plan Fiduciary Net Position as a % Of the Total OPEB Liability	0.000%	0.000%	0.000%	0.000%
Covered Employee Payroll	\$1,813,268	\$1,712,921	\$1,957,907	\$1,905,506
Net OPEB Liability as a % Of the Covered Employee Payroll	50.625%	52.918%	47.732%	46.617%

Schedule 2 - Schedule of Contributions:

	<i>For the Fiscal Year Ended June 30, 2022</i>	<i>For the Fiscal Year Ended June 30, 2021</i>	<i>For the Fiscal Year Ended June 30, 2020</i>	<i>For the Fiscal Year Ended June 30, 2019</i>
Contractually required contribution	\$27,733	\$41,959	\$40,750	\$39,342
Contribution in relation to the contractually required contribution	(\$27,733)	(\$41,959)	(\$40,750)	(\$39,342)
Contribution deficiency	\$0	\$0	\$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, 2022

NOTE 1 – Actuarial Methods and Assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Benefit Changes

There were no changes in benefits as this is a roll forward valuation. There were no changes between the expected and actual experience as this is a roll forward valuation.

Changes of Assumptions

Changes in assumptions relate to the reduction in the discount rate.

Net OPEB Liability

The School Department’s net OPEB liability was measured as of June 30, 2021 , 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, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.16% per annum.
Salary Increase Rate	2.75% per year.
Administration and claims expense	Included in per capita claims cost

Trend assumptions:

Health care trend assumptions used were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model version 2021_b. The following assumptions were applied in this model as below:

Trend Assumption Inputs		
Variable	Rate	
Rate of Inflation	2.00%	
Rate of Growth in Real Income/GDP per capita 2030+	1.23%	
Extra Trend due to Taste/Technology 2030+	1.10%	
Expected Health Share of GDP 2030	20.00%	
Health Share of GDP Resistance Point	25.00%	
Year of 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.

TOWN OF MOUNT DESERT
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Exhibit A-1
Page 1 of 2

	<i>Estimated</i>	<i>Actual</i>	<i>Over (Under) Budget</i>
Taxes			
Property	17,249,138	17,235,802	(13,336)
Motor Vehicle Excise	620,000	664,587	44,587
Boat Excise	28,000	30,871	2,871
Interest on Taxes	30,000	32,954	2,954
	<u>17,927,138</u>	<u>17,964,214</u>	<u>37,076</u>
Intergovernmental Revenues			
Acadia National Park - PILT	30,000	32,344	2,344
ANP Otter Creek Treatment Plant	60,000	56,821	(3,179)
ANP Seal Harbor Sewer	15,000	17,943	2,943
State Road Assistance	35,000	37,840	2,840
General Assistance	3,500	416	(3,084)
Homestead Reimbursement	70,000	75,024	5,024
Tree Growth	1,000	1,591	591
Veterans Exemption	700	572	(128)
BETE Exemption	3,200	2,531	(669)
Other State Revenues		1,256	1,256
	<u>218,400</u>	<u>226,338</u>	<u>7,938</u>
Charges for Services			
Police Department	500	543	43
Fire Department		977	977
EMS Revenue		6,627	6,627
Sewers	700	1,445	745
Recycling		1,332	1,332
Paid Parking	55,000	61,848	6,848
Planning and Zoning	27,550	55,722	28,172
Licenses and Permits	10,000	13,346	3,346
Town Clerk	12,900	7,509	(5,391)
	<u>106,650</u>	<u>149,349</u>	<u>42,699</u>

TOWN OF MOUNT DESERT
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Exhibit A-1
Page 2 of 2

	<i><u>Estimated</u></i>	<i><u>Actual</u></i>	<i><u>Over (Under) Budget</u></i>
Other Revenue			
Solid Waste Performance Credit	6,000	10,398	4,398
Payments in Lieu of Taxes	26,000	25,596	(404)
Gift Revenue	197,000	197,000	-
Interest on Investments	75,890	79,161	3,271
Insurance Dividends/Refunds	5,000	14,486	9,486
SV - EVSE Revenue	300	1,367	1,067
Other	500	936	436
	<u>310,690</u>	<u>328,944</u>	<u>18,254</u>
Transfers and Other Sources			
Dog Welfare			-
NEH Marina	53,203	52,605	(598)
Capital Projects	87,660	87,660	-
Municipal Revenue Sharing	70,000	70,000	-
	<u>210,863</u>	<u>210,265</u>	<u>(598)</u>
	18,773,741	<u>18,879,110</u>	<u>105,369</u>
Fund Balance Used to Reduce Tax Rate	<u>500,000</u>		
Total Revenues and Use of Fund Balance	<u>19,273,741</u>		

TOWN OF MOUNT DESERT
GENERAL FUND
STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Encumbered from 2021	Appropriation	Revenues/ Transfers In	Expenditures	Encumbered to 2023	(Over) Under Budget
General Government						
Board of Selectmen		35,301		19,798		15,503
Town Administration		377,254		392,809		(15,555)
Town Clerk		123,032		111,205	10,850	977
Registrar		2,000		2,357		(357)
Elections		12,250		6,859		5,391
Planning Board	35,677	51,321		29,365	35,677	21,956
Finance		162,209		164,511		(2,302)
Treasurer		70,241		68,542		1,699
Tax Collector		20,574		18,222		2,352
Assessing		132,316		124,660		7,656
Code Enforcement		176,595		143,594		33,001
General Government - Unallocated		113,000		96,203		16,797
Human Resources		5,000		7,204		(2,204)
Technology		197,896		206,233		(8,337)
	35,677	1,478,989		1,391,562	46,527	76,577
General Assistance		5,000		594		4,406
Rural Wastewater Support		198,529		182,465		16,064
Street Lights		25,750		7,063		18,687
Public Safety						
Police Department		903,188		830,393	53,535	19,260
Fire Department		995,743		988,913		6,830
Dispatch		378,696		343,172	12,232	23,292
Shellfish				118		(118)
Animal Control				4		(4)
Emergency Management		1,000				1,000
Fire Hydrant Rental		273,500		273,500		-
	-	2,552,127		2,436,100	65,767	50,260
Public Works						
Highways		1,829,707		1,817,782		11,925
Waste Management		594,675		641,676		(47,001)
Buildings & Grounds		230,026		247,167		(17,141)
Environmental Sustainability		26,000		8,871		17,129
Parks and Cemeteries		49,318		49,594		(276)
	-	2,729,726		2,765,090	-	(35,364)

	Encumbered from 2021	Appropriation	Revenues/ Transfers In	Expenditures	Encumbered to 2023	(Over) Under Budget
Sewer						
Sewer Operation		674,346		627,380	6,000	40,966
Northeast Harbor Plant		154,350		138,704		15,646
Somesville Plant		64,500		53,287		11,213
Seal Harbor Plant		112,258		106,247		6,011
Otter Creek Plant		33,000		25,453		7,547
	-	1,038,454		951,071	6,000	81,383
Sewer Capital						
Pump Station Replacement	-	-		-	-	-
Community Development	4,000	10,000		12,300		1,700
Debt Service						
Principal on Bonds/Notes		1,549,429		1,549,429		-
Interest on Bonds/Notes		313,621		316,002		(2,381)
		1,863,050		1,865,431		(2,381)
All Other						
Libraries		35,500		35,500		-
Recreation - Pool Maintenance		5,900		5,841		59
Recreation		90,000		90,000		-
Village Organizations		78,315		78,315		-
Social Service Agencies		128,032		128,032		-
		337,747		337,688		59
Education						
Elementary School	1,247,156	4,160,187	1,113,436	5,263,257	1,257,522	-
Assessments						
MDI High School		3,189,787		3,189,787		-
County Tax		1,016,978		1,016,978		-
Overlay		53,810		9,092		44,718
		4,260,575		4,215,857		44,718
Operating Transfers Out						
NEH Promenade						-
Reserves	32,566	613,607		646,173		-
	32,566	613,607		646,173		-
Totals	1,319,399	19,273,741	1,113,436	20,074,651	1,375,816	256,109

TOWN OF MOUNT DESERT

Exhibit A-3

GENERAL FUND

**STATEMENT OF CHANGES IN UNASSIGNED FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Unassigned Fund Balance, July 1	3,778,672	
Unassigned Fund Balance, June 30	<u>3,640,150</u>	
Increase		<u><u>(138,522)</u></u>

Analysis of Change

Budget Summary		
Revenue Surplus - Exhibit A-1	105,369	
Unexpended Balance of		
Appropriations - Exhibit A-2	<u>256,109</u>	
Budget Surplus		<u>361,478</u>
Deductions		
Beginning Fund Balance Used		
to Reduce Tax Rate		<u>(500,000)</u>
Increase		<u><u>(138,522)</u></u>

TOWN OF MOUNT DESERT
ALL GENERAL RESERVE FUNDS
BALANCE SHEET
JUNE 30, 2022

Exhibit A-4

<i>Assets</i>	<i>Municipal Revenue Sharing</i>	<i>General Reserve Funds</i>	<i>Planning Grant</i>	<i>Shellfish Fund</i>	<i>Total</i>
Investments		2,214,263			2,214,263
Accounts Receivable					-
Due from Other Funds	164,133	118,533	22,739	16,000	321,405
Total Assets	164,133	2,332,796	22,739	16,000	2,535,668
<i>Liabilities and Fund Balances</i>					
Liabilities					
Accounts Payable		15,116			15,116
Retainage Payable		6,487			6,487
Due to Other Funds		188,149			188,149
Total Liabilities	-	209,752	-	-	209,752
Fund Balances					
Restricted	164,133		22,739		186,872
Committed		2,123,044			2,123,044
Assigned				16,000	16,000
Total Fund Balances	164,133	2,123,044	22,739	16,000	2,325,916
Total Liabilities and Fund Balances	164,133	2,332,796	22,739	16,000	2,535,668

TOWN OF MOUNT DESERT
ALL GENERAL RESERVES
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Exhibit A-5

	Municipal Revenue Sharing	General Reserve Funds	Planning Grant	Shellfish Fund	Total
Revenues					
Intergovernmental Revenues	138,549				138,549
Local Sources		355,895		80	355,975
Fair Value Increase (Decrease)		(1,135,692)			(1,135,692)
Total Revenues	138,549	(779,797)	-	80	(641,168)
Expenditures					
General Government		64,926			64,926
Public Safety		206,174			206,174
Debt Service		164,670			164,670
Total Expenditures	-	435,770	-	-	435,770
Excess of Revenues Over (Under) Expenditures	138,549	(1,215,567)	-	80	(1,076,938)
Other Financing Sources (Uses)					
Transfers In		141,569			141,569
Transfers Out	(70,000)	(87,660)			(157,660)
Total Other Financing Sources (Uses)	(70,000)	53,909	-	-	(16,091)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	68,549	(1,161,658)	-	80	(1,093,029)
Fund Balance - July 1	95,584	3,284,702	22,739	15,920	3,418,945
Fund Balance - June 30	164,133	2,123,044	22,739	16,000	2,325,916

**TOWN OF MOUNT DESERT
GENERAL RESERVE FUNDS
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Balance July 1	Transfers In	Interest	Revenues	Expenditures/ Transfers	Balance June 30
Town Reserve Funds						
Dog Welfare	4,034		147	923		5,104
Donation Reserve				135,000	(87,660)	47,340
GG Benefit Accrual Reserve	166,573	3,857	5,772			176,202
Police Reserve	91,442	20,801	3,022		(28,967)	86,298
Police Training Reserve	63,295		2,186			65,481
Public Works Parks & Cemeteries Reserve	20,920	10,000	778			31,698
Revaluation Reserve	221,967	16,938	5,680		(64,926)	179,659
Wastewater Bond Repayment	594,240		15,644		(164,670)	445,214
Sub-Total	1,162,471	51,596	33,229	135,923	(346,223)	1,036,996
General (Fair Value Changes)	2,103,235	89,973	(1,135,692)			1,057,516
Police Reimbursements						
Bar Harbor Police Chief	8,521			100,872	(98,987)	10,406
Police Outside Detail	6,037			4,350	(2,541)	7,846
Fire Outside Detail	4,438			7,000	(2,106)	9,332
Bar Harbor Mutual Aid	-			74,521	(73,573)	948
Sub-Total	18,996	-	-	186,743	(177,207)	28,532
Total	3,284,702	141,569	(1,102,463)	322,666	(523,430)	2,123,044

TOWN OF MOUNT DESERT
ALL SPECIAL REVENUE FUNDS
BALANCE SHEET
JUNE 30, 2022

Exhibit B-1

<i>Assets</i>	<i>ARPA Grant</i>
Cash	111,583
Due from Other Funds	41,887
Total Assets	153,470
<i>Liabilities and Fund Balances</i>	
Liabilities	
Accounts Payable	
Due to Other Funds	
Total Liabilities	-
Fund Balances	
Restricted	153,470
Committed	
Assigned	
Total Fund Balances	153,470
Total Liabilities and Fund Balances	153,470

TOWN OF MOUNT DESERT
ALL SPECIAL REVENUE FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Exhibit B-2

	<i>Election Grant</i>	<i>ARPA Grant</i>	<i>Totals</i>
Revenues			
Intergovernmental Revenues		223,426	223,426
Local Sources			-
Total Revenues	-	223,426	223,426
Expenditures			
General Government	793		793
Public Safety		69,956	69,956
Total Expenditures	793	69,956	70,749
Excess of Revenues Over (Under) Expenditures	(793)	153,470	152,677
Other Financing Sources (Uses)			
Transfer from Other Funds			
Transfer to Other Funds			
	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures	(793)	153,470	152,677
Fund Balance - July 1	793		793
Fund Balance - June 30	-	153,470	153,470

TOWN OF MOUNT DESERT
ALL CAPITAL PROJECT FUNDS
BALANCE SHEET
JUNE 30, 2022

Exhibit C-1
Page 1 of 3

<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>NEH Fire Station</i>
Cash					5,045,965
Investments					
Accounts Receivable	89,628		15,557		
Bonds Receivable	64,872	34,957	1,902,562	72,569	94,717
Due from Other Funds					
Total Assets	154,500	34,957	1,918,119	72,569	5,140,682
<i>Liabilities and Fund Balances</i>					
Liabilities					
Retainage Payable	22,699		87,923		9,925
Accounts Payable	77,235		266,932		96,232
Due to Other Funds					
Total Liabilities	99,934	-	354,855	-	106,157
Fund Balances					
Committed	54,566	34,957	1,563,264	72,569	5,034,525
Total Fund Balances	54,566	34,957	1,563,264	72,569	5,034,525
Total Liabilities and Fund Balances	154,500	34,957	1,918,119	72,569	5,140,682

TOWN OF MOUNT DESERT
ALL CAPITAL PROJECT FUNDS
BALANCE SHEET
JUNE 30, 2022

Exhibit C-1
Page 2 of 3

<i>Assets</i>	<i>Somesville Fire Station</i>	<i>MD Crosswalks</i>	<i>Fiber Network 22 ATM</i>	<i>RTE 198 DOT Phase 3</i>	<i>NEH Summit Road Improvement</i>
Cash			343,745		
Investments					
Accounts Receivable					
Bonds Receivable					
Due from Other Funds	772,161	96,605		191,419	16,000
Total Assets	772,161	96,605	343,745	191,419	16,000
Liabilities and Fund Balances					
Liabilities					
Retainage Payable	21,047	8,419		4,564	
Accounts Payable	198,384				
Due to Other Funds					
Total Liabilities	219,431	8,419	-	4,564	-
Fund Balances					
Committed	552,730	88,186	343,745	186,855	16,000
Total Fund Balances	552,730	88,186	343,745	186,855	16,000
Total Liabilities and Fund Balances	772,161	96,605	343,745	191,419	16,000

TOWN OF MOUNT DESERT
ALL CAPITAL PROJECT FUNDS
BALANCE SHEET
JUNE 30, 2022

Exhibit C-1
Page 3 of 3

<i>Assets</i>	<i>Dodge Point Bait House</i>	<i>Brookside Road Project</i>	<i>Steamboat Wharf Rd Wall</i>	<i>Capital Improvement Program</i>	<i>Total</i>
Cash					5,389,710
Investments					3,177,983
Accounts Receivable				3,177,983	15,557
Bonds Receivable					89,628
Due from Other Funds	7,336	5,008	26,061		3,284,267
Total Assets	7,336	5,008	26,061	3,177,983	11,957,145
Liabilities and Fund Balances					
Liabilities					
Retainage Payable	1,500				156,077
Accounts Payable	3,240				642,023
Due to Other Funds				401,966	401,966
Total Liabilities	4,740	-	-	401,966	1,200,066
Fund Balances					
Committed	2,596	5,008	26,061	2,776,017	10,757,079
Total Fund Balances	2,596	5,008	26,061	2,776,017	10,757,079
Total Liabilities and Fund Balances	7,336	5,008	26,061	3,177,983	11,957,145

TOWN OF MOUNT DESERT
ALL CAPITAL PROJECT FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Exhibit C-2
Page 1 of 3

	NEH WW Collect/Convey System	Street Light Project	Northeast Village Center	Rte 3 Improvements	NEH Fire Station
Revenues					
Intergovernmental					
Local Sources					
Interest Income					
Total Revenues	-	-	-	-	-
Expenditures					
General Government					
Public Safety					
Public Works Department					
Sewer					
Construction	453,974		481,523		198,504
Engineering	31,410		216,331		269,467
Debt					
Miscellaneous	1,090		2,279		3,883
Total Expenditures	486,474	-	700,133	-	471,854
Excess of Revenues Over (Under) Expenditures	(486,474)	-	(700,133)	-	(471,854)
Other Financing Sources (Uses)					
Bond Proceeds					5,238,427
Transfer from Other Funds	186,569				(89,973)
Transfer to Other Funds	186,569	-	-	-	5,148,454
Excess of Revenues and Other Sources Over (Under) Expenditures	(299,905)	-	(700,133)	-	4,676,600
Fund Balance - July 1	354,471	34,957	2,263,397	72,569	357,925
Fund Balance - June 30	54,566	34,957	1,563,264	72,569	5,034,525

TOWN OF MOUNT DESERT
ALL CAPITAL PROJECT FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Exhibit C-2
Page 2 of 3

	<i>Somesville Fire Station</i>	<i>MD Crosswalks</i>	<i>Fiber Network 22 ATM</i>	<i>RTE 198 DOT Phase 3</i>	<i>NEH Summit Road Improvement</i>
Revenues					
Intergovernmental					
Local Sources					
Interest Income	-	-	-	-	-
Total Revenues					
Expenditures					
General Government					
Public Safety					
Public Works Department					
Sewer					
Construction	435,342			500	
Engineering					
Debt					
Miscellaneous	11,928		255		
Total Expenditures	447,270	-	255	500	-
Excess of Revenues Over (Under) Expenditures	(447,270)	-	(255)	(500)	-
Other Financing Sources (Uses)					
Bond Proceeds	1,000,000		344,000		
Transfer from Other Funds					
Transfer to Other Funds	1,000,000	-	344,000	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures	552,730	-	343,745	(500)	-
Fund Balance - July 1		88,186		187,355	16,000
Fund Balance - June 30	552,730	88,186	343,745	186,855	16,000

TOWN OF MOUNT DESERT
ALL CAPITAL PROJECT FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Exhibit C-2
Page 3 of 3

	Dodge Point Bait House	Brookside Road Project	Steamboat Wharf Rd Wall	Capital Improvement Program	Total
Revenues					
Intergovernmental					-
Local Sources				51,099	51,099
Interest Income				77,290	77,290
Total Revenues	-	-	-	128,389	128,389
Expenditures					
General Government				-	-
Public Safety				154,332	154,332
Public Works Department				57,572	57,572
Sewer				78,163	78,163
Construction	6,025	4,892			1,580,260
Engineering	417				518,125
Debt					-
Miscellaneous					19,435
Total Expenditures	6,442	4,892	-	290,067	2,407,887
Excess of Revenues Over (Under) Expenditures	(6,442)	(4,892)	-	(161,678)	(2,279,498)
Other Financing Sources (Uses)					
Bond Proceeds					6,582,427
Transfer from Other Funds				562,011	748,580
Transfer to Other Funds				(154,003)	(243,976)
	-	-	-	408,008	7,087,031
Excess of Revenues and Other Sources Over (Under) Expenditures	(6,442)	(4,892)	-	246,330	4,807,533
Fund Balance - July 1	9,038	9,900	26,061	2,529,687	5,949,546
Fund Balance - June 30	2,596	5,008	26,061	2,776,017	10,757,079

TOWN OF MOUNT DESERT
CAPITAL IMPROVEMENT FUNDS
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Exhibit C-3

	Balance	Transfers		Interest	Revenues	Expenditures	Transfers	Balance
	July 1	In					Out	June 30
Capital Improvement Funds - General								
Assessment Capital Reserve	6,120	2,033		223				8,376
Assessor Aerial Photo Reserve	2,598	4,372		115				7,085
Bait House	66	2,000		13				2,079
CEO Work Truck	23,922	3,359		845				28,126
Clerk's Capital Improvement	34,628	10,535		1,254				46,417
Communications Cap. Imp.	176,012	24,396		5,415		(79,820)		126,003
Fire Equipment/Engine	787,613	183,107		28,032	8,397	(16,793)		990,356
Fire Pond and Dry Hydrant	58,578	6,211		2,057				66,846
Fire Station Building	54,277	48,342		905	30,000	(57,719)		75,805
Land Acquisition	278,576			9,618				288,194
Public Works Buildings & Grounds Reserve	131	15,000		88				15,219
Public Works Equipment	291,473	120,000		6,031	2	(16,370)		401,136
Refuse Truck	166,593	50,000		6,031				222,624
Town Office Building	118,463	20,000		4,202	500			143,165
Town Manger Telephone	20,938	4,892		751				26,581
Town Roads	162,618	50,000		5,618	12,200	(41,202)		189,234
Treasurer's Capital Improvement	9,012	2,764		327				12,103
Wastewater	286,279			3,893		(43,217)	(154,003)	92,952
Wastewater Work Truck	51,790	15,000		1,872		(34,946)		33,716
Sub-Total - General	2,529,687	562,011		77,290	51,099	(290,067)	(154,003)	2,776,017
Capital Improvement Funds - Marina								
Bartlett Harbor Moorings/Floats	47,572	4,000		946				52,518
Bartlett Narrows Dock	21,587	7,000		448				29,035
Harbor Boat Reserve	86,216	8,764		1,720				96,700
Marina Equipment Reserve	3,881	2,000		83				5,964
Northeast Harbor Marina	116,150	13,833		2,177		(27,026)		105,134
Northeast Harbor Marina Work Truck	15,371	3,000		311				18,682
Northeast Harbor Moorings/Floats	320,788	29,750		6,363		(5,725)		351,176
Seal Harbor Dock	82,997	5,000		1,632		(4,339)		85,290
Seal Harbor Moorings/Floats	109,963	10,000		2,190				122,153
Sub-Total - Marina	804,525	83,347		15,870	-	(37,090)	-	866,652

TOWN OF MOUNT DESERT
BALANCE SHEET
ALL PERMANENT FUNDS
JUNE 30, 2022

Exhibit D-1

<i>Assets</i>	<i>Frank Stanley Trust</i>	<i>Cemetery Trusts</i>	<i>Horace Reynolds Scholarship Fund</i>	<i>Total</i>
Investments	6,803	4,050	13,336	24,189
Total Assets	6,803	4,050	13,336	24,189
<i>Liabilities and Fund Balances</i>				
Liabilities				
Accounts Payable			60	60
Due to Other Funds	157	220	255	632
Total Liabilities	157	220	315	692
Fund Balances				
Reserved for Endowments	3,766	3,807	11,749	19,322
Assigned	2,880	23	1,272	4,175
Total Fund Balances	6,646	3,830	13,021	23,497
Total Liabilities and Fund Balances	6,803	4,050	13,336	24,189

TOWN OF MOUNT DESERT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL PERMANENT FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Exhibit D-2

	<i>Frank Stanley Trust</i>	<i>Cemetery Trusts</i>	<i>Horace Reynolds Scholarship Fund</i>	<i>Total</i>
Revenues				
Investment Income	(371)	(442)	(1,339)	(2,152)
Expenditures				
Scholarships	57		60	117
Cemetery Maintenance		78		78
	57	78	60	195
Excess of Revenues Over Expenditures	(428)	(520)	(1,399)	(2,347)
Fund Balance - July 1, Restated	7,074	4,350	14,420	25,844
Fund Balance - June 30	6,646	3,830	13,021	23,497

TOWN OF MOUNT DESERT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

<i>Federal Grantor/Pass-Through Grantor/Program Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. Department of Education:				
Rural School Achievement Program	84.358		-	26,941
<i>Passed Through State Department of Education:</i>				
<i>Special Education Cluster (IDEA):</i>				
Title VI, Part B - Local Entitlement	84.027	013-05A-3046-12-6306-3046SLG	-	44,301
Title VI, Part B - Local Entitlement Preschool	84.173	013-05A-6247-23-6306-6247SPG	-	-
<i>Sub-total Special Education Cluster (IDEA):</i>			-	44,301
ESSA Title 1A - Basic Disadvantaged Program	84.010	013-05A-3107-13-6306-3107CDG	-	8,883
Total U.S. Department of Education			-	80,125
U.S. Department of Treasury				
ARPA Grant		21.027		69,955
Total U.S. Department of Treasury				69,955
U.S. Department of Agriculture:				
<i>Passed Through State Department of Education:</i>				
State Pandemic Electronic Benefit Transfer Administrative Costs	10.649	013-6670	-	614
<i>Food Distribution Cluster:</i>				
Food Distribution	10.565	NONE	-	2,768
<i>Sub-total Food Distribution Cluster</i>				2,768
<i>Child Nutrition Cluster:</i>				
School Breakfast Program	10.553	013-05A-7127	-	44,809
Federal Performance Based Lunch	10.555	013-05A-7142	-	87,308
Healthy Meals	10.555	013-6662	-	1,442
<i>Sub-total Child Nutrition Cluster</i>			-	133,559
Total U.S. Department of Agriculture			-	136,941
Total			-	287,021

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.

April 2, 2023