

TOWN OF MOUNT DESERT, MAINE

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

***FOR THE FISCAL YEAR
ENDED JUNE 30, 2019***

**TOWN OF MOUNT DESERT
FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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***TOWN OF MOUNT DESERT
FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019***

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CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

April 9, 2020

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Mount Desert, Maine as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Mount Desert, Maine as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension schedules, and other post-employment benefits schedules on pages 3-9, 58, 59-62, and 63-66, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the supplementary information and the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully Submitted,

James W. Wadman, CPA

James W. Wadman, CPA

TOWN OF MOUNT DESERT, MAINE
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

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, 2019. 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, 2019 by \$37,120,984 (presented as “net position”). Of this amount, \$12,336,503 was reported as “unrestricted net position”. Unrestricted net position represents the amount available to be used to meet the Town's ongoing obligations to citizens and creditors.

Changes in Net position – The Town's total net position increased by \$1,241,135 (a 3.7 % increase) for the year ended June 30, 2019. Net position of governmental activities increased by \$1,062,554 (a 3.2% increase), while net position of business-type activities showed an increase of \$178,581 (a 5.6% increase).

Fund Highlights:

Governmental Funds – Fund Balances – As of the close of the year ended June 30, 2019; the Town's governmental funds reported a combined ending fund balance of \$14,543,739 with \$3,162,453 being general unassigned fund balance. This unassigned fund balance represents approximately 18% of the total general fund expenditures for the year.

Long-term Debt:

The Town's total long-term debt obligations decreased by \$1,239,078 for the year ended June 30, 2019. New debt was issued for \$428,920 for crosswalks, and \$154,500 for a street sweeper. Existing debt obligations were retired according to schedule. Additional information on the Town's long-term debt can be found in Note 3G of the notes to the financial statements on pages 33-36 of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional required supplementary information (budgetary comparison) and other supplementary information. These components are described below:

Government-wide Financial Statements

The Government-wide financial statements present the financial picture of the Town from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the Town (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain elimination entries have occurred as prescribed by the statement in regards to inter-fund activity, payables and receivables. The government-wide financial statements can be found on pages 10-11 of this report.

Fund Financial Statements

The fund financial statements include statements for each of the three categories of activities – governmental, business-type and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The business-type activities are prepared using

the economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town's own programs. Reconciliation of the fund financial statements to the Government-wide financial statements is provided to explain the differences created by the integrated approach. The basic governmental fund financial statements can be found on pages 12-15 of this report. The basic proprietary fund financial statements can be found on pages 16-18 of this report. The fiduciary fund financial statements can be found on pages 19-20 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found on pages 21-57 of this report.

Required Supplementary Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

63% 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.

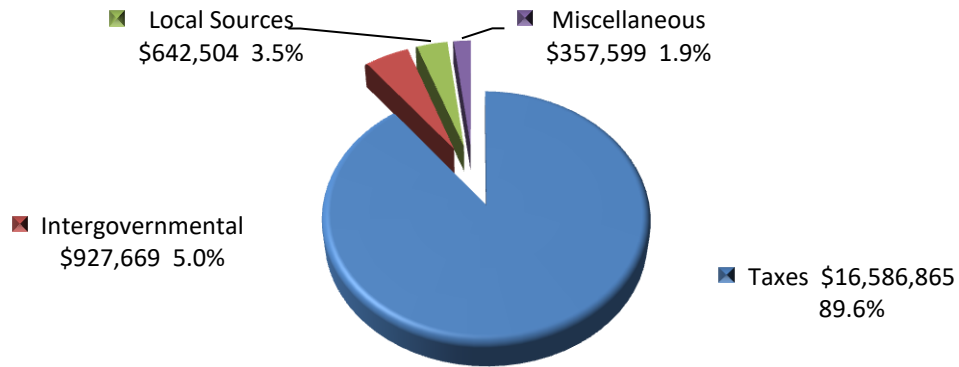
	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>June 30, 2019 Total</i>	<i>June 30, 2018 Total</i>
Current Assets	16,120,756	1,459,855	17,580,611	17,987,384
Capital Assets	39,516,065	3,264,937	42,781,002	43,116,553
<i>Total Assets</i>	55,636,821	4,724,792	60,361,613	61,103,937
 <i>Total Deferred Outflows of Resources</i>	 511,974		511,974	481,926
 <i>Total Assets and Deferred Outflows of Resources</i>	 56,148,795	4,724,792	60,873,587	61,585,863
 Current Liabilities	3,741,273	159,071	3,900,344	4,068,236
Other Liabilities	18,264,752	1,210,000	19,474,752	19,852,900
<i>Total Liabilities</i>	22,006,025	1,369,071	23,375,096	23,921,136
 <i>Total Deferred Inflows of Resources</i>	 377,507		377,507	859,007
 Net Investment in Capital Assets	21,357,808	1,944,937	23,302,745	22,338,000
Restricted	767,921	713,815	1,481,736	1,245,953
Unrestricted	11,639,534	696,969	12,336,503	13,221,767
<i>Total Net Position</i>	33,765,263	3,355,721	37,120,984	36,805,720
 <i>Total Liabilities, Deferred Inflows, and Net Position</i>	 56,148,795	4,724,792	60,873,587	61,585,863

Changes in Net Position

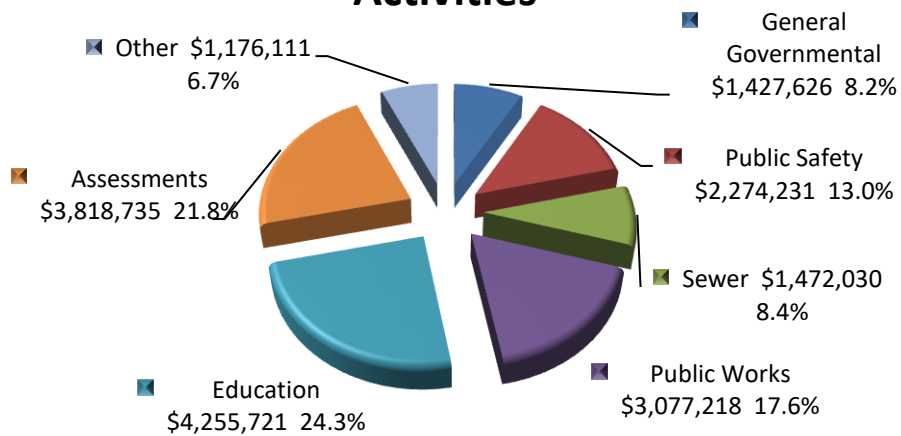
Approximately 90% of the Town's total revenue came from property and excise taxes, approximately 5% came from State subsidies and grants, and approximately 5% came from services, investment earnings and other sources. Depreciation expense on the Town's governmental and business-type activity assets represents \$2,009,084 of the total expenses for the fiscal year.

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>June 30, 2019 Total</i>	<i>June 30, 2018 Total</i>
<i>Revenues:</i>				
Taxes	16,586,865		16,586,865	16,015,162
Intergovernmental Revenues	927,669		927,669	762,965
Local Sources	642,504	915,628	1,558,132	1,734,902
Fair Value Increase (Decrease)	196,685		196,685	289,192
Gain on Sale of Asset			-	48,500
Transfers In / Out	49,589	(49,589)	-	-
Miscellaneous	160,914		160,914	158,516
<i>Total</i>	18,564,226	866,039	19,430,265	19,009,237
<i>Expenses:</i>				
General Government	1,427,626		1,427,626	1,485,083
General Assistance & Rural Wastewater	179,734		179,734	171,677
Public Safety	2,274,231		2,274,231	2,336,109
Public Works	3,077,218		3,077,218	3,193,302
Sewer	1,472,030		1,472,030	1,622,237
Marine Dept.		687,458	687,458	683,387
Community Development	13,709		13,709	35,196
Debt Service	347,491		347,491	274,937
Other	339,634		339,634	314,439
Assessments	3,818,735		3,818,735	3,756,484
Education Programs	4,255,721		4,255,721	4,179,969
Capital Outlay	295,543		295,543	490,800
<i>Total</i>	17,501,672	687,458	18,189,130	18,543,620
<i>Changes in Net Position</i>	1,062,554	178,581	1,241,135	465,617

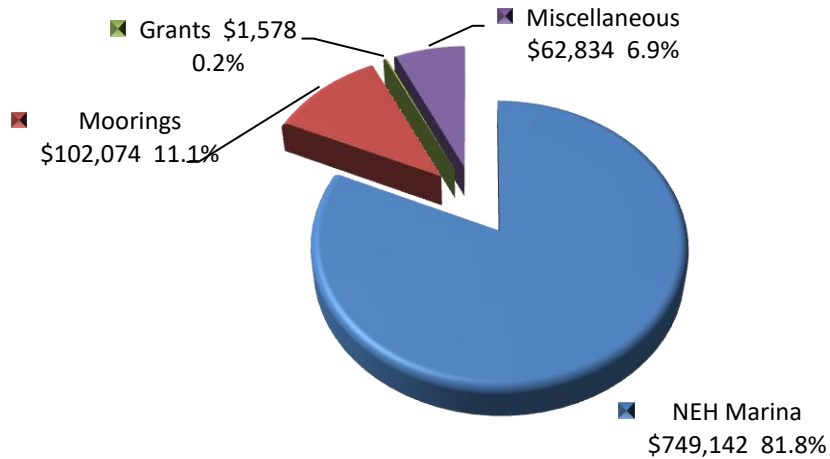
Revenues By Source - Governmental Activities



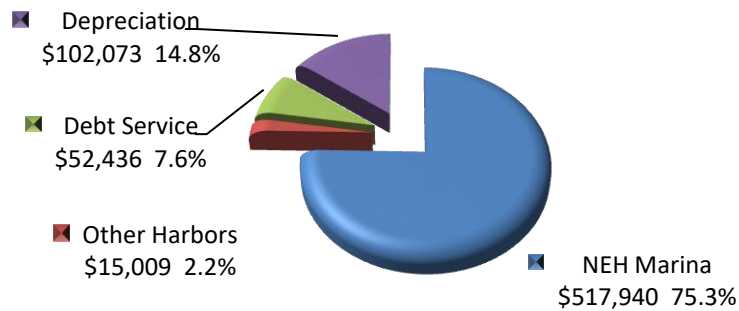
Expenditures By Source - Governmental Activities



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 \$14,543,739, an increase of \$107,034 in comparison with the prior year. Approximately 22 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:

- \$53,478 positive variance in motor vehicle excise. The cost of new vehicles has increased greatly; therefore even though there are fewer vehicles, the overall MSRP on the new models, along with the increase of purchases of newer models to replace the older models, has contributed to these differences.
- \$52,836 positive variance in interest on investments. The increase in interest income on investments was majority due to the change from collateralized checking accounts to small balances maximums (\$25,000) checking accounts with individual ICS accounts retaining the excess cash up to \$3M. For this change to non-collateralization, BHBT gave us a secured interest rate of 1% instead of the .55%. Also, we moved everything over \$2M into a money market account which has an average yield of 1.6%. The reserve investments gained a minimal amount of interest due to small principal and market conditions.
- \$48,286 negative variance in town administration. The variance is due to unanticipated legal expenses involving a petition for reconsideration of the Maine Street revitalization project and arbitration expense as a result of collective bargaining process.
- \$57,136 positive variance in general government - unallocated. The variance is due to the amount paid to participants in our health reimbursement account program. It is budgeted to the amount that could be spent if everyone reached their maximums, but less than 50% was actually drawn.
- \$103,126 positive variance in police department. In general, this variance result is due to police chief sharing agreement with Bar Harbor, which reduces police chief expenses to Mount Desert police department. A patrolman's illness also resulted in unexpended funds from the salary and benefits lines. That patrolman used all available leave time, the remainder of the FMLA was unpaid and the backfilled the shifts were accomplished with staff paid at a lower rate.
- \$50,181 positive variance in dispatch. In general, the variance result is due to staffing turnover that resulted in salary and associated benefit lines being below budget estimates.
- \$51,732 positive variance in sewer operations. A primary reason there is money left is due to the diligence of staff in their preventative maintenance measures and overall operational expertise. We have \$9,500 remaining in technical services. Most of the funds were spent on addressing a motor oil leak from a portable generator, annual hoist inspections, and a water leak. We have \$5,100 remaining in outside lab/testing. The line was budgeted for \$10,000 in anticipation of conforming to our new DEP wastewater permits requirements. We applied for the permits 24 months ago; the one to be replaced expired 14 months ago. To date, we have not received the new permit. The greatest amount left unspent is that for sludge disposal, \$35,000 left of a \$96,000 budget. Some sludge is needed in the treatment process of a treatment plant. Some sludge has to be disposed of, "wasted", to maintain a mass balance.
- \$54,461 positive variance in community development. The variance is due to the committee overseeing the budget did not develop a series of community goals that would need the maximum amount of the funds budgeted for consultants.
- \$94,950 positive variance in overlay. The overlay estimate was based on the municipal valuation return's calculation which considers the maximum tax rate and the chosen tax rate. The overlay was to allow for abatements and or commitment corrections; however, no large abatements were considered nor approved.

CAPITAL ASSET ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental and business-like activities amounts to \$73,677,498, net of accumulated depreciation of \$30,896,496, leaving a net book value of \$42,781,002. Current additions include \$38,666 for Bracy Cove pump station, \$7,675 wireless headset and communication system, \$33,674 for police vehicle, \$204,500 street sweeper, \$16,833 truck engine, \$32,770 sewer pumps, \$373,501 for paving, and \$63,423 for NEH food vendor and farmers market. 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, 2019

Exhibit A

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Equivalents	5,636,697		5,636,697
Investments	6,407,969	708,816	7,116,785
Taxes and Liens Receivables	123,835		123,835
Bonds Receivables	3,214,370		3,214,370
Accounts Receivable	469,102		469,102
Internal Balances		751,039	751,039
Prepaid Expenditures	266,817		266,817
Inventory	1,966		1,966
Capital Assets:			
Land	2,624,097		2,624,097
Construction Work in Progress	1,355,137		1,355,137
Other Capital Assets, Net of Depreciation	35,536,831	3,264,937	38,801,768
Total Assets	55,636,821	4,724,792	60,361,613
Deferred Outflows of Resources:			
Related to Pensions and Other Post Employment Benefit	511,974		511,974
Total Deferred Outflow of Resources	511,974		511,974
Total Assets and Deferred Outflows of Resources	56,148,795	4,724,792	60,873,587
Liabilities			
Accounts Payable	298,984	5,730	304,714
Retainage Payable	17,839		17,839
Accrued Interest Payable		39,623	39,623
Accrued Compensated Absences	265,197	3,718	268,915
Accrued Salaries Payable	344,759		344,759
Internal Balances	751,039		751,039
Long-term Liabilities:			
Net Pension Liability	943,690		943,690
Net Other Post Employment Benefits Liability	1,226,260		1,226,260
Due Within One Year	2,063,455	110,000	2,173,455
Due in More Than One Year	16,094,802	1,210,000	17,304,802
Total Liabilities	22,006,025	1,369,071	23,375,096
Deferred Inflows of Resources:			
Property Taxes Collected in Advance	81,664		81,664
Related to Pensions and Other Post Employment Benefit	295,843		295,843
Total Deferred Inflows of Resources	377,507	-	377,507
Net Position			
Net Investment in Capital Assets	21,357,808	1,944,937	23,302,745
Restricted	767,921	713,815	1,481,736
Unrestricted	11,639,534	696,969	12,336,503
Total Net Position	33,765,263	3,355,721	37,120,984
Total Liabilities, Deferred Inflows of Resources, and Net Position	56,148,795	4,724,792	60,873,587

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, 2019

Exhibit B

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>Primary Government</u>						
<u>Governmental Activities</u>						
General Government	1,427,626	116,527		(1,311,099)		(1,311,099)
General Assistance & Rural Wastewater Support	179,734			(179,734)		(179,734)
Public Safety	2,274,231	5,564		(2,268,667)		(2,268,667)
Public Works	3,077,218	1,082		(3,076,136)		(3,076,136)
Sewer	1,472,030	725		(1,471,305)		(1,471,305)
Community Development	13,709			(13,709)		(13,709)
Debt Service	347,491			(347,491)		(347,491)
Other	339,634			(339,634)		(339,634)
Education	4,255,721	73,616	313,100	(3,869,005)		(3,869,005)
Assessments	3,818,735			(3,818,735)		(3,818,735)
Capital Outlay	295,543			(295,543)		(295,543)
<u>Total Governmental Activities</u>	<u>17,501,672</u>	<u>197,514</u>	<u>313,100</u>	<u>(16,991,058)</u>		<u>(16,991,058)</u>
<u>Business-type Activities</u>						
Marina	687,458	899,051	1,578		213,171	213,171
<u>Total Business-type Activities</u>	<u>687,458</u>	<u>899,051</u>	<u>1,578</u>		<u>213,171</u>	<u>213,171</u>
<u>Total Primary Government</u>	<u>18,189,130</u>	<u>1,096,565</u>	<u>314,678</u>	<u>(16,991,058)</u>	<u>213,171</u>	<u>(16,777,887)</u>
<u>General Revenues:</u>						
Taxes						
Property				15,905,274		15,905,274
Auto Excise				653,478		653,478
Boat Excise				28,113		28,113
Intergovernmental Revenues				540,138		540,138
Increase (Decrease) in Fair Market Value				196,685		196,685
Other Local Sources				680,335	14,999	695,334
Transfers Marina				49,589	(49,589)	-
<u>Total Revenues, Special Items and Transfers</u>				<u>18,053,612</u>	<u>(34,590)</u>	<u>18,019,022</u>
<u>Changes in Net Position</u>				1,062,554	178,581	1,241,135
<u>Net Position - Beginning, as restated</u>				32,702,709	3,177,140	35,879,849
<u>Net Position - Ending</u>				<u>33,765,263</u>	<u>3,355,721</u>	<u>37,120,984</u>

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

TOWN OF MOUNT DESERT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

Exhibit C
Page 1 of 2

	General Fund	Northeast Village Center	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Equivalents	5,636,697			5,636,697
Investments	4,635,930		1,772,039	6,407,969
Receivables				
Taxes	4,091			4,091
Tax Liens	119,744			119,744
Bonds		2,129,525	1,084,845	3,214,370
Other	260,536		208,566	469,102
Prepaid Expenditures	266,817			266,817
Inventory	1,966			1,966
Due from Other Funds	2,895	1,495,084	1,714,655	3,212,634
Total Assets	10,928,676	3,624,609	4,780,105	19,333,390
Liabilities				
Accounts Payable	266,059		32,925	298,984
Retainage Payable		9,579	8,260	17,839
Accrued Salaries Payable	344,759			344,759
Due to Other Funds	3,313,189		650,484	3,963,673
Total Liabilities	3,924,007	9,579	691,669	4,625,255
Deferred Inflows of Resources:				
Property Taxes Collected in Advance	81,664			81,664
Unavailable Property Tax Revenue	82,732			82,732
Total Deferred Inflows of Resources	164,396	-	-	164,396
Fund Balances				
Nonspendable	1,886		8,438	10,324
Restricted	757,597			757,597
Committed	2,777,677	3,615,030	4,077,388	10,470,095
Assigned	140,660		2,610	143,270
Unassigned	3,162,453			3,162,453
Total Fund Balances	6,840,273	3,615,030	4,088,436	14,543,739
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	10,928,676	3,624,609	4,780,105	19,333,390

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

TOWN OF MOUNT DESERT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

Exhibit C
Page 2 of 2

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

Total Fund Balance	14,543,739
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$30,059,962	39,516,065
Deferred outflows of resources related to pension plans	485,984
Deferred outflows of resources related to other post employment benefits	25,990
Deferred inflows of resources related to pension plans	(223,624)
Deferred inflows of resources related to other post employment benefits	(72,219)
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds:	
Net Pension Liability	(943,690)
Net Other Post Employment Benefits Liability	(1,226,260)
Property Taxes Collected in Advance	82,732
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Bonds Payable	(18,083,158)
Accrued Compensated Absences	(265,197)
Capital Leases Payable	(75,099)
Net Position of Governmental Activities	<u><u>33,765,263</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, 2019

Exhibit D
Page 1 of 2

	<i>General Fund</i>	<i>Northeast Village Center</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
Revenues				
Taxes	16,554,231			16,554,231
Intergovernmental Revenues	868,668		59,001	927,669
Local Sources	338,626	53,272	250,606	642,504
Fair Value Increase (Decrease)	196,685			196,685
Miscellaneous	160,914			160,914
Total Revenues	18,119,124	53,272	309,607	18,482,003
Expenditures				
Current:				
General Government	1,330,007		23,548	1,353,555
General Assist. & Rural Wastewater Suppo	179,734			179,734
Public Safety	2,082,402		2,942	2,085,344
Public Works	2,546,549		242,723	2,789,272
Sewer	910,210		32,770	942,980
Community Development	12,744		965	13,709
All Other	339,534		100	339,634
Education Programs	4,453,130			4,453,130
Assessments	3,818,735			3,818,735
Debt Service	1,588,839		19,150	1,607,989
Capital Outlay		357,719	911,677	1,269,396
Total Expenditures	17,261,884	357,719	1,233,875	18,853,478
Excess of Revenues Over (Under)				
Expenditures	857,240	(304,447)	(924,268)	(371,475)
Other Financing Sources (Uses)				
Bond Proceeds			428,920	428,920
Transfers from Other Funds	129,855		905,497	1,035,352
Transfers to Other Funds	(927,117)		(58,646)	(985,763)
Total Other Financing Sources (Uses)	(797,262)	-	1,275,771	478,509
Excess of Revenues and Other				
Financing Sources Over				
(Under) Expenditures	59,978	(304,447)	351,503	107,034
Fund Balance - July 1	6,780,295	3,919,477	3,736,933	14,436,705
Fund Balance - June 30	6,840,273	3,615,030	4,088,436	14,543,739

(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, 2019

Exhibit D
Page 2 of 2

Net change in fund balances - total governmental funds 107,034

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	1,682,223
Capital asset disposals	(8,690)
Depreciation expense	(1,907,011)
	<u>(233,478)</u>

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

Unavailable Property Tax Revenue	<u>32,634</u>
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Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Capital lease obligation principal payments	61,218
New Debt	(428,920)
General obligation bond principal payments	1,557,998
	<u>1,190,296</u>

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Deferred Outflows of Pension and Other Post Employment Benefits	511,974
Deferred Inflows of Pension and Other Post Employment Benefits	(295,843)
Net Pension Liability	(311,405)
Net Other Post Employment Benefit Liability	15,828
Accrued compensated absences	45,514
	<u>(33,932)</u>

Change in net position of governmental activities	<u><u>1,062,554</u></u>
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TOWN OF MOUNT DESERT
STATEMENT OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2019

Exhibit E

	<i>Marina Fund</i>
Assets	
Current Assets:	
Investments	708,816
Due from Other Funds	751,039
Total Current Assets	1,459,855
Noncurrent Assets:	
Capital Assets, net	3,264,937
Total Noncurrent Assets	3,264,937
Total Assets	4,724,792
Liabilities and Net Position	
Liabilities	
Current Liabilities:	
Accrued Interest Payable	39,623
Accounts Payable	5,730
Long-term Liabilities:	
Due Within One Year	110,000
Due in More Than One Year	1,210,000
Total Liabilities	1,365,353
Net Position	
Net Investment in Capital Assets	1,944,937
Restricted	713,815
Unassigned	700,687
Total Net Position	3,359,439
Total Liabilities and Net Position	4,724,792

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

Total Net Position	3,359,439
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Accrued Compensated Absences	(3,718)
	(3,718)
Net Position of Business Activities	3,355,721

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, 2019

	Marina Fund			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Operating Revenues:				
NEH Marina	516,643	516,643	749,142	232,499
Moorings	107,000	107,000	102,074	(4,926)
Launch Services	20,000	20,000	20,890	890
Agent Fees	17,000	17,000	16,097	(903)
Pump Out Grant	2,000	2,000	1,578	(422)
Ticket Booth Fees	2,500	2,500	2,551	51
Marina Concessions	9,500	9,500	8,297	(1,203)
Total Operating Revenues:	674,643	674,643	900,629	225,986
Operating Expenditures:				
NEH Marina	479,703	479,703	520,745	(41,042)
Seal Harbor Marina	9,250	9,250	3,664	5,586
Bartlett Narrows Harbor	4,600	4,600	11,345	(6,745)
Somesville Harbor	350	350		350
Debt Service	52,700	52,700	52,436	264
Depreciation			102,073	(102,073)
Total Operating Expenditures	546,603	546,603	690,263	(143,660)
Net Operating Income	128,040	128,040	210,366	82,326
Non-operating Revenues (Expenses)				
Interest Revenue			14,999	14,999
Total Non-operating Revenues (Expenses)	-	-	14,999	14,999
Net Income (Loss) before contributions and transfers	128,040	128,040	225,365	97,325
Transfer to Other Funds	(128,040)	(128,040)	(49,589)	78,451
Change in Net Position	-	-	175,776	175,776
Total Net Position - Beginning			3,183,663	
Total Net Position - Ending			3,359,439	
Net change in fund balances - total business funds			175,776	
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			2,805	
			2,805	
Change in net position of business activities			178,581	

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, 2019

Exhibit G

	<i>Marina Fund</i>
<i>Cash Flows from Operating Activities</i>	
Received from Customers	900,629
Payments to Suppliers	(251,860)
Payments to Employees	(283,894)
Other Receipts (Payments)	(178,876)
	<hr/>
<i>Net Cash Provided by (Used in) Operating Activities</i>	185,999
	<hr/>
<i>Cash Flows from Capital and Related Financing Activities</i>	
Principal Paid on Capital Debt	(110,000)
Disposals of Capital Assets	
Purchases of Capital Assets	
	<hr/>
<i>Net Cash Used in Capital and Related Financing Activities</i>	(110,000)
	<hr/>
<i>Cash Flows from Investing Activities</i>	
Net Purchase/Sales of Investment	(90,998)
Interest and Dividends	14,999
	<hr/>
<i>Net Cash Provided by (Used in) Investing Activities</i>	(75,999)
	<hr/>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	-
<i>Balances - beginning of the year</i>	-
	<hr/>
<i>Balances - end of the year</i>	-
	<hr/> <hr/>
<i>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</i>	
Net Operating Income (Loss)	175,776
Adjustment to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation and Amortization	102,073
(Increase) Decrease in Due from Other Funds	(92,307)
Increase (Decrease) in Accrued Interest Payable	406
Increase (Decrease) in Accounts Payable	51
	<hr/>
<i>Net Cash Provided by (Used in) Operating Activities</i>	185,999
	<hr/> <hr/>

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

TOWN OF MOUNT DESERT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2019

Exhibit H

	<i>Private Purpose Trust Fund Horace Reynolds Scholarship Fund</i>
<i>Assets</i>	
Investments	14,060
Total Assets	14,060
<i>Liabilities and Net Position</i>	
Liabilities	
Due to Other Funds	
Total Liabilities	-
Net Position	
Restricted	13,089
Unassigned	971
Total Net Position	14,060
Total Liabilities and Net Position	14,060

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

TOWN OF MOUNT DESERT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Exhibit I

	<u><i>Private Purpose Trust Fund Horace Reynolds Scholarship Fund</i></u>
Revenues	
Investment Income	<u>733</u>
	<u>733</u>
Expenditures	
Scholarships	<u>153</u>
Total Expenditures	<u>153</u>
Excess of Revenues Over (Under)	
Expenditures	580
Net Position - July 1	<u>13,480</u>
Net Position - June 30	<u><u>14,060</u></u>

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

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

on long-term debt, as well as expenditure related to compensated absences and claims and judgments are recorded only when payment is due.

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

The Town reports the following major governmental funds:

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

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

The 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, 2019

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, \$82,732 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 8% beginning September 1. Tax liens are placed on real property within 12 months following the tax commitment date if taxes remain delinquent. Liens were placed on May 28, 2019 for the 2018 commitment. The Town has the authority to foreclose on property eighteen months after the filing of the liens if the lien amount and associated costs remain unpaid.

3. Inventories

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

4. Capital Assets

Capital assets, which property, plant, equipment, and infrastructure (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. Capital Assets (continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	20-40
Infrastructure	10-50
Equipment	3-20

5. Deferred Inflows/Outflows of Resources

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

6. Pensions

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

7. Other Post-Employment Benefits (OPEB)

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

8. Compensated Absences

In the fund financial statements, vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested or accumulated vacation leave in the government-wide financial statements is recorded as

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. Compensated Absences

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

9. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position.

Under State Law, no municipality can incur debt which would cause its total outstanding debt, exclusive of debt incurred for school, storm or sanitary sewer, energy facilities, or municipal airports, to exceed 7.50% of its last full state valuation. A municipality may incur debt for schools not exceeding 10%, storm or sanitary sewers 7.50%, and municipal airports, water districts and special purpose districts 3% of its last full state valuation. In no event can the total debt exceed 15% of its last full valuation. Full state valuation is the valuation of taxable property as certified by the State Tax Assessor, adjusted to 100%.

At June 30, the Town of Mount Desert is in compliance with the above requirements.

10. Fund Balances/Net Position

Fund Balances

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

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

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

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

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

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

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

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

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. Fund Balances/Net Position (continued)

Fund Balances

The Town has identified June 30, 2019 fund balances on the balance sheet as follows:

		Northeast	Other		
	General	Village	Governmental		
	Fund	Center	Funds	Total	
<u>Nonspendable</u>					
School Inventory	1,886			1,886	
Frank Stanley Principal			4,196	4,196	
Cemetery Principal			4,242	4,242	
<u>Restricted</u>					
School Department	706,109			706,109	
Municipal Revenue Sharing	28,749			28,749	
Planning Grant	22,739			22,739	
<u>Committed</u>					
Town Reserves	2,777,677			2,777,677	
NEH WW Collect System			407,279	407,279	
Street Light Project			44,608	44,608	
Northeast Village Center		3,615,030		3,615,030	
Rte 3 Improvements			112,482	112,482	
Otter Creek Landing			7,366	7,366	
MD Crosswalks			428,920	428,920	
Rte 198 Project			13,402	13,402	
Broadband Services			255,385	255,385	
NEH Sylvan Neighborhood			146,957	146,957	
Rte 198 DOT Phase 2			451,507	451,507	
MD Crosswalks Phase 1			86,459	86,459	
NEH Summit Road Improvements			22,025	22,025	
NEH Village Green Irrigation			7,130	7,130	
Brookside Road			9,900	9,900	
Municipal Garage			3,700	3,700	
Dodge Point Bait House			168,420	168,420	
Steamboat Wharf Rd Wall			160,000	160,000	
Capital Imp. Program			1,751,848	1,751,848	
<u>Assigned</u>					
Shellfish Fund	14,630			14,630	
Encumbrances	126,030			126,030	
Frank Stanley Income			2,610	2,610	
<u>Unassigned</u>					
General Fund	3,162,453			3,162,453	
<u>Total Fund Balance</u>	<u>6,840,273</u>	<u>3,615,030</u>	<u>4,088,436</u>	<u>14,543,739</u>	

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. Fund Balances/Net Position (continued)

Net Position

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

Net Investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. If there are significant unspent related debt proceeds at year-end, the 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 2018-2019, \$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 \$126,030 at June 30 and is detailed in Exhibit A-2.

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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 \$5,636,697 and the bank balance was \$5,439,182. Of the bank balance, \$2,162,595 was covered by federal depository insurance and \$3,276,587 was collateralized through Bar Harbor Bank & Trust and First Advisors.

B. Investments

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

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

The Town has the following recurring fair value measurements as of June 30, 2019:

- U.S. Treasury securities and common stock of \$6,407,667 are valued using quoted market prices (Level 1 inputs)

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

C. Property Taxes

Property taxes were levied for the fiscal year as follows:

Assessed Value	2,069,523,820	
Tax Rate (per \$1,000)	<u>7.67</u>	
Commitment	<u>15,873,248</u>	
Appropriations	17,511,975	
Less:		
State Municipal Revenue Sharing	30,000	
Homestead Reimbursement	53,115	
BETE Reimbursement	2,050	
Other Revenue	<u>1,553,562</u>	
	<u>1,638,727</u>	
Net Assessment for Commitment	<u>15,873,248</u>	

Uncollected taxes and liens at June 30 for the current year commitment totaled \$83,342. Unpaid liens for remainder of years at June 30 totaled \$37,402.

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

D. Interfund Receivables and Payables

Individual fund interfund receivable and payable balances at June 30, 2019 were as follows:

	<u><i>Interfund Receivable</i></u>	<u><i>Interfund Payable</i></u>
General Fund	2,895	3,313,189
Capital Project Funds	3,209,739	650,484
Marina Fund	751,039	
Totals	<u><u>3,963,673</u></u>	<u><u>3,963,673</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, 2019, were as follows:

	<u><i>Transfers From</i></u>	<u><i>Transfers To</i></u>
General Fund	129,855	927,117
Capital Projects	905,497	58,646
Marina Fund		49,589
Totals	<u><u>1,035,352</u></u>	<u><u>1,035,352</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, 2019

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Capital Assets

Capital asset activity for the year ended June 30, 2019 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	444,708	973,853	(63,424)	1,355,137
<i>Capital assets being depreciated</i>				
Buildings	25,470,622	38,666		25,509,288
Equipment	6,144,087	295,452	(24,828)	6,414,711
Infrastructure	33,235,121	437,675		33,672,796
<i>Total capital assets being depreciated</i>	64,849,830	771,793	(24,828)	65,596,795
<i>Less accumulated depreciation for</i>				
Buildings	8,562,921	567,548		9,130,469
Equipment	3,225,846	413,468	(16,139)	3,623,175
Infrastructure	16,380,325	925,995		17,306,320
<i>Total accumulated depreciation</i>	28,169,092	1,907,011	(16,139)	30,059,964
<i>Net capital assets being depreciated</i>	36,680,738	(1,135,218)	(8,689)	35,536,831
<i>Governmental Activities Capital Assets, net</i>	39,749,543	(161,365)	(72,113)	39,516,065

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Capital Assets

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<i>Business-type Activities;</i>				
<i>Capital asset not being depreciated</i>				
Land	103,201			103,201
<i>Capital assets being depreciated</i>				
Marina	3,998,270			3,998,270
<i>Total capital assets being depreciated</i>	3,998,270	-	-	3,998,270
<i>Less accumulated depreciation for</i>				
Marina	734,461	102,073		836,534
<i>Total accumulated depreciation</i>	734,461	102,073	-	836,534
<i>Net capital assets being depreciated</i>	3,263,809	(102,073)	-	3,161,736
<i>Business-type Activities Capital Assets, net</i>	3,367,010	(102,073)	-	3,264,937

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

Governmental Activities

General Government	54,401
Public Safety	205,965
Public Works	922,211
Education	162,994
Sewer	561,440
	<hr/>
Total Depreciation Expense - Governmental Activities	<u>1,907,011</u>

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

F. Capital Leases

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

<i>Year-ended June 30,</i>	<i>Minimum Lease Payment</i>
2020	48,208
2021	30,257
Total Minimum Lease Payments	78,465
Less: Amount Representing Interest	(3,366)
Present Value of Future Minimum Lease Payments	75,099

G. Long-Term Debt

The following is a summary of long-term debt transactions of the Town of Mount Desert for the year ended June 30, 2019:

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Reductions</i>	<i>Ending Balance</i>	<i>Due Within One Year</i>
<i>Governmental activities:</i>					
<i>Loans payable:</i>					
2012 Somesville Sidewalk Loan	557,824		(150,000)	407,824	150,000
2013 Municipal Garage Loan	1,568,077		(156,808)	1,411,269	156,808
2016 Capital Improvements Loan	572,040		(90,655)	481,385	71,505
2018 Multi-Projects Loan	1,213,119		(120,260)	1,092,859	120,493
2018 Multi-Projects Loan	5,108,485			5,108,485	255,424
2018 Street Lights	135,000		(18,808)	116,192	15,000
2019 Crosswalk		428,920		428,920	42,892
2019 Street Sweeper		154,500		154,500	29,020
<i>Bonds payable:</i>					
2002 School Construction Bond	1,487,500		(297,500)	1,190,000	297,500
2004 Sewer Bond	1,540,000		(220,000)	1,320,000	220,000
2009 Sewer Bond	2,119,997		(353,332)	1,766,665	353,333
2013 WWTP Upgrade Bond	3,716,963		(247,798)	3,469,165	247,798
2018 Clean Water State Revolving Bond	143,188		(6,881)	136,307	6,949
2018 Clean Water State Revolving Bond	1,050,043		(50,456)	999,587	50,961
Governmental activities long-term obligations	19,212,236	583,420	(1,712,498)	18,083,158	2,017,683
<i>Marina:</i>					
2011 Marina Project	1,430,000		(110,000)	1,320,000	110,000
Marina long-term obligations	1,430,000	-	(110,000)	1,320,000	110,000

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (continued)

In 2012, the Town issued a loan for the Somesville sidewalk project with Machias Savings Bank. The loan was issued for \$1,500,000, with \$150,000 in annual principal payments. Interest is paid annually at a rate of 2.99%. The balance at June 30, 2019 was \$407,824.

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, 2019 was \$1,411,269.

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, 2019 was \$481,385.

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, 2019 was \$1,092,859.

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, 2019 was \$5,108,485.

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, 2019 was \$116,192.

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, 2019 was \$428,920.

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

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, 2019 was \$1,190,000.

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, 2019 was \$1,320,000.

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, 2019 was \$1,766,665.

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, 2019 was \$3,469,165.

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

G. 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, 2019 was \$136,307.

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, 2019 was \$999,587.

Debt service requirements (principal and interest) for all long-term obligations at June 30, 2019 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>
2020	2,017,682	391,143	2,408,825
2021	2,019,396	343,247	2,362,643
2022	1,978,988	295,245	2,274,233
2023	1,872,960	247,244	2,120,204
2024	1,577,292	211,502	1,788,794
2025-2029	4,541,381	726,107	5,267,488
2030-2034	2,594,619	375,858	2,970,477
2035-2039	1,480,840	134,104	1,614,944
Total	18,083,158	2,724,450	20,807,608

<i>Year Ended June 30,</i>	<i>Marina Debt</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Totals</i>
2020	110,000	48,048	158,048
2021	110,000	44,165	154,165
2022	110,000	40,040	150,040
2023	110,000	36,036	146,036
2024	110,000	32,032	142,032
2025-2029	550,000	100,210	650,210
2030-2031	220,000	12,012	232,012
Total	1,320,000	312,543	1,632,543
Totals	19,403,158	3,036,993	22,440,151

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (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, 2019</i>	<i>Percentage applicable to the Town</i>	<i>Town's proportionate share of debt</i>
MDICSD	1,648,546	35.08%	578,310
Hancock County	-	16.50%	-
Totals	<u>1,648,546</u>		<u>578,310</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, 2019

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

Pension Benefits

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

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

Member and Employer Contributions

Retirement benefits are funded by contributions from members, employers, State contributions and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. Member and employer contribution rates are each a percentage of applicable member compensation. Member contribution rates are defined by law or Board rule and depend on the terms of the Plan under which a member is covered. Employer contribution rates are determined through actuarial valuations. For the year ended June 30, 2018, the SET Plan member contribution rate was 7.65% and the employer contribution rate was 3.97% of applicable member compensation. The employer (School portion) is also responsible for contributing 11.68% of all federally funded member compensation. The State of Maine, as a non-employer contributing entity, pays 11.08% of the applicable member compensation into the System. For the year ended June 30, 2018, the PLD Plan member contribution rate was 8% for the Regular AC Plan and 8% for the Special

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 – OTHER INFORMATION (Continued)

B. Pension Plans (continued)

2C plan. Employer contribution rates were 10% for the Regular AC Plan, and 10.5% for the Special 3C Plan of applicable member compensation.

The required contributions paid for the SET Plan into the System for the year ended June 30, 2019 and the previous two years are as follows:

SET Plan:

<i>For the year ended</i>	<i>Employee</i>	<i>Employer</i>	<i>State of Maine</i>	<i>Applicable</i>	<i>Applicable</i>
<i>June 30,</i>	<i>Contributions</i>	<i>Contributions</i>	<i>Contributions</i>	<i>Member</i>	<i>Member Federal</i>
				<i>Compensation</i>	<i>Compensation</i>
2019	\$ 136,621	\$ 76,090	\$ 192,953	\$ 1,785,889	\$ 44,433
2018	\$ 128,421	\$ 72,225	\$ 180,707	\$ 1,678,709	\$ 47,778
2017	\$ 124,648	\$ 59,274	\$ 158,973	\$ 1,629,386	\$ 42,829

The required contributions paid for the PLD Plan into the System for the year ended June 30, 2019 and the previous two years are as follows:

PLD Plan:

<i>For the year ended</i>	<i>Employee</i>	<i>Employer</i>	<i>Applicable</i>
<i>June 30,</i>	<i>Contributions</i>	<i>Contributions</i>	<i>Member</i>
			<i>Compensation</i>
2019	\$ 137,574	\$ 175,013	\$ 1,719,671
2018	\$ 136,882	\$ 167,014	\$ 1,711,022
2017	\$ 114,412	\$ 135,864	\$ 1,430,147

Revenue Recognition

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

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

As of June 30, 2019, the Town of Mount Desert reported a net pension liability of \$52,763 for the SET Plan and \$890,927 for the PLD Plan. The net pension liability was measured as of June 30, 2018, 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 7% of the total Town proportion for the PLD Plan. At June 30, 2018, the Town of Mount Desert's proportion of

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 – OTHER INFORMATION (Continued)

B. Pension Plans (continued)

contributions were .300189% for the PLD Plan and .003910% for the SET Plan, which was an increase of .0018469% for the PLD Plan and .000397% for the SET Plan from each of its proportions measured at June 30, 2017.

For the fiscal year ended June 30, 2018, The Town of Mount Desert recognized pension expense of \$76,090 for the SET Plan and \$188,338 for the PLD Plan for a total of \$264,428. At June 30, 2018, 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	4,184	9,024
Changes in Assumption	134,444	
Net Difference between projected and actual earnings on pension plan investments		205,232
Changes in proportion and differences between employer contributions and proportionate share of contributions	82,928	9,368
Employer Contributions made subsequent to measurement date	264,428	
	<u>485,984</u>	<u>223,624</u>

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

<i>Year Ended June 30,</i>	<i>SET Plan</i>	<i>PLD Plan</i>
2019	5,735	152,973
2020	2,477	29,697
2021	(4,883)	(134,951)
2022	(1,843)	(51,270)

Actuarial Methods and Assumptions

The collective total pension liability for the Plans was determined by an actuarial valuation as of June 30, 2018, 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.

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 – OTHER INFORMATION (Continued)

B. Pension Plans (continued)

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.

Significant Actuarial Assumptions

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2018 are as follow:

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

Mortality Rates - For active members and non-disabled retirees, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females is used.

The long-term expected rate of return on pension plan investments were determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2018 are summarized in the following table:

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 – OTHER INFORMATION (Continued)

B. Pension Plans (continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 6.75% for the SET Plan and the PLD Plan. The projection of cash flows used to determine the discount rate assumed the plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the School's proportionate share of the net pension liability calculated using the discount rate of 6.75% for the SET Plan and the PLD Plan as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

SET Plan:	<i>1% Decrease</i> ▼ (5.75%)	<i>Current Discount</i> Rate (6.75%)	<i>1% Increase</i> ▼ (7.75%)
Proportionate Share of the Net Pension Liability	\$ 97,506	\$ 52,763	\$ 15,499
 PLD Plan:	 <i>1% Decrease</i> ▼ (5.75%)	 <i>Current Discount</i> Rate (6.75%)	 <i>1% Increase</i> ▼ (7.75%)
Proportionate Share of the Net Pension Liability	\$ 1,936,283	\$ 821,549	\$ (220,421)

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 – OTHER INFORMATION (Continued)

B. Pension Plans (continued)

Pension Plan Financial and Actuarial Information

Additional financial information and actuarial information can be found in the System's 2018 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, 2018 there were 220 employers, including the State of Maine, participating in the plan. The State of Maine is also a non-employer contributing entity in that the State pays contributions for retired public school teachers in the Plan.

The Group Life Insurance Plan for Retired Participating Local District (PLD) (the PLD Consolidated Plan) employees is a multiple-employer cost sharing plan. As of June 30, 2018, there were 138 employers participating in the plan.

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

Other Post-Employment Benefits (OPEB)

The Group Life Insurance Plans (the Plans) provide basis group life insurance benefits, during retirement, to retirees who participated in the Plans prior to retirement for a minimum of 10 years (the 10 year participation requirement does not apply to recipients of disability retirement benefits).

The level of coverage in retirement is initially set to an amount equal to the retiree's average final compensation. The initial amount of basic life is then subsequently reduced at a rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

Funding Policy

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

Revenue Recognition

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

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OTHER INFORMATION (Continued)

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

Special Funding Situation – SET Plan

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

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

As of June 30, 2019, the Town of Mount Desert reported a net liability of \$31,548 for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of June 30, 2018, 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, 2018, the Town of Mount Desert's proportion was .156171% for the PLD Plan, which was an increase of .0015424% from its proportion measured at June 30, 2017.

For the fiscal year ended June 30, 2019, the Town of Mount Desert recognized OPEB expense of \$2,035 for the PLD Plan. At June 30, 2019, the Town of Mount Desert's reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources were:

	<i>PLD Plan:</i>	
	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Differences between expected and actual experience	2,662	-
Changes of Assumptions	2,023	5,822
Difference between projected and actual Investment		
Earnings on OPEB Plan Investments	-	1,655
Changes in proportion and differences between employer premiums and proportionate share of premiums	3,232	
	<u>7,917</u>	<u>7,477</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>
2019	345
2020	(345)
2021	(345)
2022	(33)
2023	1,507

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OTHER INFORMATION (Continued)

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

Actuarial Method and Assumptions

The collective total OPEB liability for the Plans was determined by an actuarial valuation as of June 30, 2018, 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, 2018, there were 19 years remaining in the amortization schedule for the SET Plan and 12 years remaining for the PLD Plan.

The actuarial assumptions used in the June 30, 2018 actuarial valuation was based on the results of an actuarial experience study conducted for the period of June 30, 2012 to June 30, 2015.

Significant Actuarial Assumptions

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2018 are as follows:

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OTHER INFORMATION (Continued)

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

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

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

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OTHER INFORMATION (Continued)

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

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

Discount Rate

The discount rate used to measure the collective total OPEB liability was 6.75% for 2018 for the SET Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on SET Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The discount rate used to measure the total OPEB liability for the PLD Plan was 5.13% which is a blend of the assumed long-term expected rate of return of 6.75% and a municipal bond index rate of 3.87%, based on the Bond Buyer GO 20-Year Municipal Bond Index as of June 30, 2018. Projections of the Plan's fiduciary net position indicate that it is not expected to be sufficient to make projected benefit payments for current members beyond 2047. Therefore, the portion of future projected benefit payments after 2047 are discounted at the municipal bond index rate. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined.

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

The following presents the Town of Mount Desert's proportionate share of the net OPEB liability calculated using the discount rate of 5.13% for the PLD Plan as well as what the Town's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.13%) or 1 percentage point higher (6.13%) than the current rate:

PLD Plan:

	<u>1% Decrease █ (4.13%)</u>	<u>Current Discount Rate (5.13%)</u>	<u>1% Increase █ (6.13%)</u>
Proportionate Share of the Net OPEB Liability	\$ 41,680	\$ 31,548	\$ 23,560

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OTHER INFORMATION (Continued)

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

On-Behalf Payments

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

<i>Allocation of:</i>		
<i>On-Behalf</i>	<i>Benefits</i>	<i>Net OPEB</i>
<i>Payments</i>	<i>Expense</i>	<i>Liability</i>
2018	\$5,094	\$5,388
		\$55,823

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.

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

NOTE 4 - OTHER INFORMATION (Continued)

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

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, 2019, the following employees were covered under the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	41
Average age	44.59
Average service	7.73

Net OPEB Liability

The Town’s net OPEB liability was measured as of January 1, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial assumptions: The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	4.10% per annum.
Salary Increase Rate	2.75% per year
Administration and claims expense	3% per annum.

Healthcare cost trend rates:

- Pre-Medicare Medical: Initial trend of 8.20% applied in FYE 2018 grading over 14 years to 4.00% per annum.
- Pre-Medicare Drug: Initial trend of 9.60% applied in FYE 2018 grading over 14 years to 4.00% per annum.
- Medicare Medical: Initial trend of 4.93% applied in FYE 2018 grading over 14 years to 4.00% per annum.
- Medicare Drug: Initial trend of 9.60% applied in FYE 2017 grading over 14 years to 4.00% per annum.

Rates of mortality are based on 104% and 120% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table, respectively, for males and females, using the RP-2014 Total Dataset Employee Mortality Table for ages prior to start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC 2015 model, with an ultimate rate of .85% for ages 20-85 grading down to an ultimate rate of 0% for ages 111-120, and convergence to the ultimate rate in the year 2020. As

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OTHER INFORMATION (Continued)

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

prescribed by the Trust mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2016.

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

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

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

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

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, 2018 is based upon an earlier measurement date, as of December 29, 2017 and is 3.44% per annum. The discount rate as of December 31, 2019 is based upon an earlier measurement date, as of December 28, 2018 and is 4.10% per annum. The rate is assumed to be an index rate for 20-year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher, for pay as you go plans.

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OTHER INFORMATION (Continued)

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

Changes in the Net OPEB Liability

	Increase (Decrease)		
		Plan	
	Total OPEB	Fiduciary	Net OPEB
	Liability	Net Position	Liability
	(a)	(b)	(a)-(b)
Balances at 1/1/18	316,217	-	316,217
Changes for the year:			-
Service Cost	17,695		17,695
Interest	11,327		11,327
Changes of benefits	-		-
Differences between expected and actual experience			-
Changes of assumptions	(29,455)		(29,455)
Contributions - employer		9,360	(9,360)
Contributions - member			-
Net investment income			-
Benefit payments	(9,360)	(9,360)	-
Administrative expense			-
Net Change	(9,793)	-	(9,793)
Balances at 1/1/19	306,424	-	306,424

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.10%) or 1 percentage point higher (5.10%) than the current discount rate:

	<i>1% Decrease</i>	<i>Current Discount</i>	<i>1% Increase</i>
	<i>(3.10%)</i>	<i>Rate (4.10%)</i>	<i>(5.10%)</i>
Net OPEB liability (asset)	\$ 352,756	\$ 306,424	\$ 268,857

A 1% decrease in the discount rate increases the Net OPEB Liability by approximately 12.5%. A 1% increase in the discount rate decreases the Net OPEB Liability by approximately 10.4%.

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 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:

	<i>1% Decrease</i>	<i>Current Discount</i>	<i>1% Increase</i>
Net OPEB liability (asset)	\$ 263,710	\$ 306,424	\$ 360,953

A 1% decrease in the healthcare trend rates decreases the Net OPEB Liability by approximately 13.9%. A 1% increase in the healthcare trend rate increases the Net OPEB Liability by approximately 17.8%.

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OTHER INFORMATION (Continued)

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

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

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Differences between expected and actual experience		7,516
Changes in Assumption	18,073	26,182
Net Difference between projected between projected and actual earnings on pension plan investments		
	18,073	33,698
Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:		
2020	(1,765)	
2021	(1,765)	
2022	(1,765)	
2023	(1,765)	
2024	(1,765)	
Thereafter	(6,800)	

E. Risk Management

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

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

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

Based on the coverage provided by the pools described above, the town is not aware of any material actual or potential claim liabilities, which should be recorded at June 30, 2019.

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OTHER INFORMATION (Continued)

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, 2018, and an employer reporting date of June 30, 2019, for the 2019 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 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.

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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	41		
	Active Average Age	48.65		
	Active Average Service	15.84		
<i>Inactive:</i>				
Retirees Under 65	5	Spouses Under 65	2	
Average Age	62.6	Average Age	58	
Retirees Over 65	10	Spouses Over 65	1	
Average Age	74.1	Average Age	80	
Total Retirees	15	Total Spouses	3	
Total Average Age	70.27	Total Average Age	65.33	

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, 2017 is 3.58% per annum. The discount rate as of June 30, 2018 is 3.87% per annum. This rate is assumed to be an index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher, for pay as you go plans.

Net OPEB Liability

The School's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OTHER INFORMATION (Continued)

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

Actuarial Cost Method

The Entry Age Normal Actuarial Cost Method was used to value the Plan’s actuarial liabilities and to set the normal cost. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for the Plan. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets. The plan has no assets to apply against the liabilities.

For claim curves, we used actual community rated premiums and census records provided by Maine Education Association Benefits Trust through June 30, 2018. We analyzed participation experience for Medicare eligible (ME) and non-Medicare eligible (NME) (actives and retired covered persons). We assumed that the current enrollment distribution of Benefit Options will remain constant in the future for retirees. We distributed the cost based on the current covered population and Cheiron’s standard age curves which vary by age, gender, and Medicare status. Children costs are converted to a load on the non-Medicare (NME) retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

Asset Valuation Method

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

Significant Actuarial Assumptions

Discount Rate:	3.87% per annum
Salary Increases:	For the level percentage of pay entry method, total payroll is assumed to grow at 2.75% per year
Participation Rates for Future Retirees:	Retirement – 70% for member and 10% for spouse Disability – 100% for member and 20% for spouse
Trend Assumptions:	<i>Pre-Medicare:</i> Initial trend of 5.55% applied in FYE grading over 15 years to 3.73% pre annum <i>Medicare:</i> Initial trend of 3.72% applied to FYE 2018 grading over 15 years to 2.81% per annum
Rate of Mortality:	Based on 99% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table for both males and females, using the RP-2014 Total Dataset Employee Mortality Table for ages prior to the start of the Healthy Annuitant Mortality Table

Discount Rate

The discount rate used to measure the total OPEB liability was 3.87%.

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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</i>	<i>Plan Fiduciary</i>	<i>Net OPEB</i>
	<i>Liability</i>	<i>Net Position</i>	<i>Liability</i>
Total OPEB Liability			
Service cost	\$ 6,337		\$ 6,337
Interest	\$ 32,675		\$ 32,675
Changes of benefits	\$ -		\$ -
Differences between expected and actual experience	\$ -		\$ -
Changes of assumptions	\$ (37,253)		\$ (37,253)
Contributions - employer		\$ 39,342	\$ (39,342)
Contributions - member			\$ -
Net investment income			\$ -
Benefit payments	\$ (39,342)	\$ (39,342)	\$ -
Administrative expense	\$ -		\$ -
Net change in total OPEB liability	\$ (37,583)	\$ -	\$ (37,583)
Net OPEB liability beginning	\$ 925,871	\$ -	\$ 925,871
Net OPEB liability ending	<u>\$ 888,288</u>	<u>\$ -</u>	<u>\$ 888,288</u>

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

	<i>1% Decrease</i>	<i>Current Discount</i>	<i>1% Increase</i>
	<i>(2.87%)</i>	<i>Rate (3.87%)</i>	<i>(4.87%)</i>
Total OPEB Liability	\$ 1,027,320	\$ 888,288	\$ 776,016
Plan Fiduciary Net Position	<u>0</u>	<u>0</u>	<u>0</u>
Net OPEB Liability	<u>\$ 1,027,320</u>	<u>\$ 888,288</u>	<u>\$ 776,016</u>

A 1% decrease in the discount rate increases the Net OPEB Liability by approximately 15.7%. A 1% increase in the discount rate decreases the Net OPEB Liability by approximately 12.6%.

TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OTHER INFORMATION (Continued)

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

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:

<i>Sensitivity of Net OPEB Liability to Changes in Healthcare Cost Trend Rates</i>			
	<i>1% Decrease</i>	<i>Healthcare Cost Trend Rates</i>	<i>1% Increase</i>
Total OPEB Liability	\$ 769,859	\$ 888,288	\$ 1,034,690
Plan Fiduciary Net Position	0	0	0
Net OPEB Liability	<u>\$ 769,859</u>	<u>\$ 888,288</u>	<u>\$ 1,034,690</u>

A 1% decrease in the healthcare trend rates decreases the Net OPEB Liability by approximately 13.3%. A 1% increase in the healthcare trend rate increases the Net OPEB Liability by approximately 16.5%.

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

For the year ended June 30, 2019, Mount Desert School Department recognized OPEB expense of \$32,803. At June 30, 2019, 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	\$ -	\$ -
Changes in Assumptions	\$ -	\$ 31,044
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$ -
Total	<u>\$ -</u>	<u>\$ 31,044</u>

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

Year ended June 30,:	
2019	\$ (6,209)
2020	\$ (6,209)
2021	\$ (6,209)
2022	\$ (6,209)
2023	\$ (6,208)
Thereafter	\$ -

***TOWN OF MOUNT DESERT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019***

NOTE 4 - OTHER INFORMATION (Continued)

G. Restatement of Government Wide Net Position

The prior year net position on the government wide financial statements has been restated due to the issuance of the actuarial valuation information in regards to the group health insurance plan for other post-employment benefits. This information was not available in the prior year and as a result, prior year net position on the government-wide financial statements has been reduced by \$925,871.

TOWN OF MOUNT DESERT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - UNASSIGNED FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Exhibit J

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
Revenues				
Taxes	16,522,247	16,522,247	16,554,231	31,984
Intergovernmental Revenues	187,366	187,366	199,144	11,778
Charges for Services	129,800	129,800	123,898	(5,902)
Miscellaneous	93,200	93,200	160,914	67,714
Total Revenues	16,932,613	16,932,613	17,038,187	105,574
Expenditures (Net of Departmental Revenues)				
General Government	1,412,510	1,412,510	1,329,770	82,740
General Assistance & Rural Wastewater Suppo	192,900	192,900	179,734	13,166
Public Safety	2,101,197	2,101,197	1,910,194	191,003
Public Works	2,584,529	2,584,529	2,535,750	48,779
Sewer	960,163	960,163	884,925	75,238
Community Development	44,000	44,000	(10,461)	54,461
Debt Service	1,444,014	1,444,014	1,443,098	916
All Other	339,861	339,861	339,534	327
Education	3,958,495	3,958,495	3,958,495	-
Assessments	3,913,685	3,913,685	3,818,735	94,950
Total Expenditures	16,951,354	16,951,354	16,389,774	561,580
Excess Revenues Over Expenditures	(18,741)	(18,741)	648,413	667,154
Other Financing Sources				
Transfers In	79,362	79,362	85,908	6,546
Transfer Out	(560,621)	(560,621)	(560,621)	-
Total Other Financing Sources	(481,259)	(481,259)	(474,713)	6,546
Net Change in Fund Balance	(500,000)	(500,000)	173,700	673,700
Beginning Unassigned Fund Balances			2,988,753	
Ending Unassigned Fund Balances			3,162,453	

TOWN OF MOUNT DESERT
REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN SCHEDULES - LAST 10 FISCAL YEARS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Exhibit K

<i>Schedule 1 - Proportionate Share of the Net Pension Liability</i>	<i>State Employees and Teachers Plan For the Fiscal Year Ended June 30, 2019</i>	<i>State Employees and Teachers Plan For the Fiscal Year Ended June 30, 2018</i>	<i>State Employees and Teachers Plan For the Fiscal Year Ended June 30, 2017</i>	<i>State Employees and Teachers Plan For the Fiscal Year Ended June 30, 2016</i>	<i>State Employees and Teachers Plan For the Fiscal Year Ended June 30, 2015</i>
Proportion of net pension liability	0.003910%	0.004650%	0.003594%	0.003850%	0.002799%
Proportionate share of net pension liability	\$52,763	\$67,543	\$63,494	\$51,980	\$30,238
Covered employee payroll	\$1,785,889	\$1,184,740	\$1,629,386	\$1,553,544	\$1,454,758
Proportionate share of the net pension liability as a percentage of its covered employee payroll	2.95%	5.7011%	3.90%	3.35%	2.08%
Plan Total Pension Liability	\$14,031,187,845	\$13,484,886,512	\$13,069,954,948	\$12,616,287,054	\$12,320,158,783
Plan Fiduciary Net Position	\$11,632,179,683	\$10,893,291,864	\$9,960,335,390	\$10,242,097,022	\$10,337,615,927
Plan Net Pension Liability	\$2,399,008,162	\$2,591,594,648	\$3,109,619,558	\$2,374,190,032	\$1,982,542,856
Plan Fiduciary Net Position as a % Of the Total Pension Liability	82.902%	80.781%	76.208%	81.182%	83.908%
Plan Covered Employee Payroll	\$1,808,274,919	\$1,860,230,663	\$1,816,435,084	\$1,699,160,889	\$1,676,857,294
Plan Net Pension Liability as a % Of the Covered Employee Payroll	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, 2019</i>	<i>For the Fiscal Year Ended June 30, 2018</i>	<i>For the Fiscal Year Ended June 30, 2017</i>	<i>For the Fiscal Year Ended June 30, 2016</i>	<i>For the Fiscal Year Ended June 30, 2015</i>
Contractually required contribution	\$76,090	\$72,225	\$59,274	\$56,675	\$44,723
Contribution in relation to the contractually required contribution	(\$76,090)	(\$72,225)	(\$59,274)	(\$56,675)	(\$44,723)
Contribution deficiency	\$0	\$0	\$0	\$0	\$0
Covered employee payroll	\$1,785,889	\$1,184,740	\$1,629,386	\$1,553,544	\$1,454,758
Contributions as a percentage of covered employee payroll	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, 2019

Exhibit L

Schedule 1 - Proportionate Share of the Net Pension Liability:

***Participating Local
Districts Plan***

	<i>For the Fiscal Year Ended June 30, 2019</i>	<i>For the Fiscal Year Ended June 30, 2018</i>	<i>For the Fiscal Year Ended June 30, 2017</i>	<i>For the Fiscal Year Ended June 30, 2016</i>	<i>For the Fiscal Year Ended June 30, 2015</i>
Proportion of net pension liability	0.300189%	0.281720%	0.281265%	0.269090%	0.255876%
Proportionate share of net pension liability	\$821,549	\$1,153,466	\$1,151,603	\$858,520	\$393,745
Covered employee payroll	\$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	47.77%	67.41%	80.52%	67.18%	27.88%
Plan Total Pension Liability	\$3,089,857,220	\$3,016,660,721	\$2,889,740,634	\$2,720,936,009	\$2,609,657,845
Plan Fiduciary Net Position	\$2,816,179,855	\$2,607,223,644	\$2,358,409,925	\$2,401,889,308	\$2,455,776,671
Plan Net Pension Liability	\$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	91.143%	86.427%	81.613%	88.3%	94.1%
Plan Covered Employee Payroll	\$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	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, 2019

Exhibit L

Schedule 2 - Schedule of School Department Contributions:

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

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, 2018, 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.

B. Asset Valuation Method

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

C. Amortization

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

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2018 are as follows:

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

Mortality Rates - For active members and non-disabled retirees, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females is used.

REQUIRED SUPPLEMENTARY INFORMATION

OTHER POST EMPLOYMENT BENEFITS SCHEDULES (OPEB) MMEHT - LAST 10 FISCAL YEARS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019Schedule 1 - Schedule of Changes in Net OPEB Liability and Related Ratios

	<i>For the Fiscal Year Ended June 30, 2019</i>	<i>For the Fiscal Year Ended June 30, 2018</i>
<u>Total OPEB Liability</u>		
Service Cost (BOY)	\$14,215	\$14,215
Interest (includes interest on service cost)	\$11,156	\$11,156
Changes of benefit terms		
Differences between expected and actual experience	(\$9,664)	(\$9,664)
Changes in assumptions	\$23,237	\$23,237
Benefit payments, including refunds of member contributions	(\$7,223)	(\$7,223)
Net Change in total OPEB liability	\$31,721	\$31,721
Total OPEB liability - beginning	\$284,496	\$284,496
Total OPEB liability - ending	\$316,217	\$316,217
<u>Plan fiduciary net position</u>		
Contributions - employer	\$7,223	\$7,223
Contributions - member		
Net investment income		
Benefit payments, including refunds of member contributions	(\$7,223)	(\$7,223)
Administrative expense		
Net change in plan fiduciary net position	-	-
Plan fiduciary net position - beginning		
Plan fiduciary net position - ending	-	-
Net OPEB liability - ending	\$316,217	\$316,217
Plan Fiduciary Net Position as a % Of the Total OPEB Liability	0.000%	0.000%
Covered Employee Payroll	\$2,169,791	\$2,169,791
Net OPEB Liability as a % Of the Covered Employee Payroll	14.574%	14.574%

Schedule 2 - Schedule of Contributions:

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

NOTE 1 – Actuarial Methods and Assumptions

The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Benefit Changes

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

Changes of Assumptions

There was a change in the discount rate from 3.44% to 4.10% per GASB 75 discount rate selection. There were no other changes to data, assumptions, and methodology.

Net OPEB Liability

The Town's net OPEB liability was measured as of January 1, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial cost method	Entry Age
Amortization method	Level dollar
Amortization period	30 years
Discount Rate	4.10% per annum.
Salary Increase Rate	2.75% per year
Administration and claims expense	3% per annum.
Retirement Age	65
Healthcare cost trend rates	

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

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

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

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

Rates of mortality are based on 104% and 120% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table, respectively, for males and females, using the RP-2014 Total Dataset Employee Mortality Table for ages prior to start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC 2015 model, with an ultimate rate of .85% for ages 20-85 grading down to an ultimate rate of 0% for ages 111-120, and convergence to the ultimate rate in the year 2020. As prescribed by the Trust mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2017.

TOWN OF MOUNT DESERT
REQUIRED SUPPLEMENTARY INFORMATION
OPEB SCHEDULES MEA BENEFITS TRUST- LAST 10 FISCAL YEARS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Exhibit N

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

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

Schedule 2 - Schedule of Contributions:

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

NOTE 1 – Actuarial Methods and Assumptions

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Benefit Changes

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

Changes of Assumptions

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

Net OPEB Liability

The School Department’s net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial cost method	Entry Age
Amortization method	Level dollar
Amortization period	30 years
Discount Rate	3.87% per annum.
Salary Increase Rate	2.75% per year
Administration and claims expense	Included in per-capita claims cost
Retirement Age	65
Healthcare cost trend rates	

Pre-Medicare Medical: Initial trend of 5.55% applied in FYE 2018 grading over 15 years to 3.73% per annum.
Medicare Medical: Initial trend of 3.72% applied in FYE 2018 grading over 15 years to 2.81% per annum.

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

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

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

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

TOWN OF MOUNT DESERT
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Exhibit A-1
Page 1 of 2

	<i>Estimated</i>	<i>Actual</i>	<i>Over (Under) Budget</i>
Taxes			
Property	15,873,247	15,843,061	(30,186)
Motor Vehicle Excise	600,000	653,478	53,478
Boat Excise	29,000	28,113	(887)
Interest on Taxes	20,000	29,579	9,579
	<u>16,522,247</u>	<u>16,554,231</u>	<u>31,984</u>
Intergovernmental Revenues			
Acadia National Park - PILT	30,000	31,576	1,576
ANP Otter Creek Treatment Plant	45,000	52,907	7,907
ANP Seal Harbor Sewer	15,000	16,707	1,707
State Road Assistance	35,000	36,772	1,772
General Assistance	3,500	419	(3,081)
Homestead Reimbursement	53,115	57,506	4,391
Tree Growth	3,000		(3,000)
Veterans Exemption	700	677	(23)
BETE Exemption	2,051	2,083	32
Other State Revenues		497	497
	<u>187,366</u>	<u>199,144</u>	<u>11,778</u>
Charges for Services			
Police Department	1,000	1,107	107
Fire Department		4,457	4,457
Sewers	700	725	25
Recycling	500	1,082	582
Paid Parking	55,000	57,859	2,859
Planning and Zoning	56,700	42,062	(14,638)
Licenses and Permits	10,000	8,959	(1,041)
Town Clerk	5,900	7,647	1,747
	<u>129,800</u>	<u>123,898</u>	<u>(5,902)</u>

TOWN OF MOUNT DESERT
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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	8,200	9,078	878
Payments in Lieu of Taxes	4,000	22,419	18,419
Interest on Investments	75,000	127,836	52,836
Insurance Dividends/Refunds	5,000		(5,000)
Other	1,000	1,581	581
	<u>93,200</u>	<u>160,914</u>	<u>67,714</u>
Transfers and Other Sources			
Dog Welfare	2,513	2,513	-
NEH Marina	43,043	49,589	6,546
Shellfish Conservation	3,806	3,806	-
Municipal Revenue Sharing	30,000	30,000	-
	<u>79,362</u>	<u>85,908</u>	<u>6,546</u>
	17,011,975	<u>17,124,095</u>	<u>112,120</u>
Fund Balance Used to Reduce Tax Rate	<u>500,000</u>		
Total Revenues and Use of Fund Balance	<u>17,511,975</u>		

TOWN OF MOUNT DESERT

GENERAL FUND

STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Exhibit A-2

Page 1 of 2

	<i>Encumbered from 2018</i>	<i>Appropriation</i>	<i>Revenues/ Transfers In</i>	<i>Expenditures</i>	<i>Encumbered to 2020</i>	<i>(Over) Under Budget</i>
General Government						
Board of Selectmen		34,550		17,347		17,203
Town Administration	1,716	337,782		387,784		(48,286)
Town Clerk	4,080	115,132		117,276		1,936
Registrar		1,188		1,174		14
Elections		4,441		2,926		1,515
Planning Board	35,677	49,760		28,904	35,677	20,856
Finance		89,937		91,093		(1,156)
Treasurer	5,616	120,198		112,712	7,975	5,127
Tax Collector		16,463		14,845		1,618
Assessing		131,131		129,777		1,354
Code Enforcement		156,682		114,268		42,414
General Government - Unallocated		118,650		61,514		57,136
Human Resources		5,000		20,399		(15,399)
Technology		231,596		229,488	3,700	(1,592)
	47,089	1,412,510		1,329,507	47,352	82,740
General Assistance		5,000		659		4,341
Rural Wastewater Support		187,900		179,075		8,825
		192,900		179,734		13,166
Public Safety						
Police Department	2,500	825,747		720,621	4,500	103,126
Fire Department		595,896		574,743		21,153
Dispatch	9,000	367,885		326,704		50,181
Shellfish	1,891	3,806		58	5,639	-
Street Lights		30,850		15,307		15,543
Animal Control	460	2,513		212	2,761	-
Emergency Management		1,000				1,000
Fire Hydrant Rental		273,500		273,500		-
	13,851	2,101,197		1,911,145	12,900	191,003
Public Works						
Highways	30,293	1,709,383		1,713,648	14,494	11,534
Waste Management		589,645		574,608		15,037
Buildings & Grounds		219,909		225,541		(5,632)
Environmental Sustainability		20,000		385	5,000	14,615
Parks and Cemeteries		45,592		32,367		13,225
	30,293	2,584,529		2,546,549	19,494	48,779

TOWN OF MOUNT DESERT
GENERAL FUND
STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Exhibit A-2
Page 2 of 2

	<i>Encumbered from 2018</i>	<i>Appropriation</i>	<i>Revenues/ Transfers In</i>	<i>Expenditures</i>	<i>Encumbered to 2020</i>	<i>(Over) Under Budget</i>
Sewer						
Sewer Operation		628,955		577,223		51,732
Northeast Harbor Plant		140,750		133,949		6,801
Somesville Plant		56,000		50,479		5,521
Seal Harbor Plant		104,958		96,935		8,023
Otter Creek Plant		29,500		26,339		3,161
	-	960,163		884,925	-	75,238
Sewer Capital						
Pump Station Replacement	71,569			25,285	46,284	-
	71,569	-		25,285	46,284	-
Community Development	23,205	44,000		12,744		54,461
Debt Service						
Principal on Bonds/Notes		1,246,301		1,250,108		(3,807)
Interest on Bonds/Notes		197,713		192,990		4,723
		1,444,014		1,443,098		916
All Other						
Libraries		33,500		33,500		-
Recreation - Pool Maintenance		5,900		5,073		827
Recreation		89,750		89,750		-
Village Organizations		54,000		54,000		-
Social Service Agencies		156,711		157,211		(500)
		339,861		339,534		327
Education						
Elementary School	570,220	3,958,495	632,410	4,453,130	707,995	-
Assessments						
MDI High School		2,871,962		2,871,962		-
County Tax		942,317		942,317		-
Overlay		99,406		4,456		94,950
		3,913,685		3,818,735		94,950
Operating Transfers Out						
NEH Promenade						-
Reserves		560,621		560,621		-
		560,621		560,621		-
Totals	756,227	17,511,975	632,410	17,505,007	834,025	561,580

TOWN OF MOUNT DESERT

Exhibit A-3

GENERAL FUND

**STATEMENT OF CHANGES IN UNASSIGNED FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Unassigned Fund Balance, July 1	2,988,753	
Unassigned Fund Balance, June 30	<u>3,162,453</u>	
Increase		<u><u>173,700</u></u>

Analysis of Change

Additions

Budget Summary

Revenue Surplus - Exhibit A-1	108,314
Transfer from Capital Projects	3,806
Unexpended Balance of Appropriations - Exhibit A-2	<u>561,580</u>

Budget Surplus	<u>673,700</u>
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Deductions

Beginning Fund Balance Used to Reduce Tax Rate	<u>(500,000)</u>
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Increase	<u><u>173,700</u></u>
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TOWN OF MOUNT DESERT
ALL GENERAL RESERVE FUNDS
BALANCE SHEET
JUNE 30, 2019

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		2,761,573			2,761,573
Due from Other Funds	28,749	17,646	22,739	14,630	83,764
Total Assets	28,749	2,779,219	22,739	14,630	2,845,337
<i>Liabilities and Fund Balances</i>					
Liabilities					
Accounts Payable		1,542			1,542
Due to Other Funds					-
Total Liabilities	-	1,542	-	-	1,542
Fund Balances					
Restricted	28,749		22,739		51,488
Committed		2,777,677			2,777,677
Assigned				14,630	14,630
Total Fund Balances	28,749	2,777,677	22,739	14,630	2,843,795
Total Liabilities and Fund Balances	28,749	2,779,219	22,739	14,630	2,845,337

TOWN OF MOUNT DESERT
ALL GENERAL RESERVES
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Exhibit A-5

	<i>Municipal Revenue Sharing</i>	<i>General Reserve Funds</i>	<i>Planning Grant</i>	<i>Shellfish Fund</i>	<i>Total</i>
Revenues					
Intergovernmental Revenues	37,114				37,114
Local Sources		213,748		980	214,728
Fair Value Increase (Decrease)		196,685			196,685
Total Revenues	<u>37,114</u>	<u>410,433</u>	<u>-</u>	<u>980</u>	<u>448,527</u>
Expenditures					
General Government		500			500
Public Safety		171,257			171,257
Debt Service		145,741			145,741
Total Expenditures	<u>-</u>	<u>317,498</u>	<u>-</u>	<u>-</u>	<u>317,498</u>
Excess of Revenues Over (Under)					
Expenditures	<u>37,114</u>	<u>92,935</u>	<u>-</u>	<u>980</u>	<u>131,029</u>
Other Financing Sources (Uses)					
Transfers In		43,947			43,947
Transfers Out	(30,000)	(332,690)		(3,806)	(366,496)
Total Other Financing Sources (Uses)	<u>(30,000)</u>	<u>(288,743)</u>	<u>-</u>	<u>(3,806)</u>	<u>(322,549)</u>
Excess of Revenues and Other					
Financing Sources Over (Under)					
Expenditures and Other Uses	7,114	(195,808)	-	(2,826)	(191,520)
Fund Balance - July 1	<u>21,635</u>	<u>2,973,485</u>	<u>22,739</u>	<u>17,456</u>	<u>3,035,315</u>
Fund Balance - June 30	<u>28,749</u>	<u>2,777,677</u>	<u>22,739</u>	<u>14,630</u>	<u>2,843,795</u>

TOWN OF MOUNT DESERT
GENERAL RESERVE FUNDS
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Exhibit A-6

	<i>Balance July 1</i>	<i>Transfers In</i>	<i>Interest</i>	<i>Revenues</i>	<i>Expenditures/ Transfers</i>	<i>Balance June 30</i>
Town Reserve Funds						
Dog Welfare	4,257		149	716	(3,013)	2,109
Police Reserve	88,075	16,618	3,593		(3,024)	105,262
Police Training Reserve	57,502		2,015			59,517
Public Works Parks & Cemeteries Reserve	-	10,000	190		(10,177)	13
Revaluation Reserve	153,365	17,329	5,980			176,674
Wastewater Bond Repayment	976,562		29,807		(145,741)	860,628
Sub-Total	1,279,761	43,947	41,734	716	(161,955)	1,204,203
General (Fair Value Changes)	1,686,908		196,685		(320,000)	1,563,593
Police Reimbursements						
Bar Harbor Police Chief	5,794			91,212	(91,170)	5,836
Police Outside Detail	-			12,375	(9,276)	3,099
Police Security Detail				161	(161)	-
Bar Harbor Mutual Aid	1,022			67,550	(67,626)	946
Sub-Total	6,816	-	-	171,298	(168,233)	9,881
Total	2,973,485	43,947	238,419	172,014	(650,188)	2,777,677

TOWN OF MOUNT DESERT
ALL CAPITAL PROJECT FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Exhibit B

	<i>Underage Drinking Grant</i>	<i>Evidence Based Impaired Driving HVE Project</i>	<i>Distracted Driving Grant</i>	<i>DOJ Bulletproof Vests</i>	<i>Com. Dev. Movies Program</i>	<i>Totals</i>
Revenues						
Intergovernmental Revenues	211	510	1,704	517		2,942
Local Sources						-
Total Revenues	211	510	1,704	517	-	2,942
Expenditures						
Police Department	211	510	1,704	517		2,942
Fire Department						-
Community Development					965	965
Total Expenditures	211	510	1,704	517	965	3,907
Excess of Revenues Over (Under) Expenditures	-	-	-	-	(965)	(965)
Other Financing Sources (Uses)						
Transfer from Other Funds						
Transfer to Other Funds	-	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures	-	-	-	-	(965)	(965)
Fund Balance - July 1					965	965
Fund Balance - June 30	-	-	-	-	-	-

TOWN OF MOUNT DESERT
ALL CAPITAL PROJECT FUNDS
BALANCE SHEET
JUNE 30, 2019

Exhibit C-1
Page 1 of 4

<i>Assets</i>	<i>NEH WW Collect/Convey System</i>	<i>Street Light Project</i>	<i>Northeast Village Center</i>	<i>Rte 3 Improvements</i>	<i>Otter Creek Landing Reconstruction</i>
Investments					
Accounts Receivable					
Bonds Receivable			2,129,525		
Due from Other Funds	407,279	44,608	1,495,084	113,463	7,366
Total Assets	407,279	44,608	3,624,609	113,463	7,366
 Liabilities and Fund Balances					
Liabilities					
Retainage Payable			9,579		
Accounts Payable				981	
Due to Other Funds					
Total Liabilities	-	-	9,579	981	-
Fund Balances					
Committed	407,279	44,608	3,615,030	112,482	7,366
Total Fund Balances	407,279	44,608	3,615,030	112,482	7,366
Total Liabilities and Fund Balances	407,279	44,608	3,624,609	113,463	7,366

TOWN OF MOUNT DESERT
ALL CAPITAL PROJECT FUNDS
BALANCE SHEET
JUNE 30, 2019

Exhibit C-1
Page 2 of 4

<i>Assets</i>	<i>MD Crosswalks</i>	<i>Rte. 198 Project</i>	<i>Broadband Services</i>	<i>Bracy Cove Pump Station Upgrade</i>	<i>NEH Sylvan Neighborhood</i>
Investments					
Accounts Receivable		160,073			
Bonds Receivable				351,873	180,141
Due from Other Funds	428,920		255,385		
Total Assets	428,920	160,073	255,385	351,873	180,141
<i>Liabilities and Fund Balances</i>					
Liabilities					
Retainage Payable					8,260
Accounts Payable		21,145			
Due to Other Funds		125,526		351,873	24,924
Total Liabilities	-	146,671	-	351,873	33,184
Fund Balances					
Committed	428,920	13,402	255,385		146,957
Total Fund Balances	428,920	13,402	255,385	-	146,957
Total Liabilities and Fund Balances	428,920	160,073	255,385	351,873	180,141

TOWN OF MOUNT DESERT
ALL CAPITAL PROJECT FUNDS
BALANCE SHEET
JUNE 30, 2019

Exhibit C-1
Page 3 of 4

<i>Assets</i>	<i>RTE 198 DOT Phase 2</i>	<i>MD Crosswalks Phase 1</i>	<i>NEH Summit Road Improvement</i>	<i>NEH Village Green Irrigation</i>	<i>Brookside Road Project</i>
Investments					
Accounts Receivable	48,493				
Bonds Receivable	500,000				
Due from Other Funds		86,459	22,025	7,130	9,900
Total Assets	548,493	86,459	22,025	7,130	9,900
<i>Liabilities and Fund Balances</i>					
Liabilities					
Retainage Payable					
Accounts Payable	10,774				
Due to Other Funds	86,212				
Total Liabilities	96,986	-	-	-	-
Fund Balances					
Committed	451,507	86,459	22,025	7,130	9,900
Total Fund Balances	451,507	86,459	22,025	7,130	9,900
Total Liabilities and Fund Balances	548,493	86,459	22,025	7,130	9,900

TOWN OF MOUNT DESERT
ALL CAPITAL PROJECT FUNDS
BALANCE SHEET
JUNE 30, 2019

Exhibit C-1
Page 4 of 4

<i>Assets</i>	<i>Municipal Garage</i>	<i>WWTP Upgrades</i>	<i>Dodge Point Bait House</i>	<i>Steamboat Wharf Rd Wall</i>	<i>Capital Improvement Program</i>	<i>Total</i>
Investments					1,760,966	1,760,966
Accounts Receivable						208,566
Bonds Receivable		52,831				3,214,370
Due from Other Funds	3,700		168,420	160,000		3,209,739
Total Assets	3,700	52,831	168,420	160,000	1,760,966	8,393,641
 <i>Liabilities and Fund Balances</i>						
Liabilities						
Retainage Payable						17,839
Accounts Payable						32,900
Due to Other Funds		52,831			9,118	650,484
Total Liabilities	-	52,831	-	-	9,118	701,223
Fund Balances						
Committed	3,700		168,420	160,000	1,751,848	7,692,418
Total Fund Balances	3,700	-	168,420	160,000	1,751,848	7,692,418
Total Liabilities and Fund Balances	3,700	52,831	168,420	160,000	1,760,966	8,393,641

TOWN OF MOUNT DESERT
ALL CAPITAL PROJECT FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Exhibit C-2
Page 1 of 4

	<i>NEH WW Collect/Convey System</i>	<i>Street Light Project</i>	<i>Northeast Village Center</i>	<i>Rte 3 Improvements</i>	<i>Otter Creek Fire Pond Project</i>
Revenues					
Intergovernmental					
Local Sources			53,272	14,850	
Interest Income					
Total Revenues	-	-	53,272	14,850	-
Expenditures					
General Government					
Public Works Department					
Sewer					
Construction			191,588		
Engineering			165,891	2,235	
Debt					19,150
Miscellaneous		137,892	240	133	
Total Expenditures	-	137,892	357,719	2,368	19,150
Excess of Revenues Over (Under) Expenditures	-	(137,892)	(304,447)	12,482	(19,150)
Other Financing Sources (Uses)					
Bond Proceeds					
Transfer from Other Funds					
Transfer to Other Funds	(38,666)				
	(38,666)	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures	(38,666)	(137,892)	(304,447)	12,482	(19,150)
Fund Balance - July 1	445,945	182,500	3,919,477	100,000	19,150
Fund Balance - June 30	407,279	44,608	3,615,030	112,482	-

TOWN OF MOUNT DESERT
ALL CAPITAL PROJECT FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Exhibit C-2
Page 2 of 4

	<i>Otter Creek Landing Reconstruction</i>	<i>MD Crosswalks</i>	<i>Rte. 198 Project</i>	<i>Broadband Services</i>	<i>Bracy Cove Pump Station Upgrade</i>	<i>NEH Sylvan Neighborhood</i>
Revenues						
Intergovernmental			7,567			
Local Sources				15,385		
Interest Income						
Total Revenues	-	-	7,567	15,385	-	-
Expenditures						
General Government						
Public Works Department						
Sewer						
Construction			15,134		38,666	413,036
Engineering		38,000				77,293
Debt						
Miscellaneous				4,500		
Total Expenditures	-	38,000	15,134	4,500	38,666	490,329
Excess of Revenues Over (Under) Expenditures	-	(38,000)	(7,567)	10,885	(38,666)	(490,329)
Other Financing Sources (Uses)						
Bond Proceeds		428,920				
Transfer from Other Funds					38,666	
Transfer to Other Funds						
	-	428,920	-	-	38,666	-
Excess of Revenues and Other Sources Over (Under) Expenditures	-	390,920	(7,567)	10,885	-	(490,329)
Fund Balance - July 1	7,366	38,000	20,969	244,500		637,286
Fund Balance - June 30	7,366	428,920	13,402	255,385	-	146,957

TOWN OF MOUNT DESERT
ALL CAPITAL PROJECT FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Exhibit C-2
Page 3 of 4

	<i>RTE 198 DOT Phase 2</i>	<i>MD Crosswalks Phase 1</i>	<i>NEH Food Vendor/Farmers Market</i>	<i>NEH Summit Road Improvement</i>	<i>NEH Village Green Irrigation</i>
Revenues					
Intergovernmental	48,492				
Local Sources					
Interest Income					
Total Revenues	<u>48,492</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures					
General Government					
Public Works Department					
Sewer					
Construction			4,981		
Engineering	96,985	3,497		17,975	
Debt					
Miscellaneous					42,870
Total Expenditures	<u>96,985</u>	<u>3,497</u>	<u>4,981</u>	<u>17,975</u>	<u>42,870</u>
Excess of Revenues Over (Under) Expenditures	<u>(48,493)</u>	<u>(3,497)</u>	<u>(4,981)</u>	<u>(17,975)</u>	<u>(42,870)</u>
Other Financing Sources (Uses)					
Bond Proceeds					
Transfer from Other Funds			3,257		
Transfer to Other Funds					
	<u>-</u>	<u>-</u>	<u>3,257</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures	<u>(48,493)</u>	<u>(3,497)</u>	<u>(1,724)</u>	<u>(17,975)</u>	<u>(42,870)</u>
Fund Balance - July 1	<u>500,000</u>	<u>89,956</u>	<u>1,724</u>	<u>40,000</u>	<u>50,000</u>
Fund Balance - June 30	<u>451,507</u>	<u>86,459</u>	<u>-</u>	<u>22,025</u>	<u>7,130</u>

TOWN OF MOUNT DESERT
ALL CAPITAL PROJECT FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Exhibit C-2
Page 4 of 4

	<i>Brookside Road Project</i>	<i>Municipal Garage</i>	<i>Dodge Point Bait House</i>	<i>Steamboat Wharf Rd Wall</i>	<i>Capital Improvement Program</i>	<i>Total</i>
Revenues						
Intergovernmental						56,059
Local Sources					158,408	241,915
Interest Income					61,440	61,440
Total Revenues	-	-	-	-	219,848	359,414
Expenditures						
General Government					23,548	23,548
Public Works Department					242,618	242,618
Sewer					32,770	32,770
Construction						663,405
Engineering			8,680	9,800		420,356
Debt						19,150
Miscellaneous						185,635
Total Expenditures	-	-	8,680	9,800	298,936	1,587,482
Excess of Revenues Over (Under) Expenditures	-	-	(8,680)	(9,800)	(79,088)	(1,228,068)
Other Financing Sources (Uses)						
Bond Proceeds						428,920
Transfer from Other Funds			177,100	169,800	516,674	905,497
Transfer to Other Funds					(19,980)	(58,646)
	-	-	177,100	169,800	496,694	1,275,771
Excess of Revenues and Other Sources Over (Under) Expenditures	-	-	168,420	160,000	417,606	47,703
Fund Balance - July 1	9,900	3,700	-	-	1,334,242	7,644,715
Fund Balance - June 30	9,900	3,700	168,420	160,000	1,751,848	7,692,418

TOWN OF MOUNT DESERT
CAPITAL IMPROVEMENT FUNDS
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Exhibit C-3

	<i>Balance July 1</i>	<i>Transfers In</i>	<i>Interest</i>	<i>Revenues</i>	<i>Expenditures</i>	<i>Transfers Out</i>	<i>Balance June 30</i>
Capital Improvement Funds - General							
Assessment Capital Reserve	5,560		195				5,755
Assessor Aerial Photo Reserve	6,949	1,638	301				8,888
Bait House	4,552	500	177				5,229
CEO Work Truck	11,933	5,000	593				17,526
Clerk's Capital Improvement	20,516	8,971	766		(18,544)		11,709
Communications Cap. Imp.	119,740	12,866	4,646				137,252
Fire Equipment/Engine	177,001	213,108	13,682	600			404,391
Fire Pond and Dry Hydrant	36,916	10,000	1,644				48,560
Fire Station Building	88,269	41,142	4,534				133,945
Land Acquisition	253,079		8,866				261,945
Public Works Buildings & Grounds Reserve		10,000	187			(10,180)	7
Public Works Equipment	107,622	89,000	4,501	157,808	(242,618)		116,313
Refuse Truck	26,041	40,000	2,314				68,355
Town Office Building	66,983	20,000	3,047				90,030
Town Manger Telephone	10,383	2,497	451				13,331
Town Roads	24,193	50,000	2,476			(9,800)	66,869
Treasurer's Capital Improvement	7,496	2,952	334		(5,004)		5,778
Wastewater	348,852		11,775		(32,770)		327,857
Wastewater Work Truck	18,157	9,000	951				28,108
Sub-Total - General	1,334,242	516,674	61,440	158,408	(298,936)	(19,980)	1,751,848
Capital Improvement Funds - Marina							
Bartlett Harbor Moorings/Floats	40,431	4,000	934		(3,525)		41,840
Bartlett Narrows Dock	19,967	3,897	507				24,371
Harbor Boat Reserve	51,655	10,013	1,311				62,979
Marina Equipment Reserve	7,676	1,600	197				9,473
Northeast Harbor Marina	138,713	12,296	3,210				154,219
Northeast Harbor Marina Work Truck	5,943	2,700	184				8,827
Northeast Harbor Moorings/Floats	224,178	29,740	5,384		(1,536)		257,766
Seal Harbor Dock	73,234	5,000	1,663				79,897
Seal Harbor Moorings/Floats	60,407	15,751	1,609		(3,324)		74,443
Sub-Total - Marina	622,204	84,997	14,999	-	(8,385)	-	713,815

TOWN OF MOUNT DESERT
BALANCE SHEET
ALL PERMANENT FUNDS
JUNE 30, 2019

Exhibit D-1

<i>Assets</i>	<i>Frank Stanley Trust</i>	<i>Cemetery Trusts</i>	<i>Total</i>
Investments	6,806	4,267	11,073
Total Assets	6,806	4,267	11,073
<i>Liabilities and Fund Balances</i>			
Liabilities			
Accounts Payable		25	25
Due to Other Funds			-
Total Liabilities	-	25	25
Fund Balances			
Reserved for Endowments	4,196	4,242	8,438
Assigned	2,610		2,610
Total Fund Balances	6,806	4,242	11,048
Total Liabilities and Fund Balances	6,806	4,267	11,073

TOWN OF MOUNT DESERT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL PERMANENT FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Exhibit D-2

	<i>Frank Stanley Trust</i>	<i>Cemetery Trusts</i>	<i>Total</i>
Revenues			
Investment Income	293	230	523
Expenditures			
Scholarships	100		100
Cemetery Maintenance		105	105
	100	105	205
Excess of Revenues Over Expenditures	193	125	318
Fund Balance - July 1	6,613	4,117	10,730
Fund Balance - June 30	6,806	4,242	11,048

TOWN OF MOUNT DESERT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Total Federal Expenditures</i>
U.S. Department of Education:			
Rural School Achievement Program	84.358		28,181
Passed Through Bar Harbor School Department:			
ESSA Title 1A - Basic Compensatory Education	84.010	013-05A-3057-13	7,219
Passed Through State Department of Education and Cultural Services:			
Title VI, Part B - Local Entitlement	84.027	013-05A-3046-12	44,955
Total U.S. Department of Education			<u>80,355</u>
U.S. Environmental Protection Agency			
Passed Through Maine Department of Environmental Protection			
Clean Water Revolving Fund	66.458	C230087-07	38,666
Total Environmental Protection Agency			<u>38,666</u>
U.S. Department of Transportation			
Passed Through Maine Department of Highway Safety			
Evidence Based Impaired Driving	20.600	ID18-066	510
Distracted Driving Enforcement	20.616	DD18-044	1,704
Total Department of Transportation			<u>2,214</u>
U.S. Department of Agriculture			
Passed Through State Department of			
Educational and Cultural Services			
National School Lunch Program	10.555	013-05A-7128-05	16,417
National School Breakfast Program	10.553	013-05A-7142-05	1,241
Food Distribution	10.560		6,055
Total U.S. Department of Agriculture			<u>23,713</u>
Total			<u><u>144,948</u></u>