

Town of Southwest Harbor



Annual Report 2013

MEMORIUM



Herschel Norwood was born in Southwest Harbor on May 22, 1919. On February 5, 1942 he married Hazel Parritt, his wife for nearly 70 years. He was drafted to the Army in 1942 and served with the 4th infantry Division in the D-Day invasion of Normandy. He was a proud veteran and was awarded three Purple Hearts and two Bronze Stars. After the war he worked for the Henry R. Hinckley Company for almost 41 years as a finish carpenter on the famous Hinckley Yachts. He was a 65 year member of the American Legion and helped with the construction of the Southwest Harbor American Legion building. He was a valuable member of the Southwest Harbor community that will be sadly missed and proudly remembered.

Photo: Courtesy of Mary-Ellen Martel

Mary Augusta Dunbar, better known as Gussie, met and married Charles Dunbar of Southwest Harbor while working at the Jackson Laboratory. Once she had made her home in Southwest Harbor, where she eventually raised her children and enjoyed many trips to Seawall, she began working at Pemetic School. For twenty-one years she was a teacher's aid, loving all the children, specializing in what was then called "remedial reading." Gussie often said that when working with children, especially the more challenging ones, "a little love and a little kindness will go a long way." She also did a lot of baking for Sawyer's Market in town, providing bread and pies on a daily basis. She was a member of the MDI Lioness Club and the Southwest Harbor American Legion Auxiliary.



Photo Courtesy of Marlene Dunbar



Raymond Morris was born on July 24, 1915. He graduated from Husson College and was a teacher and a school principal in Stonington. He and his wife, Carrie, moved to Southwest Harbor in 1985. On February 4, 2013 Mr. Morris was honored as Southwest Harbors' oldest resident by being presented with the Boston Post Cane. His wife of 67 years had held the cane from 2009 to 2010. Mr. Morris was a lover of Southwest Harbor history and will forever be a significant part of it.

DEDICATION

The Town Report is dedicated to **Beatrice D. Grinnell**. Beatty is the daughter of Robert and Jane Dunbar. She has lived in Southwest Harbor all of her life. Beatty served the town for 36 years working at the town office, 18 of those years as the town clerk and registrar of voters. She resides with her husband Lee, and has a daughter, Katie. Beatrice retired in December of 2013, and leaves us to spend more time with her granddaughter Madison. She will be sadly missed at the town office. Beatty will be remembered for her vast knowledge of the town and its inhabitants.



Photo: Courtesy of the Mount Desert Islander



2013

ANNUAL REPORT
TOWN OF
SOUTHWEST HARBOR

Incorporated 1905

For the fiscal year July 1, 2012 – June 30, 2013

Including

The Proposed Warrant

For the fiscal year July 1, 2014 – June 30, 2015

TABLE OF CONTENTS

| | |
|---|--------------------|
| MEMORIUM / DEDICATION | Inside Front Cover |
| MUNICIPAL OFFICERS & OFFICIALS | 1 |
| BOARDS & COMMITTEES | 2 |
| STATE & FEDERAL REPRESENTATIVES | 3 |
| BOARD OF SELECTMEN | 9 |
| TOWN MANAGER | 10 |
| FINANCE DIRECTOR | 11 |
| TOWN CLERK'S REPORT | 12 |
| POLICE DEPARTMENT | 14 |
| PUBLIC WORKS DEPARTMENT | 16 |
| FIRE DEPARTMENT | 18 |
| HARBORMASTER | 19 |
| CODE ENFORCEMENT | 20 |
| PLANNING BOARD | 21 |
| CONSERVATION COMMISSION | 22 |
| SHELLFISH CONSERVATION COMMITTEE | 23 |
| PEMETIC ELEMENTARY SCHOOL | 24 |
| AOS #91 | 26 |
| COMMUNITY SERVICE ORGANIZATIONS | 28 |
| TOWN MEETING WARRANT 2014 | 45 |
| MUNICIPAL BUDGET SUMMARY | 59 |
| SCHOOL BUDGET SUMMARY | 60 |
| REAL ESTATE & PERSONAL PROPERTY TAXES DUE | 69 |
| WATER & SEWER DUE 2013 | 70 |
| MUNICIPAL AUDIT FY 12/13 | 71 |
| NOTES | Inside Back Cover |
| IMPORTANT CONTACTS | Back Cover |

MUNICIPAL OFFICERS AND OFFICIALS

Board of Selectmen

Ralph Dunbar, Jr., Chairman
Dan C. Norwood, Vice Chairman
Thomas Benson
George Jellison, Jr.
David Minctons

Town Manager, Tax Collector, Treasurer, Road Commissioner Code Enforcement Officer, Licensed Plumbing Inspector

Donald R. Lagrange

Town Clerk, Registrar of Voters

Marilyn J. Lowell

Finance Director, Water-Sewer Administrator, Deputy Tax Collector/Treasurer, Deputy Clerk

Tabbetha M. Newenham

Administrative Assistant, Deputy Clerk

Nelia A. Lake

Police Chief & Constable

David Chapais

Harbor Master

Adam Thurston

Fire Chief, Emergency Management Director

Samuel Chisholm

BOARDS AND COMMITTEES

Board of Appeals

James Geary
Lunn Sawyer, Chairman
Gretchen Strong

Charles Morrill
Theodore Fletcher
Paul Slainwhite

Comprehensive Plan Implementation Committee

Carolyn Ball
Gordon Wissinger

Donald Lodge

Conservation Commission

Susan Allen
Jeff Dutra, Tree Warden
Ann Judd
Ingrid Wilbur Kachmar

Jane Ayres Peabody
James Geary, Chairman
Ann Ratcliff, Buffering
Melissa Frost

Harbor Committee

Daniel Bartlett, Chairman
Joel Harper
Nicholas Madeira
John Seavey

Vaughn Clark
Andrew Mays
Corey Pettegrow
Brian Walls

Planning Board

Eric Davis
Michael Magnani
Chris Rawls
Ben C. Worcester, III

Ryan Donahue, Chairman
Michael Mansolilli
Chad Terry

Shellfish Conservation Committee

Jim Colquhoun, Chairman
Andy Mays
Glenn Greenlaw

William Carroll
Clayton Strout

Warrant Committee

Carolyn Ball
Richard Dimond
Donald Lodge, Chairman
Michael Young

Melissa Berry
Lydia Goetze
William Ratcliff

Southwest Harbor Housing Authority

Patricia Benedetti
Terrance Kelley, Executive Director
Ben C. Worcester, III, Chairman

Karen Craig
Sandra Murphy, Tenants Rep.
Bruce Bicknell

STATE REPRESENTATIVES

State Senator, District 28

Brian Langley
3 State House Station
Augusta, ME 04333
Phone: 207-287-1515

State Governor

Paul LePage
1 State House Station
Augusta, ME 04333
Phone: 207-287-3531

Representative to the Legislature, District 35

Brian L. Hubbell
House of Representatives
2 State House Station
Augusta, ME 04333
Phone: 207-287-1400

<http://www.maine.gov/legis/house>



FEDERAL GOVERNMENT REPRESENTATIVES

U.S. Senate

Susan Collins
413 Dirksen Senate Office Building
Washington, DC 20510
Phone: 202-224-2523
Fax: 202-224-2693

Angus S. King, Jr.
359 Dirksen Senate Office Building
Washington, DC 20510
Phone: 202-224-5344
<http://www.King.Senate.gov>

U.S. House of Representatives, District 2

Michael Michaud
1724 Longworth House Office Bldg
Washington, DC 20515
Phone: 202-225-6306
Fax: 202-225-2943



Annual Report to the Town of Southwest Harbor

A Message from Senator Brian D. Langley

Dear Friends and Neighbors:

As legislators enter the second year of the 126th legislative session, I want to thank you once again for the trust you have placed in me to represent your interests in the Senate and to work for the betterment of this community and our region. The first session of the 126th Legislature was extremely productive. Working across party lines, being inclusive, and building consensus led to a high rate of bills being passed into law.

Last year began with an overwhelming undertaking of how to fill an \$880 million shortfall in the state's two-year budget, caused mostly by cost overruns in the MaineCare program. Lawmakers were able to bridge this gap with bipartisan work by the members of the Appropriations and Financial Affairs Committee. They produced a balanced budget that came out of committee with unanimous support and true compromise. The budget was balanced without reversing the income tax cut passed by the previous Legislature, reductions that have benefitted low and moderate-income residents the most. The budget also restored cuts that were slated for the Drugs for the Elderly program. A \$30 million reduction in government spending and programs was implemented and efficiencies in government were increased, including a reduction of 100 state government positions. We also added \$4 million to the state's "Rainy Day Fund."

One of the Legislature's most significant achievements this session was finally paying off Maine's massive debt to its hospitals, which totaled \$484 million at the beginning of 2013. The Legislature approved a plan that allows the state to use a revenue bond to pay off the debt and use the proceeds from a renegotiated state liquor contract to pay off the bond. The debt was the result of Medicaid services provided by 39 Maine hospitals for which they were never reimbursed, dating back to 2009.

Education also continued to be a priority for Maine lawmakers this year. As a part of the two-year budget, the Legislature appropriated approximately \$870 million for direct public school funding, \$4.69 million for Jobs for Maine's Graduates, \$500,000 for the Bridge Year Program, and \$4 million for the implementation of the proficiency based diploma. Since 2010, the Legislature has increased funding for education by \$82 million. The budget also included language that the Legislature must continue to fund a 1 percent increase each year until the state reaches the 55 percent required by law instituted by voters.

Again, thank you for entrusting me to represent you in Augusta. Please feel free to contact me if you ever need my assistance in navigating the state bureaucracy. I would be happy to help in any way that I can. Also, let me know if you would like to receive periodic updates on legislative matters. I may be reached in Augusta at 287-1505 or by e-mail at langley4legislature@myfairpoint.net.

Sincerely,

Brian D. Langley
State Senator



STATE OF MAINE
OFFICE OF THE GOVERNOR
1 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0001

Paul R. LePage
GOVERNOR

February 24, 2014

Town of Southwest Harbor
PO Box 745
Southwest Harbor, ME 04679-0745

Dear citizens of Southwest Harbor:

As a state, we have taken great strides over the course of the past years.

Growing our economy, decreasing our energy costs, and improving our educational system are the priorities of my administration. Maine needs to create a pro-growth environment that encourages our businesses to create jobs. It is critical that we focus on promoting policies which support and attract new investment. To achieve this, we need to keep taxes low on our families and businesses, and find ways to increase efficiency in government while protecting our most vulnerable citizens.

We have made great progress toward these endeavors. We passed **the largest tax cut in Maine's history**. Two-thirds of Maine taxpayers will get income tax relief, and 70,000 low-income Mainers will no longer pay income tax. My goal is to continue to drive down Maine's income tax.

We are striving to also cut the cost of electricity through our spearheading of a regional effort with Massachusetts, Connecticut and Rhode Island to expand the use of hydropower in Maine. Additionally, Maine is currently one of the fastest states in natural gas expansion.

We have passed legislation that will decrease the cost of health insurance for school districts, allowing more money to be spent in the classroom. Putting students first is important to me. Education is what saved my life, and I want every child in Maine to have the same opportunity I had. With the passage of charter school legislation, hundreds of families now have options for their children.

There's still a lot to do. The recent decision by the legislature to take money from our state's rainy day fund in order to pay revenue sharing in 2015 is fiscally irresponsible. We need government decision makers to act responsibly.

Maine has a great tradition of civic involvement and citizen participation in the decision making process. Thank you for taking the time to become informed and for working with your neighbors to hold government accountable.

It is a pleasure serving as your Governor. If ever I can be of assistance to you or you have any questions or suggestions, I encourage you to contact my office by calling 287-3531 or by visiting our website at www.maine.gov/governor.

Sincerely,

Paul R. LePage
Governor



PRINTED ON RECYCLED PAPER

TTY USERS CALL 711
www.maine.gov

SUSAN M. COLLINS
MAINE

413 DIRKSEN SENATE OFFICE BUILDING
WASHINGTON, DC 20510-1904
(202) 224-2523
(202) 224-2693 (FAX)

United States Senate

WASHINGTON, DC 20510-1904

COMMITTEES:
SPECIAL COMMITTEE
ON AGING,
RANKING MEMBER
APPROPRIATIONS
SELECT COMMITTEE
ON INTELLIGENCE

Dear Friends:

It is a privilege to represent Maine in the U.S. Senate, and I welcome this opportunity to share some of my work from the past year.

Encouraging the creation of more jobs remains my top priority. I have developed a Seven Point Plan for Jobs in Maine, which includes proposals to spur small business investment, ensure robust workforce education and training, reduce regulatory red tape that stifles job creation, support Maine agriculture and manufacturing, and invest in the infrastructure needed to expand our economy. Traditional industries and small businesses remain the backbone of Maine's economy, and innovation will be important for future jobs as well. I have supported Maine's effort to lead the world in deepwater wind technology and was proud when the University of Maine and its private sector partners launched the first prototype this year. This emerging industry has the potential to create thousands of good jobs here in Maine.

BIW remains a major Maine employer and is critical to our national security. I have worked hard to support the Navy's request for a 10th DDG-51 and to continue construction on the DDG-1000s at the shipyard. This year's annual defense policy bill also contains more than 30 provisions to eliminate sexual assault from our military, including several provisions that I authored.

Partisan divisiveness in Washington continues to prevent us from addressing some of our nation's most serious challenges. Gridlock reached a peak in October with the federal government shutdown that pushed our country to the brink of defaulting on its financial obligations and damaged our economy. As the shutdown continued with no end in sight, I presented a proposal I believed both sides could support. Within days, I was leading a bipartisan coalition of 14 Senators that worked night and day to craft a plan to reopen government, avert default, and restart negotiations on a long-term plan to deal with our nation's unsustainable debt of more than \$17 trillion. Known as the "Common Sense Caucus," we will continue to work to develop solutions and bridge the partisan divide.

Earlier this year, across-the-board federal spending cuts known as "sequestration" took effect. These indiscriminate cuts jeopardized priorities from national security to medical research and stand in stark contrast to the thoughtful and thoroughly debated spending priorities set at town meetings throughout Maine. To bring some Maine common sense to this process, I authored bipartisan legislation to allow federal agencies to set priorities in administering the required cuts and wrote a new law to ensure that sequestration would not disrupt air travel, which plays such an important role in fueling Maine's tourism economy.

I have also enjoyed my work as the ranking member of the Senate Special Committee on Aging where, with Senator Bill Nelson of Florida, we work on issues of critical importance to Maine seniors. The committee has created a toll free hotline (1-855-303-9470) to make it easier for senior citizens to report fraud and scams and to receive assistance. I also serve as the Senate Co-Chair of the task force on Alzheimer's, a devastating disease that takes a tremendous personal and economic toll on more than five million Americans. Better treatment for Alzheimer's and ultimately finding a cure should be an urgent national priority.

Finally, I am proud to reflect our famous Maine work ethic by completing another year of service without missing a single roll call vote. I have not missed a vote since I was elected – a streak that stands at more than 5,300 in a row.

May 2014 be a good year for you, your community, and our great State of Maine.

Sincerely,



Susan M. Collins
United States Senator



ANGUS S. KING, JR.
MAINE

359 DIRKSEN SENATE OFFICE BUILDING
(202) 224-5344
Website: <http://www.King.Senate.gov>

United States Senate
WASHINGTON, DC 20510

COMMITTEES:
ARMED SERVICES
BUDGET
INTELLIGENCE
RULES AND ADMINISTRATION

January 22, 2014

Town of Southwest Harbor
26 Village Green Way
Southwest Harbor, Maine 04679

Dear Friends,

Since arriving to the U.S. Senate last January, I have been looking for ways to provide Mainers with improved access to federal services through the use of digital technology and on the ground outreach initiatives. Maine is a rural state and I know that traveling to our offices can present both logistical and financial challenges.

To help overcome those obstacles, I launched our signature **Your Government Your Neighborhood** outreach program in June 2013. Every other week members of my staff in Maine travel to different towns – ensuring that all 16 counties are served each month - to hold constituent office hours for local residents.

Over the past eleven months my work in Washington has been largely shaped by the four committees that I serve on: Armed Services, Intelligence, Budget, and Rules. These appointments allow me to engage on issues important to Maine and help craft legislation before it comes to the Senate floor. On the Armed Services Committee I work with my colleagues to honor our obligations to members of our armed forces both past and present, as well as ensure the continued strength, efficiency, and sustainability of our military. On the Intelligence Committee I work to effectively mitigate security threats facing our country while also establishing measures to guarantee that the privacy rights of U.S. citizens are protected. On the Budget Committee, I am working to ensure that necessary spending is tempered with fiscal responsibility, and my position on the Rules Committee allows me to push for procedural reforms that remove institutional inefficiencies and help move the country forward.

I am tremendously grateful for the opportunity to serve you and determined to keep you informed of my activities in Maine and Washington. As always, I welcome any thoughts, questions, or concerns that you may have. You can visit my website at <http://www.king.senate.gov> and provide your input there, or call our toll free in state line at **1-800-432-1599**. In addition, our local numbers are as follows: Augusta (207) 622-8292, Presque Isle (207) 764-5124, and Scarborough (207) 883-1588, and Washington D.C. (202) 224-5344.

Sincerely,



ANGUS S. KING, JR.
UNITED STATES SENATOR

AUGUSTA
4 Gabriel Drive, Suite F1
Augusta, ME 04330
(207) 622-8292

PRESQUE ISLE
169 Academy Street, Suite A
Presque Isle, ME 04769
(207) 764-5124

SCARBOROUGH
383 US Route 1, Suite 1C
Scarborough, ME 04074
(207) 883-1588

Congress of the United States
House of Representatives
Washington, DC 20515

COMMITTEES:

VETERANS' AFFAIRS
RANKING MEMBER

TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON HIGHWAYS AND TRANSIT
SUBCOMMITTEE ON RAILROADS, PIPELINES, AND
HAZARDOUS MATERIALS
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC
BUILDINGS, AND EMERGENCY MANAGEMENT
SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT

January 2014

Dear Friends:

Last year saw some of the most bitterly partisan political fighting in Washington in recent memory. However, the gridlock in Washington has not slowed my efforts to fight for Maine's businesses and industries on the national and international level. I will continue to visit and speak with Maine's small businesses and manufacturers to hear firsthand about their successes and challenges. This is an important part of my ongoing "Make it in Maine" agenda which consists of initiatives to boost domestic manufacturing and support job growth in our state.

In 2014, it will be my great honor to continue serving our nation's veterans as the Ranking Member of the House Veterans' Affairs Committee. Over the course of the last year, I worked with Representative Jeff Miller (R-Florida), the committee's chairman, to pass a number of bills important to veterans. Some that we passed would reduce the VA's disability claims backlog, help get veterans their compensation faster, and improve training and educational opportunities. One critical measure we advanced through the committee would ensure that all VA programs receive funding a year in advance so no veterans will have to worry about services being disrupted.

While I am proud of these accomplishments, I know there is still so much to do. I will continue to fight for new advances in areas such as veteran employment, veterans' health care, and the ongoing concerns with the VA claims backlog.

I believe Washington is at a crossroads. There are many members of Congress on both sides of the aisle that truly want to get things done for the people they represent. Congress needs to work together to get things done and make Washington work again. I continue to be committed to making that happen, and continue to regularly meet with Democrats, Republicans, and Independents to forge a way forward.

As we move forward into a new year, my highest priority remains ensuring that Mainers receive timely and quality constituent services. Whether you have a specific concern with a federal agency or need help connecting to resources, please don't hesitate to reach out to me at any of my offices. I also encourage you to visit my website (www.house.gov/michaud), where you can email me as well as connect with me on Facebook and Twitter.

Thank you again for the opportunity to represent you in Congress.

With warmest regards,



Michael H. Michaud
Member of Congress

BANGOR:
6 STATE STREET, SUITE 101
BANGOR, ME 04401
PHONE: (207) 942-6935
FAX: (207) 942-5907

LEWISTON:
179 LISBON STREET, GROUND FLOOR
LEWISTON, ME 04240
PHONE: (207) 782-3704
FAX: (207) 782-5330

PRESQUE ISLE:
445 MAIN STREET
PRESQUE ISLE, ME 04769
PHONE: (207) 764-1036
FAX: (207) 764-1060

BOARD OF SELECTMEN

To The Residents of Southwest Harbor,

On behalf of the Board of Selectmen, we would like to thank all town employees, volunteers, and staff that work throughout the year to provide the services needed to keep our community running smoothly.

A special thank you to Beatrice Grinnell for 36 years of service at the town office: a true staple in this community. Our best wishes in your retirement.

We would also like to welcome the two new members in our office team: Marilyn Lowell and Nelia Lake.

Working with Town Manager, Donald Lagrange, we have been able to move forward with a balanced and sustainable budget while making much needed improvements to the Town's infrastructure.

The final section of the upper part of the Seal Cove Road project was completed and with voter approval, surplus funds were used to pay off the Police Station Renovation and Lower Town Dock Extension bonds. With this offset in debt service we were able to take on a bond for the Main Street project without an increase in taxes. With thoughtful planning and working with our engineers to apply for money that is available through various programs, we hope to continue working toward the 20 year plan of upgrade to our infrastructure.

We look forward to any comments or concerns that residents have. Please contact us or come to a Selectmen's meeting when possible. All meetings are posted and are typically held on the second and fourth Tuesday of each month.

We wish all a prosperous future.

Sincerely,

Ralph Dunbar Jr., Chairman

TOWN MANAGER REPORT

With the departure of Beatty last fall, Marilyn Lowell has been appointed Town Clerk and Nelia Lake is our administrative assistant. If you haven't yet been to our newly remodeled town office (since last spring) to meet them, you will find them very pleasant and helpful for all your needs. Never thought that after three years, Tabbetha Newenham in finance and I would become the 'old' administrators. However, we are all operating this office lean and efficient.

The Town is fortunate to have received help from the Madeira's of Shore Road to define the boundary between their property and the Manset Pier. Mrs. Madeira has gone way beyond expectation to cure this situation which provides identifiable property lines helping in the future planning of the Manset Pier and potentially, a new Harbor Master office.

Stimulating events from recent construction discussions relating to the Main Street project resulted in more voters expressing their view points for one ballot question than in most previous elections. The pros and cons were expressed through several public hearings and the Selectmen diligently guided the process in a manner that benefited the town as a whole, giving a voice to all residents. The result was an approval to provide up to another \$300,000 to the Main Street project from surplus funds. The down side, now, is a delay in the pay-off of the fire truck debt service (\$95,000 payment per year) and in the construction of new bathrooms at the Village Green for a couple more years.

It was voted on and approved at the last town meeting to pay off the Police Department Renovation loan and the Lower Town Dock. The final payout was made in September and saves the taxpayers over \$49,000 per year on loans costing more than 4% interest. These funds were taken from the surplus account.

The little things will make a difference, as Scott discusses in his Highway Department report. Picnic tables being placed around town, improvements planned around Googs pond, a fish pond ready for you at the west branch of Marshall Brook as well as benches on the floats at the Manset Pier. We keep looking for ideas and any input would be grateful.

Looking ahead to the municipal budget for the next fiscal year, the Selectmen have put together a budget that, for the third year, has reduced the cost of municipal government as we all try to control expenditures. This past winter was the most expensive winter in recent history but fortunately, we were reasonably prepared to minimize these increased expenses.

In closing, it is important to extend a note of appreciation to the Board of Selectmen, volunteers and staff for their participation and efforts to maintain the health and well being of the Town of Southwest Harbor.

Respectfully Submitted,

Donald R. Lagrange
Town Manager

FINANCE DIRECTOR

What a year it has been! Now that I am two years into this position, 5 years for the Town and now a resident of Southwest Harbor, I am finally settling in. It amazes me daily how much more comfortable I feel in this position since becoming a part of the community.

For those of you who may not come to the office regularly there have been several changes in the past year:

In July we hired Nelia Lake, who now as administrative assistant, is making great strides in all there is to learn. She is new to municipal government having previously worked for RSU 24 and brings with her a wealth of knowledge, energy and enthusiasm that we look forward to every day.

In August we hired Marilyn Lowell who was appointed Town Clerk as of November. She previously worked as Town Clerk for the Town of Hancock for 11½ years. Her years of experience and dedication make her a valuable asset to our team and we are very happy to have her.

If you have not met Nelia & Marilyn yet, please come by and introduce yourself. As I mentioned last year, I'm not out in the front office anymore but I'm still here working very hard for all of you. Feel free to stop by anytime, my door is always open.

As part of the remodel in February of 2013, we have been able to reorganize and make the office more efficient. We have the public computer set up now for use by residents and realtors to view the current Tax Maps, Commitments, Transfers and Property Cards. These items are also now on our web site. We are still scanning and making the older documents searchable and hope to have that completed in the next few months. Then we will start on the property files and code files. The goal is to have an electronic file for each map and lot searchable from the public computer, possibly the website, to avoid the multiple locations we have to look through now.

This is our second year of in-house production of the Town Report. We saved \$1,342 over the cost of the 2011 Report doing last year's report in-house and this year we were able to lower the budgeted amount from \$4,000 to \$2,500. I am projecting the annual cost of the report to be between \$1,500 and \$2,000. I hope all of you are pleased with our efforts to save costs while still providing a quality product to you. If you have any feedback, comments or concerns please let me know.

Water and Sewer department finances are looking better. They are both able to cover current operating expenses without incurring any new debt by borrowing money from the town. We expect the Water Department will have its debt to the town paid in full by the end of the year.

Overall Revenues for the 12/13 Fiscal Year were 1% up from the 11/12 Fiscal Year and Expenses were 1% down. We continue to work diligently to save costs where we can and keep the tax base as low as possible.

Respectfully Submitted,

Tabbatha M. Newenham
Finance Director

TOWN CLERK'S REPORT

Marilyn J. Lowell

The Town Clerk is responsible for issuing various licenses within the Town. Licenses are required for boats, snowmobiles, and ATV's. Boats are licensed according to length and motor size and expire every year on December 31st. Snowmobiles and ATV's expire June 30th each year and cost \$41.00, for snowmobiles and \$34.00, for ATV's, per year to register.

The Town Office is now offering these services on line: Go to the Town website, www.southwestharbor.org, for the links.

*Boat registrations, have your registration ready with boat information.

*Rapid Renewal or vehicle registrations, you will need your current registration and insurance.

Hunting licenses are required for anyone older than 10 and a fishing license is required for residents 16 and older and non-residents 12 and older. Fees for these licenses vary according to which licenses are bought.

Insurance cards, mileage and previous registrations are needed to register your vehicles. Having all these items will make the process run more smoothly. Be sure to have your old registration, if you are transferring plates, especially if you are looking to transfer credit.

All dogs within the Town must be registered by December 31st each year. Spayed/neutered animals cost \$6.00 while non-altered animals cost \$11.00. As of February 1st a \$25.00 late fee will be assessed on any dog not registered. We will need to see a current rabies vaccination at registration time. If you no longer have this pet, please call and let us know so we can keep our records up to date.

Clamming licenses may be purchased at the Town Office. The Shellfish Ordinance stipulates that individuals must be licensed when clamming for private use. Commercial clamming is prohibited unless a waiver is obtained from the Shellfish Committee. Contact Jim Colquhoun at 244-7885 for information.

Marriage licenses are obtained at the Town Office also. We will need to see certified copies of divorce, annulment papers or death certificate, if applicant has been previously married. Both parties need to be present to sign the various forms required and there is a \$40.00 fee. The license is good for 90 days from the date of issue. If the wedding does not take place in this time period, new papers need to be filed and another \$40.00 fee paid.

Vital record laws have gone through some major changes. Proof of identity must be presented to the municipal and city clerks or state Vital Records Office staff. A brief application for securing a copy of the vital record must be filled out and presented, along with positive identification such as a driver's license, passport, or other government issued picture identification, that clearly shows that the person requesting the record is who they say they are. Identification requirements apply whether the records are requested in person or by mail.

Notary Public services are available at the Town Office at no cost to residents. If witnesses are also required, you should have them meet you at the office. A Notary cannot also be a witness and other town staff may not be available. Documents need to be completed, but NOT signed. Signing, of documents, needs to be done in front of the Notary.

TOWN CLERK'S REPORT CONTINUED

For the year 2013, the following licenses were issued:

Hunting and Fishing Licenses Issued: 354

Dog Licenses Issued:

| | | | |
|---------------|---|-----------------|-----|
| Males/Females | 6 | Neutered/Spayed | 144 |
|---------------|---|-----------------|-----|

Recreation Vehicle Licenses Issued:

| | | |
|------------|-----------|-----------------|
| Boats: 393 | ATV's: 66 | Snowmobiles: 56 |
|------------|-----------|-----------------|

I also receive and file all birth, marriage and death records for the Town of Southwest Harbor. Certified copies of these records are available at the Town Office for \$15.00, with additional certified copies, purchased at the same time, for \$6.00 each.

Marriage Licenses Issued: 25

Birth Records Received: 13

The Town of Southwest Harbor lost 19 residents during 2013.

| | |
|-------------------|------------|
| John Guilan | 1/19/2013 |
| Donald Farley | 3/4/2013 |
| Constance Jones | 3/7/2013 |
| Elise Felton | 3/15/2013 |
| Harry Beers | 3/21/2013 |
| Dorrie Lyle | 3/29/2013 |
| Corey Farley | 4/20/2013 |
| Ann Harkins | 4/28/2013 |
| Richard Homer | 5/27/2013 |
| Maxine Clark | 6/10/2013 |
| Lurline Tuttle | 9/11/2013 |
| Avis Bell | 9/15/2013 |
| Edmund Gillespie | 9/17/2013 |
| Raymond Morris | 11/13/2013 |
| Donald Sawyer | 11/13/2013 |
| Joshua McInvale | 11/15/2013 |
| Charlotte Madeira | 11/18/2013 |
| Mary Dunbar | 12/14/2013 |
| Herschel Norwood | 12/24/2013 |

POLICE DEPARTMENT

I would like to begin by thanking the citizens of Southwest Harbor for their continued support of their police department. I would also like to thank the staff of the Southwest Harbor Police Department; dispatchers Ben Harper, Linda Herrick, Traci Patton, Nicholas Hardwick along with officers Lieutenant Mike Miller, Allen Smith, Bryan Dow and Shawn Merchant for their continued dedication and hard work.

Thanks to Reserve Officers, Nick Hardwick, Shawn Murphy, Ryan Haines, and Nick Hardwick Jr., along with the part time dispatchers, Dave Robertson, Rod O'Connor and Jack Weaver for again covering shifts due to vacations, sick days, holidays and training. We welcome Terry Paulos as a new part time dispatcher.

Officer Shawn Merchant attended the 18 week Maine Criminal Justice Academy training.

Community outreach continues with the D.A.R.E. (Drug Abuse Resistance Education), it continues to be an important part of the curriculum presented at Pemetic Elementary School. For the past 16 years, it is by-far one of the most rewarding and enjoyable programs that I have ever had the pleasure of providing each year. A big 'thank you' to the Pemetic teachers and staff for their continued support of this important program.

The Police Department continues its support of the Special Olympics Maine. We donated two bicycles for auction at the conference in Portland that was given to us by two wonderful summer visitors of Southwest Harbor. The bicycles were sold for over \$300.00 combined. 100% of that stays with Special Olympics Maine. Bryan Dow also sold the winning raffle ticket for a 2013 Harley Davidson to an employee of the Quieside Café. Special thanks to Ralph and Frances Reed for letting us sell the raffle tickets at their café. Also, special thanks to Brandon & Laura's for sponsoring the annual "Tip-a-cop" event. Again all proceeds go to Special Olympics Maine.

Community awareness for safety continues with the annual bike rodeo, Halloween safety, 911 training for grade school children, gun safety, and internet safety. Other informative and educational community events are ongoing. Updating and revising school safety plans and physical security will continue to be a priority for this department as demonstrated by the recent installation of 16 new classroom doors.

The implementation of "The Good Morning Project," for those who have signed up to receive a Good Morning phone call each morning from one of the Police Department staff. Please visit our website, www.swmpolice.com, for more information about this program.

We continue to invest in the education and training of our officers. During the year officers participated in the following training: New Law Update, New Case Law, Search and Seizure, Domestic/Sexual Assaults, Firearms Training, Community Policing, Drug Overdoses and Death Investigation Protocols, Legal Issues-Roadside Stops, Taser, Active Shooter and CPR. In-house training will continue throughout the upcoming year.

POLICE DEPARTMENT CONTINUED

Below is a chart showing a break down of various complaints for 2013.

| | 2011 | 2012 | 2013 |
|------------------------------|------|------|------|
| Total complaints | 1956 | 2077 | 2245 |
| In Person Visits | 5173 | 3310 | 2512 |
| • Fire Permits Issued | 1036 | 1750 | 1873 |
| Arrests | 32 | 58 | 30 |
| Traffic Summons | 164 | 212 | 367 |
| Domestic Assaults | 10 | 10 | 10 |
| Thefts | 56 | 106 | 92 |
| Noise Complaints | 53 | 45 | 58 |
| • Fireworks | | 27 | 18 |
| OUI | 7 | 7 | 6 |
| Assists | | | |
| • EMS | 142 | 96 | 75 |
| • Fire | 45 | 10 | 23 |
| • Other Law Enforcement | 155 | 236 | 215 |
| House/Business Alarm Reposes | 195 | 210 | 253 |
| Drug Complaints/Arrests | 1 | 6 | 8 |
| • Possession Marijuana | | 3 | |
| • Other Scheduled Drugs | | 3 | |
| Other: | | | |
| • Lost and Found | 164 | 230 | 223 |
| • Vandalism | 21 | 16 | 8 |
| • E-911 hang-ups | 78 | 55 | 161 |
| • Scams/Fraud | 20 | 15 | 38 |
| • Phone Harassment | 31 | 59 | 56 |
| • Traffic Accidents | 181 | 133 | 164 |
| • Animal/Dog at Large | 275 | 178 | 230 |

We are making every effort to use all the technologies available to us to provide you with the most current and up-to-date information. If you are a user of *facebook.com* you can friend us at Southwest Harbor Police Department; there you'll find many different types of community related topics. Your feedback is greatly appreciated.

As always, please continue to visit our website at www.swhpolice.com. There you will find a link to the Southwest Harbor Fire Department's website along with other informational sites. There are many links to interesting and informative topics, such as, domestic violence, operating under the influence and the consequences, a bike registration form, and a link to D.A.R.E. America. I again ask that business owners and residential caretakers please take a moment to logon to our website and complete the 'Property Information' form. This form provides important emergency contact information.

In conclusion, I would like to thank the citizens of Southwest Harbor, the Select Board, Town Manager, Fire Department, SWH/Tremont Ambulance and neighboring agencies for their continued cooperation and assistance. I look forward to working closely with them for the remainder of my time here.

Respectfully Submitted,

David Chapais
Chief of Police

PUBLIC WORKS

A re-organization of public works is ongoing for optimum efficiency and service to the residents and businesses of Southwest Harbor. Southwest Harbor is fortunate to have the experience and expertise of Randy Dunbar at the waste water treatment plant, Allen 'Snap' Willey at the water treatment plant and Scott Alley in the highway department. They know their jobs and they know them well. You all know them because you grew up with them and they grew up with the Town. Regardless of the situation, they will jump in at a moments notice to help which is invaluable and demands appreciation for their efforts.

Donald Lagrange
Town Manager

Highway Department

Along with routine maintenance and on-going ditching/shoulder repair, the Highway Department accomplished a few major projects which included replacement of outside stairs at the Town Office from the municipal parking area to the police parking area. The pressure treated and cement stairs with new pipe railings should last for a long time making it safer for our emergency crew.

We created more green space at the upper town parking lot. Mike and I constructed picnic tables this spring that will be out in this area for people to use and enjoy! We plan to clean up Goog's Pond and install more picnic tables. The culvert at the west branch of Marshall Brook near the end of Seal Cove Road was replaced with a wider bridge. Also, a fish pond was created allowing a dry fire hydrant for fire protection in the area. We plan to install a picnic table at the pond and possibly some granite benches as another place to enjoy the town. The increased water flow area will help prevent the flooding that occurred in the past.

Planning new year round bathrooms at the Village Green is in discussions, but may have to be put off for a while. Also, new drainage, sidewalk and railing reconstruction for the Clark Point Road area across from the Claremont Road is being discussed.

This past winter has been very hard on everyone and the crews have done a very good job with little fanfare. The Town can be very proud of the crews that work for them, day or night! I know I am!

Respectfully Submitted,

Scott Alley
Highway Foreman

Water Department

We are in our third year of the water meter program, replacing outdated meters with an automatic meter reading system that saves manpower from door to door manual meter readings. Assistant Water Operator, Chad Erwin, has stepped up the installations and should complete all water users this year. He has done a great job with this project.

PUBLIC WORKS CONTINUED

After several years of upgrades, testing and dedication, the Southwest Harbor Water plant was taken off the non-compliance list effective March, 2013. Now that we are compliant, we submit tests every three months, to insure continued compliance, with the State drinking water program rules.

We saw the conclusion of the new 350,000 gallon water tank on Freedman Ridge Road with spring clean up, landscaping and tank painting. This concrete tank will give the town many years of service.

We had the filter pond here at the plant grubbed out as is needed periodically. Also, the manual filter control modifications at the plant were finished which gives us more control in case of failure of the automatic systems.

Additionally, we have studied the Main Street water system, along with the temporary water plans to insure we take all future needs into consideration to reduce any need that would impact the new road after completion.

Respectfully Submitted,

Allen 'Snap' Willey
Chief Water Operator

Sewer Department

We take great pride in reporting the Sewer Treatment Plant remains in full compliance with all testing as required by the Department of Environmental Protection. We are again at another five (5) year point where a sewer discharge permit renewal is required for the continuation of sewer operations.

This past year, another major replacement was completed with the re-build of one of two sludge pumps. These are rated to operate effectively for a period of 5-7 years and at a cost of \$17,000 each, it is imperative to routinely monitor their performance to extend their working life and rotate, running one sludge pump every six months for optimum wear.

Recently, a wear plate with a cutter was installed at the Norwood Cove Pump station to relieve pump clogging due to the flushing of wipes. Regardless of any advertising, wipes are NOT flushable. These wipes in the system substantially increase the maintenance costs and parts replacement if left unchecked. We are asking all sewer customers not to flush any baby wipes or similar products into the system.

Congratulations are in order for Assistant Sewer Operator Dean Tozier, who has attained his class II wastewater license.

Respectfully Submitted,

Randy Dunbar
Chief Sewer Operator

FIRE DEPARTMENT

The Fire Department responded to 143 emergency calls during the year of 2013. These calls included:

| | | | |
|----|-------------------------------|----|---------------------------------|
| 12 | Structure Fires | 4 | Vegetation Fires |
| 5 | Emergency Rescues | 12 | Emergency Medical calls |
| 10 | Hazardous Materials incidents | 34 | Automatic Alarms |
| 14 | Assist other Town Agencies | 10 | Smoke Investigations |
| 11 | Public Service requests | 15 | Mutual aid to other communities |
| 9 | Automobile accidents | 17 | Other calls for service |

During 2012, the Fire Department responded to 84 calls for service, while in 2013 we handled 143 calls representing a 70% increase in call volume. A big chunk of the calls were for automatic alarms, some of which were actual emergencies while the remaining were caused by faulty detectors. These false alarm calls were a direct result of lack of maintenance such as dusty or dirty detectors, weak batteries or detectors that were being used beyond their life expectancy. The National Fire Protection Association recommends that all smoke detection equipment be replaced or serviced no more than every 10 years and Carbon monoxide detectors every 5 years to prevent either false alarms or failure for an alarm to activate. Please check the date codes on your detectors and replace them if too old or clean the dust out and change the batteries.

The Department did have one interesting carbon monoxide call this year. The family members, feeling ill and recognizing the symptoms of carbon monoxide poisoning, immediately went to the emergency room for care after a call to us to check the house. While we did not find signs of carbon monoxide we did find a very high level of methane gas generated, in this case, by open sewer drains in the basement of the house. Methane, along with butane and propane, will exhibit the exact same symptoms as "CO" poisoning and can produce the same severe health risks along with the dangers of fire and explosion. Some of the newer CO detectors will not differentiate between these gasses and will sound an alarm for any case. The family is fine due in the large part to their seeking medical treatment promptly.

Lately, when responding to calls, we are beginning to see an increase in driveways and private roads becoming overgrown with trees and bushes both over and alongside them. Please keep us in mind when you are putting together your TO DO list for this year and take some time to open the road for us so we don't have to waste time getting to you. Any delay in the public safety agencies getting to you when you need us only results in the potential for the emergency to becoming more severe. We ask that you keep your access ways open by maintaining around a 13 ½ foot overhead and the roadway/driveway cleared back to a 10 foot width.

The Fire Department graduated 3 more of our members from the Hancock County Fire Fighters Academy last year. Having completed their training, Southwest Harbor now has added 3 more members with both State and Nationally certified Fire Fighter Level 1, 2 and Hazardous Material operations level certifications. This academy brings, at minimal cost to our communities, the professional skills that large cities enjoy at a premium price. For the Town and our visitors I thank Fire Fighters Colton Sanborn, Barry Fletcher and Ben Hampton for sweating your way through the academy and for your time and commitment to our safety.

On behalf of the Townspeople and visitors to Southwest Harbor, I ask all of our Volunteer Fire Fighters to accept our heartfelt thanks and appreciation for all that you sacrifice and do for us and we, the members in return, thank all of our townspeople for their support that allows us to accomplish our missions.

Samuel T. Chisholm, Chief

HARBOR MASTER

Southwest Harbor experienced another fantastic year on the water. 2013 proved to be record setting with the amount of visitors that sailed and motored in from all over the world.

The Cruising Club of America made our town one of their destinations last summer bringing in over 100 vessels. The Hinckley Company supplied the entertainment for their stay with a banquet in the clubs honor. The moorings in Southwest were filled to capacity during the two night event, and by the time the festivities were over we still had stragglers who just did not want to leave. In all it was a great event for the harbor and the town as a whole, it also proves that Southwest Harbor is becoming a must see destination for more mariners.

The harbor got to experience its first 4th of July celebration in 2013. Local businesses raised 100% of the funds to put on a fireworks display in the harbor. Hundreds of onlookers enjoyed the show from our shores, and from the water. The show went off without a hitch and it is sure to be a new tradition in Southwest Harbor.

I would like to thank the Harbor Committee for all of the work they did this year. It takes a team of knowledgeable people to run and maintain the harbor and the committee has been there every step of the way. I would also like to thank Dan Bartlett, our former chairman, for his years of service.

2014 will be another great year for Southwest Harbor. Remember to be safe on the water, and take the time to enjoy the beautiful place we call home.

Respectfully Submitted,

Adam Thurston
Harbor Master

CODE ENFORCEMENT REPORT

Flood Insurance

Repeat from last year! This reminder is for a good cause, yours! Every year, this annual report provides a path to remind you that flood insurance is not just for those who live near water. The only reason for this annual reminder is the hope that, at the very least, you will call your insurance agent and be well informed. Southwest Harbor is an active participant in the National Flood Insurance Program (NFIP). Flood Zone Maps are available in the Town office, which depict high risk areas.

Ordinance Changes

Voters went to the polls in November and approved the following:

- Amended the Maritimes Activities zone
- Changed the Commercial Fisheries/Maritimes Activities to Maritimes Activities on Clark Point Road
- Changed the Harbor Zone to Maritimes Activities on Clark Point Road
- Added the definitions of 'Inn' and 'Hotel' to the land use ordinance
- Amended the zoning description
- Amended the Warrant Committee Ordinance

Permit Activity

- **Plumbing Permits**

It is interesting the total number of permits and the dollar amount of permit fees were very similar to last year. In 2012 there were 45 permits issued for a total of \$6,065, in 2013 the Town of Southwest Harbor issued 47 permits for a total of \$6,095.

- **Building Permits**

A dip in construction activities resulted in a decrease of permit value and fees, although the number of permits issued increased by five to a total of 75 permits, permit value was down from the previous year by over 2 million dollars at \$2,737,350. Permit fees collected totaled \$13,458.

A breakdown of the type of permits issued are as follows:

| | | | |
|---------------------|----|---------------------|----|
| Garages/Barns | 4 | Misc | 10 |
| Fill | 6 | Remodeling | 3 |
| Additions | 18 | Signs | 4 |
| Sheds | 4 | Decks/Porches | 14 |
| Single Family homes | 8 | Accessory Dwellings | 2 |
| Driveways/roads | 1 | Piers | 0 |
| Mobile Homes | 1 | | |

For Planning Board application review and preparation, or other permitting questions, feel free to contact this office at 244-7915. Appointments are not necessary, however, are available for your convenience. We are here to help you get your project off the ground.

Respectfully Submitted,

Donald R. Lagrange
Code Enforcement Officer

PLANNING BOARD

The current Planning Board is comprised of the following volunteers:

Ryan Donahue (Chairman), Chris Rawls (Vice Chairman), Mike Magnani (Secretary),
Ben C. Worcester III, Eric Davis, Chad Terry, Mike Mansolilli.

The Planning Board would like to thank the Southwest Harbor Community for their participation in workshops and public hearings over the past two years. With the public's direction and support, the Planning Board created amendments which satisfied State requirements, and provide new opportunity for many areas in the town. With an active community we can steer the ordinances in a direction that helps the business and benefits the members of our great community. We look forward to seeing, and hearing from you on topics in the future.

The following applications were reviewed by the Planning Board during 2013 and have been approved:

- 1) Skip Wilson dba Skips Auto, Map 16 Lot 6-1, 19 Bass Harbor Road:
Storage building
- 2) John Carter and C&B, LLC, Map 7 Lot 34, 234 Main Street:
Subdivision revision
- 3) Ellis Boat Company, Map 17, Lot 44 265 Seawall Road:
60' x 200' Boat Shop
- 4) Noel & Mary Musson, Map 6 Lot 50, 302 Main Street:
24' x 32' Retail bakery
- 5) Felicianos (at the Village Washtub) Map 6, Lot 84, 297 Main Street:
Addition to existing business and increased seating
- 6) Robert Brown, Map 17 Lots 102, 102-A, 103 & 104, Shore Road:
Subdivision
- 7) Skip Wilson dba Skips Auto, Map 16 Lot 6-1, 19 Bass Harbor Road:
Service bays and parts room, w/two bay car wash
- 8) Tanya Long, dba Off the Grid Foods Café, Map 7 Lot 34, 248 Main St:
Outside seating

Sincerely,

Ryan A. Donahue
Chairman

CONSERVATION COMMISSION

In 2013, The Southwest Harbor Conservation Commission had four voting members and two associate members:

| | | | |
|---------------|-------------------|---------------|---------------|
| Chair | Jim Geary | Voting Member | Melissa Frost |
| Treasurer | Jane Ayres | Secretary | Ann Judd |
| Voting Member | Susan Reiff-Allen | Tree Warden | Jeff Dutra |

Meetings took place at the Town Office throughout the year, generally during the second week of the month. For any Southwest Harbor resident interested in coming to the meetings or participating in the activities of the Commission, please call or stop by the Town Office.

The Commission arranges a yearly arborist inspection of the Town's public trees, with follow up maintenance under the direction of the Tree Warden. New trees are planted when funds become available. In addition, the Tree warden oversees the planting of memorial street trees gifted to the Town in honor of loved ones. Our Tree Warden has been especially vigilant of the trees on Main Street during the reconstruction of the water/sewer lines that commenced in the fall.

The Commission is the steward of two Town parks: the Veterans Park in Town center, and the Charlotte Rhoades Park on 191 Main Street. Both parks are heavily visited during the summer months. The following is a report for the Charlotte Rhoades Park 2013 Season:

Although summer 2013 was not a good season for the Monarch Butterfly in Maine, the Charlotte Rhoades Park had an abundance of many other species of butterflies throughout the summer. Hot and sunny summer weather combined with regular moisture provided great growing conditions for the plants in the borders and beds. The Butterfly Gardens were colorful right into October, with the last wedding taking place at the Park during the Columbus day weekend. The Annual Butterfly Release was very successful with over 200 guests in attendance; those unable to come sent in donations. Visitation was up and there were many enthusiastic and appreciative visitors. Hancock County Master Gardeners and other volunteers helped to maintain the garden throughout the season.

Ample moisture in June created another major challenge with invasive Japanese knotweed growing uncontrollably on the bank near the cove. Special help in late June came from Maine Coast Heritage Trust, Acadia National Park, and Friends of Acadia volunteers who, with Rhoades volunteers, blitzed the cove bank in two hours and chopped down the knotweed stalks.

The Selectmen have been in discussion about the future of the Rhoades House, which has been recommended for removal.

Recognition Accomplishments:

The Rhoades Park was written up in the AAA Northern New England Travel Guide for Summer 2013 as a destination to visit. A video about the park and Monarch Butterflies was produced this year for The Garden Club of America and is on the park website, www.rhoadesbutterflygarden.org We are proud to be recognized as a magical oasis in Southwest Harbor.

As for the Monarchs, The 2013 northern migration out of Mexico was hampered by excessive moisture and cold conditions in the southern states. Only 2 Monarchs were sited on MDI in June. The southern migration last fall had high mortality due to severe drought in Texas. Overwintering populations were **down 80%**, the lowest ever recorded. Rhoades Park imported Monarchs from Florida and we had a succession of generations over the summer. It appears that the Monarchs **did** migrate from the Butterfly Garden; hopefully our tagging effort will confirm this. Sadly, the fate of the Monarch Migration is questionable in the future. The 2014 Butterfly Release will take place on July 31 at 3:30pm. Tickets are available through the Chamber of Commerce.

Respectfully Submitted,

Ann Judd

SHELLFISH CONSERVATION COMMITTEE

In 2013, the committee met 3 times in regular sessions, scheduled for 5:30 PM on the second Monday of each month at the Town Office. We also conducted a transplant from the closed area at the head of the harbor near Manset Corner with the Pemetic 7th and 8th graders as volunteer citizen scientists. Results of a survey in the previous year showed us that we have a huge resource of small (about 1.5 inch) clams living in this area which is closed to digging because of the presence of the town sewage treatment plant. With DMR permission we returned this spring with many of the same local children to collect as many of these clams as we could on one low tide and transplanted them to Lawler Cove on the Fernald Road shore. About 600 clams were transplanted, and then the cove was closed to clamming until early November to prevent potentially contaminated clams from being harvested and eaten before they could cleanse themselves in their new habitat. We are very excited about this opportunity for our children to learn some biology, participate in the management of a public natural resource, and help the town. We are also greatly appreciative for the assistance of the Buell family who allowed us to access the cove through their property.

The clam resource of the town is improving, but the habitat for shellfish (soft-shell clam) resource of the town is relatively limited. We estimate that the total usable (open) habitat of the town is about 100 acres, most of which is concentrated in two or three key coves (Fernald, Connor, and Wonderland). The scarcity of habitat directly reduces the total productivity of town clamflats and forces the committee to prioritize the use of this limited resource. The committee has continued to choose to emphasize the use of this publicly managed resource as a food source and for recreational digging by as many local residents as possible. Thus we sell an unlimited number of recreational licenses (for up to one peck per day) to any adult who wants one and allow people under the age of 16 to dig for free. No commercial digging is permitted.

We sold 33 licenses for 2013 bringing in \$680 for use for shellfish management purposes. We expended \$950.12 in calendar year 2013 which caused us to use \$270.12 from previous years' surplus funds, leaving us with \$4142.46 in our operating account. According to the terms of the ordinance, these funds must be used for shellfish management purposes.

Our plans for 2014, center on an attempt to put our shellfish program and resources in the perspective of larger issues of marine resource management and protection. We would like to know whether ocean acidification, invasive green crabs, nutrient inputs, and harmful algal blooms are affecting our resource significantly and whether there are any local management steps that we should initiate.

As always, we acknowledge and appreciate the cheerful and competent administrative assistance of the Town Office staff. Thanks very much!

Respectfully Submitted,

Jim Colquhoun, Chair

For the committee: Andy Mays, Bill Carroll, and Glenn Greenlaw

PEMETIC ELEMENTARY SCHOOL

Pemetic Elementary School Principal

Dianne Helprin

Pemetic School Board

Susan Allen, Eric Henry, Ingrid Wilbur-Kachmar,
Erica Lindquist, Prentice Strong, III

It is a pleasure to be given the opportunity to inform you about all of the positives going on at Pemetic Elementary this past year. We continue to strive to provide our students with the best possible academic experience in the most supportive environment, funded within a fiscally responsible budget.

We continue to work on building a **sense of community** at Pemetic and creating a caring and safe environment for all of our students. Children are able to see our full-time guidance counselor any time throughout the day when they are struggling socially or emotionally. She goes into classrooms to teach students the skills they will need to be resilient and she leads our middle school Civil Rights team, training students how to be leaders and help their peers. Although our student enrollment has decreased, our needs in this area have increased and there is nothing more important for learning than having students feel safe and respected.

We are fortunate to have such an **outstanding staff** at Pemetic. Our teachers serve as teacher leaders on several district committees and their experience and expertise are well respected in the AOS community. We are sad to see several of our veteran teachers retiring this year. Mrs. Richardson-Gannon, Mrs. Brown and Mrs. Dodge have all had long and extremely successful careers in teaching and we wish them all the best in their well-deserved retirements.

We are continuing to work toward having our **students be responsible and motivated** in their learning. We offer learning labs before school so students have the opportunity to come into school early and work with a teacher to catch up or receive extra help on work they need to complete.

We want to continue to encourage **parent support**. We have a strong group of parents this year that have worked to rebuild our Parent Teacher Organization (PTO). Their mission is to build a spirit of community and cooperation among the parents, school and general population of Southwest Harbor in order to support the educational pursuits and personal development of the children in our community. The group meets once a month and hopes to offer many fun opportunities for families to get together and support one another.

The teachers are all working closely with the AOS staff to develop and follow a **consistent and aligned curriculum** for all subjects. We have a new curriculum director, Julie Meltzer, for the district and our teacher leaders are working to: incorporate engineering into science with more hands-on learning opportunities, continue with our new writing program adding more informative writing in the content areas, focus on civic engagement and research skills in social studies and design common standards and assessments in foreign language, physical education, music and the arts. We are also looking at ways to incorporate more complex reasoning skill instruction into our lessons and integrate technology even more to help support learning.

PEMETIC ELEMENTARY SCHOOL CONTINUED

We have worked to **differentiate our instruction** to help meet the individual needs of our students. Parents, students and staff have the opportunity to call a Student Assistance Team (SAT) together at any time to help develop an individual plan to support or challenge students who are struggling. The plan can be for academic, emotional, social or behavioral supports.

We have used the **assessment data** that we receive to help us plan and improve our instruction. We use the NWEA nationally normed test in grades first through eighth in reading and math to measure student growth. We give these tests in the fall and spring. Our NECAP and MEA test scores (state tests) continue to be above the state average in reading, writing, math and science. Pemetic was awarded the national title of being a Title 1 Distinguished School due to our achievement.

Our students have many **extracurricular activities** to choose from and we are proud to have 93% of our middle school students involved in one or more of these programs. We have activity periods once a week for 80 minutes where students in grades 5th-8th can choose from a variety of fun activities. This allows middle school students some social time to develop relationships with their peers and teachers that are based on common interests or hobbies. Our show choir and jazz bands have qualified for state competitions every year.

The Catherine Johnson grants provided many **arts** experiences for our students this year, which included guest artists and cultural field trips. We are fortunate to be able to offer double block industrial arts classes to our middle school students.

Our recess-walking program continued and includes all kindergarten through fourth grade students led by Nurse Pilar. She keeps track of their 'miles' and recognizes students' milestones.

We continue to enjoy our **beautiful new facility**. We have a fund every year that provides for upkeep and a 5-year plan to help maintain our building and grounds.

Thank you all for your continued support in helping to provide the best education we can for the young citizens of Southwest Harbor.

Dianne Helprin
Principal, Pemetic Elementary

A.O.S. #91

Superintendent of Schools: Howard Colter

Thanks in large part to the hard work, talents, and dedication of our teachers, administrators, and staff, our students continue to show academic gains by all measures, including state and federal standardized testing. At the same time, we strive for continued and ongoing improvement - working toward excellence in education.

Big Picture

| Looking Back (December 2012 to December 2013) | Looking Ahead (December 2013 to December 2014) |
|---|---|
| <ul style="list-style-type: none">• Developed a three-year plan for ongoing school/district improvement• Julie Meltzer hired as new director of curriculum for AOS 91• Matt Haney hired as new principal for MDIHS• IDEA and NCLB grants submitted and approved• Several key policy revisions suggested by policy committee | <ul style="list-style-type: none">• Hire educational technology coordinator• Report on and update three-year school/district improvement plan• Continue policy work |

Goal 1: Improve Student Achievement and Engagement in School

Rationale: Success in the 21st century requires students to leave their K-12 educational experience with high levels of literacy and numeracy. As a district and at each school we need to be engaged in a cycle of improvement to better serve more and more of our students each year. Programming (curriculum, course of study, pathways, RTI, etc.), therefore, needs to be specifically targeted to improving reading, writing, mathematics, critical thinking and student engagement and all new and existing programs of study should be measured by how well they contribute to improvement in these five areas. Parents need to be informed and actively involved as partners with the schools in their children's education.

| Looking Back (December 2012 to December 2013) | Looking Ahead (December 2013 to December 2014) |
|--|--|
| <ul style="list-style-type: none">• NEASC accreditation site visit and preliminary report for MDIHS• Ongoing efforts continued to meet the needs of at-risk students and implemented pilot programs related to dropout prevention• Continued development toward standards based education• Created placeholder report card for grades K-5• Established comprehensive RTI process• Established process for GT identification for Art and Music• Ensured that Special Education and Title 1 plans align with the new Common Core Standards | <ul style="list-style-type: none">• Expand alternative pathways toward high school graduation• Create alternatives to expulsion for certain misconduct• Develop standards-based reporting system• Improve assessment data collection and analysis for ongoing intervention and progress monitoring of student achievement• Make curriculum decisions to support better alignment of instruction with the new standards |

Goal 2: Improve Teaching and Learning

Rationale: Research shows that quality teaching is the most important variable in student achievement. Skilled teachers who are supported by administrators, have quality teaching materials, have access to and use timely data about student learning, and who actively participate in ongoing professional development make the difference for students. Therefore, it is important that the district prioritize teacher development and support.

A.O.S. #91 CONTINUED

| Looking Back (December 2012 to December 2013) | Looking Ahead (December 2013 to December 2014) |
|---|---|
| <ul style="list-style-type: none"> • Summer four-day writing workshop for 50+ MDIRSS teachers and administrators • Introduction of weekly after school meetings introduced (Monday Meetings) • Private grant awarded in support of writing program • Steering committee formed to review state requirements regarding teacher/principal evaluation • Principals introduced a process of mini-visits for classroom observation • Expanded opportunities for teachers to be involved in curriculum work • Increased support for new teachers • Offered teacher professional development related to brain-based research | <ul style="list-style-type: none"> • Offer ongoing and summer (2014) professional development for teachers and administrators • Complete a plan for teacher/principal evaluations • Continue to focus on improving student writing and writing instruction • Increase number of trained teacher mentors |

Goal 3: Become More Strategic With Resource Allocation, Use of Personnel and Financial Planning

Rationale: MDIRSS is committed, as are its schools, to providing students with an excellent education. However, resources are not unlimited and must be used wisely. Health insurance, maintenance, transportation and energy costs continue to rise. Enrollment fluctuates but has been decreasing in some of the district schools resulting in the need to look closely at budgets and use of personnel. Advances in technology enable us to think differently about course delivery, communication, professional development, resource sharing and infrastructure upgrades. The community offers rich resources that the schools can utilize. Preparing students for careers, college and citizenship in the 21st century in a time when resources are finite requires strategic planning and coordinated resource management.

| Looking Back (December 2012 to December 2013) | Looking Ahead (December 2013 to December 2014) |
|--|---|
| <ul style="list-style-type: none"> • Stipends and teaching load for “specialists” analyzed • Achieved positive audits for all 10 school budgets • Awards received by elementary schools for their successful work to upgrade breakfast and lunch programs • Completed technology audit • Reorganized administrative structure at MDIHS and central office | <ul style="list-style-type: none"> • Complete 5-year review of MDIHS food service program • Engage in negotiations with teachers and Bar Harbor support staff for a successor Agreement • Study options for health insurance plans • Assess the effectiveness and efficiency of an alternative organizational structure (AOS) • Possible capital improvements for Cranberry Isles and Conners-Emerson • Study possible advantages and drawbacks to forming a common middle school • Develop a plan for the long-term management of our computer network system • Redesign Social Worker position to address specific needs while allowing crisis access for all schools |

Howard Colter,
Superintendent of Schools

Julie Meltzer,
Director of Curriculum,
Assessment and Instruction

Kelley Rush Sanborn,
Director of Special Services



Harbor House respectfully requests the support of our town's taxpayers to help us continue our long tradition of providing quality recreational youth sports programs and youth center activities for the children of our community.

Serving our community's children and youth has been a fundamental value of Harbor House since its inception. We believe in offering our young sports enthusiasts the opportunity to learn sports, practice and hone their skills in a safe, fun and affordable place close to home. Over the past year we provided instruction and game play in soccer, basketball, tee-ball and tennis to 115 children. These 115 children filled 144 playing slots as many children played multiple sports. 60 of these children live in the town of Southwest Harbor, 40 live in the town of Tremont and 15 live in surrounding communities.

The Harbor House "Underground," as our free after school hang-out is popularly called, is a special place for young people in grades 3 through 8 to play, chill out and connect with peers under reliable and responsible supervision. The Underground is open after school, school closure days and school vacations.

The number of children that frequent the youth center continues to rise under the guidance of our youth center director Mark Woida. The 2012-2013 school year saw a total of 4,290 visits over 182 days which roughly equals 24 children per day. These visits were made by 108 children- 69 from Southwest Harbor out of a possible 106 and 39 from Tremont out of a possible 84. Attendance so far this fall is averaging 25 children per day. The youth center continues to fill an important need for quality programming within our communities. On any given day you can see lots of children participating in programming downstairs in the building or running around the playground. Programming at the Underground includes activities such as OAK (Outdoor Adventure Kids), yoga, chess and rock wall climbing, along with art classes operated by the Acadia Family Center which uses art as a tool to teach children about resiliency and art projects offered by renowned island artist Mike Duffy. We are constantly adding activities to the program roster and we will continue to improve this invaluable community service by continuing to promote healthy social interaction, leadership skills and provide greater creative, educational and athletic outlets for our community's youth.

There are other great events and programs run by the Youth Sports Department at Harbor House which the appropriation does not support, but which contributes to the lives of our youngsters. In 2013 we offered 4 weeks of Sports camps and 6 weeks of Island Adventure camp 4 of which included overnight camping trips. We partnered with the UMaine baseball program for our baseball camp and helped to create an island wide Future Trojans basketball camp. These types of partnerships enhance the children's sports experience plus provide an all day camp option for those who need a full day option for their campers.



The 21st Annual 2013 Great Harbor Shoot Out was once again very successful. 83 teams from all over the state participated in this 3 day junior high and high school tournament. What began in 1992 with seven boys teams, has now grown to become Maine's largest post-season basketball tournament for boys and girls. Somewhere between 4,000-5,000 people attended this tournament bringing business to our local communities during the slowest time of the year.

Town appropriations are vital to the integrity and consistency of the Youth Sports Program and the Underground Youth Center and cover approximately 77% of the total annual expense for these programs. We are grateful for Town taxpayer support because, most importantly, it helps us keep the direct cost of sports registration fees to between \$30.00- \$40.00 depending on the sport.

In closing, we would like to thank the taxpayers of Southwest Harbor for your ongoing support of these important programs and the contributions they make to the lives of our children.

Sincerely,

Ingrid Wilbur Kachmar
Executive Director

SOUTHWEST HARBOR PUBLIC LIBRARY

Southwest Harbor Public Library has once again been recognized as one of America's star libraries. For the third year in a row, *Library Journal* awarded us its highest honor, the "5-Star Library" designation. Only about 1% of the nation's public libraries receive this 5-Star recognition. A number of criteria go into the selection process, including circulation of materials, visits to the library, program attendance and use of the public internet facilities. In existence for more than a century, *Library Journal* is the leading publication focusing on libraries and reports on technology, management, policy and other professional concerns to the library community.

Our circulation continues to grow. One area whose use and popularity has increased dramatically over the year is our "invisible" collection: downloadable audiobooks, ebooks, music (which you don't borrow - you keep!), and access to thousands of online journals, periodicals and articles. Your library card allows you to borrow and use much more than the traditional book.

A lot of what the Library offered this past year didn't require a library card. Our adult program offerings were exceptionally varied and extremely well attended. We hosted author visits, classes of all kinds, films, concerts, lectures on a wide variety of topics, tax help, health insurance help, computer help, and technology help, which included a "petting zoo" that allowed patrons to play with an assortment of computer tablets. Children's programs included author visits, story tellers, musicians, puppets, crafts, pot luck dinners, a very active summer reading program and, unique to this area, a literacy camp. In all, we held 356 programs in 2013; that works out to be about 30 programs per month.

The library services we continue to provide to Pemetic Elementary School have allowed us to foster a solid relationship with both the teachers and the students. It is wonderful to see the same children in the Library after school that our Children's Librarian had helped during the day at school.

Our outreach also extends to:

- Mount Desert Island High School; we are working with teachers and students both in the Library and at the High School.
- Acadia Senior College and Camden Conference; we are active community partners with both of these organizations.
- State Representatives and our State Librarian; we hosted a "library day" with many government and State Library officials.

All of this activity has contributed to our 5-Star designation. We thank our staff, trustees, volunteers, and most important, you, our patrons. I have always said this is a community of readers and Library supporters - and it's true!

Respectfully Submitted,

Candy Emlen
Director



Southwest Harbor / Tremont Ambulance Service

P.O. Box 437 • Southwest Harbor • Maine 04679

swht-ambulance.org • Phone (207) 244-3521

To Our Friends and Neighbors in Southwest Harbor

November, 2013

The crew and Board of the Southwest Harbor / Tremont Ambulance Service welcome the opportunity to serve you. We are a **private, non-profit charity** started more than 50 years ago by community members who believed our towns needed an ambulance service.

We know that you and the Town receive countless letters from organizations asking for donations. However, we hope you understand that we need your financial support in order to continue serving you. Sometimes there is confusion about how our ambulance service works.

Please note the following:

- We are **not a department** of the towns of Southwest Harbor and Tremont.
- We are a **non-profit charity** providing critical emergency service to our community.
- We have an Emergency Medical Technician on duty in Southwest Harbor 24/7 to serve **everyone** who lives in or passes through our community.
- We respond to over 400 calls a year. This is a small number when you think in terms of the cost of sustaining a full time, 24/7 ambulance service.
- If we were not here to respond to your 911 call, you would have to wait for an ambulance to come from Ellsworth - 20 miles away.
- We replace our primary ambulance every six or seven years at a cost of at least \$150,000.
- We replace our heart monitor/defibrillator units every six or seven years at a cost of at least \$50,000.
- Medicare and MaineCare reimbursements are at all-time lows.
- Many of our patients cannot afford health insurance. Many are also unable to pay the ambulance fees.
- We are an excellent service. Ask anyone who has made a 911 call to us.

Your support is critical. Please help us continue to be your 911 responder.

Many thanks,

Sonia Field
Board President and ambulance driver
Southwest Harbor / Tremont Ambulance Service

Southwest Harbor-Tremont Ambulance Service is a 501(c)(3) non-profit organization.

November 30, 2013

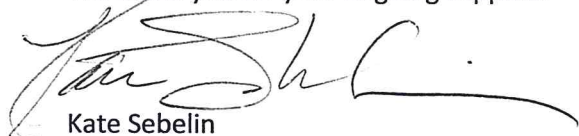
To the town of Southwest Harbor:

Last year, the town of SWH graciously awarded the Bar Harbor Food Pantry \$2,500 to help us continue our mission to help feed families in Hancock County who find themselves in need. The funds received helped with our annual food budget, covering the cost of a 1 month delivery from the Good Shepherd Food Bank.

The Bar Harbor Food Pantry continues to serve individuals and families island-wide, who find themselves in need of financial assistance by offering a 1 week supply of groceries at no cost to help with monthly expenses. We are open year round and serve many Southwest Harbor residents, especially in the summer months when the Westside Food Pantry is closed.

The work we do is essential to the livelihood of our neighbors and we appreciate Southwest Harbor's ongoing support as we look to improve upon our services each year. We are currently serving over 130 families each month, with as many as 30 of those being SWH households. As we all know, the cost of food and living is difficult for many families and we are proud to be able to offer this service to our neighbors.

We thank you for your ongoing support.



Kate Sebelin

Executive Director





People Helping People

ANNUAL REPORT TO TOWN OF SOUTHWEST HARBOR

December 2, 2013

Downeast Horizons (DEH), founded in 1974, is an organization that assists adults and children with disabilities to find support for their individual needs and to exercise choices whenever possible that result in growth toward increasing and maintaining independence. All individuals supported by DEH have developmental disabilities including cognitive disabilities; Autism and Asperger Syndrome; Down Syndrome; and some have multiple disabilities including physical handicaps. We currently provide services to 9 individuals from the town of Southwest Harbor.

PROGRAMS AND SERVICES

Downeast Horizons (DEH) is proud to be serving individuals with developmental disabilities in the community for 39 years! Like the determined group of parents who took matters into their own hands and changed the lives of so many individuals 39 years ago, we continue to meet challenges like this head-on and take control of the financial future of the organization. We are proud to say that.

Downeast Horizons strives to meet the needs of all who require service. Shared Living, a low-cost alternative to the traditional hourly-staffed home is a living model that the State of Maine is emphasizing. We here at Downeast Horizons are trying to develop and promote this service model when it makes sense and, in fact, we are working to double the number of our Shared Living homes from two to four this year.

The Children's Program assists more than 50 participants with developmental disabilities. This program continues to expand and improve. Our social groups provide wonderful opportunities for children and adolescents to be taught in a safe, supported, fun-filled environment. Thanks to the generosity of our supporters, many of the children who have very little, now have the opportunity to fully enjoy life.

The Board of Directors voted to approve Downeast Horizons to become a licensed mental health provider. For the first time in 39 years, Downeast Horizons will be able to provide limited services to individuals with mental illness. The primary focus will be providing additional support to those who are dually diagnosed. We hope this will begin in late 2013.

FACILITIES

Downeast Horizons continues to enhance our facilities and make them as safe as possible. Due to the state's push to reduce the number of individuals in staffed group homes, DEH is exploring the possibility of purchasing a home and converting it into apartments that can provide a safe living environment for individuals. These apartments would have technology added that provides easy access to staff services. Also, staff would periodically come in and assist residents at certain hours to ensure they were eating and taking medications.



Downeast Horizons' three community support facilities in Bar Harbor, Bangor and Ellsworth, as well as the nine assisted living homes throughout Hancock County, continue to be modernized. It is anticipated that ultra-efficient heating and cooling pumps will be added to ensure these buildings, are heated and cooled in the most cost-efficient manner.

Over the next two years, the administration and staff will continue to focus on long-term energy efficiency and property maintenance as well as property safety for program participants.

STAFF TRAINING

Downeast Horizons has recently added an electronic medical record to all of our homes. The system greatly minimizes the use of paper and stores all adult services treatment plans and progress notes electronically. This improves internal communication and awareness between sites.

Recently, Downeast Horizons has begun quarterly enhanced training for our management team. One of the recent trainings was in *Trauma Informed Care*. Managers who have been through this training are more aware of how trauma can affect individuals and how to best support them.

Over the next two years, DEHI will focus on finding ways to conduct staff trainings in a more timely manner and will explore how Internet-based resources can be used.

The \$1,800.00 generously given by the citizens of Southwest Harbor in 2013 assisted in paying for safety/health building maintenance and repairs; staff training; and client motivation activities. In 2014, DEH will continue to target funds from the towns and individuals for these items.

DEH is grateful to the town of Southwest Harbor for its long-time support and respectfully requests a continuation of that support in FY2014.



Eastern Area Agency on Aging

450 Essex Street, Bangor, ME 04401
Tel: (TDD) (207) 941-2865 or (TDD) 1-800-432-7812
Fax: (207) 941-2869 www.eaaa.org

Some of the ways Eastern Area Agency on Aging serves seniors in Southwest Harbor

We are so grateful to the town of Southwest Harbor for allocating \$1,500 in funds to Eastern Area Agency on Aging. Incorporated in 1973, EAAA has been the best source of information, options and services for seniors and their families since that time. We depend on the support of municipalities to help with the costs of serving their residents and Southwest Harbor has shown appreciation of our efforts and is helping us provide vital services to our population.

For decades, EAAA has served the residents of eastern Maine living in Hancock, Washington, Penobscot and Piscataquis counties and is continually committed to providing quality services and programs to all of its clients. But that goal cannot be met without adequate funding.

In 2013, Eastern Area Agency on Aging provided services valued at \$11,589. These services helped elderly citizens remain independent, feel financially secure, be well nourished, and have access to health care and to make informed decisions on benefits, including Medicare part D, the prescription drug program. The services also helped caregivers care for their loved ones, which can be a stressful but rewarding job.

Meals on Wheels, a part of the nutrition program of EAAA, serves hot noontime meals to homebound residents of Southwest Harbor who otherwise might not have had a nutritious meal. Tea and toast would be the lunch for most of these homebound residents were it not for Meals on Wheels.

Community Cafés are also a part of the Nutrition Program and encourage socialization and interactions which can prevent depression and isolation. Community Cafés not only provided nutritious meals, but also linked Southwest Harbor seniors to supportive services.

EAAA's Community Services department works with Southwest Harbor seniors, providing them with information and help in matters such as: MaineCare, Medicare and other insurances, Social Security, food stamps, options counseling, housing, assisted living and home based care. The savings that the seniors experienced were the direct result of our staff's assistance.

Many seniors have no idea what benefits are available to them. Consequently, they don't apply and even those that do understand the benefits often need assistance with the forms. Hundreds of dollars can be saved each year. This year, those savings will be even more necessary for residents because of the rapidly increasing cost of food and prescription drugs and unstable energy expenses.

Most of the services provided by the Eastern Area Agency on Aging are free of charge which is why outside funding is so vital. The generosity of the town of Southwest Harbor, which allocated \$1,500 in funding to Eastern Area Agency on Aging, demonstrates compassion for its elderly citizens.

Noelle Merrill
Executive Director



November 15, 2013

Town of Southwest Harbor
PO Box 745
Southwest Harbor, ME 04679-0745

RE: Written Report for Southwest Harbor Annual Report

Hancock County HomeCare & Hospice - formerly Bar Harbor Public Health - made 15,478 home health and hospice visits last year (an additional 4,785 telehealth visits supported patients with chronic diseases). Of those, 633 patient visits were made in Southwest Harbor. Your friends and neighbors needed wound care, rehabilitation services, intravenous therapy, and nutritional assessments. In addition our hospice patients received massage therapy, pain and symptom management, and families benefited from bereavement support. These services were provided by skilled nurses, certified home health aides, physical, occupational, and speech therapists, and medical social workers.

We are very grateful for your continued support with a gift of \$1,870. The money helps support these vital services especially for those who are uninsured or underinsured.

Sincerely,

A handwritten signature in black ink that reads "Morag Robertson".

Morag Robertson, Clinical Manager
Hancock County HomeCare & Hospice



14 McKenzie Avenue Ellsworth, Maine 04605
207-667-2531 Fax 207-667-9406
e-mail: info@hospiceofhancock.org
www.hospiceofhancock.org

~ *Volunteer Service Since 1980* ~

November 20, 2013

To the Residents of the Town of Southwest Harbor:

Thank you, once again, for your support for Hospice Volunteers of Hancock County! The partnership we enjoy with the towns in which we serve is very important to us. We couldn't reach those who need our care without the support from the community.

To highlight what your town's support has done through Hospice Volunteers of Hancock County over the past year:

- Free Patient Care Support for those living at the end of life and their loved ones; with service to 186 patients, including 11 in Southwest Harbor, during the 2012-2013 fiscal year;
- Free Bereavement Support to those who are grieving the loss of a loved one; with 996 gestures of support provided during the same time period, including 5 residents of Southwest Harbor.

These services are enhanced by these special offerings:

- the Evensong singers,
- our Equipment Sharing program,
- the *Veterans and Caregivers Outreach Program*.
- Our 150 trained direct-service volunteers continue to extend themselves with compassionate care for those in need.

We sincerely appreciate the support that makes these services possible. Thank you for your partnership!

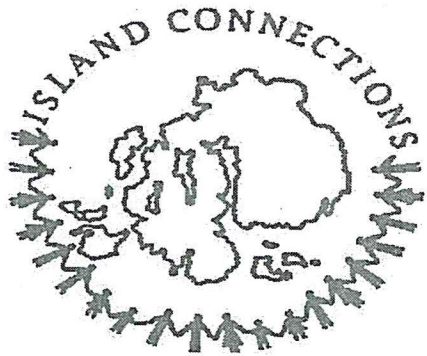
If you have questions about our services or how your contribution supports our programs, please call us at 667-2531. We look forward to continuing to work with you to provide these essential services to the residents of Southwest Harbor.

Sincerely,

M.J. Wolford-Tucker

Jody Wolford-Tucker, Ph.D.
Executive Director





November 25, 2013

Report

Dear Residents of Southwest Harbor:

Sixteen years making connections together!

Island Connections is a unique nonprofit organization. Since 1997, faithful volunteer drivers and our small staff have provided free transportation and other services for elderly and disabled neighbors throughout Mount Desert Island.

Southwest Harbor residents have helped Island Connections to provide 265 neighbors with 3,635 rides to doctors' offices, adult day services, chemotherapy treatments, dialysis appointments, physical therapy, and for dental services during the last 12 months.

In addition to providing many, many rides during the last year, Island Connections' volunteers delivered 14,300 meals to MDI's elderly, disabled, and homebound. That averages 275 meals weekly!

We thank the people of Southwest Harbor.

With gratitude,

Carrie Limeburner

Executive Director, Island Connections

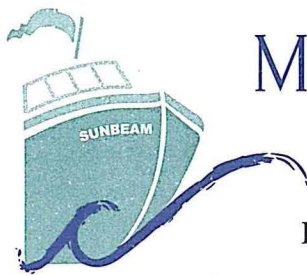
15 Eagle Lake Road

Bar Harbor, Maine 04609



2013 Island Explorer Report Southwest Harbor

During the 2013 season, Island Explorer carried 423,998 passengers. As a result, nearly 1,700 cars per day were removed from the road. Island Explorer is a partnership operated by Downeast Transportation, Inc. with municipalities contributing roughly 5% of the funding, rider and local donations 2%, LL Bean 17%, and our federal and state partners 17%. The lion's share of Island Explorer funding comes from Acadia National Park which provides about 60% through park entry fees.



Maine Sea Coast Mission

Dear residents of Southwest Harbor,

The MDI Community Campfire Coalition, overseen by the Maine Sea Coast Mission and in partnership with The Neighborhood House and Harbor House, wishes to thank you for your financial support of \$2,500 during the 2013/14 fiscal year. The Campfire Coalition's goal is to provide heating assistance, education, and a resource helpline for our MDI and outer island neighbors who struggle to stay warm through the harsh winter months due to financial need.

Background

In 2008, in response to skyrocketing fuel prices, area non-profits, churches, and civic organizations came together to determine how to provide fuel assistance to those in need. As a result of this meeting, The MDI Community Campfire Coalition was created.

The partners in the MDI Community Campfire Coalition share responsibilities to ensure no area resident is left out in the cold. The Maine Sea Coast Mission qualifies applicants, collects and disburses funds, fundraises, and sends letters to donors acknowledging their gifts. The Neighborhood House and Harbor House assist with on-site application facilitation and fundraising. No administrative costs are charged by the coalition partners, so *one hundred percent of all funds raised goes directly to heating assistance.*

Results

During the past heating season from November 1, 2012 to April 30, 2013, the Campfire Coalition was able to help a total of 130 families: 49 from Southwest Harbor, 16 from Mount Desert, 22 from Tremont, 33 from Bar Harbor, and 10 from the outer islands. Each applicant who qualified received 100 gallons of fuel or the equivalent in electric, kerosene, or propane. In addition to completing an application, each applicant is asked to show proof of income. Currently, income guidelines are set on a sliding scale with limits of \$24,500 per individual or \$50,700 for a family of four or more. Most applicants for heating assistance are near the poverty line which is \$11,490 for an individual and \$23,550 for a family of four or more.

We thank the taxpayers of the Town of Southwest Harbor again for their generous support of this important work.

Sincerely,

Maine Sea Coast Mission, Harbor House, and The Neighborhood House

Board of Directors

Gavin H. Watson, Jr.,
Chairman

Patsy E. Fogarty,
Vice Chairman

Joseph M. Murphy,
Treasurer

Chadbourne H. Smith,
Secretary / Clerk

Edward L. Allen

Roger S. Clapp

Lester L. Coleman

Ruth M. Colket

Dennis S. Damon

William E. Eason, Jr.

Reginald B. Elwell, Jr.

Jim Geary

Jill M. Goldthwait

J. Clark Grew, II

Nancy K. Ho

H. Lee Judd

Tony C. McKim

Timothy P. Schieffelin

C. Stacey Smith

John M. Williams

Honorary Directors

Charles B. Alexander

Alan L. Baker

Curtis L. Blake

Cornelia Greaves Bates

Monika A. Heimbald

Christopher Hutchins

Philip B. Lape

Justine M. Morris

Chester E. Norris, Jr.

John E. Parker, Jr.

Henry L.P. Schmelzer

Linda B. Thompson

Ansley C. Throckmorton

Lynda Z. Tyson

Douglas Williams

Rev. C. Scott Planting
President

Please remember the Maine Sea Coast Mission in your will

MDI & ELLSWORTH HOUSING AUTHORITIES

Mailing: PO Box 28 Bar Harbor, ME 04609-0028

Physical: 80 Mt. Desert St., Bar Harbor ME. 04609

Executive Director, *Terrance J. Kelley*

Town of Southwest Harbor Housing Authority

The Town of Southwest Harbor Housing Authority provided housing units and rental assistance through its **Public Housing Program** for over seventy elderly and disabled individuals and/or families in our community during 2013. All units are occupied, and there is a waiting list of individuals who wish to become tenants.

Regionally, the MDI & Ellsworth Housing Authorities assisted hundreds of eligible elderly or disabled individuals and families with rental assistance and utilities thru its Public Housing and Section 8 Housing Choice Voucher Programs in the amount of \$3,373,738.00 for fiscal year ending 9/30/13. There are waiting lists of eligible individuals and families who wish to become subsidy recipients.

The Town of Southwest Harbor Housing Authority is very grateful for and appreciative of the continued support it receives from those at the Southwest Harbor Town Office, and from the Police Department, the Fire Department, and the Public Works Department of the Town of Southwest Harbor. All help us to reach our objective of providing safe and affordable housing for members in our community.

Payment in lieu of taxes to the Town of Southwest Harbor for 2013 is \$9,310.04

The Southwest Harbor Housing Authority Board of Commissioners meets the third Wednesday of each month, throughout the year. The meetings are handicapped accessible and open to public attendance. Please call the office at 288-4770, extension 127, to confirm the date and time of Board meetings as dates & times are subject to change and rescheduling.

The Housing Authorities' office is located at 80 Mount Desert Street, in Bar Harbor, ME. The office is open from 8 a.m. to 4 p.m., Monday through Friday. To contact the Housing Authorities, please call 207-288-4770 or e-mail Executive Director Terrance Kelley at: terry.kelley@emdiha.org.

Respectfully Submitted,

Ben C. Worcester III, Chairman
Southwest Harbor Housing Authority

Mount Height Cemetery Association

PO Box 861
Southwest Harbor, ME 04679

April 7, 2014

To the Citizens of Southwest Harbor,

It is one of the commitments of community to provide a final resting place for those members who pass from us and the Mount Height Cemetery Association owns and cares for the Mount Height Cemetery on Long Hill for that purpose. Plots are available to town residents and the property is maintained to a high standard in order to sustain the welcoming character and quality of the Cemetery for all townspeople.

While it is not the responsibility of the Association to tally any specific incidences of use, and sales of individual plots vary year-to-year as determined by the private needs of our neighbors, the members of the Association take pride in knowing they are fulfilling the unwritten tenets of those who established the Cemetery Association in 1905. Our town's cemetery is a place of quiet and beauty set aside long ago by our forebears who understood the needs of their fellow townspeople, and had the foresight to provide for meeting those needs; then, and now.

The Mount Height Cemetery Association would like to express its appreciation for the continued support you, our neighbors, provide to our small, committed organization. If anyone would like to join the Association and share that commitment, please contact Frank Chalmers, President, Carolyn Dunbar, Secretary, or Amy Young, Treasurer. To arrange for the purchase of a plot, please contact Peter Dolliver, Superintendent.

Sincerely,

Amy D. Young
Treasurer, Mount Height Cemetery Association



Washington Hancock Community Agency
248 Bucksport Road
Ellsworth, ME 04605

To: The Residents of Southwest Harbor

From: The Washington Hancock Community Agency

Date: December 2, 2013

WHCA wishes to extend a Thank You to the residents of Southwest Harbor for supporting our request for financial support last year. This support enables us to apply for and leverage funding to provide and expand services in your community such as Fuel Assistance, Transportation, Emergency Crisis Intervention, The Heating and Warmth Fund and Weatherization. The services WHCA provides have a direct impact on your budget by reducing reliance on your general assistance

WOMEN INFANTS & CHILDREN (WIC)



To the residents of Southwest Harbor,

Women, Infants and Children (WIC) is a federal nutrition program. We serve income eligible families in Hancock and Washington Counties.

We provide health screenings, referrals, nutrition education, and checks for healthy foods, for income eligible pregnant and nursing women, infants and children up to their 5th birthday.

The checks are for healthy foods such as: milk, cheese, juice, cereal, eggs, fruits and vegetables, whole grains, peanut butter, beans, infant cereal, infant foods and formula.

The value of the checks we provided for 41 clients in 2013 from Southwest Harbor was \$28,536. There is no cost to the clients.

We provide outreach services in Southwest Harbor at the St. John's Episcopal Church.

We receive matching funds up to \$2,000.

Thank you for your past support of our program.

Trudy Lunt LPN

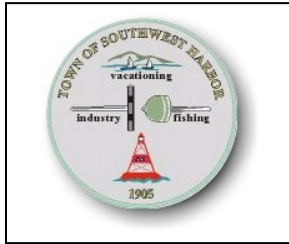
Local WIC Director

52 Christian Ridge Road

Ellsworth, Me 04605

Phone 667-5304

Email tlunt@fpam.org



**Town Meeting Warrant
And
Secret Ballot Election**

**Monday, May 5, 2014
And
Tuesday, May 6, 2014**

County of Hancock, ss.

State of Maine

To: Chief David Chapais, a Constable of the Town of Southwest Harbor, in the County of Hancock, State of Maine,

Greeting:

In the name of the State of Maine you are hereby required to notify and warn the inhabitants of the Town of Southwest Harbor, in said county and state, qualified by law to vote in Town affairs, to meet in the Pemetic Elementary School, First Floor Auditorium, in said Town, on **Monday, the 5th day of May, 2014 A.D. at seven o'clock in the evening**, then and there to act on Articles numbered one [1] through fifty-one [51].

And to notify and warn said inhabitants to meet in the Southwest Harbor Fire Station Meeting Room on **Tuesday, the 6th day of May, 2014 A.D. at ten o'clock in the forenoon**, then and there to act upon Article fifty-two [52] by secret ballot, the polling hours therefore to be from 10:00 a.m. to 8:00 p.m.

Article 1: Election of Moderator – To choose a Moderator to preside at the meeting.

Article 2: To fix compensation for the Board of Selectmen, Members of the Superintending School Committee and Members of the Board of Trustees of the Mount Desert Island Regional School District.

Article 3: To authorize the Selectmen to choose and appoint all other non-elected municipal positions.

SOUTHWEST HARBOR SCHOOL DEPARTMENT

Note: Articles 4 through 14 authorize expenditures in cost center categories

Article 4: To see what sum the School Committee is authorized to expend for **Regular Instruction** for the fiscal year beginning July 1, 2014 and ending June 30, 2015.

| | |
|--------------------------------------|---------------------|
| <i>School Committee recommends</i> | <i>\$ 1,057,699</i> |
| <i>Board of Selectmen recommends</i> | <i>\$ 1,057,699</i> |

Article 5: To see what sum the School Committee is authorized to expend for **Special Education** for the fiscal year beginning July 1, 2014 and ending June 30, 2015.

| | |
|--------------------------------------|-------------------|
| <i>School Committee recommends</i> | <i>\$ 639,794</i> |
| <i>Board of Selectmen recommends</i> | <i>\$ 639,794</i> |

Article 6: To see what sum the School Committee is authorized to expend for **Career and Technical Education** for the fiscal year beginning July 1, 2014 and ending June 30, 2015.

| | |
|--------------------------------------|--------|
| <i>School Committee recommends</i> | \$ -0- |
| <i>Board of Selectmen recommends</i> | \$ -0- |

Article 7: To see what sum the School Committee is authorized to expend for **Other Instruction** for the fiscal year beginning July 1, 2014 and ending June 30, 2015.

| | |
|--------------------------------------|-----------|
| <i>School Committee recommends</i> | \$ 54,042 |
| <i>Board of Selectmen recommends</i> | \$ 54,042 |

Article 8: To see what sum the School Committee is authorized to expend for **Student & Staff Support** for the fiscal year beginning July 1, 2014 and ending June 30, 2015.

| | |
|--------------------------------------|------------|
| <i>School Committee recommends</i> | \$ 309,398 |
| <i>Board of Selectmen recommends</i> | \$ 309,398 |

Article 9: To see what sum the School Committee is authorized to expend for **System Administration** for the fiscal year beginning July 1, 2014 and ending June 30, 2015.

| | |
|--------------------------------------|-----------|
| <i>School Committee recommends</i> | \$ 57,110 |
| <i>Board of Selectmen recommends</i> | \$ 57,110 |

Article 10: To see what sum the School Committee is authorized to expend for **School Administration** for the fiscal year beginning July 1, 2014 and ending June 30, 2015.

| | |
|--------------------------------------|------------|
| <i>School Committee recommends</i> | \$ 211,983 |
| <i>Board of Selectmen recommends</i> | \$ 211,983 |

Article 11: To see what sum the School Committee is authorized to expend for **Transportation & Buses** for the fiscal year beginning July 1, 2014 and ending June 30, 2015.

| | |
|--------------------------------------|------------|
| <i>School Committee recommends</i> | \$ 138,570 |
| <i>Board of Selectmen recommends</i> | \$ 138,570 |

Article 12: To see what sum the School Committee is authorized to expend for **Facilities Maintenance** for the fiscal year beginning July 1, 2014 and ending June 30, 2015.

| | |
|--------------------------------------|------------|
| <i>School Committee recommends</i> | \$ 400,843 |
| <i>Board of Selectmen recommends</i> | \$ 400,843 |

Article 13: To see what sum the School Committee is authorized to expend for **Debt Service and Other Commitments** for the fiscal year beginning July 1, 2014 and ending June 30, 2015.

| | |
|--------------------------------------|------------|
| <i>School Committee recommends</i> | \$ 361,214 |
| <i>Board of Selectmen recommends</i> | \$ 361,214 |

Article 14: To see what sum the School Committee is authorized to expend for All Other Expenditures for the fiscal year beginning July 1, 2014 and ending June 30, 2015.

| | |
|--------------------------------------|-----------|
| <i>School Committee recommends</i> | \$ 57,000 |
| <i>Board of Selectmen recommends</i> | \$ 57,000 |

Note: Articles 4 – 14 authorize a total budget of \$ 3,308,653

Note: Articles 15 – 17 raise funds for the Proposed School Budget

Article 15: To see what sum the voters of the Town of Southwest Harbor will appropriate for the total cost of funding public education from kindergarten to grade 12 as described in the Essential Programs and Services Funding Act (Recommend \$1,573,122) and to see what sum the voters of the Town of Southwest Harbor will raise as the Town's contribution to the total cost of funding public education from kindergarten to grade 12 as described in the Essential Programs and Services Funding Act in accordance with the Maine Revised Statutes, Title 20-A, section 15688 for the period July 1, 2014 to June 30, 2015.

| | |
|--------------------------------------|-------------|
| <i>School Committee recommends</i> | \$1,453,715 |
| <i>Board of Selectmen recommends</i> | \$1,453,715 |

Explanation: The Town of Southwest Harbor's contribution to the total cost of funding public education from kindergarten to grade 12 as described in the Essential Programs and Services Funding Act is the amount of money determined by state law to be the minimum amount that a municipality must raise in order to receive the full amount of state dollars.

Article 16: To see what sum the voters of the Town of Southwest Harbor will raise and appropriate for the annual payments on debt service previously approved by the legislative body for non-state-funded school construction projects, non-state funded portions of school construction projects and minor capital projects in addition to the funds appropriated as the local share of the Town of Southwest Harbor's contribution to the total cost of funding public education from kindergarten to grade 12 for the period July 1, 2014 to June 30, 2015.

| | |
|--------------------------------------|------------|
| <i>School Board recommends</i> | \$ 361,214 |
| <i>Board of Selectmen recommends</i> | \$ 361,214 |

Explanation: Non-state-funded debt service is the amount of money needed for the annual payments on the Town of Southwest Harbor's long-term debt for major capital school construction projects and minor capital renovation projects that are not approved for state subsidy. The bonding of this long-term debt was approved by the voters on November 2, 1999.

Written Ballot Vote Required

Article 17: To see what sum the voters of the Town of Southwest Harbor will raise and appropriate in additional local funds for school purposes (**Recommend: \$1,309,676**) for the period July 1, 2014 to June 30, 2015, which exceeds the State's Essential Programs and Services allocation model (**Recommend: \$1,277,860**) as required to fund the budget recommended by the school committee.

The School Committee recommends **\$1,309,676** for additional local funds and gives the following reasons for exceeding the State's Essential Programs and Services funding model by **\$1,277,860**: The State funding model underestimates the actual costs to fully fund the 2014-2015 budget.

Explanation: The additional local funds are those locally raised funds over and above the Town of Southwest Harbor's local contribution to the total cost of funding public education from kindergarten to grade 12 as described in the Essential Programs and Services Funding Act and local amounts raised for the annual payment on non-state funded debt service that will help achieve the Town of Southwest Harbor's budget for educational programs.

Note: Articles 15, 16, & 17 raise a total town appropriation of **\$3,124,605**

Note: *Article 18 summarizes the proposed school budget and does not authorize any additional expenditures.*

Article 18: To see what sum the voters of the Town of Southwest Harbor will authorize the School Committee to expend for the fiscal year beginning July 1, 2014 and ending June 30, 2015 from the Town's contribution to the total cost of funding public education from kindergarten to grade 12 as described in the Essential Programs and Services Funding Act, non-state-funded school construction projects, additional local funds for school purposes under the Maine Revised Statutes, Title 20-A, section 15690, unexpended balances, tuition receipts, state subsidy and other receipts for the support of schools.

| | |
|--------------------------------------|--------------------|
| <i>School Committee recommends</i> | <i>\$3,287,653</i> |
| <i>Board of Selectmen recommends</i> | <i>\$3,287,653</i> |

Article 19: In addition to the amount in Articles 4-18, shall the School Committee be authorized to expend such other sums as may be received from federal or state grants or programs or other sources during the fiscal year beginning July 1, 2014 and ending June 30, 2015 for school purposes provided that such grants, programs or other sources do not require the expenditure of other funds not previously appropriated?

Current Year Totals: \$109,197

| |
|--|
| <i>School Committee recommends passage</i> |
| <i>Board of Selectmen recommends passage</i> |

GENERAL GOVERNMENT

Article 20: To see what sum the Town will vote to raise and appropriate for **Administration** for the period July 1, 2014 to June 30, 2015.

| | |
|--------------------------------------|------------------|
| Requested: | \$ 242,437 |
| Source: Payment in Lieu of Taxes | \$ 50,450 |
| Fees & Licenses | \$ 34,500 |
| State & Federal Assistance | \$ 54,000 |
| Fines & Penalties | \$ 22,000 |
| Service Revenue | \$ -0- |
| Miscellaneous Income | \$ 20,500 |
| Taxation | <u>\$ 60,987</u> |
| Total: | \$ 242,437 |
| <i>Board of Selectmen recommends</i> | \$ 242,437 |

Article 21: To see what sum the Town will vote to raise and appropriate for **Assessing, Planning, and Code Enforcement** for the period July 1, 2014 to June 30, 2015.

| | |
|--------------------------------------|------------------|
| Requested: | \$ 73,294 |
| Source: Fees & Licenses | \$ 17,500 |
| Taxation | <u>\$ 55,794</u> |
| Total: | \$ 73,294 |
| <i>Board of Selectmen recommends</i> | \$ 73,294 |

Article 22: To see what sum the Town will vote to raise and appropriate for **Southwest Harbor Boards and Committees** for the period July 1, 2014 to June 30, 2015.

| | |
|--------------------------------------|-----------------|
| Requested: | \$ 5,500 |
| Source: Fees & Licenses | \$ 250 |
| Taxation | <u>\$ 5,250</u> |
| Total: | \$ 5,500 |
| <i>Board of Selectmen recommends</i> | \$ 5,500 |

Article 23: To see what sum the Town will vote to raise and appropriate for **Contracted Services** for the period July 1, 2014 to June 30, 2015.

| | |
|--------------------------------------|-------------------|
| Requested: | \$ 595,300 |
| Source: Miscellaneous Income | \$ 48,000 |
| Taxation | <u>\$ 547,300</u> |
| Total: | \$ 595,300 |
| <i>Board of Selectmen recommends</i> | \$ 595,300 |

Article 24: To see what sum the Town will vote to raise and appropriate for **Debt Service** for the period July 1, 2014 to June 30, 2015.

| | |
|--------------------------------------|-------------------|
| Requested: | \$ 424,434 |
| Source: Taxation | \$ 424,434 |
| <i>Board of Selectmen recommends</i> | <i>\$ 424,434</i> |

Summary of Debt Service:

| | |
|--------------------|------------|
| Fire Station | \$ 80,581 |
| Water Tank | \$ 18,570 |
| Main Street | \$ 125,000 |
| Wesley-Mansell | \$ 102,693 |
| Ferrero Fire Truck | \$ 97,590 |
| Total: | \$ 424,434 |

Article 25: To see what sum the Town will vote to raise and appropriate for **Insurance Purposes** for various Town properties and activities for the period July 1, 2014 to June 30, 2015.

| | |
|--------------------------------------|------------------|
| Requested: | \$ 33,950 |
| Source: Taxation | \$ 33,950 |
| <i>Board of Selectmen recommends</i> | <i>\$ 33,950</i> |

Article 26: To see what sum the Town will vote to raise and appropriate for the **Municipal Offices** for the period July 1, 2014 to June 30, 2015.

| | |
|--------------------------------------|------------------|
| Requested: | \$ 23,780 |
| Source: Fees & Licenses | \$ 500 |
| Taxation | \$ 23,280 |
| Total: | \$ 23,780 |
| <i>Board of Selectmen recommends</i> | <i>\$ 23,780</i> |

Article 27: To see what sum the Town will vote to raise and appropriate for **General Assistance** for the period July 1, 2014 to June 30, 2015.

| | |
|--------------------------------------|-----------------|
| Requested: | \$ 5,000 |
| Source: Taxation | \$ 5,000 |
| <i>Board of Selectmen recommends</i> | <i>\$ 5,000</i> |

Article 28: To see what sum the Town will vote to raise and appropriate for **Community Service Organizations** for the period July 1, 2014 to June 30, 2015.

Requested: \$ 31,679

Source: Taxation \$ 31,679

Board of Selectmen recommends: \$ 31,679

Summary of Community Service Organizations:

| | |
|-------------------------------------|-----------|
| Bar Harbor Food Pantry | \$ 2,500 |
| Downeast Health Services | \$ 1,435 |
| Downeast Horizons | \$ 1,800 |
| Eastern Area on Aging | \$ 1,500 |
| Hancock Home Care | \$ 1,870 |
| Hospice of Hancock County | \$ 1,000 |
| Island Connections | \$ 2,000 |
| Island Explorer Bus Service | \$ 10,000 |
| MDI Campfire Coalition | \$ 2,500 |
| Mt Height Cemetery | \$ 3,500 |
| Washington/Hancock Community Agency | \$ 3,574 |
| Total: | \$ 31,679 |

Article 29: To see what sum the Town will vote to raise and appropriate for the **Southwest Harbor Public Library** for the period July 1, 2014 to June 30, 2015.

Requested: \$ 55,000

Source: Taxation \$ 55,000

Board of Selectmen recommends: \$ 55,000

Article 30: To see what sum the Town will vote to raise and appropriate for **Harbor House Youth Center and Recreation Programs** for the period July 1, 2014 to June 30, 2015.

Requested: \$ 56,340

Source: Taxation \$ 56,340

Board of Selectmen recommends: \$ 56,340

Article 31: To see what sum the Town will vote to raise and appropriate for the **Southwest Harbor / Tremont Nursing Service** for the period July 1, 2014 to June 30, 2015.

Requested: \$ 58,000

Source: Taxation \$ 58,000

Board of Selectmen recommends: \$ 58,000

Article 32: To see what sum the Town will vote to raise and appropriate for the **Southwest Harbor Highway Department** for the period July 1, 2014 to June 30, 2015.

Requested: \$ 300,734

Source: Excise Tax \$ 281,534
Fees & Licenses \$ 200
State & Federal Assistance \$ 19,000
Total: \$ 300,734

Board of Selectmen recommends \$ 300,734

Article 33: To see what sum the Town will vote to raise and appropriate for the **Southwest Harbor Police Department** for the period July 1, 2014 to June 30, 2015.

Requested: \$ 448,466

Source: Fees & Licenses \$ 2,400
Fines & Penalties \$ 4,000
Taxation: \$ 442,066
Total: \$ 448,466

Board of Selectmen recommends \$ 448,466

Article 34: To see what sum the Town will vote to raise and appropriate for the **Southwest Harbor Dispatch Department** for the period July 1, 2014 to June 30, 2015.

Requested: \$ 258,442

Source: Service Revenue \$ 40,000
Taxation \$ 218,442
Total: \$ 258,442

Board of Selectmen recommends \$ 258,442

Article 35: To see what sum the Town will vote to raise and appropriate for the **Southwest Harbor Fire Department** for the period July 1, 2014 to June 30, 2015.

Requested: \$ 82,605

Source: Taxation \$ 82,605

Board of Selectmen recommends \$ 82,605

Article 36: To see what sum the Town will vote to raise and appropriate for the **Harbor Department of Southwest Harbor** for the period July 1, 2014 to June 30, 2015.

Requested: \$ 103,831

Source: Fees & Licenses \$ 87,300
Taxation \$ 16,531
Total: \$ 103,831

Board of Selectmen recommends \$ 103,831

CAPITAL IMPROVEMENTS

Article 37: To see what sum the Town will vote to raise and appropriate for the **Capital Improvement Plan** for the period July 1, 2014 to June 30, 2015 with the Select Board being authorized to draw funds from these accounts to be used in accordance with the purpose of the account.

Requested: \$ 308,375

Source: Excise Tax \$ 48,466

Taxation \$ 259,909

Total: \$ 308,375

Board of Selectmen recommends \$ 308,375

Capital Improvement Plan Summary:

Administration \$ 6,750

Municipal Building \$ -0-

Police \$ 8,347

Dispatch \$ 1,710

Fire \$ 11,250

Harbor \$ 42,229

Highway \$ 138,089

Water/Sewer Infrastructure \$ 100,000

Total: \$ 308,375

Article 38: To see what sum the Town will vote to raise and appropriate for the **Wage and Benefit Reserve** for the period July 1, 2014 to June 30, 2015 with the Select Board being authorized to draw funds from the reserve account to be used in accordance with the purpose of the account.

Requested: \$ 5,000

Source: Taxation \$ 5,000

Board of Selectmen recommends \$ 5,000

Article 39: To see what sum the Town will vote to raise and appropriate for the **Legal & Accounting Reserve** for the period July 1, 2014 to June 30, 2015 with the Select Board being authorized to draw funds from the reserve account to be used in accordance with the purpose of the account.

Requested: \$ 12,000

Source: Taxation \$ 12,000

Board of Selectmen recommends \$ 12,000

Article 40: To see what sum the Town will vote to raise and appropriate for the **Professional Development Reserve** for the period July 1, 2014 to June 30, 2015 with the Select Board being authorized to draw funds from the reserve account to be used in accordance with the purpose of the account.

Requested: \$ 10,000

Source: Taxation \$ 10,000

Board of Selectmen recommends \$ 10,000

Article 41: To see what sum the Town will vote to raise and appropriate for the **Unemployment Reserve** for the period July 1, 2014 to June 30, 2015 with the Select Board being authorized to draw funds from the reserve account to be used in accordance with the purpose of the account.

Requested: \$ 7,500

Source: Taxation \$ 7,500

Board of Selectmen recommends \$ 7,500

Article 42: To see what sum the Town will vote to raise and appropriate for the **Tax Abatement Reserve** for the period July 1, 2014 to June 30, 2015 with the Select Board being authorized to draw funds from the reserve account to be used in accordance with the purpose of the account.

Requested: \$ 3,500

Source: Taxation \$ 3,500

Board of Selectmen recommends \$ 3,500

Article 43: To see if the Town will vote to increase the property tax levy limit of \$3,405,445 established for Southwest Harbor by State Law in the event that the municipal budget approved under the preceding articles will result in a tax commitment that is greater than that property tax levy limit.

Board of Selectmen recommends passage.

Article 44: To see if the Town will vote to allow that the first half of taxes shall be due and payable on or before September 2, 2014 and that the second half of taxes shall be due and payable on or before February 2, 2015 and that interest shall be charged at the annual rate of 7% on any unpaid taxes due on September 2, 2014 beginning September 3, 2014 and on any unpaid taxes due February 2, 2015 beginning February 3, 2015. Also, that a rate of 3% interest per annum is paid for refund of property tax collected in accordance to state statute.

Board of Selectmen recommends passage.

Article 45: To see if the Town will vote to reduce the amount to be raised by taxation by using estimated revenues and fund balances for the Municipal Budget for the fiscal year of July 1, 2014 to June 30, 2015.

Note: In addition to property taxes, the Town receives other revenues from fees, licenses, excise taxes, et cetera. The Town sometimes uses monies left over from prior years (fund balance). The funds shown in this article reduce the amount of property taxes that have to be raised.

| Sources of Revenues | Estimated 2014-2015 |
|--------------------------------|----------------------------|
| Payment In Lieu of Taxes | \$ 50,450 |
| Fees & Licenses | \$ 474,550 |
| State & Federal Assistance | \$ 73,000 |
| Fines & Penalties | \$ 26,000 |
| Service Revenue | \$ 40,000 |
| Miscellaneous | <u>\$ 61,000</u> |
| Estimated Revenue Total | \$ 725,000 |

NON-EXPENDITURE ARTICLES

Article 46: To see if the Town will vote to authorize the Selectmen to apply for and receive money, without further action by Town Meeting, from the **State of Maine**, which may become available during the ensuing year, including but not limited to the following sources:

| | | |
|-------------------------------------|------------|------|
| Municipal Revenue Sharing | \$ 54,000 | Est. |
| Local Road Assistance | \$ 17,500 | Est. |
| State Aid to Education | \$ 110,000 | Est. |
| Public Library State Aid per Capita | \$ 100 | Est. |
| Civil Emergency Funds | \$ 100 | Est. |
| Snowmobile Registration Monies | \$ 300 | Est. |
| Tree Growth Reimbursements | \$ 100 | Est. |
| General Assistance Reimbursements | \$ 2,500 | Est. |
| State Grants and Other Funds | Unknown | |

Together with any other State and/or Federal Grants which may be available at any time during the coming year.

Board of Selectmen recommends passage.

Article 47: To see if the Town will vote to accept all **Trust Funds** as received by the Town of Southwest Harbor Trust Officer during the fiscal year of July 1, 2014 to June 30, 2015.

Board of Selectmen recommends passage.

Article 48: To see if the Town will vote to have unexpended balances in the Town's accounts at the end of the fiscal year, except those which remain by law or are deemed necessary by the Board of Selectmen, transferred to the Surplus Account or to any specified reserve fund, as deemed advisable by the Board of Selectmen, and to fund overdrafts in the Town's accounts from such unexpended balances, as deemed advisable by the Board of Selectmen.

Board of Selectmen recommends passage.

Article 49: To see if the town will vote to authorize the Selectmen to sell and/or dispose of any property acquired by tax liens after first offering the property to the previous owners for payment of all back taxes, fees and interest, and if they decline, advertising for sealed bids on same, and stating the lowest bid acceptable, and to allow the Selectmen to authorize the Treasurer to waive automatic lien foreclosures when it is in the best interest of the town.

Board of Selectmen recommends passage.

Article 50: To see if the Town will vote to authorize the municipal officers to dispose of town owned personal property with a value of \$20,000 or less under such terms and conditions as they deem advisable.

Board of Selectmen recommends passage.

Article 51: To see if the Town will vote to authorize the Tax Collector or Treasurer to accept prepayment of taxes not yet committed pursuant to 36 M.R.S.A. §506.

Board of Selectmen recommends passage.

**The following articles will be voted on by secret ballot on
Tuesday, May 6, 2014**

Article 52: Election of Officers – To elect all necessary Town Officers as are required to be elected by secret ballot:

Two [2] members of the Board of Selectmen for a three [3] year term.

Two [2] members of the Superintending School Committee for a three [3] year term.

One [1] member of the Board of Trustees of the Mount Desert Island Regional School District for a three [3] year term.

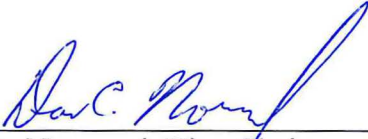
The polls will be open from 10:00 a.m. until 8:00 p.m. on Tuesday, May 6, 2014 for the election of Town Officers.

The Board of Selectmen hereby gives notice that the Registrar of Voters will be in the Southwest Harbor Town Office in said Town of Southwest Harbor on Friday, May 3, 2014 from 8:30 a.m. until 5:00 p.m. for the purpose of registering new voters.

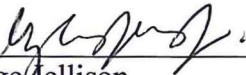
Given under our hands this 10th day of April, 2014



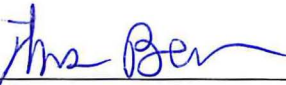
Ralph Dunbar, Chairman



Dan Norwood, Vice-Chair



George Jellison



Thomas Benson



David Minotons

The original warrant is on file at the Town Office. Attested copies are posted at the Town Office, Police Station and Post Office.

| MUNICIPAL BUDGET SUMMARY | | | | | | | |
|---------------------------------|-----------------------|--------------------|--------------------|--------------------|--------------------|------------------|--------------|
| | | Budget FY 12-13 | Actual FY 12-13 | Budget FY 13-14 | Budget FY 14-15 | \$ Difference | % Difference |
| Revenue: | | 709,800 | 797,100 | 736,300 | 725,000 | -11,300 | -2% |
| | | | | | | | |
| Expense: | | | | | | | |
| | Administration | 313,630 | 282,652 | 270,115 | 242,437 | -27,678 | -10% |
| | Assessor/Planning/CEO | 83,306 | 66,377 | 76,399 | 73,294 | -3,105 | -4% |
| | Boards & Committees | 8,575 | 4,417 | 6,225 | 5,500 | -725 | -12% |
| | Contracted Services | 617,920 | 579,004 | 605,825 | 595,300 | -10,525 | -2% |
| | Debt Service | 418,302 | 393,920 | 403,324 | 424,434 | 21,110 | 5% |
| | Insurance | 36,972 | 29,283 | 37,527 | 33,950 | -3,577 | -10% |
| | Municipal Office | 31,407 | 22,739 | 30,364 | 23,780 | -6,584 | -22% |
| | General Assistance | 5,000 | 4,710 | 5,000 | 5,000 | 0 | 0% |
| | Community Services | 192,585 | 192,585 | 202,460 | 201,019 | -1,441 | -1% |
| | Highway | 335,516 | 330,372 | 306,946 | 300,734 | -6,212 | -2% |
| | Police | 449,501 | 428,945 | 452,618 | 448,466 | -4,152 | -1% |
| | Dispatch | 260,866 | 232,074 | 261,331 | 258,442 | -2,889 | -1% |
| | Fire | 83,832 | 79,074 | 80,120 | 82,605 | 2,485 | 3% |
| | Harbor | 107,500 | 92,020 | 105,422 | 103,831 | -1,591 | -2% |
| | Total: | 2,944,913 | 2,738,171 | 2,843,676 | 2,798,790 | -44,886 | -2% |
| | | | | | | | |
| Capital Improvement Plan | | 400,965 | 400,965 | 335,365 | 308,375 | -26,990 | -8% |
| | | | | | | | |
| Reserve Accounts | | 42,004 | 42,004 | 40,093 | 38,000 | -2,093 | -5% |
| | | | | | | | |
| Total Municipal Budget | | 3,387,882 | 3,181,140 | 3,219,134 | 3,145,165 | -73,969 | -2% |

SOUTHWEST HARBOR SCHOOL DEPARTMENT

| | 12-13 | 13-14 | 13-14 | 14-15 | | | w/ Interpr/ 2nd 1st Grade Tchr/ No Reg ET/no Math Spec 3/5/2014 |
|-----------------------------|--|-----------|-------------|---------------------|----------|--------------|--|
| | Actual | Current | Anticipated | Proposed | \$ | % | |
| | Receipts | Budget | Receipts | Budget | Change | Change | Explanation |
| Fund Balance | | | | | | | |
| Carryover | 175,861 | 72,714 | 107,814 | 51,548 | (21,166) | -29.11% | Decr. Due to Long Term Subs & Addtl E.T. |
| Revenues | | | | | | | |
| Miscellaneous | 2,906 | - | - | - | - | #DIV/0! | |
| P.L. 874 | 7,357 | 5,000 | 5,000 | 5,000 | - | 0.00% | Estimate |
| Tuition | 3,000 | 2,500 | 1,500 | 1,500 | (1,000) | -40.00% | 3 Students at \$500 each |
| Transfers from Reserves | 56,800 | - | - | - | - | #DIV/0! | |
| State Subsidy | 117,789 | 110,000 | 127,448 | 105,000 | (5,000) | -4.55% | 30% Spec Ed Subsidy |
| Property Taxes | | | | | | | |
| Town Appropriation | 2,484,626 | 2,602,837 | 2,602,837 | 2,763,391 | 160,554 | 6.17% | Appropri. Incr. w/o Debt Svc. |
| Articles 15 & 17 | EPS & Additional Local Funds Articles | | | \$ 2,763,391 | | | |
| Debt Service Appropri. | 392,034 | 373,883 | 373,883 | 361,214 | (12,669) | -3.39% | |
| Article 16 | Debt Service Appropriation | | | \$ 361,214 | | | |
| Total Revenues | 3,240,373 | 3,166,934 | 3,218,482 | 3,287,653 | 120,719 | 3.81% | |
| | Total Town Appropriation w Debt Service = | | | | 147,885 | 4.97% | Difference per \$100,000 valuation \$27.34 |

| SOUTHWEST HARBOR SCHOOL DEPARTMENT | | | | | | |
|------------------------------------|----------------------------|------------------|------------------|---------------------|-----------------|---------------|
| | 12-13 | 13-14 | 13-14 | 14-15 | | |
| | Actual | Current | Anticipated | Proposed | \$ | % |
| Regular Instruction | Expend. | Budget | Expend. | Budget | Change | Change |
| Teacher's Salaries: 3-8 | 588,015 | 562,955 | 561,477 | 523,321 | (39,634) | -7.04% |
| Ed. Tech. Salaries | 59,402 | 67,745 | 37,611 | 18,147 | (49,598) | -73.21% |
| Substitutes | 24,621 | 23,000 | 50,000 | 23,000 | - | 0.00% |
| Medicare/Retire- Tchrs. 3-8 | 7,159 | 7,325 | 23,020 | 20,138 | 12,813 | 174.92% |
| Medicare/Retire- Ed. Tchrs. | 804 | 985 | 1,542 | 744 | (241) | -24.47% |
| SS/Med/Ret - Subs | 1,545 | 1,400 | 2,000 | 1,400 | - | 0.00% |
| BC/BS: Tchrs. 3-8 | 123,399 | 128,332 | 122,254 | 132,538 | 4,206 | 3.28% |
| BC/BS: Ed. Tchrs. | 29,420 | 25,071 | 18,040 | - | (25,071) | -100.00% |
| Tuition Reimb - Taxable | 17,814 | - | - | - | - | #DIV/0! |
| Tuition Reimb - Non-Taxable | - | 15,000 | 15,000 | 17,000 | 2,000 | 13.33% |
| Unemployment | 8,255 | 5,000 | 5,000 | 5,000 | - | 0.00% |
| Worker's Comp. Insurance | 15,897 | 18,500 | 16,000 | 17,500 | (1,000) | -5.41% |
| Other Prof. Svcs: 504 Stude | 154 | 1,000 | - | 500 | (500) | -50.00% |
| Prof. Svcs.: Counsel/ESL/504 | 276 | - | - | - | - | #DIV/0! |
| Special Academic Programs | 2,954 | - | - | - | - | #DIV/0! |
| Repair & Maint. - Equipment | 114 | - | - | - | - | #DIV/0! |
| Staff Travel | 1,677 | 1,500 | 500 | 1,500 | - | 0.00% |
| Teaching Supplies 3-8 | 15,675 | 14,500 | 10,000 | 14,500 | - | 0.00% |
| Textbooks/Workbooks 3-8 | 4,493 | 5,000 | 3,000 | 5,000 | - | 0.00% |
| Periodicals | 461 | 600 | 600 | 600 | - | 0.00% |
| Replace/Purch of Equip. | 5,376 | 5,000 | 3,000 | 5,000 | - | 0.00% |
| Dues, Fees, Conf. 3-8 | 2,250 | 2,500 | 1,000 | 2,500 | - | 0.00% |
| Safety Factor Contingency | - | 20,000 | - | 15,000 | (5,000) | -25.00% |
| Teacher's Salaries: K-2 | 162,640 | 164,868 | 164,868 | 196,544 | 31,676 | 19.21% |
| Medicare/Retire- Tchrs. K-2 | 2,320 | 2,400 | 6,760 | 8,058 | 5,658 | 235.75% |
| BC/BS: Tchrs. K-2 | 19,812 | 21,793 | 23,397 | 43,409 | 21,616 | 99.19% |
| Teaching Supplies K-2 | 3,331 | 1,800 | 1,800 | 1,800 | - | 0.00% |
| Textbooks/Workbooks K-2 | 1,824 | 3,000 | 3,000 | 3,000 | - | 0.00% |
| Replace/Purch of Equip. | 204 | 850 | 900 | 900 | 50 | 5.88% |
| Dues, Fees, Conf. K-2 | - | 600 | - | 600 | - | 0.00% |
| Total Regular Instruction | 1,099,891 | 1,100,724 | 1,070,769 | 1,057,699 | (43,025) | -3.91% |
| Article 4 | Regular Instruction | | | \$ 1,057,699 | | |

SOUTHWEST HARBOR SCHOOL DEPARTMENT

| | 12-13 | 13-14 | 13-14 | 14-15 | | |
|--------------------------------|--------------------------|---------|-------------|-----------|----------------|---------|
| | Actual | Current | Anticipated | Proposed | \$ | % |
| | Expend. | Budget | Expend. | Budget | Change | Change |
| Special Education | | | | | | |
| Res. Rm. - Tchr. Salaries | 88,638 | 91,294 | 91,294 | 93,888 | 2,594 | 2.84% |
| Res. Rm. - Ed. Tech. Sal. | 117,163 | 118,984 | 167,234 | 145,812 | 26,828 | 22.55% |
| Benefits - Teachers - Res Rm | 1,182 | 1,325 | 3,743 | 3,850 | 2,525 | 190.57% |
| Benefits - Ed. Tech. | 1,603 | 1,725 | 6,857 | 5,978 | 4,253 | 246.55% |
| BC/BS: Tchr. - Res. Rm. | 32,358 | 36,747 | 36,080 | 37,884 | 1,137 | 3.09% |
| BC/BS: Ed. Techs. | 43,596 | 77,091 | 89,017 | 86,563 | 9,472 | 12.29% |
| Repair & Maint. - Equipment | - | - | - | - | - | #DIV/0! |
| Tuition: Spec. Ed. Reserve | - | 2,044 | 2,044 | 2,044 | - | 0.00% |
| Staff Travel | - | 240 | 240 | 240 | - | 0.00% |
| Res. Rm. - Teach. Supplies | 1,709 | 1,200 | 1,200 | 1,200 | - | 0.00% |
| Testing Supplies | - | 2,000 | 2,000 | 1,000 | (1,000) | -50.00% |
| Textbooks | 289 | 600 | 600 | 600 | - | 0.00% |
| Software | 1,450 | - | - | - | - | #DIV/0! |
| Replace/Purchase of Equip. | 1,091 | 500 | 1,000 | 1,000 | 500 | 100.00% |
| Dues, Fees, Conference | 536 | 400 | 400 | 400 | - | 0.00% |
| Dues & Fees - Medicaid Bill | 1,295 | 1,200 | 1,200 | 1,200 | - | 0.00% |
| Spec Svcs Assessment | 48,295 | 49,531 | 49,531 | 49,987 | 456 | 0.92% |
| Prof.Svcs:Therap/Coun | 6,471 | 6,000 | 6,000 | 6,000 | - | 0.00% |
| Teacher Salary: Speech | 35,688 | 36,992 | 37,992 | 39,265 | 2,273 | 6.14% |
| Salary - Interpreter | - | - | - | 46,963 | 46,963 | #DIV/0! |
| Medicare/Retirem - Speech | 507 | 537 | 1,558 | 1,610 | 1,073 | 199.81% |
| Medicare/Retirem - Interpr | - | - | - | 1,925 | 1,925 | #DIV/0! |
| BC/BS: Speech | 4,945 | 15,095 | 14,821 | 15,562 | 467 | 3.09% |
| BC/BS: Interpreter | - | - | - | 18,942 | 18,942 | #DIV/0! |
| Other Prof Svcs.:Speech | 2,223 | 1,500 | 2,000 | 2,000 | 500 | 33.33% |
| Other Prof Svcs: Interpr Svcs | - | - | - | 6,480 | 6,480 | #DIV/0! |
| Speech - Supplies | - | 600 | 600 | 600 | - | 0.00% |
| Speech - Testing Supplies | 825 | 1,700 | 1,700 | 1,000 | (700) | -41.18% |
| Speech - Equipment | 528 | 400 | 500 | 500 | 100 | 25.00% |
| Speech - Dues/Fees/Conf. | - | 200 | 200 | 200 | - | 0.00% |
| Other Prof Svcs.: OT | 21,528 | 20,000 | 22,000 | 22,000 | 2,000 | 10.00% |
| Other Prof. Svcs.: PT | 19,543 | 17,500 | 20,000 | 20,000 | 2,500 | 14.29% |
| Summer Schl: Tchr. | 4,769 | 5,000 | 5,000 | 5,000 | - | 0.00% |
| Summer Schl: Benefits | 130 | 135 | 205 | 205 | 70 | 51.85% |
| Teacher Salary: G & T | 11,989 | 12,383 | 12,383 | 12,769 | 386 | 3.12% |
| Medicare/Retirem - G & T | 112 | 180 | 508 | 524 | 344 | 191.11% |
| BC/BS: G & T | 4,969 | 5,512 | 5,412 | 5,683 | 171 | 3.10% |
| Teaching Supplies - G & T | 333 | 300 | 300 | 300 | - | 0.00% |
| Books&Periodicals- G&T | - | 300 | 300 | 300 | - | 0.00% |
| G & T: Dues/Fees/Conf. | - | 320 | 320 | 320 | - | 0.00% |
| Total Special Education | 453,763 | 509,535 | 584,239 | 639,794 | 130,259 | 25.56% |
| Article 5 | Special Education | | | \$ | 639,794 | |

| SOUTHWEST HARBOR SCHOOL DEPARTMENT | | | | | | |
|---|---------|---------|-------------|----------|-----------|---------|
| | 12-13 | 13-14 | 13-14 | 14-15 | | |
| | Actual | Current | Anticipated | Proposed | \$ | % |
| | Expend. | Budget | Expend. | Budget | Change | Change |
| Article 6 | | | | | | |
| Career & Technical Education | | | | | | |
| Other Instruction | | | | | | |
| Co-Curricular | | | | | | |
| Co-Curric.: Stipends | 19,271 | 23,000 | 19,500 | 17,000 | (6,000) | -26.09% |
| Co-Curric.: Benefits | 362 | 375 | 375 | 375 | - | 0.00% |
| Co-Curric.: Fine Arts Perform | 1,144 | 1,500 | 1,500 | 1,500 | - | 0.00% |
| Co-Curric.: Gen. Supplies | 2,508 | 300 | 300 | 300 | - | 0.00% |
| Co-Curric.: Books | 12 | 1,500 | 1,000 | 1,500 | - | 0.00% |
| Co-Curric.: Equipment | 1,631 | 1,800 | 1,800 | 1,800 | - | 0.00% |
| Co-Curric.: Dues and Fees | 390 | 425 | 425 | 425 | - | 0.00% |
| Co-Curric.: Transportation | - | - | - | - | - | #DIV/0! |
| Athletic: Stipends | 18,196 | 20,000 | 18,500 | 18,500 | (1,500) | -7.50% |
| Athletic: Stipends - Officials | 2,859 | 3,500 | 3,500 | 3,500 | - | 0.00% |
| Athletic: Benefits - Stipends | 173 | 500 | 500 | 500 | - | 0.00% |
| Athletic: Benefits - Officials | 123 | 140 | 140 | 140 | - | |
| Athletic: Other Prof Svcs | 29 | - | - | - | - | #DIV/0! |
| Athletic: Supplies | 43 | - | - | - | - | #DIV/0! |
| Athletic: Books | - | - | - | - | - | #DIV/0! |
| Athletic: Equipment | 1,591 | 1,200 | 700 | 1,200 | - | 0.00% |
| Athletic: Dues/Fees/Conf. | 718 | 200 | 200 | 200 | - | 0.00% |
| Athletic: Transportation | - | - | - | - | - | 0.00% |
| Total Co-Curricular | 49,050 | 54,440 | 48,440 | 46,940 | (7,500) | -13.78% |
| Other Instruction | | | | | | |
| Summer School | | | | | | |
| Summer Schl./Learning Labs | 7,448 | 7,000 | 7,000 | 7,000 | - | 0.00% |
| Benefits - Summ Schl/LL | 106 | 102 | 102 | 102 | - | 0.00% |
| Other Prof. Svcs.-Summ Schl | 1,000 | - | 1,000 | 1,000 | 1,000 | #DIV/0! |
| Total Summer School | 8,554 | 7,102 | 7,102 | 7,102 | - | 0.00% |
| Article 7 | | | | | | |
| Other Instruction | | | | | \$ 54,042 | |
| Student & Staff Support | | | | | | |
| Guidance | | | | | | |
| Salaries: Guidance Counsel | 54,042 | 55,752 | 55,752 | 58,946 | 3,194 | 5.73% |
| Medicare/Retirement | 741 | 808 | 2,286 | 2,417 | 1,609 | 199.13% |
| Blue Cross/Blue Shield | 16,703 | 18,373 | 18,040 | 18,942 | 569 | 3.10% |
| Prof. Svcs. | - | - | - | - | - | #DIV/0! |
| Staff Travel | 256 | 125 | 125 | 125 | - | 0.00% |
| Supplies | 294 | 600 | 600 | 600 | - | 0.00% |
| Books | 192 | 200 | 200 | 200 | - | 0.00% |
| Periodicals | - | - | - | - | - | #DIV/0! |
| Dues / Fees / Conferences | 310 | 200 | 200 | 200 | - | 0.00% |
| Total Guidance | 72,538 | 76,058 | 77,203 | 81,430 | 5,372 | 7.06% |

SOUTHWEST HARBOR SCHOOL DEPARTMENT

| | 12-13 | 13-14 | 13-14 | 14-15 | | |
|--------------------------------------|----------------|---------------|----------------|---------------|---------------|---------------|
| | Actual | Current | Anticipated | Proposed | \$ | % |
| Student & Staff Support | Expend. | Budget | Expend. | Budget | Change | Change |
| Health Services | | | | | | |
| Physician & Physicals | 54,345 | 55,323 | 55,600 | 57,304 | 1,981 | 3.58% |
| Contr. Svcs.:Equip. Repair | 110 | - | - | - | - | #DIV/0! |
| Supplies | 1,169 | 1,000 | 1,000 | 1,000 | - | 0.00% |
| Books | - | - | - | - | - | #DIV/0! |
| Periodicals | - | 100 | 100 | 100 | - | 0.00% |
| Replace/Purch. Equipment | - | 200 | 200 | 200 | - | 0.00% |
| Dues / Fees / Conferences | 300 | 325 | 325 | 325 | - | 0.00% |
| Total Health Services | 55,924 | 56,948 | 57,225 | 58,929 | 1,981 | 3.48% |
| | | | | | | |
| Improvement of Instruction | | | | | | |
| Assess.: Curric. & Techn. | 31,182 | 32,420 | 32,420 | 31,177 | (1,243) | -3.83% |
| Instructional Grants | 2,155 | 3,000 | 1,500 | 3,000 | - | 0.00% |
| Stipends - Cert Com/Mentors | 3,939 | 3,000 | 3,000 | 3,000 | - | 0.00% |
| Benefits: Stipends | 10 | 44 | 123 | 123 | 79 | 179.55% |
| Benefits: Teachers | 105 | 44 | 62 | 123 | 79 | 179.55% |
| AOS Workshops/Speakers | - | 500 | - | - | (500) | -100.00% |
| Local W.S./Speakers | - | 500 | 300 | 300 | (200) | -40.00% |
| Reading Recovery Cont. Hrs. | 2,000 | 2,000 | 2,000 | 2,000 | - | 0.00% |
| Supplies/Books/Period | - | 500 | - | - | (500) | -100.00% |
| Curriculum Work | 592 | 600 | 600 | 900 | 300 | 50.00% |
| NWEA | 1,978 | 2,000 | 1,950 | 2,000 | - | 0.00% |
| Health Coord. | 156 | - | - | - | - | #DIV/0! |
| Total Improve. Of Instruction | 42,117 | 44,608 | 41,955 | 42,623 | (1,985) | -4.45% |
| | | | | | | |
| Library & Audio Visual | | | | | | |
| Salaries: Librarian | 7,991 | 8,255 | 8,255 | 8,513 | 258 | 3.13% |
| Medicare/ Retirement | 75 | 120 | 339 | 349 | 229 | 190.83% |
| Blue Cross / Blue Shield | 3,382 | 3,675 | 3,608 | 3,788 | 113 | 3.07% |
| Other Prof Svcs-Library Svcs | 11,800 | 12,000 | 12,000 | 12,000 | - | 0.00% |
| Supplies | 506 | 650 | 650 | 650 | - | 0.00% |
| Computer Supplies | - | - | - | - | - | #DIV/0! |
| Books | 4,455 | 3,500 | 3,500 | 3,500 | - | 0.00% |
| Periodicals | 45 | 500 | 500 | 500 | - | 0.00% |
| AV Material/Software | - | - | - | - | - | #DIV/0! |
| Replace/Purchase Equipment | - | - | - | - | - | #DIV/0! |
| Dues / Fees / Conferences | 65 | 325 | 325 | 325 | - | 0.00% |
| Total Library & AV | 28,319 | 29,025 | 29,177 | 29,625 | 600 | 2.07% |

| SOUTHWEST HARBOR SCHOOL DEPARTMENT | | | | | | |
|--|-------------------------|---------|-------------|------------|--------|---------|
| | 12-13 | 13-14 | 13-14 | 14-15 | | |
| | Actual | Current | Anticipated | Proposed | \$ | % |
| Student & Staff Support Technology | Expend. | Budget | Expend. | Budget | Change | Change |
| Technology Integrator | 21,055 | 21,513 | 21,948 | 27,111 | 5,598 | 26.02% |
| Technology Coordinator | 21,682 | 25,290 | 24,004 | 24,395 | (895) | -3.54% |
| Benefits: Tech. Integrator | 305 | 312 | 900 | 1,112 | 800 | 256.41% |
| Benefits: Tech. Coord. | 1,659 | 1,935 | 1,836 | 1,866 | (69) | -3.57% |
| BC/BS: Tech. Integrator | 4,176 | 4,594 | 3,288 | 4,143 | (451) | -9.82% |
| BC/BS: Tech. Coord. | 5,568 | 6,125 | 6,013 | 6,314 | 189 | 3.09% |
| Repair & Maint. | 1,462 | 3,000 | 3,000 | 3,000 | - | 0.00% |
| Staff Travel | 132 | - | - | 250 | 250 | #DIV/0! |
| Supplies | 339 | 600 | 600 | 700 | 100 | 16.67% |
| Software | 192 | 12,800 | 12,800 | 17,000 | 4,200 | 32.81% |
| Software/Site Lic - AOS 91 | 6,643 | - | - | - | - | #DIV/0! |
| Equipment | 24,282 | 10,400 | 10,400 | 10,400 | - | 0.00% |
| Dues, Fees, Conf., Travel | 40 | 325 | - | 500 | 175 | 53.85% |
| Total Technology | 87,535 | 86,894 | 84,789 | 96,791 | 9,897 | 11.39% |
| Article 8 | Student & Staff Support | | | \$ 309,398 | | |
| | | | | | | |
| System Administration | | | | | | |
| Office of Superintendent | | | | | | |
| Assessment: Administration | 47,281 | 46,701 | 46,701 | 47,668 | 967 | 2.07% |
| Total Office of Supt. | 47,281 | 46,701 | 46,701 | 47,668 | 967 | 2.07% |
| Note: Total Office of Superintendent Assessment for SWH = \$ 126,758 | | | | | | |
| System Administration | | | | | | |
| School Committee | | | | | | |
| Salaries: School Committee | 2,328 | 2,500 | 2,500 | 2,500 | - | 0.00% |
| Soc. Sec. / Medicare | 38 | 192 | 192 | 192 | - | 0.00% |
| Prof. Svcs.: Legal & Audit | 7,733 | 5,000 | 6,500 | 6,000 | 1,000 | 20.00% |
| Dues / Fees / Conferences | 574 | 750 | 700 | 750 | - | 0.00% |
| Total School Committee | 10,673 | 8,442 | 9,892 | 9,442 | 1,000 | 11.85% |
| Article 9 | System Administration | | | \$ 57,110 | | |

SOUTHWEST HARBOR SCHOOL DEPARTMENT

| | 12-13 | 13-14 | 13-14 | 14-15 | | |
|----------------------------------|-----------------------------------|----------|-------------|-------------------|---------|----------|
| | Actual | Proposed | Anticipated | Proposed | \$ | % |
| School Administration | Expend. | Budget | Expend. | Budget | Change | Change |
| Office of Principal | | | | | | |
| Salaries: Principal | 84,068 | 85,749 | 85,749 | 87,035 | 1,286 | 1.50% |
| Salaries: Secretaries | 61,085 | 60,893 | 51,547 | 56,093 | (4,800) | -7.88% |
| Benefits: Principal | 1,195 | 1,243 | 3,516 | 3,569 | 2,326 | 187.13% |
| Benefits: Secretaries | 2,101 | 2,204 | 3,944 | 4,292 | 2,088 | 94.74% |
| BC/BS: Principal | 6,089 | 6,698 | 6,576 | 7,102 | 404 | 6.03% |
| BC/BS: Secretaries | 22,792 | 25,071 | 36,080 | 37,884 | 12,813 | 51.11% |
| Svc. Agreem./Equip. Repair | 634 | 1,600 | 1,000 | 1,200 | (400) | -25.00% |
| Copier Lease/Purchase | 5,708 | 5,700 | 5,708 | 5,708 | 8 | 0.14% |
| Advertising | 1,282 | 1,000 | 1,000 | 1,000 | - | 0.00% |
| Staff Travel | - | 200 | - | - | (200) | -100.00% |
| Office Supplies / Postage | 4,700 | 5,000 | 5,000 | 5,000 | - | 0.00% |
| Books & Periodicals | 72 | 100 | 100 | 100 | - | 0.00% |
| Software | - | - | - | - | - | #DIV/0! |
| Replace/Purchase Equipment | - | - | - | - | - | #DIV/0! |
| Dues / Fees / Conferences | 1,158 | 1,500 | 1,500 | 1,500 | - | 0.00% |
| Miscellaneous | 841 | 1,500 | 1,500 | 1,500 | - | 0.00% |
| Total Office of Principal | 191,725 | 198,458 | 203,220 | 211,983 | 13,525 | 6.82% |
| Article 10 | School Administration | | | \$ 211,983 | | |
| Transportation and Buses | | | | | | |
| Student Transportation | | | | | | |
| Salaries: Bus Drivers | 35,700 | 61,433 | 61,433 | 62,943 | 1,510 | 2.46% |
| Soc.Sec./Medicare | 2,619 | 4,700 | 4,700 | 4,815 | 115 | 2.45% |
| BC/BS: Bus Drivers | 13,723 | 15,095 | 14,821 | 15,562 | 467 | 3.09% |
| Physicals & Drug Testing | 578 | 750 | 750 | 750 | - | 0.00% |
| Contr. Svc.: Bus Repairs | 16,240 | 16,000 | 16,000 | 16,000 | - | 0.00% |
| Transp. Purchased fr Private | 302 | - | - | - | - | #DIV/0! |
| Insurance: Bus | 2,028 | 2,200 | 1,320 | 2,000 | (200) | -9.09% |
| Supplies | 592 | 500 | 500 | 500 | - | 0.00% |
| Fuel | 14,497 | 18,000 | 15,000 | 18,000 | - | 0.00% |
| Replace/Purch. Of Equipment | - | - | - | - | - | #DIV/0! |
| Purch of SchlBus/ Reserve | 76,800 | 18,000 | 18,000 | 18,000 | - | 0.00% |
| Dues/ Fees/ Conference | 44 | - | - | - | - | #DIV/0! |
| Total Transportation | 163,123 | 136,678 | 132,524 | 138,570 | 1,892 | 1.38% |
| Article 11 | Transportation & Buses | | | \$ 138,570 | | |

| SOUTHWEST HARBOR SCHOOL DEPARTMENT | | | | | | |
|--|-------------------------------|---------|-------------|-------------------|----------|----------|
| | 12-13 | 13-14 | 13-14 | 14-15 | | |
| | Actual | Current | Anticipated | Proposed | \$ | % |
| Facilities Maintenance | Expend. | Budget | Expend. | Budget | Change | Change |
| Operation & Maint. Of Plant | | | | | | |
| Salaries: Custodians | 162,832 | 142,680 | 142,595 | 145,848 | 3,168 | 2.22% |
| Soc. Sec./ Medicare | 12,339 | 10,915 | 10,909 | 11,158 | 243 | 2.23% |
| Blue Cross / Blue Shield | 19,812 | 21,793 | 33,035 | 34,687 | 12,894 | 59.17% |
| Utility Svcs.: Sewer / Water | 5,371 | 7,000 | 7,000 | 7,000 | - | 0.00% |
| Insurance: Build/Equip/Comp | 6,873 | 8,000 | 7,574 | 8,000 | - | 0.00% |
| Telephone | 5,342 | 6,000 | 6,000 | 6,000 | - | 0.00% |
| Supplies | 15,058 | 10,000 | 15,000 | 10,000 | - | 0.00% |
| Electricity | 33,447 | 40,000 | 38,000 | 40,000 | - | 0.00% |
| L.P. Gas - Cafeteria | 1,763 | 3,000 | 2,500 | 3,000 | - | 0.00% |
| Heating Oil | 41,821 | 57,000 | 50,000 | 57,000 | - | 0.00% |
| Replace/Purchase Equipment | 9,580 | 7,100 | 7,100 | 7,000 | (100) | -1.41% |
| Dues / Fees / Conferences | 456 | 200 | 400 | 400 | 200 | 100.00% |
| Rubbish Removal | 2,868 | 1,500 | 3,000 | 1,500 | - | 0.00% |
| Contr. Svcs. : Building | 24,922 | 27,000 | 27,000 | 27,000 | - | 0.00% |
| Contr. Svcs. : Grounds | 6,080 | 2,500 | 2,500 | 2,500 | - | 0.00% |
| Contr. Svcs.: Equip. Repair | 3,357 | 5,000 | 5,000 | 5,000 | - | 0.00% |
| <i>Total Oper. & Maint.</i> | 351,920 | 349,688 | 357,613 | 366,093 | 16,405 | 4.69% |
| Capital Outlay | | | | | | |
| Land & Improvements | - | 1,000 | 1,000 | 28,000 | 27,000 | 2700.00% |
| Buildings | 21,026 | 30,000 | 13,000 | 3,000 | (27,000) | -90.00% |
| Transfer to Maint. Reserve | 3,750 | 3,750 | 3,750 | 3,750 | - | 0.00% |
| Equipment | - | - | - | - | - | #DIV/0! |
| <i>Total Capital Outlay</i> | 24,776 | 34,750 | 17,750 | 34,750 | - | 0.00% |
| Article 12 | Facilities Maintenance | | | \$ 400,843 | | |

| SOUTHWEST HARBOR SCHOOL DEPARTMENT | | | | | | |
|------------------------------------|--|-----------|-------------|---------------------|----------|--------------|
| | 12-13 | 13-14 | 13-14 | 14-15 | | |
| | Actual | Current | Anticipated | Proposed | \$ | % |
| | Expend. | Budget | Expend. | Budget | Change | Change |
| Debt Service | | | | | | |
| Debt Service: Interest | 130,983 | 112,833 | 112,833 | 100,164 | (12,669) | -11.23% |
| Debt Service: Principal | 261,050 | 261,050 | 261,050 | 261,050 | - | 0.00% |
| Total Debt Service | 392,033 | 373,883 | 373,883 | 361,214 | (12,669) | -3.39% |
| Article 13 | Debt Service & Other Commitments | | | \$ 361,214 | | |
| | | | | | | |
| Food Services | | | | | | |
| Food Services Transfer | 53,000 | 53,000 | 55,000 | 57,000 | 4,000 | 7.55% |
| Total Food Services | 53,000 | 53,000 | 55,000 | 57,000 | 4,000 | 7.55% |
| Article 14 | All Other Expenditures | | | \$ 57,000 | | |
| | | | | | | |
| | | | (30,548) | | | |
| Grand Totals: | 3,132,223 | 3,166,934 | 3,166,934 | 3,287,653 | 120,719 | 3.81% |
| | Total Budget Increase w/o Debt Service = | | | | 133,388 | 4.78% |
| | Need to lower 2013-14 Expend in order to meet budget - Reserve to be used for Unantic ET | | | | | |
| Article 18 | Total Expenditures (Summary Article) | | | \$ 3,287,653 | | |

REAL ESTATE TAXES DUE FOR FY 2012-2013

Total Outstanding as of July 1st, 2013 is \$130,899.89 over 91 accounts

Current Outstanding as of March 21st, 2014 are as follows:

| <u>Name</u> | <u>Amount Due</u> |
|--------------------------------------|--------------------------|
| Black, Frederick | \$453.11 |
| Brouty, Tammy | \$944.02 |
| Fletcher, Theodore & Ann Kidder | \$3,345.08 |
| Gilley, Debra J. | \$3,002.57 |
| Gilley, Jack H. JR. | \$1,553.54 |
| Goodwin, John W. JR. | \$1,911.51 |
| Goodwin, Korey | \$1,822.99 |
| Hamblen, James | \$2,391.46 |
| Harper, Timothy | \$32.08 |
| Herrick, Bruce D. | \$336.09 |
| Hulbert, Thomas | \$277.18 |
| Jacobs, Danny S. | \$1,431.61 |
| Lewis, Edna | \$453.86 |
| Lewis, Edna | \$306.37 |
| Middleton, Shawna T. | \$3,019.07 |
| Reed, Ronda L. | \$1,803.25 |
| Sawyer, Nancy | \$1,381.88 |
| Sawyer, Ronald & Carole Pinkham | \$1,320.48 |
| Sawyer, Ronald & Carole Pinkham | \$49.31 |
| Thomas, Jeffrey S. & Doris L. | \$867.40 |
| Twigg, Eric W. | \$1,483.54 |
| Twigg, Eric W. & Darryl & Sean Twigg | <u>\$1,942.54</u> |
| Total for 22 Accounts: | \$30,128.94 |

PERSONAL PROPERTY TAXES DUE FOR FY 2012-2013

Total Outstanding as of July 1st, 2013 is \$2,016.20 over 19 accounts

REAL ESTATE TAXES DUE FOR FY 2011-2012

Total Outstanding as of July 1st, 2013 is \$34,555.04 over 24 accounts

Current Outstanding as of March 21st, 2014 are as follows:

| <u>Name</u> | <u>Amount Due</u> |
|---------------------------------|--------------------------|
| Lewis, Edna | \$155.88 |
| Sawyer, Ronald & Carole Pinkham | \$1,360.16 |
| Thomas, Jeffrey S. & Doris L. | \$871.65 |
| Total for 3 Accounts: | \$2,387.69 |

PERSONAL PROPERTY TAXES DUE FOR FY 2011-2012

Total Outstanding as of July 1st, 2013 is \$337.46 over 4 accounts

WATER/SEWER (90 Day) PAST DUE BALANCES

As of December 31, 2013

| <u>NAME</u> | <u>Water Due</u> | <u>Sewer Due</u> |
|------------------------------------|-------------------------|-------------------------|
| Alley, Mary | | \$235.14 |
| Bracy, Barbara | \$68.90 | \$6,495.94 |
| Bundy, Margaret | \$36.90 | |
| Chalmers, James | \$69.64 | |
| Damon, Ronda L. | | \$1,146.90 |
| Erhart, Sylvia | \$275.59 | |
| Fletcher, Theodore | \$360.94 | \$642.78 |
| Genrich, Michael | \$157.80 | |
| Gerath, Christopher | \$45.94 | |
| Gilley, Debra | \$730.33 | |
| Gilley, Sharon | | \$15.51 |
| Goodwin, Korey | \$137.80 | |
| Hart, Jaqueline | \$91.52 | \$145.20 |
| Inn at Southwest | \$6.03 | |
| Jenkins, F. Ronald | \$275.59 | |
| Johnson, Sandra | \$22.86 | |
| Kelley, Nahum & Melissa | \$248.24 | \$4,465.83 |
| Ketchen, Benjamin M. | \$48.06 | \$94.76 |
| Lewis, Edna | \$68.90 | |
| Lewis, Stacy | \$491.46 | \$941.78 |
| Lyman, Steven | \$463.52 | \$690.83 |
| Madeira, Nicholas E. | | \$553.96 |
| Martel, John | \$68.90 | \$103.36 |
| Moos, Dana | \$15.86 | |
| Moran, Wanda | | \$179.23 |
| Morris Yachts | \$68.90 | \$111.82 |
| Murrell, David | | \$560.99 |
| Parker, Anastasha | \$73.92 | |
| Phelps, Scott | \$1,145.44 | \$2,485.96 |
| Pomroy, Ronald | \$82.07 | |
| Storey, Kimberly | \$68.90 | |
| Tom Cat Variety | \$275.60 | \$350.59 |
| Twigg, Eric | \$230.92 | |
| Ulbrich, William | \$46.26 | |
| Unger, Ian | \$9.16 | |
| Verizon/Fairpoint | \$51.45 | \$62.03 |
| Village Wash Tub | \$499.24 | \$8,494.89 |
| Wellington, Leslie Anne | \$275.59 | |
| Wells, Edith | \$6.64 | |
| Williams, Elizabeth | | \$223.65 |
| Young, James | \$107.08 | |
| Total Due Over 41 Accounts: | \$6,625.95 | \$28,001.15 |
| Grand Total: | \$34,627.10 | |

TOWN OF SOUTHWEST HARBOR, MAINE

*FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT*

*FOR THE FISCAL YEAR
ENDED JUNE 30, 2013*

TOWN OF SOUTHWEST HARBOR, MAINE
FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

TABLE OF CONTENTS

| | PAGE(S) |
|--|---------|
| INDEPENDENT AUDITOR'S REPORT | 1-3 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | 4-8 |
| EXHIBIT | |
| <u>BASIC FINANCIAL STATEMENTS</u> | |
| <u>Government-wide Financial Statements</u> | |
| I Statement of Net Position | 9 |
| II Statement of Activities | 10 |
| <u>FUND FINANCIAL STATEMENTS</u> | |
| <u>Governmental Fund Financial Statements</u> | |
| III Balance Sheet | 11 |
| IV Statement of Revenue, Expenditures and Changes in Fund Balances | 12 |
| <u>Proprietary Fund Financial Statements</u> | |
| V Statement of Net Position - Proprietary Funds | 13 |
| VI Statement of Revenue, Expenditures and Changes in Fund Net Position | 14 |
| VII Statement of Cash Flows | 15 |
| <u>Fiduciary Fund Financial Statements</u> | |
| VIII Statement of Fiduciary Net Position | 16 |
| IX Statement of Changes in Fiduciary Net Position | 17 |
| NOTES TO THE FINANCIAL STATEMENTS | 18-28 |
| <u>REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS</u> | |
| X Budgetary Comparison Schedule - General Fund | 29 |
| <u>OTHER SUPPLEMENTARY INFORMATION</u> | |
| A-1 Schedule of Departmental Operations | 30-32 |
| A-2 Schedule of Reserve Funds | 33-35 |
| A-3 Schedule of Changes in General Unassigned Fund Balance | 36 |
| Independent Auditor's Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based On An Audit OF Financial Statements Performed In Accordance With Government Auditing Standards | 37-38 |
| Independent Auditor's Report On Compliance With Requirements That Could Have A Direct and Material Effect On Each Major Program and On Internal Control Over Compliance In Accordance With OMB Circular A-133 | 39-40 |
| Summary Schedule of Prior Audit Findings | 41 |
| Schedule of Findings and Questioned Costs | 42 |
| Schedule of Expenditures of Federal Awards | 43 |
| Notes to the Schedule of Expenditures of Federal Awards | 44 |

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Selectmen
Town of Southwest Harbor
Southwest Harbor, ME 04679

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 Southwest Harbor, Maine (the Town) as of and for the fiscal year ended June 30, 2013, which collectively comprise the Town's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statement

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 did not audit the financial statements of the Town of Southwest Harbor Water Department, which represents 63%, 77%, and 55%, respectively, of the assets, net position and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Town of Southwest Harbor Water Department, is based solely on the report of the other auditors. The financial statements of the Town of Southwest Harbor Water Department are presented as of December 31, 2012 and for the year then ended. This represents the year end for the Town of Southwest Harbor Water Department. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate

remaining fund information of the Town of Southwest Harbor, Maine, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 8 and 29 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Southwest Harbor, Maine's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, other supplementary information 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. Such 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. In our opinion, the combining and individual nonmajor fund financial statements, other supplementary information and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2013 on our consideration of the Town of Southwest Harbor, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing*

Standards in considering the Town of Southwest Harbor, Maine's internal control over financial reporting and compliance.

Respectfully Submitted,

James W. Wadman, C.P.A.

James W. Wadman, C.P.A.
December 16, 2013

TOWN OF SOUTHWEST HARBOR, MAINE
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013

The management of the Town of Southwest Harbor, Maine (the Town) offers readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2013. We encourage readers to consider this information in conjunction with the financial statements and accompanying notes that follow.

FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

Government-wide Highlights:

Net Position – The assets of the Town exceeded its liabilities at the fiscal year ending June 30, 2013 by \$17,111,965 (presented as “net position”). Of this amount, \$3,623,181 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 \$899,942 (a 5.6% increase) for the fiscal year ended June 30, 2013. Net position of governmental activities increased by \$708,278 (a 5.2% increase), while net position of the business-type activities increased \$191,663 (a 7.5% increase).

Fund Highlights:

Governmental Funds – Fund Balances – As of the close of the fiscal year ended June 30, 2013, the Town's governmental funds reported a combined ending fund balance of \$4,693,815, an increase of \$45,153 in comparison with the prior year. Of this total fund balance, \$2,092,778 represents general unassigned fund balance. This unassigned fund balance represents approximately 29% of the total general fund expenditures for the year.

Long-term Debt:

The Town's total long-term debt obligations decreased \$264,593 (3.0%) during the current fiscal year. There was a new debt obligation of \$696,354 for a new water tank. This new debt obligation included debt forgiveness of \$139,271 with \$557,083 to be repaid. Existing debt obligations were retired according to schedule.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is 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 and are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. They distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The statement of net position includes all assets of the Town (including infrastructure) as well as all liabilities (including long-term debt), with the difference between the two reported as net position. The statement of activities shows how the Town's net position changed during the year, regardless of the timing of related cash flows. The government-wide financial statements can be found on pages 9 - 10 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements include statements for three categories of activity – governmental funds, proprietary funds and fiduciary funds.

The governmental activities are prepared using the current financial resources measurement focus and the modified accrual basis of accounting and are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Both

the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to explain the differences between the governmental funds and governmental activities. The basic governmental fund financial statements can be found on pages 11 – 12 of this report.

The proprietary funds are prepared using the economic resources measurement focus and the accrual basis of accounting, which provides the same type of information as the government-wide financial statements, only in more detail. The proprietary funds account for the Town's Water and Sewer Departments. The basic proprietary fund financial statements can be found on pages 13 – 15 of this report.

The fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for the government-wide financial statements. The fiduciary fund financial statements can be found on pages 16 – 17 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found on pages 18 - 28 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). Required supplementary information can be found on page 29 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

The largest portion of the Town's net position (73.7%) 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 capital 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.

| | Governmental Activities | Business-like Activities | Total 2013 | Total 2012 |
|---|----------------------------|-----------------------------|--------------|--------------|
| Current Assets | \$ 5,281,583 | \$ 420,526 | \$ 5,702,109 | \$ 5,783,747 |
| Capital Assets | \$14,294,495 | \$ 6,985,900 | \$21,280,395 | \$21,041,120 |
| <i>Total Assets</i> | \$19,576,078 | \$ 7,406,426 | \$26,982,505 | \$26,824,867 |
| Current Liabilities | \$ 876,043 | \$ 274,885 | \$ 1,150,928 | \$ 1,214,320 |
| Deferred Inflows | \$ 23,712 | \$ 0 | \$ 23,712 | \$ 0 |
| Other Liabilities | \$ 4,299,987 | \$ 4,395,915 | \$ 8,695,902 | \$ 9,398,524 |
| Net Position; | | | | |
| Invested in Capital Assets | \$ 9,602,673 | \$ 3,016,139 | \$12,618,812 | \$11,759,485 |
| Restricted | \$ 869,973 | \$ 0 | \$ 869,973 | \$ 1,258,466 |
| Unrestricted | \$ 3,903,693 | \$ (280,512) | \$ 3,623,181 | \$ 3,194,073 |
| <i>Total Liabilities and Net Position</i> | \$19,576,078 | \$ 7,406,426 | \$26,982,505 | \$26,824,867 |

An additional portion of the Town's net position (5.1%) represents resources that are subject to external restrictions on their use. The remaining balance of unrestricted net position (21.2%) may be used to meet the government's ongoing obligations to citizens and creditors.

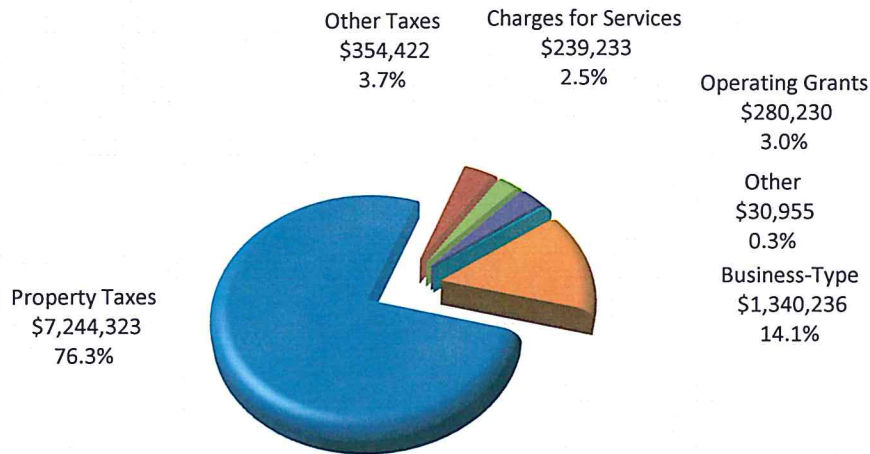
Changes in Net Position

Governmental activities increased the Town's net position by \$708,278, or 78.7% of the total increase in the net position of the Town. This increase was primarily due to conservative budgeting of revenues, grant funded capital asset additions and the controlling of expenditures.

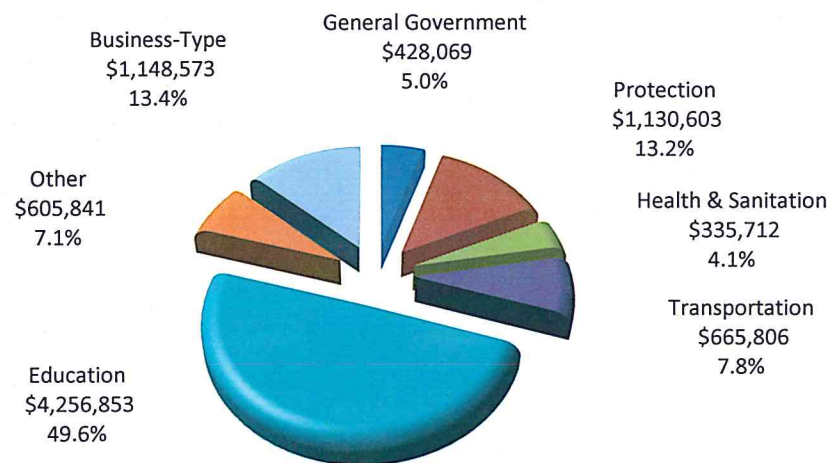
Business-type activities increased the Town's net position by \$191,663, or 21.3% of the total increase in the net position of the Town. This increase is primarily due to the rate increases done a couple of years ago doing a better job of funding the department's expenses, but not enough to fully fund them, particularly in the sewer department. Also, the Water Department had grant funded capital asset additions.

| | Governmental Activities | Business-like Activities | Total 2013 | Total 2012 |
|------------------------------|-------------------------|--------------------------|--------------|--------------|
| <i>Revenues;</i> | | | | |
| Tax Revenues | \$ 7,598,745 | \$ 0 | \$ 7,598,745 | \$ 7,611,650 |
| Program Revenues | \$ 519,463 | \$ 1,199,694 | \$ 1,719,157 | \$ 1,656,061 |
| Investments | \$ 27,011 | \$ 217 | \$ 27,228 | \$ 27,039 |
| Revenue Sharing | \$ 79,154 | \$ 0 | \$ 79,154 | \$ 78,169 |
| Transfers | \$ (162,193) | \$ 126,731 | \$ (35,462) | \$ 0 |
| Other | \$ 86,983 | \$ 13,594 | \$ 100,577 | \$ 102,882 |
| <i>Total Revenues</i> | \$ 8,149,163 | \$ 1,340,236 | \$ 9,489,399 | \$ 9,475,801 |
| <i>Expenses;</i> | | | | |
| General Government | \$ 428,069 | \$ 0 | \$ 428,069 | \$ 528,989 |
| Protection | \$ 1,130,603 | \$ 0 | \$ 1,130,603 | \$ 1,152,721 |
| Health/Sanitation | \$ 353,712 | \$ 0 | \$ 353,712 | \$ 371,779 |
| Transportation | \$ 665,806 | \$ 0 | \$ 665,806 | \$ 682,585 |
| Education | \$ 4,256,853 | \$ 0 | \$ 4,256,853 | \$ 4,116,352 |
| Unclassified | \$ 247,514 | \$ 0 | \$ 247,514 | \$ 234,283 |
| Assessments and Debt Service | \$ 358,327 | \$ 0 | \$ 358,327 | \$ 380,034 |
| Water System | \$ 0 | \$ 573,328 | \$ 573,328 | \$ 580,243 |
| Sewer System | \$ 0 | \$ 575,245 | \$ 575,245 | \$ 612,477 |
| <i>Total Expenses</i> | \$ 7,440,884 | \$ 1,148,573 | \$ 8,589,457 | \$ 8,659,463 |
| Changes in Net Position | \$ 708,278 | \$ 191,663 | \$ 899,942 | \$ 816,339 |

Revenues by Source - Governmental and Business-Type



Expenditures by Source - Governmental and Business-Type



FINANCIAL ANALYSIS OF THE TOWN'S INDIVIDUAL FUNDS

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the Town's governmental funds reported ending fund balances of \$4,693,815, an increase of \$45,153 in comparison with the prior year. Approximately 45 percent of this total amount constitutes unassigned fund balance. The remainder is reserved to indicate that it is not available for new spending because it has been committed to liquidate contracts and commitments of the prior fiscal year or for a variety of other purposes.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- \$3,563 positive variance in real estate and personal property tax. Actual collections were 98.4% of the levy as compared to 98.2% in the prior year. There was a decrease in the deferred tax revenue due to this.
- \$46,514 positive variance in all other revenues. This is primarily due to conservative budgeting.
- \$83,933 positive variance in general government expenditures. This is primarily due to conservative budgeting and controlled expenditures.
- \$64,660 positive variance in protection expenditures. This is primarily due to conservative budgeting and controlled expenditures.
- \$75,768 positive variance in transportation expenditures. This is primarily due to conservative budgeting and controlled expenditures.
- \$172,932 negative variance in education expenditures. This is primarily due to a large portion of the budget being funded by prior year fund balance surplus and spending from reserves to purchase a bus and fund the budget.
- \$119,665 positive variance in assessment and debt service expenditures. This is primarily due overlay and conservative budgeting of debt expenditures.
- \$42,173 positive variance in all other expenditures. This is due to conservative budgeting and costs being controlled and maintained within budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental and business-type activities amounts to \$35,360,847, net of accumulated depreciation of \$14,094,504, leaving a net book value of \$21,266,343. Current year additions include \$48,136 for building renovations, \$22,701 for transportation equipment, \$43,767 for police department equipment and vehicle, \$101,605 for school department capital additions, including a new bus, \$12,307 for town office records, \$8,256 for fire department equipment, \$518,186 for town road and dock repair and paving, \$439,486 for sewer department capital additions, and \$737,948 for water department capital additions. There was a current year retirement of a police vehicle with a net book value of \$1,079 and a school department bus with a net book value of \$0. There were no current year impairments. Additional information on the Town's capital assets can be found in Note 4 of the notes to the financial statements on pages 24 - 25 of this report.

Debt

The Town has total bonded debt outstanding of \$8,609,685 and \$16,056 of capital leases that are backed by the full faith and credit of the Town. The outstanding debt decreased \$264,593 during the current fiscal year. The Town issued \$696,354 for the water tank replacement, which included debt forgiveness of \$139,271. Additional information on the Town's long-term debt can be found in Note 6 of the notes to the financial statements on pages 26 – 27 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 Southwest Harbor, P.O. Box 745, Southwest Harbor, ME 04679.

TOWN OF SOUTHWEST HARBOR, MAINE
STATEMENT OF NET POSITION
JUNE 30, 2013

(Exhibit I)

| | <i>Governmental Activities</i> | <i>Business-Type Activities</i> | <i>Total</i> |
|---|------------------------------------|-------------------------------------|---------------------|
| <u>Assets</u> | | | |
| Cash and Cash Equivalents | \$421,048 | \$61,152 | \$482,200 |
| Investments at Fair Market Value | \$3,822,359 | \$0 | \$3,822,359 |
| Accounts Receivable - Net of Bad Debt Provision | \$105,332 | \$337,831 | \$443,163 |
| Inventory of Materials and Supplies | \$7,914 | \$0 | \$7,914 |
| Prepaid Expenses | \$5,743 | \$21,432 | \$27,175 |
| Due from Other Funds | \$703,096 | \$112 | \$703,208 |
| Property Taxes Receivable | \$1,064 | \$0 | \$1,064 |
| Tax Liens and Tax Acquired Property | \$215,027 | \$0 | \$215,027 |
| <u>Capital Assets</u> | | | |
| Land | \$461,164 | \$52,805 | \$513,969 |
| Other Capital Assets, net of Accumulated Depreciation | \$13,833,331 | \$6,933,095 | \$20,766,426 |
| Total Capital Assets | \$14,294,495 | \$6,985,900 | \$21,280,395 |
| <u>Total Assets</u> | <u>\$19,576,078</u> | <u>\$7,406,426</u> | <u>\$26,982,505</u> |
| <u>Liabilities, Deferred Inflows and Net Position</u> | | | |
| <u>Liabilities</u> | | | |
| Obligation Under Contracted Salaries | \$173,105 | \$13,183 | \$186,288 |
| Accounts Payable | \$246,598 | \$23,498 | \$270,096 |
| Accrued Interest | \$0 | \$5,307 | \$5,307 |
| Due to Other Funds | \$232 | \$635,366 | \$635,597 |
| Compensated Absences | \$64,272 | \$23,685 | \$87,957 |
| <u>Capital Leases Payable</u> | | | |
| Due within one year | \$5,180 | \$0 | \$5,180 |
| Due in more than one year | \$10,877 | \$0 | \$10,877 |
| <u>Bonds and Notes Payable</u> | | | |
| Due within one year | \$450,928 | \$232,897 | \$683,825 |
| Due in more than one year | \$4,224,838 | \$3,736,864 | \$7,961,702 |
| <u>Total Liabilities</u> | <u>\$5,176,029</u> | <u>\$4,670,800</u> | <u>\$9,846,828</u> |
| <u>Deferred Inflows of Resources</u> | | | |
| Prepaid Property Taxes | \$23,712 | | \$23,712 |
| <u>Total Deferred Inflows of Resources</u> | <u>\$23,712</u> | <u>\$0</u> | <u>\$23,712</u> |
| <u>Net Position</u> | | | |
| Net Investment in Capital Assets | \$9,602,673 | \$3,016,139 | \$12,618,812 |
| Restricted | \$869,973 | \$0 | \$869,973 |
| Unrestricted | \$3,903,693 | (\$280,512) | \$3,623,181 |
| <u>Total Net Position</u> | <u>\$14,376,338</u> | <u>\$2,735,627</u> | <u>\$17,111,965</u> |
| <u>Total Liabilities, Deferred Inflows and Net Position</u> | <u>\$19,576,078</u> | <u>\$7,406,426</u> | <u>\$26,982,505</u> |

The Notes to the Financial Statements are an Integral Part of this Statement.

TOWN OF SOUTHWEST HARBOR, MAINE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(Exhibit II)

| <u>Functions/Programs</u> | <u>Program Revenues</u> | | <u>Net (Expense) Revenue and Changes in Net Position</u> | |
|---------------------------------------|-----------------------------|-------------------------|--|---------------------------------|
| | <u>Charges for Services</u> | <u>Operating Grants</u> | <u>Governmental Activities</u> | <u>Business-Type Activities</u> |
| <u>Primary Government</u> | | | | <u>Total</u> |
| <u>Governmental Activities</u> | | | | |
| General Government | \$428,069 | | (\$398,240) | (\$398,240) |
| Protection | \$1,130,603 | | (\$1,084,024) | (\$1,084,024) |
| Health & Sanitation | \$353,712 | | (\$309,068) | (\$309,068) |
| Transportation | \$665,806 | \$128,485 | (\$452,933) | (\$452,933) |
| Education | \$4,256,853 | \$125,526 | (\$4,098,163) | (\$4,098,163) |
| Unclassified | \$247,514 | \$26,219 | (\$220,666) | (\$220,666) |
| Assessments and Debt Service | \$358,327 | | (\$358,327) | (\$358,327) |
| <u>Total Governmental Activities</u> | <u>\$7,440,884</u> | <u>\$280,230</u> | <u>(\$6,921,421)</u> | <u>(\$6,921,421)</u> |
| <u>Business-Type Activities</u> | | | | |
| Sewer Department | \$575,245 | | | (\$69,509) |
| Water Department | \$573,328 | \$53,889 | | \$120,630 |
| <u>Total Business-Type Activities</u> | <u>\$1,148,573</u> | <u>\$53,889</u> | <u>\$0</u> | <u>\$51,121</u> |
| <u>Total Primary Government</u> | <u>\$8,589,457</u> | <u>\$334,119</u> | <u>(\$6,921,421)</u> | <u>(\$6,870,300)</u> |
| <u>General Revenues</u> | | | | |
| Tax Revenues | | | \$7,220,242 | \$7,220,242 |
| Excise Taxes | | | \$354,422 | \$354,422 |
| State Revenue Sharing | | | \$79,154 | \$79,154 |
| Investment Earnings | | | \$27,011 | \$27,228 |
| Interest on Delinquent Taxes | | | \$24,081 | \$24,081 |
| Permits, Fees and Other Revenues | | | \$86,983 | \$100,577 |
| Transfers to Proprietary Funds | | | (\$162,193) | (\$35,462) |
| <u>Total Revenues and Transfers</u> | | | <u>\$7,629,700</u> | <u>\$7,770,242</u> |
| <u>Changes in Net Position</u> | | | | |
| | | | \$708,278 | \$191,663 |
| <u>Net Position - Beginning</u> | | | <u>\$13,668,060</u> | <u>\$2,543,964</u> |
| <u>Net Position - Ending</u> | | | <u>\$14,376,338</u> | <u>\$17,111,965</u> |

The Notes to the Financial Statements are an Integral Part of this Statement.

TOWN OF SOUTHWEST HARBOR, MAINE
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013

(Exhibit III)

| <u>Assets</u> | <u>General Fund</u> | <u>Special Revenue Funds</u> | <u>Capital Projects Fund</u> | <u>Permanent Fund - Cemetery Trust</u> | <u>Total Governmental Funds</u> |
|---|-------------------------|--------------------------------------|--------------------------------------|--|---|
| Cash and Cash Equivalents | \$32,766 | \$288,942 | \$99,340 | | \$421,048 |
| Investments at Fair Market Value | \$3,642,245 | \$76,777 | | \$103,338 | \$3,822,359 |
| Accounts Receivable - Net of Bad Debt Provision | \$105,332 | | | | \$105,332 |
| Inventory of Materials and Supplies, at Cost | \$7,914 | | | | \$7,914 |
| Prepaid Expenses | \$5,743 | | | | \$5,743 |
| Due From Other Funds | \$744,762 | \$1,469,306 | \$27,530 | | \$2,241,598 |
| Property Taxes Receivable | \$1,064 | | | | \$1,064 |
| Tax Liens and Tax Acquired Property | \$215,027 | | | | \$215,027 |
| <u>Total Assets</u> | <u>\$4,754,853</u> | <u>\$1,835,025</u> | <u>\$126,870</u> | <u>\$103,338</u> | <u>\$6,820,085</u> |
| <u>Liabilities, Deferred Inflows & Fund Balances</u> | | | | | |
| <u>Liabilities:</u> | | | | | |
| Obligation Under Contracted Salaries | \$173,105 | | | | \$173,105 |
| Accounts Payable | \$246,598 | | | | \$246,598 |
| Due to Other Funds | \$1,497,067 | \$41,666 | | | \$1,538,733 |
| <u>Total Liabilities</u> | <u>\$1,916,770</u> | <u>\$41,666</u> | <u>\$0</u> | <u>\$0</u> | <u>\$1,958,436</u> |
| <u>Deferred Inflows of Resources</u> | | | | | |
| Prepaid Property Taxes | \$23,712 | | | | \$23,712 |
| Unearned Property Tax Revenue | \$144,122 | | | | \$144,122 |
| <u>Total Deferred Inflows of Resources</u> | <u>\$167,834</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$167,834</u> |
| <u>Fund Balance:</u> | | | | | |
| Nonspendable | \$7,914 | | | | \$7,914 |
| Restricted | \$569,558 | \$165,632 | \$126,870 | | \$862,059 |
| Committed | | \$1,594,276 | | | \$1,594,276 |
| Assigned | | \$33,451 | | \$103,338 | \$136,789 |
| Unassigned | \$2,092,778 | | | | \$2,092,778 |
| <u>Total Fund Balances</u> | <u>\$2,670,249</u> | <u>\$1,793,359</u> | <u>\$126,870</u> | <u>\$103,338</u> | <u>\$4,693,815</u> |
| <u>Total Liabilities, Deferred Inflows & Fund Balances</u> | <u>\$4,754,853</u> | <u>\$1,835,025</u> | <u>\$126,870</u> | <u>\$103,338</u> | <u>\$6,820,085</u> |
| <u>Total Fund Balance - Governmental Funds</u> | | | | | \$4,693,815 |
| <i>Net position reported for governmental activities in the statement of net position are different because:</i> | | | | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds | | | | | \$14,294,495 |
| Delinquent taxes are recognized as revenue in the period for which levied in the government-wide financial statements, but are reported as deferred revenue (a liability) in governmental funds | | | | | \$144,122 |
| Some liabilities are not due and payable in the current period and therefore, are not reported in the funds, including: | | | | | |
| Bonds Payable | | | | | (\$4,675,766) |
| Capital Leases Payable | | | | | (\$16,056) |
| Compensated Absences | | | | | (\$64,272) |
| <u>Net Position of Governmental Activities</u> | | | | | <u>\$14,376,338</u> |

The Notes to the Financial Statements are an Integral Part of this Statement.

TOWN OF SOUTHWEST HARBOR, MAINE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(Exhibit IV)

| | <i>General Fund</i> | <i>Special Revenue Funds</i> | <i>Capital Projects Fund</i> | <i>Permanent Fund - Cemetery Trust</i> | <i>Total Governmental Funds</i> |
|---|---------------------------|--------------------------------------|--------------------------------------|--|---|
| <u>Revenues:</u> | | | | | |
| Tax Revenues | \$7,206,905 | | | | \$7,206,905 |
| Local Road Assistance | | \$18,556 | | | \$18,556 |
| Excise Taxes | \$354,422 | | | | \$354,422 |
| State Revenue Sharing | | \$79,154 | | | \$79,154 |
| Investment Earnings | \$12,496 | \$12,739 | \$3 | \$1,773 | \$27,011 |
| Interest on Delinquent Taxes | \$24,081 | | | | \$24,081 |
| Docks & Floats | \$84,389 | | | | \$84,389 |
| Solid Waste Revenue | \$44,644 | | | | \$44,644 |
| Permits, Fees & Other Revenues | \$129,365 | \$60,526 | \$110,277 | | \$300,167 |
| <u>Total Revenues</u> | <u>\$7,856,302</u> | <u>\$170,974</u> | <u>\$110,280</u> | <u>\$1,773</u> | <u>\$8,139,329</u> |
| <u>Expenditures (Net of Governmental Revenues):</u> | | | | | |
| General Government | \$344,485 | \$64,472 | | | \$408,957 |
| Protection | \$993,431 | \$10,456 | | | \$1,003,887 |
| Health & Sanitation | \$353,712 | | | | \$353,712 |
| Transportation | \$349,727 | \$3,640 | | | \$353,368 |
| Education | \$4,208,239 | \$35 | | | \$4,208,274 |
| Unclassified | \$201,200 | \$26,330 | | \$6,507 | \$234,037 |
| Assessments and Debt Service | \$568,548 | \$81,049 | | | \$649,597 |
| Capital Outlay, net of Retirements | \$117,626 | \$193,431 | \$443,902 | | \$754,958 |
| <u>Total Expenditures</u> | <u>\$7,136,968</u> | <u>\$379,413</u> | <u>\$443,902</u> | <u>\$6,507</u> | <u>\$7,966,790</u> |
| <u>Excess Revenues Over Expenditures</u> | <u>\$719,334</u> | <u>(\$208,439)</u> | <u>(\$333,622)</u> | <u>(\$4,734)</u> | <u>\$172,539</u> |
| <u>Other Financing Sources (Uses):</u> | | | | | |
| Operating Transfers In | \$789,891 | \$616,797 | | | \$1,406,688 |
| Operating Transfers Out | (\$1,265,653) | (\$268,421) | | | (\$1,534,075) |
| <u>Total Other Financing Sources (Uses)</u> | <u>(\$475,762)</u> | <u>\$348,376</u> | <u>\$0</u> | <u>\$0</u> | <u>(\$127,386)</u> |
| <u>Excess Revenues and Other Sources Over Expenditures and Other Uses</u> | <u>\$243,572</u> | <u>\$139,937</u> | <u>(\$333,622)</u> | <u>(\$4,734)</u> | <u>\$45,153</u> |
| <u>Beginning Fund Balances</u> | <u>\$2,426,677</u> | <u>\$1,653,422</u> | <u>\$460,492</u> | <u>\$108,072</u> | <u>\$4,648,662</u> |
| <u>Ending Fund Balances</u> | <u>\$2,670,249</u> | <u>\$1,793,359</u> | <u>\$126,870</u> | <u>\$103,338</u> | <u>\$4,693,815</u> |
| <u>Reconciliation to Statement of Activities, change in Net Position</u> | | | | | |
| Net Change in Fund Balances - Above | | | | | \$45,153 |
| Delinquent taxes are recognized as revenue in the period for which levied in the government-wide financial statements, but are recorded as deferred revenue (a liability) in governmental funds | | | | | \$13,337 |
| 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 - Compensated Absences | | | | | (\$11,666) |
| Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Position. Repayment of bond principal is an expenditure in Governmental Funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Net Position | | | | | |
| This amount represents long-term debt payments | | | | | \$557,334 |
| This amount represents the transfer of debt service to proprietary funds | | | | | \$774,466 |
| Governmental funds report capital outlays as expenditures, while in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. The following is the capital expenditure activity: | | | | | |
| Capital Outlay | | | | | \$754,958 |
| Transfer of capital expenditures to proprietary funds | | | | | (\$809,273) |
| Retirement of capital expenditures | | | | | (\$1,079) |
| Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds | | | | | (\$614,952) |
| <u>Changes in Net Position of Governmental Activities</u> | | | | | <u>\$708,278</u> |

The Notes to the Financial Statements are an Integral Part of this Statement.

TOWN OF SOUTHWEST HARBOR, MAINE
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2013

(Exhibit V)

| | <u>Water Fund</u> | <u>Sewer Fund</u> | <u>Total Proprietary Funds</u> |
|---|--------------------|--------------------|--|
| <u>Assets</u> | | | |
| <u>Current Assets</u> | | | |
| Cash and Cash Equivalents | \$17,979 | \$43,173 | \$61,152 |
| Accounts Receivable - Net of Bad Debt Provision | \$173,930 | \$163,901 | \$337,831 |
| Inventory of Materials and Supplies | \$0 | \$0 | \$0 |
| Prepaid Expenses | \$21,132 | \$300 | \$21,432 |
| Due from General Fund | \$0 | \$112 | \$112 |
| <u>Total Current Assets</u> | <u>\$213,041</u> | <u>\$207,486</u> | <u>\$420,527</u> |
| <u>Non-Current Assets</u> | | | |
| Utility Plant, net of Accumulated Depreciation | \$4,430,369 | \$2,555,531 | \$6,985,900 |
| <u>Total Non-Current Assets</u> | <u>\$4,430,369</u> | <u>\$2,555,531</u> | <u>\$6,985,900</u> |
| <u>Total Assets</u> | <u>\$4,643,410</u> | <u>\$2,763,016</u> | <u>\$7,406,426</u> |
| <u>Liabilities and Net Position</u> | | | |
| <u>Liabilities</u> | | | |
| <u>Current Liabilities</u> | | | |
| Accounts Payable | \$8,841 | \$14,657 | \$23,498 |
| Accrued Interest | \$5,307 | \$0 | \$5,307 |
| Accrued Salaries | \$13,183 | \$0 | \$13,183 |
| Current Portion of Long-Term Debt | \$152,092 | \$80,805 | \$232,897 |
| Due to General Fund | \$51,379 | \$583,987 | \$635,366 |
| <u>Total Current Liabilities</u> | <u>\$230,802</u> | <u>\$679,449</u> | <u>\$910,251</u> |
| <u>Non-Current Liabilities</u> | | | |
| Bonds and Notes Payable, net of Current Portion | \$2,281,538 | \$1,455,326 | \$3,736,864 |
| <u>Total Non-Current Liabilities</u> | <u>\$2,281,538</u> | <u>\$1,455,326</u> | <u>\$3,736,864</u> |
| <u>Total Liabilities</u> | <u>\$2,512,340</u> | <u>\$2,134,774</u> | <u>\$4,647,114</u> |
| <u>Net Position</u> | | | |
| Investment in Capital Assets, net of related debt | \$1,996,739 | \$1,019,400 | \$3,016,139 |
| Unrestricted (Deficit) | \$134,331 | (\$391,158) | (\$256,827) |
| <u>Total Net Position</u> | <u>\$2,131,070</u> | <u>\$628,242</u> | <u>\$2,759,312</u> |
| <u>Total Liabilities and Net Position</u> | <u>\$4,643,410</u> | <u>\$2,763,016</u> | <u>\$7,406,426</u> |
| <u>Total Fund Balance - Governmental Funds</u> | | | \$2,759,312 |
| Net position reported for governmental activities in the statement of net position are different because: | | | |
| Some liabilities are not due and payable in the current period and therefore, are not reported in the funds, including compensated absences | | | |
| | | | (\$23,685) |
| <u>Net Position of Governmental Activities</u> | | | <u>\$2,735,627</u> |

The Notes to the Financial Statements are an Integral Part of this Statement.

TOWN OF SOUTHWEST HARBOR, MAINE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(Exhibit VI)

| | <i>Water Fund</i> | <i>Sewer Fund</i> | <i>Total Proprietary Funds</i> |
|---|--------------------|-------------------|--|
| <u>Operating Revenues</u> | | | |
| Charges for Services | \$640,069 | \$505,736 | \$1,145,805 |
| Other Revenues | \$0 | \$13,594 | \$13,594 |
| <u>Total Operating Revenues</u> | <u>\$640,069</u> | <u>\$519,330</u> | <u>\$1,159,399</u> |
| <u>Operating Expenses</u> | | | |
| Consulting | \$27,639 | \$0 | \$27,639 |
| Salaries & Benefits | \$205,728 | \$196,931 | \$402,659 |
| Utilities | \$75,672 | \$39,603 | \$115,275 |
| Purification and Sludge Disposal | \$0 | \$58,821 | \$58,821 |
| Repairs & Maintenance | \$58,260 | \$30,570 | \$88,830 |
| Depreciation and Amortization | \$123,651 | \$158,213 | \$281,864 |
| Office Supplies | \$0 | \$10,479 | \$10,479 |
| Transportation | \$12,357 | \$10,377 | \$22,734 |
| Insurance | \$6,126 | \$5,821 | \$11,947 |
| Professional Services | \$3,985 | \$4,031 | \$8,016 |
| Miscellaneous | \$18,013 | \$2,415 | \$20,428 |
| <u>Total Operating Expenses</u> | <u>\$531,431</u> | <u>\$517,261</u> | <u>\$1,048,692</u> |
| <u>Operating Profit</u> | <u>\$108,638</u> | <u>\$2,069</u> | <u>\$110,707</u> |
| <u>Non-Operating Revenues (Expenses)</u> | | | |
| Interest Earned | \$167 | \$50 | \$217 |
| Interest Expense | (\$39,354) | (\$57,582) | (\$96,936) |
| Transfer from General Fund | \$66,069 | \$60,662 | \$126,731 |
| <u>Total Non-Operating Revenues (Expenses)</u> | <u>\$26,882</u> | <u>\$3,131</u> | <u>\$30,013</u> |
| <u>Change in Net Position Before Construction Contributions</u> | <u>\$135,520</u> | <u>\$5,200</u> | <u>\$140,720</u> |
| Contributions in Aid of Construction | \$53,889 | \$0 | \$53,889 |
| <u>Change in Net Position</u> | <u>\$189,409</u> | <u>\$5,200</u> | <u>\$194,609</u> |
| <u>Net Position - Beginning</u> | <u>\$1,941,661</u> | <u>\$623,042</u> | <u>\$2,564,703</u> |
| <u>Net Position - Ending</u> | <u>\$2,131,070</u> | <u>\$628,242</u> | <u>\$2,759,312</u> |
| <u>Reconciliation to Statement of Activities, change in Net Position</u> | | | \$194,609 |
| Net Change in Fund Balances - Above | | | |
| 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 - Compensated Absences | | | (\$2,946) |
| <u>Changes in Net Position of Governmental Activities</u> | | | <u>\$191,663</u> |

The Notes to the Financial Statements are an Integral Part of this Statement.

TOWN OF SOUTHWEST HARBOR, MAINE
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(Exhibit VII)

| | <i>Water Fund</i> | <i>Sewer Fund</i> | <i>Total Proprietary Funds</i> |
|---|--------------------|--------------------|--|
| <u>Cash Flows from Operating Activities</u> | | | |
| Received from Customers | \$631,021 | \$523,659 | \$1,154,680 |
| Payments to Suppliers for Goods and Services | (\$395,565) | (\$158,023) | (\$553,588) |
| Payments to Employees for Services | (\$192,545) | (\$145,652) | (\$338,197) |
| <u>Cash Flows from Operations</u> | <u>\$42,911</u> | <u>\$219,984</u> | <u>\$262,895</u> |
| <u>Cash Flows from Investing Activities</u> | | | |
| Interest Earned | \$167 | \$50 | \$217 |
| <u>Cash Flows from Investing Activities</u> | <u>\$167</u> | <u>\$50</u> | <u>\$217</u> |
| <u>Cash Flows from Financing Activities</u> | | | |
| Acquisition and Construction of Fixed Assets | (\$56,503) | (\$453,537) | (\$510,040) |
| Proceeds from Long-Term Borrowings | \$25,258 | \$388,421 | \$413,679 |
| Debt Retired | (\$115,207) | (\$131,489) | (\$246,696) |
| Debt Service Transfer from Town | \$0 | \$60,662 | \$60,662 |
| Interest Paid | (\$29,471) | (\$57,582) | (\$87,053) |
| <u>Cash Flows from Financing Activities</u> | <u>(\$175,923)</u> | <u>(\$193,525)</u> | <u>(\$369,448)</u> |
| <u>Net Cash Flow</u> | <u>(\$132,845)</u> | <u>\$26,509</u> | <u>(\$106,336)</u> |
| <u>Beginning Cash Balance</u> | <u>\$150,824</u> | <u>\$16,664</u> | <u>\$167,488</u> |
| <u>Ending Cash Balance</u> | <u>\$17,979</u> | <u>\$43,173</u> | <u>\$61,152</u> |
| <u>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</u> | | | |
| Operating Income (Loss) | \$108,638 | \$2,069 | \$110,707 |
| <u>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</u> | | | |
| Depreciation | \$123,651 | \$158,213 | \$281,864 |
| Bad Debt Allowance | \$0 | (\$20,019) | (\$20,019) |
| <u>Changes in Assets and Liabilities</u> | | | |
| Receivables, net | (\$1,735) | \$24,348 | \$22,613 |
| Inventory | \$1,063 | \$0 | \$1,063 |
| Accrued Revenue | (\$7,313) | \$0 | (\$7,313) |
| Deferred Charges | \$10,700 | (\$300) | \$10,400 |
| Accounts Payable | (\$192,093) | \$55,673 | (\$136,420) |
| <u>Cash Flows from Operations</u> | <u>\$42,911</u> | <u>\$219,984</u> | <u>\$262,895</u> |

The Notes to the Financial Statements are an Integral Part of this Statement.

TOWN OF SOUTHWEST HARBOR, MAINE

(Exhibit VIII)

STATEMENT OF NET POSITION - FIDUCIARY FUNDS

JUNE 30, 2013

| | <u>Dickey Fund</u> | <u>Johnson Fund</u> | <u>Student Activities</u> | <u>PTO</u> | <u>Agency Fund General Trust</u> | <u>Total Fiduciary Funds</u> |
|----------------------------------|------------------------|-------------------------|-------------------------------|----------------|--|--------------------------------------|
| <u>Assets</u> | | | | | | |
| Cash and Cash Equivalents | | \$78,166 | \$7,501 | \$5,407 | | \$91,074 |
| Investments at Fair Market Value | \$38,049 | | | | \$45,996 | \$84,045 |
| <u>Total Assets</u> | <u>\$38,049</u> | <u>\$78,166</u> | <u>\$7,501</u> | <u>\$5,407</u> | <u>\$45,996</u> | <u>\$175,119</u> |
| <u>Net Position</u> | | | | | | |
| Reserve for Endowments | | \$78,166 | | | | \$78,166 |
| Unrestricted | \$38,049 | | \$7,501 | \$5,407 | \$45,996 | \$96,953 |
| <u>Total Net Position</u> | <u>\$38,049</u> | <u>\$78,166</u> | <u>\$7,501</u> | <u>\$5,407</u> | <u>\$45,996</u> | <u>\$175,119</u> |

The Notes to the Financial Statements are an Integral Part of this Statement.

TOWN OF SOUTHWEST HARBOR, MAINE

(Exhibit IX)

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

| | <u>Dickey Fund</u> | <u>Johnson Fund</u> | <u>Student Activities</u> | <u>PTO</u> | <u>Agency Fund General Trust</u> | <u>Total Fiduciary Funds</u> |
|-------------------------------|------------------------|-------------------------|-------------------------------|------------------|--|--------------------------------------|
| <u>Additions</u> | | | | | | |
| Trust Fund Income | | \$24,680 | | | | \$24,680 |
| Student Activities | | | \$22,352 | \$2,250 | | \$24,603 |
| Investment Earnings | \$1,372 | | | | \$1,706 | \$3,078 |
| Unrealized Gain (Loss) | \$2,324 | \$93 | | | \$2,888 | \$5,305 |
| <u>Total Additions</u> | <u>\$3,696</u> | <u>\$24,773</u> | <u>\$22,352</u> | <u>\$2,250</u> | <u>\$4,594</u> | <u>\$57,666</u> |
| <u>Reductions</u> | | | | | | |
| Miscellaneous | \$288 | | | | \$428 | \$716 |
| School Activities | | \$26,276 | \$22,121 | \$4,718 | | \$53,116 |
| <u>Total Reductions</u> | <u>\$288</u> | <u>\$26,276</u> | <u>\$22,121</u> | <u>\$4,718</u> | <u>\$428</u> | <u>\$53,832</u> |
| <u>Change in Net Position</u> | <u>\$3,408</u> | <u>(\$1,503)</u> | <u>\$231</u> | <u>(\$2,468)</u> | <u>\$4,166</u> | <u>\$3,834</u> |
| <u>Beginning Net Position</u> | <u>\$34,641</u> | <u>\$79,669</u> | <u>\$7,270</u> | <u>\$7,875</u> | <u>\$41,830</u> | <u>\$171,285</u> |
| <u>Ending Net Position</u> | <u>\$38,049</u> | <u>\$78,166</u> | <u>\$7,501</u> | <u>\$5,407</u> | <u>\$45,996</u> | <u>\$175,119</u> |

The Notes to the Financial Statements are an Integral Part of this Statement.

TOWN OF SOUTHWEST HARBOR, MAINE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Town of Southwest Harbor, Maine (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for the governmental accounting and financial reporting principles. The more significant of the Town's accounting principles are described below.

A. Financial Reporting Entity

The accompanying financial statements present the government of the Town of Southwest Harbor, Maine, which is identified based upon the criteria identified in Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*. The Town is governed under a Town Manager/Selectmen form of government. The Town engages in a comprehensive range of municipal services, including administrative services, police and fire protection, health and sanitation, highways and bridges and education. In addition, the Town exercises sufficient control over other governmental units that are included as part of the Town's reporting entity. The Town of Southwest Harbor Sewer and Water Department's are separate departments of the Town of Southwest Harbor, Maine. These departments are included in the basic financial statements in the proprietary fund. The Town's basic financial statements include all Town operations. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and the appointment of the respective governing board.

Fiscal Year End

All funds of the Town, with the exception of the Town of Southwest Harbor Water Department, are reported as of and for the fiscal year ended June 30, 2013. December 31st is the year-end of the Water Department and the last separate financial statements were as of and for the year ended December 31, 2012. The amounts included in the Town's 2013 financial statements for the Water Department are amounts as of and for the year ended December 31, 2012.

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 nonfiduciary activities of the primary government. 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 segment 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.

For the year ended 6/30/13, the Town has implemented GASB Statements #62, #63 and #65, which changes the reporting of the codification of pre-November 30, 1989 FASB and AICPA pronouncements, government-wide fund equity from net assets to net position and reporting of deferred inflows of resources.

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 fiduciary fund financial statements. Revenues and additions are recorded when earned and expenses and deductions 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 (i.e. intended to finance). Grants are recognized as revenue as soon as all eligibility requirements have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including interest on long-term debt, are recorded only when payment is due.

Property taxes, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports deferred revenue on its governmental fund financial statements. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Town before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and the revenue is recognized.

The Town reports the following major governmental funds:

The general fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital assets or facilities. A capital projects fund is usually established when the acquisition or construction of the capital project extends beyond a single fiscal year and the capital asset is financed by specifically designated resources, such as general obligation bonds and grants.

Permanent funds are used to account for assets held in perpetuity and therefore cannot be used to support the Town's own programs, but the investment earnings may be used for designated purposes.

The Town reports the following major proprietary funds:

The sewer fund accounts for the activities of the sewerage operations. The Town operates the sewer collection system and related administrative costs.

The water fund accounts for the activities of the water department operations. The Town operates the water department facility and related administrative costs.

Additionally, the Town reports the following fund types:

Private purpose 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.

Amounts reported as program revenues 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 for 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 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.

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

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 one year or less from the date of acquisition. These investments are not specifically identified with any one fund.

The Town may invest in certificates of deposit, in time deposits, and in any securities in which State of Maine Statutes authorize them to invest in.

Investments are carried at fair market value. Income from investments held by the individual funds are recorded in the respective funds as it is earned.

Accounts Receivable and Payable

All material receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Inventories and Prepaid Items

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories of governmental funds are accounted for using the consumption method. Under this method, inventories are recorded as expenditures when used rather than when purchased. Inventory in the School Lunch Program consists of food, supplies and U.S.D.A. Donated Commodities. Inventories in the General Fund consist of gas and diesel for town vehicles and equipment.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The prepayments are charged to expenditures on the governmental fund financial statements over the period of their economic benefit. Amounts of governmental fund inventories are offset by a fund balance reserve account to indicate that they do not represent "available spending resources".

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 market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed. Property, plant and equipment is depreciated using the straight line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|----------------|--------------|
| Buildings | 50 |
| Infrastructure | 30-50 |
| Sewer Lines | 40 |
| Equipment | 4-20 |

Depreciation of exhaustible fixed assets used by the enterprise funds is charged as an expense against operations and accumulated depreciation is reported on the enterprise fund balance sheet. Depreciation on assets acquired with contributions in aid to construction is charged to the contributions in aid to construction account. An offsetting credit is made to the depreciation expense account which is charged as an expense against operations.

Interfund Transactions

Interfund receivables and payables arise from interfund transactions and are recorded by all funds effected in the period in which transactions are executed.

Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on length of service. Vacation pay is cumulative to 25 days and sick leave is cumulative to 60 days. Unused vacation days are payable to employees upon termination of employment. The value of the unpaid vacation pay and sick pay has been recorded on the government-wide financial statements as compensated absences. School Department employees are granted compensated leave as per their negotiated contracts.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type financial statements. In the fund financial statements, governmental funds recognize the face amount of debt issued as other financing sources.

Governmental Fund Balances

The Town has applied GASB Statement No 54, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of its resources reported in governmental funds. As such, the Town has identified June 30, 2013 fund balances on the balance sheet as follows:

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Capital Projects Fund</u> | <u>Permanent Fund</u> | <u>Total</u> |
|---------------------------------------|-------------------------|---------------------------------|----------------------------------|---------------------------|--------------|
| <u><i>Nonspendable</i></u> | | | | | |
| Gas/Oil Inventory | \$5,112 | | | | \$5,112 |
| School Lunch Inventory | \$2,802 | | | | \$2,802 |
| <u><i>Restricted</i></u> | | | | | |
| School Department | \$95,491 | | | | \$95,491 |
| Restriction Due to Non-Current Assets | \$474,067 | | | | \$474,067 |
| Conservation Commission | | \$115,636 | | | \$115,636 |
| Police Reserves | | \$1,753 | | | \$1,753 |
| Pemetic Playground | | \$2,556 | | | \$2,556 |
| State Revenue Sharing | | \$31,269 | | | \$31,269 |
| Safe Routes to School Grant | | \$9,886 | | | \$9,886 |
| Trail Grant | | \$4,276 | | | \$4,276 |
| Septic Tank Grant | | \$131 | | | \$131 |
| Wellness Grant | | \$125 | | | \$125 |
| CIP - Police Station Construction | | | \$814 | | \$814 |
| Wesley Ave/Mansell Lane Project | | | \$126,056 | | \$126,056 |
| <u><i>Committed</i></u> | | | | | |
| School Maintenance Reserve | | \$40,217 | | | \$40,217 |
| School Bus Purchase Reserve | | \$11,435 | | | \$11,435 |

| | | | | | |
|----------------------------------|--------------------|--------------------|------------------|------------------|--------------------|
| School Special Education Reserve | \$152,456 | | | | \$152,456 |
| Legal & Accounting Reserve | \$28,944 | | | | \$28,944 |
| Unemployment Reserve | \$19,242 | | | | \$19,242 |
| Shellfish Reserve | \$3,961 | | | | \$3,961 |
| Map Update | \$1,503 | | | | \$1,503 |
| Police Equipment Reserve | \$0 | | | | \$0 |
| Lower Town Dock Reserve | \$6 | | | | \$6 |
| Antenna Relocation Reserve | \$9,792 | | | | \$9,792 |
| School Security | \$12,000 | | | | \$12,000 |
| CIP Funds (see Exhibit A-2) | \$1,314,719 | | | | \$1,314,719 |
| <u>Assigned</u> | | | | | |
| Wage/Benefit | \$10,019 | | | | \$10,019 |
| Abatement | \$15,000 | | | | \$15,000 |
| Professional Development | \$4,957 | | | | \$4,957 |
| Dare Program | \$164 | | | | \$164 |
| Junior Fire Department | \$127 | | | | \$127 |
| Police Drug Enforcement | \$0 | | | | \$0 |
| Swap Shop | \$3,183 | | | | \$3,183 |
| Cemetery Trust | | | | \$103,338 | \$103,338 |
| <u>Unassigned</u> | \$2,092,778 | | | | \$2,092,778 |
| <u>Total Fund Balances</u> | <u>\$2,670,249</u> | <u>\$1,793,359</u> | <u>\$126,870</u> | <u>\$103,338</u> | <u>\$4,693,815</u> |

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

The Board of Selectmen are authorized to make assignments pursuant to their appointment. Committed fund balances are determined based on the need of town meeting votes.

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.

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. The government-wide statement of net position reports \$869,973 of restricted net position, of which enabling legislation restricts \$0.

Unrestricted - This component consists of net position that do not meet the definition of "restricted" or "net investment in capital assets".

E. Budgetary Accounting

Formal budgetary accounting is employed as a management control for the general fund only. Annual operating budgets are adopted each fiscal year by the registered voters of the Town at their annual Town meeting. Budgets are established in accordance with generally accepted accounting principles. Budgetary control is exercised at the town manager and selectmen level, with support from individual department heads. All unencumbered budget appropriations lapse at the end of the year unless specifically designated by the Board of Selectmen or required by law.

F. Endowments

In the fiduciary funds, there are established endowment funds of \$78,166 for the Catherine Johnson Trust Fund. The investment earnings of this fund is used for the specific purposes that the funds were established for and shall be paid out by order of those

persons responsible for administering the funds. State law directs that, subject to the intent of a donor expressed in the gift instrument, an institution may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment is established.

G. Estimates

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

Note 2 - Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Town's deposit policy for custodial credit risk requires compliance with the provisions authorized by Maine State Statutes. The Town requires that, at the time funds are deposited, there is collateral in place to cover the deposits in excess of the FDIC insurance limits.

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

The financial institution holding the Town's cash accounts is participating in the FDIC Transaction Account Guarantee Program. Under the program, through December 31, 2012, all noninterest bearing transaction accounts were fully guaranteed by the FDIC for the entire amount of the account. For interest bearing cash accounts, the Town's cash deposits, including certificates of deposit, were insured up to \$250,000 by the FDIC. As of January 1, 2013, the FDIC changed how the accounts were insured so that all accounts, including non-interest bearing accounts, are aggregated and are insured up to \$250,000 in total by the FDIC. In order to avoid exceeding the \$250,000 FDIC limits, the Town deposits excess funds into a sweep repurchase accounts, which is separately collateralized and that financial institution purchases additional collateral for deposits in excess of the FDIC limits.

At year end, the carrying value of the Town's deposits was \$573,274 and the bank balance was \$731,941. The Town has no uninsured and uncollateralized deposits as of June 30, 2013.

Investments

At June 30, 2013, the Town's Governmental Fund investments balances were as follows:

| | Fair Market | Maturities (yrs) | | |
|-------------------------------------|--------------------|--------------------|------------|-----------------|
| | Value | Less than 1 yr | 1-5 yrs | Long-term |
| Equities | \$46,643 | \$46,643 | | |
| Fixed Funds | \$129,777 | \$58,447 | | \$71,330 |
| Certificates of Deposit | \$2,242,429 | \$2,242,429 | | |
| U.S. Treasury Securities - Agencies | \$1,399,815 | \$1,399,815 | | |
| Money Markets | \$3,695 | \$3,695 | | |
| | <u>\$3,822,359</u> | <u>\$3,751,029</u> | <u>\$0</u> | <u>\$71,330</u> |

At June 30, 2013, the Town's Fiduciary Fund investments balances were as follows:

| | Fair Market | Maturities (yrs) | | |
|---------------|-----------------|------------------|------------|------------|
| | Value | Less than 1 yr | 1-5 yrs | Long-term |
| Fixed Funds | \$31,113 | \$31,113 | | |
| Equity Funds | \$51,105 | \$51,105 | | |
| Money Markets | \$1,828 | \$1,828 | | |
| | <u>\$84,045</u> | <u>\$84,045</u> | <u>\$0</u> | <u>\$0</u> |

Generally, the Town's investing activities are managed under the custody of the Town Treasurer. Investing is performed in accordance with State Statutes. The Town may legally invest in U.S. Government securities and agencies, U.S. Government sponsored agencies and in bank repurchase agreements.

Custodial credit risk - for an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment securities that are in the possession of an outside party. As a means of limiting its exposure to custodial credit risk, the Town requires that, at the time funds are invested, collateral for repurchase agreements be held in the Town's name by a custodial agent for the term of the agreement and investments in obligations of the United States or its agencies be held by the Federal Reserve.

Interest rate risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town invests in short-term repurchase obligations and short-term investments held by a local banking institution. Money market and mutual funds are presented as investments with a maturity of less than one year because they are redeemable in full immediately.

Credit risk - credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town limits its investments to those authorized by Maine State Statutes, which authorize the Town to make deposits/investments in insured commercial banks, insured credit union and direct debt securities of the United States Government unless such an investment unless such an investment is expressly prohibited by law.

Note 3 - Property Taxes

Property taxes were assessed on April 1, 2012 and committed on July 31, 2012. Interest of 7.0% per annum is charged on delinquent taxes. Tax liens are recorded on property taxes remaining unpaid twelve months after the commitment date. Tax liens unpaid for a period of eighteen months expire and the property becomes tax acquired by the Town. For governmental funds, only property taxes which are intended to finance the current fiscal year and collected within 60 days subsequent to year-end are recorded as revenue. Accordingly, \$144,122 of the property taxes receivable have been classified as deferred tax revenue on the general fund balance sheet.

Note 4 - Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

| | <i>Beginning Balance</i> | <i>Increases</i> | <i>Decreases</i> | <i>Ending Balance</i> |
|---|------------------------------|------------------|------------------|---------------------------|
| <u>Governmental Activities:</u> | | | | |
| <u>Capital assets not being depreciated</u> | | | | |
| Land | \$461,164 | | | \$461,164 |
| <u>Capital assets being depreciated</u> | | | | |
| Land Improvements | \$252,831 | | | \$252,831 |
| Buildings | \$7,803,768 | \$72,941 | | \$7,876,708 |
| Equipment | \$3,024,786 | \$163,831 | \$75,543 | \$3,113,073 |
| Infrastructure | \$12,229,904 | \$518,186 | \$809,273 | \$11,938,817 |
| <i>Total capital assets being depreciated</i> | <u>\$23,311,289</u> | <u>\$754,958</u> | <u>\$884,817</u> | <u>\$23,181,430</u> |
| <u>Less accumulated depreciation for</u> | | | | |
| Land Improvements | \$99,881 | \$15,966 | | \$115,846 |
| Buildings | \$1,882,538 | \$160,068 | | \$2,042,605 |
| Equipment | \$1,234,800 | \$185,273 | \$74,464 | \$1,345,609 |
| Infrastructure | \$5,590,393 | \$253,646 | | \$5,844,038 |
| <i>Total accumulated depreciation</i> | <u>\$8,807,611</u> | <u>\$614,952</u> | <u>\$74,464</u> | <u>\$9,348,099</u> |
| <i>Net capital assets being depreciated</i> | <u>\$14,503,678</u> | <u>\$140,006</u> | <u>\$810,352</u> | <u>\$13,833,331</u> |
| <u>Governmental Activities, Capital Assets, net</u> | <u>\$14,964,842</u> | <u>\$140,006</u> | <u>\$810,352</u> | <u>\$14,294,495</u> |

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|--------------------|------------------|---------------------------|
| <u>Business-type Activities:</u> | | | | |
| <u>Capital assets not being depreciated</u> | | | | |
| Land | \$52,805 | | | \$52,805 |
| <u>Capital assets being depreciated</u> | | | | |
| Water System | \$5,597,997 | \$737,948 | | \$6,335,945 |
| Sewer System | \$4,890,017 | \$439,486 | | \$5,329,503 |
| <u>Total capital assets being depreciated</u> | <u>\$10,488,014</u> | <u>\$1,177,434</u> | <u>\$0</u> | <u>\$11,665,448</u> |
| <u>Less accumulated depreciation for</u> | | | | |
| Water System | \$1,813,939 | \$123,651 | | \$1,937,590 |
| Sewer System | \$2,650,602 | \$158,213 | | \$2,808,815 |
| <u>Total accumulated depreciation</u> | <u>\$4,464,541</u> | <u>\$281,864</u> | <u>\$0</u> | <u>\$4,746,405</u> |
| <u>Net capital assets being depreciated</u> | <u>\$6,023,474</u> | <u>\$895,570</u> | <u>\$0</u> | <u>\$6,919,043</u> |
| <u>Business-type Activities, Capital Assets, net</u> | <u>\$6,076,279</u> | <u>\$895,570</u> | <u>\$0</u> | <u>\$6,971,848</u> |

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

Governmental Activities

| | |
|---|------------------|
| General Government | \$8,394 |
| Protection | \$124,363 |
| Education | \$156,866 |
| Transportation, including depreciation of general infrastructure assets | \$311,852 |
| Unclassified | \$13,476 |
| <u>Total Depreciation Expense - Governmental Activities</u> | <u>\$614,952</u> |

Business-Type Activities

| | |
|------------------|------------------|
| Water Department | \$123,651 |
| Sewer Department | \$158,213 |
| | <u>\$281,864</u> |

Note 5 - Interfund Balances and Activity

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. They are classified as Due from Other Funds, with an offsetting payable classified as Due to Other Funds. At June 30, 2013, the due to/from balances consisted of the following:

| <u>Due to</u> | <u>Due from</u> | | | | |
|------------------|-------------------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | <u>General Fund</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Water Department</u> | <u>Sewer Department</u> |
| General Fund | \$0 | \$41,666 | \$0 | \$119,109 | \$583,987 |
| Special Revenue | \$1,469,306 | \$0 | \$0 | \$0 | \$0 |
| Capital Projects | \$27,530 | \$0 | \$0 | \$0 | \$0 |
| Water Department | \$0 | \$0 | \$0 | \$0 | \$0 |
| Sewer Department | \$112 | \$0 | \$0 | \$0 | \$0 |
| | <u>\$1,496,947</u> | <u>\$41,666</u> | <u>\$0</u> | <u>\$119,109</u> | <u>\$583,987</u> |

On the proprietary fund statement of net position, the Water Department due from the general fund balance is \$0 and the due to the general fund balance is \$51,379. The amounts reported on the proprietary fund statement of net position for the Water Department are as of its year-ended December 31, 2012. The amounts listed above are as of June 30, 2013 and correspond to the amounts reported on the governmental fund statement of net position.

The general fund balance due to special revenue funds represents special revenue fund reserves for which the cash balance for those reserves is accounted for on the general fund. These amounts will be repaid as needed for those reserve projects. The general fund balance due to capital project fund will be repaid within the next year. The general fund balance due to water and sewer represents cash collections of user fees that are deposited into the general fund checking account and will be repaid within the next year. The general fund due from water and sewer represents cash paid on behalf of those departments by the general fund for payroll and other expenses. These amounts are not expected to be fully repaid within the next year, so a portion of these receivables have been reserved and recorded as Restriction Due to Noncurrent Assets, which is accounted for in the restricted net position on the general fund balance sheet.

Operating transfers in and out represent the transfer of funds for reserve appropriations, school department transfers to the school department reserves, and transfer of capital assets and associated debt to the water and sewer departments.

Note 6 - Long-Term Debt

General obligation bonds and notes are direct obligations and pledge the full faith and credit of the Town of Southwest Harbor, Maine. The following is a summary of the Town's long-term debt transactions for the year ended June 30, 2013:

| <u>Current Year Debt Activity:</u> | <u>General Fund</u> | <u>Enterprise Funds</u> | <u>Total</u> |
|--|-------------------------|-----------------------------|--------------------|
| <u>Debt Outstanding at July 1, 2012</u> | \$5,249,157 | \$3,641,178 | \$8,890,334 |
| <u>New Debt Issued</u> | \$0 | \$696,354 | \$696,354 |
| <u>Debt Forgiven</u> | \$0 | (\$139,271) | (\$139,271) |
| <u>Retirements and repayments</u> | <u>(\$557,334)</u> | <u>(\$264,342)</u> | <u>(\$821,676)</u> |
| <u>Debt Outstanding at June 30, 2013</u> | <u>\$4,691,822</u> | <u>\$3,933,919</u> | <u>\$8,625,741</u> |

| <u>Purpose</u> | <u>Dated</u> | <u>Payments</u> | <u>Interest Rate</u> | <u>Balance</u> |
|---|--------------|-------------------|----------------------|----------------|
| <u>General Long-Term Debt</u> | | | | |
| <u>School Construction:</u> | 5/1/2000 | Principal Payment | 5.028%-5.903% | \$2,088,400 |
| Maine Municipal Bond Bank | | \$261,050 | | |
| <u>Legette Property Purchase:</u> | 12/6/2002 | Principal Payment | 4.35% | \$0 |
| First National Bank | | \$21,025 | | |
| <u>New Fire Station</u> | 5/26/2005 | Principal Payment | 4.75% | \$792,000 |
| Maine Municipal Bond Bank | | \$44,000 | | |
| <u>Police Station Renovation</u> | 3/24/2010 | Fixed Payment | 4.00% | \$357,603 |
| U.S.D.A. Rural Development | | \$22,375 | | |
| <u>Lower Town Dock</u> | 11/15/2010 | Principal Payment | 3.23% | \$50,000 |
| Bar Harbor Bank & Trust | | \$25,000 | | |
| <u>Wesley Ave/Mansell Lane Project</u> | 10/28/2010 | Varies | 0.831%-5.094% | \$793,812 |
| Maine Municipal Bond Bank | | | | |
| <u>Fire Truck</u> | 9/20/2011 | Principal Payment | 3.08% | \$593,951 |
| Androscoggin Bank | | \$75,000 | | |
| <u>School Department Copier Lease (Capital Lease)</u> | 5/1/2011 | Varies | 3.29% | \$16,056 |
| Gorham Leasing | | | | |
| <u>Enterprise Funds</u> | | | | |
| <u>Sewer Department:</u> | 10/28/2010 | Principal Payment | 2.000%-5.500% | \$1,100,210 |
| Maine Municipal Bond Bank | | \$53,805 | | |
| <u>Sewer Department Clarifiers</u> | 3/4/2011 | Principal Payment | 2.89%-3.89% | \$81,000 |
| Bar Harbor Bank & Trust | | \$27,000 | | |
| <u>Sewer Department Wesley Ave/Mansell Lane Project</u> | 10/28/2010 | Varies | 0.831%-5.094% | \$384,560 |
| Maine Municipal Bond Bank | | | | |
| <u>Water Department:</u> | 10/28/2010 | Varies | 2.000%-5.500% | \$904,722 |
| Maine Municipal Bond Bank | | | | |
| <u>Drinking Water</u> | 7/21/2009 | Principal Payment | 0.00% | \$204,666 |
| Maine Municipal Bond Bank | | \$12,404 | | |

| | | | | |
|---|------------|-------------------|---------------|--------------------|
| <u>Drinking Water</u> | 7/21/2009 | Principal Payment | 0.00% | \$365,327 |
| Maine Municipal Bond Bank | | \$22,141 | | |
| <u>Water Department Wesley Ave/Mansell Lane Project</u> | 10/28/2010 | Varies | 0.831%-5.094% | \$354,921 |
| Maine Municipal Bond Bank | | | | |
| <u>Water Department Water Tank</u> | 9/5/2012 | Principal Payment | 0.00% | \$538,514 |
| Maine Municipal Bond Bank | | \$18,569 | | |
| | | | | <u>\$8,625,741</u> |

Presented below is a summary of debt service requirements along with estimated interest:

| Governmental Activities | | | |
|-------------------------|--------------------|--------------------|--------------------|
| <i>Year</i> | <i>Principal</i> | <i>Interest</i> | <i>Total</i> |
| 2014 | \$456,107 | \$202,576 | \$658,684 |
| 2015 | \$456,934 | \$181,604 | \$638,538 |
| 2016 | \$432,843 | \$159,589 | \$592,432 |
| 2017 | \$428,141 | \$139,545 | \$567,686 |
| 2018 | \$429,104 | \$121,121 | \$550,225 |
| 2019-2023 | \$1,485,048 | \$340,552 | \$1,825,601 |
| 2024-2028 | \$519,125 | \$171,625 | \$690,750 |
| 2029-2033 | \$367,253 | \$55,690 | \$422,944 |
| 2034-2038 | \$95,784 | \$16,091 | \$111,875 |
| 2039-2042 | \$21,483 | \$859 | \$22,342 |
| <i>Totals</i> | <u>\$4,691,822</u> | <u>\$1,389,255</u> | <u>\$6,081,077</u> |

| Business-Type Activities | | | |
|--------------------------|--------------------|------------------|--------------------|
| <i>Year</i> | <i>Principal</i> | <i>Interest</i> | <i>Total</i> |
| 2014 | \$249,803 | \$71,769 | \$321,571 |
| 2015 | \$250,113 | \$65,479 | \$315,592 |
| 2016 | \$250,483 | \$61,476 | \$311,959 |
| 2017 | \$223,926 | \$57,648 | \$281,574 |
| 2018 | \$224,485 | \$40,768 | \$265,252 |
| 2019-2023 | \$1,063,520 | \$215,803 | \$1,279,324 |
| 2024-2028 | \$920,896 | \$133,814 | \$1,054,710 |
| 2029-2033 | \$559,461 | \$47,913 | \$607,373 |
| 2034-2038 | \$116,954 | \$1,063 | \$118,017 |
| 2039-2042 | \$74,278 | \$0 | \$74,278 |
| <i>Totals</i> | <u>\$3,933,919</u> | <u>\$695,731</u> | <u>\$4,629,650</u> |

Note 7 - Obligation Under Contracted Salaries

The Southwest Harbor School Department's teaching staff operate under contracts which are on a different fiscal year than the Town. The teacher contracts are on a September through August fiscal year as compared to a July through June fiscal year for the Town. At June 30, 2013, the Town is obligated for July and August 2013 contracted salaries and related benefits for these contracted employees. This obligation has been recorded on the general fund financial statement.

Note 8 - Pension Plans

Most employees of the School District participate in the Maine Public Employees Retirement System. The Maine Public Employees Retirement System is a multiple-employer, cost-sharing pension plan. Benefits provided by the Maine Public Employees Retirement System arise from employee and employer contributions determined on a statutory actuarial reserve basis.

School District employees are eligible for normal retirement at age 60, provided that they have 25 years of service credited under the System. School District employees over age 60 who become permanently disabled receive normal retirement benefits. School District employees under the age of 60 who become permanently disabled receive 2/3 of their average final compensation, reduced by other forms of disability benefits received.

School Department employees contribute 7.65% of their salaries to the Retirement System while the School Department's share is the responsibility of the State of Maine. The School Department is responsible for the employer contributions for employees paid

with Federal funds. The cost of these benefits is charged to the applicable Federally funded program. Employer contributions made to the pool are made by the State, at a rate of 14.32%. A financial report for the Maine Public Employees Retirement System can be obtained at Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046.

Full time municipal employees, not covered under the Maine Public Employees Retirement System can elect to participate in Internal Revenue Code Section 401 and 457 pension plans. The plans are covered by ICMA Retirement Corporation. Employees who elect coverage under the 401 plan contribute 6% of their salary to the plan. The Town contributes 6% to the plan. Employees who elect coverage under the Section 457 plan can contribute up to \$17,000 in 2012 and \$17,500 in 2013. The Town's costs totaled \$20,925 for the fiscal year ended June 30, 2013.

Note 9 - Restricted Net Position

The Town reports restricted net position totaling \$869,973 on its statements of net position. This restricted net position represents the nonspendable and restricted fund balances detailed in the Governmental Fund Balances note above.

Note 10 - Deficit Net Position

The Sewer Department enterprise fund had a net position deficit as of June 30, 2013 of \$(391,158). This deficit is expected to be reduced through future fee collections. The Town significantly increased the sewer rates in 2010-2011 to start funding the deficit.

Note 11 - Commitment and Contingencies

The School Department participates in a number of federal and state assisted grant programs. These programs are subject to financial and compliance audits. The amount of expenditures, if any, which may be disallowed by the granting agencies is not determinable at this time, however, the School Department does not believe such amounts would be significant.

Note 12 - Participation in Public Entity Risk Pool

The Town participates in Public Entity Risk Pools for the purposes of Workers Compensation Insurance. The Public Entity Risk Pool is administered by the Maine Municipal Association. The Public Entity Risk Pools were established for the purposes of lowering costs for member are for developing specific programs to control losses. Member pay annual premiums to the Maine Municipal Association for the participation in the respective program.

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters for which the Town carries municipal and commercial insurance. Based on the coverage provided by this insurance, the Town is not aware of any material actual and potential claim liabilities which should be recorded at June 30, 2013.

Note 13 - Pending Litigation

According to legal counsel, there are no matters that would result in adverse losses, claims, or assessments against the Town of Southwest Harbor, Maine through the date of the audit report.

TOWN OF SOUTHWEST HARBOR, MAINE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(Exhibit X)

| | <i>Original Budget</i> | <i>Budget</i> | <i>Actual</i> | <i>Variance Favorable (Unfavorable)</i> |
|---|----------------------------|--------------------|--------------------|---|
| <u>Revenues:</u> | | | | |
| Tax Revenues, Including Homestead Exemption | \$7,203,342 | \$7,203,342 | \$7,206,905 | \$3,563 |
| Excise Taxes | \$336,000 | \$336,000 | \$354,422 | \$18,422 |
| Interest Earned | \$20,000 | \$20,000 | \$12,496 | (\$7,504) |
| Interest on Delinquent Taxes | \$22,000 | \$22,000 | \$24,081 | \$2,081 |
| Docks & Floats Rentals | \$75,300 | \$75,300 | \$84,389 | \$9,089 |
| Solid Waste Revenue | \$50,000 | \$50,000 | \$44,644 | (\$5,356) |
| Permits, Fees & Other Revenues | \$99,583 | \$99,583 | \$129,365 | \$29,782 |
| <u>Total Revenues</u> | <u>\$7,806,225</u> | <u>\$7,806,225</u> | <u>\$7,856,302</u> | <u>\$50,077</u> |
| <u>Expenditures:</u> | | | | |
| General Government | \$428,418 | \$428,418 | \$344,485 | \$83,933 |
| Protection | \$1,058,091 | \$1,058,091 | \$993,431 | \$64,660 |
| Health & Sanitation | \$391,500 | \$391,500 | \$353,712 | \$37,788 |
| Highways & Bridges | \$441,516 | \$441,516 | \$365,748 | \$75,768 |
| Education | \$4,136,912 | \$4,136,912 | \$4,309,844 | (\$172,932) |
| Unclassified | \$205,585 | \$205,585 | \$201,200 | \$4,385 |
| Assessments | \$688,213 | \$688,213 | \$568,548 | \$119,665 |
| <u>Total Expenditures</u> | <u>\$7,350,235</u> | <u>\$7,350,235</u> | <u>\$7,136,968</u> | <u>\$213,267</u> |
| <u>Excess Revenues Over Expenditures</u> | <u>\$455,990</u> | <u>\$455,990</u> | <u>\$719,334</u> | <u>\$263,344</u> |
| <u>Other Financing Sources (Uses):</u> | | | | |
| Operating Transfers In | \$80,400 | \$80,400 | \$789,891 | \$709,491 |
| Operating Transfers Out | (\$536,390) | (\$548,390) | (\$1,265,653) | (\$717,263) |
| <u>Total Other Financing Sources (Uses)</u> | <u>(\$455,990)</u> | <u>(\$467,990)</u> | <u>(\$475,762)</u> | <u>(\$7,772)</u> |
| <u>Excess Revenues and Other Sources Over Expenditures and Other Uses</u> | <u>\$0</u> | <u>(\$12,000)</u> | <u>\$243,572</u> | <u>\$255,572</u> |
| <u>Beginning Fund Balances</u> | <u>\$2,426,677</u> | <u>\$2,426,677</u> | <u>\$2,426,677</u> | <u>\$0</u> |
| <u>Ending Fund Balances</u> | <u>\$2,426,677</u> | <u>\$2,414,677</u> | <u>\$2,670,249</u> | <u>\$255,572</u> |

The Notes to the Financial Statements are an Integral Part of this Statement

TOWN OF SOUTHWEST HARBOR, MAINE
SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(Exhibit A-1, Page 1 of 3)

| <i>Department</i> | <i>Beginning Balance</i> | <i>Budget</i> | <i>Operating Transfers In</i> | <i>Total Available</i> | <i>General Fund Expenditures</i> | <i>Operating Transfers Out</i> | <i>Lapsed Unexpended (Overdraft)</i> | <i>Ending Balance</i> |
|-----------------------------------|------------------------------|---------------|-----------------------------------|----------------------------|--|------------------------------------|--|---------------------------|
| <i>General Government:</i> | | | | | | | | |
| Administration | \$0 | \$313,630 | \$0 | \$313,630 | \$280,319 | \$0 | \$33,311 | \$0 |
| Assessing & Planning | \$0 | \$83,306 | \$0 | \$83,306 | \$66,333 | \$0 | \$16,973 | \$0 |
| Wage & Benefit Reserve | \$0 | \$10,000 | \$0 | \$10,000 | \$0 | \$10,000 | \$0 | \$0 |
| Legal & Accounting Reserve | \$0 | \$9,000 | \$0 | \$9,000 | \$0 | \$9,000 | \$0 | \$0 |
| Professional Development Reserve | \$0 | \$11,450 | \$0 | \$11,450 | \$0 | \$11,450 | \$0 | \$0 |
| Map Update Reserve | \$0 | \$1,500 | \$0 | \$1,500 | \$0 | \$1,500 | \$0 | \$0 |
| Municipal Software Reserve | \$0 | \$3,371 | \$0 | \$3,371 | \$0 | \$3,371 | \$0 | \$0 |
| Vote Counter Reserve | \$0 | \$700 | \$0 | \$700 | \$0 | \$700 | \$0 | \$0 |
| Administration Reserve | \$0 | \$595 | \$0 | \$595 | \$0 | \$595 | \$0 | \$0 |
| Cable Access Reserve | \$0 | \$571 | \$0 | \$571 | \$0 | \$571 | \$0 | \$0 |
| Record Preservation Reserve | \$0 | \$796 | \$0 | \$796 | \$0 | \$796 | \$0 | \$0 |
| Municipal Offices | \$0 | \$30,407 | \$0 | \$30,407 | \$21,981 | \$0 | \$8,426 | \$0 |
| Municipal Reserves | \$0 | \$2,000 | \$0 | \$2,000 | \$0 | \$2,000 | \$0 | \$0 |
| Unemployment Reserve | \$0 | \$10,000 | \$0 | \$10,000 | \$0 | \$10,000 | \$0 | \$0 |
| Conservation Commission | \$0 | \$1,075 | \$0 | \$1,075 | \$850 | \$0 | \$225 | \$0 |
| | \$0 | \$478,401 | \$0 | \$478,401 | \$369,485 | \$49,983 | \$38,933 | \$0 |
| <i>Protection:</i> | | | | | | | | |
| Fire Department | \$0 | \$83,832 | \$0 | \$83,832 | \$78,756 | \$0 | \$5,076 | \$0 |
| SCBA Reserve | \$0 | \$3,425 | \$0 | \$3,425 | \$0 | \$3,425 | \$0 | \$0 |
| Ford Rescue/Mini Pumper | \$0 | \$10,864 | \$0 | \$10,864 | \$0 | \$10,864 | \$0 | \$0 |
| Ford Pick Up Reserve | \$0 | \$7,335 | \$0 | \$7,335 | \$0 | \$7,335 | \$0 | \$0 |
| Dispatch Service | \$0 | \$260,866 | \$0 | \$260,866 | \$232,217 | \$0 | \$28,649 | \$0 |
| Dispatch Console Reserve | \$0 | \$1,000 | \$0 | \$1,000 | \$0 | \$1,000 | \$0 | \$0 |
| Dispatch Security Cameras Reserve | \$0 | \$500 | \$0 | \$500 | \$0 | \$500 | \$0 | \$0 |
| Dispatch Communication Reserve | \$0 | \$1,900 | \$0 | \$1,900 | \$0 | \$1,900 | \$0 | \$0 |
| Hydrant Rental | \$0 | \$201,025 | \$0 | \$201,025 | \$201,025 | \$0 | \$0 | \$0 |
| Police Protection | \$0 | \$449,501 | \$0 | \$449,501 | \$429,283 | \$0 | \$20,218 | \$0 |
| Police Cruiser Reserve | \$0 | \$2,700 | \$0 | \$2,700 | \$0 | \$2,700 | \$0 | \$0 |
| Police 07 Ford Expedition Reserve | \$0 | \$8,500 | \$0 | \$8,500 | \$0 | \$8,500 | \$0 | \$0 |
| Police In Car Camera Reserve | \$0 | \$194 | \$0 | \$194 | \$0 | \$194 | \$0 | \$0 |
| Police Speed Trailer Reserve | \$0 | \$2,500 | \$0 | \$2,500 | \$0 | \$2,500 | \$0 | \$0 |
| Street Lights | \$0 | \$25,895 | \$0 | \$25,895 | \$22,848 | \$0 | \$3,047 | \$0 |
| Insurance | \$0 | \$36,972 | \$0 | \$36,972 | \$29,284 | \$0 | \$7,688 | \$0 |
| | \$0 | \$1,097,009 | \$0 | \$1,097,009 | \$993,414 | \$38,918 | \$64,677 | \$0 |
| <i>Health & Sanitation:</i> | | | | | | | | |
| Solid Waste / Recycling | \$0 | \$380,000 | \$0 | \$380,000 | \$351,963 | \$0 | \$28,037 | \$0 |
| Waste Prevention Committee | \$0 | \$500 | \$0 | \$500 | \$0 | \$0 | \$500 | \$0 |
| Acadia Disposal District | \$0 | \$11,000 | \$0 | \$11,000 | \$1,749 | \$0 | \$9,251 | \$0 |
| | \$0 | \$391,500 | \$0 | \$391,500 | \$353,712 | \$0 | \$37,788 | \$0 |

TOWN OF SOUTHWEST HARBOR, MAINE
SCHEDULE OF DEPARTMENTAL OPERATIONS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(Exhibit A-1, Page 2 of 3)

| <u>Department</u> | <u>Beginning Balance</u> | <u>Budget</u> | <u>Operating Transfers In</u> | <u>Total Available</u> | <u>General Fund Expenditures</u> | <u>Operating Transfers Out</u> | <u>Lapsed Unexpended (Overdraft)</u> | <u>Ending Balance</u> |
|--------------------------------------|------------------------------|---------------|-----------------------------------|----------------------------|--|------------------------------------|--|---------------------------|
| <u>Highways & Bridges:</u> | | | | | | | | |
| Highway Department | \$0 | \$334,016 | \$0 | \$334,016 | \$328,147 | \$0 | \$5,869 | \$0 |
| Parking Lot Maintenance | \$0 | \$0 | \$0 | \$0 | \$579 | \$0 | (\$579) | \$0 |
| Highway 1 Ton Pickup Reserve | \$0 | \$8,200 | \$0 | \$8,200 | \$0 | \$8,200 | \$0 | \$0 |
| Highway #2 Plow Truck Reserve | \$0 | \$10,848 | \$0 | \$10,848 | \$0 | \$10,848 | \$0 | \$0 |
| John Deere Loader Reserve | \$0 | \$6,150 | \$0 | \$6,150 | \$0 | \$6,150 | \$0 | \$0 |
| Highway Garage Reserve | \$0 | \$10,000 | \$0 | \$10,000 | \$0 | \$10,000 | \$0 | \$0 |
| Road Projects Reserve | \$0 | \$120,000 | \$0 | \$120,000 | \$0 | \$120,000 | \$0 | \$0 |
| Sidewalks Projects Reserve | \$0 | \$10,000 | \$0 | \$10,000 | \$0 | \$10,000 | \$0 | \$0 |
| John Deere Tractor Reserve | \$0 | \$11,605 | \$0 | \$11,605 | \$0 | \$11,605 | \$0 | \$0 |
| Parking Lot Reserve | \$0 | \$10,000 | \$0 | \$10,000 | \$0 | \$10,000 | \$0 | \$0 |
| Sidewalk Plow/Blower Reserve | \$0 | \$6,000 | \$0 | \$6,000 | \$0 | \$6,000 | \$0 | \$0 |
| John Deere Lawn Mower Reserve | \$0 | \$500 | \$0 | \$500 | \$0 | \$500 | \$0 | \$0 |
| Sup Pile Reserve | \$0 | \$6,975 | \$0 | \$6,975 | \$0 | \$6,975 | \$0 | \$0 |
| Sil Pile Reserve | \$0 | \$450 | \$0 | \$450 | \$0 | \$450 | \$0 | \$0 |
| Water Tank Replacement | \$0 | \$0 | \$0 | \$0 | \$610,972 | \$0 | (\$610,972) | \$0 |
| Water/Sewer Infrastructure Reserve | \$0 | \$100,000 | \$0 | \$100,000 | \$0 | \$100,000 | \$0 | \$0 |
| Street Sweeper Reserve | \$0 | \$8,571 | \$0 | \$8,571 | \$0 | \$8,571 | \$0 | \$0 |
| Pressurized Line Striper Reserve | \$0 | \$1,100 | \$0 | \$1,100 | \$0 | \$1,100 | \$0 | \$0 |
| Docks & Floats | \$0 | \$107,500 | \$0 | \$107,500 | \$91,985 | \$0 | \$15,515 | \$0 |
| Boat Motor Reserve | \$0 | \$664 | \$0 | \$664 | \$0 | \$664 | \$0 | \$0 |
| 4 x 16 Spruce Manset Reserve | \$0 | \$3,290 | \$0 | \$3,290 | \$0 | \$3,290 | \$0 | \$0 |
| Hoist Upgrade Reserve | \$0 | \$8,500 | \$0 | \$8,500 | \$0 | \$8,500 | \$0 | \$0 |
| Manset Float Bridge Reserve | \$0 | \$300 | \$0 | \$300 | \$0 | \$300 | \$0 | \$0 |
| Harbor Master Office Reserve | \$0 | \$1,000 | \$0 | \$1,000 | \$0 | \$1,000 | \$0 | \$0 |
| Cross Bracing Replacement | \$0 | \$2,772 | \$0 | \$2,772 | \$0 | \$2,772 | \$0 | \$0 |
| Manset Electrical Conduit Reserve | \$0 | \$475 | \$0 | \$475 | \$0 | \$475 | \$0 | \$0 |
| Harbor Reserves | \$0 | \$13,622 | \$0 | \$13,622 | \$0 | \$13,622 | \$0 | \$0 |
| Deck Planking Reserve | \$0 | \$6,305 | \$0 | \$6,305 | \$0 | \$6,305 | \$0 | \$0 |
| Ramp Resurfacing Reserve | \$0 | \$3,987 | \$0 | \$3,987 | \$0 | \$3,987 | \$0 | \$0 |
| Catwalk/Step Replacement | \$0 | \$2,700 | \$0 | \$2,700 | \$0 | \$2,700 | \$0 | \$0 |
| | \$0 | \$795,530 | \$0 | \$795,530 | \$1,031,683 | \$354,014 | (\$590,167) | \$0 |
| <u>Assessments and Debt Service:</u> | | | | | | | | |
| New Fire Station Debt | \$0 | \$80,580 | \$0 | \$80,580 | \$77,275 | \$0 | \$3,305 | \$0 |
| Legette Property Bond | \$0 | \$21,916 | \$0 | \$21,916 | \$21,820 | \$0 | \$96 | \$0 |
| Lower Town Dock Bond | \$0 | \$27,432 | \$0 | \$27,432 | \$27,432 | \$0 | (\$0) | \$0 |
| Fire Truck Bond | \$0 | \$99,333 | \$0 | \$99,333 | \$97,587 | \$0 | \$1,746 | \$0 |
| Police Station Renovation Bond | \$0 | \$22,375 | \$0 | \$22,375 | \$22,375 | \$0 | \$0 | \$0 |
| Sewer Clarifiers Bond | \$0 | \$31,077 | \$0 | \$31,077 | \$0 | \$31,077 | \$0 | \$0 |
| Wesley-Mansell Project Bond | \$0 | \$110,089 | \$0 | \$110,089 | \$106,330 | \$0 | \$3,759 | \$0 |
| Water Tank Bond | \$0 | \$5,500 | \$0 | \$5,500 | \$18,569 | \$0 | (\$13,069) | \$0 |
| Overlay | \$0 | \$112,569 | \$0 | \$112,569 | \$0 | \$0 | \$112,569 | \$0 |
| Hancock County Taxes | \$0 | \$267,013 | \$0 | \$267,013 | \$267,012 | \$0 | \$1 | \$0 |
| | \$0 | \$777,884 | \$0 | \$777,884 | \$638,401 | \$31,077 | \$108,406 | \$0 |

TOWN OF SOUTHWEST HARBOR, MAINE
SCHEDULE OF DEPARTMENTAL OPERATIONS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

| <u>Department</u> | <u>Beginning Balance</u> | <u>Budget</u> | <u>Operating Transfers In</u> | <u>Total Available</u> | <u>General Fund Expenditures</u> | <u>Operating Transfers Out</u> | <u>Lapsed Unexpended (Overdraft)</u> | <u>Ending Balance</u> |
|------------------------------|------------------------------|--------------------|-----------------------------------|----------------------------|--|------------------------------------|--|---------------------------|
| <u>Education:</u> | | | | | | | | |
| Elementary School | \$172,759 | \$2,876,660 | \$98,466 | \$3,147,885 | \$3,045,842 | \$3,750 | \$0 | \$98,293 |
| School Security Reserve | \$0 | \$12,000 | \$0 | \$12,000 | \$0 | \$12,000 | \$0 | \$0 |
| School Union #98 | \$0 | \$1,264,002 | \$0 | \$1,264,002 | \$1,264,002 | \$0 | \$0 | \$0 |
| | <u>\$172,759</u> | <u>\$4,152,662</u> | <u>\$98,466</u> | <u>\$4,423,887</u> | <u>\$4,309,844</u> | <u>\$15,750</u> | <u>\$0</u> | <u>\$98,293</u> |
| <u>Unclassified:</u> | | | | | | | | |
| Board of Appeals | \$0 | \$1,000 | \$0 | \$1,000 | \$219 | \$0 | \$781 | \$0 |
| Comprehensive Plan Committee | \$0 | \$500 | \$0 | \$500 | \$0 | \$0 | \$500 | \$0 |
| Harbor Committee | \$0 | \$1,000 | \$0 | \$1,000 | \$0 | \$0 | \$1,000 | \$0 |
| Planning Board | \$0 | \$2,000 | \$0 | \$2,000 | \$588 | \$0 | \$1,412 | \$0 |
| Shellfish Committee | \$0 | \$0 | \$0 | \$0 | \$567 | \$0 | (\$567) | \$0 |
| Tree Fund | \$0 | \$2,000 | \$0 | \$2,000 | \$2,000 | \$0 | \$0 | \$0 |
| Warrant Committee | \$0 | \$500 | \$0 | \$500 | \$3 | \$0 | \$497 | \$0 |
| Boards & Committees | \$0 | \$0 | \$0 | \$0 | \$198 | \$0 | (\$198) | \$0 |
| Shellfish Reserve | \$0 | \$54 | \$0 | \$54 | \$0 | \$54 | \$0 | \$0 |
| Generator | \$0 | \$1,000 | \$0 | \$1,000 | \$363 | \$0 | \$637 | \$0 |
| General Assistance | \$0 | \$5,000 | \$0 | \$5,000 | \$4,709 | \$0 | \$291 | \$0 |
| Bar Harbor Food Pantry | \$0 | \$2,500 | \$0 | \$2,500 | \$2,500 | \$0 | \$0 | \$0 |
| Downeast Horizons | \$0 | \$1,800 | \$0 | \$1,800 | \$1,800 | \$0 | \$0 | \$0 |
| Eastern Area on Aging | \$0 | \$1,500 | \$0 | \$1,500 | \$1,500 | \$0 | \$0 | \$0 |
| Hancock County Homecare | \$0 | \$1,870 | \$0 | \$1,870 | \$1,870 | \$0 | \$0 | \$0 |
| Harbor House | \$0 | \$56,340 | \$0 | \$56,340 | \$56,340 | \$0 | (\$0) | \$0 |
| Hospice of Hancock County | \$0 | \$600 | \$0 | \$600 | \$600 | \$0 | \$0 | \$0 |
| Island Connections | \$0 | \$2,000 | \$0 | \$2,000 | \$2,000 | \$0 | \$0 | \$0 |
| Island Explorer | \$0 | \$10,000 | \$0 | \$10,000 | \$10,000 | \$0 | \$0 | \$0 |
| Library | \$0 | \$55,000 | \$0 | \$55,000 | \$55,000 | \$0 | \$0 | \$0 |
| Nursing Service | \$0 | \$57,840 | \$0 | \$57,840 | \$57,840 | \$0 | \$0 | \$0 |
| WHCA | \$0 | \$635 | \$0 | \$635 | \$635 | \$0 | \$0 | \$0 |
| MDI Comm. Campfire Coalition | \$0 | \$2,500 | \$0 | \$2,500 | \$2,500 | \$0 | \$0 | \$0 |
| | <u>\$0</u> | <u>\$205,639</u> | <u>\$0</u> | <u>\$205,639</u> | <u>\$201,233</u> | <u>\$54</u> | <u>\$4,352</u> | <u>\$0</u> |
| <u>TOTALS</u> | <u>\$172,759</u> | <u>\$7,898,625</u> | <u>\$98,466</u> | <u>\$8,169,850</u> | <u>\$7,897,772</u> | <u>\$489,796</u> | <u>(\$316,010)</u> | <u>\$98,293</u> |

TOWN OF SOUTHWEST HARBOR, MAINE
SCHEDULE OF RESERVE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(Exhibit A-2, Page 1 of 3)

| <i>Town Funds</i> | <i>Beginning Balance</i> | <i>Revenues</i> | <i>Transfers from Funds</i> | <i>Interest Earned</i> | <i>Expenditures</i> | <i>Transfers to Funds</i> | <i>Ending Balance</i> |
|---------------------------------|------------------------------|-------------------------|-------------------------------------|----------------------------|------------------------|-------------------------------|---------------------------|
| State Revenue Sharing | \$17,115 | \$79,154 | \$0 | \$0 | \$0 | \$65,000 | \$31,269 |
| Wage & Benefit | \$0 | \$0 | \$10,000 | \$19 | \$0 | \$0 | \$10,019 |
| Docks & Floats | \$17 | \$0 | \$0 | \$0 | \$0 | \$17 | \$0 |
| Abatements | \$0 | \$0 | \$15,000 | \$0 | \$0 | \$0 | \$15,000 |
| Legal and Accounting | \$22,845 | \$0 | \$14,000 | \$89 | \$7,990 | \$0 | \$28,944 |
| Professional Development | \$4,716 | \$0 | \$11,450 | \$18 | \$11,227 | \$0 | \$4,957 |
| Highway Garage | \$37,684 | \$0 | \$0 | \$78 | \$0 | \$37,762 | \$0 |
| Parking Lot Maintenance | \$2 | \$0 | \$0 | \$0 | \$0 | \$2 | \$0 |
| D.A.R.E. Program | \$119 | \$45 | \$0 | \$0 | \$0 | \$0 | \$164 |
| Public Safety Site | \$1 | \$0 | \$0 | \$0 | \$0 | \$1 | \$0 |
| Comprehensive Planning | \$1,557 | \$0 | \$0 | \$2 | \$0 | \$1,559 | \$0 |
| Unemployment | (\$81) | \$0 | \$20,000 | \$17 | \$694 | \$0 | \$19,242 |
| Loader & Snow Equipment | \$3 | \$0 | \$0 | \$0 | \$0 | \$3 | \$0 |
| Revaluation | \$15,285 | \$0 | \$0 | \$32 | \$0 | \$15,316 | \$0 |
| Shellfish | \$3,763 | \$567 | \$87 | \$11 | \$67 | \$400 | \$3,961 |
| State Highway Aid | \$9,418 | \$0 | \$0 | \$7 | \$0 | \$9,425 | \$0 |
| Storm Drains | \$4,076 | \$0 | \$0 | \$5 | \$295 | \$3,786 | \$0 |
| Junior Fire Department | \$127 | \$0 | \$0 | \$0 | \$0 | \$0 | \$127 |
| Sidewalk Fund | \$6 | \$0 | \$0 | \$0 | \$0 | \$6 | (\$0) |
| Municipal Building Improvements | \$15,567 | \$0 | \$0 | \$32 | \$165 | \$15,434 | \$0 |
| Map Update | \$0 | \$0 | \$1,500 | \$3 | \$0 | \$0 | \$1,503 |
| Police Drug Enforcement | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Police Cruiser | \$4 | \$0 | \$0 | \$0 | \$0 | \$4 | \$0 |
| Police Equipment | \$199 | \$0 | \$0 | \$1 | \$200 | \$0 | \$0 |
| Public Safety Land | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Harbor Master Office | \$19,394 | \$0 | \$0 | \$40 | \$0 | \$19,434 | \$0 |
| Floats, Finger Float | \$8 | \$0 | \$0 | \$0 | \$0 | \$8 | \$0 |
| Harbor Master Boat | \$810 | \$0 | \$0 | \$1 | \$0 | \$811 | \$0 |
| Public Works Bathroom | \$14,068 | \$0 | \$0 | \$18 | \$0 | \$14,086 | \$0 |
| Dispatch Equipment | \$1 | \$0 | \$0 | \$0 | \$0 | \$1 | (\$0) |
| Swap Shop | \$2,588 | \$628 | \$0 | \$10 | \$44 | \$0 | \$3,183 |
| Lower Town Dock | \$6 | \$0 | \$0 | \$0 | \$0 | \$0 | \$6 |
| Radio Communication | \$12,003 | \$0 | \$0 | \$0 | \$0 | \$12,003 | \$0 |
| Antenna Relocation, etc. | \$15,112 | \$0 | \$0 | \$26 | \$5,346 | \$0 | \$9,792 |
| Emergency Maintenance | \$16 | \$0 | \$0 | \$0 | \$0 | \$16 | (\$0) |
| Fire Truck | \$41,145 | \$0 | \$0 | \$45 | \$0 | \$41,191 | \$0 |
| School Safety | \$0 | \$0 | \$12,000 | \$0 | \$0 | \$0 | \$12,000 |
| Safe Routes to School Grant | \$9,886 | \$0 | \$0 | \$0 | \$0 | \$0 | \$9,886 |
| Trail Grant | \$4,276 | \$0 | \$0 | \$0 | \$0 | \$0 | \$4,276 |
| Septic Tank Grant | \$131 | \$0 | \$0 | \$0 | \$0 | \$0 | \$131 |
| Wellness Grant | \$125 | \$0 | \$0 | \$0 | \$0 | \$0 | \$125 |
| Harbor House CDBG Grant | (\$0) | \$26,219 | \$0 | \$0 | \$26,219 | \$0 | (\$0) |
| Conservation Commission | \$103,686 | \$35,549 | \$0 | \$2,837 | \$26,436 | \$0 | \$115,636 |
| Police | \$1,752 | \$0 | \$0 | \$1 | \$0 | \$0 | \$1,753 |
| School Playground | \$1,847 | \$744 | \$0 | \$0 | \$35 | \$0 | \$2,556 |
| <u>Total Town Funds</u> | <u>\$359,276</u> | <u>\$142,906</u> | <u>\$84,037</u> | <u>\$3,294</u> | <u>\$78,717</u> | <u>\$236,264</u> | <u>\$274,532</u> |

| | | | | | | | |
|--------------------------------|----------|---------|----------|-------|----------|-----|-----------|
| <u>CIP Funds</u> | | | | | | | |
| Municipal Software | \$26,673 | \$0 | \$3,371 | \$96 | \$442 | \$0 | \$29,698 |
| Computer | \$26,163 | \$0 | \$5,000 | \$74 | \$8,269 | \$0 | \$22,969 |
| Record Preservation | \$19,259 | \$0 | \$5,796 | \$63 | \$12,307 | \$0 | \$12,811 |
| Municipal Building Engineering | \$21,446 | \$1,500 | \$0 | \$127 | \$11,982 | \$0 | \$11,091 |
| Building Renovations | \$88,922 | \$0 | \$15,434 | \$284 | \$38,047 | \$0 | \$66,593 |
| Police Cruiser | \$25,693 | \$0 | \$2,700 | \$52 | \$30,284 | \$0 | (\$1,839) |
| Police Station Engineering | \$833 | \$0 | \$0 | \$5 | \$0 | \$0 | \$838 |
| Dispatch Console | \$2,665 | \$0 | \$1,000 | \$11 | \$0 | \$0 | \$3,675 |
| Dispatch Security Cameras | \$9,015 | \$0 | \$500 | \$16 | \$10,240 | \$0 | (\$709) |
| Thermal Imaging Camera | \$19 | \$0 | \$0 | \$0 | \$0 | \$0 | \$20 |

TOWN OF SOUTHWEST HARBOR, MAINE
SCHEDULE OF RESERVE FUNDS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(Exhibit A-2, Page 2 of 3)

| | <i>Beginning Balance</i> | <i>Revenues</i> | <i>Transfers from Funds</i> | <i>Interest Earned</i> | <i>Expenditures</i> | <i>Transfers to Funds</i> | <i>Ending Balance</i> |
|----------------------------------|------------------------------|-----------------|-------------------------------------|----------------------------|---------------------|-------------------------------|---------------------------|
| <i>CIP Funds (cont'd)</i> | | | | | | | |
| Harbor Master Boat Motor | \$8,756 | \$0 | \$664 | \$31 | \$0 | \$0 | \$9,451 |
| 4 x 16 Spruce - Manset | \$7,410 | \$0 | \$3,290 | \$19 | \$0 | \$4,120 | \$6,598 |
| Lower Town Dock Pier | \$4,528 | \$0 | \$0 | \$16 | \$0 | \$0 | \$4,544 |
| Highway 1 Ton Pickup | \$57,338 | \$0 | \$0 | \$197 | \$0 | \$0 | \$57,535 |
| Highway #1 Plow Truck | \$7,907 | \$0 | \$8,200 | \$38 | \$0 | \$0 | \$16,145 |
| Highway #2 Plow Truck | \$43,549 | \$0 | \$10,848 | \$164 | \$0 | \$0 | \$54,561 |
| Highway Loader | \$9,039 | \$0 | \$6,150 | \$39 | \$0 | \$0 | \$15,228 |
| Highway Garage | \$65,562 | \$0 | \$47,762 | \$281 | \$6,680 | \$0 | \$106,925 |
| Road Projects | \$171,581 | \$18,556 | \$184,425 | \$667 | \$69,195 | \$15,000 | \$291,033 |
| Sidewalks Projects | \$19,999 | \$0 | \$10,000 | \$88 | \$0 | \$0 | \$30,087 |
| Harbor Hoists Upgrade | \$5,175 | \$0 | \$8,500 | \$26 | \$1,428 | \$0 | \$12,272 |
| Pilings/Wall Replacement | \$16,451 | \$0 | \$0 | \$57 | \$0 | \$0 | \$16,507 |
| Manset Dock Float Bridge | \$2,534 | \$0 | \$300 | \$9 | \$0 | \$0 | \$2,843 |
| Cross Bracing Replacement | \$2,369 | \$0 | \$2,772 | \$12 | \$0 | \$0 | \$5,153 |
| Lower Town Dock Parking Lot | \$2,454 | \$0 | \$0 | \$4 | \$2,454 | \$0 | \$3 |
| Ladder Replacement | \$5,281 | \$0 | \$0 | \$18 | \$0 | \$0 | \$5,300 |
| Town Office Copier | \$4,173 | \$0 | \$0 | \$14 | \$0 | \$0 | \$4,187 |
| Vote Counter | \$5,406 | \$0 | \$700 | \$20 | \$0 | \$0 | \$6,126 |
| Revaluation | \$27,731 | \$0 | \$15,316 | \$116 | \$0 | \$0 | \$43,163 |
| Cable Access Equipment | \$9,438 | \$0 | \$571 | \$20 | \$7,356 | \$0 | \$2,672 |
| Police 2007 Ford Expedition | \$2,527 | \$0 | \$8,504 | \$20 | \$0 | \$0 | \$11,051 |
| Police In-Car Camera | \$4,819 | \$0 | \$194 | \$17 | \$0 | \$0 | \$5,030 |
| Town Wide Communication | \$6,170 | \$0 | \$1,900 | \$11 | \$4,232 | \$0 | \$3,849 |
| Explosive & Hazard Gas Monitor | \$1,532 | \$0 | \$0 | \$5 | \$0 | \$0 | \$1,537 |
| Jaws of Life | \$13,336 | \$0 | \$0 | \$28 | \$8,256 | \$0 | \$5,108 |
| SCBA | \$10,355 | \$0 | \$3,425 | \$39 | \$1,430 | \$0 | \$12,389 |
| Quint Pumper | \$80,903 | \$0 | \$0 | \$168 | \$81,049 | \$0 | \$23 |
| Manset Harbormaster Office | \$30,039 | \$0 | \$20,434 | \$131 | \$0 | \$0 | \$50,604 |
| John Deere 4x4 Tractor | \$33,824 | \$0 | \$11,605 | \$126 | \$0 | \$0 | \$45,555 |
| Parking Lot Improvement | \$14,033 | \$0 | \$10,000 | \$62 | \$0 | \$0 | \$24,094 |
| Storm Water Management | \$12,581 | \$0 | \$3,786 | \$52 | \$0 | \$0 | \$16,418 |
| Boat Trailer | \$212 | \$0 | \$0 | \$1 | \$0 | \$0 | \$213 |
| Electrical Conduit - Manset Dock | \$412 | \$0 | \$475 | \$2 | \$0 | \$0 | \$889 |
| Light Post - Upper Town Dock | \$708 | \$0 | \$0 | \$2 | \$0 | \$0 | \$711 |
| Mooring Plan Update | \$10,643 | \$0 | \$0 | \$35 | \$1,111 | \$0 | \$9,568 |
| Sidewalk Plow/Blower | \$192 | \$0 | \$6,000 | \$2 | \$5,905 | \$0 | \$288 |
| Infrastructure Feasibility | (\$1) | \$0 | \$0 | \$0 | \$0 | \$0 | (\$1) |
| John Deere Lawn Mower | \$412 | \$0 | \$500 | \$42 | \$0 | \$0 | \$914 |
| Sup Pile | \$0 | \$0 | \$6,975 | \$9 | \$0 | \$0 | \$6,984 |
| Stl Pile | \$0 | \$0 | \$450 | \$1 | \$0 | \$0 | \$451 |
| Street Sweeper | \$20,013 | \$0 | \$8,571 | \$80 | \$0 | \$0 | \$28,664 |
| Water/Sewer Infrastructure | \$0 | \$0 | \$131,077 | \$59 | \$54,669 | \$0 | \$76,467 |
| Water Tank Replacement | (\$66) | \$31,968 | \$0 | (\$18) | \$32,369 | \$0 | (\$485) |
| Harbor | \$0 | \$0 | \$3,840 | \$5 | \$0 | \$0 | \$3,845 |
| Ford Pick Up - Chief's Truck | \$7,340 | \$0 | \$7,335 | \$35 | \$0 | \$0 | \$14,710 |
| Deck Planking | \$10,006 | \$0 | \$6,305 | \$43 | \$0 | \$0 | \$16,354 |
| Ramp Resurfacing | \$7,150 | \$0 | \$3,987 | \$30 | \$0 | \$0 | \$11,167 |
| Catwalk/Step Replacement | \$8,105 | \$0 | \$2,700 | \$32 | \$0 | \$0 | \$10,837 |
| Pressurized Line Striper | \$1,101 | \$0 | \$1,100 | \$5 | \$0 | \$0 | \$2,206 |
| Ford Rescue/Mini Pumper | \$20,013 | \$0 | \$52,055 | \$165 | \$0 | \$0 | \$72,232 |
| Speed Trailer | \$2,502 | \$0 | \$2,500 | \$12 | \$0 | \$0 | \$5,014 |
| Harbor | \$0 | \$0 | \$1,487 | \$2 | \$0 | \$0 | \$1,489 |
| Municipal | \$0 | \$0 | \$1,000 | \$1 | \$0 | \$0 | \$1,001 |
| Harbor | \$0 | \$0 | \$1,760 | \$2 | \$0 | \$0 | \$1,762 |
| Harbor | \$0 | \$0 | \$1,920 | \$3 | \$0 | \$0 | \$1,923 |
| Administration | \$0 | \$0 | \$2,154 | \$4 | \$0 | \$0 | \$2,158 |
| Harbor | \$0 | \$0 | \$8,235 | \$17 | \$0 | \$0 | \$8,252 |
| Harbor | \$0 | \$0 | \$1,311 | \$2 | \$0 | \$0 | \$1,314 |

TOWN OF SOUTHWEST HARBOR, MAINE
SCHEDULE OF RESERVE FUNDS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(Exhibit A-2, Page 3 of 3)

| | <u>Beginning Balance</u> | <u>Revenues</u> | <u>Transfers from Funds</u> | <u>Interest Earned</u> | <u>Expenditures</u> | <u>Transfers to Funds</u> | <u>Ending Balance</u> |
|------------------------------------|------------------------------|------------------|-------------------------------------|----------------------------|---------------------|-------------------------------|---------------------------|
| <u>CIP Funds (cont'd)</u> | | | | | | | |
| Municipal | \$0 | \$0 | \$15,086 | \$32 | \$0 | \$0 | \$15,118 |
| Dispatch | \$0 | \$0 | \$12,003 | \$26 | \$2,492 | \$0 | \$9,536 |
| <u>Total CIP Funds</u> | <u>\$996,226</u> | <u>\$52,024</u> | <u>\$671,973</u> | <u>\$3,814</u> | <u>\$390,197</u> | <u>\$19,120</u> | <u>\$1,314,719</u> |
| <u>School Funds</u> | | | | | | | |
| Bus Purchase | \$68,053 | \$0 | \$0 | \$183 | \$0 | \$56,800 | \$11,435 |
| Emergency | \$193,514 | \$0 | \$0 | \$607 | \$0 | \$41,666 | \$152,456 |
| Maintenance | \$36,353 | \$0 | \$3,750 | \$114 | \$0 | \$0 | \$40,217 |
| <u>Total School Funds</u> | <u>\$297,920</u> | <u>\$0</u> | <u>\$3,750</u> | <u>\$904</u> | <u>\$0</u> | <u>\$98,466</u> | <u>\$204,108</u> |
| <u>Total Special Revenue Funds</u> | <u>\$1,653,422</u> | <u>\$194,930</u> | <u>\$759,760</u> | <u>\$8,012</u> | <u>\$468,915</u> | <u>\$353,850</u> | <u>\$1,793,359</u> |

TOWN OF SOUTHWEST HARBOR, MAINE
SCHEDULE OF CHANGES IN GENERAL UNASSIGNED FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(Exhibit A-3)

Unassigned Fund Balance July 1, 2012

\$1,776,939

Increases:

| | |
|--|-----------|
| Abatements (Net of Appropriation) | |
| Licenses, Fees, Registrations & Miscellaneous (Net of Appropriation) | \$13,553 |
| Docks & Floats Revenues (Net of Appropriation) | \$12,539 |
| In Lieu of Tax Revenues (Net of Appropriation) | \$3,853 |
| Interest on Taxes & Liens (Net of Appropriation) | \$2,081 |
| Solid Waste Revenues (Net of Appropriation) | \$610,972 |
| Cable Franchise Fee (Net of Appropriation) | \$16,051 |
| Police Department/Dispatch Revenues (Net of Appropriation) | \$179 |
| Excise Taxes (Net of Appropriation) | \$18,422 |
| | <hr/> |

Total Increases

\$677,649

Decreases:

| | |
|---|-----------|
| Appropriation from Fund Balance | \$12,000 |
| Increase in Deferred Tax Revenue | \$13,337 |
| Lapsed Balances - Exhibit A-1 | \$316,010 |
| Increase in Restriction due to Non-current Assets | \$5,650 |
| Abatements (Net of Appropriation) | \$1,953 |
| Solid Waste Revenues (Net of Appropriation) | \$5,356 |
| Interest Earned (Net of Appropriation) | \$7,504 |
| | <hr/> |

Total Decreases

\$361,810

Unassigned Fund Balance June 30, 2013

\$2,092,778

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Members of the Board of Selectmen
Town of Southwest Harbor
Southwest Harbor, Maine 04679

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Southwest Harbor, Maine, as of and for the year ended June 30, 2013, which collectively comprise the Town of Southwest Harbor, Maine's basic financial statements and have issued our report thereon dated December 16, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Southwest Harbor, Maine's, internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's, internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. However, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses as reported on the Schedule of Findings and Questioned Costs.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's, financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's, financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant

agreements; noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

James W. Wadman, C.P.A.

James W. Wadman, C.P.A.
December 16, 2013



NOTES

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



Photo: Courtesy of Lorraine Stanley

IMPORTANT CONTACTS

| | |
|---|----------|
| Emergency(Police/Fire/Ambulance)..... | 911 |
| Dispatch(Police/Fire/Ambulance)..... | 244-7911 |
| Highway Department..... | 244-7917 |
| Water Department..... | 244-3948 |
| Sewer Department..... | 244-7919 |
| Harbormaster..... | 244-7913 |
| Code Enforcement..... | 244-7915 |
| Municipal Office..... | 244-5404 |
| Municipal Office Fax: 244-7914 E-Mail: nlake@southwestharbor.org | |
| Transfer Station (EMR, Inc.)..... | 244-4347 |
| Public Library..... | 244-7065 |
| Pemetic Elementary School..... | 244-5502 |
| Chamber of Commerce..... | 244-9264 |
| US Post Office..... | 244-3456 |